



March 22, 2017

Information on the allotment of performance shares of the Company

Acting on the recommendation of the Compensation Committee and in accordance with the principles established by the Board of Directors during its meeting of March 24, 2016 and announced to the shareholders in the Board of Directors' report on the resolutions presented at the General Shareholders' Meeting of May 26, 2016 as well as in the press release dated May 4, 2016 (available on the Company's website, www.valeo.com), the Board of Directors, during its meeting of March 22, 2017, decided to allot 1,012,043 free shares and performance shares to employees and corporate officers of the Group, including 51,030 performance shares to the Chairman and Chief Executive Officer.

The performance shares allotted to the Chairman and Chief Executive Officer are conditional upon the achievement of performance measured over the 2017, 2018 and 2019 financial years by attaining an operating margin rate, a rate of return on capital employed ("**ROCE**") and a pre-tax rate of return on assets ("**ROA**"), such that the arithmetic average over the reference period of three financial years, of the ratio between the rate effectively achieved and the target rate set by the Board of Directors at the beginning of each reference financial year, which must be at least equal to the guidance for the relevant financial year, is greater than or equal to one, it being specified that the target rates set by the Board of Directors for the 2017 financial year, which may not be modified in the future, are respectively 7.9% (after integration of Ichikoh and excluding any other acquisition) for the operating margin rate, 29% (after integration of Ichikoh and excluding any other acquisition) for the ROCE and 19% (after integration of Ichikoh and excluding any other acquisition) for the ROA.

Then:

- if the three criteria are met over the 2017, 2018 and 2019 financial years, all the performance shares initially allotted will vest;
- if two of the performance criteria are met over the 2017, 2018 and 2019 financial years, only 60% of the performance shares initially allotted will vest and the remainder will be forfeited;
- if only one performance criterion is met over the 2017, 2018 and 2019 financial years, only 30% of the performance shares initially allotted will vest and the remainder will be forfeited;
- if none of the performance criteria is met over the 2017, 2018 and 2019 financial years, none of the performance shares initially allotted will vest.

The performance shares allotted to the Chairman and Chief Executive Officer will vest only if he is still in office as Chairman and Chief Executive Officer on the vesting date (however, the condition of presence may be waived at the Board of Directors' discretion, unless the departure is attributable to gross negligence or wilful misconduct) or has retired.

The performance shares will vest after the expiration of a three-year vesting period. The Chairman and Chief Executive Officer will then have to hold the shares for two years. In addition, at the end of this two-year period, he must hold at least 50% of the vested performance shares in registered form until the end of his term of office.

Finally, in accordance with the provisions of the AFEP-MEDEF Code and the Group's Code of Conduct, the Chairman and Chief Executive Officer shall not use hedging transactions to reduce his risk.