
Shareholder additional information brochure 2009

Combined Shareholders' Meeting

Tuesday June 9, 2009, 2:30 PM

at center Eurosites George V
28, avenue George V, 75008 Paris

Enabling a better automotive world



Table of Contents

Special report on options to subscribe or to purchase shares	4
Statutory Auditors' report on the share capital transactions covered in the eighth, ninth, eleventh, twelfth and thirteenth resolutions	10
Statutory Auditors' special supplemental report on regulated agreements and commitments	14
Summary of the delegations granted by the Shareholders Meeting to the Board of Directors relating to capital increase in force on December 31, 2008	17

Special report on options to subscribe or to purchase shares

This is a free translation from the French language and is supplied solely for information purposes. Only the original version in the French language has legal force.

The characteristic of Company's options plans to subscribe or to purchase shares in force as at December 31, 2008 are described in the table attached in Schedule 1 to this report.

As at December 31, 2008, the October 17, 2000 plan expired on October 17, 2008 and was wound up through cancellation of 393,413 options to subscribe for shares not exercised (including rights to subscribe for shares resulting from the adjustment made subsequently to the OPRA/OPAS and relating to 3,913 additional shares).

As at December 31, 2008, the total number of options to subscribe for shares (options de souscription d'actions) or options to purchase shares (options d'achat d'actions) granted and not yet exercised (after taking into account cancelled options) was 80,000 options to subscribe for shares under the March 21, 2001 plan; 300,000 options to subscribe for shares under the December 7, 2001 plan; 258,850

options to subscribe for shares under the December 10, 2001 plan; 186,300 options to subscribe for shares under the July 1, 2002 plan; 110,960 options to subscribe for shares under the November 25, 2002 plan; 228,390 options to subscribe for shares under the March 31, 2003 plan; 678,654 options (of which 413,327 options to subscribe for shares and 265,327 options to purchase shares) under the November 6, 2003 plan; 936,900 options (of which 748,720 options to subscribe for shares and 188,180 options to purchase shares) under the November 8, 2004 plan; 466,660 options to purchase shares under the November 17, 2005 plan, 187,000 options to purchase shares under the March 3, 2006 plan; 1,023,000 options to purchase shares under the November 20, 2006 plan; 250,000 options to purchase shares under the March 7, 2007 plan, 1,374,250 options to purchase shares under the November 15, 2007 plan and 396,000 options to purchase shares under the March 20, 2008 plan.

Adjustment of the conditions of exercise of options to subscribe or purchase shares

During fiscal year 2005, Valeo repurchased its own shares above the quoted market price through a public tender offer to repurchase shares (offre publique de rachat d'actions) and a simplified public tender offer (offre publique d'achat simplifiée) (OPRA/OPAS). In accordance with the provisions of Article R. 225-138 of the French Commercial Code, the Board of Directors adjusted on June 21, 2005 the number of shares deliverable upon exercise of options to subscribe for shares and options to purchase shares. The adjustment thus carried out increases the ratio of 1 share per option to subscribe or to purchase shares to 1.01 share per option to subscribe or to purchase shares; it being understood that the number of shares to which each option holder is entitled under each plan shall be rounded up.

Therefore, as at December 31, 2008, the total number of shares deliverable upon exercise of options to subscribe or to purchase shares above mentioned after the OPRA/OPAS adjustments amounted to 80,800 shares under the March 21, 2001 plan; 303,000 shares under

the December 7, 2001 plan; 261,454 shares under the December 10, 2001 plan; 188,163 shares under the July 1, 2002 plan; 112,069 shares under the November 25, 2002 plan; 230,690 shares under the March 31, 2003 plan; 685,980 shares (of which 417,942 shares relating to options to subscribe for shares and 268,038 shares relating to options to purchase shares) under the November 6, 2003 plan, 946,297 shares (of which 756,210 shares relating to options to subscribe for shares and 190,087 shares relating to options to purchase shares) under the November 8, 2004 plan.

These adjustments do not apply to the November 17, 2005 (466,660 options to purchase shares), the March 3, 2006 (187,000 options to purchase shares), the November 20, 2006 (1,023,000 options to purchase shares), the March 7, 2007 (250,000 options to purchase shares), the November 15, 2007 (1,374,250 options to purchase shares) and the March 20, 2008 plans (396,000 options to purchase shares).

Number of beneficiaries of options to subscribe for shares or options to purchase shares as at December 31, 2008

As at December 31, 2008, the residual number of option beneficiaries was equal to 2 under the March 21, 2001 plan; 5 under the December 7, 2001 plan; 111 under the December 10, 2001 plan; 376 under the July 1, 2002 plan; 45 under the November 25, 2002 plan; 224 under the March 31, 2003 plan; 479 under

the November 6, 2003 plan; 711 under the November 8, 2004 plan, 815 under the November 17, 2005 plan, 2 for the March 3, 2006 plan, 972 under the November 20, 2006 plan, 2 for the March 7, 2007 plan, 1,208 for the November 15, 2007 plan and 550 for the March 20, 2008 plan.

Options to purchase shares granted during fiscal year

Pursuant to the authorization granted by the fourteenth resolution of the Combined Shareholders' Meeting of May 3, 2005, the Board of Directors, during its meeting of March 20, 2008, granted a total number of 426,750 options to purchase shares, in favor of some employees of the Group.

The features of these stock option plans and in particular, the number, price and terms of these options are described in the table attached in Schedule 1 to this report.

No option to subscribe for shares or to purchase shares has been granted to any member of the Board of Directors for their duties in the Company or in other companies controlled according to article L. 233-16 of the French Commercial Code.

Exercise of options to subscribe or purchase shares during the fiscal year

During fiscal year 2008, neither options to subscribe for shares nor options to purchase shares were exercised.

Schedule 1

Characteristics of the options to purchase shares plans or options to subscribe for shares plans in force as at December 31, 2008.

Options to subscribe for shares plans in force at December 31, 2008

Shareholders' Meetings			Plan characteristics				Options awarded				
Date of Meeting	No. of options	Term	Date ⁽¹⁾	Exercise price	No. of grantees.	No. of options	o/w granted to corporate officers	o/w granted to exec. mgrs and corp. officers	o/w granted to exec. mgrs excl. corp. officers	o/w granted to top ten grantees ⁽²⁾	Conditional options
05/27/1998	500,000	6 years				122,875	0	0			0
05/25/1999	500,000	6 years	10/17/2000	€ 48.00	1084	500,000	0	0			0
05/25/2000	800,000	8 years				677,125	0	0	210,000	154,000	0
			03/21/2001	€ 55.82	2	80,000	80,000	50,000	0	0	0
			12/07/2001	€ 42.48	5	600,000	600,000	200,000	0	0	300,000
05/09/2001	1,000,000	8 years									
			12/10/2001	€ 42.69	213	442,875	0	0	140,000	118,000	0
06/10/2002	1,500,000	8 years									
			07/01/2002	€ 43.84	699	420,000	0	0	2,500	96,700	0
			11/25/2002	€ 28.30	229	600,000	0	0	159,500	107,500	0
			03/31/2003	€ 23.51	755	700,000	160,000	100,000	52,750	44,000	0
03/31/2003	1,500,000	8 years									
			11/06/2003	€ 32.91	1005	780,000	61,000	61,000	117,766	77,395	0
04/05/2004	1,500,000	8 years									
			11/08/2004	€ 28.46	1094	1,123,200	160,000	160,000	169,600	134,400	0
TOTAL STOCK SUBSCRIPTION OPTIONS						6,046,075	1,061,000	571,000	852,116	731,995	300,000

(1) Date of Directors'/Supervisory Board/Management Board meeting.

(2) Including directors who are not corporate officers.

Impact of tender offers (56,330 at June 21, 2005)	Exercise date and conditions		Number of options					Options outstanding at Dec. 31, 2008	Number of shares to be subscribed	Residual grantees
	Start of exercise period	Expiry date	Options outstanding at Dec. 31, 2007	Exercised in 2008	Exercised at Dec. 31, 2008 (aggregate)	Cancelled in 2008	Cancelled at Dec. 31, 2008 (aggregate)			
8,287	50 %-2 years ; 100 %-3 years	10/16/2006	0					0	0	0
		10/16/2006	0					0	0	0
		10/16/2008	389,500	0	0	389,500	389,500	0	0	0
			3,913			3,913	3,913	0		
800	100 % immediately	03/20/2009	80,000	0	0	0	0	80,000	80,800	2
			800					800		
3,000	50 % immediately ; 50 % cond.	12/06/2009	300,000	0	0	0	300,000	300,000	303,000	5
			3,000				3,000	3,000		
3,455	50 %-2 years ; 100 %-3 years	12/09/2009	271,050	0	0	12,200	184,025	258,850	261,454	111
			2,727			123	851	2,604		
2,724	50 %-2 years ; 100 %-3 years	06/30/2010	210,800	0	0	24,500	233,700	186,300	188,163	376
			2,108			245	861	1,863		
4,568	50 %-2 years ; 100 %-3 years	11/24/2010	115,710	0	274,790	4,750	214,250	110,960	112,069	45
			1,157	0	2,596	48	863	1,109		
6,022	50 %-2 years ; 100 %-3 years	03/30/2011	235,420	0	309,915	7,030	161,695	228,390	230,690	224
			2,375	0	2,987	75	735	2,300		
7,185	50 %-2 years ; 100 %-3 years	11/05/2011	436,338	0	91,508	23,011	275,165	413,327	417,942	479
			4,877	0	924	262	1,646	4,615		
10,682	50 %-2 years ; 100 %-3 years	11/07/2012	801,760	0	67,200	53,040	307 280	748,720	756,210	711
			8,021	0	673	531	2,519	7,490		
46,723			2,840,578	0	743,413	514,031	2,065,615	2,326,547	2,350,328	
			28,978	0	7,180	5,197	14,388	23,781		

Options to purchase shares plans in force at December 31, 2008

Shareholders' Meetings			Plan characteristics				Options awarded				
Date of Shareholders' Meeting	No. of options	Term	Date ⁽¹⁾	Exercise price	No. of grantees.	No. of options	o/w granted to corporate officers	o/w granted to exec. mgrs and corp. officers	o/w granted to exec. mgrs excl. corp. officers	o/w granted to top ten grantees ⁽²⁾	Conditional options
03/31/2003	1,500,000	8 years	11/06/03	€ 32.91	1005	500,000	39,000	39,000	75,484	49,605	0
04/05/2004	1,500,000	8 years	11/08/04	€ 32.74	1094	280,800	40,000	40,000	42,400	33,600	0
05/03/2005	4,500,000	8 years	11/17/05	€ 32.32	1082	650,000	0	0	94,300	48,900	0
			03/03/06	€ 33.75	2	187,000	150,000	150,000	37,000	0	0
			11/20/06	€ 32.63	1298	1,309,250	0	0	251,000	175,000	0
			03/07/07	€ 36.97	2	250,000	200,000 ⁽ⁱ⁾	200,000 ⁽ⁱ⁾	50,000	0	0
			11/15/07	€ 36.82	1330	1,677,000	150,000 ^{(i) (ii)}	150,000 ^{(i) (ii)}	350,000 ⁽ⁱⁱ⁾	230,000 ⁽ⁱⁱ⁾	174,250 ⁽ⁱⁱ⁾
			03/20/08	€ 31.41	596	426,750	0	0	0	78,000	0
TOTAL STOCK PURCHASE OPTIONS						5,280,800	579,000	579,000	900,184	615,105	174,250

(1) Date of Directors'/Supervisory Board/Management Board meeting.

(2) Including directors who are not corporate officers.

(i) Stock purchase options subject to the holding period described in Chapter 3, section 3.H.1.5.

(ii) Of which conditional (50% for the Chairman and CEO and 25% for other directors) subject to the Group achieving an operating margin equal to at least 3.8% of operating revenue, with proportional and linear allocation of between 3.8 and 4.1%.

Impact of tender offers (56,330 at June 21, 2005)	Exercise date and conditions		Number of options						Number of shares to be purchased	Residual grantees
	Start of exercise period	Expiry date	Options outstanding Dec. 31, 2007	Exercised in 2008	Exercised at Dec. 31, 2008 (aggregate)	Cancelled in 2008	Cancelled at Dec. 31, 2008 (aggregate)	Options outstanding at Dec. 31, 2008		
4,263	50 %-2 years ; 100 %-3 years	11/05/2011	280,460	0	57,694	15,133	176,979	265,327	268,038	479
			2,867	0	590	156	962	2,711		
2,787	50 %-2 years ; 100 %-3 years	11/07/2012	202,140	0	14,075	13,960	78,545	188,180	190,087	711
			2,060	0	188	153	692	1,907		
	50 %-2 years ; 100 %-3 years	11/16/2013	517,695	0	465	51,035	182,875	466,660	466,660	815
	50 %-2 years ; 100 %-3 years	03/02/2014	187,000	0	0	0	0	187,000	187,000	2
	50 %-2 years ; 100 %-3 years	11/19/2014	1,127,750	0	0	104,750	286,250	1,023,000	1,023,000	972
	50 %-2 years ; 100 %-3 years	03/06/2015	250,000	0	0	0	0	250,000	250,000	2
	100 % - 3 years	11/14/2015	1,677,000	0	0	302,750	302,750	1,374,250	1,374,250	1208
	100 % - 3 years	03/19/2016	426,750	0	0	30,750	30,750	396,000	396,000	550
7,050			4,668,795	0	72,234	518,378	1,058,49	4,150,417	4,155,035	
			4,927	0	778	309	1,654	4,618		

Statutory Auditors' report on the share capital transactions covered in the eighth, ninth, eleventh, twelfth and thirteenth resolutions

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of Valeo and in accordance with the French Commercial Code, we present below our report on the various transactions which you are asked to approve.

1. Issuance of shares and/or securities with and/or without preferential subscription rights for existing shareholders (eighth, ninth and eleventh resolutions)

In accordance with the Commercial Code and in particular Articles L. 225-135, L. 225-136 and L. 228-92, we present below our report on the authorizations sought by the Board of Directors to issue ordinary shares and securities, which you are asked to approve.

Based on its report, the Board of Directors is asking shareholders:

- to grant it a 26-month authorization to carry out the issues described below and to set the final terms and conditions for any such issues, and to waive their preferential subscription rights:
 - issuance of ordinary shares and/or securities giving access to the capital of the Company or, pursuant to Article L. 228-93 of the Commercial Code, any company of which it directly or indirectly owns more than half the share capital, and/or entitling holders to the allotment of debt securities, with preferential subscription rights for existing shareholders (eighth resolution),
 - issuance of debt securities giving access to ordinary shares in the Company or, pursuant to Article L. 228-93 of the Commercial Code, any company of which it directly or indirectly owns more than half the share capital, and/or entitling holders to the allotment of debt securities, without preferential subscription rights for existing shareholders, but with the possibility for the Board of Directors to introduce a priority subscription right for existing shareholders (ninth resolution). These securities may be issued as consideration for any securities tendered to the Company in connection with a public exchange offer satisfying the conditions set forth in Article L. 225-148 of the Commercial Code,
 - issuance of debt securities giving access to the Company's capital, following the issuance by subsidiaries of securities giving access to the Company's capital (ninth resolution).

The aggregate par value of capital increases that may be carried out immediately or in future pursuant to the eighth and ninth resolutions may not exceed 40 million euros and 47 million euros, respectively. The aggregate par value of the capital increases that may be carried out pursuant to the authorizations sought under these resolutions and under the tenth, eleventh and twelfth resolutions presented to this meeting may not exceed 132 million euros.

These ceilings take into account any additional securities that may be issued in connection with the authorizations sought in the eighth and ninth resolutions under the conditions set out in Article L. 225-135-1 of the Commercial Code, if shareholders were to adopt the eleventh resolution.

The Board of Directors is responsible for drawing up a report in compliance with Articles R. 225-113, R. 225-114 and R. 225-117 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the quantitative information taken from the financial statements, on the proposal to waive shareholders' preferential subscription rights and on certain other information concerning these transactions given in this report.

We performed the procedures that we considered necessary in accordance with the professional standards issued by the *Compagnie Nationale des Commissaires aux comptes* (CNCC). Those procedures involved checking the information contained in the Board of Directors' report regarding these transactions and the methods used to determine the price of the equity instruments to be issued.

Subject to our review of the final terms and conditions of any issues decided, we have no matters to report on the methods used to determine the price of any equity instruments to be issued under the ninth resolution, as described in the Board of Directors' report.

As the method for determining the price of any equity instruments to be issued under the eighth resolution has not been described in the Board of Directors' report, we do not express an opinion on the basis used to determine the issue price.

Furthermore, as the price for any equity instruments to be issued has not been set, we do not express an opinion on the final terms and conditions of the issues, and accordingly, on the proposal made to shareholders in the ninth resolution to waive their preferential subscription rights.

In accordance with Article R. 225-116 of the Commercial Code, we will prepare an additional report if and when these authorizations are used by the Board of Directors to issue securities giving access to the capital and/or entitling holders to the allotment of debt securities.

2. Issuance of securities entitling holders to the allotment of debt securities and consisting solely of debt securities (eighth and ninth resolutions)

In accordance with Article L. 228-92 of the Commercial Code, we present below our report on the authorizations sought by the Board of Directors to issue securities entitling holders to the allotment of debt securities consisting solely of debt securities such as bonds with bond warrants attached or bonds that are convertible or redeemable for other debt securities, which you are asked to approve. The maximum amount of securities entitling holders to the allotment of debt securities consisting solely of debt securities has not been set.

Based on its report, the Board of Directors is asking shareholders to grant it a 26-month authorization to carry out any such issue. Where applicable, the Board will be responsible for setting the final terms and conditions for the issue.

The Board of Directors is responsible for drawing up a report in compliance with Articles R. 225-113, R. 225-114 and R. 225-117 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the quantitative information taken from the financial statements and of certain other information concerning this transaction given in this report.

We performed the procedures that we considered necessary in accordance with the professional standards issued by the *Compagnie Nationale des Commissaires aux comptes* (CNCC). Those procedures involved checking the information contained in the Board of Directors' report regarding this transaction.

As the final terms and conditions of the issue have not been set, we do not express an opinion on the terms and conditions under which the issue will be carried out.

In accordance with Article R. 225-116 of the Commercial Code, we will prepare an additional report if and when this authorization is used by the Board of Directors.

3. Issuance of shares and securities reserved for members of company savings plans in accordance with the Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code (twelfth resolution)

In accordance with Articles L. 225-135 *et seq.* and Article L. 228-92 of the Commercial Code, we present below our report on the authorization sought by the Board of Directors to carry out a capital increase, on one or more occasions, by issuing equity instruments without preferential subscription rights, up to a maximum aggregate par value of 5 million euros, it being specified that this amount shall count towards the overall ceiling of 132 million euros set for any capital increases carried out pursuant to the authorizations granted by this meeting, which you are asked to approve.

These capital increases are submitted for your approval pursuant to Articles L. 225-129-6 of the Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code.

Based on its report, the Board of Directors is asking shareholders to grant it a 26-month authorization to carry out one or more capital increases, and to waive their preferential subscription rights. Where applicable, the Board will set the final terms and conditions for the issues.

The Board of Directors is responsible for drawing up a report in compliance with Articles R. 225-113, R. 225-114 and R. 225-117 of the Commercial Code. Our responsibility is to express an opinion on certain information contained in this report and on the proposal to waive shareholders' preferential subscription rights.

We performed the procedures that we considered necessary in accordance with the professional standards issued by the *Compagnie Nationale des Commissaires aux comptes* (CNCC). Those procedures involved checking the information contained in the report issued by the competent body regarding this transaction and the methods used to determine the price of any equity instruments to be issued.

Subject to our review of the final terms and conditions of any capital increases decided, we have no matters to report on the methods used to determine the price of any equity instruments to be issued, as described in the Board of Directors' report.

Furthermore, as the price for any equity instruments to be issued has not been set, we do not express an opinion on the final terms and conditions of any capital increases, or accordingly, on the proposed waiver of shareholders' preferential subscription rights.

In accordance with Article R. 225-116 of the Commercial Code, we will prepare an additional report if and when this authorization is used by the Board of Directors.

4. Reduction of share capital by cancelling treasury shares (thirteenth resolution)

In accordance with Article L. 225-209, paragraph 7 of the Commercial Code regarding reductions in share capital by cancelling treasury shares, we present below our report setting out our opinion on the grounds for, and the terms and conditions of, the proposed reduction of share capital.

We performed the procedures that we considered necessary in accordance with the professional standards issued by the *Compagnie Nationale des Commissaires aux comptes* (CNCC). Those procedures involved determining whether the grounds for, and the terms and conditions of, the capital reduction are appropriate.

The transaction involves the repurchase by the Company of shares representing up to 10% of its share capital, under the conditions set out in Article L. 225-209 of the Commercial Code. The authorization to buy back treasury shares would be granted for a period of 18 months and is submitted to the General Meeting for approval in the seventh resolution.

The Board of Directors is asking shareholders to grant it full powers, for a period of 26 months, to cancel any shares purchased under the authorization to buy back treasury shares, provided that the shares cancelled in any 24-month period do not represent more than 10% of the Company's share capital.

We have no matters to report on the grounds for, and the terms and conditions of, the proposed capital reduction, it being specified that the capital can only be reduced if the General Meeting has previously authorized the Company to buy back its own shares.

Paris La Défense and Neuilly-sur-Seine, May 20, 2009

The Statutory Auditors

Salustro Reydel

Member of KPMG International

Jean-Pierre Crouzet

Emmanuel Paret

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

Statutory Auditors' special supplemental report on regulated agreements and commitments

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ending December 31, 2008

In our capacity as Statutory Auditors of your company, we present below our report on the regulated agreements and commitments described hereafter, which you are asked to approve.

We have been informed, pursuant to Article L. 225-40 of the Commercial Code, of the regulated agreements and commitments entered into for the benefit of Mr. Thierry Morin in connection with the termination of his term of office as Chairman, Chief Executive and director of Valeo, as well as his offices at all Group subsidiaries. These regulated agreements and commitments were authorized by the Board of your company at its meeting on March 20, 2009.

Since these regulated agreements and commitments were authorized after we had issued our March 6, 2009 report on regulated agreements and commitments, we have prepared this special supplemental report.

Our duty is to inform you, on the basis of the information provided to us, of the characteristics, terms and conditions of these agreements and commitments, without expressing an opinion on their usefulness or merits. It is your duty, pursuant to Article R. 225-31, to assess the interest of these agreements and commitments with a view to approving them.

We performed the procedures that we considered necessary in accordance with the professional standards issued by the *Compagnie Nationale des Commissaires aux comptes* (CNCC). These require that we perform procedures to verify that the information given to us agrees with the underlying documents.

In our March 6, 2009 report on regulated agreements and commitments, we informed you of several changes made by your Board of Directors over the previous twelve months to the compensation of the Chairman and Chief Executive of your company. These consisted in particular of:

- **decision of October 20, 2008:** not to combine the benefits relating to the termination of Mr. Morin's corporate duties with those pertaining to his employment contract, it being specified that Mr. Morin waived his contractual non-competition benefit;
- **decision of February 12, 2009:** to close the additional pension scheme set up at Valeo (UK) Limited; to set the termination benefit relating to corporate duties at the equivalent of two years' fixed and variable remuneration, calculated based on the average of all fixed and variable compensation received during the last three full years, subject to the fulfillment of some or all of the performance criteria set by the Board of Directors in a decision dated March 20, 2008, which are described in our March 21, 2008 report on regulated agreements and commitments and reiterated in our March 6, 2009 report on said agreements and commitments; to amend the circumstances in which Mr. Morin's corporate duties may be terminated, thereby giving rise to a termination benefit; and to reduce Mr. Morin's fixed compensation.

On March 20, 2009 your Board of Directors took official note of the termination of Mr. Morin's corporate duties, and:

- decided to pay a termination benefit equal to two years' compensation, i.e. a gross 3,261,405.33 euros corresponding to the average of all fixed and variable compensation received by Mr. Morin during the last three full years prior to his departure. With regard to the five performance criteria on which payment of the benefit was contingent, the Board of Directors noted that *stricto sensu* only three of the five criteria laid down in the decision of the Board of Directors on March 20, 2008 and approved by the Annual General Meeting on June 20, 2008 had been fulfilled, meaning that the termination benefit was to be reduced by 30%. The Board of Directors decided that the criterion based on attributable net income for a financial year should be assessed net of exceptional items. In consequence the Board of Directors noted that, not including the exceptional provisions recognized in the 2008 financial statements, this criterion had been fulfilled for 2008. The Board of Directors thus noted that four of the five performance criteria on which Mr. Morin's termination benefit depended had been met and that, as a result, no reduction should be made. The benefit was paid on March 23, 2009;
- decided that Mr. Morin would be entitled to retain the stock options he had been granted, without having to satisfy the presence requirement stipulated in the option plans, and that this entitlement would be subject to the same performance criteria as the termination benefit. The Board of Directors noted that since four of the five performance criteria had been met, Mr. Morin would continue to be entitled to the stock options he had been granted, without having to satisfy the presence requirement stipulated in his option plans. The total number of these options at December 31, 2008 was 975,000, granting the right to 980,500 shares at a strike price between 23.51 euros and 55.82 euros;
- decided that Mr. Morin's employment contract, which had been suspended while he was discharging his corporate duties, would be terminated at June 30, 2009. The Board of Directors also decided to pay six months' notice as well as the holiday pay provided for in the employment contract;
- authorized the signature of a memorandum of understanding between Mr. Morin and the Company to implement the above agreements and commitments relating to Mr. Morin and authorized by the Board of Directors. Under the terms of the memorandum, Mr. Morin will continue to benefit from the private health insurance and pension schemes of the Valeo Group on condition that he complies with the terms and conditions thereof.

The schemes in question are the supplementary pension scheme for Valeo Group senior executives and the "add-on" scheme set up in 2002 for present and former members of the Management Board of Valeo, on condition that Mr. Morin does not carry on a salaried occupation until his pension entitlements are actually settled. The add-on scheme provides beneficiaries with annuities of 2% per year of service and is capped such that they may not receive a combined pension (under mandatory and optional schemes) of more than 60% of their final salary, which is the sum of the last gross basic annual compensation earned in the Group plus their average annual bonus over the past five years.

Paris La Défense and Neuilly-sur-Seine, May 20, 2009

The Statutory Auditors

Salustro Reydel

Member of KPMG International

Jean-Pierre Crouzet

Emmanuel Paret

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

Summary of the delegations granted by the Shareholders Meeting to the Board of Directors relating to capital increase in force on December 31, 2008

Delegations granted	Maximum amount of capital increase	Use of authorizations during fiscal year
1. Delegation authorizing to increase the capital with preferential subscription rights		
Capital increase through issuance of shares and/or securities granting access to share capital (A) Shareholders' Meeting of May 21, 2007 – 18 th resolution (26 months maximum, expiring on July 21, 2009)	€69.8 million (A)+(B)+(C) limited to €180 million	None
Capital increase by capitalizing reserves, profits or premiums (B) Shareholders' Meeting of May 21, 2007 – 21 st resolution (26 months maximum, expiring on July 21, 2009)	€69.8 million (A)+(B)+(C) limited to €180 million	None
2. Delegation authorizing to increase the capital without preferential subscription rights		
Capital increase through issuances reserved for members of company savings plans (C) Shareholders' Meeting of May 21, 2007 – 23 rd resolution (26 months maximum, expiring on July 21, 2009)	€2.1 million (A)+(B)+(C) limited to €180 million	None



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