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## 2011 Notice of meeting

### Combined shareholders' Meeting

**Wednesday June 8, 2011, 2:30 p.m.**

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

# For your information

- For any information about your participation in the Shareholders' Meeting, please contact your bank or call the toll-free number **0800 814 045** (France only)
- On our website **[www.valeo.com](http://www.valeo.com)**, you can find the notice of meeting, the number of voting rights at the date the notice of meeting was published (March 30, 2011), all documents to be presented to the Shareholders' Meeting, the registration document, the postal and proxy voting form, any points required by shareholders to be recorded on the agenda and any draft resolutions presented by shareholders
- For more information, please contact:  
Thierry Lacorre, Director of Investor Relations  
Tel: **+33 (0)1 40 55 37 93**  
E-mail: **[thierry.lacorre@valeo.com](mailto:thierry.lacorre@valeo.com)**

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# How to participate in the Shareholders' Meeting

## Conditions

**To be able to attend the meeting, you must ensure that your shares have been recorded by midnight (Paris time) on the third business day preceding the meeting, i.e. by 12:00 a.m. (Paris time) on June 3, 2011:**

- in the registered shareholder account managed by the Company, if the shares are registered in your name;
- or in the share account managed by a financial intermediary on your behalf if your shares are bearer shares. This will then be certified by a **share ownership certificate** (*attestation de participation*) issued by the intermediary. This certificate should be attached to the voting form enclosed with this Notice of meeting. A certificate will also be issued to you if you wish to attend the Shareholders' Meeting in person and have not received your admission card by 12:00 a.m. on June 3 (see next page).

**Shareholders are entitled to sell all or part of their shares at any time.**

However, only shareholders whose shares have been recorded in an account by the third business day preceding the Shareholders' Meeting, i.e. by 12:00 a.m. (Paris time) on Wednesday June 3, 2011, are entitled to vote at the Shareholders' Meeting. If shares are sold before this date, the share ownership certificate will be deemed invalid to the extent of the shares sold and the votes attached to these shares will not be taken into account. If a transfer of your shares occurs after this date, it will not be taken into account by the Company.

## How to vote?

**There are four ways to exercise your voting rights, which are discussed below in more detail:**

1. attend the Shareholders' Meeting in person;
2. cast a postal vote;
3. grant proxy to the Chairman;
4. grant proxy to a third party (spouse, civil-union partner, or any other person).

Decide how you want to vote as soon as possible using the voting form enclosed with this Notice of meeting and based on the procedures set out below.

The Company is no longer obliged to take into account voting forms received less than three days before the Shareholders' Meeting, i.e., after **June 6, 2011**.

Electronic notification of proxies for which confirmation has not been received by 3:00 p.m. (Paris time) on the **day before the Shareholders' Meeting** will not be taken into account.

### 1. If you wish to attend the Shareholders' Meeting in person

If you wish to attend the Shareholders' Meeting in person, you must first request an **admission card**. Simply **check box A** at the top of the voting form, **date and sign** the bottom of the form, and enter your surname, first name and address or, if these already appear on the form, make sure they are correct.

The request must be sent as early as possible to Société Générale, Service des Assemblées, 32, rue du Champ-du-Tir, BP 81236, 44312 Nantes Cedex 3, France, and no later than **June 4, 2011**.

Your admission card will have to be shown to enable you to enter the meeting. If you have not received the card that you have requested 3 days before the Shareholders' Meeting, please call the information centre of Société Générale, at 0 825 315 315 (0.15 euro/mn from a fix telephone in France) from 8:30 a.m. to 6:00 p.m.

### 2. If you want to cast a postal vote

- check box **B** of the voting form;
- check the **"I VOTE BY POST"** box;
- for the draft resolutions presented or approved by the Board of Directors (resolutions 1 to 27- box **a**),
  - leave blank the boxes corresponding to the resolutions for which you wish to vote YES,
  - black out the boxes corresponding to the resolutions for which you wish to vote NO or abstain (abstentions count as a NO vote),

- for the draft resolutions not approved by the Board of Directors (box **b**), black out box YES or box NO/Abstain for each resolution, as appropriate,
- for any amendments to resolutions or new resolutions submitted to the meeting (box **c**), do not forget to check one of the options offered so that **your view is taken into account in the quorum and in the vote**: for these resolutions, you can abstain or give your proxy to the Chairman or to another person. In the latter case, do not forget to state the name of your representative.

### 3. If you want to give a proxy to the Chairman

- check box **B** of the voting form;
- simply date and sign the voting form in the red box at the bottom.

In this case, your vote will be in favor of all resolutions presented to the Shareholders' Meeting or approved by the Board of Directors (resolutions 1 to 27) and against all other resolutions not approved by the Board of Directors.

### 4. If you want to give a proxy to a third party

- check box **B** of the voting form;
- check the box **"I HEREBY APPOINT"** and state the name and the address of the person who will be replacing you at the Shareholders' Meeting;

- shareholders may now appoint their proxy by e-mail (see the instructions page 6).

If you are not attending the Shareholders' Meeting in person, you must choose **only one** of the above options (you cannot both send a postal vote and give your proxy).

**Do not forget** to write your surname, first name and address in the bottom right-hand corner, or if these details already appear on the form, to make sure they are correct, and to **date and sign** the red box provided. **Send** the form to the bank holding your bearer shares, and to Société Générale, Service des Assemblées, 32, rue du Champ-de-Tir, BP 81236, 44312 Nantes Cedex 3 if you own registered shares.

Pursuant to Article R.225-77 of the French Commercial Code, the Company is no longer obliged to take into account voting forms received less than three days before the date of the Shareholders' Meeting, *i.e.*, **after June 6, 2011**.

# Your voting form

**You wish to attend the Meeting:**  
tick here

**You do not wish to attend the Meeting:**  
tick here

**You will not attend the Meeting and you wish to vote by mail:**  
tick the box B, then tick here and fill in boxes a, b and c

**You will not attend the Meeting and you wish to appoint the Chairman of the Meeting as your proxy:**  
tick the box B, then date and sign the bottom of the form

**You will not attend the Meeting and you wish to appoint a named person as proxy who will be present at the Meeting:**  
tick the box B, then tick here and enter the details of the person concerned

**IMPORTANT : avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso / Before selecting, please see instructions on reverse side.**

**QUELLE QUE SOIT L'OPTION CHOISIE, DATER ET SIGNER AU BAS DU FORMULAIRE / WHICHEVER OPTION IS USED, DATE AND SIGN AT THE BOTTOM OF THE FORM**

A.  Je désire assister à cette assemblée et demande une carte d'admission : dater et signer au bas du formulaire / I wish to attend the shareholder's meeting and request an admission card : date and sign at the bottom of the form.

B.  J'utilise le formulaire de vote par correspondance ou par procuration ci-dessous, selon l'une des 3 possibilités offertes / I prefer to use the postal voting form or the proxy form as specified below.

**ASSEMBLÉE GÉNÉRALE MIXTE  
DU 8 JUIN 2011  
COMBINED GENERAL MEETING  
OF JUNE 8, 2011**

43, rue Bayen - 75017 Paris  
Société Anonyme au Capital de 235 886 394 euros  
552 030 967 R.C.S. Paris

**CADRE RESERVE / For Company's use only**

Identifiant / Account

Nombre d'actions / Number of shares

Nombre de voix / Number of voting rights :

Nominatif Registered VS / single vote

Porteur / Bearer VD / double vote

**JE VOTE PAR CORRESPONDANCE / I VOTE BY POST**  
Cf. au verso renvoi (2) - See reverse (2)

**a** Je vote OUI à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directoire ou la Gérance, à l'EXCEPTION de ceux que je signale en noirissant comme ceci ■ la case correspondante et pour lesquels je vote NON ou je m'abstiens.  
I vote FOR all the draft resolutions approved by the Board of Directors EXCEPT those indicated by a shaded box - like this ■ or I abstain.

1	2	3	4	5	6	7	8	9
10	11	12	13	14	15	16	17	18
19	20	21	22	23	24	25	26	27
28	29	30	31	32	33	34	35	36
37	38	39	40	41	42	43	44	45

**b** Sur les projets de résolutions non agréés par le Conseil d'Administration ou le Directoire ou la Gérance, je vote en noirissant comme ceci ■ la case correspondant à mon choix.  
On the draft resolutions not approved by the Board of Directors, I cast my vote by shading the box of my choice - like this ■

	Oui/Yes	Non/No	Abst/Abst		Oui/Yes	Non/No	Abst/Abst
A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	F	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	G	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	H	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	J	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	K	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**c** Si des amendements ou des résolutions nouvelles étaient présentés en assemblée / In case amendments or new resolutions are proposed during the meeting:  
- Je donne pouvoir au Président de l'A.G. de voter en mon nom. / I appoint the Chairman of the meeting to vote on my behalf.  
- Je m'abstiens (l'abstention équivaut à un vote contre). / I abstain from voting (is equivalent to vote against).  
- Je donne procuration (cf. au verso renvoi 3) à M. M<sup>me</sup> ou M<sup>lle</sup>. Raison Sociale pour voter en mon nom / I appoint (see reverse (3)) M. M<sup>me</sup> or Miss, Corporate Name to vote on my behalf

Pour être prise en considération, toute formule doit parvenir au plus tard :  
In order to be considered, this completed form must be returned at the latest :

à la BANQUE / to the Bank 06/06/2011, JUNE 06, 2011  
à la SOCIÉTÉ / to the Company 06/06/2011, JUNE 06, 2011

**JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE**  
Dater et signer au bas du formulaire, sans rien remplir.  
I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE MEETING  
Date and sign at the bottom of the form without filling it  
Cf au verso renvoi (3) - See reverse (3)

**JE DONNE POUVOIR A :** cf. au verso renvoi (3).  
/ I HEREBY APPOINT See reverse (3).  
M. Mme ou Melle, Raison Sociale / M, M<sup>rs</sup> or Miss, Corporate Name  
Adresse / Address

**ATTENTION :** S'il s'agit de titres au porteur, les présentes instructions ne seront valides que si elles sont directement retournées à votre teneur de comptes.  
**CAUTION :** If it is about bearer securities, the present instructions will be valid only if they are directly returned to your account-keepers.

Nom, Prénom, Adresse de l'actionnaire (si ces informations figurent déjà, les vérifier et les rectifier éventuellement) - Surname, first name, address of the shareholder (if this information is already supplied, please verify and correct if necessary)  
Cf. au verso renvoi (1) - See reverse (1)

Whatever your choice, please date and sign here.

Date & Signature

Enter your last name, first name and address or check them if they have already been entered

**You are invited to choose one option, failing which your shares will not be taken in account for the calculation of the quorum and the vote.**

**If your shares are bearer shares, send the form to the bank holding your shares in order that your instructions are taken in account.**

## If you want to appoint/revoke a proxy by e-mail

### Holders of registered shares

Send an e-mail bearing an electronic signature certified by a legally accredited body to [ag2011.groups@valeo.com](mailto:ag2011.groups@valeo.com). The e-mail must contain the following information:

- Valeo Shareholders' Meeting of June 8, 2011;
- your surname, first name, address and Société Générale number (which you will find in the top left-hand corner of your bank statement) or bank details if your shares are registered and administered by another bank;
- the surname, first name and address of your proxy.

### Holders of bearer shares

Send an e-mail bearing an electronic signature certified by a legally accredited body to [ag2011.groups@valeo.com](mailto:ag2011.groups@valeo.com). The e-mail must contain the following information:

- Valeo Shareholders' Meeting of June 8, 2011;
- your surname, first name, address and full bank details;
- the surname, first name and address of your proxy.

You must also ask your bank to send **written confirmation** to Société Générale, Service des Assemblées, 32, rue du Champ-de-Tir, BP 81236, 44312 Nantes Cedex 3, France.

The same procedure applies if you wish to revoke your proxy.

To be valid, confirmation of proxies appointed/revoked must be received by Société Générale by **3:00 p.m.** (Paris time) on the **day before the Shareholders' Meeting.**

# Agenda

This text 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.

## Agenda for the Annual **Ordinary** Shareholders' Meeting

- Review and approval of the unconsolidated financial statements for the 2010 fiscal year;
- Review and approval of the consolidated financial statements for the 2010 fiscal year;
- Approval of the co-opting of Mrs. Ulrike Steinhorst as Director;
- Appointment of Mr. Jacques Aschenbroich as Director;
- Appointment of Mr. Gérard Blanc as Director;
- Appointment of Mr. Pascal Colombani as Director;
- Appointment of Mr. Michel de Fabiani as Director;
- Appointment of Mr. Michael Jay as Director;
- Appointment of Mrs. Helle Kristoffersen as Director;
- Appointment of Mr. Georges Pauget as Director;
- Appointment of Mr. Thierry Moulonguet as Director;
- Approval of the severance pay of Mr. Jacques Aschenbroich in accordance with the provisions of Article L.225-42-1 of the French Commercial Code;
- Approval of the related party agreements for the 2010 fiscal year – Article L.225-38 *et seq.* of the French Commercial Code;
- Allocation of profits for the fiscal year;
- Authorization to be granted to the Board of Directors to carry out transactions in shares issued by the Company.

## Agenda for the **Extraordinary Shareholders' Meeting**

- Modification of Article 14, point 1 of the Articles of Association relating to the “*Directors' term of office – Age limit – Conditions – Compensation*”;
- Modification of Article 14, point 4 of the Articles of Association relating to the “*Directors' term of office – Age limit – Conditions – Compensation*”;
- Modification of Article 23 of the Articles of Association relating to “*Attendance of meeting; Proxies*”;
- Delegation to the Board of Directors of authority to decide a capital increase through the issuance, with preferential subscription rights, of shares and/or securities giving access to the capital of the Company and/or securities entitling holders to the allotment of debt securities;
- Delegation to the Board of Directors of authority to decide a capital increase through the issuance, without preferential subscription rights, of shares and/or securities giving access to the capital of the Company and/or securities entitling holders to the allotment of debt securities;
- Delegation to the Board of Directors of authority to decide a capital increase by incorporation of premiums, reserves, profits or other items;
- Delegation to the Board of Directors of authority to increase the number of securities to be issued in case of a capital increase with or without preferential subscription rights;
- Delegation to the Board of Directors of authority to reduce the share capital through the cancellation of treasury shares;
- Delegation to the Board of Directors of authority to decide a capital increase, through the issuance of shares or securities giving access to the capital reserved for members of company savings plans, with waiver of preferential subscription rights in favor of such members;
- Delegation to the Board of Directors of authority to grant stock options;
- Delegation to the Board of Directors of authority to allot free shares, either existing or to be issued, to all or some of the Group's salaried employees or corporate officers;
- Delegation of powers to carry out corporate formalities.

## Item for discussion, without vote

- Point to the agenda requested by Pardus Investments Sàrl on April 15, 2011.

A certificate of account registration was attached to Pardus Investements Sàrl request providing registration of 2,499,600 Valeo shares representing 3.17% of the Company's share capital.

*"Despite strong recent operating performance in 2010, Valeo's shares continue to trade at a deep discount to the valuation of its industry peers. As shown on the table below, the Company would need to improve its valuation by 87% simply to reach its peer average. For the benefit of all shareholders, the Company shall host a discussion among shareholders, members of the Board of Directors and management to contemplate various options for Valeo to reduce this valuation gap and the Board of Directors of the Company shall be invited to present to the shareholders options it is considering to enhance value for all stakeholders."*

April 12, 2011	EV/EBIT			EV/EBITDA			EV/Revenues		
	2011e	2012e	2013e	2011e	2012e	2013e	2011e	2012e	2013e
<b>European OE Suppliers</b>									
<b>Valeo</b>	<b>5.4x</b>	<b>4.7x</b>	<b>4.4x</b>	<b>2.9x</b>	<b>2.7x</b>	<b>2.6x</b>	<b>0.3x</b>	<b>0.3x</b>	<b>0.3x</b>
Faurecia	6.7x	5.4x	4.5x	3.5x	3.1x	2.7x	0.3x	0.2x	0.2x
Autoliv	6.9x	6.4x	6.1x	5.1x	4.8x	4.4x	0.8x	0.7x	0.7x
Continental	8.0x	7.1x	6.4x	5.0x	4.6x	4.2x	0.7x	0.7x	0.6x
Brembo SPA	11.1x	8.7x	7.5x	5.4x	4.7x	4.3x	0.7x	0.6x	0.6x
Rheinmetall AG	6.7x	5.4x	4.6x	4.5x	3.8x	3.4x	0.5x	0.5x	0.4x
<b>North American OE Suppliers</b>									
Federal Mogul	12.8x	10.2x		5.8x	5.2x	4.5x	0.6x	0.6x	0.5x
Dana Corp.	7.3x	5.7x		4.3x	3.6x	2.9x	0.4x	0.4x	0.3x
Lear Corp.	5.2x	4.4x	3.8x	4.1x	3.6x	3.3x	0.3x	0.3x	0.3x
TRW	5.5x	5.0x	4.9x	4.0x	3.7x	3.4x	0.5x	0.4x	0.4x
Magna	6.3x	5.3x	4.7x	4.4x	3.7x	3.3x	0.3x	0.3x	0.3x
Tenneco	8.6x	6.7x	5.9x	5.5x	4.6x	4.1x	0.5x	0.4x	0.4x
Arvin Meritor	8.6x	5.7x		6.8x	4.7x	4.2x	0.5x	0.4x	0.4x
Johnson Controls	13.3x	10.8x	8.6x	9.6x	8.0x	6.8x	0.8x	0.7x	0.6x
BorgWarner	11.6x	9.6x	8.6x	8.5x	7.4x	6.4x	1.3x	1.1x	1.0x
<b>Median (excluding Valeo)</b>	<b>7,7x</b>	<b>6,1x</b>	<b>5,9x</b>	<b>5,1x</b>	<b>4,6x</b>	<b>4,2x</b>	<b>0,5x</b>	<b>0,4x</b>	<b>0,4x</b>
<b>Average (excluding Valeo)</b>	<b>8,5x</b>	<b>6,9x</b>	<b>6,0x</b>	<b>5,5x</b>	<b>4,7x</b>	<b>4,1x</b>	<b>0,6x</b>	<b>0,5x</b>	<b>0,5x</b>
<b>Valeo valuation gap to peer average</b>				<b>87 %</b>	<b>74 %</b>	<b>60 %</b>			

Source: Bloomberg estimates.

# Valeo in 2010

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## Summary of the situation of the Group in 2010

Global automotive production increased by 25% (annualized) in 2010 to 74 million vehicles, exceeding the pre-crisis level (70.2 million in 2007). This performance is mainly the result of a dynamic Asian market, particularly the Chinese market, as automotive production in Europe and North America remained below pre-crisis levels.

Taking advantage of the favorable environment in the automotive market and the outperformance of Valeo's original equipment business compared to its main markets, in 2010 the Group posted **consolidated sales** of 9,632 million euros, up 28% compared with 2009 (7,499 million euros). On a like-for-like basis, consolidated sales advanced by 24%. The four Business Groups, corresponding to four reportable segments for accounting purposes, contributed equally to Group consolidated sales growth in 2010.

**Complete financial and accounting information is provided in Chapter 5 of the Registration document, which is available at [www.valeo.com](http://www.valeo.com) and on the website of the French securities regulator, the AMF.**

## Simplified consolidated results, FY2010

<i>Million euros</i>	2010*	2009*	Change
Sales	9,632	7,499	+28%
Gross margin	1,735	1,138	+52%
% of sales	18.0%	15.2%	+2.8 pts
Operating margin <sup>(1)</sup>	617	133	+364%
% of sales	6.4%	1.8%	+4.6 pts
EBITDA <sup>(2)</sup>	1,150	670	+72%
% of sales	11.9%	8.9%	+3 pts
Operating income	590	84	+602%
% of sales	6.1%	1.1%	+5.0 pts
Income from non-strategic operations	0	0	na
Net income Group share	365	(153)	na
Net earnings per share (continued operations) (€)	4.86	(2.04)	na
Free cash flow	527	155	+240%
Net cash flow <sup>(3)</sup>	440	99	+344%
Net financial debt <sup>(4)</sup>	278	722	-61%

\* Audited.

## Highlights

In keeping with its strategy, which is aimed at boosting its presence in high-growth emerging countries, the Group raised its stake to 100% in its Indian electrical systems entity, which was renamed Valeo Engine and Electrical Systems India Private Ltd.

The Group has been present in India since 1997. It employs around 1,000 people at four production plants – two in

Chennai (transmissions and friction materials) and two in Pune (security systems and electrical systems) – and at the Valeo Engineering Center India in Chennai.

For a complete review of the 2010 highlights, see section 1.D.6 of the 2010 Registration document.

## Activity

**Original equipment (OE) sales** totaled 7,952 million euros (83% of consolidated sales), including 7,529 million euros in the original equipment passenger car segment and 423 million euros in the original equipment non-passenger car segment. Compared with 2009, original equipment passenger car sales were up 26%, beating the 25% year-on-year increase in global automotive production on a like-for-like basis <sup>(6)</sup>. Sales in the original equipment non-passenger car segment were up 58%.

The original equipment business outperformed in all the Group's main production regions.

The four Business Groups performed strongly, reporting growth in OE sales that either matched or exceeded the increase in global automotive production (25% for full-year 2010).

**Aftermarket sales** amounted to 1,445 million euros (15% of consolidated sales), up 16% on 2009 (1,242 million euros). Miscellaneous and tooling sales came to 235 million euros (3% higher than in 2009). Europe and Africa accounted for the bulk of Valeo's sales (60%), followed by Asia, the Middle East and the Pacific (19%), North America (13%) and South America (8%).

**OE passenger car sales in Europe (and Africa)** came to 4,472 million euros, 20% higher than in 2009, and outpaced local automotive production, which was up 15% over the same period. Europe and Africa accounted for 59% of total

OE passenger car sales, down from 64% in 2009. The decline is essentially linked to the high production volumes of 2009 after the main European countries introduced scrapping bonuses.

**OE passenger car sales in Asia, the Middle East and the Pacific** came to 1,461 million euros, accounting for 19% of total OE passenger car sales (17% in 2009), up 48% compared with 2009. On a like-for-like basis <sup>(6)</sup>, sales advanced by 36% (48% in China). Over the same period, production of passenger cars grew by 28% in Asia and by 31% in China.

**OE passenger car sales in North America** came to 995 million euros, up 69% compared with the same period in 2009. Sales in this region accounted for 13% of total OE passenger car sales (10% in 2009). On a like-for-like basis <sup>(6)</sup>, OE sales in North America were up 60% compared with 2009, outpacing local automotive production, which grew by 39% over the same period.

**OE passenger car sales in South America** came to 601 million euros, up 27% on 2009, driven by the Brazilian real's strong appreciation against the euro in 2010. This region accounted for 8% of total OE passenger car sales (8% in 2009). On a like-for-like basis <sup>(6)</sup>, OE sales in South America grew by 8% compared with 2009. Local automotive production expanded at a faster rate, increasing by 12% over the same period.

## Results

Thanks to higher sales, improved productivity and optimized investments, the Group recorded an improvement in its **gross margin**, which came in at 18% of sales (or 1,735 million euros) versus 15.8% before the crisis, and 15.2% in 2009 (1,138 million euros).

Research and Development expenses totaled 537 million euros, or 5.6% of sales. The Group is focusing on projects in the area of CO<sub>2</sub> emissions reduction.

Thanks in particular to the implementation of the new organization, administrative and selling expenses totaled 581 million euros, or 6% of sales (versus 7.1% during the same period in 2009).

The Group's **operating margin** totaled 617 million euros, or 6.4% of sales (versus 133 million euros or 1.8% of sales in 2009).

**EBITDA**<sup>(2)</sup> amounted to 1,150 million euros, or 11.9% of sales (versus 670 million euros in 2009).

The Group's **operating income** amounted to 590 million euros, or 6.1% of sales (versus 84 million euros or 1.1% of sales in 2009).

**Income before taxes** came in at 490 million euros versus a pre-tax loss of 67 million euros in 2009:

- the cost of net debt amounted to 67 million euros, up 12% versus 2009, despite the decrease in net debt during 2010. This is a reflection of the poor returns on liquidity generated by the Group during the year, as well as the rise in the cost of gross debt;
- other financial income and expenses showed a net financial expense of 32 million euros, versus a net financial expense of 57 million euros in 2009, including losses on currency and commodities hedges in an amount of 17 million euros.

After taking into account net income attributable to minority interests in an amount of 19 million euros, **net income Group share** stood at 365 million euros, or 3.8% of sales, versus a net loss of 153 million euros for 2009.

## Cash flow and debt

The Group's improved operational performance, combined with the optimization of investments and the strict management of working capital, enabled Valeo to generate **net cash flow**<sup>(3)</sup> of 440 million euros in 2010.

This strong generation of cash enabled the Group to significantly lower the level of its net financial debt<sup>(4)</sup> to 278 million euros at December 31, 2010.

The leverage ratio (net financial debt/EBITDA<sup>(2)</sup>) was down, to 0.2 times EBITDA. The gearing ratio (net financial debt/net shareholders' equity excluding minority interests) stood at 16% of equity (59% at December 31, 2009).

## Dividend

It will be proposed to the Annual General Shareholders' Meeting to be held on June 8, 2011 to pay a dividend of 1.20 euro per share for the year 2010 (fourteenth resolution).

## Outlook

When it presented its 2010 earnings, Valeo provided the following guidance (press release of February 24, 2011, posted on the website):

In 2011, Valeo forecasts an increase in global automotive production of 5%, broken down by region as follows:

- Europe, 0%;
- Asia, +5%;
- North America, +8%;

- South America, +7%.

Based on the above market hypotheses, indexation clauses and raw material hedging in place, Valeo sets as its objectives for 2011:

- outperformance versus the market of its original equipment sales in the main regions of production;
- an operating margin rate for the full-year slightly higher than that of 2010.

## New strategic plan and medium-term financial targets

At an Investor Day event held on March 9, 2011, senior management gave an update on the strategic plan presented in March 2010.

Valeo intends to pursue and step up the strategy presented in March 2010 and is setting new targets for 2015. These are detailed in a press release published on March 9, 2011 and posted on the Company's website.

Based on the record 12.5 billion euros order intake last year, Valeo is confident in its ability to outperform automobile production by an average 3% a year over the 2011-2015 period, thanks to:

- innovation and new products, particularly to reduce CO<sub>2</sub> emissions;
- expansion in Asia and emerging markets.

Consequently, and barring any exogenous macroeconomic events impacting its industry, Valeo now expects to achieve in 2015, through organic growth, sales of around 14 billion euros, an operating margin rate of more than 7% and a return on capital employed<sup>(6)</sup> exceeding 30%. These results assume growth in global automotive output of around 5% a year over the 2011-2015 period, of which around 4.4% per year in Europe and Africa, 4.7% in North America, 5.3% in South America and 5.8% in Asia<sup>(7)</sup>.

Lastly, Valeo wants to play an active role in any potential industry consolidation, while maintaining a disciplined financial strategy aligned with its commitment to restoring its investment grade rating.

(1) Operating income less other income and expenses.

(2) EBITDA corresponds to operating income before amortization, depreciation, impairment losses and other income and expenses.

(3) Net cash flow corresponds to free cash flow less financial expenses and after taking into account the payment of dividend and financial flows relating to mergers and acquisitions.

(4) Net financial debt included all long-term financial debts, short-term credits and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents.

(5) Data on a constant exchange rate basis are obtained by recalculating sales for the current year on the basis of the average exchange rate used for the preceding year.

Data on a constant Group structure basis are obtained (1) by adding to sales for the previous year the share of sales arising from the additional interests acquired in an entity during a period comparable to the period during which the entity was owned in the most recently elapsed year; (2) by eliminating from sales for the current year sales attributable to recently acquired or non-consolidated entities during the most recently elapsed year; and (3) by eliminating from sales for the previous year sales of entities sold during the most recently elapsed year.

When a change in consolidation method takes place, the previous year is restated using the consolidation method adopted for the most recently elapsed year.

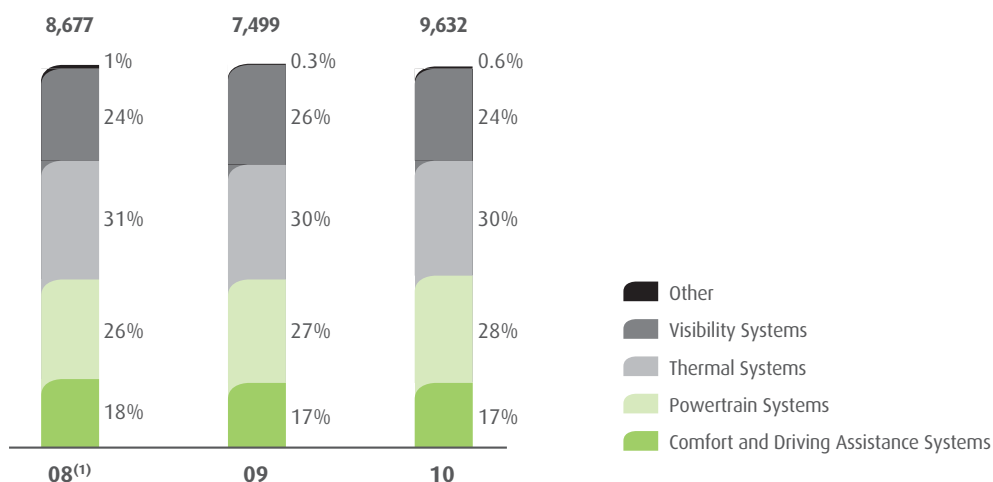
(6) Operating margin/capital employed less goodwill calculated over the last 12 months.

(7) These assumptions are based on output forecasts by specialized firms JD Power and Associates and HS Global Insight, as well as on Valeo's own analysis of the market outlook.

# Key figures

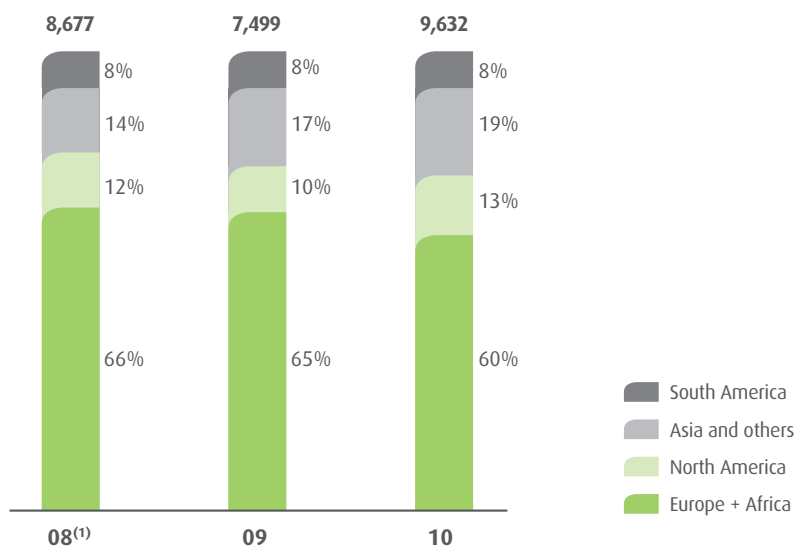
## Net sales by Business Group

In millions of euros and as a % of net sales



## Net sales by region

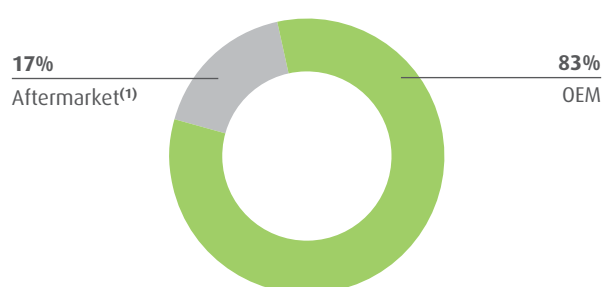
In millions of euros and as a % of net sales



(1) As from January 1, 2009, the Group has changed the presentation of its income statement, notably net sales. Other operating revenue is now classified mainly as a reduction from R&D expenditures. The figures for 2008 have been restated accordingly.

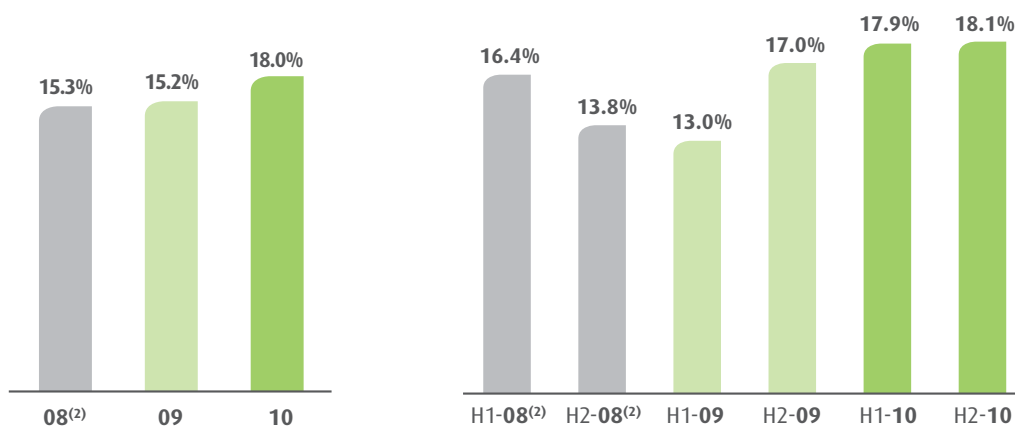
## Net sales by market

As a % of net sales



## Gross margin

As a % of net sales

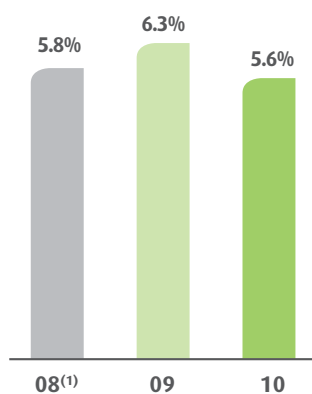


(1) Including miscellaneous sales and tooling.

(2) As from January 1, 2009, the Group has changed the presentation of its income statement, notably net sales. Other operating revenue is now classified mainly as a reduction from R&D expenditures. The figures for 2008 have been restated accordingly.

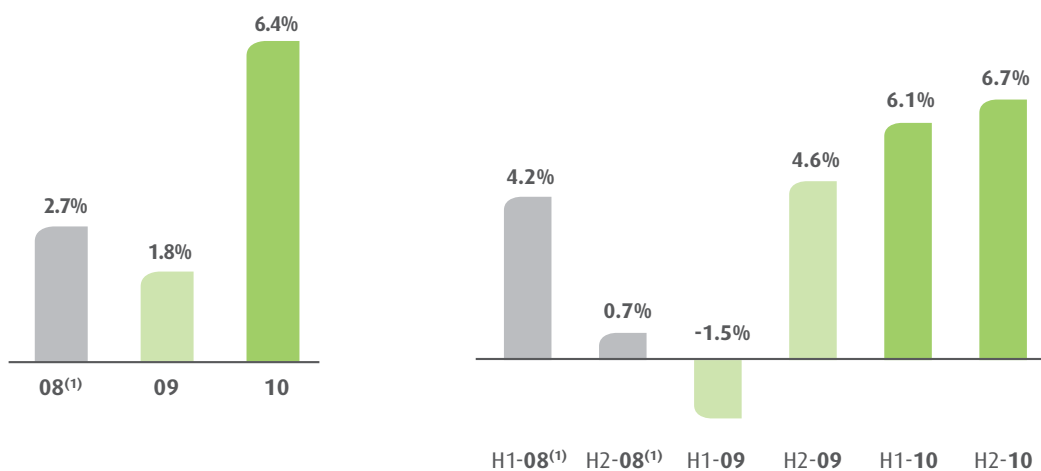
## Research and development costs

As a % of net sales



## Operating margin<sup>(2)</sup>

As a % of net sales

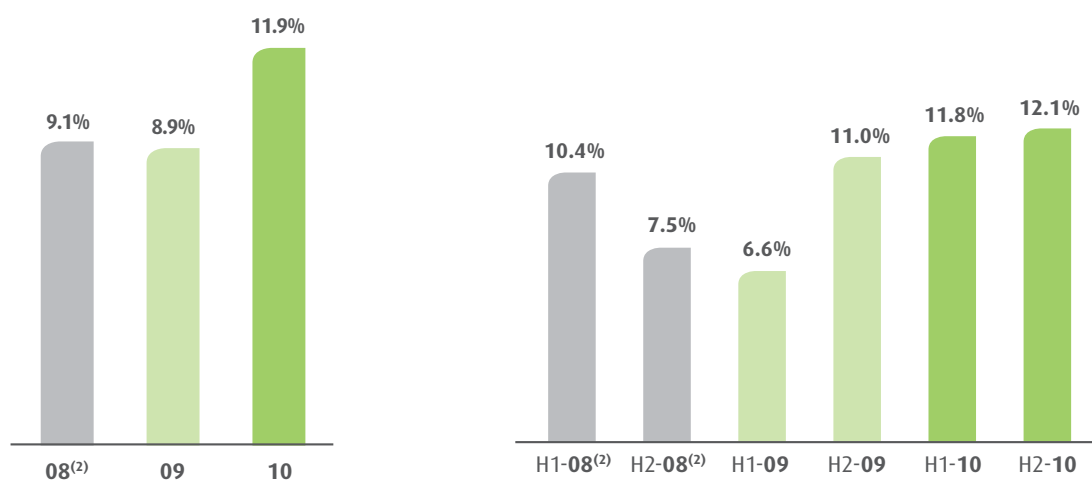


(1) As from January 1, 2009, the Group has changed the presentation of its income statement, notably net sales. Other operating revenue is now classified mainly as a reduction from R&D expenditures. The figures for 2008 have been restated accordingly.

(2) The Group's operating margin corresponds to operating income before other income and expenses.

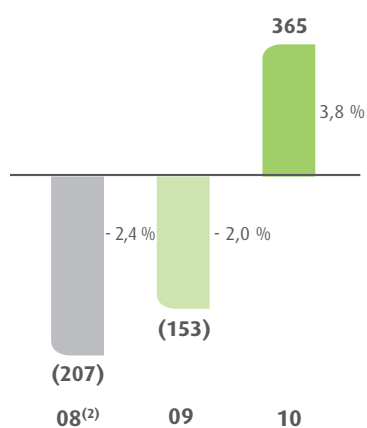
## EBITDA <sup>(1)</sup>

As a % of net sales



## Net attributable income

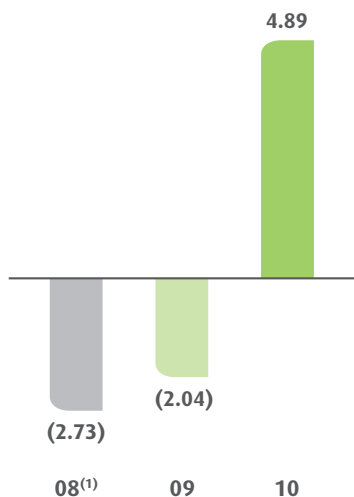
In millions of euros and as a % of net sales



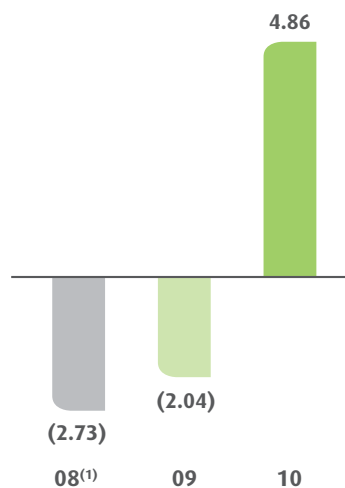
(1) EBITDA corresponds to operating income before amortization, depreciation, impairment losses, and other income and expenses.

(2) As from January 1, 2009, the Group has changed the presentation of its income statement, notably net sales. Other operating revenue is now classified mainly as a reduction from R&D expenditures. The figures for 2008 have been restated accordingly.

### Earnings per share from continuing operations (euro/share)

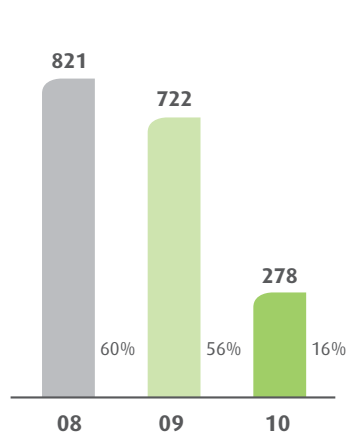


### Earnings per share (euro/share)

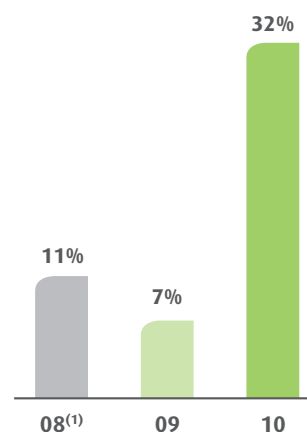


### Net debt<sup>(2)</sup>

In millions of euros and % of equity



### ROCE (Return on capital employed)<sup>(3)</sup>



(1) As from January 1, 2009, the Group has changed the presentation of its income statement, notably net sales. Other operating revenue is now classified mainly as a reduction from R&D expenditures. The figures for 2008 have been restated accordingly.

(2) Net debt comprises all long-term debt (including the current portion) and short-term debt, less loans, other non-current financial assets and cash and cash equivalents.

(3) The ROCE is the ratio of operating margin to capital employed excluding goodwill.

# Presentation of the resolutions

This text 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.

## Board of Directors Report

This report describes the proposed resolutions that are being submitted to the Meeting by the Board of Directors. It consists of an introduction, a summary table of financial resolutions, and a glossary. Its purpose is to draw your attention to the important points in the resolutions, in accordance with relevant laws and regulations and with best corporate governance practices for companies listed in Paris. It is not intended as an exhaustive guide, and it is essential that you read the proposed resolutions carefully before exercising your vote.

The presentation of the financial situation, business and performance of Valeo and its group over the past fiscal year, as well as various information required by applicable legal and regulatory provisions, also appear in the report on the 2010 fiscal year, which you should read.

## Introduction

### I. Ordinary Business

#### a. Approval of financial statements

*(1<sup>st</sup> and 2<sup>nd</sup> resolutions)*

First, this Meeting is convened to approve the unconsolidated financial statements (first resolution) and consolidated financial statements (second resolution) of the Company, to allocate the profits and to set the amount of the dividend (fourteenth resolution – please refer to the term “dividend” in the glossary for the tax related information relating to the dividend for the past three fiscal years).

#### b. Appointment of Directors

*(3<sup>rd</sup> to 11<sup>th</sup> resolutions)*

##### **(i) Co-opting of Ulrike Steinhorst (3<sup>rd</sup> resolution)**

We propose that you ratify the co-opting by the Board of Directors on February 24, 2011 of Mrs. Ulrike Steinhorst to replace the resigning Mr. Behdad Alizadeh, as Director, for the remainder of Mr. Alizadeh’s term of office, *i.e.* until the closing of the Shareholders’ Meeting called to approve the financial statements for the fiscal year ending on December 31, 2011.

Ulrike Steinhorst has been the Cabinet Director of Louis Gallois, the Executive President of EADS, since April 2007. Ulrike Steinhorst began her career as a project executive for the Ministry of European Affairs, in charge of relations with Germany at the time of its reunification. From 1990 to 1998, she was employed by EDF as a member of the International Management team and was then in charge of international then institutional issues within the Company's General Management, and was finally in charge of international subsidiaries within the industry division (*Pôle Industrie*). In 1999, she joined the Degussa AG group where she first worked as Human Resources Director for a division, then as Managers Development Director at the group level. She then assumed the management of the Degussa France subsidiary and was in charge of the Group Representation Bureau in Brussels. Ulrike Steinhorst is a graduate of the University of Paris II – Panthéon and from the *École Nationale d'Administration*.

It should be noted that the ratification of the cooptation of Mrs. Ulrike Steinhorst as Director would increase, subject to the renewal of the term of office as Director of Mrs. Helle Kristoffersen by this Shareholders' Meeting, the number of women in the Board of Directors to three, which represent 25% of the Board of Directors' members.

### **(ii) Renewal of the term of office of Jacques Aschenbroich (4<sup>th</sup> resolution)**

We propose that you renew the term of office as Director of Mr. Jacques Aschenbroich for a new four year period, *i.e.* until the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

Jacques Aschenbroich is the Chief Executive Officer of your Company and has been a Director of your Company since March 20, 2009. He has held a number of positions within the French administration and was a member of the French Prime Minister's cabinet in 1987 and 1988. He later pursued an industrial career within the Saint-Gobain group from 1988 to 2008. After managing subsidiaries in Brazil and in Germany, he managed the Glazing Branch of Compagnie de Saint-Gobain and became President of Saint-Gobain Vitrage in 1996. Then, as Vice-Executive President of Compagnie de Saint-Gobain from October 2001 to December 2008, he managed in particular the High Performance Glazing and Materials from January 2007, and the Group's operations in the United States as Director of Saint-Gobain Corporation and Agent General for the United States and Canada starting in September 1, 2007. Jacques Aschenbroich is an Engineer from the *Corps des Mines*.

### **(iii) Renewal of the term of office of Gérard Blanc (5<sup>th</sup> resolution)**

We propose that you renew the term of office as Director of Mr. Gérard Blanc for a new four year period, *i.e.* until the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

Gérard Blanc is the Chairman and Chief Executive Officer of Marignac Gestion S.A.S. and a Director of Sogclair. He was Executive Vice-President of Programs at Airbus until 2003, then Executive Vice-President of Operations until 2005. Gérard Blanc is a graduate of the *École des Hautes Études Commerciales*. Gérard Blanc has been a Director of the Company since May 21, 2007.

### **(iv) Renewal of the term of office of Pascal Colombani (6<sup>th</sup> resolution)**

We propose that you renew the term of office as Director of Mr. Pascal Colombani for a new four year period, *i.e.* until the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

Pascal Colombani is Chairman of the Board of Directors of your Company and Senior Advisor for innovation, high technology and energy at the strategic advice firm A.T. Kearney. He has been a Director of the Company since May 21, 2007. Member of the *Académie des technologies*, he is also a member of the Board of Directors of Alstom, British Energy Group p.l.c. (until June 9, 2011), Rhodia, Technip and Energy Solutions Inc. In January 2000, he was appointed as General Director of the *Commissariat à l'énergie atomique* (CEA – Atomic Energy Commission), he held this position until December 2002. He was at the origin of the restructuring of the industrial interests of the CEA and of the creation of Areva in 2000, and chaired its Supervisory Board until May 2003. Between 1997 and 1999, he was Director of Technology at the Ministry of Research. Pascal Colombani spent close to 20 years (1978-1997) at Schlumberger holding various management positions, in Europe and in the United States, before managing the Japanese subsidiary of the Group in Tokyo. Pascal Colombani is an *alumnus* from the *École Normale Supérieure* of Saint-Cloud, is a Doctor of Science (*Docteur ès-sciences*) and holds an *agrégation de physique*.

### **(v) Renewal of the term of office of Michel de Fabiani (7<sup>th</sup> resolution)**

We propose that you renew the term of office as Director of Mr. Michel de Fabiani for a new four year period, *i.e.* until the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

Michel de Fabiani was the first Frenchman to become President, in 2005 and again in 2009, of the Franco-British Chamber of Commerce and Industry, an institution founded in 1873 to promote and develop business and trade between France and the United Kingdom. He is also a member of the Board of Directors of BP France, Rhodia group, Vallourec group and EB Trans/Luxembourg. In addition, he is Chairman of the Board of Directors of British Hertford Hospital Corporation in Levallois and Founding President of the *Cercle économique Sully* and of the Association for the Promotion of Ecological Vehicles. After joining the BP group in 1969, he held a number of positions in the Nutrition, Chemicals, Finance and Oil sectors in Milan, Paris and Brussels. In May 1995, Michel de Fabiani was named Chairman and Chief Executive Officer of BP France. In September 1997, he was appointed Chief Executive Officer of the BP/Mobil Joint Venture in Europe and in 1999, President Europe of the BP group and Vice-President of Eurovia (European Oil Industry Association) in Brussels until 2004, when he left his executive functions after 35 years with the BP group. Michel de Fabiani is a graduate from the *École des Hautes Études Commerciales*. Michel de Fabiani has been a Director of the Company since October 20, 2009.

#### **(vi) Renewal of the term of office of Michael Jay (8<sup>th</sup> resolution)**

We propose that you renew the term of office as Director of Mr. Michael Jay for a new four year period, *i.e.* until the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

Michael Jay is an independent member of the House of Lords. He also holds the position of Non-Executive Director of Associated British Foods (ABF) and of Candover Investments Plc, Chairman of the House of Lords Appointments Commission, Chairman of Merlin (international medical charity) and of Culham Languages and Sciences (educational charity), Vice-Chairman of Business for New Europe and Director of Crédit Agricole and EDF. Michael Jay was also a member of the European Sub-Committee on European Union law and institutions and of the select Committee on international institutions of the House of Lords, a Member of GLOBE, an inter-parliamentary group on climatic changes. He was Permanent Under-Secretary within the ministry of Foreign Affairs of the United Kingdom and in charge of Diplomatic Services, from 2002 to 2006. He was also, in 2005 and 2006, the personal representative of the British Prime minister at the G8 summits in Gleneagles and in Saint-Petersbourg. Michael Jay of Ewelme is Honorary Fellow of the Magdalen College of Oxford. He has been a Director of the Company since May 21, 2007.

#### **(vii) Renewal of the term of office of Helle Kristoffersen (9<sup>th</sup> resolution)**

We propose that you renew the term of office as Director of Mrs. Helle Kristoffersen for a new four year period, *i.e.* until the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

Helle Kristoffersen is Deputy Director in charge of Strategy and Economic Intelligence at Total. She formerly held the positions of Senior Vice-President Vertical Markets and, until December 31, 2008, of Director of Strategy and Secretary of the Strategic Committee within the Alcatel-Lucent group, formerly Alcatel group, which she joined in 1994 in the capacity as Financial Transactions Manager. From 1989 to 1991, she worked as an analyst within the Business division of the Bank Lazard & Cie, before joining the Bolloré group, where she held the following positions: Deputy Financial Director in charge of mergers and acquisitions, Manager of operational strategy of the Maritime Branch, then Manager of mergers and acquisitions with the Chairman and Chief Executive Officer. Helle Kristoffersen holds a master's degree in econometrics of the *Université Paris I*, she is also a graduate from the ENSAE (*École Nationale de la Statistique et de l'Administration Économique*) and an alumna of the *École Normale Supérieure*. Helle Kristoffersen has been a Director of the Company since March 22, 2007.

#### **(viii) Renewal of the term of office of Georges Pauget (10<sup>th</sup> resolution)**

We propose that you renew the term of office as Director of Mr. Georges Pauget for a new four year period, *i.e.* until the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

Georges Pauget is Chairman and Chief Executive Officer of *Économie Finance et Stratégie S.A.S.* and Director of Viel & Cie as well as of Eurazeo. He is also President of Amundi group since December 2009 and President of the *Pôle de Compétitivité Finance Innovation* of Paris-Europlace. He worked most of his career with the Crédit Agricole group, and in particular was Chief Executive Officer of the group from September 2005 to March 2010. He was Permanent Representative of Crédit Agricole S.A. at the Supervisory Board of the *Fonds de garantie des dépôts* and Delegated Chief Executive Officer, Member of the Executive Committee and Director of the *Pôle Caisse Régionale* of Crédit Agricole S.A. He was also notably Chairman of the Board of Directors of LCL – Le Crédit Lyonnais and Chairman of the Board of Directors of Calyon until March 2010, Chief Executive Officer – Chairman of the Executive Committee

of LCL – Le Crédit Lyonnais, Permanent Representative of LCL – Le Crédit Lyonnais at the *Fondation de France*, Chairman of the Executive Committee of the French Banking Federation until September 2009 and President of the *Union des Assurances Fédérales*. Georges Pauget is a Doctor of Economic Sciences and holds a master's degree in Economic Sciences, with econometrics as a speciality, of the *Université de Lyon*. Georges Pauget has been a Director of the Company since April 10, 2007.

### **(ix) Appointment of [•] in the capacity as Director (11<sup>th</sup> resolution)**

We propose that you appoint [•] in the capacity as Director, for a four year term, *i.e.* until the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

The application of the new Director is still being examined on the date of publication of this report. The Board of Directors will issue an additional report as soon as the candidate is selected and the text of the resolution proposed to the Ordinary Shareholders' Meeting will be published in the convening notice.

### **c. Approval of the severance pay of Mr. Jacques Aschenbroich**

#### **(12<sup>th</sup> resolution)**

The agreement described in this section is discussed in the statutory auditors' special report, which we urge you to read.

The Board of Directors' meeting of February 24, 2010, acting on a recommendation of the Appointment, Compensation and Governance Committee, and after having sought the opinion of the *Comité des Sages* (established by the MEDEF employers' federation), decided that Jacques Aschenbroich would be entitled, in the event of a forced departure related to a change in the Company's ownership or strategy (forced resignation or revocation of his term of office as Chief Executive Officer, except in the event of misconduct) to severance pay subject to the satisfaction of performance criteria (see Chapter 4, section 4.H.1.2.7 of the Registration document (*Document de référence*) for 2010). The Board also provided an option to require Jacques Aschenbroich to sign a non-compete agreement if he leaves the Company (see Chapter 4, section 4.H.1.2.7 of the Registration document (*Document de référence*) for 2010). The severance pay and the non-compete agreement have been approved by the Shareholders' Meeting held on June 3, 2010.

It should be noted in particular that:

- (i) the amount of the severance pay is adjusted according to the year of departure, as follows:
  - 12 months for a non-voluntary departure in 2011,
  - 18 months for a non-voluntary departure in 2012, and
  - 24 months for a non-voluntary departure in 2013;
- (ii) the severance pay is also conditional on the following performance criteria:
  - payment at least twice in the three previous years of all or part of the exceptional target-based bonus (or the two last fiscal years if termination of term of office after two years),
  - achievement of a positive net income during the last fiscal year,
  - achievement of an operating margin in the last fiscal year exceeding 3.6%,
  - achievement of a gross margin in the last fiscal year exceeding 16%,
  - achievement of an order intake to original equipment sales ratio exceeding 1.3 on average during the two previous fiscal years (or the last fiscal year if expiration of the term of office after one year);
- (iii) the compensation taken into account for calculating the severance pay is the average compensation (fixed and variable) paid during the two fiscal years preceding the year in which the termination occurs, provided that the compensation for 2009 being would be calculated on an annualized basis;
- (iv) the total amount payable as a severance pay is calculated as follows:
  - if 5 criteria achieved: Jacques Aschenbroich would receive 100% of the amounts concerned,
  - if 4 criteria achieved: Jacques Aschenbroich would receive 80% of the amounts concerned,
  - if 3 criteria achieved: Jacques Aschenbroich would receive 60% of the amounts concerned,
  - if 2 criteria achieved: Jacques Aschenbroich would receive 40% of the amounts concerned,
  - if less than 2 criteria achieved: Jacques Aschenbroich would receive 0% of the amounts concerned;
- (v) the Board would reduce by 20% the amount resulting from the above calculations if a major plan affecting employment was implemented in the year preceding the date Jacques Aschenbroich's term of office would be terminated.

The non-competition undertaking that would be imposed to Jacques Aschenbroich would forbid him, for 12 months following the termination of his office as Valeo's Chief Executive Officer, regardless of the reason, to collaborate in any manner whatsoever with an automotive supplier or, more generally, with any company that is a competitor to Valeo and would result in the payment of a non-competition indemnity to Jacques Aschenbroich amounting to 12 months of compensation (calculated on the same basis as the compensation taken into account for the severance pay).

If the Company exercises this non-competition clause, the amount of the payment due would be charged to the severance pay. Thus, depending on the case, the maximum payment of compensation due to be paid to Jacques Aschenbroich in terms of non-competition and/or severance payment would be:

	<b>Forced departure with exercise of the non-compete agreement</b>	<b>Forced departure without exercise of the non-compete agreement</b>
Departure in 2011	12 months	12 months
Departure in 2012	18 months	18 months
Departure in 2013	24 months	24 months

The Board of Directors' meeting of February 24, 2011, acting on a recommendation of the Appointment, Compensation and Governance Committee, decided, subject to the renewal of the term of office as Director of Jacques Aschenbroich by the Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2010, and of the renewal of his term of office as Chief Executive Officer, to renew the existing severance pay commitment, by extending it for 24 months starting in 2013. We request that you approve the renewal of this undertaking.

In the event of payment of the severance pay and of decision of the Board of Directors to submit Jacques Aschenbroich to the non-compete undertaking (which is an agreement already approved and would be carried on, see 13<sup>th</sup> resolution), the amount of the non-compete compensation would still be charged to the amount of the severance pay, so that, depending on the case, the amount of the compensation to be paid to Jacques Aschenbroich as non-compete compensation and/or severance pay would still be limited to the amounts referred above.

#### d. Approval of the related party agreements concluded during the 2010 fiscal year

##### (13<sup>th</sup> resolution)

We propose that you approve the special report of the Company's statutory auditors on the fiscal year's related party agreements mentioned in Article L.225-38 *et seq.* of the French Commercial Code. This report mentions the following agreements previously authorized by the Shareholders' Meeting that have been carried on in the fiscal year 2010:

- (i) the agreements authorized by the Board of Directors during its meeting of December 15, 2005 between the Company and the operational subsidiaries of the Group relating to royalty agreements (*contrats de redevance de marque*);
- (ii) the agreement authorized by the Board of Directors during its meeting of May 21, 2008 between the Company, Pardus Capital Management L.P. and Behdad Alizadeh which was terminated effective December 18, 2010;
- (iii) the grant to the Chief Executive Officer, Jacques Aschenbroich, authorized by the Board of Directors during its meeting of April 9, 2009, of a life insurance policy to cover death or disability or any other consequence of an accident occurring during business travel;
- (iv) the grant to the Chief Executive Officer, Jacques Aschenbroich, authorized by the Board of Directors during its meeting of October 20, 2009, of the benefit of the new additional retirement defined-benefit scheme that has applied to the Group's Senior Executives since January 1, 2010;
- (v) the agreements entitling Jacques Aschenbroich to severance pay that will be paid in the event of a forced departure resulting from a change in the Company's control or strategy (forced resignation or revocation of his term of office as CEO, except in the event of misconduct) and allowing the Board of Directors to require Jacques Aschenbroich to sign a non-compete agreement that were approved by the Shareholders' Meeting of June 3, 2010.

These agreements, having already been approved by the Shareholders' Meeting are not being resubmitted for a vote at this Meeting, with the exception of the severance pay agreement which represents, as the statutory auditors' special report indicates, a new undertaking in favor of Jacques Aschenbroich. The approval of this new undertaking is the object of the 12<sup>th</sup> resolution.

With the exception of this new commitment that you are asked to approve pursuant to the 12<sup>th</sup> resolution, no new agreement requiring the approval of the Shareholders' Meeting has been concluded as of the date of this report.

It should be noted that the Board of Directors' meeting of February 24, 2011, acting on recommendation of the Appointment, Compensation and Governance Committee, duly noted that (i) the non-compete indemnity, (ii) the additional pension scheme, and (iii) the life insurance policy to cover death or disability or any other consequence of an accident occurring during business travel for the benefit of Jacques Aschenbroich, will continue without any modification, subject to the renewal of his term of office as Director by the Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2010 and to the renewal of his term of office as Chief Executive Officer by the Board of Directors' meeting which will be held after the Shareholders' Meeting.

### e. Allocation of earnings

#### **(14<sup>th</sup> resolution)**

We propose that you allocate the distributable profits for the 2010 fiscal year to dividends and to the retained earnings account.

The dividend is set at 1.20 euro per share for each share entitled to dividends.

### f. Share repurchase plans

#### **(15<sup>th</sup> resolution)**

We propose that you authorize your Board to repurchase Valeo shares for the reasons and pursuant to the terms set forth in the summary table that follows this introduction, which we urge you to read and which is incorporated by reference in this report.

## II. Extraordinary business

### a. Modification of the Articles of Association

*(16<sup>th</sup> to 18<sup>th</sup> resolutions)*

#### **(i) Modification of Article 14, point 1 of the Articles of Association relating to the "Directors' term of office - Age limit - Conditions - Compensation"**

The Board of Directors of January 20, 2011, acting on the recommendation of the Appointment, Compensation, and Governance Committee, decided to propose to the Shareholders' Meeting the implementation of a renewal of the Directors on a rolling basis, in order to avoid a renewal of the Board of Directors by block, and to favor a harmonious renewal of the Directors.

#### **(ii) Modification of Article 14, point 4 of the Articles of Association relating to the "Directors' term of office - Age limit - Conditions - Compensation"**

The Board of Directors of July 27, 2010, acting on the recommendation of the Appointment, Compensation, and Governance Committee, decided to propose to the General Meeting to raise the Directors' shareholding requirement to 500 shares.

#### **(iii) Modification of Article 23 of the Articles of Association relating to "Attendance of meeting; Proxies"**

This modification of the Articles of Association is proposed to you in order to harmonize the Company's Articles of Association with the new regulatory provisions relating to proxy voting. The Decree of June 23, 2010 (no. 2010-689) modified Article R.225-79 of the French Commercial Code which now specifies that "*companies whose shares are listed on a regulated market allow the notification of the appointment and the dismissal of proxies by electronic means.*"

### b. Financial management of the Company

*(19<sup>th</sup> to 23<sup>rd</sup> resolutions)*

We now propose a series of resolutions that are intended to provide the Company with the financial means to develop and properly carry out its strategy, in order to share its success with all of the constituents of your Company, shareholders, employees, and corporate officers. These proposed resolutions are summarized below, and set forth in greater detail in the chart that follows this introduction, which we urge you to read and which is hereby incorporated in this report.

### (i) Cancellation of shares

We propose that you authorize your Board to repurchase the Company's shares (15<sup>th</sup> resolution – Ordinary business) for the reasons and according to the terms set forth in the summary table that follows this introduction. The 23<sup>rd</sup> resolution is intended to allow the cancellation of the Company's treasury shares, in particular as a result of these repurchases.

### (ii) Other financial authorizations

1. The 19<sup>th</sup> to the 22<sup>nd</sup> resolutions are all intended to empower the Board to financially manage the Company. In particular, they grant the Board of Directors powers to decide capital increases in accordance with the various terms and conditions set forth in the table that follows this introduction. Each resolution corresponds to a specific objective in furtherance of which the Board would be authorized to increase the capital, except for the 19<sup>th</sup> and 20<sup>th</sup> resolutions, which grant a general authorization, respectively with and without preferential subscription rights. The purpose of these financial authorizations is to provide your Board of Directors with flexibility in respect of the choice of possible issuances and to adapt, when the time comes, the nature of the financial instruments to be issued based on the conditions and the options available on the French and international financial markets.

2. These resolutions can be divided into two main categories: those that may result in capital increases with preferential subscription rights, and those that may result in capital increases without preferential subscription rights.

Any capital increase made by issuing shares for cash entitles existing shareholders to a "preferential subscription right", which is detachable and may be traded during the subscription period: for a period of at least five trading days after the opening of the subscription period, each shareholder has the right to subscribe for a number of new shares in proportion to his/her existing interest in the capital.

In some of these resolutions, the Board of Directors is asking you to give it the option of cancelling this preferential subscription right. Indeed, depending on market conditions, the type of investors targeted by the issuance and the type of securities issued, it may be preferable or even necessary to cancel shareholders' preferential subscription rights in order for the newly-issued securities to be offered on the best possible terms – for example, when speed is essential to the success of an issuance or when an issuance is made on foreign financial markets. Cancelling preferential subscription rights can make it easier to obtain a more important quantity of capital by offering better issue terms. Finally, in some cases, the law provides for such

cancellation: in particular, the approval of the resolutions delegating authority to the Board of Directors to issue shares reserved for members of employee savings plans (24<sup>th</sup> resolution), or to grant performance shares (26<sup>th</sup> resolution) entails by law the express waiver by the shareholders of their preferential subscription rights in favor of the beneficiaries of these issuances or grants.

3. These authorizations are of course subject to a number of limitations. First, each authorization would be granted for a limited period. Second, the Board of Directors would only be able to increase the share capital up to strictly defined ceilings, above which the Board of Directors could not carry out another capital increase without calling a new general meeting of shareholders. These ceilings are set forth in the chart that follows this introduction.

4. If the Board of Directors uses a delegation of authority granted by the Shareholders' Meeting, it will prepare, if applicable and in accordance with the law and regulations applicable at the time of its decision, an additional report describing the final terms of the transaction and indicating its impact on holders of equity instruments or securities giving access to the capital, in particular with respect to their share of shareholders' equity. This report, as well as, if applicable, that of the statutory auditors, will be made available to the holders of equity instruments or securities giving access to the capital, then presented at the following Shareholders' Meeting.

## c. Share incentive schemes for your Company's employees and corporate officers

(24<sup>th</sup> to 26<sup>th</sup> resolutions)

### (i) General description

We propose that you approve a series of resolutions designed to enable the Company to involve employees and corporate officers in the Group's success, by allowing them to acquire shares in the Company. The purpose of these resolutions is to foster loyalty and create incentives for employees, and to strengthen Valeo's position in both historic and emerging markets, which is essential to the Group's continued growth.

The proposed plans target individuals who are essential to Valeo's future performance: key personnel, high-potential juniors, and recently promoted employees. These potential beneficiaries, like all of the Group's employees, have proven their value and their enthusiasm over the past year. Moreover, Valeo must respond to highly volatile employment markets, particularly in emerging countries.

We therefore propose that the Shareholders' Meeting delegate to the Board of Directors the authority to:

- increase the capital by issuing shares or securities giving access to the capital reserved for members of employee savings plans with a waiver of the preferential subscription right in their favor (24<sup>th</sup> resolution); and
- grant stock options to the Group's employees and corporate officers up to a limit of 660,000 shares (25<sup>th</sup> resolution); and
- allot free existing shares or issue free new shares to some or all Group employees and corporate officers up to a limit of 540,000 shares (26<sup>th</sup> resolution).

These proposed resolutions are presented in greater detail in the summary table that follows this introduction, which we urge you to read.

### **(ii) Proposals in respect of stock options and performance shares**

The policy on the allotment of stock options and free shares is described in the report of the Chairman of the Board of Directors relating to the composition and the application of the principle of the equal representation of women and men, to the method by which the Board's work is prepared and conducted, as well as the internal control and risk management procedures implemented by the Valeo Group, which is incorporated in the Registration document (*Document de référence*), Chapter 4, section 4.D.

The Board of Directors of February 24, 2011, acting on the recommendation of the Appointment, Compensation and Governance Committee, established the principles that apply to the allotment of stock options and performance shares qualifying for allotment by virtue of the 25<sup>th</sup> and 26<sup>th</sup> resolutions, subject to their adoption by this Shareholders' Meeting.

The Board of Directors decided that:

- the allotments should be distributed in the 2011 and 2012 fiscal years;
- no stock option or performance share should be allotted to the Company's Chairman;
- the beneficiaries would be: the Chief Executive Officer, the members of the Operational Committee, the members of the Steering Committee, the immediate subordinates of the members of the Steering Committee and, as for 140,000 free shares, to the employees;
- the maximum number of stock options that may be allotted to the Chief Executive Officer, in application of the 25<sup>th</sup> resolution, subject to its adoption by this General Meeting, is 66,000 stock options, and that the maximum number of performance shares that may be allotted in

application of the 26<sup>th</sup> resolution, subject to its adoption by this General Meeting, is 27,000 performance shares. The Board of Directors also decided that the allotment of stock options and free shares appraised using IFRS norms that may be allotted to the Chief Executive Officer in respect of a given fiscal year may not exceed 100% of his fixed annual compensation and, provided that, as an exception to the foregoing, for the 2011 fiscal year in light of the Company's spectacular performances, he will receive 130% of his fixed compensation for 2010;

- the number of stock options and performance shares allotted to the Chief Executive Officer and to the Operating Committee in 2011 will be subject to the satisfaction of the demanding performance conditions over a time period of several years.

Thus,

- (i) the exercise of the stock options allotted in 2011 would be possible only following a minimum holding period of three years and until the expiration of a maximum of eight years from their allotment date;
- (ii) the final allotment of the performance shares allotted in 2011 would be possible only following the three year acquisition period from the date of their allotment; and
- (iii) these exercise and final allotment would depend on Valeo's achieving a performance measured for the period including the 2011, 2012 and 2013 fiscal years by reaching an average operating margin rate for the period exceeding or equal to a level that will be determined by the Board of Directors and will be greater than the annual guidelines for 2011, by reaching an average rate of return on capital employed (ROCE) for the period equal to or greater than 30% and by reaching an average rate of return pre-tax on assets (ROA) for the period equal to or greater than 12.5%. Then:
  - if these three average rates during the period including the 2011, 2012 and 2013 fiscal years are reached, all of the allotted options may be exercised and the allotment of all of the performance shares will become final;
  - if only two of these average rates during the period including the 2011, 2012 and 2013 fiscal years are reached, only 60% of the allotted stock options may be exercised and only 60% of the allotment of performance shares will become final, and the remainder will be forfeited;
  - if only one of these average rates during the period including the 2011, 2012 and 2013 fiscal years is reached, only 30% of the allotted stock options may be exercised and only 30% of the allotment of performance shares will become final, and the remainder will be forfeited;

- if none of these average rates during the period including the 2011, 2012 and 2013 fiscal years is reached, none of the allotted options may be exercised and none of the performance shares will be finally acquired.

140,000 free shares, which are not submitted to performance criteria, would be allotted to the employees.

The allotments of stock options and performance shares in 2011 to the members of the Steering Committee and their immediate subordinates would be subject, for 100% concerning the allotments to the members of the Steering Committee and for 50% concerning the allotments to the immediate subordinates of the members of the Steering Committee, to the satisfaction of two performance criteria: the reaching of an average operating margin rate for the period including the 2011, 2012 and 2013 fiscal years exceeding or equal to a level that will be determined by the Board of Directors and will be greater than the annual guidelines for 2011 and the reaching of an average ROCE for the same period equal to or greater than 30% and the following scale would be applicable to the allotments subject to performance criteria:

- if these two average rates during the period including the 2011, 2012 and 2013 fiscal years are reached, all of the allotted options may be exercised and the allotment of all of the performance shares will become final;
- if only one of these average rates during the period including the 2011, 2012 and 2013 fiscal years is reached, only 50% of the allotted options and performance shares subject to performance criteria will be exercised or become final respectively, and the remainder of options and shares subject to performance criteria will be forfeited;
- if none of these average rates during the period including the 2011, 2012 and 2013 fiscal years is reached, none of the allotted options and performance shares subject to performance criteria will be exercised or will be finally acquired respectively.

As for any stock options and performance shares allotted in 2012, the same rules would apply but the level of the average rates of operating margin, ROCE and ROA conditioning the allotments would be set by the Board of Directors at the beginning of 2012 applying the same high standards and strictness for a period covering 2012, 2013 and 2014.

Moreover, the stock options and performance shares allotted would be subject, for the Chief Executive Officer to his term of office being in force on the date of the exercise or final allotment, as applicable (this presence condition may, however, be waived by the Board of Directors unless the departure is due to misconduct or gross misconduct), and concerning the other beneficiaries to their employment contract or term of office being in force and that the beneficiary would not be on notice period due to resignation or dismissal

at the date of exercise of the options of final allotment, as applicable, save the defined exceptions (death, total and permanent invalidity, retirement or pre-retirement, beneficiary whose entity has been sold or discretionary decision of the Board of Directors).

The Chief Executive Officer will also be subject to obligations to retain his shares. He may not transfer the shares resulting from the exercise of his stock options for a period of four years from the date on which they are granted. After transferring the number of shares required to finance the exercise of the options and to pay the taxes, the social security withholdings and the fees relating to the transaction, he must retain at least 50% of the number of remaining shares resulting from the exercise of the options in registered form until the termination of his term of office. Likewise, at the end of a of three-year acquisition period and of the legal two-year holding period, he must retain at least 50% of the number of performance shares definitely allotted in registered form until the termination of his term of office.

Moreover, the Chief Executive Officer may not use hedging transactions to reduce his risk.

This allotment of stock options and performance shares will have a limited dilutive effect on your group's share capital. The allotment of stock options proposed in the 25<sup>th</sup> resolution is a stock option plan that will not result in the creation of new shares when the plan's options are exercised in the future. The outstanding options and performance shares as of December 31, 2010 represented 7.3% of the share capital. Excluding the stock option plans whose exercise price has always exceeded the average price of Valeo shares held by the Company in its portfolio at the time of the allotment, outstanding options and performance shares as of December 31, 2010 represented 1.7% of the share capital. In case of exercise of all the stock options and final allotment of all free shares proposed in these resolutions, these percentages would increase to 7.6% and 1.8% of the share capital, respectively, based on the amount of the share capital as of December 31, 2010.

Pursuant to Articles L.225-186-1 and L.225-197-6 of the French Commercial Code enacted by law no. 2008-1258 of December 3, 2008, the allotment of stock options and/or performance shares to the Company's corporate officers may not occur unless the Company implements one of the measures described in these articles.

#### d. Power for formalities

##### *(27<sup>th</sup> resolution)*

Finally, we ask you to grant all powers to perform any necessary formalities following the Shareholders' Meeting.

### III. Information relating to ongoing business since the beginning of the 2011 fiscal year

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The beginning of the year 2011 was marked by the following developments:

- crossing downward of the 5% threshold by Pardus Investments Sarl on January 12, 2011, which owns now 4.96% of Valeo's capital and 4.82% of voting rights;
- the appointment of Christophe Périllat-Piratoine as the Group's Chief Operating Officer with effect from March 1, 2011. He will replace Luc Blériot who has occupied this position since 2005 and who is retiring. Marc Vrecko will become President of the Comfort and Driving Assistance Systems Business Group;
- the announcement of a record number of patents in 2010, amounting 612 initial patents throughout the year, representing an increase of more than 20% versus the average of the past five years. This places Valeo among the top patent filers in France;
- the arrival of Fabienne de Brébisson as the Group's Corporate Communications Vice-President; and
- the signing of an agreement between Valeo, RHJ International SA and Nissan on February 23, 2011, to acquire Niles, a Japanese automotive supplier for 320 million euros (enterprise value) in order to reinforce Valeo's Comfort and Driving Assistance Systems Business Group. This external growth project, with accretive effect from the first year, is within the framework of the strategy presented to the Group's shareholders in 2010, aiming to reinforce Valeo's presence in Asia. The agreement is subject to various preconditions, such as approval of the relevant anti-trust authorities, before it can enter into effect.

February 24, 2011

## Summary table of financial resolutions

A glossary is provided at the end of this table; the terms that are defined therein are indicated by an asterisk.

No.	Purpose	Period of validity	Possible reasons for use of the delegation of authority	Specific ceiling	Price (or method for determining price)	Other information and comments
15	Authorization to carry out transactions in shares issued by the Company	18 months	<p><u>Possible reasons why the Company might wish to repurchase its own shares:</u></p> <ul style="list-style-type: none"> <li>■ Implementation of Company stock option plans or any similar plan.</li> <li>■ Allocation of free shares to employees or corporate officers.</li> <li>■ Allotment or sale of shares to employees to allow them to share in the profits of the Company's expansion or for the implementation of any employee savings plan (or similar plan) as provided for by law.</li> <li>■ Generally, to comply with obligations in connection with stock option programs or other allotments of shares to employees or corporate officers.</li> <li>■ Delivery of shares on exercise of rights attached to securities giving access to the capital*.</li> <li>■ Cancellation of some or all of the securities repurchased (subject to adoption of the twenty-third resolution).</li> <li>■ Delivery of shares in connection with external growth, mergers, spin-offs or contribution transactions.</li> <li>■ Market-making in the secondary market or maintenance of liquidity of Company shares by an investment services provider under a liquidity contract that complies with the Ethical Code recognized by the French stock market regulator (Autorité des marchés financiers).</li> <li>■ Any other reason authorized or that may subsequently be authorized by the laws or regulations in force.</li> </ul>	<ul style="list-style-type: none"> <li>■ The Company may not at any time hold a number of shares representing more than 10% of its share capital, as adjusted to reflect transactions affecting the share capital subsequent to this meeting</li> <li>■ The number of shares acquired with a view to their retention or future delivery in connection with a merger, spin-off or contribution transactions may not exceed 5% of the share capital.</li> <li>■ Maximum total amount allocated to the share repurchase program: €350 million.</li> </ul>	Maximum purchase price of €70 per share.	This delegation of authority may not be used during a public offer.

## Presentation of the resolutions

No.	Purpose	Period of validity	Possible reasons for use of the delegation of authority	Specific ceiling	Price (or method for determining price)	Other information and comments
19	Issuance, with preferential subscription rights* of shares and/or securities giving access to the capital* of the Company and/or securities entitling holders to the allotment of debt securities*	26 months	<ul style="list-style-type: none"> <li>■ May be used by the Board of Directors to provide the financial resources needed for the development of the Company and of its group with speed and flexibility.</li> </ul>	<ul style="list-style-type: none"> <li>■ €40 million, plus any additional amount issued to preserve the rights of holders of securities giving access to the capital*.</li> <li>■ Ceiling counted towards the Overall Ceiling*</li> </ul>	Price set by the Board	<ul style="list-style-type: none"> <li>■ See the glossary for information about securities giving access to the capital* and securities entitling holders to the allotment of debt securities*.</li> <li>■ Possibility of introducing a reducible subscription right*.</li> <li>■ Possibility of authorizing issuance of securities giving access to the capital of Subsidiaries* of the Company.</li> </ul>
20	Issuance, without preferential subscription rights*, of shares and/or securities giving access to the capital* of the Company and/or of securities entitling holders to the allotment of debt securities*	26 months	<ul style="list-style-type: none"> <li>■ May be used by the Board of Directors to decide upon these issuances and carry out issuances by public offering both on the international market and on the French market, without preferential subscription rights for shareholders.</li> <li>■ May be used to issue shares or securities giving access to the capital* as compensation for the securities of a company satisfying the criteria set forth in Article L.225-148 of the French Commercial Code within the framework of a public exchange offer initiated by the Company in France or abroad according to local rules.</li> </ul>	<ul style="list-style-type: none"> <li>■ €46 million, plus any additional amount issued to preserve the rights of holders of securities giving access to the capital*.</li> <li>■ Ceiling counted towards the Overall Ceiling*.</li> </ul>	<ul style="list-style-type: none"> <li>■ Shares: <ul style="list-style-type: none"> <li>– Price set by the Board at least equal to the regulatory minimum price per share on the date of the issuance</li> </ul> </li> <li>■ Securities giving access to the capital*:</li> <li>– Price set by the Board such that, for any share issued by virtue of securities giving access to the capital*, the total received by Company in connection with these securities giving access to the capital* will be at least equal to the minimum regulatory price per share (as of the date of the issuance of the securities giving access to the capital*).</li> </ul>	<ul style="list-style-type: none"> <li>■ Currently, the regulatory minimum price is the volume weighted average of the prices quoted on the regulated market of Euronext Paris during the three trading days preceding the determination of the subscription price minus 5%, after making any adjustment to this average in the event of a difference in the dates of ranking for dividend, if any.</li> <li>■ Possibility of authorizing the issuance of shares or securities giving access to the capital* further to the issuance by Subsidiaries* of securities giving access to the capital of the Company (in this case cancellation of preferential subscription rights* is required by law).</li> <li>■ Possibility of authorizing the issuance of securities giving access to the capital* of the Company's subsidiaries.</li> <li>■ Possibility of introducing, on the French market and if circumstances so allow, a non-negotiable priority subscription right* which may be reduced*, the terms of exercise of which will be set by the Board.</li> </ul>

No.	Purpose	Period of validity	Possible reasons for use of the delegation of authority	Specific ceiling	Price (or method for determining price)	Other information and comments
21	Incorporation of share premium, reserves, profits or other items	26 months	<ul style="list-style-type: none"> <li>May be used to incorporate reserves, profits or other items into the share capital, enabling the capital to be increased without any contribution of "fresh money" being necessary.</li> </ul>	<ul style="list-style-type: none"> <li>€40 million</li> <li>Ceiling included in the Overall Ceiling*.</li> </ul>	The Board determines the amounts incorporated, and the number of new equity instruments and/or the new par value of existing equity instruments.	-
22	Increasing the number of shares to be issued in the event of a capital increase with or without preferential subscription rights*	26 months	<ul style="list-style-type: none"> <li>May be used to reopen a capital increase at the same price as the original issuance in the event of oversubscription (also known as a "green shoe" clause).</li> </ul>	<ul style="list-style-type: none"> <li>For each issuance, the ceiling is the regulatory limit applicable on the issuance date (currently 15% of the initial issuance)</li> <li>Included in the initial issuance, i.e. €40 million in those transactions <i>where</i> the preferential subscription right* is maintained, and €46 million in those where the preferential subscription right is cancelled, and in the Overall Ceiling*.</li> </ul>	Same price as the initial issuance.	-
23	Cancellation of treasury shares	26 months	<ul style="list-style-type: none"> <li>May be used to reduce the Company's share capital.</li> </ul>	<ul style="list-style-type: none"> <li>No more than 10% of the capital may be cancelled during any 24-month period.</li> </ul>	-	-

## Presentation of the resolutions

No.	Purpose	Period of validity	Possible reasons for use of the delegation of authority	Specific ceiling	Price (or method for determining price)	Other information and comments
24	Issuance of shares or securities giving access to the capital* reserved for members of employee savings plans	26 months	<ul style="list-style-type: none"> <li>■ Enables the Board to offer to employees of the Valeo Group in France and abroad the possibility to subscribe new shares or securities giving access to the capital of the Company, in order for them to share in the Company's success</li> <li>■ Resolution meeting the requirement of Article L.225-129-6 of the French Commercial Code, which requires the Shareholders' Meeting to decide upon a draft resolution allowing for a capital increase reserved for employees that are members of an employee savings plan when the agenda of such Shareholders' Meeting includes the adoption of resolutions approving an increase of capital through a cash contribution, unless the capital increase results from a prior issuance of securities giving access to the capital.</li> </ul>	<ul style="list-style-type: none"> <li>■ €5 million</li> <li>■ Included in the Overall Ceiling*.</li> </ul>	<ul style="list-style-type: none"> <li>■ Price set by the Board subject to a minimum issuance price for the shares or securities giving access to the capital of:                             <ul style="list-style-type: none"> <li>- 80% of the Reference Price*;</li> <li>- 70% of the Reference Price* where the lock-up period stipulated by the plan is 10 years or more.</li> </ul> </li> <li>■ Possibility to reduce or cancel the discounts, within legal and regulatory limits, in order to take into account, in particular, local legal, accounting, tax and social security regimes.</li> </ul>	-

No.	Purpose	Period of validity	Possible reasons for use of the delegation of authority	Specific ceiling	Price (or method for determining price)	Other information and comments
25	Granting of stock options	26 months	<ul style="list-style-type: none"> <li>■ May be used to allow the beneficiaries of these options to share in the Company's success.</li> </ul>	<ul style="list-style-type: none"> <li>■ 660,000 shares.</li> </ul>	Price set by the Board in accordance with applicable law on the date when the shares are granted, within the limit of a minimum issuance price equal to the higher of 100% of the average of the first listing prices of the share preceding the date on which the options are allocated, and 80% of the average purchase price of all treasury shares.	The share purchase options are granted to the employees and corporate officers by the Board of Directors acting on the proposal of the Appointment, Compensation and Governance Committee.
26	Allotment of free shares to the benefit of some or all employees and corporate officers of the Group	26 months	<ul style="list-style-type: none"> <li>■ May be used to create a system encouraging employee shareholding and/or employee and/of corporate officers profit sharing scheme, that would complement the current employee savings scheme and share purchase options</li> <li>■ Cancellation of the preferential subscription right required by the law.</li> </ul>	<ul style="list-style-type: none"> <li>■ 540,000 shares</li> <li>■ Included in the Overall Ceiling*.</li> </ul>	–	Possibility to adjust the number of free shares allotted to preserve the rights of beneficiaries based on the potential transactions relating to the Company's capital

## Glossary

### Dividend

Amount of dividends distributed in the three prior fiscal years:

- 2009 fiscal year: €0;
- 2008 fiscal year: €0;
- 2007 fiscal year: €91.9 million.

All of these amounts were eligible for the 40% abatement.

### Priority subscription rights

In return for the cancellation of preferential subscription rights\*, the Board may introduce a priority right, which may be reducible\*. When provided for, this right, just as preferential subscription rights\*, enable shareholders to subscribe to the proposed issuance in proportion to the number of existing shares they own. However, unlike preferential subscription rights\*, priority subscription rights are exercisable within a priority subscription period (currently a minimum of three trading days) that is shorter than the period allowed for preferential subscription rights\*, and not transferable. Priority subscription rights are not necessarily offered for every issuance: as with preferential subscription rights\*, it may be preferable or even necessary not to offer them in order for the newly-issued securities to be placed on the best possible terms (in particular when speed is essential to the success of an issuance or when an issuance is made on foreign financial markets).

### Preferential subscription rights

For a description of preferential subscription rights or ("DPS") and discussion on motives of cancellation of preferential subscription rights, see section II.2 of the introduction.

### Subsidiaries

Companies in which the Company directly or indirectly owns more than 50% of the share capital.

### Overall Ceiling

General ceiling for capital increases made further to 19<sup>th</sup>, 20<sup>th</sup>, 21<sup>st</sup>, 22<sup>nd</sup>, 24<sup>th</sup> and 26<sup>th</sup> resolutions, subject to the adoption of the 19<sup>th</sup> resolution which defines it, and is equal to **131 million euros**.

### Reference price

Minimum issuance price required by law and average of the first prices of the Company's shares quoted on the regulated market of Euronext during the twenty trading sessions preceding the day of the Board decision setting the opening for subscriptions by members of the employee savings plan.

### Reducible (reducible subscription rights)

In some cases, the Board of Directors may institute reducible subscription rights in favor of the shareholders. This means that if irreducible subscriptions (*i.e.* subscriptions by shareholders exercising preferential subscription rights) fail to absorb the issuance, the unsubscribed shares are allotted to those shareholders who made a reducible application for additional shares (over and above the entitlement given by their preferential subscription rights) in proportion to their subscription rights, though the number of shares allotted to each shareholder may not exceed the number of shares applied for by that shareholder.

### Securities giving access to the capital

#### Characteristics of securities giving access to the capital

The 19<sup>th</sup>, 20<sup>th</sup> and 24<sup>th</sup> resolutions submitted to this Meeting would allow the Board to decide the issuance of securities giving access to the capital, either by issuing new shares (such as include bonds convertible into or redeemable for shares, or bonds with share warrants attached) or by delivering existing shares (such as "OCEANE" bonds, which are convertible into new shares or exchangeable for existing shares).

These securities giving access to the capital may take the form either of debt instruments (as in the examples given above), or of equity instruments, as for example, shares with share warrants attached. However, the issuance of equity instruments that are convertible into debt instruments is prohibited by law.

### **Methods of allocating the securities to which securities giving access to the capital give right, and dates when this right may be exercised**

Securities giving access to the capital\* in the form of debt securities (such as bonds convertible into or redeemable for shares, or bonds with share warrants attached) may entitle holders to shares at any time, or during specified periods, or on specified dates. This allotment of shares may be effected by conversion (*e.g.* convertible bonds), redemption (*e.g.* bonds redeemable for shares), exchange (*e.g.* bonds exchangeable for shares), or presentation of a warrant (*e.g.* bonds with share warrants attached) or by any other means during the term of the debt instruments, whether or not shareholders' preferential subscription rights are maintained in respect of the securities thereby issued.

In accordance with applicable law, the delegations of authority made by this meeting in connection with the issuance of securities giving access to the capital entail the waiver by the shareholders of their preferential subscription rights for the shares issued in connection with these securities. For example, if this meeting adopts the 18<sup>th</sup> resolution, you would by law waive your preferential subscription rights over any shares that the Company might issue in connection with the redemption of bonds redeemable for shares.

## **Securities entitling holders to the allotment of debt securities**

### **Characteristics of securities entitling holders to the allotment of debt securities, allotment methods of the instruments to which these securities give entitlement, and dates when this right may be exercised**

The 19<sup>th</sup> and 20<sup>th</sup> resolutions submitted to this meeting would allow the Board to decide upon the issuance of securities entitling holders to the allotment of debt securities (such as bonds with bond warrants attached, bonds convertible into or redeemable for another debt instrument, or shares with bond warrants attached). As the case may be, these securities may be accompanied by warrants entitling holders to the allotment, purchase or subscription of bonds or other debt instruments.

In the event of the adoption of these resolutions, the Board may set the nature and the characteristics of the securities giving access to the allotment of debt securities to be created, in particular their interest rates, their term, and the option to reduce or increase the par value of the securities. If needed, the Board could provide at the time of the issuance or during the life-span of the securities in question:

- that these securities will be attached to warrants entitled to, either during specified periods, or on specific dates, the allotment, the acquisition, or the subscription of bonds or other debt securities; or
- that the Company will have the option to issue debt securities to pay interests that may have been suspended by the Company; or
- that these securities will take the form of complex bonds as understood by the stock market authorities (*e.g.*, due to the means by which they are redeemed or compensated or other rights such as indexation, availability of options); or
- that the securities may be subject to early redemption, including by delivery of assets of the Company as a amortization; or
- that the securities may be repurchased on the market or be subject to a purchase or exchange offer by the Company.

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# Complementary Board of Directors Report

This report aims to complete the Board of Directors report adopted by your Board of Directors on February 24, 2011 describing the proposed resolutions that are being submitted to the Meeting by the Board of Directors. These reports are not intended as an exhaustive guide, and it is essential that you read the proposed resolutions carefully before exercising your vote.

## I. Resolution submitted to the Ordinary Shareholders' Meeting relating to the appointment of a new Director

### Appointment of Thierry Moulonguet in the capacity as Director

#### (11<sup>th</sup> resolution)

We propose that you appoint Mr. Thierry Moulonguet in the capacity as Director, for a four year term, *i.e.* until the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

Thierry Moulonguet has worked most of his carrier with the Renault – Nissan group, which he joined in February 1991 in charge of banking strategy and financial communication. Then he held the positions of financial relations Manager,

capital expenditures controller Manager, Vice Chief Executive Officer and Chief Financial Officer of Nissan before becoming Vice Chief Executive Officer and Chief Financial Officer of Renault group, also in charge of the Information Technology Direction then of the Head of Americas Region and member of the Executive Committee from January 2004 to July 1, 2010. He then held the position of Special Advisor of Renault's Chairman and Chief Executive Officer, Carlos Ghosn, until March 31, 2011. Thierry Moulonguet is a Director of Fimalac SA, HSBC France, Fitch Ratings Ltd and Groupe Lucien Barrière. Thierry Moulonguet is a graduate of the *École Nationale d'Administration* and the *Institut d'Études Politiques de Paris* (IEP).

## II. Information relating to ongoing business since February 24, 2011

Since February 24, 2011, the following developments were the subject of press releases published on the Company's website ([www.valeo.com](http://www.valeo.com)):

- the publication of 2010 results on February 24, 2011 with a net income of 365 million euros in 2010, or 3.8% of sales and an operational performance ahead of the strategic plan 2013 targets presented in March 2010, namely around 10 billion euros in sales; an operating margin rate between 6% and 7% and a more than 30% return on capital employed (ROCE);

- the presentation at Valeo's Investor Day held on March 9, 2011 in Paris, of its new medium-term objectives:
- the continuation and acceleration of the strategy presented in March 2010 and the new targets for 2015,
- the ability to outperform automobile production by an average 3% a year over the 2011-2015 period, thanks to innovation and new products, particularly to reduce CO<sub>2</sub> emissions, and to expansion in Asia and emerging markets,

- an objective for 2015 of sales of around 14 billion euros, an operating margin rate of more than 7% and a ROCE exceeding 30%, assuming growth in global automotive output of around 5% a year over the 2011-2015 period, of which around 4.4% per year in Europe and Africa, 4.7% in North America, 5.3% in South America and 5.8% in Asia <sup>(1)</sup> and barring any exogenous economic events impacting its industry, and
- an active role in any potential industry consolidation, while maintaining a disciplined financial strategy aligned with its commitment to restoring its investment grade rating;
- the announcement on March 10, 2011 that , among the options it is considering in the context of managing its debt maturity profile, appears a possible issuance of bonds in an amount of approximately 500 million euros, which could be carried out along with a partial repurchase of its bonds due June 24, 2013, in both cases subject to market conditions;
- the opening of two new sites in China this week: a global Electronics Expertise Center in Shenzhen and a wiper systems production plant in Wenling; and
- the presentation of the unconsolidated and consolidated sales for the first quarter 2011 by the Board of Directors of April 21, 2011.

April 21, 2011

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(1) These assumptions are based on output forecasts by specialized firms JD Power and Associates and IHS Global Insight, as well as on Valeo's own analysis of the market outlook.

# Draft resolutions

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## Ordinary business

### First resolution

#### **(Review and approval of the unconsolidated financial statements for the 2010 fiscal year)**

The Shareholders' Meeting, having considered the report of the Chairman of the Board of Directors relating to the composition and the application of the principle of the equal representation of women and men, to the method by which the Board's work is prepared and conducted, as well as to the internal control and risk management procedures implemented by the Company, the Board of Directors' report concerning the unconsolidated financial statements and the management report related thereto, and the statutory auditors' reports relating to the unconsolidated financial statements for the 2010 fiscal year, approves the unconsolidated financial statements for such fiscal year, as presented, including the balance sheet, the income statement and the annex, and all of the transactions reflected in these financial statements and in these reports.

### Second resolution

#### **(Review and approval of the consolidated financial statements for the 2010 fiscal year)**

The Shareholders' Meeting, having considered the report of the Chairman of the Board of Directors relating to the composition and the application of the principle of the equal representation of women and men, to the method by which the Board's work is prepared and conducted, as well as to the internal control and risk management procedures implemented by the Company, the Board of Directors' report concerning the consolidated financial statements and the

management report related thereto, and the statutory auditors' reports relating to the consolidated financial statements for the 2010 fiscal year, approves the consolidated financial statements for such fiscal year, as presented, including the balance sheet, the income statement and the annex, and all of the transactions reflected in these financial statements and in these reports.

### Third resolution

#### **(Approval of the co-opting of Mrs. Ulrike Steinhorst as Director)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions of Ordinary Shareholders' Meetings, approves the co-opting by the Board of Directors on February 24, 2011 of Mrs. Ulrike Steinhorst to replace the resigning Mr. Behdad Alizadeh as Director, for the remainder of Mr. Alizadeh's term of office, *i.e.* until the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2011.

### Fourth resolution

#### **(Appointment of Mr. Jacques Aschenbroich as Director)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions of Ordinary Shareholders' Meetings, acknowledging that Mr. Jacques Aschenbroich's term of office expires today, renews such term for a period of four years which will expire at the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

**Fifth resolution****(Appointment of Mr. Gérard Blanc as Director)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions of Ordinary Shareholders' Meetings, acknowledging that Mr. Gérard Blanc's term of office expires today, renews such term for a period of four years which will expire at the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

**Sixth resolution****(Appointment of Mr. Pascal Colombani as Director)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions of Ordinary Shareholders' Meetings, acknowledging that Mr. Pascal Colombani's term of office expires today, renews such term for a period of four years which will expire at the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

**Seventh resolution****(Appointment of Mr. Michel de Fabiani as Director)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions of Ordinary Shareholders' Meetings, acknowledging that Mr. Michel de Fabiani's term of office expires today, renews such term for a period of four years which will expire at the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

**Eighth resolution****(Appointment of Mr. Michael Jay as Director)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions of Ordinary Shareholders' Meetings, acknowledging that Mr. Michael Jay's term of office expires today, renews such term for a period of four years which will expire at the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

**Ninth resolution****(Appointment of Mrs. Helle Kristoffersen as Director)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions of Ordinary Shareholders' Meetings, acknowledging that Mrs. Helle Kristoffersen's term of office expires today, renews such term for a period of four years which will expire at the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

**Tenth resolution****(Appointment of Mr. Georges Pauget as Director)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions of Ordinary Shareholders' Meetings, acknowledging that Mr. Georges Pauget's term of office expires today, renews such term for a period of four years which will expire at the closing of Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

**Eleventh resolution****(Appointment of Mr. Thierry Moulouquet as Director)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions of Ordinary Shareholders' Meetings, having reviewed the Board of Director's report, hereby appoints Mr. Thierry Moulouquet as Director, for a term of four years, which will expire at the closing of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2014.

**Twelfth resolution****(Approval of the severance pay of Mr. Jacques Aschenbroich in accordance with the provisions of Article L.225-42-1 of the French Commercial Code)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions of Ordinary Shareholders' Meetings, and having considered the Board of Directors' report and the statutory auditors' special report on agreements and undertakings governed by the provisions of Articles L.225-38 and L.225-40 to L.225-42 of the French Commercial Code, approves, in accordance with the provisions of

Article L.225-42-1 of the French Commercial Code, the new severance pay undertaking described in these reports adopted by the Company in favor of Mr. Jacques Aschenbroich.

This decision is subject to the renewal of Mr. Jacques Aschenbroich's terms as Director by this Shareholders' Meeting and as Chief Executive Officer (*Directeur Général*) by the Board of Directors at its first meeting following this Shareholders' Meeting.

### Thirteenth resolution

#### (Approval of the related party agreements for the 2010 fiscal year – Article L.225-38 et seq. of the French Commercial Code)

The Shareholders' Meeting, having satisfied the quorum and majority conditions of Ordinary Shareholders' Meetings, and having considered the statutory auditors' special report on the agreements and undertakings governed by the provisions of Articles L.225-38 and L.225-40 to L.225-42 of the French Commercial Code, formally notes the statutory auditors' special report stating the absence of new agreement authorized by the Board of Directors during the 2010 fiscal year, and approves this report.

### Fourteenth resolution

#### (Allocation of earnings for the fiscal year and dividend distribution)

The Shareholders' Meeting, having satisfied the quorum and majority conditions of Ordinary Shareholders' Meetings, notes that the financial statements for the period ended December 31, 2010 and approved by this Shareholders' Meeting show profits for the fiscal year of 126,047,129.89 euros and, that taking account previous retained earnings of 1,250,534,471.81 euros, distributable earnings amount to 1,376,581,601.70 euros, the allocation of which is hereby submitted for approval by the Shareholders' Meeting.

The Shareholders' Meeting decides to allocate the distributable earnings as follows:

Allocation to dividends <sup>(1)</sup>	€94,354,557.60
Allocation to retained earnings	€1,282,227,044.10

(1) The total amount of the distribution presented in this table is calculated based on the number of shares comprising the share capital as of December 31, 2010, and may vary based in particular on changes in the number of treasury shares, as well as the exercise of any share subscription options between January 1, 2011 and the ex-dividend date.

The dividend is set at 1.20 euro per share for each of the shares entitled to dividends. For beneficiaries who are individuals residing in France for tax purposes, this dividend will automatically be added to their global income which is subject to the progressive tax rate, and will be eligible for a tax abatement of 40% (Article 158-3-2° of the French General Tax Code). However, the beneficiary has the option of paying a lump sum withholding tax (*prélèvement forfaitaire libératoire*) of 19% (Article 117 *quarter* of the French General Tax Code). All of the Company's shares are eligible under this regime.

Pursuant to applicable law, the Shareholders' Meeting notes that the dividends distributed over the past three fiscal years were as follows:

Fiscal Year	Number of shares paid	Dividend per share (in euros)	Total (in million euros)
2007	76,618,927	1.20	91.9
2008	0	0	0
2009	0	0	0

All of the sums set forth in the "Dividend per share" column in the table above are eligible for the 40% abatement or, at the option of the beneficiary, the lump sum withholding tax referred to above.

The ex-dividend date will be June 28, 2011 and payments will be made starting on July 1, 2011. It is specified that if, at the time such dividends are paid, the Company holds treasury shares, the sums corresponding to the unpaid dividends in respect of these shares will be allocated to retained earnings.

### Fifteenth resolution

#### (Authorization to be granted to the Board of Directors to carry out transactions in shares issued by the Company)

The Shareholders' Meeting, having satisfied the quorum and majority conditions for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report, authorizes the Board of Directors, with powers to subdelegate as provided by law, in accordance with Article L.225-209 *et seq.* of the French Commercial Code, to purchase or arrange for the purchase of shares in the Company, with a view to:

- the implementation of any Company stock option plan or other similar plan under the terms of Article L.225-177 *et seq.* of the French Commercial Code; or
- the allotment of free shares under the terms of Article L.225-197-1 *et seq.* of the French Commercial Code; or
- the allotment or sale of shares to employees under the French statutory profit-sharing scheme or the implementation of any employee savings plan (or other similar plan) under the conditions stipulated by law, in

particular Article L.3332-1 *et seq.* of the French Labor Code; or

- as a general matter, to comply with its obligations in respect of stock option plans or other distributions of shares to employees or corporate officers of the issuer or of a related company; or
- the delivery of shares upon the exercise of rights attached to securities giving access to the capital by redemption, conversion, exchange, presentation of a warrant or any other means; or
- the cancellation of some or all of the repurchased shares, subject to the approval by the Extraordinary Shareholders' Meeting of the twenty-third resolution below; or
- the delivery of shares (in exchange, as payment, or otherwise) in connection with acquisitions, mergers, spin-offs or contributions; or
- the market-making in the secondary market or maintenance of the liquidity of Valeo shares by an investment services provider under a liquidity contract that complies with the Ethical Code recognized by the French stock market regulator (the "*Autorité des marchés financiers*", or "AMF").

This plan is also intended to allow for the implementation of any market practice that may later be permitted by the AMF, and more generally, to carry out any transaction in compliance with the applicable laws and regulations. In such a case, the Company's shareholders will be informed by way of a press release.

Purchases of the Company's own shares may be made such that:

- the number of shares acquired by the Company during the repurchase program may not exceed 10% of the shares which constitute the share capital, at any time, this percentage being applied to a share capital figure adjusted to reflect transactions affecting the share capital subsequent to this Shareholders' Meeting, *i.e.*, for information purposes, 7,862,879 shares at December 31, 2010, provided that (i) the number of shares acquired with a view to their retention or future delivery in connection with a merger, spin-off or contribution may not exceed 5% of the Company's share capital, and (ii) when these shares are bought back to increase liquidity pursuant to the AMF's General Regulation (*Règlement général de l'AMF*), the number of shares taken into account for purposes of calculating the 10% maximum limit indicated above in this section shall be the number of purchased shares minus the number of shares resold during the authorization period;
- the number of own shares held by the Company at any time may not exceed 10% of the shares which constitute the share capital of the Company at that time.

The aggregate amount to be allocated to the share repurchase program authorized above may not exceed 546 million euros.

Acquisitions, sales and transfers of shares may be made at any time subject to the limits authorized by the applicable laws and regulations (except during the period of a public tender offer) and by any means, on a regulated market, via a multilateral trading facility, a systematic internalizer or over the counter, including by block purchases or sales (with no limit on the portion of the share repurchase program that can be carried out by this mean), by public tender offer or public exchange offer or by the use of options, or through the use of options or other derivative financial instruments traded on a regulated market or a multilateral trading facility, via a systematic internalizer or sold over the counter or by delivery of shares arising from the issuance of securities giving access to the capital of the Company by conversion, exchange, redemption, presentation of a warrant or any other means, either directly or through an investment services provider.

The maximum share purchase price under this resolution will be seventy euros (70 euros) per share.

This authorization cancels with immediate effect any unused portion of any previous delegation to the Board of Directors of authority to carry out transactions in the Company's own shares. It is granted for a period of eighteen months from this day.

The Shareholders' Meeting delegates to the Board of Directors powers to adjust the aforementioned maximum purchase price in the event of a change in the par value of the share, increase in share capital by incorporation of reserves, allotment of free shares, stock split or reverse stock split, distribution of reserves or of any other assets, amortization of capital, or any other transaction affecting shareholders' equity, so as to take account of the impact of such transactions on the value of the shares.

The Shareholders' Meeting grants full power to the Board of Directors, with powers to subdelegate as provided by law, to decide on and implement the present authorization and if necessary to specify the conditions and determine the terms thereof, to implement the share repurchase program, and in particular to place stock market orders, enter into agreements, allocate or reallocate the purchased shares in furtherance of its objectives in accordance with applicable legal and regulatory terms, establish the terms and conditions pursuant to which, if applicable, the rights of the holders of securities or options will be preserved, in accordance with applicable legal, regulatory or contractual provisions, make declarations to the AMF or any other competent authority, and to carry out any other formalities and generally do all that is necessary.

## Extraordinary business

### Sixteenth resolution

#### **(Modification of Article 14 point 1 of the Articles of Association relating to the “Directors’ term of office – Age limit – Conditions – Compensation”)**

The Shareholders’ Meeting, having satisfied the quorum and majority conditions for Extraordinary Shareholders’ Meetings, and having considered the Board of Directors’ report, decides to modify Article 14 point 1 of the Articles of Association as follows:

Former wording: “1. The members of the Board of Directors shall each be appointed for a four-year term, expiring upon the adjournment of the Ordinary Shareholders’ Meeting reviewing the financial statements for the past fiscal year and held in the year during which the term of office expires. Members may be re-elected.”

New wording: “1. Each member of the Board of Directors shall be appointed for a four-year term by the Ordinary Shareholders’ Meeting; members may be re-elected. The terms of one-fourth of the members of the Board of Directors are renewed each year or, when the total number of its members divided by four does not equal a whole number, the number that is immediately higher or lower than the number resulting from this division, provided that to the extent possible, for each year within the same period of four consecutive years, the gap between the number of seats to be renewed in such year and the number of seats to be renewed in each of the three other years of such period may not be higher than one.

At the first meeting of the Board of Directors following the Shareholders’ Meeting called to approve the financial statements for the 2010 fiscal year, the expiration of the terms of office of the members appointed during the Shareholders’ Meetings called to approve the financial statements for the 2011, 2012, and 2014 fiscal years will be designated in advance, the number of which was determined applying the rules above in order to allow the implementation of the renewal by one-fourth. This designation will be agreed upon at the Board of Directors’ meeting unanimously by the members present or represented or, failing that, by random-drawing performed during the meeting.

The term of the Directors so appointed or who are chosen by way of random-drawing will be cancelled automatically on the expiration dates determined as stipulated in the preceding paragraph. Once the rollover is established, the renewals will take place in the chronological order of the appointments.

*A Director who is appointed to replace a Director whose mandate has not yet expired will only remain in office for the remainder of his or her predecessor’s mandate.*

*If after the rollover is established, the number of Directors changes as a result of the non-replacement or the appointment of new Directors, a new exit order will be established in accordance with the principles set forth above so as to allow an annual renewal of the Board of Directors by one-fourth.”*

### Seventeenth resolution

#### **(Modification of Article 14 point 4 of the Articles of Association relating to the “Directors’ term of office – Age limit – Conditions – Compensation”)**

The Shareholders’ Meeting, voting on the quorum and majority conditions for Extraordinary Shareholders’ Meetings, having reviewed the Board of Directors’ report, decides to modify Article 14 point 4 of the Articles of Association as follows:

Former wording: “Each Director must own a minimum of 100 shares during his/her term of office. Such shares shall be held in a registered account.”

New wording: “4. Each Director must own a minimum of 500 shares during his/her term of office. Such shares shall be held in a registered account.”

### Eighteenth resolution

#### **(Modification of Article 23 of the Articles of Association relating to the “Attendance of meeting; Proxies”)**

The Shareholders’ Meeting, having satisfied on the quorum and majority conditions for Extraordinary Shareholders’ Meetings, and having considered the Board of Directors’ report, decides to modify Article 23 paragraph 3 of the Articles of Association as follows:

Former wording: “The shareholders may, in compliance with applicable laws and regulations, send proxies and mail voting instructions with respect to any Shareholders’ Meeting, either in paper format or, upon the Board of Directors’ decision appearing in the notice of the meeting, by remote transmission.”

*New wording: "The shareholders may, in compliance with applicable laws and regulations, send proxies and mail voting instructions with respect to any Shareholders' Meeting, either in paper format or by remote transmission."*

The other provisions of Article 23 remain unchanged.

### Nineteenth resolution

#### **(Delegation to the Board of Directors of authority to decide a capital increase, through issuance – with preferential subscription rights maintained – of shares and/or securities giving access to the capital of the Company and/or issuance of securities entitling holders to the distribution of debt securities)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions for Extraordinary Shareholders' Meetings, having considered the Board of Directors' report and the statutory auditors' special report, and in accordance with Article L.225-129 *et seq.* of the French Commercial Code, and in particular Article L.225-129-2 of said Code, and with Article L.228-91 *et seq.* of said Code:

1. delegates to the Board of Directors, with powers to subdelegate as provided by law, its authority to decide to carry out increases in the share capital, on one or more occasions, in France or abroad, in the proportions and at the times it sees fit, by issuing, in euros or in any other currency or currency unit established by reference to more than one currency, shares (other than preferred shares) or securities giving access to the capital of the Company (whether in the form of new or existing shares), issued for valuable consideration or free of consideration, governed by Article L.228-91 *et seq.* of the French Commercial Code, it being stipulated that subscription for such shares or other securities may be in cash, or by offset of debt, or by incorporation of reserves, profits or share premium, or on the same terms to decide to issue securities entitling holders to the distribution of debt securities governed by Article L.228-91 *et seq.* of the French Commercial Code;
2. delegates to the Board of Directors, with powers to subdelegate as provided by law, its authority to decide upon issuances of securities giving access to the capital of companies of which the Company directly or indirectly owns more than half of the share capital;
3. resolves to set the following limits to capital increases in the event of use by the Board of Directors of the present delegation of authority:
  - the maximum aggregate par value of the capital increases made immediately or in the future under the present delegation is set at 40 million euros, it being stipulated that the maximum aggregate par value of capital increases carried out under this resolution and the twentieth, twenty-first, twenty-second, twenty-fourth and twenty-sixth resolutions of the present Meeting is set at 131 million euros,
  - the aggregate par value of any additional shares that may be issued in the event of new financial transactions in order to preserve the rights of holders of securities giving access to the capital will be added to these ceilings;
4. sets the period of validity of the delegation of authority granted by the present resolution at twenty-six months from the date of the present Meeting;
5. in the event the Board of Directors makes use of the present delegation:
  - resolves that the issuance(s) will be reserved in priority for the shareholders, who may make irreducible subscriptions in proportion to the number of shares then owned by them,
  - formally notes the fact that the Board of Directors has the option of introducing a reducible subscription right,
  - formally notes that the present delegation of authority entails an unconditional waiver, in favor of the holders of the securities giving access to the capital of the Company, of the shareholders' preferential subscription rights in respect of the shares to which the said securities will entitle their holders immediately or in the future,
  - formally notes the fact that, pursuant to Article L.225-134 of the French Commercial Code, if irreducible subscriptions and any reducible subscriptions do not absorb the entire capital increase, the Board of Directors may use, on the conditions stipulated by law and in the order it sees fit, any or all of the options listed below:
    - limit the capital increase to the amount of subscriptions actually received, provided that this amount reaches at least three-quarters of the capital increase decided upon,
    - allot at its discretion some or all of the shares or, in the case of securities giving access to the capital, securities the issuance of which has been decided but which have not been subscribed,
    - offer some or all of said unsubscribed shares or, in the case of securities giving access to the capital, securities, to the public, on the French and/or foreign markets,
    - resolves that issuances of warrants entitling their holders to subscribe for the Company's shares may also be made by a free allotment to holders of existing shares, it being stipulated that the Board of Directors may thus decide that fractional allotment rights will not be negotiable and that the corresponding securities will be sold;

6. resolves that the Board of Directors will have full powers, with powers to subdelegate as provided by law, to implement the present delegation of authority, and in particular to:
- decide upon a capital increase and determine the securities to be issued,
  - decide upon the amount of the capital increase, the issuance price, and the amount of any premium that may be required on issuance,
  - determine the dates and terms of the capital increase and the nature, the number, and characteristics of the securities to be issued and, in the case of bonds or other debt instruments (including securities entitling their holders to the allotment of debt securities covered by Article L.228-91 of the French Commercial Code), determine whether they are subordinated or not (and where relevant their subordination ranking, in accordance with Article L.228-97 of the French Commercial Code), set their rate of interest (which may be fixed or variable rate of interest, or zero coupon or indexed), specify, if applicable, any circumstances in which payment of interest will or may be suspended or passed, stipulate their term (fixed or perpetual), the possibility of a reduction or increase in their nominal value, and set the other terms of issuance (including the granting of security or collateral) and of amortization (including the possibility of redemption by delivery of Company assets); if applicable, such securities may be accompanied by warrants entitling their holders to the allotment, acquisition or subscription of bonds or other debt instruments or include an option for the Company to issue debt instruments (whether fungible or not) in lieu of interest payments suspended by the Company, or take the form of complex debt instruments in the sense understood by the stock market authorities (for example, due to their redemption or remuneration terms or other rights such as indexation or option rights); amend, during the life of the relevant securities, the above terms, in compliance with applicable formalities,
  - determine the method of payment for shares or securities giving access to the capital to be issued immediately or in the future,
  - set, if needed, the terms for the exercise of rights (rights to conversion, exchange or redemption as the case may be, including by delivery of Company's assets such as securities already issued by the Company) attached to the shares or securities giving access to the capital to be issued, and in particular set the date, which may be retrospective, from which the new shares will rank for dividend, and all other terms and conditions for the completion of the capital increase,
  - set the terms on which the Company may have the option of purchasing or exchanging on the stock market, at any time or during specified periods, the securities issued or to be issued immediately or in the future, whether or not such purchase or exchange be made with a view to cancellation thereof in accordance with the law,
  - allow for the option of suspending the exercise of the rights attached to such securities in accordance with the relevant laws and regulations,
  - at its sole discretion, charge the cost of capital increases against the premium arising thereon, and deduct from this premium the sums necessary to fund the legal reserve,
  - determine and make all adjustments to take into account the impact of transactions involving the capital of the Company, in particular in the event of a change in the par value of the share, increase in share capital by incorporation of reserves, a free allotment of shares, stock split or reverse stock split, distribution of dividends, reserves or premiums, or of any other assets, redemption of capital or any other transaction affecting shareholders' equity or the share capital (including in the event of a public tender offer and/or in the event of a change of control), and set all of the other terms preserving, as the case may be, the rights of holders of securities giving access to the capital (including through cash adjustments),
  - duly record completion of each capital increase and make the necessary amendments to the Articles of Association,
  - generally, enter into all agreements, in particular to ensure completion of the proposed issuances, take all measures and accomplish all formalities required for the issuance, listing and financial administration of securities issued by virtue of the present delegation and for the exercise of the rights attached thereto;
- 7) formally notes the fact that the present delegation cancels with effect from this day any unused portion of any prior delegation having the same purpose, namely any delegation of authority relating to increases in the share capital, with preferential subscription rights maintained, covering the securities and transactions mentioned in the present resolution;
- 8) formally notes the fact that, in the event of the use by the Board of Directors of the powers that are delegated to it in the present resolution, the Board of Directors will report to the following Ordinary Shareholders' Meeting, in accordance with applicable laws and regulations, on the use made of the powers conferred in the present resolution.

## Twentieth resolution

### **(Delegation to the Board of Directors of authority to decide a capital increase through the issuance – without preferential subscription rights – of shares and/or securities giving access to the capital of the Company and/or entitling holders to the allotment of debt securities)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions for Extraordinary Meetings, having considered the Board of Directors' report and the statutory auditors' special report, and in accordance with Article L.225-129 *et seq.* of the French Commercial Code, in particular Articles L.225-129-2, L.225-135, L.225-136 and L.225-148 of said Code, and with Article L.228-91 *et seq.* of said Code:

1. delegates to the Board of Directors, with powers to subdelegate as provided by law, its authority to decide to increase the share capital, on one or more occasions, in the proportions and at the times it sees fit, in France or abroad, through public offering, either in euros or in any other currency or currency unit established by reference to more than one currency, by issuing shares (other than preferred shares) or securities giving access to the capital of the Company (whether in the form of new or existing shares) issued for valuable consideration or free of consideration, governed by Article L.228-91 *et seq.* of the French Commercial Code, it being stipulated that subscription for such shares or other securities may be in cash or by offset of debt, or incorporation of reserves, profits or premiums, or on the same terms to decide to issue securities entitling holders to the allotment of securities governed by Article L.228-91 *et seq.* of the French Commercial Code. These securities may in particular be issued as consideration for securities contributed to the Company within the framework of a public exchange offer carried out in France or abroad under local rules (e.g. within the framework of US style "reverse merger") involving securities which satisfy the conditions established in Article L.225-148 of the French Commercial Code);
2. delegates to the Board of Directors, with powers to subdelegate as provided by law, its authority to decide upon issuances of shares or securities giving access to the capital of the Company to be issued further to the issuance, by companies of which the Company directly or indirectly owns more than half of the capital, of securities giving access to the capital of the Company.

The present decision entails an unconditional waiver, in favor of the holders of securities that may be issued by

companies belonging to the Company's Group, of the preferential rights of the Company's shareholders in respect of shares or of securities giving access to the capital of the Company to which said securities will give entitlement;

3. delegates to the Board of Directors, with powers to subdelegate as permitted by law, its authority to decide upon issuances of securities giving access to the capital of companies of which the Company directly or indirectly owns more than half of the capital;
4. resolves to set the following limits to capital increases authorized in the event of use by the Board of Directors of the present delegation:
  - the aggregate par value of capital increases made immediately or in the future under the present delegation is set at 46 million euros, it being stipulated that this amount will count towards the overall ceiling stipulated in section 3 of the nineteenth resolution of the present Meeting or, as the case may be, towards any overall ceiling stipulated by any similar resolution that may supersede said resolution during the period of validity of the present delegation, and
  - the aggregate par value of any additional shares that may be issued to preserve the rights of holders of securities giving access to the capital in the event of new capital transactions will be added to those ceilings;
5. sets the period of validity of the delegation of authority granted by the present resolution at twenty-six months from the date of the present Meeting;
6. resolves to cancel shareholders' preferential subscription rights to the securities covered by the present resolution, while allowing the Board of Directors discretion, under the terms of Article L.225-135, paragraph 2 of the French Commercial Code, to grant to the shareholders, for a period and on terms to be set by the Board of Directors in compliance with the applicable laws and regulations and for some or all of any issuance, a priority subscription period which does not create a negotiable right and which must be exercised in proportion to the quantity of shares owned by each shareholder and may be supplemented by a reducible application to subscribe for shares, it being stipulated that securities not subscribed for in this way will be the subject of a public placing in France or abroad;
7. formally notes that if subscriptions, including any subscriptions by shareholders, do not absorb the entire capital increase, the Board of Directors may limit the capital increase to the amount of subscriptions received, provided that this amount reaches at least three-quarters of the capital increase decided upon;

8. formally notes that the present delegation entails an unconditional and express waiver, in favor of the holders of the securities to be issued giving access to the capital of the Company, of the shareholders' preferential subscription rights in respect of the shares to which said securities will give entitlement;
9. formally notes the fact that, in accordance with Article L.225-136 1°, paragraph 1 of the French Commercial Code:
  - the issuance price of the shares issued directly will be at least equal to the minimum stipulated by the regulations in force on the date of the issuance (as of the date hereof, the volume weighted average of the prices quoted on the regulated market of Euronext Paris during the three trading days preceding the determination of the subscription price for the capital increase minus 5%), after, if applicable, adjusting this average if the dates of ranking of dividends are different,
  - the issuance price of the securities giving access to the capital and the number of shares to which conversion, redemption or more generally transformation of each security giving access to the capital could give entitlement will be such that the amount received immediately by the Company plus any amount to be received subsequently by the Company will, for each share issued as a consequence of the issuance of such securities, be at least equal to the minimum subscription price defined in the previous paragraph;
10. resolves that the Board of Directors will have full powers, with powers to subdelegate as provided by law, to implement the present delegation of authority, and in particular to:
  - decide the capital increase and the securities to be issued,
  - decide upon the amount of the capital increase, the issuance price, and the amount of any premium that may be required on issuance,
  - determine the dates and terms of the capital increase and the nature, number, and characteristics of the securities to be issued and, in the case of bonds or other debt instruments (including securities entitling their holders to the allotment of debt securities covered by Article L.228-91 of the French Commercial Code), determine whether they are subordinated or not (and where relevant their subordination ranking, in accordance with Article L.228-97 of the French Commercial Code), set their rate of interest (which may be fixed or variable rate of interest, or zero coupon or indexed), specify, if applicable, any circumstances in which payment of interest will or may be suspended or passed, stipulate their term (fixed or perpetual), the possibility of a reduction or increase in their nominal value, and set the other terms of issuance (including the granting of security or collateral) and of amortization (including the possibility of redemption by delivery of Company assets); if applicable, such securities may be accompanied by warrants entitling their holders to the allotment, acquisition or subscription of bonds or other debt instruments or include an option for the Company to issue debt instruments (whether fungible or not) in lieu of interest payments suspended by the Company, or take the form of complex debt instruments in the sense understood by the stock market authorities (for example, due to their redemption or remuneration terms or other rights such as indexation or option rights); amend, during the life of the relevant securities, the above terms, in compliance with applicable formalities,
  - determine the method of payment for shares or securities giving access to the capital to be issued immediately or in the future,
  - set terms for the exercise of rights (rights to conversion, exchange or redemption as the case may be, including by delivery of Company's assets such as treasury shares or securities already issued by the Company) attached to the shares or securities giving access to the capital, and in particular set the date, which may be retrospective, from which the new shares will rank for dividend, and all other terms and conditions for the completion of the capital increase,
  - set the terms on which the Company may have the option of purchasing or exchanging on the stock market, at any time or during specified periods, the securities issued or to be issued immediately or in the future, whether or not such purchase or exchange be made with a view to cancellation thereof in accordance with the law,
  - allow for the option of suspending the exercise of the rights attached to such securities in conformity with the relevant laws and regulations,
  - in the case of an issuance of securities as compensation for securities contributed within the framework of a public offer with an exchange component (*OPE*), establish the list of securities to be contributed to the exchange, set the issuance terms, the exchange ratio as well as, if applicable, the amount of the cash balance to be paid without having to apply the method for the determination of the price set forth in paragraph 9 of this resolution and set the issuance terms within the framework of either an *OPE*, an alternative purchase or exchange offer, or a single offer proposing the purchase or exchange of selected securities in exchange for a payment in cash and securities, or a public tender offer (*OPA*) or an exchange offer followed by a subsidiary *OPE* or *OPA*, or any other form of public offer that complies with applicable laws and regulations,

- at its sole discretion, charge the cost of capital increases against the premium arising thereon, and deduct from this premium the sums necessary to fund the legal reserve,
  - make all adjustments to take account of the impact of transactions involving the capital of the Company, in particular a change in the par value of the share, increase in share capital by incorporation of reserves, allotment of free shares, stock split or reverse stock split, distribution of reserves or of any other assets, amortization of capital or any other transaction affecting shareholders' equity or the share capital (including by a public tender offer and/or in the event of a change of control), and set the terms on which any rights of holders of securities giving access to the capital are to be preserved,
  - duly record completion of each capital increase and make the necessary amendments to the Articles of Association,
  - generally, enter into all agreements, in particular to ensure completion of the proposed issuances, take all measures and accomplish all formalities required for the issuance, listing and financial administration of securities issued by virtue of the present delegation and for the exercise of the rights attached thereto;
11. formally notes that the present delegation cancels with effect from this day any unused portion of any prior delegation having the same purpose, namely any global delegation of authority relating to increases in the share capital without preferential subscription rights through a public offering, covering the securities and transactions mentioned in the present resolution;
12. formally notes the fact that, in the event of the use by the Board of Directors of the powers that are delegated to in the present resolution, the Board of Directors will report to the following Ordinary Shareholders' Meeting, in accordance with applicable laws and regulations, on the use made of the powers conferred in the present resolution.

### Twenty-first resolution

#### **(Delegation to the Board of Directors of authority to decide a capital increase by incorporation of premiums, reserves, profits or other items)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions for Ordinary Shareholders' Meetings, and having considered the Board of Directors' report and in accordance with Article L.225-130 of the French Commercial Code:

1. delegates to the Board of Directors, with powers to subdelegate as provided by law, its authority to decide

to carry out increases in the share capital on one or more occasions in the proportions and at the times it sees fit by the incorporation of share premium, reserves, profits or other sums that may be converted into capital under the terms of the law and the Company's Articles of Association, in the form of an issuance of new capital shares or of an increase of the par value of existing capital shares or by a combination of these two methods. The aggregate par value of capital increases thus effected may not exceed 40 million euros, it being stipulated that this amount will count towards the overall ceiling specified in section 3 of the nineteenth resolution of the present meeting or, as the case may be, towards any overall ceiling stipulated by any similar resolution that may supersede said resolution during the period of validity of the present delegation;

2. in the event the Board of Directors makes use of the present delegation of authority, delegates to the Board full powers, with powers to subdelegate as permitted by law, to implement the present delegation, and in particular to:
  - determine the amount and nature of sums to be incorporated into the capital, set the number of new capital shares to be issued and/or the amount by which the par value of the existing capital shares is to be increased and decide the date, which may be retrospective, from which the new capital shares will rank for dividend or the increase in the par value of the existing capital shares will take effect,
  - decide, in the event of an allotment of free capital shares:
    - that fractional rights will not be negotiable and that the corresponding capital shares will be sold, the proceeds of such sale being allocated to the holders of the rights on terms specified in the law and regulations,
    - that those of the shares allotted by virtue of the present delegation in respect of existing shares enjoying double voting rights will enjoy this same right from the time of issuance,
  - make all adjustments to take account of the impact of transactions involving the capital of the Company, in particular in the event of a change in the par value of the share, increase in share capital by incorporation of reserves, allotment of free shares, stock split or reverse stock split, distribution of reserves or of any other assets, amortization of capital or any other transaction affecting shareholders' equity or the share capital (including by a public tender offer and/or in the event of a change of control), and set the terms on which any rights of holders of securities giving access to the capital are to be preserved,
  - duly record completion of each capital increase and make the necessary amendments to the Articles of Association,

- generally, enter into all agreements, take all measures and accomplish all formalities required for the issuance, listing and financial administration of securities issued by virtue of the present delegation and for the exercise of the rights attached thereto;
- 3. formally notes that the present delegation cancels with effect from this day any unused portion of any prior delegation having the same purpose, namely any delegation of authority relating to increases in the share capital by incorporation of share premium, reserves, profits or other items. It is granted for a period of twenty-six months from this day.

### Twenty-second resolution

#### **(Delegation to the Board of Directors of authority to increase the number of securities to be issued in case of a capital increase with or without preferential subscription rights)**

The Shareholders' Meeting, having satisfied on the quorum and majority conditions for Extraordinary Meetings, having considered the Board of Directors' report and the statutory auditors' special report, and in accordance with Article L.225-135-1 of the French Commercial Code:

- 1) delegates to the Board of Directors, with powers to subdelegate as provided by law, its authority to decide to increase the number of shares to be issued in the event of an increase in the Company's share capital with or without preferential subscription rights, at the same price as that used for the initial issuance, within the limits as to time and quantity specified in the applicable regulations as of the date of the issuance (as of this day, within the thirty days following the closure of the subscription and up to a maximum of 15% of the initial issuance), in particular with a view to granting an oversubscription option in accordance with market practices;
- 2) resolves that the aggregate par value of capital increases decided upon by virtue of the present resolution will count towards the ceiling applicable to the initial issuance and towards the overall ceiling stipulated in section 3 of the nineteenth resolution of the present meeting or, as the case may be, towards any overall ceiling stipulated by any similar resolution that may supersede said resolution during the period of validity of the present delegation.

The present authorization is granted for a period of twenty-six months from the date of the present Meeting.

### Twenty-third resolution

#### **(Authorization to be granted to the Board of Directors to reduce the share capital through cancellation of treasury shares)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions for Extraordinary Meetings, having considered the Board of Directors' report and the statutory auditors' special report, authorizes the Board of Directors to reduce the share capital, on one or more occasions, in the proportions and at the times it sees fit, by cancellation of any quantity of treasury shares it sees fit up to the limits authorized by law, in accordance with Article L.225-209 *et seq.* of the French Commercial Code and L.225-213 of the same Code.

The maximum number of shares that may be canceled by the Company by virtue of the present authorization during a period of twenty-four months is 10% of the shares constituting the share capital of the Company, at any time (for information purposes, the share capital of the Company being constituted, *i.e.*, of 7,862,879 shares at December 31, 2010), it being understood that this limit applies to an amount for the capital of the Company that may if necessary be adjusted to take account the transactions affecting it subsequent to the present Shareholders' Meeting.

This authorization cancels with effect from this day any unused portion of any previous delegation to the Board of Directors of authority to reduce the share capital by cancellation of treasury shares. It is granted for a period of twenty-six months from this day.

The Shareholders' Meeting gives full powers to the Board of Directors, with authority to delegate, to carry out such cancellation(s) and reduction(s) of share capital as may be carried out by virtue of the present authorization, amend the Articles of Association accordingly and accomplish all formalities.

### Twenty-fourth resolution

#### **(Delegation to the Board of Directors of authority to decide a capital increase, through the issuance of shares or securities giving access to the capital reserved for members of company savings plans, with waiver of preferential subscription rights in favor of such members)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions for Extraordinary Meetings, having considered the Board of Directors' report and the

statutory auditors' special report, and in accordance with Articles L.225-129-2, L.225-129-6 and L.225-138-1 of the French Commercial Code and with Article L.3332-18 to L.3332-24 of the French Labor Code:

- 1) delegates to the Board of Directors, with powers to subdelegate as provided by law, its authority to decide to carry out increases in the share capital, on one or more occasions, up to a maximum aggregate par value of 5 million euros, by issuing shares or securities giving access to the capital of the Company reserved for members of one or more company savings plans (or any other plan for whose members a capital increase may be reserved on equivalent terms under Article L.3332-1 *et seq.* of the French Labor Code or any analogous law or regulation) implemented within a French or foreign entity or group of entities falling within the scope of the Company's consolidated or combined financial statements pursuant to Article L.3344-1 of the French Labor Code, it being stipulated that this resolution may be used to implement leverage effect formulas and that the maximum aggregate par value of capital increases made immediately or in the future under the present delegation will count towards the overall ceiling specified in section 3 of the nineteenth resolution of the present Meeting or, as the case may be, towards any overall ceiling stipulated by any similar resolution that may supersede said resolution during the period of validity of the present delegation;
2. sets the period of validity of the delegation of authority of issuance covered by the present delegation at twenty-six months from the date of the present Meeting;
3. resolves that the issuance price of the new shares or securities giving access to the capital will be determined on the terms stipulated in Article L.3332-18 of the French Labor Code and will be equal to at least 80% of the Reference Price (as defined below) or 70% of the Reference Price where the lock-up period stipulated by the plan in application of Articles L.3332-25 and L.3332-26 of the French Labor Code is ten years or more; for the purposes of the present section, the Reference Price refers to the volume weighted average of the quoted market prices of the Company's shares on the regulated market of Euronext Paris for the twenty stock exchange trading sessions preceding the date of the decision setting the opening date of the subscription period for members of a company or group savings (or similar) plan;
4. authorizes the Board of Directors to allot to the beneficiaries indicated above, in addition to the shares or securities giving access to the capital subscribed for in cash, free shares or securities giving access to the capital, to be issued or already issued, in full or partial substitution for the discount to the Reference Price and/or by way of top-up employer's contribution, it being stipulated that the benefit resulting from such allotment may not exceed the legal or regulatory limits applicable under Article L.3332-10 *et seq.* of the French Labor Code;
5. resolves to waive in favor of the aforesaid beneficiaries the preferential subscription rights of shareholders in respect of the shares and securities giving access to the capital covered by the present delegation, said shareholders also waiving, in the event of an allotment to such beneficiaries of free shares or securities giving access to the capital, any rights to such shares or securities giving access to the capital, including the portion of reserves, profits, or share premium incorporated into the share capital to the extent of the free allotment of said securities on the basis of the present resolution;
6. authorizes the Board of Directors, on the terms specified in the present delegation of authority, to make sales of shares as permitted under Article L.3332-24 of the French Labor Code to members of a company or group savings (or similar) plan, it being stipulated that the aggregate par value of shares sold at a discount to members of one or more of the employee savings plans covered by the present resolution will count towards the ceilings mentioned in section 1 above;
7. resolves that the Board of Directors will have full powers to implement the present delegation, with powers to subdelegate as provided by law subject to the aforementioned limits and terms, and in particular to:
  - establish in accordance with the law a list of those companies for which the beneficiaries indicated above may subscribe for the shares or securities giving access to the capital thereby issued and who may be allotted free shares or securities giving access to the capital,
  - decide that subscriptions may be made directly by beneficiaries belonging to a company or group savings (or similar) plan, or via dedicated mutual funds or other vehicles or entities permitted under the applicable laws and regulations,
  - determine the conditions, in particular as regards length of service, that must be met by the beneficiaries of the capital increases,
  - set the opening and closing dates for subscriptions,

- set the amounts of issuances to be made under the present authorization and in particular determine the issuance prices, dates, time limits, terms and conditions of subscription, payment, delivery and date of ranking for dividend of the securities (which may be retrospective), rules for scaling down in the event of oversubscription and any other terms and conditions of the issuances, subject to applicable legal and regulatory limits,
- in the case of an issuance of free shares or of securities giving access to the capital, determine the nature, characteristics and quantity of shares or securities giving access to the capital to be issued, the quantity to be allotted to each beneficiary, and determine the dates, time limits, and terms and conditions of allotment of such shares or securities giving access to the capital subject to applicable legal and regulatory limits, and in particular choose to either wholly or partially substitute the allotment of such shares or securities giving access to the capital for the discount to the Reference Price specified above or offset the equivalent value of such shares or securities against the total amount of the employer's contribution or a combination of these two options,
- in the case of an issuance of new shares, charge any amounts required to pay up said shares against reserves, profits, or share premium,
- duly record the completion of a capital increase equal to the amount of shares actually subscribed,
- where appropriate, charge the costs of the capital increases against the premium arising thereon, and deduct from this premium the sums necessary to increase the legal reserve to one-tenth of the new share capital after each capital increase,
- enter into all agreements and accomplish directly or indirectly via an agent all transactions and formalities, including the formalities required as a result of capital increases and the necessary amendments to the Articles of Association,
- generally, enter into all agreements, in particular to ensure completion of the proposed issuances, take all measures and decisions and accomplish all formalities required for the issuance, listing and financial administration of securities issued by virtue of the present delegation and for the exercise of the rights attached thereto or required as a result of capital increases;
- 8. resolves that this authorization cancels with effect from this day any unused portion of any prior delegation to the Board of Directors of authority to increase the Company's share capital by issuing shares or securities giving access to the capital of the Company reserved for members of employee savings plans, with preferential subscription rights waived in their favor.

### Twenty-fifth resolution

#### **(Delegation to the Board of Directors of authority to grant stock options)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions for Extraordinary Meetings, having considered the Board of Directors' report and the statutory auditors' special report:

1. authorizes the Board of Directors, in accordance with Articles L.225-177 to L.225-186-1 of the French Commercial Code, with powers to subdelegate as provided by law, to grant on one or more occasions to beneficiaries designated by it among salaried employees and corporate officers of the Company and of companies or groupings associated with it under Article L.225-180 of said Code, options conferring the right to buy shares of the Company coming from repurchases made by the Company under the conditions stipulated by law;
2. resolves that the stock options granted under this authorization may not give the right to purchase more than a total of 660,000 shares;
3. resolves that the price to be paid when exercising the stock options shall be set by the Board of Directors on the day when the stock options are granted and that this price may not be less than or 100% of the average of the opening prices of the shares of the Company on the regulated market of Euronext Paris during the twenty trading sessions preceding the day the stock options are granted, or 80% of the average purchase price of the shares held by the Company under L.225-208 and L.225-209 of the French Commercial Code. If the Company carries out any of the transactions covered by Article L.225-181 or Article R.225-138 of the French Commercial Code, the Company shall take the necessary actions required by laws and regulations to protect the interests of the beneficiaries, including, if necessary, an adjustment of the number of shares that may be obtained by exercising the stock options granted to the beneficiaries to take into account the impact of this transaction;
4. resolves that the exercise of stock options granted to corporate officers shall be subject to the performance requirements set by the Board of Directors;
5. accordingly, the Shareholders' Meeting grants full powers to the Board of Directors to carry out this authorization and in particular:
  - to draw up the list of beneficiaries, or the category(ies) of beneficiaries, receiving stock options and to determine the number of stock options granted to each one,
  - to set the terms and conditions of the stock options, and in particular:

- the period of validity of the stock options, it being stipulated that the stock options shall be exercised within a period not exceeding eight years,
  - the exercise date(s) or period(s) for the stock options, it being stipulated that the Board of Directors may (a) move up the exercise dates or periods, (b) maintain the possibility of exercising the stock options, or (c) modify the dates or periods when the shares obtained by exercising stock options may not be transferred or transformed into bearer shares,
  - clauses forbidding the immediate resale of all or a portion of the shares; however, the period during which the shares must be kept may not exceed three years from the exercise of the option, with the stipulation that in the case of options granted to corporate officers, the Board of Directors must either (a) decide that the options may not be exercised by the persons in question before the end of their functions, or (b) determine the quantity of shares that must be kept as registered shares until the end of their functions,
  - if need be, to limit, suspend, restrict or forbid the exercise of stock options or the transfer or transformation into bearer shares of shares obtained by exercising stock options during certain periods or following certain events; its decision may apply to all or a portion of the options or shares or to all or a portion of the beneficiaries;
6. resolves that this authorization cancels as of this date the unused portion, if applicable, of any prior authorization granted to the Board of Directors for purposes of issuing stock options. It is granted for a period of twenty-six months from this date.

#### Twenty-sixth resolution

#### **(Delegation to the Board of Directors of authority to allot free shares, either existing or to be issued, to all or some of the Group's salaried employees or corporate officers)**

The Shareholders' Meeting, having satisfied the quorum and majority conditions for Extraordinary Meetings, having considered the Board of Directors' report and the statutory auditors' special report:

1. authorizes the Board of Directors, in accordance with Article L.225-197-1 *et seq.* of the French Commercial Code, to allot free shares, existing or to be issued (other than preferred shares), on one or more occasions, to beneficiaries or categories of beneficiaries designated by it among the salaried employees of the Company or of companies or grouping associated with it pursuant to Article L.225-197-2 of said Code, and the corporate officers of the Company or companies or grouping associated with it who satisfy the provisions of Article L.225-197-1, II, of said Code, according to the terms and conditions set forth hereafter;
2. resolves:
  - (i) that existing shares or shares to be issued under this delegation may not give the right to obtain more than a total of 540,000 shares, and
  - (ii) that the par value of the capital increases that may be made immediately or in the future under this delegation shall count toward the overall ceiling specified in section 3 of the nineteenth resolution of this Shareholders' Meeting, or, as the case may be, towards any overall ceiling stipulated by any similar resolution that would supersede said resolution during the period of validity of this delegation;
3. resolves that the allotment of such shares shall become final either at the end of a minimum vesting period of three years, with the beneficiaries required to keep the shares for a minimum of two years from vesting, or at the end of a minimum vesting period of five years, with the beneficiaries then having no obligation to keep the shares for any period of time. In both cases, the allotment of such shares shall become final before the expiry of the abovementioned period in the event that the beneficiary becomes disabled, within the definition set down in the second or third categories specified by Article L.341-4 of the Social Security Code and that the shares shall be freely transferable if the beneficiary becomes disabled as per the abovementioned categories of the French Social Security Code;
4. resolves that in the case of free shares granted to corporate officers, the final acquisition shall be subject to performance requirements set by the Board of Directors;
5. grants full powers to the Board of Directors, with powers to subdelegate as provided by law, to implement this delegation of authority, and in particular to:
  - decide whether the free shares allotted are to be issued or are existing shares,
  - draw up the list of beneficiaries or the category(ies) of beneficiaries of the share allotments among the members of the personnel and the corporate officers of the Company or companies or groupings specified above and the number of shares allotted to each of them,
  - set the conditions and any allotment criteria, and in particular, the minimum vesting period and the period each

beneficiary is required to keep the shares, under the terms and conditions set forth above, with the stipulation that in the case of free shares allotted to corporate officers, the Board of Directors shall either (a) decide that the free shares allotted may not be transferred by the persons in question before the end of their functions or (b) determine the quantity of free shares allotted that must be kept as registered shares until the end of their functions,

- include an option to temporarily suspend the allotment rights,
  - record the final allotment dates and the dates after which the shares may be freely transferred, in light of the applicable legal restrictions,
  - record the allotted free shares in an account registered in the name of their holder, mentioning the transfer restriction and the term thereof, and to cancel such transfer restrictions for any reason that applicable regulations would allow the cancellation of the transfer restriction,
  - in the event new shares are issued, to charge any amounts required to pay up said shares against reserves, profits or share premium; to record the capital increases made under this delegation; to make corresponding modifications to the Articles of Association; and generally to carry out all necessary procedures and formalities;
6. decides that the Company can, if need be, adjust the number of free shares allotted so as to preserve the rights of beneficiaries in relation to any transactions involving the Company's share capital, and in particular a change in the par value of the share, an increase in share capital by incorporation of reserves, allotment of free shares, issuance of new shares with preferential subscription rights reserved for shareholders, stock split or reverse stock split, distribution of reserves, issuance premiums or any other assets, amortization of capital, change in the allocation of earnings through the creation of preference shares, or any other transaction affecting shareholders' equity or share capital (including by way of a public offering and/or in the

event of a change of control). The shares allotted pursuant to these adjustments shall be considered allotted on the same day as the shares initially allotted;

7. formally notes that in the event new free shares are allotted, this delegation shall constitute, as and when the allotment of said shares will happen automatically, a capital increase through the incorporation of reserves, profits or issuance premiums in favor of the beneficiaries of said shares and a corresponding waiving by shareholders in favor of said beneficiaries of their preferential subscription rights in respect of said shares;
8. formally notes that, should the Board of Directors make use of this delegation, it shall inform the Ordinary Shareholders' Meeting each year of the transactions carried out under Articles L.225-197-1 to L.225-197-3 of the French Commercial Code, in accordance with Article L.225-197-4 of said Code;
9. formally notes that this delegation cancels with immediate effect any unused portion of any previous delegation to the Board of Directors of authority to allot free shares, either existing or to be issued, to all or some of the salaried employees or corporate officers of the Group;
10. resolves that this delegation of authority is given for a period of twenty-six months as from this date.

### Twenty-seventh resolution

#### **(Delegation of powers to carry out corporate formalities)**

The Shareholders' Meeting gives full powers to the bearer of an original, copy or extract of the minutes of its deliberations to carry out any formalities including the filing, publication, and others required of it.

# Composition of the Board of Directors during the year ending December 31, 2010

At December 31, 2010, the members of the Board of Directors were:

- Pascal Colombani;
- Jacques Aschenbroich;
- Gérard Blanc;
- Daniel Camus;
- Jérôme Contamine;
- Michel de Fabiani;
- Philippe Guédon;
- Michael Jay;
- Helle Kristoffersen;
- Noëlle Lenoir;
- Georges Pauget.

The table below provides information about Directors holding office during 2010:

Name and business address of the Director	Number of Valeo shares held	First appointed	Start of current term of office	End of current term of office	Main position held in the Company	Main position outside the Company	Other directorships and positions held in companies other than Valeo subsidiaries during the past five years
<b>Pascal Colombani</b> French 65 Valeo 43, rue Bayen 75017 Paris France	600	05/21/2007	05/21/2007	Shareholders' Meeting called to approve the 2010 financial statements	Chairman of the Board of Directors	Senior Adviser, A.T. Kearney	<ul style="list-style-type: none"> <li>■ Director: British Energy Group Plc* (until June 9, 2011), Alstom SA*, Rhodia SA*, Technip SA*, Energy Solutions Inc.*, EDF, IFP, Cogéma</li> <li>■ Member, French Academy of Technology (Académie des technologies)*</li> <li>■ Chairman of the Supervisory Board, Areva</li> <li>■ Chairman of the Board of Directors, ENS Cachan</li> <li>■ Chairman, Association française pour l'avancement des sciences</li> <li>■ Senior Advisor, Detroyat et Associés, Arjil Banque</li> </ul>

\* Current directorships and positions.

## Composition of the Board of Directors

Name and business address of the Director	Number of Valeo shares held	First appointed	Start of current term of office	End of current term of office	Main position held in the Company	Main position outside the Company	Other directorships and positions held in companies other than Valeo subsidiaries during the past five years
<b>Jacques Aschenbroich</b> French 56 Valeo 43, rue Bayen 75017 Paris France	7,000	03/20/2009	03/20/2009	Shareholders' Meeting called to approve the 2010 financial statements	Chief Executive Officer	<ul style="list-style-type: none"> <li>■ Chairman of Valeo Finance, Valeo Service, Valeo SpA, Valeo (UK) Limited</li> <li>■ Director, Valeo Service España, S.A.</li> </ul>	<ul style="list-style-type: none"> <li>■ Chairman, CEO and Director, SEPR-Société européenne des produits réfractaires – France</li> <li>■ Chairman and CEO, Saint-Gobain Glass France</li> <li>■ Chairman, Saint-Gobain Sekurit France</li> <li>■ Vice-Chairman, Chairman, CEO and Director, Saint-Gobain Corporation (US)</li> <li>■ Chairman and CEO, Saint-Gobain Advanced Ceramics Corp. (US)</li> <li>■ Chairman: Saint-Gobain Abrasives Inc. (US), Saint-Gobain Advanced Ceramics Corp. (US), and Saint-Gobain Ceramics &amp; Plastics Inc. (US)</li> <li>■ Chairman: Saint-Gobain Corporation Foundation Inc. (US), and Saint-Gobain Ceramics &amp; Plastics Inc. (US)</li> <li>■ Director: École nationale supérieure des mines ParisTech*, Saint-Gobain Corporation (US), Saint-Gobain Corporation Foundation Inc. (US), Saint-Gobain Performance Plastics Corp. (US), Saint-Gobain Containers Inc. (US) Solaglas Ltd (UK), Saint-Gobain Sekurit Hanglas Polska (Poland), Saint-Gobain Sekurit Benelux SA (Belgium), Saint-Gobain Sekurit Italia (Italy), Grindwell Norton Ltd. (India), Saint-Gobain Glass India Ltd. (India) and Saint-Gobain Sekurit India (India), Saint-Gobain KK (Japan), Hankuk Glass Industries Inc. (South Korea), Saint-Gobain Glass Mexico (Mexico), Saint-Gobain Sekurit Mexico (Mexico), ESSO SAF.</li> <li>■ Member of the Supervisory Board: Saint-Gobain Autoglas GmbH (Germany), and Saint-Gobain Glass Deutschland GmbH (Germany)</li> <li>■ Member of the Advisory Board, AvanCis GmbH &amp; Co KG (Germany)</li> </ul>

\* Current directorships and positions.

Name and business address of the Director	Number of Valeo shares held	First appointed	Start of current term of office	End of current term of office	Main position held in the Company	Main position outside the Company	Other directorships and positions held in companies other than Valeo subsidiaries during the past five years
<b>Behdad Alizadeh</b> French 49 Pardus Europe SAS 21, avenue George V 75008 Paris France (Member of the Board of Directors until 08/17/2010)	100	06/20/2008	06/20/2008	08/17/2010		Chairman, Pardus Europe SAS	<ul style="list-style-type: none"> <li>■ Partner, Pardus Capital Management L.P.</li> <li>■ Member of the Supervisory Board, Atos Origin*</li> <li>■ Member of the Board of Directors, Governor's Committee on Scholastic Achievement*</li> <li>■ Managing Director and Head of Merchant Banking, Bank of New York</li> <li>■ Member of the Board of Directors, Caliber Collision Centers</li> <li>■ Member of the Board of Directors, Mid West Wholesale Distribution</li> </ul>
<b>G�rard Blanc</b> French 68 Marnac Gestion SAS 17, rue Joseph Marnac 31300 Toulouse France <i>Independent</i>	500	05/21/2007	05/21/2007	Shareholders' Meeting called to approve the 2010 financial statements		Chairman and CEO, Marnac Gestion SAS	<ul style="list-style-type: none"> <li>■ Director, Sogclair*</li> <li>■ Executive Vice President of Operations, Airbus</li> </ul>
<b>Daniel Camus</b> French 58 151, boulevard Haussmann 75008 Paris France <i>Independent</i>	500	05/17/2006	06/03/2010	Shareholders' Meeting to be called to approve the 2013 financial statements		Group Executive Vice President in charge of International Activities and Strategy, EDF group until December 1, 2010, previously Chief Operating Officer in charge of Finance and International Development, EDF group until March 29, 2010	<ul style="list-style-type: none"> <li>■ Member of the Supervisory Board: Morphosys (Germany)*, SGL Carbon (Germany)*, Vivendi SA*, EnBW (Germany), Dalkia SA</li> <li>■ Chairman of the Board of Directors, EDF International*</li> <li>■ Director: EDF Energy (UK)*, Edison (Italy), and Transalpina di Energia (Italy)</li> </ul>

\* Current directorships and positions.

## Composition of the Board of Directors

Name and business address of the Director	Number of Valeo shares held	First appointed	Start of current term of office	End of current term of office	Main position held in the Company	Main position outside the Company	Other directorships and positions held in companies other than Valeo subsidiaries during the past five years
<b>Jérôme Contamine</b> French 53 Sanofi- Aventis 174, avenue de France 75635 Paris Cedex 13 France <i>Independent</i>	2,000	05/17/2006	06/03/2010	Shareholders' Meeting to be called to approve the 2013 financial statements	Executive Vice-President and Chief Financial Officer, Sanofi-Aventis		<b>Sanofi-Aventis group</b> <ul style="list-style-type: none"> <li>■ President, SECIPE* and Sanofi 1*</li> <li>■ Manager, Sanofi 4* and Sanofi-Aventis North America*</li> <li>■ CEO: Sanofi-Aventis Europe* and Sanofi-Aventis Participations*</li> <li>■ Director: Sanofi Pasteur Holding*, Meril Ltd. (UK)*, and Zentiva NV (Netherlands)</li> </ul> <b>Outside Sanofi-Aventis group</b> <ul style="list-style-type: none"> <li>■ Executive General Manager, Veolia Environnement (until January 16, 2009)</li> <li>■ Chairman of the Board of Directors, VE Services-Ré</li> <li>■ Chairman, VE Europe Services (Belgium)</li> <li>■ Director: Veolia Transport, Veolia Propreté, VE Services-Ré, Veolia UK (UK), Veolia Environmental Services Plc (UK), Veolia ES Holdings Plc (UK), Veetra, Venac (US)</li> <li>■ CEO and Chairman of Venao (US)</li> <li>■ Managing Director, Veolia UK (UK)</li> <li>■ Chairman, VE IT</li> <li>■ Member of the Management Board, Vivendi Environnement</li> <li>■ Member of the Supervisory Board: Veolia Eau and Dalkia France</li> <li>■ Member: Dalkia's A and B Supervisory Boards</li> <li>■ Director, Rhodia</li> </ul>

\* Current directorships and positions.

Name and business address of the Director	Number of Valeo shares held	First appointed	Start of current term of office	End of current term of office	Main position held in the Company	Main position(s) outside the Company	Other directorships and positions held in companies other than Valeo subsidiaries during the past five years
<b>Michel de Fabiani</b> French 65 Franco-British Chamber of Commerce and Industry (CCI Franco-Britannique) 31, rue Boissy d'Anglas 75008 Paris France	500	10/20/2009	10/20/2009	Shareholders' Meeting called to approve the 2010 financial statements		Chairman, Franco-British Chamber of Commerce and Industry (CCI Franco-Britannique)	<ul style="list-style-type: none"> <li>■ Chairman and CEO, BP France</li> <li>■ Regional President Europe, BP group</li> <li>■ Vice-President, Europia (European Oil Industry Association) (Brussels, Belgium)</li> <li>■ Chairman of the Board of Directors, British Hertford Hospital Corporation (Levallois, France)*</li> <li>■ Founding President: Cercle économique Sully, and Association for the Promotion of Ecological Vehicle (Association pour la promotion des véhicules écologiques)*</li> <li>■ Director: BP France*, Rhodia group*, Vallourec group*, EB Trans SA (Luxembourg)*, Star Oil Mali, SEMS (Morocco)</li> </ul>
<b>Philippe Guédon</b> French 77 Espace Développement 16, rue Troyon 92316 Sèvres France <i>Independent</i>	500	03/31/2003	05/21/2007	Shareholders' Meeting called to approve the 2010 financial statements		Managing Partner, Espace Développement	<ul style="list-style-type: none"> <li>■ Chairman and Chief Executive Officer, Matra</li> <li>■ Chairman of the Supervisory Board, Matra Automobile</li> </ul>
<b>Michael Jay</b> British 64 House of Lords Westminster London SW1A OPW United Kingdom <i>Independent</i>	500	05/21/2007	05/21/2007	Shareholders' Meeting called to approve the 2010 financial statements		Member of the House of Lords in the UK	<ul style="list-style-type: none"> <li>■ Director: Crédit Agricole* and EDF*</li> <li>■ Non-executive Director: Associated British Foods (ABF)*, Candover Investments Plc*</li> <li>■ Independent member of the House of Lords*</li> <li>■ Chairman, House of Lords Appointments Commission*</li> <li>■ Vice-Chairman, Business for New Europe*</li> <li>■ Chairman: Merlin (an international medical charity)*, and Culham Languages and Sciences (an educational charity)*</li> <li>■ Permanent Under Secretary, Foreign &amp; Commonwealth Office</li> <li>■ Trustee, British Council</li> </ul>

\* Current directorships and positions.

## Composition of the Board of Directors

Name and business address of the Director	Number of Valeo shares held	First appointed	Start of current term of office	End of current term of office	Main position held in the Company	Main position outside the Company	Other directorships and positions held in companies other than Valeo subsidiaries during the past five years
<b>Helle Kristoffersen</b> French 46 Total 2, place Jean Millier La Défense 6 92078 Paris La Défense Cedex France <i>Independent</i>	500	03/22/2007	05/21/2007	Shareholders' Meeting called to approve the 2010 financial statements		Deputy, Vice President of Strategy and Business Intelligence, Total	<ul style="list-style-type: none"> <li>■ Senior Vice President of Vertical Markets, Alcatel-Lucent</li> <li>■ Vice President of Economic Analysis, Alcatel group</li> <li>■ Vice President of Corporate Strategy, Alcatel-Lucent</li> </ul>
<b>Noëlle Lenoir</b> French 62 Jeantet et Associés 87, avenue Kléber 75116 Paris France <i>Independent</i>	1,000	06/03/2010	06/03/2010	Shareholders' Meeting called to approve the 2013 financial statements		Partner, Jeantet et associés	<ul style="list-style-type: none"> <li>■ President, Institute of Europe (Institut de l'Europe) at HEC*</li> <li>■ Member, American Law Institute*, French Academy of Technology*, French Association of Women Lawyers (Association française des femmes juristes)*, High Level Group of Company Law Experts at the European Commission*</li> <li>■ Director, Generali France*</li> <li>■ Municipal Advisor, Valmondois (Val d'Oise, France)*</li> <li>■ Founding Chairman, Cercle des Européens*</li> <li>■ Honorary Chairman, les amis d'Honoré Daumier*</li> <li>■ Associate Professor, HEC*</li> <li>■ Lecturer, Paris I Panthéon-Sorbonne*</li> <li>■ Member of the Steering Committee, Association des maires de France</li> </ul>

\* Current directorships and positions.

Name and business address of the Director	Number of Valeo shares held	First appointed	Start of current term of office	End of current term of office	Main position held in the Company	Main position outside the Company	Other directorships and positions held in companies other than Valeo subsidiaries during the past five years
<b>Georges Pauget</b> French 63 Economie, Finance et Strategie S.A.S. 89 avenue de Wagram 75017 Paris France <i>Independent</i>	100	04/10/2007	05/21/2007	Shareholders' Meeting to be called to approve the 2010 financial statements	Chairman, Économie, Finance et Stratégie SAS		<ul style="list-style-type: none"> <li>■ Honorary Chairman of the Board of Directors, LCL – Le Crédit Lyonnais*</li> <li>■ Chairman: Amundi group*</li> <li>■ Chairman of the Board of Directors, Viel &amp; Cie*</li> <li>■ Chairman: Insead OEE Data Service*, and the Institut pour l'éducation financière du public (IEFP)*</li> <li>■ Member of the Supervisory Board, Eurazeo*</li> <li>■ Chairman, Fédération bancaire française (FBF)</li> <li>■ Director: Danone Communities*, Club Med*, Banca Intesa</li> <li>■ Representative, Crédit Agricole SA at the Club des Partenaires of Association TSE (Toulouse School of Economics)*</li> <li>■ CEO, Crédit Lyonnais</li> <li>■ Chairman, Crédit Lyonnais</li> <li>■ CEO, Crédit Agricole S.A.</li> <li>■ Chairman, Crédit Agricole Corporate and Investment Bank</li> <li>■ Chairman, Finance Innovation "Competition Cluster" Europlace*</li> <li>■ Chairman, Projet Monnet for European bank cards*</li> <li>■ Scientific Director, and Chair of Asset Management, Paris Dauphine*</li> <li>■ Associate Professor, Université de Paris Dauphine*</li> <li>■ Visiting Professor, University of Beijing*</li> </ul>

\* Current directorships and positions.

# Appointment of Directors

## Ulrike Steinhorst

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Age 59.

Ulrike Steinhorst was appointed by the Board of Directors on February 24, 2011 to replace Behdad Alizadeh, who had resigned. The Annual General Meeting has been asked to ratify her appointment.

Ulrike Steinhorst holds no Valeo shares at present but shall own at least 500 within the legal time frame.

### Career

Ulrike Steinhorst has been the Cabinet Director of EADS Chief Executive President Louis Gallois since April 2007.

She started her career in France as a project executive at the Ministry for European Affairs, where she was in charge of relations with Germany during reunification. From 1990 to 1998 she worked at the International Division of EDF, then as head of international and institutional issues on the senior

management team, and later in the Power Generation Division (*Pôle Industrie*), where she was in charge of international subsidiaries. In 1999 she joined Degussa AG, where she was head of human resources for one of the Company's divisions before becoming Vice-President of Executive Development. She later headed the French subsidiaries of Degussa before taking charge of the Company's corporate representation office in Brussels.

Ulrike Steinhorst is a graduate of the University of Paris II – Panthéon, and *École Nationale d'Administration*.

### Directorships and positions in other companies over the past 5 years

Chief of Staff to the Chief Executive Officer, EADS\*.

Chairman, Degussa France Groupe SAS, and Rexim SAS.

## Jacques Aschenbroich

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Age 56.

Jacques Aschenbroich has been Chief Executive Officer and a Director of Valeo since March 20, 2009. The Annual General Meeting has been asked to renew his directorship for another four-year period.

He is also Chairman of Valeo Finance, Valeo Service, Valeo S.p.A. and Valeo (UK) Limited, as well as a Director of Valeo Service España S.A.

Jacques Aschenbroich holds 7,000 Valeo shares.

### Career

Jacques Aschenbroich pursued an industrial career in the Saint-Gobain group from 1988 to 2008. He was Senior Vice-Executive President of Compagnie de Saint-Gobain from October 2001 to December 2008, and managed the flat glass and high performance materials sectors as from January 2007 and, as Director of the Saint-Gobain Corporation and Agent General to the United States and Canada, he directed the Group's operations in the United States.

Jacques Aschenbroich is an engineering graduate from *École des Mines* (now mines ParisTech).

## Directorships and positions in other companies over the past 5 years

Director, *École Nationale Supérieure des Mines ParisTech*\*.

Chairman and Chief Executive Officer and Director, SEPR-*Société Européenne des Produits Réfractaires* (France).

Chairman and Chief Executive Officer, Saint-Gobain Glass (France).

Chairman, Saint-Gobain Sekurit (France).

Vice-Chairman, Chairman, Chief Executive Officer and Director, Saint-Gobain Corporation (United States).

Chairman and Chief Executive Officer, Saint-Gobain Advanced Ceramics Corp. (United States).

Chairman, Saint-Gobain Abrasives Inc. (United States), Saint-Gobain Advanced Ceramics Corp. (United States), and Saint-Gobain Ceramics & Plastics Inc. (United States).

Chairman, Saint-Gobain Corporation Foundation Inc. (United States) and Saint-Gobain Ceramics & Plastics Inc. (United States).

Director of Saint-Gobain Corporation (United States), Saint-Gobain Corporation Foundation Inc. (United States), Saint-Gobain Performance Plastics Corp. (United States), Saint-Gobain Containers Inc. (United States) Solaglas Ltd (United Kingdom), Saint-Gobain Sekurit Hanglas Polska (Poland), Saint-Gobain Sekurit Benelux SA (Belgium), Saint-Gobain Sekurit Italia (Italy), Grindwell Norton Ltd. (India), Saint-Gobain Glass India Ltd. (India) and Saint-Gobain Sekurit India (India), Saint-Gobain K.K. (Japan), Hankuk Glass Industries Inc. (South Korea), Saint-Gobain Glass Mexico (Mexico), Saint-Gobain Sekurit Mexico (Mexico), Esso S.A.F.

Member of the Supervisory Board, Saint-Gobain Autoglas GmbH (Germany) and Saint-Gobain Glass Deutschland GmbH (Germany).

Member, Consultative Committee of AvanCis GmbH & Co. KG (Germany).

## Gérard Blanc

Age 68.

Gérard Blanc has been a Director of Valeo since May 21, 2007. The Annual General Meeting has been asked to renew his directorship for another four-year period.

Gérard Blanc holds 500 Valeo shares.

### Career

Gérard Blanc is Chairman and Chief Executive Officer of Marignac Gestion S.A.S.

Earlier in his career Gérard Blanc was Executive Vice-President of Programs at Airbus until 2003, when he was appointed Executive Vice-President in charge of Operations, a position he held until 2005.

Gérard Blanc is a graduate of HEC business school in Paris.

## Directorships and positions in other companies over the past 5 years

Chairman and Chief Executive Officer, Marignac Gestion S.A.S.\*

Director, Sogclair\*.

### Pascal Colombani

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Age 65.

Pascal Colombani has been a Director of Valeo since May 21, 2007 and Chairman of the Board of Directors since March 20, 2009. The Annual General Meeting has been asked to renew his directorship for another four-year period.

Pascal Colombani holds 600 Valeo shares.

#### Career

Pascal Colombani is Senior Advisor for innovation, high technology and energy at the A.T. Kearney strategic consultancy.

From 2000 to December 2002 he was General Director of the French Atomic Energy Commission (*Commissariat à l'énergie atomique – CEA*). He chaired the Supervisory Board from the start of the restructuring of the industrial holdings of the CEA and the creation of Areva in 2000 until May 2003.

Pascal Colombani is a graduate of *École Normale Supérieure* of Saint-Cloud and holds a PhD in science.

#### Directorships and positions in other companies over the past 5 years

Senior Advisor for innovation, high technology and energy, A.T. Kearney\*.

Member, *Académie des technologies*\*.

Director, British Energy Group p.l.c.\*(until June 9, 2011), Alstom SA\*, Rhodia SA\*, Technip SA\*, Energy Solutions Inc.\*, EDF, IFP, and Cogema.

Chairman of the Board, Areva.

Chairman of the Board, ENS Cachan.

President, *Association française pour l'avancement des sciences*.

Senior Advisor to Detroyat et Associés, and Banque Arjil.

### Michel de Fabiani

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Age 65.

Michel de Fabiani has been a Director of Valeo since October 20, 2009. The Annual General Meeting has been asked to renew his directorship for a further four-year term.

Michel de Fabiani holds 500 Valeo shares.

#### Career

Michel de Fabiani was the first Frenchman to become President, in 2005 and again in 2009, of the Franco-British Chamber of Commerce and Industry. He joined BP Group in 1969. In 1997 he was appointed CEO of the BP/Mobil joint venture in Europe, and in 1999 President Europe of the BP Group and Vice-Chairman of Europa (European Oil Industry Association) in Brussels until 2004, when he left his executive functions after 35 years with BP.

Michel de Fabiani is a graduate of *École des Hautes Études Commerciales*.

#### Directorships and positions in other companies over the past 5 years

President, Franco-British Chamber of Commerce and Industry\*.

Chairman of the Board, British Hertford Hospital Corporation in Levallois (France)\*.

Director of BP France\*, Groupe Rhodia\*, Groupe Vallourec\*, EB Trans S.A. (Luxembourg)\*, Star Oil Mali, and SEMS (Morocco).

Founding President, *Cercle économique Sully* and *Association pour la promotion des véhicules écologiques*\*.

Chairman and Chief Executive Officer, BP France.

President Europe, BP group.

Vice-Chairman, Europa (European Oil Industry Association) (Brussels).

## Michael Jay

Age 64.

Michael Jay has been a Director of Valeo since May 21, 2007. The Annual General Meeting has been asked to renew his directorship for another four-year period.

Michael Jay holds 500 Valeo shares.

### Career

Michael Jay is an independent member of the House of Lords in the United Kingdom.

He is also a Non-Executive Director of Associated British Foods (ABF) and Candover Investments Plc, Chairman of the House of Lords Appointments Commission, Chairman of Merlin (an international medical charity) and of Culham Languages and Sciences (an educational charity), Vice-Chairman of Business for New Europe and a Director of Crédit Agricole and EDF.

Michael Jay was also a member of the European Sub-Committee on European Union Law and Institutions and the House of Lords select Committee on international institutions, and a member of GLOBE, an inter-parliamentary group on climate change. Between 2002 and 2006 he was

Permanent Under-Secretary at the British Foreign Office in charge of the Diplomatic Service. In 2005 and 2006 he served as the British Prime Minister's personal representative at the G8 summits at Gleneagles and St. Petersburg.

Michael Jay of Ewelme is an Honorary Fellow of Magdalen College, Oxford.

### Directorships and positions in other companies over the past 5 years

Independent Member of the House of Lords\*.

Director, Crédit Agricole\* and EDF\*.

Non-Executive Director, Associated British Foods (ABF)\* and Candover Investments Plc\*.

Chairman, House of Lords Appointments Commission\*.

Vice-Chairman, Business for New Europe\*.

Chairman, Merlin (international medical charity)\*, Culham Languages and Sciences (educational charity)\*.

Permanent Under-Secretary at the British Foreign & Commonwealth Office.

British Council trustee.

## Helle Kristoffersen

Age 46.

Helle Kristoffersen has been a Director of Valeo since March 22, 2007. The Annual General Meeting has been asked to renew her mandate for another four-year period.

Helle Kristoffersen holds 500 Valeo shares.

### Career

Helle Kristoffersen is Deputy Vice-President Strategy and Business Intelligence at Total. She was previously Senior Vice-President Vertical Markets, and, until December 31, 2008, Vice-President in charge of Corporate Strategy and Secretary of the Strategy Committee of the Alcatel-Lucent group (previously Alcatel), which she joined in 1994 as Financial Transactions Manager.

Helle Kristoffersen is a graduate of *École Normale Supérieure* and *École Nationale de la Statistique et de l'Administration Économique* (ENSAE).

### Directorships and positions in other companies over the past 5 years

Deputy Vice-President Strategy and Business Intelligence, Total\*.

Senior Vice-President Vertical Markets, Alcatel-Lucent.

Director of Economic Analysis, Alcatel Group.

Director of Corporate Strategy, Alcatel-Lucent.

## Georges Pauget

Age 63.

Georges Pauget has been a Director of Valeo since April 10, 2007. The Annual General Meeting has been asked to renew his directorship for a further four-year term.

Georges Pauget holds 100 Valeo shares.

### Career

Georges Pauget is Chairman of *Économie Finance et Stratégie S.A.S.* He is also Director of Viel & Cie, member of the Supervisory Board of Eurazeo, Chairman of Amundi group and President of Paris-Europlace's Finance Innovation Competitive Cluster (*Pôle de Compétitivité*).

He spent most of his career with the Crédit Agricole group, where he was Chief Executive Officer from September 2005 to March 2010. Among other positions, he was Chairman of the Board of Directors of LCL – Le Crédit Lyonnais, and Chairman of the Board of Calyon until March 2010, Chief Executive Officer and Chairman of the Executive Committee of LCL – Le Crédit Lyonnais, Permanent Representative of LCL – Le Crédit Lyonnais at the Fondation de France, and Chairman of the Executive Committee of the French Banking Federation (FBF) until September 2009.

Georges Pauget has a PhD in Economics and a Masters in Economics (with an econometrics option) from the University of Lyon.

### Directorships and positions in other companies over the past 5 years

Chairman, *Économie Finance et Stratégie S.A.S.\**

Honorary Chairman, the Board, LCL – Le Crédit Lyonnais\*.

Chairman, Amundi group\*.

Chairman, the Board of Viel & Cie\*.

Chairman, Insead OEE Data Service\* and *Institut pour l'Education Financière du Public (IEFP)\**.

Member of the Supervisory Board, Eurazeo\*.

Director, Danone Communities\*, Club Med\*, and Banca Intesa.

Representative of Crédit Agricole S.A. at the *Club des Partenaires de l'Association TSE* (Toulouse School of Economics)\*.

President, Paris-Europlace's Finance Innovation Competitive Cluster\*.

Chairman, the Monnet project for a European credit card\*.

Science Director of the Asset Management Chair at Paris Dauphine University\*.

Associate Professor, Paris Dauphine University\*.

Visiting Professor, Beijing University\*.

Chief Executive Officer, Crédit Lyonnais.

Chairman, Crédit Lyonnais.

Chief Executive Officer, Crédit Agricole S.A.

Chairman, Crédit Agricole Corporate and Investment Bank.

Chairman, Fédération bancaire française (FBF).

## Thierry Moulonguet

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Age 60.

### Career

Thierry Moulonguet spent most of his career with the Renault – Nissan group, which he joined in February 1991 as head of banking strategy and financial communication. He later served as Director of Financial Relations, Vice President of Capital Expenditures Controller, Vice Chief Executive Officer and Chief Financial Officer of Nissan before becoming Vice Chief Executive Officer and Chief Financial Officer of the Renault group and a member of its Executive Committee in 2004. From July 2010 until March 31, 2011, he served as Special Advisor to Renault's Chairman and CEO, Carlos Ghosn.

Thierry Moulonguet is a graduate of *École Nationale d'Administration* and *Sciences Po* Paris.

He holds no Valeo shares at present but shall own at least 500 within the legal time frame.

### Directorships and positions in other companies over the past 5 years

Special Advisor to the Chairman and CEO of Renault (until March 31, 2011).

Director of Fimalac SA\*, HSBC France\*, Fitch Ratings Ltd.\*, Groupe Lucien Barrière\*, Avtovaz.



# Request for documents and information

stipulated in articles R.225-81, R.225-83 and R.225-88 of the French Commercial Code



## Combined Shareholders' Meeting

**Wednesday June 8, 2011**

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

Return this application to the Securities and Brokerage Division of Société Générale – Shareholders' Meetings Department – 32, rue du Champ de Tir – PO BOX 81236 – F-44312 Nantes Cedex 3

The undersigned <sup>(1)</sup> .....

Last name (Mr, Mrs. or Miss) .....

First name .....

Street address .....

City .....

Postal Code .....

Owner of ..... Company-registered shares

..... bearer shares <sup>(2)</sup> or shares registered with a financial intermediary

Wishes to receive the documents or Information stipulated in Articles R. 225-81, R. 225-83 and R. 225-88 of the French Commercial Code concerning the Combined Shareholders' Meeting June 8, 2011.

Place ..... date ..... 2011

Shareholder's signature:

Pursuant to Article R. 225-88 of the French Commercial Code, those holders of shares registered with the Company may request to have the aforementioned documents and information for future Shareholders Meetings sent to them on a continuing basis.

(1) If an entity, indicate the precise corporate name.

(2) Attach a copy of the shareholding certificate (attestation de participation) issued by the intermediary in charge of managing your securities.





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French société anonyme with a Board of Directors with registered capital of €235,886,394  
Registered office: 43 rue Bayen, 75017 Paris - 552 030 967 RCS Paris  
[valeo.com](http://valeo.com)