

Subject: Continental Nogales VMI Selection and Implementation

As previously announced, Continental Nogales (NOG) plant was selected to receive several programs related to the Huntsville, AL closure, which was in addition to other significant product launches for Nogales this year.

Due to the tremendous increase in volume and materials, as with the location in Huntsville, AL, Nogales, MX will incorporate VMI operations for their suppliers.

Continental has just completed an extensive review of VMI providers, and has selected JIT Services, LLC (JIT) as our Distribution partner for the Nogales, AZ operation. VMI operations will start on 9/1/2010. This facility will meet your distribution requirements for Continental, and in addition, will offer you local presence for Quality sorts and Value Added services.

What does this mean to you?

Current and future supply agreements will include FOB Nogales conditions. It is expected for your company to utilize the nominated VMI partner, of which costs will be negotiated and borne by the Supplier to Continental Nogales. JIT Services has been validated within SAP / EDI specs.

Upon receipt of this notice, you need to initiate contact with JIT Services and provide information about your products, and confirm your ability to meet the 9/1/10 start date. Your primary contact at JIT Services will be Roy Ferrante, Director of New Business Development, Office: 256-461-7064 x 102 or Mobile: 256-783-5560, <mailto:rferrante@jitservices.com>.

All suppliers need to enter into agreement with JIT Services which will identify your responsibilities within this program. Once this activity is completed, you will modify your ship to addresses according to the address below, and we will create new Schedule Agreements to support this program.

Previously we provided the Continental Supplier Logistics Manual which is still in effect, with special attention to compliance to labeling, packaging, and pallet specifications.

Terms of delivery will be as follows

Ship to address for VMI related products is as follows:

Continental Automotive Systems, Inc / JIT Services
1480 N. Industrial Park Rd.
Nogales, Arizona, 85621

Billing address for Temic companies will not change.

Continental Automotive Systems, Inc.
One Continental Drive
Auburn Hills, MI 48326

Suppliers will be required to maintain stock at JIT Services

(local = Nogales, Arizona) to comply with NOG requirements as follows:

- a) NAFTA suppliers – 2 weeks
- b) Offshore suppliers – 4 weeks

Please sign and return scanned copy of this to: juan.montiel-figueiras@continental-corporation.com

We need your support in complying with this initiative. These changes carry significant benefit toward your company, and carries significant Logistics opportunities towards Continental. Appreciate your support in responding by COB Friday, July 16, 2010.

If you have any questions regarding the above mentioned information, please do not hesitate to contact me via email or cell phone.

Marc J. Eberhardt
Global Logistics - NAFTA
Continental Automotive Systems US, Inc.
Phone: 256-289-3443
mailto:marc.eberhardt@continental-corporation.com

Supplier (Firm Name): _____

Supplier Concurrence: _____ Date: _____