Special Report of the Board of Directors to the Ordinary and Extraordinary General Shareholders' Meeting to be held on May 26, 2015 regarding the components of the compensation owed or awarded for the financial year ending December 31, 2014 by all companies of the Valeo Group to each executive director

During its meeting held on February 24, 2015, upon recommendation of the Appointment, Compensation and Governance Committee and in accordance with the recommendations of the AFEP-MEDEF Code revised in June 2013 (article 24.3), to which the Company refers pursuant to article L. 225-37 of the French Commercial Code, the Board of Directors decided to submit to the opinion of Valeo S.A.'s shareholders (the "**Company**" or "**Valeo**") during the General Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2014, and to be held on first call on May 26, 2015, the components of the compensation owed or awarded for the financial year ending December 31, 2014 by the companies of the Group to each executive director.

In order to clarify the shareholders' vote, this report presents all the components of the compensation owed or awarded for the financial year ending December 31, 2014 by the companies of the Group to Mr. Pascal Colombani, Chairman of the Board of Directors and Mr. Jacques Aschenbroich, Chief Executive Officer, namely:

- the fixed amount;
- the variable annual amount and, where appropriate, the multi-year variable amount with the objectives contributing to the determination of this variable amount;
- exceptional compensation;
- options to purchase or subscribe to shares, performance shares and any other components of long-term compensation;
- bonus or allowance for taking or leaving office;
- the supplementary pension plan ; and
- benefits of any kind.

1. Description of the components of the compensation owed or awarded for the financial year ending December 31, 2014 by all the companies of the Group to Mr. Pascal Colombani, Chairman of the Board of Directors of the Company

The compensation paid by Valeo to Mr. Pascal Colombani, Chairman of the Board of Directors of the Company, is determined by the Board of Directors upon proposal of the Appointment, Compensation and Governance Committee.

Mr. Pascal Colombani does not benefit from any employment contract with the Valeo group.

Specifically, during the financial year ending December 31, 2014, Mr. Pascal Colombani did not receive any compensation of any kind and for any reason whatsoever by companies controlled by Valeo.

Fixed compensation

The fixed compensation owed to the Chairman of the Board of Directors for the financial year ending December 31, 2014 amounts to €300,000.

In considering the reappointment of Mr. Pascal Colombani as Chairman of the Board of Directors, the Board of Directors decided on June 8, 2011, upon recommendation of the Appointment, Compensation and Governance Committee and after examining the practice of a sample of comparable companies, to increase the fixed annual compensation of the Chairman of the Board of Directors to €300,000, effective as of June 1, 2011. It has since remained unchanged.

Other components of compensation

The Chairman of the Board of Directors is not entitled to any annual variable compensation, deferred variable compensation, multi-year variable compensation or exceptional compensation.

The Chairman of the Board of Directors does not perceive any attendance fees.

The Chairman of the Board of Directors has not been granted any options to purchase or to subscribe to shares, performance shares or other components of long-term compensation for the financial year ending December 31, 2014.

The Chairman of the Board of Directors is not eligible for a supplementary pension plan.

The Chairman of the Board of Directors does not receive any allowances for taking or leaving office, or non-competition payment.

A company car for professional use and a driver currently employed by the Company are made available to Mr. Pascal Colombani. However, this provision is for professional use only and, therefore, is not a benefit in kind. Mr. Pascal Colombani does not receive any benefit in kind.

Consequently, shareholders are not asked to give an opinion on these other components of compensation.

As a result of the foregoing, shareholders are asked to give a favourable opinion on the sole component of the compensation owed or awarded to Mr. Pascal Colombani by Valeo for the financial year ending December 31, 2014, namely the amount of his fixed compensation.

2. Description of the components of the compensation owed or awarded for the financial year ending December 31, 2014 by all the companies of the Group to Mr. Jacques Aschenbroich, Chief Executive Officer of the Company

The compensation paid by Valeo to Mr. Jacques Aschenbroich, Chief Executive Officer is determined by the Board of Directors upon proposal of the Appointment, Compensation and Governance Committee.

Mr. Jacques Aschenbroich does not benefit from any employment contract within the Valeo group.

Specifically, during the financial year ending December 31, 2014, Mr. Jacques Aschenbroich did not receive any compensation of any kind and for any reason whatsoever by companies controlled by Valeo.

Fixed compensation

The fixed compensation owed to the Chief Executive Officer for the financial year ending December 31, 2014 amounts to €900,000.

This amount for the Chief Executive Officer's fixed annual compensation was determined by the Board of Directors on June 8, 2011, upon recommendation of the Appointment, Compensation and Governance Committee, with effect from June 1, 2011, and has since remained unchanged. Furthermore, the Board of Directors, on February 21, 2013, decided, upon recommendation of the Appointment, Compensation and Governance Committee not to change the fixed compensation of the Chief Executive Officer until the end of his term.

Annual variable compensation

The annual variable compensation owed to the Chief Executive Officer for the financial year ending December 31, 2014 amounts to 135% of the annual fixed compensation owed to Mr. Jacques Aschenbroich for the financial year ending December 31, 2014, i.e. €1,215,000. The Board of Directors held on February 24, 2015 indeed noted that the achievement rate for quantitative and qualitative criteria amounted, respectively, to 85% and 50% of the fixed compensation owed to Mr. Jacques Aschenbroich for the financial year ending December 31, 2014.

The quantitative and qualitative criteria selected to determine the annual variable compensation owed to the Chief Executive Officer for the financial year ending December 31, 2014 were defined by the Board of Directors on February 20, 2014, upon recommendation of the Appointment, Compensation and Governance Committee. These criteria are the same as those used for the annual variable compensation owed for the 2013 financial year, it being specified that the verification of the achievement of certain numerical criteria (linear calculation within a fixed range in relation to the target figure of the concerned criterion) were subject to adjustments from the Board of Directors, upon recommendation of the Appointment, Compensation and Governance Committee.

The quantitative and qualitative criteria selected to determine the annual variable compensation owed to the Chief Executive Officer for the financial year ending December 31, 2014 are as follows:

- for the quantitative component: (i) operating margin, (ii) operating cash flow, (iii) net income, (iv) the rate of return on capital employed (ROCE) and (v) the Group's order intake; and
- for the qualitative component : (i) quality of financial communications, (ii) strategic vision and (iii) risk management.

The maximum amount of the variable part of the compensation for the financial year ending December 31, 2014 was determined by the Board of Directors on February 20, 2014 at 135% of the fixed compensation of Mr. Jacques Aschenbroich, it being specified that the amount of the variable part in percentage of the fixed compensation is 0 to 17% for each of the five quantitative criteria (with a maximum of 85% of the annual fixed compensation in case of achievement of all quantitative criteria) and, with regard to the qualitative criteria, from 0 to 10% for the quality of financial communication and 0 to 20% for strategic vision and risk management (with a maximum of 50% of the annual fixed compensation in case of achievement of all qualitative criteria).

Considering the achievement of all the quantitative and qualitative criteria described above, the variable part of Mr. Jacques Aschenbroich's compensation for the financial year ending December 31, 2014 represents 135% of his fixed compensation, in compliance with the ceiling set above.

Options to purchase or to subscribe to shares, performance shares and other components of long-term compensation

During the financial year ending December 31, 2014, 10,505 performance shares were allotted to the Chief Executive Officer. These 10,505 performance shares are valued (in compliance with IFRS standards) €85.67 each at the granting date (overall, €900,000) corresponding to 100% of his annual fixed compensation.

At its meeting held on March 27, 2014, the Board of Directors indeed decided to allot these 10,505 performance shares to the Chief Executive Officer, upon the proposal of the Appointment, Compensation & Governance Committee, on the basis of the eleventh resolution submitted to the General Shareholders' Meeting of June 4, 2012.

All said performance shares allotted to the Chief Executive Officer are conditional upon Valeo achieving a performance measured over the 2014, 2015 and 2016 financial years with respect by achieving an average pre-tax rate of return on assets (ROA) for this period superior or equal to 12,5% as well as an operating margin rate and a rate of return on capital employed (ROCE) such that, for each criterion, the arithmetic average over the reference period of three financial years, of the ratio between the rate effectively achieved and the target rate set by the Board of Directors at the beginning of each reference financial year, and that shall at least be equal to the guidance for the relevant financial year, is superior or equal to one.

Then:

- if all three criteria are achieved over the financial years period of 2014, 2015 and 2016, all the performance shares allotted to the Chief Executive Officer will be definitively granted;
- if two criteria out of three are achieved over the financial period of 2014, 2015 and 2016, only 60% of the performance shares allotted to the Chief Executive Officer will be definitively granted, the remainder being forfeited;
- if one criterion out of three is achieved over the financial period of 2014, 2015 and 2016, only 30% of the performance shares allotted to the Chief Executive Officer will be definitively granted, the remainder being forfeited; and
- if none of the three criteria is achieved over the financial period of 2014, 2015 and 2016, none of the performance shares allotted to the Chief Executive Officer shall be definitively granted, all the allotted performance shares being cancelled.

The performance shares allotted to the Chief Executive Officer during the financial year ending December 31, 2014 represent 0.013% of Company's share capital as at December 31, 2014.

In addition to the achievement of performance criteria, performance shares will be definitively granted to the Chief Executive Officer, provided that his term is in force on the vesting date (however, the condition of presence might be waived at the Board of Directors' discretion, unless the departure is attributable to gross negligence or wilful misconduct).

Furthermore, the allocation of performance shares will become definitive after a vesting period of three years and the Chief Executive Officer must then hold the shares for a period of two years. In addition, at the end of the retention period of two years, he will have to retain at least 50% of the number of performance shares definitively granted in registered form until termination of his office.

Finally, the Chief Executive Officer shall not engage in any risk hedging operations.

Severance payment and non-competition payment

Severance payment

The Board of Directors, at its meeting held on February 24, 2011, upon proposal of the Appointment, Compensation and Governance Committee, 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 proposal of the Appointment, Compensation and Governance Committee and after consultation with the "*Comité des Sages*". The renewal of the agreement relating to this compensation was approved as a regulated agreement referred to in Article L. 225-42-1 of the French Commercial Code by the General Shareholders' Meeting on June 8, 2011 under its twelfth resolution.

The amount of severance payment is subject to the following five performance criteria:

- payment at least twice over the last three years of all or part of the variable compensation subject to performance criteria;
- achievement of a positive net income for the last financial year;
- achievement of an operating margin in the last financial year exceeding 3.6%;
- 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.

The maximum amount of severance payment likely to be paid to Mr. Jacques Aschenbroich is 24 months of compensation (fixed and variable). The compensation taken into account for the calculation of the severance payment is equal to the average compensation (fixed and variable) paid during the two financial years preceding the financial year in which the departure occurs.

The total amount likely to be received as severance payment will be calculated in accordance with the following scale:

- if five criteria are achieved: Mr. Jacques Aschenbroich would receive 100% of the amounts concerned;
- if four criteria are achieved: Mr. Jacques Aschenbroich would receive 80% of the amounts concerned;
- if three criteria are achieved: Mr. Jacques Aschenbroich would receive 60% of the amounts concerned;
- if two criteria are achieved: Mr. Jacques Aschenbroich would receive 40% of the amounts concerned; and
- if less than two criteria are achieved: Mr. Jacques Aschenbroich would receive 0% of the amounts concerned.

In addition, the Board of Directors would reduce by 20% the amount resulting from the above calculation if a major plan affecting employment is implemented in the year preceding the date Mr. Jacques Aschenbroich's term of office is terminated.

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.

If the Company decides in addition to implement the non-competition clause from which benefits Mr. Jacques Aschenbroich (described hereinafter), the amount of the non-competition payment will be deducted from the amount of the severance payment.

It is specified, for information purposes, that the Board of Directors, at its meeting held on February 24, 2015, upon proposal of the Appointment, Compensation and Governance Committee, decided, on condition that Mr. 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 change the calculation basis as well as certain criteria of the severance payment described above and to specify, in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code revised in June 2013 (article 23.2.5), the cases pursuant to which the payment of the severance payment described above 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.

A table summarizing and comparing 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 year ending December 31, 2014, is attached as Schedule 1.

Non-competition payment

The non-competition payment from which Jacques Aschenbroich benefits was approved as a regulated agreement referred to in article L. 225-42-1 of the French Commercial Code by the General Shareholders' Meeting of June 3, 2010 under its eleventh resolution.

The Board of Directors noted, at its meeting held on February 24, 2011, upon proposal of the Appointment, Compensation and Governance Committee, that this non-competition payment would continue without any modification, on condition that his 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. No change was made to this agreement during the financial year ending December 31, 2014

Should this non-competition clause be implemented by the Company, Mr. Jacques Aschenbroich would be forbidden, for 12 months following the termination of his functions as Valeo's 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.

This clause, should it be implemented, would result in the payment to Mr. Jacques Aschenbroich of a non-competition payment amounting to 12 months of compensation (calculated on the same basis as the compensation taken into account for the calculation of the severance payment described above). This amount would be paid in equal monthly instalments throughout the period covered by the non-competition clause.

Should the Company implement this non-competition clause, the amount of the payment due in this respect would be deducted from the amount of the severance payment.

Therefore, the maximum payment likely to be paid to the Chief Executive Officer in respect of non-competition and/or severance payment would be equal to 24 months of compensation.

It is specified that the Company could always release the beneficiary of its obligation not to compete (in which case the payment would not be due).

It is specified, for information purposes, that the Board of Directors, at its meeting held on February 24, 2015, upon proposal of the Appointment, Compensation and Governance Committee, 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 the fact that the non-competition payments will be calculated on the basis of calculation used for the amended severance payment and (ii) provide, in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code revised in June 2013 (article

23.2.5), that the Board of Directors shall now decide on whether or not the non-competition clause will be upheld at the time the Chief Executive Officer leaves, in particular when the executive officer leaves the company to claim or after having claimed his pension rights. It is specified that the other terms of the non-competition clause, as pursued by the Board of Directors on February 24, 2011, remain unchanged.

A table summarizing and comparing 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, is attached as Schedule 2.

No severance or non-competition payment is owed to the Chief Executive Officer for the financial year ending December 31, 2014.

Supplementary pension plan

The Board of Directors, at its meeting held on October 20, 2009, decided to cause Mr. Jacques Aschenbroich to benefit from the collective supplementary pension plan with defined benefits applicable to all of the Group's senior executives.

To take into account the age of Mr. Jacques Aschenbroich and the fact that he benefited from no other supplementary pension plan, it was decided that a five-year seniority would be recognized to Mr. Jacques Aschenbroich as at the assumption of his duties.

The pension plan, which is not closed, has been effective since January 1, 2010. It was approved as a regulated agreement referred to in article L. 225-38 of the French Commercial Code by the General Shareholders' Meeting of June 3, 2010 under its twelfth resolution.

The Board of Directors, at its meeting held on February 24, 2011, upon proposal of the Appointment, Compensation and Governance Committee, confirmed, on condition that Mr. 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 the General Shareholders' Meeting, the collective supplementary pension plan with defined benefits applicable to all of the Group's executive officers and of which Mr. Jacques Aschenbroich benefits would continue without any modification

The Board of Directors, at its meeting held on February 21, 2012, upon proposal of the Appointment, Compensation and Governance Committee, decided to amend the supplementary pension plan by introducing a possibility of reversion in case of death of a beneficiary who was still in activity, provided the event occurred after the legal age of voluntary retirement.

As at December 31, 2014, the aggregated potential annual entitlement of Mr. Jacques Aschenbroich amounted to €144,121 (annual pension which would be payable, valued as at December 31, 2014).

At its meeting held on January 23, 2014, upon proposal of the Appointment, Compensation and Governance Committee, the Board of Directors decided to adjust the supplementary pension plan to bring it in line with market practices. This adjustment, without retroactive effect, consists in taking into account in the reference salary (calculated on the average of the last three years) the basic fixed compensation and the portion of variable compensation actually paid for the periods after February 1, 2014. The maximum amount of the supplementary pension remains capped at 20% of the reference salary, which complies with and is even lower than the overall limit recommended by the AFEP-MEDEF Corporate Governance Code as amended in June 2013 (article 23.2.6), which provides for an overall limit of 45% of the fixed and variable compensation for the reference period. All the Group's senior executives benefited from this adjustment.

As the Chief Executive Officer did not assert his entitlement with regard to retirement in the course of the financial year ending December 31, 2014, no amount is owed to him for this financial year.

Benefits in kind

For the financial year ending December 31, 2014, the Chief Executive Officer benefited from the following advantages:

- a company car, valued €7,235;
- the *Garantie Sociale des Chefs et Dirigeants d'entreprise* ("*Social Guatantee for Business Heads and Executives*", an unemployment insurance), valued at €7,305; and
- an annual pension contribution, valued at €2,300.

Other components of compensation

The Chief Executive Officer is not entitled to receive any deferred variable compensation, multi-year variable compensation, exceptional compensation or bonus or allowance for taking office.

The Chief Executive Officer does not receive any attendance fees.

Furthermore, no option to purchase or to subscribe to shares and no other long-term components of compensation were given to the Chief Executive Officer during the financial year ending December 31, 2014.

Consequently, shareholders are not asked to give an opinion on these other components of compensation.

As a result of the foregoing, shareholders are asked to give a favourable opinion on the following components of the compensation owed or awarded to Mr. Jacques Aschenbroich by Valeo for the financial year ending December 31, 2014:

- the amount of his fixed compensation ;
- the amount of his annual variable compensation ;
- the number and accounting valuation of performance shares that were allotted to him in 2014 ;
- the value of the benefits in kind (company car, annual contribution to the *Garantie Sociale des Chefs and Dirigeants d'entreprise* insurance scheme and annual pension contribution) he received ; and
- the severance payment, the non-competition payment and the benefit of the pension plan granted to him, it being specified that no compensation in relation to those compensation components was owed during the financial year ending December 31, 2014.

<u>Summary table of the components of compensation for the Chairman of the Board of Directors and the Chief Executive Officer submitted to the shareholders' vote</u>

1. Components of the compensation owed or awarded by all of the Group's companies for the year ending December 31, 2014, to Mr. Pascal Colombani, Chairman of the Board of directors

Compensation owed or awarded for the financial year ended	Amount or accounting valuation	Shareholders' opinion
Fixed compensation	€300,000	Shareholders are asked to give a favourable opinion on the amount of the fixed compensation owed to the Chairman of the Board of Directors for the financial year ending December 31, 2014.

2. Components of the compensation owed or awarded by all of the Group's companies for the financial year ending December 31, 2014, to Mr. Jacques Aschenbroich, Chief Executive Officer

Compensation owed or awarded for the financial year ended	Amount or accounting valuation subject to a vote	Presentation
Fixed compensation	€900,000	Shareholders are asked to give a favourable opinion on the amount of the fixed compensation owed to the Chief Executive Officer for the financial year ending December 31, 2014.
Annual variable compensation	€1,215,000	Shareholders are asked to give a favourable opinion on the amount of variable annual compensation owed to the Chief Executive Officer for the financial year ending December 31, 2014.
Stock options, performance shares or any other long-term component of compensation	10,505, performance shares, valued according to the IFRS standards at € 85.67 each	Shareholders are asked to give a favourable opinion on the number (10.505) and the accounting valuation (i.e. €85.67 each according to IFRS standards) of the performance shares allotted to the Chief Executive Officer for the financial year ending December 31, 2014.
Value of benefits of any kind	Company car, valued at €7,235	Shareholders are asked to give a favourable opinion on the valuation of this benefit in kind granted to the Chief Executive Officer for the financial year ending December 31, 2014.
	Annual contribution to the Cotisation *Garantie Sociale des Chefs et Dirigeants d'entreprise* insurance scheme, valued at €7,305	Shareholders are asked to give a favourable opinion on the valuation of this benefit in kind granted to the Chief Executive Officer for the financial year ending December 31, 2014.
	Annual pension contribution, valued at €2,300	Shareholders are asked to give a favourable opinion on the value of this benefit in kind granted to the Chief Executive Officer for the financial year

Compensation owed or awarded for the financial year ended	**Amount or accounting valuation subject to a vote**	**Presentation**
		ending December 31, 2014.
Severance payment, non-competition payment and pension plan	No compensation in relation to those compensation components was owed during the financial year ending December 31, 2014	Shareholders are asked to give a favourable opinion on the severance payment, the non-competition payment and the benefit of the pension plan granted to the Chief Executive Officer, it being specified that no compensation in relation to those compensation components was owed during the financial year ending December 31, 2014.

Schedule 1

Comparative table of the Chief Executive Officer's severance payment

<table>
<tr><th></th><th>Severance payment scheme approved by the General Shareholders' Meeting of June 8, 2011</th><th>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</th></tr>
<tr><td>Maximum amount of severance payment</td><td colspan="2">Twice the annual compensation, as reflected in the calculation basis below.</td></tr>
<tr><td>Calculation basis of severance payment</td><td>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.</td><td>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.</td></tr>
<tr><td rowspan="5">Performance criteria</td><td>– payment at least twice in the three previous years of all or part of the variable compensation;</td><td>– payment of 50% of the variable compensation on average in the three previous years;</td></tr>
<tr><td colspan="2">– achievement of a positive net income during the last financial year;</td></tr>
<tr><td>– achievement of an operating margin in the last financial year exceeding 3,6%;</td><td>– achievement of a ROCE exceeding 20% on average in the three previous years;</td></tr>
<tr><td colspan="2">– achievement of a gross margin in the last financial year exceeding 16%; and</td></tr>
<tr><td>– achievement of an order intake to original equipment sales ratio exceeding 1.3 on average during the two previous financial years.</td><td>– achievement of an order intake to original equipment sales ratio exceeding 1.3 on average during the three previous financial years.</td></tr>
<tr><td>Methods of calculation</td><td colspan="2">The total amount payable as a severance payment will be calculated as follows:
– if five criteria are achieved: Jacques Aschenbroich would receive 100% of the amounts concerned;
– if four criteria are achieved: Jacques Aschenbroich would receive 80% of the amounts concerned;
– if three criteria are achieved: Jacques Aschenbroich would receive 60% of the amounts concerned;
– if two criteria are achieved: Jacques Aschenbroich would receive 40% of the amounts concerned;
– if less than two criteria are achieved: Jacques Aschenbroich would receive 0% of the amounts concerned.
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.</td></tr>
<tr><td rowspan="2">Payment</td><td colspan="2">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.

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).</td></tr>
<tr><td></td><td>– The payment of severance payment is excluded if the Chief Executive Officer elects to leave the Company in order to hold another position or is assigned to another position within the same Group or is able to benefit in the near future from pension rights.</td></tr>
</table>

	Severance payment scheme 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**
Global limit to the non-compete payment and the severance payment	Twice the annual compensation (fixed and variable), as reflected in the calculation basis above.	

<u>Schedule 2</u>

Comparative table of the Chief Executive Officer's non-competition payment

<table>
<tr><th></th><th>Non-competition payment approved by General Shareholders' Meeting of June 3, 2010</th><th>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</th></tr>
<tr><td>Object</td><td colspan="2">Prohibition, for the duration of the non-compete obligation following the termination of his functions 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.</td></tr>
<tr><td>Duration of the obligation not to compete</td><td colspan="2">12 months from the termination of the functions as Valeo's Chief Executive Officer.</td></tr>
<tr><td>Maximum amount of non-competition payment</td><td colspan="2">12 months of compensation.</td></tr>
<tr><td>Calculation basis of non-competition payment</td><td>Average compensation (fixed and variable) paid during the two financial years preceding the financial year in which the termination occurs.</td><td>Average compensation (fixed and variable) paid during the three financial years preceding the financial year in which the termination occurs.</td></tr>
<tr><td>Payment</td><td colspan="2">Amount paid in equal monthly instalments throughout the period covered by the non-competition clause.</td></tr>
<tr><td rowspan="2">Implementation of the obligation</td><td></td><td>Prior decision of the Board of Directors required to decide whether or not the non-competition clause 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.</td></tr>
<tr><td colspan="2">Valeo could always release the Chief Executive Officer from his obligation not to compete.</td></tr>
<tr><td>Global limit to the non-compete payment and the severance payment</td><td colspan="2">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 in Schedule 1 above).</td></tr>
</table>