



**Information on the allotment of stock options and performance shares to employees and corporate officers of the Company and on the allotment of free shares to employees of the Valeo Group in France**

On March 27, 2012, acting on the recommendation of the Appointment, Compensation and Governance Committee ("ACGC") and in accordance with the principles established by the Board of Directors of February 24, 2011 and announced to shareholders in the Board of Directors' report on the resolutions presented at the Shareholders' Meeting of June 8, 2011 (available on the Company's website, [www.valeo.com](http://www.valeo.com)), the Board of Directors decided to allot stock options and performance shares to employees and corporate officers of the Company.

Thus, the Board of Directors decided to allot 367,160 stock options and 213,140 existing performance shares, as follows:

- 35,300 stock options and 11,400 performance shares to the Chief Executive Officer;
- 84,700 stock options and 32,800 performance shares to the members of the Operational Committee;
- 43,300 stock options and 17,100 performance shares to the members of the Steering Committee (other than the members of the Operational Committee); 203,860 stock options and 111,840 performance shares to the main immediate subordinates of the members of the Steering Committee; and
- 40,000 free shares to all employees of the Valeo Group in France.

The price for the exercise of stock option was set at €40.78. The exercise of stock options will only be possible at the end of a minimum period of three years and until the expiration of a maximum period of eight years from their allotment date.

The allotment of the free shares and of the performance shares will only become final either at the end of a minimum vesting period of three years, the beneficiaries must then retain the shares for a minimum holding period of two years, or at the end of a minimum vesting period of five years, without any holding period.

Stock options and performance shares allotted to the Chief Executive Officer and to the members of the Operational Committee are subject to identical performance conditions.

Thus, all stock options and performance shares allotted to the Chief Executive Officer and to the members of the Operational Committee are subject to the achievement of performance measured for the 2012, 2013 and 2014 fiscal years by reaching an average operating margin rate for the period greater than or equal to a level determined by the Board of Directors and greater than the annual guidance for 2012, by reaching an average rate of return on capital employed ("ROCE") for the period greater than or equal to 30% and by reaching an average rate of return pre-tax assets ("ROA") for the period greater than or equal to 12.5%. Then:

- if these three averages rates are reached during the 2012, 2013, 2014 fiscal years, all of the allotted stock options may be exercised and all of the performance shares allotted will become final.
- if only two of these average rates are reached during the 2012, 2013, 2014 fiscal years, only 60% of the allotted stock options may be exercised and only 60% of the performances shares allotted will become final, the remainder will be cancelled.
- if only one of these average rates is reached during the 2012, 2013, 2014 fiscal years, only

30% of the allotted stock options may be exercised and only 30% of the performance shares allotted will become final, the remainder will be cancelled.

- if none of these average rates is reached during the 2012, 2013, 2014 fiscal years, none of the allotted stock options may be exercised and none of allotted performance shares will become final; all the allotted stock options and allotted performance shares will be cancelled.

The allotments of stock options and performance shares to the members of the Steering Committee (other than the members of the Operational Committee) and the main immediate subordinates of the members of the Steering Committee would be subject, for 100% concerning the allotments to the members of the Steering Committee (other than the members of the Operational Committee) and for 50% concerning the allotments to the main 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 2012, 2013, 2014 fiscal years greater than or equal to a level determined by the Board of Directors and greater than the annual guidance for 2012, and the reaching of an average ROCE for the same period greater than or equal to 30% and the following scale is applicable to the allotments subject to performance criteria:

- if these two average rates years are reached during the 2012, 2013, 2014 fiscal years, all of the allotted stock options may be exercised and all of the performance shares will become final.
- if only one of these average rates is reached during the 2012, 2013, 2014 fiscal years, only 50% of the allotted stock options and performances 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 cancelled.
- if none of these average rates is reached during the 2012, 2013, 2014 fiscal years, none of the allotted stock options and performance shares subject to performance criteria will be exercised or will become final respectively; all the allotted stock option and allotted performance shares subject to performance criteria will be cancelled.

Moreover, all stock options and performance shares allotted are 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 at the discretion of 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 is not on notice period due to resignation or dismissal at the date of the exercise or final allotment, as applicable, save exceptions defined hereafter (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 their allotment date. After transferring the number of shares required to finance the exercise of the options and to pay the taxes, 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 end of his term of office. Likewise, at the end of a three-year vesting 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 from until the end of his term of office.

Finally, the Chief Executive Officer shall not use hedging transactions to reduce his risk.