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## Shareholder additional information brochure 2010

### Combined Shareholders' Meeting

**Thursday June 3, 2010, 2:30 PM**

at Palais des Congrès of Paris  
2, place de la Porte-Maillot, 75017 Paris



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# 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 characteristics of Company's options plans to subscribe or to purchase shares in force as at December 31, 2009 are described in the table attached in Schedule 1 to this report.

As at December 31, 2009, the March 21, 2001, the December 7, 2001 and the December 10, 2001 plans expired on March 20, 2009, December 6, 2009 and December 10, 2009 respectively and were wound up through cancellation of 80,800, 303,000 and 261,454 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 respectively to 800, 3,000 and 2,604 additional shares).

As at December 31, 2009, 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

172,200 options to subscribe for shares under the July 1, 2002 plan; 100,960 options to subscribe for shares under the November 25, 2002 plan; 215,830 options to subscribe for shares under the March 31, 2003 plan; 641,404 options (of which 390,624 options to subscribe for shares and 250,780 options to purchase shares) under the November 6, 2003 plan; 879,025 options (of which 702,420 options to subscribe for shares and 176,605 options to purchase shares) under the November 8, 2004 plan; 422,750 options to purchase shares under the November 17, 2005 plan, 187,000 options to purchase shares under the March 3, 2006 plan; 928,500 options to purchase shares under the November 20, 2006 plan; 250,000 options to purchase shares under the March 7, 2007 plan, 1,270,750 options to purchase shares under the November 15, 2007 plan and 366,000 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, 2009, 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

173,922 shares under the July 1, 2002 plan; 101,969 shares under the November 25, 2002 plan; 218,002 shares under the March 31, 2003 plan; 648,325 shares (of which 394,983 shares relating to options to subscribe for shares and 253,342 shares relating to options to purchase shares) under the November 6, 2003 plan, 887,835 shares (of which 709,447 shares relating to options to subscribe for shares and 178,388 shares relating to options to purchase shares) under the November 8, 2004 plan.

These adjustments do not apply to the November 17, 2005 (422,750 options to purchase shares), the March 3, 2006 (187,000 options to purchase shares), the November 20, 2006 (928,500 options to purchase shares), the March 7, 2007 (250,000 options to purchase shares), the November 15, 2007 (1,270,750 options to purchase shares) and the March 20, 2008 plans (366,000 options to purchase shares).

## Number of beneficiaries of options to subscribe for shares or options to purchase shares as at December 31, 2009

As at December 31, 2009, the residual number of option beneficiaries was equal to 348 under the July 1, 2002 plan; 41 under the November 25, 2002 plan; 208 under the March 31, 2003 plan; 445 under the November 6, 2003 plan; 649 under the November 8,

2004 plan, 737 under the November 17, 2005 plan, 2 for the March 3, 2006 plan, 884 under the November 20, 2006 plan, 2 for the March 7, 2007 plan, 1,109 for the November 15, 2007 plan and 506 for the March 20, 2008 plan.

## Options to subscribe or purchase shares granted during fiscal year

During fiscal year 2009, neither options to subscribe for shares nor options to purchase shares were granted to any employee of the Group.

During fiscal year 2009, 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 2009, 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, 2009.

### Options to subscribe for shares plans in force at December 31, 2009

Shareholders' Meetings			Plan characteristics				Options awarded				
Date of Shareholders' Meeting	No. of options	Term	Date <sup>(1)</sup>	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 to top ten grantees <sup>(2)</sup>	Condi-tional options
05/25/2000	800,000	8 years	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	1,005	780,000	61,000	61,000	117,766	77,395	0
04/05/2004	1,500,000	8 years	11/08/2004	€28.46	1,094	1,123,200	160,000	160,000	169,600	134,400	0
<b>TOTAL STOCK SUBSCRIPTION OPTIONS</b>						<b>4,746,075</b>	<b>1,061,000</b>	<b>571,000</b>	<b>642,116</b>	<b>577,995</b>	<b>300,000</b>

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

(2) Including directors who are not corporate officers.

## Special report on options to subscribe or to purchase shares

Impact of tender offers (56,330 at June 21, 2005)	Exercise date and conditions		Number of options						No. of shares to be subscribed or purchased (options +tender offers)	Residual grantees
	Start of exercise period	Expiry date	Options outstanding at 12/31/2008	Exercised in 2009 (year)	Exercised at 12/31/2009 (cumulative total)	Cancelled in 2009 (year)	Cancelled at 12/31/2009 (cumulative total)	Options outstanding at 12/31/2009		
800	100% immediate	03/20/2009	80,000 800	0	0	80,000 800	80,000 800	0 0	0	0
3,000	50% immediate; 50% cond.	12/06/2009	300,000 3,000	0	0	300,000 3,000	600,000 3,000	0 0	0	0
3,455	50%-2 years; 100%-3 years	12/09/2009	258,850 2,604	0	0	258,850 2,604	442,875 3,455	0 0	0	0
2,724	50%-2 years; 100%-3 years	06/30/2010	186,300 1,863	0	0	14,100 141	247,800 1,002	172,200 1,722	173,922	348
4,568	50%-2 years; 100%-3 years	11/24/2010	110,960 1,109	0	274,790 2,596	10,000 100	224,250 963	100,960 1,009	101,969	41
6,022	50%-2 years; 100%-3 years	03/30/2011	228,390 2,300	0	309,915 2,987	12,560 128	174,255 863	215,830 2,172	218,002	208
7,185	50%-2 years; 100%-3 years	11/05/2011	413,327 4,615	0	91,508 924	22,703 256	297,868 1,902	390,624 4,359	394,983	445
10,682	50%-2 years; 100%-3 years	11/07/2012	748,720 7,490	0	67,200 673	46,300 463	353,580 2,982	702,420 7,027	709,447	649
<b>38,436</b>			<b>2,326,547 23,781</b>	<b>0 0</b>	<b>743,413 7,180</b>	<b>744,513 7,492</b>	<b>2,420,628 14,967</b>	<b>1,582,034 16,289</b>	<b>1,598,323</b>	

**Options to purchase shares plans in force at December 31, 2009**

Shareholders' Meetings			Plan characteristics				Options awarded				
Date of Shareholders' Meeting	No. of options	Term	Impact of tender offers (56,330 at June 21, 2005)	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 to top ten grantees <sup>(2)</sup>	conditional options
03/31/2003	1,500,000	8 years	11/06/2003	€32.91	1,005	500,000	39,000	39,000	75,484	49,605	0
04/05/2004	1,500,000	8 years	11/08/2004	€32.74	1,094	280,800	40,000	40,000	42,400	33,600	0
05/03/2005	4,500,000	8 years	11/17/2005	€32.32	1,082	650,000	0	0	94,300	48,900	0
			03/03/2006	€33.75	2	187,000	150,000	150,000	37,000	0	0
			11/20/2006	€32.63	1,298	1,309,250	0	0	251,000	175,000	0
			03/07/2007	€36.97	2	250,000	200,000 <sup>(i)</sup>	200,000 <sup>(i)</sup>	50,000	0	0
			11/15/2007	€36.82	1,330	1,677,000	150,000 <sup>(i)(ii)</sup>	150,000 <sup>(i)(ii)</sup>	350,000 <sup>(ii)</sup>	230,000 <sup>(ii)</sup>	174,250 <sup>(ii)</sup>
			03/20/2008	€31.41	596	426,750	0	0	0	78,000	0
<b>TOTAL STOCK PURCHASE PLANS</b>						<b>5,280,800</b>	<b>579,000</b>	<b>579,000</b>	<b>900,184</b>	<b>615,105</b>	<b>174,250</b>

(1) Date of Board 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 of the 2008 registration document.

(ii) Of which conditional (50% for the Chairman and COO and 25% for other directors) subject to the Group achieving an operating margin of at least 3.8% of operating revenue 2009 with proportional and linear allocation of between 3.8% and 4.1%.

## Special report on options to subscribe or to purchase shares

Impact of tender offers (56,330 at June 21, 2005)	Exercise date and conditions		Number of options					Options outstanding at 12/31/2009	No. of shares to be purchased (Options + tender offers)	Residual grantees
	Start of exercise period	Expiry date	Options outstanding at 12/31/2008	Exercised in 2009 (year)	Exercised at 12/31/2009 (aggregate)	Cancelled in 2009 (year)	Cancelled at 12/31/2009 (aggregate)			
4,263	50%-2 years; 11/05/2011 100%-3 years		265,327 2,711	0 0	57,694 590	14,547 149	191,526 1,111	250,780 2,562	253,342	445
2,787	50%-2 years; 11/07/2012 100%-3 years		188,180 1,907	0 0	14,075 188	11,575 124	90,120 816	176,605 1,783	178,388	649
	50%-2 years; 11/16/2013 100%-3 years		466,660	0	465	43,910	226,785	422,750	422,750	737
	50%-2 years; 03/02/2014 100%-3 years		187,000	0	0	0	0	187,000	187,000	2
	50%-2 years; 11/19/2014 100%-3 years		1,023,000	0	0	94,500	380,750	928,500	928,500	884
	50%-2 years; 03/06/2015 100%-3 years		250,000	0	0	0	0	250,000	250,000	2
	100% - 3 years 11/14/2015		1,374,250	0	0	103,500	406,250	1,270,750	1,270,750	1,109
	100% - 3 years 03/19/2016		396,000	0	0	30,000	60,750	366,000	366,000	506
<b>7,050</b>			<b>4,150,417 4,618</b>	<b>0 0</b>	<b>72,234 778</b>	<b>298,032 273</b>	<b>1,356,181 1,927</b>	<b>3,852,385 4,345</b>	<b>3,856,730</b>	

# Statutory Auditors' report on the share capital transactions covered in the fifteenth, sixteenth and seventeenth 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.*

To the Shareholders,

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. Award of stock purchase options to salaried employees and executive directors (fifteenth resolution)

In accordance with the terms of our engagement defined by Articles L. 225-177 and R. 225-144 of the French Commercial Code, we present below our report on the award of stock purchase options to salaried employees and executive directors of Valeo and companies or associations related to it within the meaning of Article L.225-180 of the French Commercial Code.

The Board of Directors is responsible for drawing up a report on the reasons for the award of stock purchase options, and on the proposed terms and conditions for setting the acquisition price of those options. Our responsibility is to express an opinion on the terms and conditions for setting the exercise price.

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 that the proposed terms and conditions for setting the exercise price are properly disclosed in the Board of Directors' report, comply with the relevant legal provisions, are transparent for shareholders and do not appear manifestly inappropriate.

We have no matters to report regarding the proposed terms and conditions.

## 2. Allotment of free shares, either existing or to be issued, to salaried employees and executive directors (sixteenth resolution)

In accordance with the terms of our engagement defined by Article L. 225-197-1 of the French Commercial Code, we present below our report on the planned allotment of free shares, either existing or to be issued, to salaried employees and executive directors of Valeo and companies related to it within the meaning of Article L. 225-197-2 of the French Commercial Code.

The Board of Directors is seeking an authorization to allot free shares, either existing or to be issued. The Board is responsible for drawing up a report on this transaction which you are asked to approve. Our responsibility is to report to you our comments on the information provided to you regarding this transaction.

We performed the procedures that we considered necessary. Those procedures involved checking that the proposed terms and conditions for the transaction described in the Board of Directors' report comply with the relevant legal provisions.

We have no matters to report regarding the information provided in the Board of Directors' report on the planned allotment of free shares.

## 3. Issuance of shares or share equivalents giving access to the capital reserved for members of company savings plans pursuant to the provisions of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code (seventeenth resolution)

In accordance with the terms of our engagement defined by Articles L. 225-135 *et seq.* and Article L. 228-92 of the French Commercial Code, we present below our report on the authorization sought by the Board of Directors, with powers to subdelegate as permitted by law, to increase capital, on one or more occasions, by issuing shares or share equivalents giving access to the capital, without preferential subscription rights for existing shareholders, for up to €5 million, which you are asked to approve.

The Board of Directors notes in its report that this maximum amount of €5 million will count towards the overall ceiling of €132 million applicable to any capital increase carried out pursuant to the authorizations granted by the Annual General Meeting of June 9, 2009.

These capital increases are subject to your approval, in accordance with the provisions of Articles L. 225-129-6 of the French Commercial Code and Article L. 3332-18 *et seq.* of the French Labor Code.

Based on its report, the Board of Directors is seeking an authorization for a period of twenty-six months to increase capital on one or more occasions, and is asking shareholders to waive their preferential subscription rights to the equity instruments to be issued. Where applicable, the Board shall set the terms and conditions applicable to these issues.

## Statutory Auditors' report on the share capital transactions covered in the fifteenth, sixteenth and seventeenth resolutions

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 French 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 any equity instruments to be issued.

Subject to our subsequent review of the conditions under which any capital increase decided may take place, 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 increase, and accordingly, on the proposal made to shareholders 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 this authorization is used by the Board of Directors.

### The Statutory Auditors

Paris La Défense, May 4, 2010

**Salustro Reydel**

*Member of KPMG International*

**Jean Gatinaud**

**Laurent des Places**

Neuilly-sur-Seine, May 4, 2010

**PricewaterhouseCoopers Audit**

**Jean-Christophe Georghiou**

**Eric Bertier**

# Summary of the delegations granted by the Shareholders Meeting to the Board of Directors relating to capital increase in force on December 31, 2009

Authorizations granted	Maximum amount of issue	Utilization of authorizations during the year
<b>1. Authorizations to increase capital <u>with</u> pre-emptive rights</b>		
<b>Issuance of shares and/or share equivalents (A)</b> AGM of June 9, 2009 – 8 <sup>th</sup> resolution (authorization given for a maximum of 26 months, expiring on August 9, 2011)	40 million euros (A)+(B)+(C)+(D)+(E) combined ceiling = 132 million euros (the “Overall Ceiling”)	None
<b>Capital increase paid-up by capitalizing income, retained earnings or additional paid-in capital (B)</b> AGM of June 9, 2009 – 10 <sup>th</sup> resolution (authorization given for a maximum of 26 months, expiring on August 9, 2011)	40 million euros included in the Overall Ceiling	None
<b>2. Authorizations to increase capital <u>without</u> pre-emptive rights</b>		
<b>Issuance of shares and/or share equivalents (C)</b> AGM of June 9, 2009 – 9 <sup>th</sup> resolution (authorization given for a maximum of 26 months, expiring on August 9, 2011)	47 million euros included in the Overall Ceiling	None
<b>Issuance of shares to members of the employee stock ownership plan (D)</b> AGM of June 9, 2009 – 12 <sup>th</sup> resolution (authorization given for a maximum of 26 months, expiring on August 9, 2011)	5 million euros included in the Overall Ceiling	None
<b>3. Authorizations to increase capital <u>with or without</u> pre-emptive rights</b>		
<b>Overall allocation option as part of an issuance of shares <u>with or without</u> pre-emptive rights (E)</b> AGM of June 9, 2009 – 11 <sup>th</sup> resolution (authorization given for a maximum of 26 months, expiring on August 9, 2011)	Issuance limited to 15% of the initial issuance Included in the ceiling applicable to the initial issuance and in the Overall Ceiling	None



# Notes





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