

VOLKSWAGEN

DE MEXICO

GENERAL CONDITIONS FOR PURCHASING AT VOLKSWAGEN DE MÉXICO, S.A. DE C.V.

VOLKSWAGEN DE MEXICO, S.A. DE C.V. (herein referred to as VOLKSWAGEN) and the Supplier (herein referred to as THE SUPPLIER), agree that the clauses provided below shall govern the operation(s) agreed by both parties via e-mail (and in its absence through physical documents granted in writing), unless these clauses contradict that which has been agreed in the electronic or written document (herein referred to as PURCHASE ORDER) that the parties have provided and agreed on and/or what has been agreed by the parties in other contract(s) and/or specific document(s) created between them and related to the PURCHASE ORDER and/or said contract(s).

CLAUSES

1.- DEFINITIONS: Concerning these GENERAL PURCHASING CONDITIONS (herein referred to as "CONDITIONS"), which are integrally incorporated in the PURCHASE ORDER, the terms below will be attributed with the following meanings:

PURCHASE ORDER: The electronic document (developed through the systems and/or means indicated by VOLKSWAGEN) or in writing in a physical document, which may consign a request of samples or estimates (with or without costs) and/or a negotiation or order on goods and/or services agreed with THE SUPPLIER, under the clauses contained in such PURCHASE ORDER and these CONDITIONS, and with the specifications and/or modifications that are contained in the DOCUMENTATION related to this document and which is an integral part of it.

CONDITIONS: These general rules and obligations, which are an integral part of the PURCHASE ORDER, are applicable for every supplier of Volkswagen

DOCUMENTATION: Any other agreement made in addition to the PURCHASE ORDER and these CONDITIONS, as well as any bids, estimates, work scope, requirements notebooks ("lastenhefts"), norms, specifications, letters of nomination, commercializing agreements, drawings, blueprints, designs, any type of attachments and in general, any information contained in electronic or printed means and received by THE SUPPLIER for the purpose of the operation consigned in the PURCHASE ORDER.

SAMPLES: Those elements considered examples or models of the goods and/or services requested of THE SUPPLIER, by lucrative or onerous title, through the PURCHASE ORDER.

TOOLS: All machinery, devices, testing means, dies, tooling, artifacts or means of producing goods or used within a productive process, whether referred to in the PURCHASE ORDER as the object of acquisition itself, and/or useful for the elaboration and/or supply of goods and/or lending of services contracted by said PURCHASE ORDER.

2.-PURCHASE ORDER.

THE SUPPLIER acknowledges and accepts his responsibilities according to the conditions established in the PURCHASE ORDER, as this is the manifestation of his free will and also acknowledges that he was previously provided with the PURCHASE ORDER, these clauses and the DOCUMENTATION, with which he has agreed, thus the selling or supplying conditions of THE SUPPLIER, or any other conditions, will not be applicable, unless expressly accepted and agreed in writing between the parties .

The PURCHASE ORDER will be legally binding to both parties once it has been confirmed by THE SUPPLIER through his ACCEPTANCE by way of the electronic systems designed by VOLKSWAGEN or, in the case of a written PURCHASE ORDER, by his signature on paper, and/or when THE SUPPLIER executes the order, which is the object of the PURCHASE ORDER, through partial or total compliance, the tacit acceptance of THE SUPPLIER being understood by this compliance, even when the PURCHASE ORDER has not been accepted (or signed if such is the case) by his legal representative(s) or power of attorney with the legal capacity, or person(s) authorized by THE SUPPLIER for these purposes. In spite of the above, if the samples, prototypes or final products do not fulfill the conditions agreed between the parties, VOLKSWAGEN will have

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the right to cancel, without liability, the order made. The PURCHASE ORDER only creates obligations and rights between the signing parties; thus, if THE SUPPLIER does not have previous authorization in writing from VOLKSWAGEN, he will not have the capacity to yield, either totally or partially, the obligations and rights acquired according to the PURCHASE ORDER, nor may he subcontract third parties for such execution.

3.- DELIVERY AND REMISSION.

The remission and delivery of articles and/or the lending of services contracted through the PURCHASE ORDER must by obligation be performed by THE SUPPLIER in their execution, volume, characteristics, specifications and distribution, as stipulated and agreed in the PURCHASE ORDER, and/or the delivery schedule, within the designated time period(s) and the place(s) agreed for delivery. When the delivery time is scheduled in periods, such periods will begin on the starting date(s) indicated in the PURCHASE ORDER, or in the absence of such date, on the date that the PURCHASE ORDER was issued

3.1 DELAYS IN DELIVERY DEADLINES.

If for any reason THE SUPPLIER is unable to make the delivery or lend the services contracted on time, such circumstances must be made known to Volkswagen, who will be able to take any of the following options:

- a) Rescind the PURCHASE ORDER, and if such is the case, VOLKSWAGEN reserves the right to return those articles that were previously received on a partial basis.
- b) Extemporaneously receive and accept the articles and/or services of THE SUPPLIER.
- c) Bring about the arrival of the goods or services by way of another supplier at the SUPPLIER's cost (being included in this line the payment to VOLKSWAGEN of any costs for tools that VOLKSWAGEN has had to pay).

Taking any of the above options does not relieve VOLKSWAGEN of the right to charge THE SUPPLIER for expenses, damages or losses caused by noncompliance on the part of THE SUPPLIER.

If VOLKSWAGEN should decide to receive the articles and/or services, the delay of which has been caused by THE SUPPLIER, THE SUPPLIER shall accept that VOLKSWAGEN may collect, by reason of delay in the delivery time period, the agreed contract penalty, without VOLKSWAGEN having to demonstrate for this purpose, any damages or losses suffered by THE SUPPLIER's noncompliance. The charge of breach of contract and the payment of the contract penalty are optional for VOLKSWAGEN, who reserves the right to demand instead, the payment of damages and losses which may have been suffered by reason of THE SUPPLIER's noncompliance.

3.2 RECEIVING ARTICLES AND/OR SERVICES.

The articles and/or services that VOLKSWAGEN receives must conform to the agreed conditions and shall be inspected by VOLKSWAGEN as far as quantities, measures, weights or other specifications which have been determined for this purpose, these inspections being the only officially recognized proof as control of reception and compliance of THE SUPPLIER. Apart from the above, VOLKSWAGEN will have the capacity to demand that THE SUPPLIER gather and deliver to VOLKSWAGEN any reports and documentation that give credit to any of the enunciated concepts.

THE SUPPLIER shall not make deliveries in amounts which are greater or lesser than the amount agreed, except by written authorization from VOLKSWAGEN. If such authorization is not given by VOLKSWAGEN, all additional costs for storing, packing or any other service or concept, will be made exclusively by THE SUPPLIER, and such expenses will be by VOLKSWAGEN

If VOLKSWAGEN is unable to receive the articles and/or services contracted by reasons beyond

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control or acts of God, disputes or labor interruptions, strikes (legally declared or not), sponsor interruptions, disturbances, natural disasters, measures taken by authorities, irregularities in transports, importation restrictions, interruptions at VOLKSWAGEN or its supplying companies, or any other cause beyond its control, VOLKSWAGEN will be exempt of the obligation to receive those articles or services contracted for as long as the circumstances generating said inability to receive the articles or services exist. In such case, THE SUPPLIER shall not have the right to demand compliance with the PURCHASE ORDER nor any compensation for losses and damages. In addition, during the time that VOLKSWAGEN is impeded from receiving these articles, THE SUPPLIER must store them at his cost and risk until VOLKSWAGEN is able to take charge of them personally or through a third party it so designates.

3.3 PACKING, DELIVERY AND TRANSPORTATION CONDITIONS – ACCEPTANCE OF RISK.

VOLKSWAGEN reserves the right to determine the route and remission method of the articles, as well as the means of transport and the type of packing used for them. THE SUPPLIER shall be responsible for damages caused to the articles due to defective packing, protection (against rust), and defective fastenings (the latter if the SUPPLIER is responsible for it), if the articles are affected. In the failure to stipulate the contrary, the delivery of the articles must be carried out free of expenses, paperwork and responsibility, and will be unloaded in the facilities of VOLKSWAGEN (or wherever they so designate), in conformity with the INCOTERM DDP, CCI publication No. 560 (INCOTERMS 2000), including the insurance under the responsibility of THE SUPPLIER. If, in the PURCHASE ORDER or its DOCUMENTATION, specific INCOTERMS are established, these will be applicable, unless stipulated to the contrary, according to such INCOTERMS as have been formulated by the International Chamber of Commerce, and which are current at the time the PURCHASE ORDER is accepted, either through electronic means or systems designed by VOLKSWAGEN, or, when THE SUPPLIER signs the physical, written PURCHASE ORDER.

The expedition of the articles shall be carried out using the remission methods prescribed by VOLKSWAGEN. For each shipment, a remission stub must be issued and, if no other agreement has been made, for each remission stub, an invoice will be issued.

THE SUPPLIER is obligated to follow the instructions that VOLKSWAGEN provides, with respect to the return(s), or provision and maintenance of packing or packaging means, devices, etc. in which the articles protected by the PURCHASE ORDER are delivered, with THE SUPPLIER being responsible for carrying out any customs procedures which may be required.

4.- OF THE ARTICLES AND/OR SERVICES.

4.1 SAMPLES AND PROTOTYPES.

THE SUPPLIER must, in each case present to VOLKSWAGEN for approval the samples or prototypes of the articles (and services if applicable), before the series start-up on the required date, or a sample(s) of the article(s) from the production line of THE SUPPLIER. Delivery of samples and/or prototypes must be made within the agreed time periods and according to the provisions of the quality certification system required by VOLKSWAGEN in regard to new parts, modifications of features and procedural modifications for all affected dimensions, functions and materials. Given the case where, due to causes imputable to THE SUPPLIER, he does not comply with the delivery of samples within the agreed time period, THE SUPPLIER must cover the expenses generated by such delay. This situation also applies to a second or continuous releases due to rejection.

It shall be understood that although the PURCHASE ORDER protects samples and quotations, this does not imply a commitment by VOLKSWAGEN to accept such sample, or to cover the costs that may be generated for their production (unless there is an agreement to the contrary), nor does it oblige VOLKSWAGEN to make a request or formal negotiation with THE SUPPLIER in regard to

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the goods and/or services that may have been provided by the sample.

The articles and/or services provided by THE SUPPLIER are subject to the technical specifications, samples and quotations approved by VOLKSWAGEN, as well as the safety instructions and specifications that are contained in the PURCHASE ORDER and related DOCUMENTATION, thus fulfilling the requirements of VOLKSWAGEN. THE SUPPLIER must also guarantee that said articles and/or services are delivered without defects, either visible or concealed and that they are manufactured or developed with new materials of the highest quality and by qualified workers. The articles and/or services must satisfy and cover the objectives and aims for which they were required by VOLKSWAGEN.

THE SUPPLIER is obligated to perform all tests indicated by VOLKSWAGEN in the PURCHASE ORDER, in the correlated DOCUMENTATION or whatever is necessary to be in compliance with the quality and/or safety standards that apply for the automotive industry on a national and international level, as well as document these tests and preserve such DOCUMENTATION for as long as VOLKSWAGEN so indicates. In addition, THE SUPPLIER will provide VOLKSWAGEN personnel with every facility for verifying that what is contained in this clause is fulfilled. In cases there THE SUPPLIER liable, he must cover all expenses incurred in performing these tests, regardless of whether they are performed by THE SUPPLIER, a third party or VOLKSWAGEN.

THE SUPPLIER must continuously be sure of the quality of the articles and or services that he provides or has provided, and suggest to VOLKSWAGEN any improvements or modifications that can be made regarding these, in the understanding that such improvements or modifications will only be applicable upon prior consent in writing from VOLKSWAGEN, excluding the cost of the test in which the samples or prototypes are approved/accepted.

4.2 SPECIFICATIONS, TESTS AND QUALITY.

If, within the sample or prototype phase, or subsequently in the series production phase, THE SUPPLIER should be unable to achieve the characteristics or specifications required by VOLKSWAGEN in the articles and/or services, a solution must be found together between the parties, but this does not exempt THE SUPPLIER from the commitment of achieving the required specifications or characteristics..

THE SUPPLIER must document in all cases the results of the analyses performed on the articles (and services in such case), in TEST REPORTS, whether in the sample or prototype phase or in the productive phase.

The series production of THE SUPPLIER must be carried out with machinery which has been proved to have the capacity and with statistically controlled processes, in order to obtain a constant improvement of quality.

THE SUPPLIER must use the latest status of techniques in his parameters for quality control. Upon request of THE SUPPLIER, VOLKSWAGEN may discuss with him the tests that are performed, as well as the means and methods of testing which are applied, so that, within the knowledge, experience and possibilities of VOLKSWAGEN, the respective status of the testing technique may be determined together.

VOLKSWAGEN expressly reserves the right to execute at any time the tests and auditing that it deems necessary in order to prove that both the measures of quality assurance and the quality itself of the articles and/or services are being reached. In the case where, due to quality related problems in the product, VOLKSWAGEN must undertake different activities to correct this claim, THE SUPPLIER must cover all the expenses incurred for such an undertaking, including tests or

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audits, whether such tests or audits are carried out by a third party or VOLKSWAGEN.

VOLKSWAGEN shall not be subject to predetermined deadlines for presentation of claims on articles (or services in such case) that suffer from visible defects or unseen imperfections. To this end, THE SUPPLIER expressly renounces the terms and provisions of Article 383 of the Commerce Code. VOLKSWAGEN reserves the right to claim payment on such charges and the parties agree herein that if THE SUPPLIER's payment has not been verified, VOLKSWAGEN may compensate such expenses against the pending payments that THE SUPPLIER must make.

In cases of articles (or services) provided, which are defective or do not conform to the agreed specifications, VOLKSWAGEN at its discretion shall also have the faculty to:

- 1) Repair the defects or imperfections that the articles (or services) may present at the cost of THE SUPPLIER.
- 2) Be supplied through another supplier at the cost of THE SUPPLIER (this includes the compensation to VOLKSWAGEN of the costs of tools that they may have had to pay).
- 3) Demand that THE SUPPLIER eliminate the defect or that he deliver an article or service without defects.
- 4) Return the defective or deviated articles to THE SUPPLIER at the latter's cost and risk.

With regard to parts with defects claimed by the end customer, VOLKSWAGEN will not be required to return to THE SUPPLIER the substituted materials.

In addition, should the delivery of articles (or services) present any defects or deviations, VOLKSWAGEN shall have the faculty to rescind the PURCHASE ORDER without need for legal mediation during the procedure or any judicial declarations.

All defective articles, or those failing to comply with the specifications in the PURCHASE ORDER, and rejected by VOLKSWAGEN through a document entitled Inspection and Return Report (RID), and/or another document which declares the rejection, must be removed from the premises of VOLKSWAGEN by THE SUPPLIER and at his cost, in a period which will not exceed 21 calendar days from the date of notification by VOLKSWAGEN to THE SUPPLIER. Once this time period has passed, VOLKSWAGEN may, at its discretion:

- a) Charge THE SUPPLIER for storage of the rejected articles from the date on which THE SUPPLIER was notified until the date that such articles are removed from storage by THE SUPPLIER.
- b) At the same time, and in addition to the payment referred to in the sentence immediately above, VOLKSWAGEN may, at THE SUPPLIER's responsibility and cost, reduce to scrap all the articles rejected which have not been removed in time by THE SUPPLIER. Any costs generated by the conversion to scrap (including payment of any type of tax or contribution), will be charged to THE SUPPLIER.
- c) If for any reason VOLKSWAGEN is unable to convert the rejected articles to scrap, their continued storage will be charged to THE SUPPLIER.

In any of these cases, VOLKSWAGEN may compensate the resulting expenses and costs against any debt that VOLKSWAGEN may have toward THE SUPPLIER.

The rejected articles and/or assembly components which are picked up from the VOLKSWAGEN facilities, as well as those in stock at THE SUPPLIER's facility, must be converted into scrap at the responsibility and cost of THE SUPPLIER, who must issue in favor of VOLKSWAGEN a document which officially records this conversion to scrap.

It is agreed by the parties that the articles and/or services which are the object of the present negotiation must be delivered exclusively to VOLKSWAGEN (or to whom VOLKSWAGEN so designates in writing) and for this reason, THE SUPPLIER does not have the faculty to donate, sell, transfer or in any other way dispose of the articles for his own benefit or that of (a) third party(ies).

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This restriction refers in a declarative but not limiting form, to the auto parts market and to the use of the trademark and logos of the different brands of the Volkswagen Organization, these being Registered Trademarks, and does not give authorization of their use to THE SUPPLIER if it is not for the supply to VOLKSWAGEN. In the same way, THE SUPPLIER is obligated to use any MANUFACTURING MEANS that VOLKSWAGEN may have put at his disposition, only for the production of the goods and/or services in favor of VOLKSWAGEN, as well as to put at the latter's disposition said MANUFACTURING MEANS when VOLKSWAGEN so requires, without any need for legal mediation during the procedure or any type of judicial declaration.

Should VOLKSWAGEN be found liable for any characteristic derived from deviations and/or defects of any type in the articles provided (or services lent) by THE SUPPLIER, THE SUPPLIER must completely clear VOLKSWAGEN from any claims registered against VOLKSWAGEN and repair any damages and losses or any other expenses that VOLKSWAGEN may have had to realize by reason of such claim. This compensatory obligation for which THE SUPPLIER is responsible, shall include all damages, in such a way that any responsibility demanded of VOLKSWAGEN by third parties, shall be allocated to THE SUPPLIER to the same extent as if THE SUPPLIER were directly responsible to such third parties.

THE SUPPLIER shall be responsible within the legal scope of his responsibility, for prevention measures or measures for repairing damages (field campaigns, Recall Actions). VOLKSWAGEN shall inform THE SUPPLIER in all cases of any demands or claims received and provide an opportunity for THE SUPPLIER to analyze the problem stated. Both parties shall coordinate the measures to be taken, particularly in negotiating judicial or extra judicial agreements. THE SUPPLIER must at all times have an insurance policy (Civil Product Liability) that covers any risk or civil responsibility which may be incurred, as well as insurance for covering costs of field campaigns or Recall Actions.

Should THE SUPPLIER perform activities in the facilities of VOLKSWAGEN, he must be insured for Civil Activities Liability.

THE SUPPLIER expressly guarantees and commits to manufacturing and/or producing and/or obtaining all replacement parts of the articles that are involved in a field campaign or Recall Action, as well as covering all related costs within the limits of his responsibility.

4.3. SECURITY MEASURES.

As far as articles, the use or handling of which imply special care, risk or danger (i.e. inflammable, explosive, perishable, dangerous or damaging to people who handle them), regardless of whether said articles are in the prototype or series phase, THE SUPPLIER (and in such case, his suppliers) shall be obligated to indicate ostensibly such characteristics on packaging, wrapping, or on the articles themselves with warnings such as: "Handle with Care", "Danger", "Explosive" or other applicable phrases, as specified in the Official Mexican Norms and current international norms.

4.4. PRODUCT SAFETY AND MANDATORY DOCUMENTATION.

THE SUPPLIER takes on the responsibility of seeing that all parts requiring "acceptance tests" (Typpruefung) and for safety as indicated in our drawings and/or technical specifications, will be manufactured and verified according to the norms and laws that are indicated in such drawings and/or specifications. In addition, THE SUPPLIER must perform all required tests for this type of parts and in cases where certification by third parties is requested, he should present the respective documentation issued by the external company authorized to grant such certification. THE SUPPLIER must observe and carry out the indications made by the Technical Development and/or Quality areas of VOLKSWAGEN.

In cases where the drawing or technical specifications stipulate the obligation to document that the specifications subject to legal guidelines were covered during the manufacturing process of the

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product, such documents shall be known as Mandatory Documentation and must be preserved by THE SUPPLIER for a minimum term of 15 years and THE SUPPLIER must obligate his suppliers with respect to this guideline. Such mandatory documentation must always be available to VOLKSWAGEN.

THE SUPPLIER commits to applying the current quality control agreements of the Volkswagen Group and its Suppliers, as defined in the quality manuals, as well as the norms that govern the Automotive Industry and that of auto parts, which are known and accepted by THE SUPPLIER.

If any competent authority should require or desire to inspect the production process at VOLKSWAGEN and/or the testing documents of the articles, THE SUPPLIER must provide VOLKSWAGEN and/or the corresponding authority with unrestricted access to his facilities and documentation related to the articles (or services) which are the object of the present negotiation, and THE SUPPLIER is obligated to support VOLKSWAGEN unconditionally and without any cost to VOLKSWAGEN.

4.5 GUARANTEE.

All quality specifications and other conditions required by VOLKSWAGEN through the PURCHASE ORDER constitute the characteristics that must be guaranteed by THE SUPPLIER. The guarantee time limits will be those established by VOLKSWAGEN for its products, counting from the date on which such products were transferred, unless a different period has been agreed in writing between the parties. These conditions and terms are equally applicable for the deliveries made by THE SUPPLIER for replacing articles to eliminate defects, in which case the guarantee deadline will be considered from the date of the delivery of the replacement parts. In case of reworks, the guarantee period will be extended by the time which has passed between the elimination of defects and the conclusion of the reworks.

In any case where VOLKSWAGEN enters a claim against THE SUPPLIER for articles (or services) having deviations, defects or imperfections, VOLKSWAGEN will have the capacity to compensate and/or retain payments to THE SUPPLIER in proportion to the seriousness of the claim. The above is also effective in regard to guarantee claims by end customers, taking into consideration the Technical Factor of Responsibility for THE SUPPLIER.

The charges to THE SUPPLIER, derived from guarantee claims from our end customers, will include all labor and material costs, packing and transport, etc., that may have been used to make repair the claim. THE SUPPLIER may present the allegations that he deems pertinent within 30 calendar days following the date on which the corresponding charges were applied.

It is agreed by the parties that the quality test reports or even the acceptance or reception by VOLKSWAGEN of the articles (or services provided) shall not affect in any way the right of VOLKSWAGEN to demand the guarantee granted by THE SUPPLIER.

The guarantee granted by THE SUPPLIER will not be honored if the deviations or defects appearing in the articles are due to actions of VOLKSWAGEN or third parties, which consist of misuse, violation of operating instructions, maintenance or installation of articles, or inappropriate treatment or negligence, or the natural wear of the articles, among others.

VOLKSWAGEN may establish at any time with THE SUPPLIER, specific guarantee agreements, which will be considered documentation related to the PURCHASE ORDER.

4.6 MANUFACTURING MEANS AND EQUIPMENT.

If for any reason THE SUPPLIER should not have the elements such as tools, machinery or equipment which are necessary for the production of the articles and/or lending of services, both parties shall determine the way to gather such elements. The respective agreement on this line

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must be stated in the PURCHASE ORDER and/or in a separate document that will be related to the PURCHASE ORDER.

Regardless of the above, the MANUFACTURING MEANS, models, samples, templates, drawings and the like that VOLKSWAGEN has made available to THE SUPPLIER or which THE SUPPLIER has constructed according to the instructions of VOLKSWAGEN, may not be sold, transferred, pledged or in any other way transferred to third parties nor used in benefit of third parties without the previous written consent of VOLKSWAGEN. In addition, the articles developed through such means of production may only be supplied to VOLKSWAGEN or to whomever VOLKSWAGEN indicates in writing.

THE SUPPLIER must provide to VOLKSWAGEN unrestricted access to his facilities and documentation related to the structures of costs for the manufacturing of heavy tools, goods or services.

In addition, VOLKSWAGEN reserves the right to verify the costs of the tools and/or any other product or service involved, even when it has been paid or amortized.

5.- PRICES, BILLING AND CONDITIONS OF PAYMENT.

The agreed prices are fixed without prejudicing subsequent changes in them, by mutual agreement in writing between the parties, whether by electronic means or systems designed by VOLKSWAGEN or, in such case, in a physical document which they may authorize.

THE SUPPLIER must provide to VOLKSWAGEN unrestricted access to his facilities and documentation related to the structures of costs and/or prices.

Unless otherwise agreed, the invoices of THE SUPPLIER and/or other documentation required in order to make the payment must be presented at the address of VOLKSWAGEN, in the Department indicated by them, unless another form of presentation is so indicated. If this should be agreed with THE SUPPLIER, VOLKSWAGEN may invoice the goods and/or services received from THE SUPPLIER under the concept of Self-Billing. It is understood that VOLKSWAGEN is not obligated to receive articles and/or services and invoices that are not constitutionally backed by the PURCHASE ORDER and/or respective agreement.

Unless otherwise agreed, payment of invoices will be carried out 45 days after delivery and reception of the material and/or services, as long as the invoices and other documents necessary for payment to be made are obtained within said period and that they are without errors or omissions; otherwise, this would constitute just cause for delaying payment, in which case VOLKSWAGEN would not lose the right to receive any previously agreed discount.

It will also be considered just cause for delay in payment if VOLKSWAGEN receives the articles or services with defects or deviations.

THE SUPPLIER expressly authorizes VOLKSWAGEN to compensate any sum charged to THE SUPPLIER against any other pending debts in favor of THE SUPPLIER and under VOLKSWAGEN's responsibility, as established in article 2185 of the Federal Civil Code and others which are relative. In addition to losses and damages, THE SUPPLIER will be responsible for all expenses incurred by VOLKSWAGEN until the total payment of all their claims has been made

The claims and/or rights of THE SUPPLIER against VOLKSWAGEN, which could result from the PURCHASE ORDER, may not be yielded to third parties without prior consent from VOLKSWAGEN.

It is agreed that VOLKSWAGEN will have the legitimate capacity to abstain from making those payments which might correspond to THE SUPPLIER if VOLKSWAGEN were required by

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command of the authorities or disposition of the law to retain such payments and/or put them at the disposition of the corresponding authorities.

6.- RESPONSIBILITIES OF THE SUPPLIER.

THE SUPPLIER expressly states that his activities include the manufacturing of articles and/or the lending of services such as the ones which are the object of the PURCHASE ORDER, which are not exclusively performed for VOLKSWAGEN, acknowledging that THE SUPPLIER is an expert in the manufacturing of articles and/or lending of services constitutionally backed by the PURCHASE ORDER, and finally that both THE SUPPLIER and the direct and indirect personnel in his charge have knowledge of the legal dispositions related with the object of the PURCHASE ORDER, as well as the manufacturing of the articles and/or lending of services, with the understanding that these activities must always be performed to the requirements of VOLKSWAGEN, using the greatest and most recent advances in science and technology.

THE SUPPLIER additionally states that he possesses the material and human infrastructures which are appropriate for performing the activities agreed in the PURCHASE ORDER, and that his personnel have labor relations exclusively with THE SUPPLIER; consequently the commercial and contractual relationship established with VOLKSWAGEN may not be considered under any circumstances as figures of labor intermediation or substitute employers established in the Federal Labor Laws. In this senses, THE SUPPLIER will be the only one responsible to his personnel for the obligations imposed on him by the labor ordinance referred to and/or other applicable dispositions, committing himself especially to duly maintaining his personnel insured with Social Security. Despite the above, if any member of the direct or indirect personnel under THE SUPPLIER and or his suppliers exercise against VOLKSWAGEN any action or claim, THE SUPPLIER will be directly responsible for exonerating VOLKSWAGEN, taking the responsibility in all cases of reimbursing VOLKSWAGEN for any amount that the latter may have had to contribute by reason of the attention of said action or claim (including lawyers fees, expenses, costs or any amount that VOLKSWAGEN was ordered to pay by reason of authority ruling or as a result of agreements or releases that could lead to terminating the controversy). In the same way, THE SUPPLIER is obligated under the above mentioned terms to exonerate VOLKSWAGEN of any action and/or claim that his suppliers may have pressed against VOLKSWAGEN.

If THE SUPPLIER should contract his own suppliers for the execution of the activates agreed, THE SUPPLIER will be the only one responsible to VOLKSWAGEN for due compliance and execution of the activities which are the object of the PURCHASE ORDER.

It must be possible for THE SUPPLIER to produce the components that he has been supplying to VOLKSWAGEN for the production of vehicles, at least fifteen years after the date on which he stopped supplying for the series. In the case where this is not possible, THE SUPPLIER must inform VOLKSWAGEN in writing of this situation so that all necessary measures may be taken.

7.- CONFIDENTIALITY / RIGHTS OF THIRD PARTIES.

THE SUPPLIER is obligated to consider THE PURCHASE ORDER, as well as technical drawings, know-how, designs, samples, prototypes, marks, plans and in general any information received from VOLKSWAGEN (regardless of the means in which it is printed or recorded), as confidential information and secret commercial property of VOLKSWAGEN. This obligation of confidentiality is acquired by THE SUPPLIER and must be extended to his personnel and/or collaborators and/or suppliers contracted by him, in the understanding that the obligation of confidentiality will continue to be valid even after termination or rescission of the PURCHASE ORDER and related contractual documentation.

Confidential information must not be put in reach of third parties who are not connected to the commercial and contractual relationship of THE SUPPLIER and VOLKSWAGEN, without consent in

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writing by VOLKSWAGEN.

The following are considered exceptions to the obligation of confidentiality:

- a) When information is known by THE SUPPLIER because it is within the general knowledge of an expert in the subject.
- b) Because the information becomes part of the public domain and does not violate any obligation of confidentiality.
- c) Because the confidential information had to be put at the disposition of an authority with the legitimate capacity to require it (in which case THE SUPPLIER must immediately notify VOLKSWAGEN of the authority's request before divulging the information).

THE SUPPLIER must dedicatedly look after all drawings, samples, prototypes, templates, designs, marks, plans and any product and/or information received from VOLKSWAGEN as if they were his own, as well as the other elements that are made available to him or delivered to him, e.g. tools, devices, machines, and the like. Equally so, THE SUPPLIER must protect these things from deterioration and/or loss and insure them by his own account in benefit of VOLKSWAGEN. THE SUPPLIER must use the above-mentioned objects exclusively for the objectives of the PURCHASE ORDER. It is agreed that in any case of termination of the PURCHASE ORDER, THE SUPPLIER is obligated to return to VOLKSWAGEN immediately by the latter's requirement, all elements referred to in this paragraph, and destroy any copy or reproduction he may have of these things. Furthermore, THE SUPPLIER is obligated to give and facilitate to VOLKSWAGEN, and to persons designated by VOLKSWAGEN, access to the facilities of THE SUPPLIER for the purpose of verifying the condition of the MANUFACTURING MEANS, and/or any information related to the operation.

Fixed assets to be returned must be in perfect condition (except for normal wear during operation); otherwise, THE SUPPLIER will be responsible for repair costs.

The company name of VOLKSWAGEN, as well as the trademarks, logos, designs and other protected rights of the companies that make up the Volkswagen Organization, as well as the part numbers, must be marked in the articles ordered by us, whenever our drawings and/or norms so prescribe, or if VOLKSWAGEN has given instructions to this effect.

THE SUPPLIER and VOLKSWAGEN may only publicize their business relationship for advertising ends when VOLKSWAGEN has given prior authorization in writing. In this same sense, it is understood that THE SUPPLIER is not authorized for using the trademarks and/or trade name and/or logos of VOLKSWAGEN without written authorization by the latter.

THE SUPPLIER guarantees to VOLKSWAGEN that no patent rights, trademarks, registered samples, copyrights, property rights (industrial or intellectual), or any other rights of third parties protected by national law in this country or abroad, will be damaged through performance of the activities contracted. If for any reason VOLKSWAGEN should be charged with responsibility for appropriation of the rights of third parties, THE SUPPLIER must accept responsibility for this charge, by his own right and at his own cost, and he must cover all damages and losses, expenses and costs which might be suffered by or caused to VOLKSWAGEN directly or indirectly by reason of the claims derived from the appropriation of legally protected third parties which may have been incurred by THE SUPPLIER.

8.- COMPLIANCE, RISKS AND JURISDICTION.

All obligations derived from the PURCHASE ORDER must be fulfilled in the manner, place and terms agreed. The property and risk of the articles will be accounted to THE SUPPLIER and passed to VOLKSWAGEN only until the moment they are received and accepted by VOLKSWAGEN as agreed.

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THE SUPPLIER shall update accordingly all government permits, licenses, orders, requests and approvals that are required for manufacturing the articles and will maintain the conditions for manufacturing, packing and delivering the articles to VOLKSWAGEN. In addition, THE SUPPLIER is obligated to comply with the requirements stipulated in the International Treaties (Agreements) to which Mexico is party, especially in relation to records and content on a national and regional level, and to provide the documentation that VOLKSWAGEN may require in this respect.

THE SUPPLIER is also obligated to comply with all the provisions established by VOLKSWAGEN, which are applicable and relative to the rules and regulations for contractors and suppliers, environmental and security/safety measures, logistics processes and systems, and/or any others which are currently valid, meaning that he commits to abiding by the content of these rules and measures in executing the PURCHASE ORDER. The same will be applicable with respect to the Official Mexican Norms and/or any other legal ordinances related to the object of the PURCHASE ORDER. THE SUPPLIER is responsible for any losses and damages caused to VOLKSWAGEN in terms of their products or persons, or in those of their visitors or suppliers or customers, which are derived from noncompliance with any of these provisions.

If any provision in the PURCHASE ORDER and/or documentation related to it should be considered null and void for any reason, the validity of the rest of the conditions and clauses therein will not be affected.

VOLKSWAGEN may modify at any time the quantities and specifications established in the PURCHASE ORDER, as well as the plans and drawings which are used as reference, the indications about means of transport, type of packing, and place of delivery of the articles constitutionally backed by the PURCHASE ORDER, and will be responsible for any additional expenses that this may cause.

Modifications to the PURCHASE ORDER will be agreed and carried out via electronic means and/or systems designated by VOLKSWAGEN (or in absence of such, by a written document signed and accepted by both parties), and VOLKSWAGEN is released from any modification which is not carried out under said terms.

Each party will act as an independent contractor with respect to the other, and neither will have the capacity to act, be obligated or committed on behalf of the other party.

Regardless of the causes indicated in the present CONDITIONS, in the PURCHASE ORDER or in agreement in writing between the parties, if the SUPPLIER fails to fulfill the obligations he has acquired, or if he deviates from the conditions that were agreed in writing with VOLKSWAGEN, it will be considered cause for rescission of the present PURCHASE ORDER, and THE SUPPLIER acknowledges the right of VOLKSWAGEN to terminate the PURCHASE ORDER without requiring legal procedures and/or judicial rulings to achieve this end, and THE SUPPLIER expressly acknowledges the validity of the comisorio agreement herein contained and renounces the invocation of any thesis or provision that would invalidate said agreement.

Unless otherwise agreed, both parties agree that for any controversy or lawsuit derived from the PURCHASE ORDER, the competent authorities will be, at the selection of VOLKSWAGEN, the competent courts in Puebla, Puebla or in Mexico City, Federal District or at the address of THE SUPPLIER or at the address where the articles are located which are the object of the PURCHASE ORDER, or at the address where any property asset of THE SUPPLIER is located or at the place which is the main seat of THE SUPPLIER's business.