

**Information relating to the compensation of the Chief Executive Officer determined by the Board of Directors' meeting on February 24, 2015**

After consultation with the Appointment, Compensation and Governance Committee, the Board of Directors' meeting on February 24, 2015 determined the variable compensation of the Chief Executive Officer for the financial year ending December 31, 2014, established the rules for the Chief Executive Officer's variable compensation for the financial year ending December 31, 2015, and decided to renew the granting to the Chief Executive Officer of the benefit of a possible severance payment with more stringent amendments and amendments also more demanding relating to non-competition payment.

**1. Chief Executive Officer's variable compensation for the financial years ending December 31, 2014 and December 31, 2015**

*a. Summary of the decisions of the Board of Directors' meeting of February 20, 2014*

Upon recommendation of the Appointment, Compensation and Governance Committee ("ACGC"), the Board of Directors on February 20, 2014 decided that the variable compensation that could be granted to Jacques Aschenbroich for the financial year ending December 31, 2014 would be determined according to:

- quantitative criteria, including: (i) operating margin, (ii) operating cash flow, (iii) net income, (iv) ROCE and (v) orders booked by the Group;
- qualitative criteria, including: (i) quality of financial communications, (ii) strategic vision and (iii) risk management.

For each quantitative criterion, the amount of variable compensation as a percentage of the fixed compensation would range from 0% to 17%.

For the qualitative criteria: quality of the financial communication as a percentage of the fixed compensation would range from 0% to 10%, and from 0% to 20% for strategic vision and risk management.

The maximum amount of the variable compensation for the financial year ending December 31, 2014 was capped at 135% of Jacques Aschenbroich's fixed compensation.

*b. Decisions of the Board of Directors' meeting of February 24, 2015 relating to the variable compensation of the Chief Executive Officer for the financial year ending December 31, 2014*

During the meeting held on February 24, 2015, the Board of Directors, upon recommendation of the ACGC, noted that the achievement rates for quantitative and qualitative criteria for the financial year ending December 31, 2014 represent 85% and 50% respectively, of the fixed compensation, bringing the amount of variable compensation to be paid to Jacques Aschenbroich to 135% of the fixed compensation he received, i.e., 1,215,000 euros (the same amount as the one paid for the financial year ending December 31, 2013).

*c. Decisions of the Board of Directors' meeting of February 24, 2015 relating to the variable compensation of the Chief Executive Officer for the financial year ending December 31, 2015*

At the same meeting on February 24, 2015, the Board of Directors decided, upon recommendation of the ACGC, that the variable compensation hat could be awarded to Jacques Aschenbroich for the

financial year ending December 31, 2015 would be, as for the financial year ending December 31, 2014, determined according to:

- quantitative criteria, including: (i) operating margin, (ii) operating cash flow, (iii) net income, (iv) ROCE and (v) orders booked by the Group;
- qualitative criteria, including: (i) quality of financial communications, (ii) strategic vision and (iii) risk management.

For each quantitative criterion, the amount of variable compensation as a percentage of the fixed compensation would range from 0% to 17%.

For the qualitative criteria: quality of the financial communication as a percentage of the fixed compensation would range from 0% to 10%, and from 0% to 20% for strategic vision and risk management.

It shall be stated that the assessment of the achievement of quantitative criteria and of qualitative criterion relating to the strategic vision were subject to adjustments, compared with the criterion determined for the variable part of the compensation for the financial year ending December 31, 2014, decided by the Board of Directors upon recommendation of the ACGC.

The maximum amount of the variable compensation for the financial year ending December 31, 2015 is capped at 135% of Jacques Aschenbroich's fixed compensation.

## **2. Severance payment and non-competition payment**

### *a. Reminder of the decisions of the Board of Directors' meeting of February 24, 2011 with respect to severance payment and non-competition payment*

The Board of Directors' meeting on February 24, 2011, upon recommendation of the ACGC, decided, on condition that Jacques Aschenbroich's term of office as a member of the Board of Directors is renewed by the General Shareholders' Meeting of June 8, 2011, and that his term of office as Chief Executive Officer is renewed by the Board of Directors at the first meeting following this General Shareholders' Meeting, to renew the benefit of the severance payment that could be attributed in the event of a non-voluntary departure linked to a change in control or strategy (except in the event of serious professional misconduct), which was granted by the Board of Directors on February 24, 2010, upon recommendation of the ACGC and after consultation with the "*Comité des Sages*". This compensation is described in the summary table relating to the severance payment set forth in paragraph 2.b below.

The Board of Directors also noted at the meeting on February 24, 2011, upon recommendation of the ACGC, that the non-competition payment decided by the Board of Directors on February 24, 2010 and approved by the General Shareholders' Meeting of June 3, 2010 would continue without any amendment, on condition that Jacques Aschenbroich's term of office as a member of the Board of Directors is renewed by the General Shareholders' Meeting of June 8, 2011, and that his term of office as Chief Executive Officer is renewed by Board of Directors at the first meeting following this General Shareholders' Meeting. This compensation is described in the summary table relating to the non-competition payment set forth in paragraph 2.b below.

*b. Decisions of the Board of Directors' meeting of February 24, 2015 with respect to severance payment and non-competition payment*

The Board of Directors' meeting on February 24, 2015, upon recommendation of the ACGC, decided, on condition that Jacques Aschenbroich's term of office as a member of the Board of Directors is renewed by the General Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2014, and that his term of office as Chief Executive Officer is renewed by the Board of Directors at the first meeting following this General Shareholders' Meeting, to (i) change the calculation basis and certain criteria of the severance payment determined on February 24, 2011 and (ii) expressly provide the cases pursuant to which the payment is excluded.

These amendments prove the commitment of the Board of Directors to strengthen the demanding nature of severance payment's triggering conditions. The proposed amendments to the severance payment as approved by the General Shareholders' Meeting of June 8, 2011 will be subject to the approval of the General Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2014.

The following table summarizes and compares the Chief Executive Officer's severance payment approved by the General Shareholders' Meeting of June 8, 2011 and the amended Chief Executive Officer's severance payment which will be subject to the approval of the General Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2014:

	<b>Severance payment approved by the General Shareholders' Meeting of June 8, 2011</b>	<b>Severance payment which will be subject to the approval of the General Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2014</b>
<b>Maximum amount of severance payment</b>	Twice the annual compensation, as reflected in the calculation basis below.	
<b>Calculation basis of severance payment</b>	Annual compensation (fixed and variable) based on the average compensation (fixed and variable) paid during the two financial years preceding the year in which the termination occurs.	Annual compensation (fixed and variable) based on the average compensation (fixed and variable) paid during the three financial years preceding the year in which the termination occurs.
<b>Performance criteria</b>	– payment at least twice in the three previous years of all or part of the variable compensation;	– payment of 50% of the variable compensation on average in the three previous years;
	– achievement of a positive net income during the last financial year;	
	– achievement of an operating margin in the last financial year exceeding 3,6%;	– achievement of a ROCE exceeding 20% on average in the three previous years;
	– achievement of a gross margin in the last financial year exceeding 16%; and	
	– achievement of an order intake to original equipment sales ratio exceeding 1.3 on average during the two previous financial years.	– achievement of an order intake to original equipment sales ratio exceeding 1.3 on average during the three previous financial years.
<b>Method of calculation</b>	The total amount payable as a severance payment would be calculated as follows: <ul style="list-style-type: none"> <li>– if 5 criteria achieved: Jacques Aschenbroich would receive 100% of the amounts concerned;</li> <li>– if 4 criteria achieved: Jacques Aschenbroich would receive 80% of the amounts concerned;</li> <li>– if 3 criteria achieved: Jacques Aschenbroich would receive 60% of the amounts concerned;</li> <li>– if 2 criteria achieved: Jacques Aschenbroich would receive 40% of the amounts concerned;</li> </ul>	

	Severance payment approved by the General Shareholders' Meeting of June 8, 2011	Severance payment which will be subject to the approval of the General Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2014
	<ul style="list-style-type: none"> <li>– if less than 2 criteria achieved: Jacques Aschenbroich would receive 0% of the amounts concerned.</li> </ul> <p>The Board of Directors would reduce by 20% the amount resulting from the above calculations if a major plan affecting employment is implemented in the year preceding the date Jacques Aschenbroich's term of office is terminated.</p>	
<b>Payment</b>	<p>The severance payment would be paid as a lump sum within a maximum of one month following the review by the Board of Directors of the respect of the severance payment criteria.</p> <p>The payment could only be attributed in the event of a non-voluntary departure linked to a change in control or strategy (except in the event of serious professional misconduct).</p>	
		<ul style="list-style-type: none"> <li>– The payment of severance payment is excluded if the Chief Executive Officer elects to leave the Company in order to hold another position within the same Group or is able to benefit in the near future from pension rights.</li> </ul>
<b>Global limit to the non-compete payment and the severance payment</b>	Twice the annual compensation (fixed and variable), as reflected in the calculation basis above.	

Furthermore, the Board of Directors, at its meeting of February 24, 2015, upon recommendation of the ACGC, decided, on condition that Jacques Aschenbroich's term of office as a member of the Board of Directors is renewed by the General Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2014, and that his term of office as Chief Executive Officer is renewed by the Board of Directors at the first meeting following this General Shareholders' Meeting, to (i) clarify that non-competition payment will be calculated on the basis of calculation used for the amended severance payment and (ii) expressly provide that the Board of Directors shall now have to decide on whether or not the non-competition agreement will be upheld at the time the Chief Executive Officer leaves, in particular when the Chief Executive Officer leaves the Company to claim or after having claimed his pension rights .

The following table summarizes and compares the Chief Executive Officer's non-competition payment approved by the General Shareholders' Meeting of June 3, 2010 and the amended Chief Executive Officer's non-competition payment which will be subject to the approval of the General Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2014:

	Non-competition payment approved by the General Shareholders' Meeting of June 3, 2010	Non-competition payment which will be subject to the approval of the General Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2014
<b>Subject</b>	Prohibition, for 12 months following the termination of his functions as Chief Executive Officer, regardless of the reason, to collaborate in any manner whatsoever with an automotive supplier or, more generally, with any company that is a competitor to Valeo.	
<b>Duration of the obligation not to compete</b>	12 months from the termination of his functions as Chief Executive Officer.	
<b>Maximum amount of non-competition payment</b>	12 months of compensation.	
<b>Calculation basis of non-competition payment</b>	Average compensation (fixed and variable) paid during the two financial years preceding	Average compensation (fixed and variable) paid during the three financial years preceding the

	<b>Non-competition payment approved by the General Shareholders' Meeting of June 3, 2010</b>	<b>Non-competition payment which will be subject to the approval of the General Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2014</b>
	the year in which the termination occurs.	year in which the termination occurs.
<b>Payment</b>	Amount paid in equal monthly installments throughout the period covered by the non-competition clause.	
<b>Implementation of the obligation</b>		Prior decision of the Board of Directors required to decide on whether or not the non-competition agreement will be upheld at the time the Chief Executive Officer leaves, in particular when the Chief Executive Officer leaves the Company to claim or after having claimed his pension rights.
	Valeo could always release the Chief Executive Officer from his obligation not to compete.	
<b>Global limit to the non-compete payment and the severance payment</b>	Maximum amount due for severance payment (it being specified that the basis for calculating severance payment has been amended as indicated in the table set forth above).	

Finally, it shall also be noted that the Board of Directors, at its meeting of February 24, 2015, upon recommendation of the ACGC, noted that (i) the complementary pension fund and (ii) the life insurance policy in the event of death, incapacity or any consequence of an accident occurring during business travel benefiting to Jacques Aschenbroich will continue without amendment on condition that Jacques Aschenbroich's term of office as a member of the Board of Directors is renewed by the General Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2014, and that his term of office as Chief Executive Officer is renewed by the Board of Directors at the first meeting following this General Shareholders' Meeting.