

2016

SHAREHOLDER ADDITIONAL
INFORMATION BROCHURE

**Combined
Shareholders' Meeting**

Thursday May 26, 2016, 2:30 p.m.

at the Pavillon Gabriel
5, avenue Gabriel, 75008 Paris



Automotive technology, naturally



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SPECIAL REPORT ON SHARE PURCHASE OPTIONS

This text is a free translation from the French language and is supplied for information purpose. Only the original version in the French language has legal force.

The characteristics of the Company's options plans to purchase shares in force as at December 31, 2015 are described in the table attached in [Schedule 1](#) to this report.

It is specified that during the financial year ended December 31, 2015:

- the plan dated March 7, 2007, expired on March 6, 2015 and was wound up without the cancellation of any share purchase option not yet exercised;
- the plan dated November 15, 2015, expired on November 14, 2015 and was wound up by the cancellation of 58,750 share purchase options not yet exercised.

As at December 31, 2015, the total number of share purchase options allotted and not yet exercised (after taking into account the abovementioned cancelled options) amounted to 58,415 share purchase options for the March 20, 2008 plan, 155,236 share purchase options for the June 24, 2010 plan, 84,430 share purchase options for the June 8, 2011 plan and 255,357 share purchase options for the March 27, 2012 plan.

Number of beneficiaries of share purchase options as at December 31, 2015

As at December 31, 2015, the residual number of options holders amounted to 102 for the March 20, 2008 plan, 187 for the June 24, 2010 plan, 110 for the June 8, 2011 plan and 184 for the March 27, 2012 plan.

Share purchase options allotted in the course of the financial year

Insofar as necessary, it is specified that the tenth resolution adopted by the shareholders at the Shareholders' Meeting held on June 4, 2012, lapsed on August 5, 2014, and that no other resolution with the same object was proposed by the Board of Directors at the Shareholders' Meeting during the financial years ended December 31, 2014 and December 31, 2015.

During the financial year ended December 31, 2015, no option to subscribe or purchase shares was allotted to corporate officers of the Company and/or to all employees by the Company and/or by affiliates or by controlled companies within the meaning of Article L. 233-16 of the French Commercial Code.

Exercise of share purchase options in the course of the financial year

In the course of the financial year ended December 31, 2015, 552,092 share purchase options were exercised (among which none pursuant the March 7, 2007 plan), 183,656 share purchase options pursuant to the November 15, 2007 plan, 26,010 share purchase options pursuant to the March 20, 2008 plan, 209,808 share purchase options pursuant to the June 24, 2010 plan, 59,165 share purchase options pursuant to the June 8, 2011 plan and 73,453 share purchase options pursuant to the March 27, 2012. The 10 employees (other than

corporate officers) with the highest number of purchased shares received, pursuant to the exercise of their share purchase options, 193,282 shares, at the average price of €28.08.

During the financial year ended December 31, 2015, the Chief Executive Officer received, as a result of exercising his share purchase options (plan dated June 24, 2010), 100,000 shares at the price of €24.07 each. No option to subscribe or purchase shares was exercised by the members of the Board of Directors during the financial year ended December 31, 2015.

Schedule 1

Characteristics of the Company's share purchase option plans in force as at December 31, 2015.

Stock purchase option plans in force at December 31, 2015

Shareholders' Meetings			Plan characteristics				Options granted				
Date of Shareholders' Meeting	No. of options	Term	Exercise price (€)	No. of grantees	No. of options	O/w granted to corporate officers	O/w granted to exec. corporate officers	O/w granted to exec. managers excl. corporate officers	O/w granted to the top 10 grantees ⁽²⁾	Conditional options	
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⁾
06/08/2011	660,000	8 years	06/08/2011	€42.41	276	292,840	0	30,300 ⁽ⁱ⁾ _(iv)	65,200 ^(iv)	59,200 ^(iv)	210,370 ^(iv)
			03/27/2012	€40.78	283	367,160	0	35,300 ⁽ⁱ⁾ _(v)	84,700 ^(v)	77,900 ^(v)	265,230 ^(v)
TOTAL STOCK OPTION PLANS					6,160,000	500,000	665,600	1,109,700	819,000	1,261,215	

(1) Date of Board of Directors' meeting.

(2) Including directors who are not corporate officers.

(i) Stock options subject to a holding period.

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

(iii) O/w 100% (CEO and Liaison Committee), 50% or 25% (other directors) is conditional. 2010 operating margin less than 4.0% = loss of options, at 4.5% = 70% of options, at 5% = 100% of options, with linear variation between 4.0% and 4.5% and between 4.5% and 5.0%.

(iv) O/w 100% conditional (CEO and Operations Committee) with three criteria: 1 - an average operating margin equal to or greater than 6.5%; 2 - an average return on capital employed (ROCE) equal to or greater than 30%; and 3 - a pre-tax return on assets (ROA) equal to or greater than 12.5%. Three criteria met = 100% of rights; two criteria met = 60% of rights; one criterion met = 30% of rights; 0 criteria met = cancelation of 100% of rights. Including 100% (Liaison Committee) and 50% (other directors) conditional on two criteria [1 and 2]; two criteria met = 100% of rights; one criterion met = 50% of rights; 0 criteria met = cancelation of conditional rights.

(v) O/w 100% conditional (CEO and Operations Committee) with three criteria: 1 - an average operating margin equal to or greater than 6.7%; 2 - an average return on capital employed (ROCE) equal to or greater than 30%; and 3 - a pre-tax return on assets (ROA) equal to or greater than 12.5%. Three criteria met = 100% of rights; two criteria met = 60% of rights; one criterion met = 30% of rights; 0 criteria met = cancelation of 100% of rights. Including 100% (Liaison Committee) and 50% (other directors) conditional on two criteria [1 and 2]; two criteria met = 100% of rights; one criterion met = 50% of rights; 0 criteria met = cancelation of conditional rights.

SPECIAL REPORT ON SHARE PURCHASE OPTIONS

Exercise date and conditions		Number of stock purchase option plans							
Start	Expiration date	Options outstanding at Dec. 31, 2014	Exercised in 2015 (year)	Exercised at Dec. 31, 2015 (cumulative)	Canceled in 2015 (year)	Canceled at Dec. 31, 2015 (cumulative)	Options outstanding at Dec. 31, 2015	No. of shares that can be purchased	Residual grantees
50% - 2 years; 100% - 3 years	11/16/2013	0	0	377,570	0	272,430	0	0	0
50% - 2 years; 100% - 3 years	03/02/2014	0	0	187,000	0	0	0	0	0
50% - 2 years; 100% - 3 years	11/19/2014	0	0	821,500	0	487,750	0	0	0
50% - 2 years; 100% - 3 years	03/06/2015	0	0	250,000	0	0	0	0	0
100% - 3 years	11/14/2015	242,406	183,656	1,075,919	58,750	601,081	0	0	0
100% - 3 years	03/19/2016	84,925	26,010	266,335	500	102,000	58,415	58,415	102
100% - 2 years	06/23/2018	366,594	209,808	694,852	1,550	149,912	155,236	155,236	187
100% - 3 years	06/07/2019	143,595	59,165	82,220	0	126,190	84,430	84,430	110
100% - 3 years	03/26/2020	331,810	73,453	74,653	3,000	37,150	255,357	255,357	184
		1,169,330	552,092	3,830,049	63,800	1,776,513	553,438	553,438	

SPECIAL REPORT

ON THE ALLOTMENT OF FREE SHARES IN THE COURSE OF THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

This text is a free translation from the French language and is supplied for information purpose. 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, the purpose of this report is to inform you on the allotment, in the course of the financial year ended December 31, 2015, of free existing or future shares for the benefit of members of the personnel of the Company or of companies or associations related to it under the conditions set forth under Article L. 225-197-2 of the French Commercial Code and of corporate officers referred to in Article L. 225-197-1-II of the French Commercial Code.

By virtue of the authorisation granted by the twelfth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 21, 2014, the Board of Directors, during its meeting held on March 26, 2015, allotted free shares of the Company.

The Board of Directors of the Company allotted on March 26, 2015 a total number of 319,009 free existing shares of the Company, the breakdown of which, by category, is as follows:

10,232 performance shares for the benefit of the Chief Executive Officer, Jacques Aschenbroich (discretionary plan), 28,793 performance shares for the benefit of the members of the Operations Committee (discretionary plan), 14,486 performance shares for the benefit of the members of the Liaison Committee (discretionary plan), 66,848 free or performance shares for the benefit of the main N-1 of the members of the Liaison Committee (discretionary plan), 188,000 free shares for the benefit of all personnel of the Group's companies (collective plan) and an exceptional allotment of 10,650 free shares to certain middle managers on the basis of 50 free shares per beneficiary ("middle managers" plan).

The value of the performance shares and free shares allotted by the Board of Directors held on March 26, 2015 amounts to €135.63 per share (average market price for the last twenty trading days as at March 20, 2015).

Discretionary plan

The final date of allotment of the performance shares was set by the Board of Directors at March 26, 2018 for beneficiaries of the Group who are French tax residents and at March 26, 2020 for beneficiaries of the Group who are not French tax residents, provided (i) concerning the Chief Executive Officer, Jacques Aschenbroich, that his mandate is in force on the final date of allotment (this condition of presence may be waived by the Board of Directors at its discretion, except if Jacques Aschenbroich's departure was caused by serious misconduct or gross negligence) and concerning the other beneficiaries, that their employment contract or corporate mandate is in force on the final date of allotment of such shares and that on that date the beneficiary is not in a period of notice due to resignation or dismissal or a mutual conventional termination, except in limited cases (death, total and permanent disability, retirement, early retirement, beneficiary whose entity was transferred out of the Valeo group or in case of discretionary decision of the Board of Directors) and (ii) that the performance criteria applicable to all of the performance shares allotted to the Chief Executive Officer, Jacques Aschenbroich, to the members of the Operations Committee, to the members of

the Liaison Committee (other than operational members), and to 50% of the shares allotted to the main N-1 of the members of the Liaison Committee are met.

As of the final date of allotment of the shares and provided the above conditions are met, the beneficiaries will become the holders of the shares allotted to them free of charge and will benefit from all rights of the shareholder. A two-year retention period as of March 26, 2018 for beneficiaries employed by the Group and who are French tax residents and also for the Chief Executive Officer will follow, during which the latter may not transfer the shares allotted to them on a final basis (except in event of death or total and permanent disability), it being specified that the Chief Executive Officer is required to retain, after expiry of this period, at least 50% of performance shares allotted in the registered form until the term of his office and is not permitted to have recourse to risk hedging transactions. There is no retention period for beneficiaries employed by the Group and who are not French tax residents, who may transfer their shares as from the final date of allotment, *i.e.* March 26, 2020.

Collective and middle managers plans

The beneficiaries are (i) regarding the collective plan, all the employees of the Group's companies and (ii) regarding the «middle managers» plan, 213 middle managers.

The final date of allotment of the free shares was set by the Board of Directors at March 26, 2018 for beneficiaries employed by the Group and who are French, Italian and Spanish tax residents, and at March 26, 2020 for employee beneficiaries who are tax residents of other countries, provided that the employment contract of the beneficiaries is in force on the final date of allotment of such shares and that on that date the beneficiary is not in a period of notice due to, resignation or dismissal or has not signed a mutual conventional termination, except in limited cases (death, total and permanent disability, retirement or early retirement, beneficiary whose entity was transferred out of the Valeo group or in case of discretionary decision of the Board of Directors). No performance condition applies.

As of the final date of allotment of the shares and provided the above condition of presence is met, the beneficiaries will become the holders of the shares allotted to them free of charge and will benefit from all rights of the shareholder. A retention period will follow, and will last for two years as of March 26, 2018 for employee beneficiaries who are French tax residents and three years as of March 26, 2018 for employee beneficiaries who are Italian and Spanish tax residents, during which the latter may not transfer the free shares allotted to them on a final basis (except in the event of death or of total and permanent disability). There is no retention period for employee beneficiaries who are tax residents of countries other than those mentioned hereinabove, who may transfer their shares as from the final date of allotment, *i.e.* March 26, 2020.

Performance shares allotted in 2015 to the Chief Executive Officer, Jacques Aschenbroich ⁽¹⁾

	Number of performance shares allotted	Value of shares (in €)	Date of Board of Directors' meeting
Performance shares allotted in the course of the fiscal year to the Chief Executive Officer of Valeo by Valeo and by its affiliates under the conditions set in Article L. 225-197-2 of the French Commercial Code	10,232	135.63*	26/03/2015
Performance shares allotted in the course of the fiscal year to the Chief Executive Officer of Valeo by controlled companies within the meaning of Article L. 233-16 of the French Commercial Code for the mandates he exercises therein	N/A	N/A	N/A

* Average market price for the last twenty trading days as at March 20, 2015.

Free shares and performance shares allotted in 2015 to the 10 Valeo non-corporate officer employees with the highest number of shares allotted

	Number of performance shares allotted	Value of shares (in €)	Date of Board of Directors' meeting
Performance shares allotted in the course of the fiscal year by Valeo and by its affiliates to the 10 Valeo employees (who are not corporate officers) with the highest number of shares allotted, under the conditions set in Article L. 225-197-2 of the French Commercial Code	26,809	135.63*	26/03/2015

* Average market price for the last twenty trading days as at March 20, 2015.

Free shares allotted in 2015 to all employee beneficiaries of the Group

	Number of free shares allotted	Number of employee beneficiaries who received free shares	Value of shares (in €)	Date of Board of Directors' meeting
Free shares allotted in the course of the fiscal year by Valeo and by its affiliates to all employee beneficiaries	188,000	62,666	135.63*	26/03/2015

* Average market price for the last twenty trading days as at March 20, 2015.

(1) The Chief Executive Officer, Jacques Aschenbroich, is the only corporate officer benefitting from the allotment of performance shares during the financial year.

STATUTORY AUDITORS' REPORT ON THE FREE ALLOCATION OF EXISTING SHARES OR SHARES TO BE ISSUED (20TH RESOLUTION)

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional 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 the salaried employees of Valeo or of companies or groups affiliated with Valeo and to the corporate officers of Valeo or of companies or groups affiliated with Valeo, an operation upon which you are called to vote.

The total number of existing shares or shares to be issued pursuant to this authorisation may not exceed 3,467,000 shares in the event of the approval of the nineteenth resolution or 1,300,000 shares and may not represent more than 10% of the share capital on the date of the Board of Directors' decision.

The total number of existing shares or shares to be issued pursuant to this authorisation for corporate officers of the Company may not exceed 195,000 shares in the event of the approval of the nineteenth resolution or 65,000 shares.

Your board of directors proposes that, on the basis of its report, it be authorized, for a period of twenty-six months as from this extraordinary shareholders' meeting, 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 to comply in accordance with the 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 existing shares or shares to be issued.

Courbevoie and Paris-La Défense, April 8, 2016

The statutory auditors
French original signed by

Ernst & Young et Autres

Philippe Berteaux

Gilles Puissochet

Mazars

Gaël Lamant

Lionel Gotlib

SUMMARY OF THE DELEGATIONS GRANTED BY THE SHAREHOLDERS' MEETING TO THE BOARD OF DIRECTORS RELATING TO CAPITAL INCREASE IN FORCE ON DECEMBER 31, 2015

Authorizations granted Date of Shareholders' Meeting (duration of authorization and expiration date)	Maximum amount of issue	Maximum amount of debt securities	Comments on/ Utilization of authorizations during the year
1. Authorization to increase capital <u>with</u> pre-emptive rights			
Issuance of shares and/or securities giving access to the Company's share capital and/or granting entitlement to the allocation of debt securities (A) Shareholders' Meeting of May 26, 2015 – 13 th resolution Expiring on July 26, 2017 (26 months)	70 million euros (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) combined share capital ceiling = 131 million euros	1.5 billion euros (A) + (C) + (D) + (E) + (F) + (G) combined debt ceiling = 1.5 billion euros	Resolution may not be used in the event of a public tender offer Not used during the year
Capital increase by capitalization of reserves, profits or additional paid-in capital (B) Shareholders' Meeting of May 26, 2015 – 16 th resolution Expiring on July 26, 2017 (26 months)	30 million euros Included in combined share capital ceiling	N/A	Resolution may not be used in the event of a public tender offer Not used during the year
2. Authorization to increase capital <u>without</u> pre-emptive rights			
Issuance of shares and/or securities giving access to the Company's share capital and/or granting entitlement to the allocation of debt securities under a public tender offer (resolution that can also be used as consideration for securities deposited pursuant to a public tender offer initiated by the Company) (C) Shareholders' Meeting of May 26, 2015 – 14 th resolution Expiring on July 26, 2017 (26 months)	23 million euros Ceiling for (C) + (D) + (E) Included in combined share capital ceiling	1.5 billion euros Included in combined debt ceiling	Resolution may not be used in the event of a public tender offer Not used during the year
Issuance of shares and/or securities giving access to the Company's share capital and/or granting entitlement to the allocation of debt securities under a private placement (D) Shareholders' Meeting of May 26, 2015 – 15 th resolution Expiring on July 26, 2017 (26 months)	23 million euros Ceiling for (C) + (D) + (E) Included in combined share capital ceiling	1.5 billion euros Included in combined debt ceiling	Resolution may not be used in the event of a public tender offer Not used during the year
Issuance of shares and/or securities giving access to the Company's share capital and/or granting entitlement to the allocation of debt securities to be used as remuneration for contributions in kind granted to the Company (E) Shareholders' Meeting of May 26, 2015 – 18 th resolution Expiring on July 26, 2017 (26 months)	23 million euros Ceiling for (C) + (D) + (E) Included in combined share capital ceiling	1.5 billion euros Included in combined debt ceiling	Resolution may not be used in the event of a public tender offer Not used during the year
Issuance of shares and/or securities giving access to the share capital reserved for members of the employee share ownership plan (F) Shareholders' Meeting of May 26, 2015 – 20 th resolution Expiring on July 26, 2017 (26 months)	5 million euros Included in combined share capital ceiling	1.5 billion euros Included in combined debt ceiling	Resolution may not be used in the event of a public tender offer Not used during the year

SUMMARY OF THE DELEGATIONS GRANTED

Authorizations granted Date of Shareholders' Meeting (duration of authorization and expiration date)	Maximum amount of issue	Maximum amount of debt securities	Comments on/ Utilization of authorizations during the year
3. Authorization to increase capital <u>with or without</u> pre-emptive rights			
Overalllocation option as part of capital increase <u>with or without</u> pre-emptive rights (G) Shareholders' Meeting of May 26, 2015 – 17 th resolution Expiring on July 26, 2017 (26 months)	The ceiling is specified in the applicable regulation (currently 15% of the initial issuance), not to exceed the ceiling applicable to the initial issuance, determined pursuant to resolution (A), resolution (C) or resolution (D)	The ceiling is determined pursuant to resolution (A), resolution (C) or resolution (D).	Resolution may not be used in the event of a public tender offer Not used during the year
4. Authorization to allot free shares			
Allotment of free shares, existing shares or shares to be issued to Group employees and corporate officers (H) Shareholders' Meeting of May 21, 2014 – 12 th resolution Expiring on July 21, 2016 (26 months)	<i>Maximum number of shares (existing or to be issued) allocated:</i> 1,500,000 (with a sub-ceiling of 75,000 shares for executive corporate officers), these shares cannot exceed more than 10% of the share capital at the date of the Board's decision Included in combined share capital ceiling	N/A	Used by the Board of Directors at its meeting on March 26, 2015 (319,009 shares allotted)



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VALEO

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