

2017

SHAREHOLDER ADDITIONAL
INFORMATION BROCHURE

**Combined Shareholders'
Meeting**

Tuesday May 23, 2017, 2:30 p.m.

at Pavillon Gabriel
5, avenue Gabriel, 75008 Paris





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SPECIAL REPORT

ON STOCK 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 stock purchase option plans in force as at December 31, 2016, taking into account the three-for-one stock split decided by the General Shareholders' Meeting of May 26, 2016 (nineteenth resolution) and implemented by the Board of Directors on that same day, as well as the related adjustment⁽¹⁾, are described in the table attached in [Schedule 1](#) to this report. The information provided in this report also takes into account the above-mentioned stock split and adjustment.

During the financial year ended December 31, 2016, the March 20, 2008 plan expired on March 19, 2016 and was wound up by the cancellation of 69,750 stock purchase options not yet exercised.

As at December 31, 2016, the total number of stock purchase options allotted and not yet exercised (after taking into account the abovementioned cancelled options) amounted to 331,913 stock purchase options for the June 24, 2010 plan, 117,905 stock purchase options for the June 8, 2011 plan and 376,855 stock purchase options for the March 27, 2012 plan.

Number of beneficiaries of stock purchase options as at December 31, 2016

As at December 31, 2016, the residual number of beneficiaries of stock purchase options amounted to 137 for the June 24, 2010 plan, 69 for the June 8, 2011 plan and 115 for the March 27, 2012 plan.

Stock purchase options allotted in the course of the financial year

It is specified, as necessary, that the tenth resolution adopted by the General Shareholders' Meeting of 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 General Shareholders' Meeting during the financial years ended December 31, 2014, December 31, 2015 and December 31, 2016.

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

In the course of the financial year ended December 31, 2016, 105,495 stock purchase options were exercised pursuant to the March 20, 2008 plan, 129,145 stock purchase options pursuant to the June 24, 2010 plan, 134,305 stock purchase options pursuant to the June 8, 2011 plan and 386,516 stock purchase options pursuant to the March 27, 2012 plan. The 10 employees (other than corporate officers) with the highest number of purchased shares received, pursuant to the exercise of their stock purchase options, 175,820 shares, at the average price of €12.56.

During the financial year ended December 31, 2016, the Chairman and Chief Executive Officer received, as a result of exercising his stock purchase options (June 8, 2011 plan), 54,540 shares at the price of €14.13 each and (March 27, 2012 plan), 105,900 shares at the price of €13.59 each. No stock purchase or subscription option was exercised by any other member of the Board of Directors during the financial year ended December 31, 2016, since they are not entitled to stock purchase or subscription options.

⁽¹⁾ For the purpose of protecting the interests of the beneficiaries of stock purchase options, the Board of Directors of May 26, 2016, decided to adjust the exercise price of the options to be exercised by the beneficiaries, by dividing it by three and multiplying the number of options by three.

Schedule 1

Characteristics of the Company's stock purchase option plans in force as at December 31, 2016 in the Company

Stock purchase option plans in force at December 31, 2016

Shareholders' Meetings		Plan characteristics					Options granted				
Date of Shareholders' Meeting	No. of options	Term	Date ⁽¹⁾	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	13,500,000	8 years	11/17/2005	€10.77	1,082	1,950,000	0	0	282,900	146,700	0
			03/03/2006	€11.25	2	561,000	450,000	450,000	111,000	0	0
			11/20/2006	€10.88	1,298	3,927,750	0	0	753,000	525,000	0
			03/07/2007	€12.32	2	750,000	600,000 ⁽ⁱ⁾	600,000 ⁽ⁱ⁾	150,000	0	0
			11/15/2007	€12.27	1,330	5,031,000	450,000 ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	450,000 ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	1,050,000 ⁽ⁱⁱⁱ⁾	690,000 ⁽ⁱⁱⁱ⁾	522,750 ⁽ⁱⁱⁱ⁾
03/20/2008	€10.47	596	1,280,250	0	0	0	234,000	0			
06/03/2010	3,000,000	8 years	06/24/2010	€8.02	728	3,000,000	0	300,000 ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	532,500 ⁽ⁱⁱⁱ⁾	450,000 ⁽ⁱⁱⁱ⁾	1,834,095 ⁽ⁱⁱⁱ⁾
06/08/2011	1,980,000	8 years	06/08/2011	€14.13	276	878,520	0	90,900 ^{(i)(iv)}	195,600 ^(iv)	177,600 ^(iv)	631,110 ^(iv)
			03/27/2012	€13.59	283	1,101,480	0	105,900 ^{(i)(v)}	254,100 ^(v)	233,700 ^(v)	795,690 ^(v)
TOTAL STOCK OPTION PLANS						18,480,000	1,500,000	1,996,800	3,329,100	2,457,000	3,783,645

(1) Date of Board of Directors' meeting.

(2) Including directors who are not corporate officers.

(i) Stock options subject to the holding period described in Chapter 3, section 3.2.5 "Stock purchase option, stock subscription option and performance share allotment policy for executive corporate officers", pages 132 to 133.

(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 allotment 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 = cancellation 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 = cancellation 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 = cancellation 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 = cancellation of conditional rights.

Exercise date and conditions		Number of stock purchase option plans						Options outstanding at Dec. 31, 2016	Number of shares remaining to be transferred	Residual grantees
Start	Expiration date	Options outstanding at Dec. 31, 2015	Exercised in 2016 (year)	Exercised at Dec. 31, 2016 (cumulative)	Canceled in 2016 (year)	Canceled at Dec. 31, 2016 (cumulative)				
50% - 2 years; 100% - 3 years	11/16/2013	0	0	1,132,710	0	817,290	0	0	0	
50% - 2 years; 100% - 3 years	03/02/2014	0	0	561,000	0	0	0	0	0	
50% - 2 years; 100% - 3 years	11/19/2014	0	0	2,464,500	0	1,463,250	0	0	0	
50% - 2 years; 100% - 3 years	03/06/2015	0	0	750,000	0	0	0	0	0	
100% - 3 years	11/14/2015	0	0	3,227,757	0	1,803,243	0	0	0	
100% - 3 years	03/19/2016	175,245	105,495	904,500	69,750	375,750	0	0	0	
100% - 2 years	06/23/2018	465,708	129,145	2,213,701	4,650	454,386	331,913	331,913	137	
100% - 3 years	06/07/2019	253,290	134,305	380,965	1,080	379,650	117,905	117,905	69	
100% - 3 years	03/26/2020	766,071	386,516	610,475	2,700	114,150	376,855	376,855	115	
		1,660,314	755,461	12,245,608	78,180	5,407,719	826,673	826,673		

SPECIAL REPORT

ON THE ALLOTMENT OF FREE SHARES IN THE COURSE OF THE FINANCIAL YEAR ENDED DECEMBER 31, 2016



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 of the allotment, in the course of the financial year ended December 31, 2016, of free existing or newly issued shares, to employees of the Company or of companies or groups linked to it under the conditions set forth in Article L. 225-197-2 of the French Commercial Code and to corporate officers referred to in Article L. 225-197-1-II of the French Commercial Code.

Pursuant to the authorisation granted under the twentieth resolution of the Ordinary and Extraordinary General Shareholders' Meeting of May 26, 2016, the Board of Directors, during its meeting of May 26, 2016, allotted free shares of the Company, it being specified that the free shares allotted are Company shares following the three-for-one stock split decided by the General Shareholders' Meeting of May 26, 2016 (nineteenth resolution) and implemented by the Board of Directors on that same day.

The Company's Board of Directors decided on May 26, 2016 to allot a maximum number of 1,267,022 free or performance shares of the Company, the breakdown of which, by category, is as follows: 70,974 performance shares to the Chairman and Chief Executive Officer, Jacques Aschenbroich (discretionary plan), 147,846 performance shares to the members of the Operations Committee (discretionary plan), 60,732 performance shares to the members of the Liaison Committee (discretionary plan), 293,970 performance shares to the main direct reports of the Liaison Committee members (discretionary plan), 650,000 free shares to all employees of the Group's companies (collective plan) and an exceptional allotment of 43,500 free shares to certain high potential managers on the basis of 150 free shares per beneficiary ("high potential managers" plan).

The value of the performance shares and free shares allotted by the Board of Directors of May 26, 2016, amounts to €38.04 per share, *i.e.* €114.13 for a share before the three-for-one stock split (average market price for the last 20 trading days as at May 25, 2016, inclusive)⁽¹⁾.

Discretionary plan

The vesting date of the performance shares was set by the Board of Directors at June 8, 2019 for beneficiaries of the Group who are French tax residents and at June 8, 2021 for beneficiaries of the Group who are not French tax residents, provided (i) concerning the Chairman and Chief Executive Officer, Jacques Aschenbroich, that he is still in office as Chairman and Chief Executive Officer on the vesting date (however, the condition of presence may be waived at the Board of Directors' discretion, unless the departure is attributable to gross negligence or wilful misconduct) or has retired, and concerning the other beneficiaries, that their employment contract or corporate mandate is in force and that the beneficiary is not in a period

of notice on the vesting date, due to resignation, dismissal or mutual conventional termination, except in limited cases (death, total and permanent disability, retirement or early retirement, beneficiary whose entity was transferred 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 Chairman and Chief Executive Officer, Jacques Aschenbroich, the members of the Operations Committee, the members of the Liaison Committee (other than operational members), and the main direct reports of the Liaison Committee members are met.

⁽¹⁾ The valuation of the free shares allotted as part of the implementation of the Shares4U plan amounts to €51.72 (average market price for the last 20 trading days (closing market price) as at November 15, 2016, inclusive).

As of the vesting date and provided the above conditions are met, the beneficiaries will own the shares allotted to them for free and will benefit from all shareholder rights. A two-year holding period as of June 8, 2019 for beneficiaries employed by the Group and who are French tax residents and also for the Chairman and Chief Executive Officer will follow, during which they may not transfer their vested shares (except in the event of death or total and permanent disability), it being

specified that at the end of this two-year period, the Chairman and Chief Executive Officer must hold at least 50% of vested shares in registered form until the end of his term of office and, in accordance with the AFEP-MEDEF Code and Valeo's Code of good conduct, he shall not use hedging transactions to reduce his risk. There is no holding period for beneficiaries who are not French tax residents; they may transfer their shares as of the vesting date, *i.e.* June 8, 2021.

Collective plan and "high potential managers" plan

The beneficiaries are (i) regarding the collective plan, (a) all employees of the Group's companies in France and in the countries which do not participate in the Shares4U employee shareholding plan (without performance condition) and (b) all employees of the Group's companies who subscribed shares pursuant to the Shares4U employee shareholding plan outside France (without performance condition) and (ii) regarding the "high potential managers" plan, 290 high potential managers.

(i) Collective plan

a) Allotment to all employees of the Group's companies in France and in the countries which do not participate in the Shares4U employee shareholding plan

The vesting date was set by the Board of Directors at June 8, 2019, for beneficiaries employed by the Group and who are French tax residents, and at June 8, 2021 for beneficiaries who are not French tax residents, provided that their employment contract is in force and that the beneficiary is not in a period of notice on the vesting date, due to resignation, dismissal or mutual conventional termination, except in limited cases (death, total and permanent disability, retirement or early retirement, beneficiary whose entity was transferred or in case of discretionary decision of the Board of Directors). No performance condition applies.

As of the vesting date and provided the above condition of presence is met, the beneficiaries will own the shares allotted to them for free and will benefit from all shareholder rights. A two-year holding period as of June 8, 2019 will follow for employee beneficiaries who are French tax residents, during which they may not transfer their vested shares (except in the event of death or of total and permanent disability). There is no holding period for employee beneficiaries who are not French tax residents; they may transfer their shares as of the vesting date, *i.e.* June 8, 2021.

b) Allotment to all the employees of the Group's companies who subscribed shares pursuant to the Shares4U employee shareholding plan outside France

The vesting date was set (i) at November 15, 2019 for beneficiaries employed by the Group and who are Italian and Spanish tax residents, (ii) at November 15, 2021 for beneficiaries employed by the Group who are Belgian tax residents, and (iii) at June 30, 2021 for beneficiaries employed by the Group who are tax residents from other countries which participate in the Shares4U plan, and outside France, provided that their employment contract was not terminated before the vesting date (*i.e.* during the vesting period) due to resignation or dismissal for misconduct. In the event of termination of the employment contract before the end of the vesting period for any other purpose, the rights to free shares are maintained. Similarly, if the employer is no longer part of the Valeo Group, the rights to free shares are not affected. In the event of death or disability, the free shares will be delivered in advance. No performance condition is required.

As of the vesting date and provided the condition of presence is met, the beneficiaries will own the shares allotted to them for free and will benefit from all shareholder rights. However, a three-year holding period as of November 15, 2019 is required for employee beneficiaries who are Italian and Spanish tax residents, during which they may not transfer their vested shares (except in the event of death or total and permanent disability). Regarding other countries, there is no holding period and the beneficiaries may transfer their shares as of the vesting date, *i.e.* June 30, 2021 (or November 15, 2021 for the beneficiaries who are Belgian tax residents).

(ii) "High potential managers" plan

The vesting date was set by the Board of Directors at June 8, 2019 for beneficiaries employed by the Group and who are French tax residents, and at June 8, 2021 for beneficiaries who are not French tax residents, provided that their employment contract is in force and that the beneficiary is not in a period of notice on the vesting date, due to resignation, dismissal or mutual conventional termination, except in limited cases (death, total and permanent disability, retirement or early retirement, beneficiary whose entity was transferred or in case of discretionary decision of the Board of Directors). No performance condition applies.

As of the vesting date and provided the above condition of presence is met, the beneficiaries will own the shares allotted to them for free and will benefit from all shareholder rights. A two-year holding period as of June 8, 2019 will follow for employee beneficiaries who are French tax residents, during which they may not transfer their vested shares (except in the event of death or total and permanent disability). There is no holding period for employee beneficiaries who are not French tax residents; they may transfer their shares as of the vesting date, *i.e.* June 8, 2021.

Performance shares allotted in 2016 to the Chairman and Chief Executive Officer, Jacques Aschenbroich⁽¹⁾

	Number of performance shares allotted	Value of shares (€)	Date of Board of Directors' meeting
Performance shares allotted in the course of the financial year to the Chairman and Chief Executive Officer by Valeo and by its affiliates under the conditions set forth in Article L. 225-197-2 of the French Commercial Code	70,974	38.04*	05/26/2016
Performance shares allotted in the course of the financial year to the Chairman and Chief Executive Officer 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

* *i.e.* €114.13 for a share before the three-for-one stock split (average market price for the last 20 trading days as at May 25, 2016, inclusive).

Free shares and/or performance shares allotted in 2016 to the 10 employees (who are not corporate officers) with the highest number of shares allotted

	Number of free shares allotted	Value of shares (€)	Date of Board of Directors' meeting
Free shares and/or performance shares allotted in the course of the financial 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 forth in Article L. 225-197-2 of the French Commercial Code	128,344	38.04*	05/26/2016

* *i.e.* €114.13 for a share before the three-for-one stock split (average market price for the last 20 trading days as at May 25, 2016, inclusive).

Free shares allotted in 2016 to all employees of the Group

	Number of free shares allotted	Number of employee beneficiaries who received free shares	Value of shares (€)	Date of Board of Directors' meeting
Free shares allotted in the course of the financial year to all employees of the Group's companies in France and in the countries which do not participate in the employee shareholding plan	76,110	15,222	38.04*	05/26/2016
Free shares allotted in the course of the financial year abroad as part of the employee shareholding plan	223,269	12,253	51.72**	05/26/2016

* *i.e.* €114.13 for a share before the three-for-one stock split (average market price for the last 20 trading days – closing market price – as at May 25, 2016, inclusive).

** Average market price for the last 20 trading days (closing market price) as at November 15, 2016, inclusive, date of allotment of the free shares.

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

SUMMARY

OF THE DELEGATIONS

granted by the Shareholders' Meeting to the Board of Directors relating to capital increase in force on December 31, 2016



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 allotment 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 allotment 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 allotment 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 allotment 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 Used in connection with the November 15, 2016 capital increase reserved for employees

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			
Overallotment option as part of capital increase with or without 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 26, 2016 – 20 th resolution Expiring on July 26, 2018 (26 months)	Maximum number of shares (existing or to be issued) allotted: 1,300,000 (i.e., 3,467,000 shares after the stock split, which was approved by the Shareholders' Meeting of May 26, 2016 and implemented by the Board of Directors on the same date) (with a sub-ceiling of 65,000 shares for executive corporate officers, or 195,000 shares after the stock split), these allotments cannot exceed more than 10% of the share capital at the date of the Board of Directors' decision Included in combined share capital ceiling	N/A	Used by the Board of Directors at its meeting on March 26, 2016 (1,267,022 shares allotted)

STATUTORY

AUDITORS' REPORT

on the issue of shares and marketable securities with and/or without cancellation of preferential subscription rights

This is a free translation into English of a report issued in French and 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 articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report on the proposed authorisations allowing your Board of Directors to decide on whether to proceed with various issues of shares and/or marketable securities, operations upon which you are called to vote.

Your Board of Directors proposes, on the basis of its report, that:

- it be authorised for a 26-month-period to decide on whether to proceed with the following operations and to determine the final conditions of these issues and proposes, where applicable, to cancel your preferential subscription rights :
 - issue, without cancellation of preferential subscription rights (12th resolution) of (i) shares of the Company, (ii) marketable securities that are equity securities giving access to the share capital of the Company or of a company in which the Company directly or indirectly owns more than half of the share capital and/or granting entitlement to the allocation of debt securities, or (iii) marketable securities that are representative of a debt right that must likely give access to the share capital of the Company or of a company in which the Company directly or indirectly owns more than half of the share capital to be issued ;
 - issue, with cancellation of preferential subscription rights (13th resolution), of (i) shares of the Company, (ii) marketable securities that are equity securities giving access to the share capital of the Company or of a company in which the Company directly or indirectly owns more than half of the share capital and/or granting entitlement to the allotment of debt securities, or (iii) marketable securities that are representative of a debt right that must likely give access to the share capital of the Company or of a company in which the Company directly or indirectly owns more than half of the share capital to be issued, it being specified that such securities may be issued for

the purpose of paying for securities contributed to the Company through an exchange offer in accordance with article L. 225-148 of the French Commercial Code (*Code de commerce*) ;

- issue, with cancellation of preferential subscription rights, through offerings in accordance with II of article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) for an amount that does not exceed 20% of the share capital per year (14th resolution), of (i) shares of the Company, (ii) marketable securities that are equity securities giving access to the share capital of the Company or of a company in which the Company directly or indirectly owns more than half of the share capital and/or granting entitlement to the allocation of debt securities, or (iii) marketable securities that are representative of a debt right that must likely give access to the share capital of the Company or of a company in which the Company directly or indirectly owns more than half of the share capital to be issued ;
- issue with cancellation of preferential subscription rights, of ordinary shares resulting from the issue by any company in which the Company directly or indirectly owns more than half of the share capital, of marketable securities giving access to ordinary shares to be issued of the company (13th and 14th resolutions)
- it be delegated, for a period of twenty-six months, the powers necessary to issue (i) ordinary shares, (ii) marketable securities that are equity securities giving access to the Company's share capital and/or granting entitlement to the allocation of debt securities, or (iii) marketable securities that are representative of a debt right that must likely give access to the share capital of the Company to be issued in consideration for the contributions in kind made to the Company and consisting of equity securities or marketable securities giving access to the capital (17th resolution), within the limit of 10% of the share capital.

The overall nominal amount of increases in capital that can be implemented immediately or at a later date may not exceed €70,000,000 in respect of the 12th resolution and €23,000,000 in respect of the 13th, 14th, and 17th resolutions, it being specified that those amounts would count toward the €131,000,000-general maximum limit for capital increases in respect of the 12th, 13th, 14th, 15th, 16th, 17th and 18th resolutions.

The overall nominal amount of increases in debt securities that can be implemented may not exceed €1,500,000,000 in respect of the 12th, 13th, 14th and 17th resolutions, it being specified that those amounts would count toward the €1,500,000,000-general maximum limit for debt securities in respect of the 12th, 13th, 14th, 15th, 16th, 17th and 18th resolutions.

These ceilings reflect the additional number of securities to be created as part of the implementation of the delegations referred to in the 12th, 13th and 14th resolutions, in accordance with article L. 225-135-1 of the French Commercial Code (*Code de commerce*), if you adopt the 15th resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with articles R. 225-113 *et seq.* of the French Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to these operations provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des*

Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to these operations and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the Board of Directors' report in respect of the 13th and 14th resolutions.

Moreover, as the methods used to determine the issue price of the equity securities to be issued in accordance with the 12th and 17th resolutions are not specified in that report, we cannot report on the choice of constituent elements used to determine the issue price.

As the final conditions in which the issues would be performed have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights for the 13th and 14th resolutions.

In accordance with article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your Board of Directors has exercised these authorizations in case of the issue of marketable securities that are equity securities giving access to other equity securities or giving entitlement to the allotment of debt securities, in case of the issue of marketable securities giving access to equity securities to be issued and in case of the issue of shares with cancellation of preferential subscription rights.

Paris-La Défense, April 18, 2017

The Statutory Auditors
French original signed by

Mazars
Thierry Colin

Gaël Lamant

Ernst & Young et Autres
Philippe Berteaux Jean-François Ginies

STATUTORY AUDITORS' REPORT

on the issue of shares or securities giving access to ordinary shares in the Company reserved for members of a company savings scheme

This is a free translation into English of a report issued in French and 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 articles L. 228-92 and L. 225-135 *et seq.* of the French commercial code (*Code de commerce*), we hereby report on the proposal to authorize your board of directors to decide whether to proceed with an issue, with cancellation of preferential subscription rights, of (i) ordinary shares, (ii) marketable securities that are equity securities giving access to the share capital of the Company or (iii) marketable securities that are representative of a debt right that must likely give access to the share capital of the Company to be issued, reserved for the members of one or more company savings schemes set up within a company or a group of companies, that may be French or foreign, that are part of the scope of consolidation or combination of the accounts of your Company, in accordance with Article L. 3344-1 of the French labour code (*Code du travail*), an operation upon which you are called to vote.

The overall nominal amount of the increase in capital that can be implemented immediately or at a later date may not exceed €5,000,000, it being specified that those amounts would count toward the general maximum limit for capital increases in respect of the 12th, 13th, 14th, 15th, 17th and 18th resolutions or, if applicable, from the general maximum limit provided for in any following resolution of this nature during the validity of the present delegation.

The overall nominal amount of increases in debt securities that can be implemented may not exceed €1,500,000,000, it being specified that those amounts would count toward the general maximum limit for debt securities in respect of the 12th, 13th, 14th, 15th, 17th and 18th resolutions or, if applicable, from the general maximum limit provided for in any following resolution of this nature during the validity of the present delegation.

This issue is submitted for your approval in accordance with articles L. 225-129-6 of the French commercial code (*Code de commerce*) and L. 3332-18 *et seq.* of the French labour code (*Code du travail*).

Paris-La Défense, April 18, 2017

The Statutory Auditors
French original signed by

Thierry Colin
Mazars

Gaël Lamant

Ernst & Young et Autres
Philippe Berteaux
Jean-François Ginies

STATUTORY AUDITORS' REPORT ON THE REDUCTION IN CAPITAL



This is a free translation into English of a report issued in French and 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 Valeo and in compliance with article L. 225-209 of the French commercial code (*Code de commerce*) in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions for the proposed reduction in capital.

Your Board of directors requests that it be authorized, for a period of 26 months starting on the date of the present shareholder's meeting, to proceed with the cancellation of shares the Company was authorized to repurchase, representing

an amount not exceeding 10% of its total share capital, by periods of 24 months in compliance with the article mentioned above.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which should not compromise equality among the shareholders, are fair.

We have no matters to report on the terms and conditions of the proposed reduction in capital.

Paris-La Défense, April 18, 2017

The Statutory Auditors
French original signed by

Thierry Colin
Mazars

Gaël Lamant

Philippe Berteaux
Ernst & Young et Autres
Jean-François Ginies

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