



Information on the allotment of performance shares of the Company

Acting on the recommendation of the Appointment, Compensation and Governance Committee and in accordance with the principles established by the Board of Directors of March 24, 2016 and announced to the shareholders in the Board of Directors' report on the resolutions presented at the 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 May 26, 2016, decided to allot free shares and performance shares to employees and corporate officers of the Group, including 23,658 performance shares to the Chairman and Chief Executive Officer.

The performance shares allotted to the Chairman and Chief Executive Officer are subject to the achievement of performance measured for the 2016, 2017 and 2018 fiscal years by reaching an operating margin, a rate of return on capital employed ("ROCE") and a rate of return pre-tax assets ("ROA") such that the average over the three years of reference period, of the ratio between the actual rate and the target rate set by the Board of Directors at the beginning of each fiscal year of reference, which shall be at least equal to the guidance for the relevant fiscal year, is greater than or equal to one. It is specified that the target values set by the Board of Directors for the 2016 fiscal year, which may not be amended subsequently, are higher than 7.7% for the operating margin, equal to 30% for the ROCE and equal to 20% (not counting acquisitions) for the ROA.

Then:

- if the three criteria for fiscal years 2016, 2017 and 2018 are met, all the performance shares initially allotted will vest;
- if two of the performance criteria for fiscal years 2016, 2017 and 2018 are met, only 60% of the performance shares initially allotted will vest and the remainder will be forfeited;
- if only one performance criterion for fiscal years 2016, 2017 and 2018 is met, only 30% of the performance shares initially allotted will vest and the remainder will be forfeited;
- if none of the performance criteria for fiscal years 2016, 2017 and 2018 is met, none of the performance shares initially allotted will vest.

The performance shares will be finally allotted to the Chairman and Chief Executive Officer subject, in particular, to his term of office being in force on the date of the final allotment (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) or to him having exercised his retirement rights.

The allotment of performance shares will become final at the end of a three-year vesting period, the Chairman and Chief Executive Officer being then obliged to retain his shares by virtue of a two-year holding period. In addition, at the end of this period, he must retain at least 50% of the number of performance shares definitely allotted in registered form until the end of his term of office.

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