



MARKETING POLICY – SALES TERMS AND CONDITIONS

Original Equipment and Aftermarket

6. APPENDICES

6.1. GENERAL TERMS AND CONDITIONS OF SALE – INDUSTRIAL BRANCHES

GENERAL TERMS AND CONDITIONS OF SALE

General

1. The present general terms and conditions of sale are applicable to all sales or products by VALEO [insert the name of the Valeo company concerned] (“Valeo”).
2. The simple remittance of a purchase order or acceptance of a Valeo offer of sale by a customer implies that he accepts the present general terms and conditions of sale and, by the same, waives his own general terms and conditions of purchase.
3. The fact that Valeo does not avail itself at a given moment in time of any one of the terms and conditions of sale cannot be interpreted as a waiver of our right to avail ourselves of any of the terms and conditions at a later date.
4. All purchase order remitted by the customer are subject to acceptance by Valeo in writing.
5. All sales of Valeo products are final. They cannot be returned or exchanged.
6. The customer must not alter or distort, in part or in full, the packaging, markings, numbers, and consistency of Valeo products as they exist at the time of delivery, nor may the customer use any product which may have been altered or distorted in any way.
7. If any authorizations or formalities, for example for import or exchange control purposes, are required for the import into the country of destination or for the payment of the products sold, they shall be obtained or accomplished in due time by the customer under his full responsibility. He shall nevertheless advise Valeo.

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Delivery

8. Except as stated otherwise, on acceptance of the purchase order, Valeo products are sold “ex Valeo warehouse” at the place indicated on the purchase order. Once the products leave the Valeo warehouse, all shipping, insurance, custom duties and taxes are borne by the customer.
9. It shall be expressly stated that the products are shipped at the customer’s risk even if shipping is done at Valeo’s expense.
10. The customer shall reserve all rights of redress with respect to the carrier in the event of missing goods, damage, lateness, etc. and shall timely take all measures and accomplish any formalities which may be necessary.
11. Valeo shall be advised of any reservations the customer may have on receipt of the products within 24 hours of delivery.

Price – Conditions of Payment

12. Irrespective of the date on which the order is placed, the products are invoiced at the prices applicable on the date the products leave Valeo’s warehouse.

The prices are established “ex Valeo warehouse” at the place mentioned on the purchase order. There will be an extra charge for special packaging.

13. Unless otherwise stated, payment for Valeo products is 30 days from the date of shipping or the date of receipt for freight paid goods by banker’s order to the bank and the place indicated by Valeo.

For certain export customers, payment shall be by an irrevocable documentary credit duly confirmed by a Valeo approved bank, irrespective of the method and the place of delivery.

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14. Where, by waiver of the above clause, and in view of the guarantees offered, deferred payment for the products is agreed upon, non payment of the amount due at any single due date will automatically cancel the deferred payment terms and the total outstanding amount shall then be due immediately. Valeo reserves the right to suspend the execution of its own obligations until such time as the overdue payment is received. In addition, the balance due will bear interest from the due date (in Spain, the legal interest rate of money multiplied by 1,5).
15. The customer cannot claim any dispute or breach of warranty in order to suspend payment of the products.
16. Should the customer fail to honour the obligation of payment at the due date, without prejudice to any damages which may be claimed by Valeo, Valeo reserves the right to automatically cancel the sale within eight days following notification to pay to the customer by registered letter by recorded delivery.

If necessary, Valeo may resume full possession of the products and related documents without any injunction being necessary. All expenses and disbursements (including transfer expenses) incurred by Valeo in this event shall be borne by the customer.

17. If expressly agreed, Valeo reserves the right to offset sums due by itself to the customer against sums due to Valeo by the customer.

Retention of lien clause

18. Valeo retains full ownership of the products until full payment of the selling price has been received.
19. Valeo reserves the right to reclaim the products in the event of any single case of non-payment of the sums due, and the customer undertakes to return the products on Valeo's initial demand and bear all related expenses.

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20. Notwithstanding Valeo's retention of a lien, the risks related to the products (including the risk of loss or destruction) are transferred to the customer when the latter takes delivery of the products (i.e. "ex Valeo warehouse"). The customer undertakes to insure the products on delivery against any risks that the products may be subjected to or cause.
21. The customer shall immediately advise Valeo by registered letter by recorded delivery of any material or legal incidents (in particular a seizure levied by a third party) which could affect the products sold subject to lien.
22. Until full payment of the price, the customer shall maintain the products under lien in such a way as renders them distinct, so they cannot be confused in any way with the products of other suppliers; they cannot be transferred, re-sold, distrained or, more generally, be subjected to rights conferred on third parties.

Warranty – Liability

23. All Valeo Group products are subject to strict inspection before shipping.
24. (a) Valeo Original Equipment products are guaranteed against all manufacturing and raw material defects for a period of twelve (12) months as from the initial date of sale of the vehicle to the end customer with unlimited mileage, or twelve (12) months from the date of invoicing of the end customer for Original Equipment Spare products (in the latter case, any excessive storage period and conditions at customer or at customer's dealers plant or warehouse which affect the OES products shall be taken into account).

Warranty only covers products which date of marking indicating the month and year of manufacture does not exceed eighteen (18) months (absent any marking of the date of manufacture, the delivery date of the customer's plant will be used instead of the date of manufacture if the customer's plant works on a "just in time" basis).

(b) Without prejudice to section 24 (a) above, and unless otherwise provided for by law, Original Equipment products for new applications the initial purchase order of which were accepted after July 1, 2003, are guaranteed against all manufacturing and raw material defects for a period of twenty four (24) months or 100 000 km as from the initial date of sale of the vehicle to the end customer, whichever occurs first. Warranty only covers

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products which date of manufacture does not exceed thirty (30) months. Unless otherwise provided for by law, such extension of OE products warranty as from July 1, 2003 shall in no event affect the OES products warranty which remains as indicated under section 24(a) above.

(c) In any event, the warranty offered by Valeo to the customer shall not exceed the warranty period, neither the warranty mileage, nor any other restrictive warranty conditions as offered by the customer to its own customers for its vehicles which incorporate the products purchased from Valeo, as determined at the date of the purchase order. As a result, warranty duration and/or mileage as indicated in sections 24 (a) and (b) shall be reduced accordingly. Any extension of the warranty offered by the customer to its own customers shall not automatically imply same extension of the Valeo warranty towards the customer. Subject to Valeo's acceptance of the principle of an extension, negotiations shall be initiated between the parties on a case by case basis, it being understood that any consequences, including without limitation financial and technical impacts, shall be taken into account and compensated prior to any effective extension of Valeo warranty.

25. Any warranty replacement of a product cannot have the effect of extending the initial warranty period as indicated in section 24 (a) or (b) as the case may be.
26. Warranty is expressly limited to the refund of costs as indicated in article 27 below, or to replacement or repair free of charge of products acknowledged to be defective by the team of technical experts as indicated in article 28 below, and excludes any compensation for any cause whatsoever and, in particular, for loss or damage of any nature whatsoever (indirect damage, loss of earnings, bringing into disrepute, etc.).
27. The decision to refund the price, replace or repair the product acknowledged to be defective shall be made solely by Valeo depending on the nature of the warranty claim. Refunds will be passed on:
 - OE price for products acknowledged to be defective before the sale of the vehicles in which they are mounted,
 - OES price for products acknowledged to be defective after the sale of the vehicles in which they are mounted,

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- for OES products to the exclusion of OES products, labor costs directly associated with replacement of the product under warranty, based on the agreed standard dealer times and the cost-based hourly rates excluding profit margin.

Total warranty refund per claim is limited to three times the OES product price.

28. A team of technical experts shall be designated to examine the nature of the quality defects observed and their cause. It shall be made up of an equal number of members representing the customer and Valeo.
29. The products shall be judged defective if the failure is duplicated during its examination, it being understood that non conformity shall be determined by reference to the contractual specifications applicable to the allegedly defective products.
30. Valeo's representatives on the team of technical experts shall see to it that all products for which there is a warranty claim are returned.

Exception: This procedure may be simplified and accelerated, by agreeing that the customer return only a portion of the defective products (savings on shipping costs). This evaluation procedure can only be utilized for products which cannot be re-manufactured and only if the number of products is enough to constitute a significant sample for examination (minimum of 20% of products: part numbers, choice and spread of dealers must be sufficiently large so as to be representative). In all cases, all the remanufacturable products (clutches, alternators, starter motors, radiators) will then be placed at Valeo's disposal.

31. Valeo warranty obligations contained in these general terms and conditions of sale are in place of any applicable warranties provided by law, to the extent permitted.
32. Valeo cannot be liable under its warranty obligations, or otherwise, for damage, regardless of its nature, resulting from the abnormal conditions of use, defective maintenance, misapplication, or use contrary to instructions for use notified to the customer, unsuitable storage conditions, normal wear and tear of the products, or assembly of the products in contravention of Valeo's instructions and specifications.

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33. The conditions specified by Valeo concerning storage, assembly, or use of the products shall be complied with by the customer who shall in turn advise its own customers and sub-contractors. Failing this, Valeo will not be liable.
34. Valeo declines any liability for any product or component not delivered by itself, and in particular, of other products or components used by the customer and integrated into an assembly. Valeo cannot be liable if the failure of one of its products is caused by other neighbouring components or by components with which it is linked by the customer.
35. Recall and service campaigns must be evaluated on a case by case basis, it being understood that Valeo and the customer must consult and agree on the need of a recall or service campaign prior to its launch and on whether alternative technical and commercial solutions can be set up. In any event, compensation for recall and service campaigns as well as any Valeo's liability for the manufacture and sale of its products for any damage, whatever the nature, shall be settled through mutual negotiation in good faith on a case by case basis and limited to 3% of the annual sales excluding tax of the product involved to the customer.

Force majeure

36. All Valeo's obligations will be suspended in all cases where force majeure results in the non-performance of an obligation.
37. Force majeure which may be the cause of non delivery, late or defective delivery, includes, but is not limited to, all events reasonably beyond Valeo's control, including strikes in Valeo facilities or in those of its suppliers or carriers, lock outs, tooling problems.

Industrial Property

38. The drawings, schematics, specifications, technical and commercial bills of material, recommendation documents, test results, catalogues, brochures, manuals, patents, models and designs are and shall remain the property of Valeo. Consequently, the customer shall refrain from divulging or duplicating them without the prior consent of

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Valeo. Any transfer of intellectual and/or industrial property rights or know-how from Valeo to the customer, or any existing customer's design rights incorporated in visible products also designed by Valeo, do not entitle the customer to use such transferred rights or existing design rights to restrict Valeo from producing products for third parties.

39. In the event that the products sold are produced in accordance with the drawings and specifications provided by the customer, the latter shall indemnify Valeo against any claims and damages resulting from alleged or effective infringement of industrial or intellectual property rights belonging to a third party which may be caused by the use by Valeo of the technical documents provided by the customer.
40. The products, together with their packaging, are sold under the brand name Valeo to the exclusion of all other brand names except with Valeo's express consent in writing.

Specific tooling

41. Specific tooling designed and produced to manufacture products designed by Valeo according to the specifications of the customer is and shall remain Valeo's exclusive property as an integral part of Valeo's products resources and intellectual property and shall be marked with the Valeo name only. Any financing provided by the customer to partially or wholly cover the production cost of the specific tooling does not support a customer's claim of ownership in the specific tooling, and does not enable the customer neither to require that the specific tooling be transferred to another component manufacturer without Valeo's agreement, or to restrict Valeo from producing products with the specific tooling for third parties.

Nullity

42. In the event that any one of the present general terms and conditions of sale shall be declared null and void, the validity of the other provisions shall not be affected.

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Applicable Law and Disputes

43. The present terms and conditions and the sales they govern are subject to Spanish law.
44. For any disputes relating to the interpretation of the performance of the present general terms and conditions of sale, on the Courts and Judges of [insert the city where the registered office of the Valeo company is located] shall entertain jurisdiction, without regard to the place of delivery or even in the event of interlocutory proceedings or warranty claim, or plurality of defendants.
45. Valeo reserves the right to seek judicial relief to protect its property interests.

Modification of general terms and conditions of sale

46. Any variation of the general terms and conditions of sale shall be approved in writing by the Valeo Legal Department.

Application of the general terms and conditions of sale

47. The present terms and conditions of sale are applicable from July 1, 2003 to all orders received from our customers and cancel and replace the general terms and conditions of sale previously in force.

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