Prospectus Supplement no. 1 dated 21 September 2016 to the Base Prospectus dated 3 May 2016

Valeo

Euro 3,000,000,000

Euro Medium Term Note Programme

This prospectus supplement no. 1 (the "**Prospectus Supplement no. 1**") is supplemental to, and should be read in conjunction with, the base prospectus dated 3 May 2016 (the "**Base Prospectus**"), prepared by Valeo (the "**Issuer**") with respect to its Euro 3,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). The *Autorité des marchés financiers* (the "**AMF**") has granted visa no. 16-161 on 3 May 2016 on the Base Prospectus. The Base Prospectus as supplemented constitutes a base prospectus for the purposes of Directive 2003/71/EC of November 4, 2003, as amended (the "**Prospectus Directive**").

Terms defined in the Base Prospectus have the same meaning when used in this Prospectus Supplement no. 1.

Application has been made for approval of the Prospectus Supplement no. 1 to the AMF in its capacity as competent authority pursuant to Article 212-2 of its General Regulations (*Règlement Général*) which implements the Prospectus Directive.

This Prospectus Supplement no.1 has been prepared pursuant to Article 16 of the Prospectus Directive and Article 212-25 of the AMF's General Regulations (*Règlement Général*) for the purpose of (i) incorporating by reference sections of the 2016 *Rapport Financier Semestriel* in the French language relating to the Issuer filed with the AMF on 26 July 2016 (the "**2016 HYFR**") and (ii) giving information with regard to the Issuer and the Notes to be issued under the Programme in addition to the information already contained or incorporated by reference in the Base Prospectus and (iii) for the purposes of making certain other amendments to the Base Prospectus, in particular the recent confirmation of the rating by Moody's Investors Service of the long term debt of the Issuer.

As a result, certain modifications have been made to the sections relating to the "Documents Incorporated by Reference", "Recent Developments", and "General Information".

To the extent that there is any inconsistency between (a) any statement in this Prospectus Supplement no. 1 and (b) any other statement in, or incorporated by reference in, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Prospectus Supplement no. 1, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of any Notes issued under the Programme since the publication of the Base Prospectus.

Copies of this Prospectus Supplement no. 1 will be available on the websites of (a) the AMF (www.amf-france.org) and (b) the Issuer (www.valeo.com) and copies may be obtained, free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer, and at the specified offices of the Paying Agents.

The 2016 HYFR incorporated by reference in this Prospectus Supplement no. 1 is available on the website of the Issuer (www.valeo.com) and shall be available, upon request and free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer, and at the specified offices of the Paying Agents.

TABLE OF CONTENTS

COVER PAGE

The eleventh paragraph of the cover page of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

The long term debt of the Issuer has been rated Baa2, stable outlook by Moody's Investors Service ("**Moody's**") on 9 May 2016, and BBB, positive outlook, by Standard and Poor's Ratings Services ("**S&P**") on 3 March 2016.

DOCUMENTS INCORPORATED BY REFERENCE

The section "Documents Incorporated by Reference" appearing on pages 28 to 32 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

This Base Prospectus should be read and construed in conjunction with the following sections identified in the cross-reference table below of the following documents which have been previously published and have been filed with the *Autorité des marchés financiers* ("**AMF**") as competent authority in France for the purposes of the Prospectus Directive. Such sections shall be incorporated in, and shall be deemed to form part of, this Base Prospectus:

(i) the sections identified in the cross-reference table below of the 2016 *Rapport Financier Semestriel* in the French language relating to the Issuer filed with the AMF on July 26, 2016 (the "**2016 HYFR**");

(ii) the sections identified in the cross-reference table below of the 2015 Document de Référence in the French language relating to the Issuer filed with the AMF on 25 March 2016 under no. D.16-0211, including the audited statutory and consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2015 and the related notes thereto (the "**2015 Reference Document**") save that the third paragraph of the "*Attestation du responsable du Document de référence contenant un rapport financier annuel*" by Mr. Jacques Aschenbroich, *Président-Directeur Général* of the Issuer, referring, inter alia, to *the lettre de fin de travaux* of the statutory auditors of the Issuer on page 398 of such 2015 Reference Document and any reference thereto shall not be deemed incorporated herein;

(iii) the sections identified in the cross-reference table below of the 2014 Document de Référence in the French language relating to the Issuer filed with the AMF on 27 March 2015 under no. D.15-0220 , including the audited statutory and consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2014 and the related notes thereto (the "**2014 Reference Document**") save that the third paragraph of the "*Attestation du responsable du Document de référence contenant un rapport financier annuel*" by Mr. Jacques Aschenbroich, *Directeur Général* of the Issuer, referring, inter alia, to *the lettre de fin de travaux* of the statutory auditors of the Issuer on page 375 of such 2014 Reference Document and any reference thereto shall not be deemed incorporated herein;

(iv) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 7 May 2015 which received visa no. 15-178 from the AMF, (the "**2015 EMTN Conditions**");

(v) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 23 April 2013 which received visa no. 13-174 from the AMF, (the "**2013 EMTN Conditions**");

(vi) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 13 April 2011 which received visa no. 11-108 from the AMF, (the "**2011 EMTN Conditions**", and together with the 2013 EMTN Conditions and the 2015 EMTN Conditions, the "**Previous EMTN Conditions**").

Free translations in the English language of the 2016 HYFR, the 2015 Reference Document and the 2014 Reference Document are available on the Issuer's website (www.valeo.com). These documents are available for information purposes only and are not incorporated by reference in this Base Prospectus. The only binding versions are the French language versions.

The Issuer will, at the specified office of each Paying Agent for the time being during normal business hours, make available, free of charge, a copy of any or all of the documents incorporated by reference (the "Documents Incorporated by Reference") herein. All Documents Incorporated by Reference in this Base Prospectus will also be available on the website of Valeo (www.valeo.com). All Documents Incorporated by Reference in this Base Prospectus, except for the 2016 HYFR, will also be available on the website of Valeo (www.valeo.com) and on the website of the *Autorité des marchés financiers* (www.amf-france.org).

The following table cross-references the pages of the Documents Incorporated by Reference. Any information not listed in the cross-reference list but included in the documents incorporated by reference is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) No 809/2004 of 29 April 2004, as amended.

Information incorporated by reference	2016 HYFR	2015 Reference Document	2014 Reference Document
	1. PERSONS RESPONSIBLE		
1.1. Names of the persons responsible for the information given in the prospectus	–	p. 398	–
1.2. Declaration of the persons responsible		p. 398	–
	2. STATUTORY AUDITORS		
2.1. Names and addresses of the Issuer's auditors (together with their membership of a professional body)	–	p. 396, 397	–
2.2. Change of situation of the auditors	–	p. 396, 397	–
	3. RISK FACTORS		
3.1 Risk factors	–	p. 62 to 73	–
	4. INFORMATION ABOUT THE ISSUER		
	4.1. History and development of the Issuer		
4.1.1. Legal and commercial name	–	p. 390	–
4.1.2. Place of registration and registration number	–	p. 390	–
4.1.3. Date of incorporation and length of life	–	p. 390	–
4.1.4. Domicile, legal form, legislation, country of incorporation, address and telephone number	–	p. 390	–
4.1.5. Recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	p. 13, 14, 27 to 29, 37 to 40	p. 263, 331, 359	–
	5. BUSINESS OVERVIEW		
	5.1. Principal activities		
5.1.1. Description of the Issuer's principal activities	–	p. 36 to 58	–
5.1.2. Competitive position	p. 4-8	p. 40, 41, 44, 45, 49, 50, 53, 54, 57, 58	–
	6. ORGANISATIONAL STRUCTURE		
6.1. Description of the group and of the Issuer's	–	p. 26 to 28, 393, 394	–

Information incorporated by reference	2016 HYFR	2015 Reference Document	2014 Reference Document
position within it			
6.2.Dependence relationships within the group	_	p. 272 to 277, 285 to 288, 332 to 336, 358, 361 to 363, 393, 394	_
	7. TREND INFORMATION		
7.1. Statement of no material adverse change on the Issuer's prospects	p. 12	p. 13, 14, 15, 263	_
	8. PROFIT FORECASTS OR ESTIMATES		
8.1. Principal assumptions	_	N/A	_
8.2. Statement by independent accountants or auditors	_	N/A	_
8.3. Comparable with historical financial information	_	N/A	_
	9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES		
9.1 Information concerning the administrative and management bodies	p. 1	p. 78 to 110	_
9.2 Conflicts		p. 81, 82, 109, 110, 388	_
	10. MAJOR SHAREHOLDERS		
10.1. Information concerning control	p. 16	p. 372 to 375, 386, 387	_
10.2. Description of arrangements which may result in a change of control	_	p. 386	_
	11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES		
	11.1. Historical financial information		
	_	**Consolidated financial statements 2015:** p.264 to 336 - Balance sheet: p.266 - Income statement: p. 264 -Accounting policies: 270 to 272 -Explanatory notes: pages 270 to 336	**Consolidated financial statements 2014:** p.240 to 315 - Balance sheet: p.242 - Income statement: p. 240 -Accounting policies: p. 246 to 251 -Explanatory notes: p. 246 to 315
	_	**Non consolidated financial statements 2015:** p. 339 to 359 - Balance sheet: p. 340 - Income statement: p.339 - Accounting policies: p. 343 - Explanatory notes: p.343 to 359	**Non consolidated financial statements 2014:** p. 318 to 337 - Balance sheet: p. 319 - Income statement: p.318 - Accounting policies: p. 322 to 323 - Explanatory notes: p.322

Information incorporated by reference	2016 HYFR	2015 Reference Document	2014 Reference Document
			to 337
11.2. Financial statements	p. 20 to 45	p. 264 to 337, 339 to 360	p. 240 to 316, 318 to 338
	11.3. Auditing of historical annual financial information		
11.3.1. Statement of audit of the historical annual financial information	–	p. 337, 359, 360	p. 316 and 338
11.3.2. Other audited information	–	p. 139, 248 to 249, 361 to 363	p. 129, 226 to 228, 339 to 341
11.3.3. Unaudited data	–	N/A	–
	11.4. Age of latest financial information		
11.4.1. Age of latest financial information	30 June 2016	-	–
11.5. Legal and arbitration proceedings	p. 34 to 37	p. 66 to 69, 289 and 307 to 308	–
11.6. Significant change in the Issuer's financial or trading position	p. 2 to 18 and 20 to 44	p. 263, 331, 359	–
	12. MATERIAL CONTRACTS		
12. Material contracts	–	p. 395, 396	–
	13. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST		
13.1 Statement by experts	–	N/A	–
13.2 Statement by third party	–	N/A	–
	14. DOCUMENTS ON DISPLAY		
14. Documents on display	–	p. 396	–

The Previous EMTN Conditions are incorporated by reference in this Base Prospectus for the purpose only of further issues of notes to be assimilated (*assimilées*) and form a single series with Notes already issued with the Previous EMTN Conditions.

PREVIOUS EMTN CONDITIONS	
2015 EMTN Conditions	Pages 31 to 61
2013 EMTN Conditions	Pages 28 to 58
2011 EMTN Conditions	Pages 28 to 58

RECENT DEVELOPMENTS

The section “Recent Developments” appearing on pages 70 to 75 of the Base Prospectus is supplemented by the following press releases:

September 21, 2016 Press release – “Gemalto and Valeo partner to turn your smartphone into a secure car key”

Valeo, one of the world’s leading automotive suppliers, has partnered with Gemalto (Euronext NL0000400653 GTO), the world leader in digital security, to ensure the security of its virtual car key system called Valeo InBlue®. With Valeo InBlue®, drivers can use their smartphone or connected watch to lock, unlock and start their car, control applications and remotely access useful vehicle data using Bluetooth®.

This innovation is based on an on-board equipment, connected to a Smartphone Development Kit (SDK) hosting a secured virtual car key provided by the Valeo cloud-based platform.

Valeo InBlue® leverages the Gemalto Allynis Trusted Services Hub (TSH) solution providing secure Over-The-Air (OTA) deployment and lifecycle management of applications and sensitive credentials for vehicles. Thanks to Gemalto security solutions, virtual car keys are securely sent to smartphones and stored with a high level of security that is comparable with current mobile payment solutions being deployed with banks around the world.

Valeo InBlue® is compatible with Android or iOS based smartphones on any mobile network. This easy to implement solution makes the technology deployable on any market.

“In 2015, 1.4 billion smartphones were sold worldwide and the number of smartwatches is expected to reach 50 million this year, opening the door to a world of possibilities to leverage devices with smart car applications” said Marc Vrecko, President of Valeo’s Comfort and Driving Assistance Business Group. “Gemalto is a pioneer of secure connected car technology and its proven Trusted Service Hub has helped us deliver next generation services with enhanced security for drivers and car manufacturers.”

With Valeo InBlue®, authorized users can remotely register new connected devices for use with a vehicle and receive vehicle information such as car location and fuel level, enabling easy secured car sharing and simplified rentals.

“People love their cars as much as their connected devices. The convergence of the two is transforming the automotive sector enhancing performance, safety and driver comfort, and is a stepping stone to new upcoming mobility services starting by easier car rental & sharing” said Frederic Vasnier, Executive Vice-President Embedded Software and Products, Gemalto. “Valeo InBlue® technology defends against key fob hacking thus improving security and convenience for drivers. It establishes an entirely new marketplace that Frost & Sullivan says will be used by 26 million people by 2020.”

September 19, 2016 – Press release – “Valeo launches an employee share offering”

Valeo announces the launch of a share subscription offering reserved for employees. Around 75 000 Group employees are eligible to the offering proposed in 20 countries.
The main terms of this offering are described below.

ISSUER
Valeo, a French Société Anonyme with a share capital of EUR 238 387 620 having its registered office at 43, rue Bayen – 75017 Paris Cedex 17 – France, and registered in the trade registry of Paris under number 552 030 967 (the “Company”)
Listed on Euronext Paris (France)
ISIN code: FR0013176526 FR

PURPOSE OF THE OFEFRING This plan is part of the development of the employee shareholding policy of Valeo in France and abroad with the goal to involve employees in the performance of the Group.

CONTEXT OF THE OFFER – SECURITIES OFFERED
The offer is proposed pursuant to Articles L. 3332-18 et seq. of the French Labor Code, in the context of the French group savings plan (plan d’épargne de groupe, PEG) and the international group savings plan (plan d’epargne de groupe international, PEGI) of Valeo. The subscription of shares is made on the basis of the Company’s shareholder’s authorisation given by the 20th resolution of the extraordinary general meeting of shareholders of May 26, 2015. This resolution authorized a capital increase reserved for the members of the savings plans of Valeo and removed the shareholder preferential subscription rights. The principle of the offering was approved by the Board of Directors of the Company at its meeting of January 21, 2016. At its meeting of May 26, 2016, the Board of Directors decided upon the grant of shares for free to employees subscribing to offering out of France, based on the 20th resolution of the extraordinary general meeting of shareholders of May 26, 2016. Acting upon delegation of the Board, the Chief Executive Officer of the Company has set the prices and dates of the subscription period on September 19, 2016. The share subscription offering covers a maximum of 5,000,000 Valeo shares with a nominal value of EUR 1 per share. The shares will bear dividend entitlements from January 1, 2016 and will be fully fungible with existing shares upon their issuance.

SUBSCRIPTION TERMS Beneficiaries of the offering The offering is proposed to employees having a seniority of at least three months, achieved consecutively or not, between January 1, 2015 and the last day of the subscription period with a Valeo Group company member of the PEG or the PEGI, as the case may be, included in the scope of the offering composed of the following countries: France, Belgium, Brazil, China, Czech Republic, Egypt, Germany, Hungary, India, Ireland, Italy, Japan, Mexico, Poland, Romania, South Korea, Spain, Thailand, Turkey and USA.

The offer is also open in France to the employees on retirement or pre-retirement having kept assets in the PEG since their departure from the group.

Subscription formula
Employees may subscribe shares either through the company shareholding fund (fonds commun de placement d’entreprise, FCPE) "Valeorizon Relais 2016" intended to merge with the FCPE "Valeorizon" after the approval of the Supervisory board of the FCPE and of the AMF, or, in some countries, through direct shareholding. The employee's investment will fluctuate in the same manner as the price of the Valeo share, both increasing or decreasing. The subscription of shares allows employees subscribing in context of the PEG to benefit from a matching contribution of their employer. Outside of France, employees will be awarded conditional shares for free according to the terms and conditions of the plan rules adopted by the Company. The free shares are existing shares of Valeo which have been repurchased by the Company.

Custody of shares - Exercise of voting rights Subscription is carried out through an FCPE or, in certain countries, by direct shareholding. When the shares are subscribed through an FCPE, the voting rights are exercised by the Supervisory Board (conseil de surveillance) of the FCPE. With regard to the shares subscribed for directly, the voting rights are exercised by the subscribers.

Subscription price The subscription price is set at €38.12. It corresponds to the average of opening prices of Valeo shares on 20 trading days from August 22, 2016 to September 16, 2016, after a discount of 20%.

Subscription period The beneficiaries may subscribe to the offering from September 21, 2016 (inclusive) to October 4, 2016 (inclusive).

Lock-up of the shares Subject to specific provisions applicable in certain countries, the FCPE units as well as the shares subscribed directly will be subject to a lock-up period of 5 years as provided for in the PEG and the PEGI, except early exit event provided for in Articles L. 3332-25 and R. 3334-22 of the French Labor Code, and as applicable in different countries of implementation of the offering.

CAPITAL INCREASE AND LISTING OF SHARES The capital increase and the delivery of Valeo shares under the offer should take place on November 15, 2016. An application for listing on Euronext Paris of the Valeo shares issued in the context of this offering will be filed as soon as possible following the capital increase on the same line of listing as the existing shares.

July 26, 2016 Press release – "Sales growth accelerating to 13% in the second quarter"

Sales growth accelerating to 13% in the second quarter
Sales up 11% to 8.1 billion euros for the first six months of the year
Operating margin[1] up 20% to 647 million euros, or 8.0% of sales
Net income up 23% to 422 million euros, or 5.2% of sales
Order intake[2] up 20% to 12.8 billion euros

Jacques Aschenbroich, Valeo's Chairman and Chief Executive Officer, commented:

"Over the last few years we have built a new, more technologically focused, innovative, dynamic and profitable Valeo thanks to the commitment of all the Group's teams.
Our results for the first half of 2016, with the order intake up 20% to 12.8 billion euros, like-for-like sales up 11%, operating margin up 20% to 8% of sales and net income up 23%, bear testimony to our dynamism and to the merits of our strategy focused on innovation in CO_2 emissions reduction and intuitive driving.
On the back of our strong sales growth and the significant outperformance of our original equipment sales on the world's main markets, we can confidently confirm our full-year 2016 objectives announced on publication of the 2015 annual results, despite the uncertainties that may affect the European automotive market following the recent Brexit decision by the United Kingdom."

Second-quarter 2016:
- **Consolidated sales of 4.2 billion euros,** up 12% on a like-for-like basis (up 13% as reported)
- **Successful integration of both peiker and Spheros**

First-half 2016:
- **Order intake(2) of 12.8 billion euros**, up 20%, lifted by the increase in content per vehicle due to the growing value of our products
- **Consolidated sales of 8.1 billion euros,** up 11% like-for-like (up 11% as reported)
- **Original equipment sales of 7.1 billion euros,** up 11.5% like-for-like (up 13% as reported), outpacing global automotive production by 10 percentage points
- **Operating margin(1)** up 20% to 647 million euros, or 8.0% of sales
- **Net attributable income** up 23% to 422 million euros, or 5.2% of sales
- **Free cash flow(2) of 339 million euros**, up 11%

2016 outlook

Based on the following assumptions:
- an increase in global automotive production of around 2.5%, including:
  - around 2% in Europe,
  - around 5% in China,
  - around 2% in North America;
- raw material prices and exchange rates in line with current levels.

Thanks to vigorous sales growth and the strong outperformance of our original equipment sales on the world's main markets, we can confidently confirm the full-year 2016 objectives that were announced on publication of

[1] Including share in net earnings of equity-accounted companies, see Financial Glossary.
[2] See Financial Glossary.

our 2015 annual results, despite the uncertainties that may affect the European automotive market following the recent Brexit decision by the United Kingdom.

Paris, France, July 26, 2016 – Following the meeting of its Board of Directors today, Valeo released its results for the first half of 2016[(3)]:

		H1 2015	H1 2016	Change
Order intake[(4)]	*(in billions of euros)*	10.7	12.8	+20%
Sales	*(in millions of euros)*	7,298	8,130	+11%/+11%*
Original equipment sales	*(in millions of euros)*	6,316	7,106	+13%/+11.5%*
R&D expenditure, net	*(in millions of euros)*	(402)	(485)	+21%
	(as a % of sales)	*-5.5%*	*-6.0%*	*-0.5 pts*
General administrative expenses	*(in millions of euros)*	(248)	(260)	+5%
	(as a % of sales)	*-3.4%*	*-3.2%*	*+0.2 pts*
Share in net earnings of equity-accounted companies	*(in millions of euros)*	23	28	+22%
Operating margin[(5)]	*(in millions of euros)*	538	647	+20%
	(as a % of sales)	*7.4%*	*8.0%*	*+0.6 pts*
Net attributable income	*(in millions of euros)*	344	422	+23%
	(as a % of sales)	*4.7%*	*5.2%*	*+0.5 pts*
Basic earnings per share	*(in euros)*	1.47**	1.79	+22%
Net attributable income[(2)] excluding non-recurring items	*(in millions of euros)*	357	451	+26%
	(as a % of sales)	*4.9%*	*5.5%*	*+0.6 pts*
Basic earnings per share excluding non-recurring items	*(in euros)*	1.53**	1.91	+25%
ROCE[(2)]		32%	36%	*+4 pts*
ROA[(2)]		21%	21%	*+0 pts*
EBITDA[(2)]	*(in millions of euros)*	913	1,052	+15%
	(as a % of sales)	*12.5%*	*12.9%*	*+0.4 pts*
Investments in property, plant and equipment and intangible assets	*(in millions of euros)*	(539)	(607)	+13%
Free cash flow[(2)]	*(in millions of euros)*	306	339	+11%
Net debt[(2)]	*(in millions of euros)*	272***	739	+172%
Gearing ratio		9%***	21%	N/A

[3] At the date of this press release, the consolidated financial statements for the six months ended June 30, 2016 have been reviewed by the Statutory Auditors.
[4] See Financial Glossary.
[5] Including share in net earnings of equity-accounted companies, see Financial Glossary.

** Like-for-like (constant Group structure and exchange rates).*
*** The data differ from those presented in the first half of 2015 and published in July 2015, since they have been adjusted to reflect the impacts of the three-for-one stock split.*
**** Application of the new definition of net debt.*

Acceleration in the order intake, up 20% to 12.8 billion euros, confirming the Group's ability to deliver structural growth ahead of global automotive production

In the first half of 2016, the order intake came in 20% higher at 12.8 billion euros, confirming the Group's ability to deliver structural growth ahead of global automotive production.

The order intake remained balanced across the Group's different regions:

- 37% in Asia; China accounted for 24% of the order intake, of which 43% of orders were booked with local Chinese automakers;
- 37% in Europe (and Africa);
- 24% in North America.

The rise in the order intake in the first half was driven by innovative products (45%) and reflects the successful positioning of Valeo's new technologies and products in the CO_2 emissions reduction and intuitive driving segments.

Automotive production up 1.5% in first-half 2016

Automotive production expanded by 1.5% year-on-year, benefiting from:

- Acceleration of growth in Europe excluding Russia (up 7% in the second quarter); and
- continued expansion in North America (up 4%) and in Asia (up 1%), led by production momentum in China (up 5%).

However, production in South America continued its sharp decline (down 24%).

Automotive production (year-on-year change)

	Q1 2016*	Q2 2016*	H1 2016*
TOTAL	**+1%**	**+2%**	**+1.5%**
Europe and Africa	+1%	+6%	+3%
excluding Russia	+3%	+7%	+5%
Asia, Middle East & Oceania	+1%	+1%	+1%
of which China	+6%	+4%	+5%
excluding China	-3%	-2%	-3%
North America	+5%	+2%	+4%
South America	-25%	-22%	-24%

* *LMC automotive production estimates*

Sales came in at 8.1 billion euros, up 11% like-for-like (up 11% as reported)

As in the first quarter (up 10%), like-for-like **sales** growth proved bullish in the three months to June 30, accelerating to 12%.

Sales for the first half were up 11% to 8.1 billion euros.

Changes in exchange rates in the first half of 2016 had a negative 2% impact, due primarily to gains in the euro against the Chinese renminbi, South Korean won and Brazilian real.

Changes in Group structure had a positive 2% impact in the first half (positive 4% impact in the second quarter), with peiker, acquired at the end of February 2016, and Spheros, acquired in late March 2016, contributing 114 million euros and 62 million euros, respectively, to first-half sales.

Sales *(in €m)*

	As a % of H1 2016 sales	Q1				Q2				H1			
		2015	2016	Reported change	LFL change*	2015	2016	Reported change	LFL change*	2015	2016	Reported change	LFL change*
Total of which**:**	**100%**	**3,581**	**3,917**	**+9%**	**+10%**	**3,717**	**4,213**	**+13%**	**+12%**	**7,298**	**8,130**	**+11%**	**+11%**
Original equipment	87%	3,113	3,437	+10%	+10%	3,203	3,669	+15%	+13%	6,316	7,106	+13%	+11.5%
Aftermarket	11%	400	411	+3%	+6%	413	434	+5%	+7%	813	845	+4%	+6%
Miscellaneous	2%	68	69	+2%	+3%	101	110	+9%	+8%	169	179	+6%	+6%

** Like-for-like (constant Group structure and exchange rates)*

Like-for-like growth in **original equipment sales** gathered pace over the period, at 13% in the second quarter after 10% in the three months to March 31.

Original equipment sales came in at 7.1 billion euros (87% of total sales), a rise of 11.5% on a like-for-like basis. This performance reflects the gradual entry into production of the high order intake recorded by the Group over the last few years.

Aftermarket sales (11% of total sales) delivered 6% like-for-like growth over the first half (7% in the second quarter).

Miscellaneous sales (2% of total sales), mainly consisting of tooling revenues related to the launch of new projects, increased by 6% like-for-like.

Original equipment sales jumped 11.5% on a like-for-like basis, beating global automotive production by 10 percentage points

Valeo delivered market-beating growth driven by:
- an improved product mix resulting from technological innovations for CO_2 emissions reduction and intuitive driving;
- its balanced customer and geographic positioning.

Original equipment sales *(by destination, in millions of euros)*

	Q1				Q2				H1			
	2015	**2016**	LFL change *	Outper- formance**	**2015**	**2016**	LFL change *	Outper- formance**	**2015**	**2016**	LFL change *	Outpe- rformance**
TOTAL	**3,113**	**3,437**	**+10%**	**+9 pts**	**3,203**	**3,669**	**+13%**	**+11 pts**	**6,316**	**7,106**	**+11.5 %**	**+10 pts**
Europe & Africa	1,542	1,734	+11%	+10 pts	1,576	1,894	+16%	+10 pts	3,118	3,628	+13%	+10 pts
Asia, Middle East & Oceania	814	885	+11%	+10 pts	835	896	+11%	+10 pts	1,649	1,781	+11%	+10 pts
China	409	451	+13%	+7 pts	440	447	+9%	+5 pts	849	898	+11%	+6 pts
excluding China	405	434	+9%	+12 pts	395	449	+14%	+16 pts	800	883	+12%	+15 pts
North America	674	762	+11%	+6 pts	717	802	+9%	+7 pts	1,391	1,564	+10%	+6 pts
South America	83	56	-12%	+13 pts	75	77	+1%	+23 pts	158	133	-6%	+18 pts

*** Like-for-like: constant Group structure and exchange rates*
*** Based on LMC automotive production estimates*

The Group grew faster than the market across all automotive production regions.

Original equipment sales growth accelerated over the first half, increasing the outperformance to 11 percentage points in the second quarter, after a 9 percentage-point outperformance in the three months to March 31:

- in **Europe** (including Africa), like-for-like original equipment sales advanced 13%, lifted by an attractive portfolio of products with high technological value, a favorable customer mix and the Group's limited presence in Russia, outpacing automotive production by 10 percentage points;
- in **China**, like-for-like original equipment sales advanced 11%, beating automotive production by 6 percentage points;
- in **Asia excluding China**, like-for-like original equipment sales climbed 12%, outperforming automotive production by 15 percentage points;
- in **North America**, like-for-like original equipment sales were up 10%, beating automotive production by 6 percentage points;
- in **South America**, like-for-like original equipment sales were down 6% in the context of a 24% slump in automotive production.

Valeo is benefiting from the geographical alignment of its businesses...

Changes in sales produced by Valeo in the different production regions particularly reflect movements in exchange rates.

During the first half of 2016:

- the share of original equipment sales produced in Western Europe remained stable at 35%;
- the share of original equipment sales produced in Asia decreased by 1 percentage point to 25%.
- the share of original equipment sales produced in North America remained stable at 22%;
- the share of original equipment sales produced in South America remained stable at 2%.

...and from a more diverse customer portfolio

During the first half of 2016:

- German customers accounted for 30% of original equipment sales, stable year-on-year;
- Asian customers accounted for 26% of original equipment sales, up 1 percentage point;
- US customers accounted for 22% of original equipment sales, down 1 percentage point;
- French customers accounted for 16% of original equipment sales, stable year-on-year.

Acceleration in original equipment sales growth, outpacing market growth in all four Business Groups, with especially strong gains in Comfort & Driving Assistance Systems and Visibility Systems

As is the case for the consolidated Group, the sales performance for the Business Groups reflects the specific product, geographic and customer mix and the relative weighting of the aftermarket in their activity as a whole.

Sales by Business Group* *(in millions of euros)*

	Q1				Q2				H1			
	2015	2016	Change in sales	Change in OE sales **	2015	2016	Change in sales	Change in OE sales **	2015	2016	Change in sales	Change in OE sales**
CDA	657	794	+21%	+17%	679	866	+28%	+16%	1,336	1,660	+24%	+16%
Powertrain	948	983	+4%	+6%	978	1,028	+5%	+11%	1,926	2,011	+4%	+8%
Thermal	1,007	1,063	+6%	+7%	1,039	1,186	+14%	+10%	2,046	2,249	+10%	+9%
Visibility	1,022	1,119	+10%	+13%	1,072	1,176	+10%	+15%	2,094	2,295	+10%	+14%
Group	**3,581**	**3,917**	**+9%**	**+10%**	**3,717**	**4,213**	**+13%**	**+13%**	**7,298**	**8,130**	**+11%**	**+11.5%**

** Including intersegment sales*
*** Like-for-like*

Original equipment sales growth outpaced the market in all Business Groups and accelerated in the first half of the year.

- Like-for-like original equipment sales for the **Comfort & Driving Assistance Systems** and **Visibility Systems Business Groups** increased by 16% (excluding peiker) and 14%, respectively, reflecting the market's growing interest in intuitive driving products (display screens, radars, parking assistance and vision systems) as well as for LED technology in the lighting business.
- Like-for-like original equipment sales for the **Powertrain Systems** and **Thermal Systems Business Groups** accelerated in the second quarter (like-for-like original equipment sales up 11% and 10%, respectively), leading to respective 8% and 9% growth (excluding Spheros) in the first half. These two Business Groups are driven by the increasing entry into production of technologies aimed at reducing CO_2 emissions, including the high-output alternator, dual-clutch, dampers and air intake modules.

In the first half:

- **operating margin[(6)] was up 20% to 647 million euros, or 8.0% of sales**
- **net attributable income advanced 23% to 422 million euros, or 5.2% of sales**

The **gross margin** for first-half 2016 increased by 16% to 1,488 million euros, or 18.3% of sales (up 0.8 percentage points on first-half 2015). This chiefly reflects operating leverage (up 0.9 percentage points), partly offset by a rise in depreciation of the capital investments carried out by the Group over the past few years (down 0.2 percentage points).

Valeo continued its **Research and Development** efforts in response to its record order intake. In the first half of 2016, gross R&D spend was up 18% to 760 million euros. Net R&D expenditure rose 21%, representing 6.0% of sales (up 0.5 percentage points versus first-half 2015).

General and administrative expenses came out 0.2 percentage points lower than in first-half 2015, at 3.2% of sales.

The share in net earnings of equity-accounted companies was 28 million euros, or 0.3% of sales, in line with the same period one year earlier.

Operating margin[(1)] rose 20% to 647 million euros, or 8.0% of sales (up 0.6 percentage points on first-half 2015).

Operating income[(7)] rose 19% to 613 million euros, or 7.5% of sales (up 0.4 percentage points on first-half 2015). It includes other income and expenses totaling 34 million euros.

The cost of net debt remained stable year-on-year, at 43 million euros.

The effective tax rate came out at 18.7%, primarily reflecting the improved profitability of the Group's operations in the US and France, where Valeo has available tax loss carryforwards.

Net attributable income jumped 23% to 422 million euros, or 5.2% of sales (up 0.5 percentage points on first-half 2015).

Excluding non-recurring items, net attributable income[(2)] jumped 26% to 451 million euros, or 5.5% of sales (up 0.6 percentage points on first-half 2015).

Return on capital employed (ROCE[(2)]) and **return on assets** (ROA[(2)]) stood at 36% and 21%, respectively.

[6] Including share in net earnings of equity-accounted companies, see Financial Glossary.
[7] See Financial Glossary.

In first-half 2016, consolidated EBITDA[8] rose 15% to 1,052 million euros, or 12.9% of sales

EBITDA *(in millions of euros and as a % of sales)*

		H1		
		2015	2016	Change
Comfort & Driving Assistance Systems	*(in millions of euros)*	193	241	+25%
	(as a % of sales)	*14.4%*	*14.5%*	*+0.1 pts*
Powertrain Systems	(in millions of euros)	233	256	+10%
	(as a % of sales)	*12.1%*	*12.7%*	*+0.6 pts*
Thermal Systems	(in millions of euros)	228	227	-0%
	(as a % of sales)	*11.1%*	*10.1%*	*-1 pt*
Visibility Systems	(in millions of euros)	248	320	+29%
	(as a % of sales)	*11.8%*	*13.9%*	*+2.1 pts*
Group	**(in millions of euros)**	**913**	**1,052**	**+15%**
	(as a % of sales)	***12.5%***	***12.9%***	***+0.4 pts***

Against a backdrop of strong sales growth, the **Comfort & Driving Assistance Systems Business Group** continued its R&D investment drive required to develop its numerous ongoing projects. EBITDA for the Business Group was up slightly year-on-year, at 14.5% of sales.

Reflecting their upward profitability trend, EBITDA for the **Powertrain Systems** and **Visibility Systems Business Groups** increased to 12.7% and 13.9% of sales, respectively (up 0.6 percentage points and 2.1 percentage points, respectively, on first-half 2015).

The **Thermal Systems Business Group** saw EBITDA narrow to 10.1% of sales (down 1 percentage point) given the operational difficulties related to the launch of new products at a North American plant. This temporary problem should be resolved in 2017.

[8] See Financial Glossary.

Free cash flow[9] of 339 million euros, up 11% on first-half 2015

The Group generated **free cash flow**[1] of 339 million euros in first-half 2016, up 11% year-on-year. This chiefly reflects:

- a 15% increase in EBITDA[1] to 1,052 million euros;
- disciplined management of working capital, which added 40 million euros to free cash flow;
- controlled investment outflows of 607 million euros, or 7.5% of sales.

Net cash flow[1] amounted to a negative 609 million euros at June 30, 2016, reflecting:

- 52 million euros in financial expenses; and
- other financial items totaling 896 million euros, including 236 million euros relating to the dividend paid out to Company shareholders and 610 million euros relating to the acquisitions of peiker and Spheros.

Net debt at 739 million euros at June 30, 2016

Net debt[1] stood at 739 million euros at June 30, 2016, up 467 million euros compared with end-June 2015. For information, pro forma net debt would amount to 1,559 million euros factoring in the acquisition of FTE, which is expected to close at the end of 2016 or in early 2017.

The **leverage ratio** (net debt/EBITDA) came out at less than 0.4 and the **gearing ratio** (net debt/stockholders' equity excluding non-controlling interests) at 21%.

Following the bond issues carried out in the first half (600 million euro bond issue dated March 18, 2026 and placement of USD 450 million in non-dilutive cash-settled convertible bonds due 2021), the average maturity of borrowings and debt was 5.9 years at June 30, 2016, up from 4.3 years at December 31, 2015.

2016 outlook

Based on the following assumptions:

- an increase in global automotive production of around 2.5%, including:
  - around 2% in Europe,
  - around 5% in China,
  - around 2% in North America;
- raw material prices and exchange rates in line with current levels.

Thanks to vigorous sales growth and the strong outperformance of our original equipment sales on the world's main markets, we can confidently confirm the full-year 2016 objectives that were announced on publication of our 2015 annual results, despite the uncertainties that may affect the European automotive market following the recent Brexit decision by the United Kingdom.

Highlights

On May 26, 2016, Valeo's Annual Shareholders' Meeting approved the three-for-one stock split, effective as of June 6, 2016. This operation makes the stock more accessible to new shareholders, particularly individuals, thereby increasing its liquidity.

On June 2, 2016, Valeo announced that it had signed an agreement to acquire Germany-based FTE automotive, a leading company in transmission technologies whose product portfolio and customer base are highly complementary to Valeo's. The acquisition, which is pending clearance from the competent anti-trust authorities, will enable Valeo to expand its offering of active hydraulic actuators, a strategic and fast-growing market driven by the rise of dual-clutch technology and hybrid vehicles. FTE automotive will also strengthen Valeo's aftermarket business.

[9] See Financial Glossary.

On June 9, 2016, Valeo announced that it had successfully placed USD 450 million worth of non-dilutive cash-settled convertible bonds due 2021. This USD-denominated debt was immediately converted into euros. As the conversion rights in respect of the bonds will be settled solely in cash, the bonds will not result in the issuance of new shares or the delivery of existing Valeo shares. At the same time, Valeo purchased cash-settled call options on its own shares to hedge its exposure to pay cash amounts on any exercise of the bond conversion rights. The initial conversion price for the bonds was set at 64.6137 euros, representing a premium of 45% over the Valeo reference share price of 44.5612 euros.

Upcoming events

Third-quarter 2016 sales: October 20, 2016

Financial Glossary

- **Order intake** corresponds to business awarded by automakers during the period (including joint ventures at least 50%-owned by the Group) less any cancellations, based on Valeo's best reasonable estimates in terms of volumes, selling prices and project lifespans. *Unaudited indicator.*
- **Operating margin including share in net earnings of equity-accounted companies** corresponds to operating income before other income and expenses.
- **Net attributable income excluding non-recurring items** corresponds to net attributable income adjusted for "other income and expenses" net of tax and non-recurring income and expenses net of tax shown in operating margin including share in net earnings of equity-accounted companies.
- **ROCE**, or return on capital employed, corresponds to operating margin (including share in net earnings of equity-accounted companies) in relation to capital employed (including investments in equity-accounted companies) excluding goodwill.
- **ROA**, or return on assets, corresponds to operating income in relation to capital employed (including investments in equity-accounted companies) including goodwill.
- **EBITDA** corresponds to (i) operating margin before depreciation, amortization and impairment losses (included in the operating margin), and (ii) net dividends received from equity accounted companies.
- **Free cash flow** corresponds to net cash from operating activities (excluding changes in the sale of non-recurring trade receivables) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.
- **Net cash flow** corresponds to free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments and to changes in certain items shown in non-current financial assets, (ii) cash flows in respect of financing activities, relating to dividends paid, treasury share purchases and sales, interest paid and received, and acquisitions of equity interests without a change in control, and (iii) changes in sales of non-recurring trade receivables.
- **Net debt** comprises all long-term debt, liabilities associated with put options granted to holders of non-controlling interests, short-term debt and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents and the fair value of derivative instruments hedging the foreign currency and interest rate risks associated with these items.

June 23, 2016 Press release – "Determination of the initial conversion price of the non-dilutive cash-settled convertible bonds"

Following the placement by Valeo of USD 450 million non-dilutive cash-settled convertible bonds due 2021 (the "Bonds") on June 9, 2016, the initial conversion price of the Bonds has been set at EUR 64.6137.

The initial conversion price represents a premium of 45% above the reference share price for Valeo share of EUR 44.5612, which was determined in the manner described in the press announcement released on June 9, 2016.

Settlement and delivery of the Bonds took place on June 16, 2016.

June 9, 2016 Press release – "Valeo announces the success of its USD 450 million offering of non-dilutive cash-settled convertible bonds"

Valeo ("Valeo") announced the successful placement of non-dilutive cash-settled convertible bonds due 2021 (the "Bonds") with a nominal amount of USD 450 million. As conversion rights in respect of the Bonds will only be cash-settled, the instrument will not result in the issuance of new shares or the delivery of existing shares of Valeo upon conversion. Concurrently, Valeo has purchased cash-settled call options over its own shares to hedge its exposure to pay cash amounts upon any potential exercise of conversion rights embedded in the Bonds. This USD-denominated debt will be immediately converted into euros.

The net proceeds of the Bonds offering will be used for general corporate purposes and to finance the acquisitions announced recently.

The Bonds will not bear any interest. The Bonds will have a nominal value of USD200,000 per Bond. The Bonds will be issued with an issue price of 100% of par, corresponding to an annual gross yield to maturity of 0%.

The Bonds' initial conversion price will represent an issue premium of 45% above the reference share price for Valeo share which will be determined as the arithmetic average of the daily volume-weighted average prices of Valeo share on the regulated market of Euronext in Paris ("Euronext Paris") over a period of 10 consecutive trading days, starting on June 10th 2016 (the "Reference Period"). The reference share price, the initial conversion price and the initial conversion ratio will be announced by Valeo on or around June 23rd 2016. The initial conversion ratio of the Bonds will correspond to the nominal value converted in euros and divided by the initial conversion price.

Settlement and delivery of the Bonds is expected to take place on June 16th, 2016.

If not converted or redeemed earlier, the Bonds will be redeemed at par on June 16th, 2021.

An application for the listing of the Bonds on the Open Market (Marché Libre) of Euronext Paris and the Open Market (Freiverkehr) of Deutsche Börse will be made. Such listing is expected on or around June 24th 2016.

In the context of the offering, Valeo has agreed to a lock-up undertaking in relation to its shares and equity-linked securities for a period ending 60 calendar days after the settlement and delivery date, subject to certain exceptions.

Crédit Agricole Corporate and Investment Bank, Citigroup Global Markets Limited and J.P. Morgan Securities plc acted as Joint Lead Managers and Joint Bookrunners.

It is anticipated that the hedge counterparties will enter into transactions to hedge their positions under the cash-settled call options, through the sale or purchase of shares of Valeo or any other transactions, on market and off-market, at any time, and in particular during the Reference Period and at or around the conversion or redemption of the Bonds.

The Bonds have been offered in a private placement only in France and outside France (except in the United States of America, Australia, Canada, Japan and South Africa). The offering of the Bonds is not subject to a prospectus approved by the French Financial Market Authority (Autorité des marchés financiers) (the "AMF").

June 9, 2016 Press release – "Issuance by Valeo of USD 450 million non-dilutive cash-settled convertible bonds"

Valeo (« Valeo ») announced on June 9, 2016 the launch of an offering of non-dilutive cash-settled convertible bonds due 2021 (the "Bonds") with a nominal amount of USD 450 million. As conversion rights in respect of the Bonds will only be cash-settled, the instrument will not result in the issuance of new shares or the delivery of existing shares of Valeo upon conversion. Concurrently, Valeo will purchase cash-settled call options over its own shares to hedge its exposure to pay cash amounts upon any potential exercise of conversion rights embedded in the Bonds. This USD-denominated debt will be immediately converted into euros.

The net proceeds of the Bonds offering will be used for general corporate purposes and to finance the acquisitions announced recently.

The Bonds will not bear any interest. The Bonds will have a nominal value of USD200,000 per Bond. The Bonds will be issued with an issue price of 100% to 104% of nominal value, corresponding to an annual gross yield to maturity of -0.78% to 0.00%.

The Bonds' initial conversion price will represent an issue premium of 45% above the reference share price for Valeo share, which will be determined as the arithmetic average of the daily volume-weighted average prices of Valeo share on the regulated market of Euronext in Paris ("Euronext Paris") over a period of 10 consecutive trading days, starting on June 10, 2016 (the "Reference Period"). The reference share price, the initial conversion price and the initial conversion ratio will be announced by Valeo on or around June 23, 2016. The initial conversion ratio of the Bonds will correspond to the nominal value converted in euros and divided by the initial conversion price.

The final terms of the issuance are expected to be announced today, except for the initial conversion price and the initial conversion ratio.

Settlement and delivery of the Bonds is expected to take place on June 16, 2016. If not converted or redeemed earlier, the Bonds will be redeemed at nominal value on June16, 2021.

An application for the listing of the Bonds on the Open Market (Marché Libre) of Euronext Paris and the Open Market (Freiverkehr) of Deutsche Börse will be made. Such listing is expected on or around June 24, 2016.

In the context of the offering, Valeo will agree to a lock-up undertaking in relation to its shares and equity-linked securities for a period ending 60 calendar days after the settlement and delivery date, subject to certain exceptions.

Crédit Agricole Corporate and Investment Bank, Citigroup Global Markets Limited and J.P. Morgan Securities plc are acting as Joint Lead Managers and Joint Bookrunners.

It is anticipated that the hedge counterparties will enter into transactions to hedge their positions under the cash-settled call options, through the sale or purchase of shares of Valeo or any other transactions, on market and off-market, at any time, and in particular during the Reference Period and at or around the conversion or redemption of the Bonds.

The Bonds are offered in a private placement only in France and outside France (except in the United States of America, Australia, Canada, Japan and South Africa). The offering of the Bonds is not subject to a prospectus approved by the French Financial Market Authority (Autorité des marchés financiers) (the « AMF »).

June 2, 2016 Press release – "Valeo announces the signing of an agreement to acquire German FTE automotive, a leading company in transmission technologies"

Valeo has signed an agreement with Bain Capital Private Equity, owner of FTE automotive, to purchase 100% of FTE automotive for a purchase price corresponding to € 819.3 million, representing an estimated Ebitda multiple of 8 times for 2016.

FTE automotive, headquartered in Germany, is a leading producer of clutch and gear actuators. Its product portfolio and customer base are highly complementary to Valeo's. The FTE automotive acquisition will allow Valeo to expand its offering of active actuation systems for transmissions, a strategic and fast-growing market driven by dual clutch technology and the growth of hybrid vehicles. FTE automotive will also strengthen Valeo's aftermarket business. The acquisition of FTE automotive is expected to be accretive from the first year.

In 2015, FTE automotive generated around €500 million in sales, of which a third in the aftermarket business, and 30% outside Europe. The company has 3,700 employees and a diversified industrial footprint in eight countries, including Germany, the Czech Republic, Slovakia, Mexico and China.

The transaction is subject to the approval of the European and Brazilian anti-trust authorities and is expected to close in the fourth quarter of 2016 or in the first quarter of 2017.

Commenting on the acquisition, Jacques Aschenbroich, Valeo Chairman and Chief Executive Officer said: "*The acquisition of FTE automotive is perfectly aligned with Valeo's CO2 emission reduction strategy. FTE automotive is a fast-growing company and a technological leader with a proven ability to combine growth and profitability. It will strengthen Valeo's Powertrain Systems Business Group. We are looking forward to welcoming FTE's 3 700 employees to Valeo*".

May 26, 2016 Press release – "2016 Annual Shareholders' Meeting"

Valeo's Annual Shareholders' Meeting was held today on May 26, 2016 the chairmanship of Jacques Aschenbroich, Chairman and Chief Executive Officer. During the meeting, shareholders approved Valeo's 2015 financial statements published on February 18, 2016 as well as a dividend of 3 euros per share, payable on June 1, 2016.

They also renewed the terms of office of Thierry Moulonguet, Georges Pauget and Ulrike Steinhorst as directors. Mari-Noëlle Jégo-Laveissière and Véronique Weill were appointed as directors, bringing the number of members of the Company's Board of Directors to fourteen. The terms of the above five directors will be for a period of four years, i.e., expiring at the Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2019.

Shareholders also adopted the resolution to divide the par value of the Valeo share in three and, as a result, to exchange each existing share (with a par value of 3 euros) for three new shares with a par value of 1 euro, with the same rights to dividends. A separate press release has been published providing more detailed information about the stock split.

With the exception of the resolution to amend the provisions of the articles of association concerning the age limit for directors, all of the resolutions put to the meeting were adopted, notably including the "say on pay" resolution, the renewal of the authorization granted to the Board of Directors to allocate performance shares or free shares to the employees or corporate officers of the Group and the amendment of the provisions of the articles of association concerning the age limit for the Chief Executive Officer.

May 24, 2016 Press release – "Valeo and Trico Agree to Settle All Outstanding IP Disputes"

Valeo and Trico Today Announced The Settlement of All Pending Intellectual Property Litigation Between The Two Companies.
The Agreement will lead to the immediate dismissal of all pending IP litigation in U.S. district court, the U.S. International Trade Commission (ITC) and the U.S. Patent Office between the companies.

The terms of the out-of-court settlement are confidential. The parties have resolved their differences and there will be no further litigation or appeals within North America with respect to the asserted patents, which are directed to windshield wiper blade technology held by both companies.

GENERAL INFORMATION

The paragraphs (4) and (12) of section “General Information” appearing on pages 96 and 98 of the Base Prospectus are amended as follow:

(4) *No significant change in the financial or trading position of the Issuer*

Save as disclosed in item 11.6 of the cross reference table on page 32 in this Base Prospectus (including the Documents Incorporated by Reference), there has been no significant change in the financial or trading position of the Issuer since 30 June 2016.

(12) *Ratings*

The long term debt of the Issuer has been rated Baa2, stable outlook by Moody's Investors Service ("**Moody's**") on 9 May 2016 and BBB, positive outlook, by Standard and Poor’s Ratings Services (“**S&P**”) on 3 March 2016. Notes issued under the Programme may be rated or unrated. The rating of the Notes, if any, will be specified in the relevant Final Terms. Credit ratings are subject to revision, suspension or withdrawal at any time by the relevant rating organisation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning credit rating agency without notice.

PERSON RESPONSIBLE FOR THE PROSPECTUS SUPPLEMENT NO. 1

Person responsible for this Prospectus Supplement no. 1

Jacques Aschenbroich, Chairman of the Board of Directors and Chief Executive Officer

Declaration by the person responsible for this Prospectus Supplement no. 1

I declare, after having taken all reasonable care to ensure that such is the case and to the best of my knowledge, that the information contained in this Prospectus Supplement no. 1 is in accordance with the facts and contains no omission likely to affect its import.

The Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2014 included on page 316 of Chapter 5 of the 2014 Reference Document (as defined in "Documents incorporated by reference") contains the following emphasis of matter :

"*Without qualifying our opinion, we draw your attention to notes 1.3.1.2, 1.3.2 and 1.3.3 to the consolidated financial statements which outline the effects related to the first application of IFRS 11 – "Joint Arrangements" and the change in the presentation of the consolidated statement of income*."

The Statutory Auditors' report on the annual financial statements for the year ended 31 December 2015 included on pages 359 and 360 of Chapter 5 of the 2015 Reference Document (as defined in "Documents incorporated by reference") contains the following emphasis of matter :

"*Without qualifying our opinion, we draw your attention to Note 9.1 "Tax Group and taxable income" to the financial statements which outlines the effects related to the change in accounting method on the provision for repayment of tax losses to subsidiaries that are members of the tax consolidation group of which Valeo is the head*."

September 21, 2016

Valeo
43, rue Bayen
75848 Paris Cedex 17
France

Duly represented by Jacques Aschenbroich
Chairman of the Board of Directors and Chief Executive Officer

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

Autorité des marchés financiers

In accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and with the General Regulations (*Réglement Général*) of the *Autorité des marchés financiers* (the "**AMF**"), in particular Articles 212-31 to 212-33, the AMF has granted to this Prospectus Supplement No. 1 the visa n°16-441 on September 21, 2016. The base prospectus, as supplemented by this Prospectus Supplement no. 1, may only be used for the purposes of a financial transaction if completed by Final Terms. This Prospectus Supplement No. 1 was prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L.621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply an approval by the AMF of the opportunity of the transactions contemplated hereby nor that the AMF has verified the accounting and financial data set out in it. In accordance with Article 212-32 of the AMF's General Regulations, any issuance or admission to trading of notes on the basis of the base prospectus, as supplemented by this Prospectus Supplement no. 1, shall be subject to the publication of Final Terms setting out the terms of the securities being issued.