
Shareholder additional information brochure 2011

Combined Shareholders' Meeting

Wednesday June 8, 2011, 2:30 PM

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

Automotive technology, naturally





Table of Contents

Special report on options to subscribe or purchase shares 2

Special report on the grant of free shares during fiscal year 2010 6

**Statutory Auditors' reports on the transactions covered
in 19th, 20th, 22nd, 23rd, 24th, 25th and 26th resolutions** 8

**Summary of the delegations granted by the Shareholders Meeting
to the Board of Directors relating to capital increase in force
on December 31, 2010** 14

Special report on options to subscribe or purchase shares

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.

The characteristics of the Company's options plans to subscribe or purchase shares, in force as at December 31, 2010, are described in the table attached in Schedule 1 to this report.

At December 31, 2010 the July 1, 2002 and November 25, 2002 plans had expired on June 30, and November 24, 2010 respectively, and were wound up through cancellation of 173,922 and 37,914 unexercised options to subscribe for shares (including rights to subscribe for shares resulting from the adjustment made subsequently to the OPRA/OPAS and relating respectively to 1,722 and 374 additional shares).

At December 31, 2010 the total number of options to subscribe for new shares or options to purchase existing shares granted and not yet exercised (after taking into

account cancelled options) was 159,660 options to subscribe for shares under the March 31, 2003 plan, 465,946 options (279,330 subscription options, 186,616 purchase options) for the November 6, 2003 plan, 646,649 options (504,002 subscription, 142,647 purchase options) for the November 8, 2004 plan, 323,730 options to purchase shares under the November 17, 2005 plan, 187,000 options to purchase shares under the March 3, 2006 plan, 759,007 options to purchase shares under the November 20, 2006 plan, 250,000 options to purchase shares under the March 7, 2007 plan, 1,194,500 options to purchase shares under the November 15, 2007 plan, 343,500 options to purchase shares under the March 20, 2008 plan and 984,450 options to purchase shares under the June 24, 2010.

Adjustment of the conditions for exercising options to subscribe or purchase shares

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

Therefore, at December 31, 2010 the total number of shares deliverable upon exercise of options to subscribe

or to purchase shares after the OPRA/OPAS adjustments amounted to 161,259 for the March 31, 2003 plan, 471,009 (282,490 shares relating to subscription options, 188,519 shares relating to purchase options) for the November 6, 2003 plan, and 653,124 (509,043 shares relating to subscription options, 144,081 shares relating to purchase options) for the November 8, 2004 plan.

These adjustments do not apply to the following plans: November 17, 2005 (323,730 purchase options), March 3, 2006 (187,000 purchase options), November 20, 2006 (759,007 purchase options), March 7, 2007 (250,000 purchase options), November 15, 2007 (1,194,500 purchase options) or March 20, 2008 (343,500 purchase options) nor to the June 24, 2010 (984,450 purchase options).

Number of beneficiaries of options to subscribe or purchase shares as at December 31, 2010

At December 31, 2010 the residual number of option beneficiaries was 101 for the March 31, 2003 plan, 317 for the November 6, 2003 plan, 453 for the November 8, 2004 plan, 525 for the November 17, 2005 plan, 2 for the

March 3, 2006 plan, 679 for the November 20, 2006 plan, 2 for the March 7, 2007 plan, 993 for the November 15, 2007 plan, 481 for the March 20, 2008 plan and 715 for the June 24, 2010 plan.

Options to subscribe or purchase shares granted during the fiscal year

Pursuant to the authorisation under the fifteenth resolution adopted at the Combined Annual General Meeting of June 3, 2010, the Board of Directors, meeting on June 24, 2010, awarded a total of 1,000,000 options to purchase shares, of which 100,000 for the CEO, Jacques Aschenbroich, 280,000 for members of the Liaison Committee, and 620,000 for the employees most directly involved in the Group's development.

Details of the purchase option plans are shown in the appended table.

No options to subscribe or purchase shares were granted to any member of the Board of Directors, except for those granted to Jacques Aschenbroich.

Options to subscribe or purchase shares exercised during the fiscal year

In 2010 a total of 414,939 options to subscribe for shares were exercised. This resulted in the creation of 419,181 new shares, of which 64,055 under the November 25, 2002 plan, 54,389 under the March 31, 2003 plan, 107,100 under the November 6, 2003 plan and 193,637 under the November 8, 2004 plan.

In addition, 358,613 options giving the right to purchase 359,564 shares, were exercised, of which 61,371 shares

under the November 6, 2003 plan, 32,460 under the November 8, 2004 plan, 89,990 under the November 17, 2005 plan, 144,243 under the November 20, 2006 plan, and 31,500 under the November 15, 2007 plan.

Neither the CEO nor the members of the Board of Directors exercised options to subscribe for or purchase shares in 2010.

Schedule 1

Characteristics of the options to purchase shares plans or options to subscribe for shares plans in force as at December 31, 2010.

Share subscription option plans in force at December 31, 2010

Shareholders' Meetings			Plan characteristics				Options granted				
Date of Shareholders' Meeting	No. of option	Term	Date ⁽¹⁾	Exercise price	No. of grantees	No. of Options	O/w granted to corporate officers	O/w granted to exec mgrs and corpo-rate officers	O/w granted to exec mgrs excl corpo-rate officers	O/w granted to the top 10 grantees ⁽²⁾	Conditional options
06/10/2002	1,500,000	8 years	07/01/2002	€ 43,84	699	420,000	0	0	2,500	96,700	0
			11/25/2002	€ 28,30	229	600,000	0	0	159,500	107,500	0
			03/31/2003	€ 23,51	755	700,000	160,000	100,000	52,750	44,000	0
03/31/2003	1,500,000	8 years	11/06/2003	€ 32,91	1,005	780,000	61,000	61,000	117,766	77,395	0
			04/05/2004	1,500,000	8 years	11/08/2004	€ 28,46	1,094	1,123,200	160,000	160,000
TOTAL SHARE SUBSCRIPTION PLANS						3,623,200	381,000	321,000	502,116	459,995	0

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

(2) Including directors who are not corporate officers.

Stock purchase option plans in force at December 31, 2010

Shareholders' Meetings			Plan characteristics				Options granted				
Date of Shareholders' Meeting	No. of options	Term	Date ⁽¹⁾	Exercise price	No. of grantees	No. of Options	O/w granted to corporate officers	O/w granted to exec mgrs and corpo-rate officers	O/w granted to exec mgrs excl corpo-rate officers	O/w granted to the top 10 grantees ⁽²⁾	Conditional options
03/31/2003	1,500,000	8 years	11/06/2003	€ 32,91	1,005	500,000	39,000	39,000	75,484	49,605	0
			04/05/2004	1,500,000	8 years	11/08/2004	€ 32,74	1,094	280,800	40,000	40,000
05/03/2005	4,500,000	8 years	11/17/2005	€ 32,32	1,082	650,000	0	0	94,300	48,900	0
			03/03/2006	€ 33,75	2	187,000	150,000	150,000	37,000	0	0
			11/20/2006	€ 32,63	1,298	1,309,250	0	0	251,000	175,000	0
			03/07/2007	€ 36,97	2	250,000	200,000 (i)	200,000 (i)	50,000	0	0
			11/15/2007	€ 36,82	1,330	1,677,000	150,000 (i) (ii)	150,000 (i) (ii)	350,000 (ii)	230,000 (ii)	174,250 (ii)
			03/20/2008	€ 31,41	596	426,750	0	0	0	78,000	0
06/03/2010	1,000,000	8 years	06/24/2010	€ 24,07	728	1,000,000	0	100,000 (i) (iii)	177,500 (iii)	150,000 (iii)	611,365 (iii)
TOTAL STOCK PURCHASE PLANS						6,280,800	579,000	679,000	1,077,684	765,105	785,615

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

(2) Including directors who are not corporate officers.

(i) Share purchase options subject to the holding period described in Chapter 3, section 3.H.1.5 of the 2008 Registration Document.

(ii) O/w 50% conditional (50% for the chairman and COO and 25% for other directors): subject to the Group achieving 2008 operating margin at least 3.8% of operating revenue, with proportional and linear allocation of between 3.8 and 4.1%.

(iii) O/w 100% conditional (CEO and Liaison Committee), 50% or 25% (other Directors). Criteria: 2010 operating margin targets.

Special report on options to subscribe or purchase shares

Impact of tender offers (56,330 at June 21, 2005)	Exercise date and conditions		Number of subscription option plans					Options outstanding on 12/31/2010	Number of shares to be subscribed (options + buyback)	Residual grantees
	Start	Expiration date	Options outstanding on 12/31/2009	Exercised in 2010 (year)	Exercised at 12/31/2010 (cumulative)	Cancelled in 2010 (year)	Cancelled at 12/31/2010 (cumulative)			
2,724	50% – 2 years; 100% – 3 years	06/30/2010	172,200 1,722	0 0	0 0	172,200 1,722	420,000 2,724	0 0	0 0	0 0
4,568	50% – 2 years; 100% – 3 years	11/24/2010	100,960 1,009	63,420 635	338,210 3,231	37,540 374	261,790 1,337	0 0	0 0	0 0
6,022	50% – 2 years; 100% – 3 years	03/30/2011	215,830 2,172	53,840 549	363,755 3,536	2,330 24	176,585 887	159,660 1,599	161,259	101
7,185	50% – 2 years; 100% – 3 years	11/05/2011	390,624 4,359	105,961 1,139	197,469 2,063	5,333 60	303,201 1,962	279,330 3,160	282,490	317
10,682	50% – 2 years; 100% – 3 years	11/07/2012	702,420 7,027	191,718 1,919	258,918 2,592	6,700 67	360,280 3,049	504,002 5,041	509,043	453
31,181			1,582,034 16,289	414,939 4,242	1,158,352 11,422	224,103 2,247	1,521,856 9,959	942,992 9,800	952,792	-

Impact of tender offers (56,330 at June 21, 2005)	Exercise date and conditions		Number of stock purchase option plans					No. of stocks to be purchased (Options + buyback)	No. of residual grantees	
	Start	Expiration date	Outstanding on 12/31/2009	Exercised in 2010 (year)	Exercised at 12/31/2010 (cumulative)	Cancelled in 2010 (year)	Cancelled at 12/31/2010 (cumulative)			Outstanding on 12/31/2010
4 263	50% – 2 yrs; 100% – 3 yrs	11/05/2011	250,780 2,562	60,747 624	118,441 1,214	3,417 35	194,943 1,146	186,616 1,903	188,519	317
2,787	50% – 2 yrs; 100% – 3 yrs	11/07/2012	176,605 1,783	32,133 327	46,208 515	1,825 22	91,945 838	142,647 1,434	144,081	453
	50% – 2 yrs; 100% – 3 yrs	11/16/2013	422,750	89,990	90,455	9,030	235,815	323,730	323,730	525
	50% – 2 yrs; 100% – 3 yrs	03/02/2014	187,000	0	0	0	0	187,000	187,000	2
	50% – 2 yrs; 100% – 3 yrs	11/19/2014	928,500	144,243	144,243	25,250	406,000	759,007	759,007	679
	50% – 2 yrs; 100% – 3 yrs	03/06/2015	250,000	0	0	0	0	250,000	250,000	2
	100% – 3 yrs	11/14/2015	1,270,750	31,500	31,500	44,750	451,000	1,194,500	1,194,500	993
	100% – 3 yrs	03/19/2016	366,000	0	0	22,500	83,250	343,500	343,500	481
	100% – 2 yrs	06/23/2018	1,000,000	0	0	15,550	15,550	984,450	984,450	715
7,050			4,852,385 4,345	358,613 951	430,847 1,729	122,322 57	1,478,503 1,984	4,371,450 3,337	4,374,787	

Special report on the grant of free shares during fiscal year 2010

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.

In accordance with the provisions of Article L. 225-197-4 of the French Commercial Code, this report aims to provide you with information about the grant, during fiscal year 2010, of existing or future free shares in favor of staff members of the

Company or companies or groups related to it under the conditions provided for in Article L. 225-197-2 of the French Commercial Code and the corporate officers referred to in Article L. 225-197-1, II of the French Commercial Code.

I – Grants in 2010

Pursuant to the authorization of the sixteenth resolution of the Combined Annual General Meeting of June 3, 2010, the Board of Directors, meeting on June 24, 2010, decided to grant existing free shares of the Company.

On June 24, 2010 the Board of Directors granted, for free, an aggregate number of 400,000 existing shares of the Company, of which 50,000 to the CEO, Jacques Aschenbroich, 75,000 to members of the Liaison Committee, 142,000 to the employees most directly involved in the development of the Group, and 133,000 to the staff as a whole, with three free shares per person.

The final acquisition date of such free shares was set by the Board of Directors at June 24, 2012 for beneficiaries in France, Spain and Italy, and June 24, 2014 for beneficiaries in other countries, on condition (i) that the beneficiary's employment contract or corporate appointment is still valid at the final acquisition date of the shares and that, on this date, the beneficiary is not serving a notice period prior to resignation or dismissal (unless the termination of the employment contract, or the termination notice, results from

involuntary retirement, voluntary retirement, early retirement or total and permanent disability of said beneficiary) and (ii) that the performance requirements applicable to all the shares granted to the CEO, Jacques Aschenbroich, and to members of the Liaison Committee, or to some of the shares granted to the employees most directly concerned with the development of the Group have been fulfilled. No performance requirements apply to any of the beneficiaries receiving three shares per person, apart from members of the Liaison Committee.

As from the final acquisition date of the shares and subject to the fulfillment of the aforementioned conditions, the beneficiaries will become the owners of the shares freely granted to them and will be entitled to all shareholder's rights. However, they shall not be able to sell the free shares finally granted to them during a period of two years starting June 24, 2012 for beneficiaries in France, or three years for beneficiaries in Spain and Italy; this lockup does not apply to beneficiaries in other countries, who are entitled to sell their shares as from the final acquisition date, *i.e.* June 24, 2014.

Free shares granted to corporate officers

	Number of free shares granted	Value per share	Date of the Board meeting
Free shares granted during fiscal year to Valeo's corporate officers by Valeo and companies related to it pursuant to Article L. 225-197-2 of the French Commercial Code	50,000	Price at 06/24/2012	06/24/2010
Free shares granted during fiscal year to Valeo's corporate officers by controlled companies (as defined by Article L. 233-16 of the French Commercial Code) in consideration of the corporate offices they hold in such companies	N/A	N/A	N/A

Free shares granted to the first ten non-corporate officer employees

	Number of free shares granted	Value per share	Date of the Board meeting
Free shares granted during fiscal year by Valeo and companies or groups related to it pursuant to Article L. 225-197-2 of the French Commercial Code to the ten Group employees whose number of granted shares is the highest	47,500	Price at 06/24/2012	06/24/2010

II – Final acquisition in 2010

Beneficiaries became owners of 79,000 free shares granted to them under the March 7, 2007 plan following the expiration of the three-year lockup period stipulated in the plan regulations, *i.e.* on March 7, 2010.

Statutory Auditors' reports on the transactions covered in 19th, 20th, 22nd, 23rd, 24th, 25th and 26th resolutions

Statutory auditors' report on the issue of shares and various securities with or without cancellation of preferential subscription rights (19th, 20th and 22nd resolutions)

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

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with Articles L. 225-135, L. 225-136 and L. 228-92 of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to authorize your Board of Directors to decide whether to proceed with various issues of shares or securities, operations upon which you are called to vote.

Your Board of Directors proposes that, on the basis of its report, it be authorized for a period of twenty-six months, to decide on whether to proceed with the following operations and to determine the final conditions thereof, and proposes, if necessary, to cancel your preferential subscription rights:

- the issue of ordinary shares and securities giving access to shares of the Company or, in accordance with Article L. 228-93 of the French Commercial Code (*Code de commerce*), of any company of which it holds directly or indirectly more than half of the capital and/or giving entitlement to the allocation of debt securities, with preferential subscription rights (nineteenth resolution);
- the issue of ordinary shares and securities giving access to shares of the Company and/or giving entitlement to the allocation of debt securities, with cancellation of preferential subscription rights by way of offers to the public (twentieth resolution), it being specified that these shares and securities may be issued as remuneration for shares and securities contributed to the Company within the context of a public offer of exchange meeting the conditions laid down in Article L. 225-148 of the French Commercial Code (*Code de commerce*);
- the issue of ordinary shares, as a consequence of the issue, by subsidiaries of the Company, of securities giving access to ordinary shares of the Company (twentieth resolution).

The overall nominal amount of the increases in capital that may be performed immediately or in the longer term shall not exceed 40 million euros and 46 million euros respectively in respect of the nineteenth and twentieth resolutions, and the overall maximum nominal amount of the capital increases that can be performed under the nineteenth, twentieth, twenty-first, twenty-second, twenty-fourth and twenty-sixth resolutions of this General Meeting is fixed at 131 million euros.

These caps take into account the additional number of securities to be created as part of the implementation of the authorizations referred to in the nineteenth and twentieth resolutions, in the conditions set out in Article L. 225-135-1 of the French Commercial Code (*Code de commerce*), if you adopt the twenty-second resolution.

It is the responsibility of your Board of Directors to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to these operations provided in the report.

Statutory Auditors' reports on the transactions covered in 19th, 20th, 22nd, 23rd, 24th, 25th and 26th resolutions

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to these operations and the methods used to determine the issue price of the capital securities.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the capital securities provided in the Board of Directors' report in respect of the twentieth resolution.

In addition, as this report does not specify the conditions for the determination of the issue price of the capital securities to be issued under the nineteenth resolution, we cannot report on the choice of constituent elements used to calculate the issue price.

As the issue price of the capital securities has not yet been determined, we cannot report on the final conditions in which the issues will be performed and, consequently, on the cancellation of preferential subscription rights proposed in the twentieth resolution.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your Board of Directors has exercised this authorization in the event of issues with cancellation of preferential subscription rights and issues of securities giving access to the share capital and/or giving entitlement to the allocation of debt securities.

Courbevoie and Neuilly-sur-Seine, April 6, 2011

The statutory auditors

French original signed by

MAZARS

David Chaudat

Lionel Gotlib

ERNST & YOUNG et Autres

Jean-François Ginies

Gilles Puissochet

Statutory auditors' report on the reduction in capital (23rd resolution)

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

To the Shareholders,

In our capacity as statutory auditors of Valeo and in compliance with Article L. 225-209 of the French Commercial Code (*Code de commerce*) in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions for the proposed reduction in capital.

Your Board of Directors requests that it be authorized, for a period of twenty-six months as from the date of this meeting, to proceed with the cancellation of shares the Company was authorized to repurchase, representing an amount not exceeding 10% of its total share capital, by periods of twenty-four months.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which would not adversely affect shareholders' equality, are fair.

We have no matters to report on the terms and conditions of the proposed reduction in capital.

Courbevoie and Neuilly-sur-Seine, April 6, 2011

The statutory auditors

French original signed by

MAZARS

David Chaudat

Lionel Gotlib

ERNST & YOUNG et Autres

Jean-François Ginies

Gilles Puissochet

Statutory auditors' report on the issue of shares or securities with cancellation of preferential subscription rights reserved for members of a company savings scheme (24th resolution)

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

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with Articles L. 225-135, L. 225-138 and L. 228-92 of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to authorize your Board of Directors to decide whether to proceed with an issue of shares or securities giving access to the share capital, for a nominal amount of 5 million euros (this amount being deducted from the overall cap provided for in paragraph 3 of the nineteenth resolution), with cancellation of preferential subscription rights, reserved for the members of one or more company savings schemes set up within a company or group of companies, that may be French or foreign, that are part of the scope of consolidation or combination of the accounts of your Company, in accordance with Article L. 3344-1 of the French Labour Code (*Code du travail*), an operation upon which you are called to vote.

This issue is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial Code (*Code de commerce*) and L. 3332-18 *et seq.* of the French Labour Code (*Code du travail*).

Your Board of Directors proposes that, on the basis of its report, it be authorized for a period of twenty-six months to decide on whether to proceed with one (or several) issues and proposes to cancel your preferential subscription rights. If applicable, it shall determine the final conditions of this operation.

It is the responsibility of your Board of Directors to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue provided in the report.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation and the methods used to determine the issue price.

Subject to a subsequent examination of the conditions for the issue(s) that would be decided, we have no matters to report as to the methods used to determine the issue price provided in the Board of Directors' report.

As the issue price has not yet been determined, we cannot report on the final conditions in which the issue(s) would be performed and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your Board of Directors has exercised this authorization.

Courbevoie and Neuilly-sur-Seine, April 6, 2011

The statutory auditors

French original signed by

MAZARS

David Chaudat

Lionel Gotlib

ERNST & YOUNG et Autres

Jean-François Ginies

Gilles Puissochet

Statutory auditors' report on the share purchase plans reserved for salaried employees, corporate officers and employees of related parties within the meaning of Article L. 225-180 of the French Commercial Code (*Code de commerce*) (25th resolution)

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

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with Articles L. 225-177 and R. 225-144 of the French Commercial Code (*Code de commerce*), we hereby report on the share purchase plans reserved for persons determined by the Board of Directors from among the employees and corporate officers of your Company and of the companies and combinations of companies related to it within the meaning of Article L. 225-180 of the French Commercial Code (*Code de commerce*).

It is the responsibility of the Board of Directors to prepare a report on the reasons for the share purchase plans and on the proposed methods used to determine the purchase price. Our role is to report on the proposed methods to determine the purchase price.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the methods proposed to determine the subscription or purchase price are included in the Board of Directors' report, are in accordance with legal requirements, are easily understood by the shareholders and do not appear manifestly inappropriate.

We have no matters to report as to the methods proposed.

Courbevoie and Neuilly-sur-Seine, April 6, 2011

The statutory auditors

French original signed by

MAZARS

David Chaudat

Lionel Gotlib

ERNST & YOUNG et Autres

Jean-François Ginies

Gilles Puissochet

Statutory auditors' report on the free allocation of existing shares or shares to be issued reserved for employees and corporate officers (26th resolution)

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

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with Article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed free allocation of existing shares or shares to be issued, reserved for beneficiaries determined by the Board of Directors from among the salaried employees of your Company or of companies or combinations of companies related to it within the meaning of Article L. 225-197-2 of the French Commercial Code (*Code de commerce*) and the corporate officers of your Company or of companies or combinations of companies related to it and that meet the conditions laid down in Article L. 225-197-1 II of the said Code.

Your Board of Directors proposes that it be authorized to allocate, for free, existing shares or shares to be issued. It is the responsibility of the Board of Directors to prepare a report on the proposed operation. Our role is to report on any matters relating to the information regarding the proposed operation.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the Board of Directors' report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Board of Directors' report relating to the proposed free allocation of shares.

Courbevoie and Neuilly-sur-Seine, April 6, 2011

The statutory auditors

French original signed by

MAZARS

David Chaudat

Lionel Gotlib

ERNST & YOUNG et Autres

Jean-François Ginies

Gilles Puissochet

Summary of the delegations granted by the Shareholders Meeting to the Board of Directors relating to capital increase in force on December 31, 2010

Delegations granted	Maximum amount of issue	Utilization of authorizations during the year
1. Authorization to increase capital <u>with</u> pre-emptive rights		
Issuance of shares and/or share equivalents (A) Shareholders' Meeting of June 9, 2009 – 8 th resolution (authorization given for a maximum of 26 months, expiring on August 9, 2011)	40 million euros (A) + (B) + (C) + (D) + (E) + (F) combined ceiling = 132 million euros	None
Capital increase by capitalization of reserves, profits or additional paid-in capital (B) Shareholders' Meeting of June 9, 2009 – 10 th resolution (authorization given for a maximum of 26 months, expiring on August 9, 2011)	40 million euros Included in combined ceiling	None
2. Authorization to increase capital <u>without</u> pre-emptive rights		
Issuance of shares and/or share equivalents (C) Shareholders' Meeting of June 9, 2009 – 9 th resolution (authorization given for a maximum of 26 months, expiring on August 9, 2011)	47 million euros Included in combined ceiling	None
Issuance of shares to members of the employee share ownership plan (D) Shareholders' Meeting of June 3, 2010 – 17 th resolution Expiring on August 3, 2012 (26 months)	5 million euros Included in combined ceiling	None
3. Authorization to increase capital <u>with or without</u> pre-emptive rights		
Overalllocation option as part of capital increase with or without pre-emptive rights (E) Shareholders' Meeting of June 9, 2009 – 11 th resolution (authorization given for a maximum of 26 months, expiring on August 9, 2011)	The ceiling for each issuance is specified in the applicable regulation (currently 15% of the initial issuance) Included in ceiling for (C) Included in combined ceiling	None
4. Authorization to allocate stock purchase options and free shares		
Allocation of stock purchase options Shareholders' Meeting of June 3, 2010 – 15 th resolution Expiring on July 3, 2011 (13 months)	Maximum number of shares allocated under the option: 1,000,000	Board of Directors' Meeting of June 24, 2010 Allocation of 1,000,000 stock options
Allotment of free shares, existing shares or share to be issued to Group employees and corporate officers (F) Shareholders' Meeting of June 3, 2010 – 16 th resolution Expiring on August 3, 2012 (26 months)	Maximum number of shares (existing or to be issued) allocated: 400,000 Included in combined ceiling	Board of Directors' Meeting of June 24, 2010 Allotment of 400,000 free shares
5. Treasury shares		
Authorization to trade in the Company's shares Shareholders' Meeting of June 3, 2010 – 13 th resolution Expiring on December 3, 2011 (18 months)	Maximum number of shares that may be acquired: 10% of the capital Maximum number of shares that can be held by the Company: 10% of the capital Maximum amount allocated to share buyback program: 350 million euros Maximum repurchase price: 45 euros	Total purchased since the start of the program at December 31, 2010 2,350,825 shares
Capital decrease through the cancellation of treasury shares Shareholders' Meeting of June 9, 2009 – 13 th resolution Expiring on August 9, 2011 (26 months)	Maximum number of shares that can be cancelled over 24 months: 10% of the capital	None

Notes

Notes

This Reference document is printed on paper
which is 100% compliant with FSC certification standards





43, rue Bayen - 75848 Paris Cedex 17 - France / Tél. : 33 (0)1 40 55 20 20 - Fax : 33 (0)1 40 55 21 71
Valeo Société Anonyme au capital de 235 886 394 euros - 552 030 967 RCS Paris
valeo.com