Message from the Chief Executive Officer

The year 2012 was characterized by the Group’s record order intake of 15.8 billion euros, representing an increase of almost 60% compared with the order intake recorded only five years ago. Growth in Asia and emerging countries drove the Group’s sales up 8.2% and operating margin came in at 6.2% of sales, despite a particularly difficult automotive market in Europe.

These solid results testify to the success of the Group’s strategy of stepping up growth through innovation and expansion in Asia and emerging countries.

Innovations represented approximately 30% of order intake for the third year running and for the first time our R&D efforts exceeded the 1 billion euro mark, making Valeo one of the world’s most innovative companies.

Thanks to the priority we have placed these past few years on expanding our business in Asia and emerging countries, we are able to draw on the dynamic automotive market in these regions.

The Group’s strong financial position makes us confident in our medium-term growth and profitability outlook. At the forthcoming Shareholders’ Meeting, shareholders will be asked to vote on the payment of a dividend of 1.50 euros per share.

“The Group’s strategy of stepping up growth through innovation and expansion in Asia and emerging countries has proved a success.”

Jacques Aschenbroich
Valeo operates in 29 countries and works closely with global automakers in all their markets.

The Group is continuing its expansion in Asia and emerging countries. Asia accounted for 26% of original equipment sales in 2012, while Europe currently only represents 51%.

Sales by market
(as a % of sales)

Sales by destination
(in millions of euros and as a % of sales)

Order intake
(in billions of euros)

Operating margin
(as a % of sales)

1. Including miscellaneous sales and tooling.
### Net attributable income
(in millions of euros and as a % of sales)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>3.9%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Amount</td>
<td>427</td>
<td>380</td>
</tr>
</tbody>
</table>

### Earnings per share
(in euros/share)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>5.68</td>
<td>5.03</td>
</tr>
</tbody>
</table>

### Earnings per share
excluding non-recurring items
(in euros/share)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>5.68</td>
<td>5.56</td>
</tr>
</tbody>
</table>

### Net debt
(in millions of euros and as a % of stockholders' equity)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>27%(3)</td>
<td>37%</td>
</tr>
<tr>
<td>Amount</td>
<td>523</td>
<td>763</td>
</tr>
</tbody>
</table>

### Free cash flow
(in millions of euros)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>232</td>
<td>81</td>
</tr>
</tbody>
</table>

### Dividend
(in euros/share)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>1.40</td>
<td>1.50(4)</td>
</tr>
</tbody>
</table>

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(3) Taking into account the acquisition of automotive supplier Niles.

(4) At the next Shareholders’ Meeting, the Board of Directors will ask shareholders to approve the payment of a dividend of 1.50 euros per share with respect to 2012.
Five reasons 
FOR BECOMING A VALEO shareholder
1. A high-growth **stock**

2. **Innovation** driving development

3. A strategy focused on **reducing CO₂ emissions** and on growth in **Asia and Emerging Markets**

4. **A strong group built** to grow **profitably over the long run**

5. **Ethics and Environmental Risks** at the core of the Group's priorities
Valeo's Core Values
Our history

1923
Creation of Société anonyme française du Ferodo (SAFF), which was based in Saint-Ouen near Paris. SAFF started by distributing, then manufacturing, brake linings and clutch facings under the Ferodo license.

1932
The Company was listed on the Paris Stock Exchange.

The 1960s and 1970s
This was a time of development for SAFF through diversification into new business sectors (brake systems in 1961, thermal systems in 1962, lighting systems in 1970 and electrical systems in 1978) and into new geographic markets (Spain in 1963, Italy in 1964 and Brazil in 1974).

The 1980s
On May 28, 1980, at its Shareholders’ Meeting, SAFF adopted the name Valeo, a Latin word meaning: “I am well”.

Valeo became a global group, developing through acquisitions around the world (in the US as from 1988 and in the UK in 1989).

This drive for growth was accompanied by the refocusing of the Group’s activities around a number of core businesses, and the sale of non-strategic businesses (brake linings, ignitions and horns) in 1990.
The 1990s
The Group implemented a forward-looking strategy based on:
- a new industrial culture, adopting the “5 Axes” method in 1991;
- a sustained research and development drive, setting up research centers in France in 1992 and 1993;
- an international growth model, opening the first plants in Mexico and Wales in 1993, and creating the first joint ventures in China in 1994.
At the same time, the Group’s external growth continued throughout the decade.

21st century
Valeo implemented an industrial streamlining program with production reorganized across fewer sites, a greater portion of sites in cost-competitive regions, and the sale of selective non-strategic activities. As from 2004, the Group focused on technology through targeted acquisitions, while accelerating its expansion in Asia, particularly China.

Since 2009, the Group has focused on two key growth levers: developing products designed to help reduce CO₂ emissions, and expanding its activities in Asia and emerging markets.

Valeo is organized around four Business Groups (Powertrain Systems, Thermal Systems, Comfort and Driving Assistance Systems and Visibility Systems) and Valeo Service, an aftermarket business.
Our strategy

Major technological and regional developments are taking place within the global automotive industry.

In response to these changes within the automotive industry, Valeo has built its growth strategy on the following:
- technologies relating to the reduction of CO₂ emissions and innovation;
- expansion within high-growth regions, most notably in Asia and emerging countries.

The reduction of CO₂ emissions and innovation
The purpose of most technological developments is to reduce fuel consumption by increasing the efficiency of internal combustion engines, electrifying powertrains, reducing the amount of energy used by the vehicle’s various functions, and developing lighter components.

The Group estimates that CO₂ emission reduction technologies will account for 75% of Valeo’s growth between now and 2015.

Geographic positioning in Asia and emerging countries
Besides the promotion of innovative technologies, the Group's marketing and manufacturing efforts are primarily focused on attracting new customers and winning market share in high-growth regions, in particular in China, the largest automotive market, India, which is expected to grow at a similar rate to China over the coming years, and also South-East Asia, South America, Turkey and Russia. New production facilities have been built locally to meet surging demand in these markets. Where possible these new production units have been set up on multi-activity sites in order to optimize profitability.

Valeo’s increased sales in Asia will account for half of the Group’s overall growth between now and 2015. The Group should generate over 30% of its original equipment sales on this continent by 2015.

Along with France, China will become the Group’s largest market in terms of headcount and sales.
Research and development

The core principles of Valeo’s research and development (R&D) strategy are focused on designing the automobile of tomorrow, and creating technologies and products that are in line with market demand.

Innovation is at the heart of the Group’s development strategy. Valeo engineers develop solutions that offer genuine added value, enabling mobility solutions that are environmentally friendly, while also being safe, comfortable and offering high performance for the driver. With this in mind, the search for solutions that will reduce fuel consumption is the fundamental priority for Valeo’s R&D teams. This means both the continuous improvement of all existing products (weight savings and energy efficiency improvements), but above all new ground-breaking innovations giving rise to significant fuel-consumption benefits. This approach covers technologies and components, as well as all vehicle modules, systems and various interfaces between the vehicle and its environment.

Valeo’s research and development policy focuses on three main topics.

Reducing CO₂ emissions, which is broken down into several priorities:

- In the combustion engine field, Valeo contributes to the design of new low-consumption powertrains (direct injection, supercharged downsized engines), with the objective of meeting future European requirements (maximum emission level of 95g of CO₂/km by 2020);
- A second research priority is the electrification of devices such as pumps, valves and compressors;
Valeo is now an indisputable player in the hybridization of internal combustion engines, with its micro-hybrid solutions (i-StARS integrated starter-alternator and Re-Start reinforced starter) and more recently mild-hybrids (8-15 kW);
- in the area of rechargeable electric and hybrid vehicles, Valeo is continuing to develop integrated solutions for power electronics (inverter-chargers, converters) and climate control solutions (heat pump driven) for future electric vehicles;
- Valeo has developed new innovative solutions for recovering energy through vehicle braking.

**Reducing weight and the energy footprint:**
- Valeo aims to use new materials (underhood technical plastics, light alloys, etc.), develop new designs to increase power-to-weight or volume power ratings (electric motors, power electronics, etc.) and incorporate features to reduce volume and weight;
- Valeo is also developing new approaches aimed at optimizing vehicle energy footprints with the use of virtual simulation platforms (for example, between the engine and its thermal system).

**Intuitive driving, for which the main levers are:**
- continuing to develop the range of components and systems (ultrasonic sensors, radars, cameras);
- expanding the product offering (Park4U®, 360Vue®) by adding increasingly sophisticated driving assistance features, thereby increasing comfort and safety in the urban environment;
- working with partners to develop innovative human-machine interfaces (HMI) that will accompany the emergence of the connected and communicating vehicle, for example, devices that are smart phone-connected and controlled by an on-board touch screen, and the “Smart key-Smart phone concept”.

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**Valeo’s core values**
Operational excellence

Operational excellence is of critical importance to Valeo. The controlled development of the Group’s business on a day-by-day basis is driven by a guiding principle: obtaining cost-effective total quality in engineering, manufacturing, projects or purchasing.

The 5 Axes

The 5 Axes methodology is applied around the world, by all Group employees, in order to deliver “zero-defects” to the customer. The 5 Axes are:

- **Involvement of Personnel**, which implies recognizing skills, enhancing them through training and empowering our people to carry out their responsibilities. Employees are particularly encouraged to make suggestions for improvement and participate actively in the work of autonomous teams;

- **Valeo Production System (VPS)**, which is designed to improve the productivity and quality of products and systems and involves the following approaches: pull flow organization, flexible production resources, the elimination of all non-productive operations and stopping production at the first non-quality incident;

- **Constant Innovation**, with the aim of designing innovative, easy-to-manufacture, high-quality and cost-effective products while reducing development time. In view of this, Valeo has set up an organization based on project teams and the simultaneous engineering of products and processes;

- **Supplier Integration**, which involves benefiting from suppliers’ ability to innovate, developing productivity plans with suppliers and improving quality. Valeo sets up close and mutually beneficial relationships with a limited number of world-class suppliers and sustains these relationships in the long term;

- **Total Quality**, which is essential throughout the Group and from its suppliers in order to meet customer expectations in terms of product and service quality.
Our purchasing policy

In order to give Valeo’s strategy a truly competitive edge, the role of the Purchasing Department is to reduce costs by sourcing from only the most globally competitive suppliers, to implement extremely rigorous selection processes for new suppliers and subcontractors, to apply the total quality and innovation approach, and to establish close partnerships with the most innovative and best performing suppliers.

Valeo’s businesses are attuned to the changes in the prices of raw materials. The prices of certain materials (such as copper and aluminum) were relatively stable during 2012. The price of steel followed a downward trend throughout the world during 2012 while prices for plastic resin remained generally strong over the year as a whole.

The Purchasing network is in place across all of the Group’s sites. The network’s global reach makes it possible for Valeo to develop its sourcing from cost-competitive regions while remaining close to its customers.

Selecting the best suppliers
By working with fewer suppliers and selecting the best in terms of quality, technology and productivity, Valeo is better able to support their quality strategies and to build suppliers into its projects.

Efficiently reducing purchasing costs
Applying our leverage on every front to reduce purchasing costs has helped lessen the effects of record inflation in raw materials. The main levers are:
- comparative assessment of the product and supplier base at Group level;
- joint productivity projects between Valeo and suppliers;
- the dynamic management of quotas and the allocation of new business.

Carefully managing supplier risks
A supplier risk plan was rolled out to all Product Groups. Led by the Supplier Risk Committee under the authority of the Group Purchasing Department, its aim is to anticipate the consequences of the economic crisis on sourcing.

All suppliers were assessed and carefully observed by Valeo in order to anticipate and respond as quickly as possible to all potentially critical situations in terms of sourcing.

The effectiveness of this plan has allowed Valeo to shield its customers from possible shortages.

Upholding ethical standards
Valeo is particularly vigilant that its suppliers comply with its Code of Ethics, focusing special attention on labor rights, human dignity and environmental protection. In 2012, Valeo provided a range of awareness-raising activities for its suppliers worldwide on the subject of compliance, and in particular regarding the fight against corruption.
Our sales and business development policy

Valeo develops, produces and sells original equipment and aftermarket products and systems for all automotive and truck manufacturers.

The Group’s sales policy extends well beyond everyday commercial relations. It involves forging very close partnerships and accompanying customers in developing their markets throughout the world.

Automaker customers
In 2012, the Group’s leading customer region was once again Germany, representing 29% of original equipment sales. French customers and American customers each represented 18% of the Group’s original equipment sales.

Asian customers represented 28% of original equipment sales, revealing the extent of Valeo’s expansion in Asia, particularly with the acquisition of Niles in July 2011, as well as the steady growth achieved with Korean and Chinese customers.

Strategy and structure
In 2012, the sales and business development strategy focused on:

- concentrating efforts on development in high-growth countries, mainly in China, India, the ASEAN zone*, Russia and Turkey;
- sales of products aimed at reducing CO₂ emissions, in particular in Asia and the Group’s traditional markets;
- sales of products relating to driving assistance and comfort.

2012 was a record year for the order intake, breaking the previous records set in 2010 and 2011 (15.8 billion euros in 2012 compared to 14.9 billion euros in 2011 and 12.5 billion euros in 2010).

In line with this strategy, the Sales and Business Development function is organized around:

- a Sales and Business Development network, consisting of four Sales Directors attached to each of the four Business Groups’ General Management teams, as well as the Sales Directors for each Product Group;
- the Group’s 13 Customer Directors responsible for key automaker customers. Each represents Valeo in its dealings with a given automaker and coordinates customer relations across all of the Group’s Business Groups;
- the 13 National Directorates, whose aim is to promote the Valeo brand and establish close relationships with the key customers in their geographic area, and resolve any legal or labor issues at a local level;
- the 4 International Development Directors for the Group’s four Business Groups, who identify market opportunities in high-growth countries, define and implement the external growth strategy for the Business Groups and manage relations with external partners.

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* ASEAN (Association of South-East Asian Nations) is composed of ten countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Burma, the Philippines, Singapore, Thailand and Vietnam.
Corporate governance

Governance structure

At its meeting of March 20, 2009, Valeo’s Board of Directors elected to separate the role of Chairman of the Board of Directors from that of Chief Executive Officer. This change in governance was confirmed by the Board at its meeting of June 8, 2011.

Valeo is headed by Pascal Colombani, Chairman of the Board of Directors, and Jacques Aschenbroich, Chief Executive Officer. They are assisted by the 10 members of the Board of Directors and the 14 members of the Operations Committee.
The Board of Directors' standing committees*

The Board of Directors has set up three committees designed to enhance its operation and provide assistance with preparing decisions.

**Audit and Risks Committee**
The Audit and Risks Committee has four members and its work is focused on the financial statements, internal control and auditing, risk management, and financial policies. The Audit and Risks Committee works alongside General Management, the Finance Department and the Statutory Auditors.

**Appointment, Compensation and Governance Committee**
The Appointment, Compensation and Governance Committee has five members, the majority of whom are independent. It makes recommendations concerning the compensation, selection and appointment of corporate officers and directors, and on corporate governance.

**Strategy Committee**
The Strategy Committee's four directors are appointed by the Chairman of the Board of Directors. It is responsible for submitting to the Board its opinions and recommendations on the review of the Group's key strategies and the analysis of the Group's development projects.

*At December 31, 2012*
Corporate governance

Board of Directors

The Board of Directors currently has 12 members. Directors are appointed by shareholders at Shareholders’ Meetings on the recommendation of the Board of Directors, which in turn receives proposals from the Appointment, Compensation and Governance Committee. Members of the Board are appointed for four-year terms, while the Chairman convenes meetings of the Board at least six times a year. In 2012, the Board of Directors held nine meetings with a 94.4% average attendance rate (in person or by proxy). The principal role of the Board of Directors is to determine the Company’s business strategies and ensure that they are implemented effectively.

At December 31, 2012, the members of the Board of Directors were:

Pascal Colombani
Chairman of the Board of Directors and Chairman of the Strategy Committee

Jacques Aschenbroich
Chief Executive Officer

Gérard Blanc
Independent director and member of the Strategy Committee

Daniel Camus
Independent director and Chairman of the Audit and Risks Committee

Jérôme Contamine
Independent director and Chairman of the Appointment, Compensation and Governance Committee

Michel de Fabiani
Director and member of the Audit and Risks Committee

Ulrike Steinhorst
Independent director and member of the Appointment, Compensation and Governance Committee

Helle Kristoffersen
Independent director and member of the Strategy Committee

Noëlle Lenoir
Independent director and member of the Audit and Risks Committee and the Strategy Committee

Thierry Moulonget
Independent director and member of the Audit and Risks Committee and the Strategy Committee

Georges Pauget
Independent director and member of the Appointment, Compensation and Governance Committee

Michael Jay
Independent director and member of the Appointment, Compensation and Governance Committee

Pascal Colombani
Chairman of the Board of Directors and Chairman of the Strategy Committee

Jacques Aschenbroich
Chief Executive Officer

Gérard Blanc
Independent director and member of the Strategy Committee

Daniel Camus
Independent director and Chairman of the Audit and Risks Committee

Jérôme Contamine
Independent director and Chairman of the Appointment, Compensation and Governance Committee

Michel de Fabiani
Director and member of the Audit and Risks Committee

Ulrike Steinhorst
Independent director and member of the Appointment, Compensation and Governance Committee

Helle Kristoffersen
Independent director and member of the Strategy Committee

Noëlle Lenoir
Independent director and member of the Audit and Risks Committee and the Strategy Committee

Thierry Moulonget
Independent director and member of the Audit and Risks Committee and the Strategy Committee

Georges Pauget
Independent director and member of the Appointment, Compensation and Governance Committee

Michael Jay
Independent director and member of the Appointment, Compensation and Governance Committee
Operations Committee

Valeo’s Operations Committee, chaired by the Chief Executive Officer, consists of 14 members including the Chief Operating Officer, the Directors of the Functions, and the Chairmen of the Business Groups and of Valeo Service. It sets the Group’s strategic guidelines, reviews the operational management of the Business Groups and coordinates projects. The Business Groups are responsible for the growth and profitability of the Product Groups across all markets.

Members of the Operations Committee

1 Michel Boulain
   Senior Vice-President, Human Resources
2 Robert Charvier
   Chief Financial Officer
3 Robert de la Serve
   President, Valeo Service
4 Catherine Delhaye
   Chief Ethics and Compliance Officer
5 Guillaume Devauchelle
   Group Research & Development Director and Product Marketing Senior Vice-President
6 Antoine Doutriaux
   President, Visibility Systems Business Group
7 Hans-Peter Kunze
   Senior Executive Vice-President, Sales and Business Development
8 Géric Lebedoff
   General Counsel
9 Claude Leïchlé
   Deputy President, Powertrain Systems Business Group
10 Alain Marmugi
    President, Thermal Systems Business Group
11 François Marion
    Vice-President, Corporate Strategy and Planning
12 Christophe Périllat
    Chief Operating Officer
13 Michael Schwenzer
    President, Powertain Systems Business Group
14 Marc Vrecko
    President, Comfort and Driving Assistance Systems Business Group
Sustainable development
Commitment to sustainable development is in Valeo’s genes, and can be seen at every level of the Group. This commitment is a way of driving progress in line with our global strategy to win new customers and secure future growth.

**A commitment shared by everyone**
Valeo’s activities, design and manufacturing processes, and manufactured products contribute to the automotive sector’s shift towards a carbon-free energy paradigm. This commitment concerns all of the Group’s employees, as well as its customers and suppliers, and is a key factor in ensuring efficient performance.

To achieve continuous and measurable improvement, Valeo constantly anticipates changes in industrial and environmental legislation. This resolute approach is reflected in particular in the development of our innovations at the best possible cost, in order to benefit the greatest number of people.

**Environmental commitment**
Valeo sets itself ambitious targets with respect to reducing CO₂ emissions, reducing energy used at our plants, managing waste, and protecting biodiversity.

**Social responsibility and corporate citizenship**
Promoting diversity and equal opportunities at work is one of Valeo’s chosen priorities. Diversity is not only a corporate responsibility issue; it is also a vital means of boosting skills, creativity and performance. A diverse workforce has a competitive edge allowing it to capture top performers. Four key topics have been identified by Valeo’s Diversity Committee as priorities for the Group: socially-responsible and cultural issues, disability, age discrimination and gender. Valeo employees have been given responsibility for these topics.
Valeo's core values

Ethics and compliance

Ethics is one of Valeo’s five core values, together with professionalism, encouraging responsibility, teamwork and transparency. The Group’s long-standing Code of Ethics reflects its absolute commitment to integrity, irrespective of the country in which it designs, produces, supplies and distributes the Group’s innovative high-tech products.

“Our commitment to ethics and our determination to respect our compliance program are essential to guarantee the future and the profitability of our Group in the long term”.

Jacques Aschenbroich, Chief Executive Officer

Valeo’s compliance program: zero tolerance

Objectives

Ensuring compliance with the numerous regulations under which the Group operates worldwide requires discipline, determination, commitment and leadership. Accordingly, Valeo introduced a compliance structure based on several committees and a Group compliance program, which aims to:

- define Valeo’s compliance policies;
- train and inform the Group’s personnel about these policies as well as related regulations and risks;
- draw up, oversee and ensure compliance with Valeo’s Code of Ethics and compliance policies;
- set up mechanisms to detect, correct and prevent behavior that may result in violations of the laws or regulations governing the Group’s operations;
- encourage Valeo’s stakeholders to report to management, in strict compliance with local laws, incidents that they, in good faith, believe:
  - violate laws or Valeo’s policies;
  - could have an impact on Valeo or its personnel, image or reputation.

As a first step, Valeo is focusing on fighting antitrust practices and corruption.
Description and implementation of the Group compliance program

In accordance with antitrust laws in force in the European Union and in each country in which the Group operates, Valeo has set out strict policies concerning its business relationships.

Valeo has drawn up a detailed anti-corruption program, covering gifts, entertainment and hospitality offered to customers, suppliers and partners, from both the private and public sector. The program also covers relationships with agents, purchasing procedures, M&A due diligence, and logistics chain risks, etc.

In order to help its teams to identify inappropriate agreements or discussions, Valeo has produced a number of resources, including FAQs, Dos and Don’ts, and an anti-corruption handbook. Our aim is to provide training, raise awareness and encourage responsibility among our employees and to help them to implement our risk prevention policies.

The commitment and contribution of all Valeo employees to ethics and compliance will ensure the Group’s sustained growth and development.
VALEO in 2012
Geographic footprint

A global footprint bringing Valeo closer to customers

- Plants
- Research centers
- Development centers
- Distribution platforms

Figures for consolidated entities at December 31, 2012

Valeo across the globe:

72,600 employees in 125 plants,
21 research centers,
40 development centers and 12 distribution platforms across 29 countries.*

* At December 31, 2012
Western Europe

- 42 plants
- 16 research centers
- 14 development centers
- 5 distribution platforms

Eastern Europe

- 14 plants
- 4 development centers
- 3 distribution platforms

Asia

- 44 plants
- 4 research centers
- 12 development centers
- 1 distribution platform

Africa

- 4 plants
- 1 development center
Our businesses

Valeo’s operations are organized around four Business Groups and Valeo Service:


**Thermal Systems** has four Product Groups: Climate Control, Powertrain Thermal Systems, Climate Control Compressors and Front-End Modules;

**Comfort and Driving Assistance Systems** has four Product Groups: Interior Controls, Driving Assistance, Interior Electronics and Access Mechanisms*;

**Visibility Systems** has two Product Groups: Lighting Systems and Wiper Systems;

**Valeo Service** offers a wide range of products and services to replacement parts channels worldwide.

Under the responsibility of the Group’s Operations Department, the Business Groups are responsible for driving the growth and profitability of the Product Groups across all markets.

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* At March 30, 2013, the planned sale of the Access Mechanisms business was ongoing.
Powertrain Systems

The Powertrain Systems Business Group develops innovative powertrain solutions aimed at reducing fuel consumption and CO₂ emissions, without compromising on driving performance and pleasure. These innovations cover a full product range, from the optimization of internal combustion engines to the full or partial electrification of vehicles, and from stop-start systems to the electric car.

Powertrain Systems has five Product Groups:

Electrical Systems
This Product Group offers electrical systems that control the vehicle’s key functions, such as electric power generation and management. Typical products include starters and alternators.

Transmission Systems
The Transmission Systems Product Group develops and produces systems that transfer torque from the engine to the transmission. The solutions it offers encompass innovative systems that dampen noise, vibrations and jolting. This Product Group covers all types of transmission: manual, automatic, dual clutch and hybrid.

Combustion Engine Systems
This Product Group specializes in electronic management systems for internal combustion engines and air management systems, from air intake to exhaust. These solutions are designed to reduce CO₂ emissions and pollutant gases while enhancing both driving pleasure and engine performance.

Electronics
This Product Group designs and sells power electronics for hybrid and electric vehicles and electric power steering systems. It also handles electronic integration for all the Group’s Business Groups. Valeo is closely involved in developing new hybrid and electric vehicles, with the goal of presenting innovative solutions.

Expertise & Services
This entity is tasked with developing Valeo’s expertise in electronics and making it available to all Product Groups of the four Business Groups. It identifies and circumscribes cross-disciplinary requirements and drafts standards. This activity also involves anticipating and preparing for technological changes and developing the tools that will help drive the Group’s growth strategy.

Key figures

- **3.2 billion** euros in sales or 28% of the Group’s sales
- **17,681** employees
- **31** plants
- **11** research centers
- **13** development centers
Thermal Systems

The Thermal Systems Business Group develops and manufactures systems, modules and components to ensure thermal energy management of the powertrain and comfort for each passenger at all times. These systems help to significantly reduce fuel consumption, CO₂ emissions and other pollutants and harmful particles from vehicles equipped with internal combustion engines. They also help optimize travel range and battery life for hybrid and electric vehicles.

Thermal Systems has four Product Groups:

**Climate Control**

The systems developed within this Product Group ensure passenger thermal comfort and provide thermal management solutions for batteries on hybrid and electric vehicles. The Heating, Ventilation and Air Conditioning (HVAC) system is crucial to passenger onboard comfort, and distributes filtered hot or cool air.

**Powertrain Thermal Systems**

This Product Group is composed of various systems and modules, including engine temperature management systems, heat exchangers incorporated into the exhaust gas recirculation systems (EGR) developed by the Powertrain Systems Business Group, air- or water-cooled charge air cooler systems, and the innovatively designed Ultimate Cooling™ system that optimizes system efficiency.

**Climate Control Compressors**

This Product Group offers a complete range of compressors for all types of powertrain and all vehicle categories.

**Front End Modules**

Front end modules are integral to the vehicle structure, and usually house the fan/motor unit and some of the heat exchangers. The development of electronically controlled shutters which regulate air flow through exchangers in the front end of the vehicle, increases the efficiency of the heat exchangers and improves the aerodynamics of the vehicle as well as helping to reduce fuel consumption.

Key figures

- **3.3 billion** euros in sales, or 28% of the Group's sales
- **16,693** employees
- **43** plants
- **5** research centers
- **10** development centers
Comfort and Driving Assistance Systems

The Comfort and Driving Assistance Systems Business Group develops interfaces between the driver, the vehicle and the external environment, helping to improve comfort and safety. It focuses on intuitive driving, with four complementary priorities consisting of easy, ergonomic interaction with the vehicle for the user (central console, controls in the steering wheel switchgear, etc.); driving agility with better awareness of the surrounding environment (systems to help with maneuvering and parking aids, etc.); safe connectivity (smart key, telematics, etc.); secure, personalized access to the vehicle and to vehicle and user data (hands-free access and start systems, etc.).

Comfort and Driving Assistance Systems has four Product Groups:

Interior Controls
The Interior Controls Product Group has been world leader in human-machine interfaces since 2011. Relying on long experience and in-depth knowledge of vehicle architectures, this Product Group develops high quality, innovative, robustly-designed solutions for premium markets as well as for emerging and mass markets.

Driving Assistance
Valeo is the only global automotive supplier offering the mass production of all three external detection technologies which can be used in applications to help with maneuvering and parking: ultrasonic sensors, cameras and radars.

Interior Electronics
Valeo covers the full range of access and start systems and also offers innovative systems allowing users to communicate with the car by radio frequency within several hundred meters.

Access Mechanisms
This Product Group covers the entire range of systems and components, in particular handles, latches and motorized opening and closing systems. On November 29, 2012, Valeo announced the sale of its Access Mechanisms business to Japan-based U-Shin. At March 30, 2013, the planned sale of the Access Mechanisms business was ongoing.
Visibility Systems

The aim of Visibility Systems is to design and produce efficient and innovative devices that ensure perfect visibility for drivers in all weather, day and night, thus improving onboard safety.

Visibility Systems has two Product Groups:

Lighting Systems
In order to offer a solution for each category of lighting systems, Valeo – together with the Alliance formed with Ichikoh on the one hand and Valeo Sylvania on the other – has developed three major lines of LED lighting technology:
- PeopLED™ (based on several LED low beam modules for entry level models);
- FullLED (for low beam and high beam functions, an ecological alternative to xenon modules);
- PremiumLED.

Wiper Systems
Maintaining visual contact with the road under all circumstances is key to anticipating dangers. Combining efficiency with weight savings, the Wiper Systems Product Group develops technologies that clean the windshield and the rear window while minimizing CO₂ emissions.

Key figures

- 2.7 billion euros in sales, or 23% of the Group’s sales
- 20,687 employees
- 32 plants
- 5 research centers
- 15 development centers
Valeo Service: the aftermarket specialist

Under the responsibility of the Group’s Operations Department and in cooperation with the Business Groups and Product Groups, Valeo Service supplies original equipment spares (OES) to automakers and replacement parts to the independent aftermarket (IAM).

Valeo Services offers to all aftermarket channels worldwide a wide range of products and services to help boost the efficiency of auto repair services and to provide greater safety, comfort and driving pleasure to consumers.

Valeo Service also offers support and services that are constantly being enhanced and developed, in areas such as diagnostics, training, sales and marketing, and technical support.

Valeo Service acts as a "multi-specialist" on the aftermarket for spare parts and the business is organized according to three different approaches:
- multi-product, thanks to a diversified but consistent product and service portfolio;
- multi-region, with a footprint in over 120 countries;
- multi-channel, based on its expertise across all distribution channels.

Valeo Service is organized around five markets:
- Repair;
- Maintenance;
- Crash;
- Post-Equipment;
- Heavy-Duty Trucks.

It offers 14 product lines for passenger cars and 8 for commercial vehicles and trucks, covering the following systems:
- Wiper systems (under the Valeo, Marchal, PJ and SWF brand names);
- Transmissions;
- Lighting and signaling;
- Climate control;
- Engine cooling;
- Electrical Systems;
- Electrical accessories;
- Security systems and switches;
- Braking;
- Engine management;
- Engine filtration;
- Driving and parking assistance systems.
VALEO AND our shareholders
Valeo shareholders

Valeo share data

At March 29, 2013, Valeo’s share capital was divided into 79,462,540 shares of common stock with a par value of 3 euros each.

Valeo is listed on the Paris Stock Exchange.
- **ISIN code:** FR0000130338
- **Country code:** FR
- **Main indices:** CAC All Shares, SBF 120, STOXX 600 A&AP
- Eligible for deferred settlement and French stock savings plans (PEA)

**ADR program:**
Since 1999, Valeo has also had an American Depositary Receipts (ADR) program through its custodian bank, JP Morgan, negotiated on the over-the-counter market. Each ADR equals half of one share.
- **Ticker/Trading symbol:** VLEEY
- **CUSIP:** 919134304

**Share performance**
From January 2, 2009 (share price base 100) through March 28, 2013

<table>
<thead>
<tr>
<th>Date</th>
<th>Valeo</th>
<th>Stoxx A&amp;AP</th>
<th>STOXX 600 A&amp;AP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/2/2009</td>
<td>11 euros</td>
<td>208.19 euros</td>
<td>349.37 euros</td>
</tr>
<tr>
<td>3/28/2013</td>
<td>42.22 euros</td>
<td>349.37 euros</td>
<td>349.37 euros</td>
</tr>
</tbody>
</table>

**Stock market data over three years**

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market capitalization at year-end (in billions of euros)</strong></td>
<td>3.34</td>
<td>2.43</td>
</tr>
<tr>
<td><strong>Number of shares</strong></td>
<td>78,628,798</td>
<td>79,269,596</td>
</tr>
<tr>
<td><strong>Highest share price (in euros)</strong></td>
<td>45.70</td>
<td>49.88</td>
</tr>
<tr>
<td><strong>Lowest share price (in euros)</strong></td>
<td>20.07</td>
<td>27.46</td>
</tr>
<tr>
<td><strong>Average share price (in euros)</strong></td>
<td>29.04</td>
<td>39.00</td>
</tr>
<tr>
<td><strong>Share price at year-end (in euros)</strong></td>
<td>42.47</td>
<td>30.71</td>
</tr>
</tbody>
</table>

**Per share data over three years**

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings per share</strong></td>
<td>4.86</td>
<td>5.68</td>
</tr>
<tr>
<td><strong>Earnings per share excluding non-recurring items</strong></td>
<td>4.86</td>
<td>5.68</td>
</tr>
<tr>
<td><strong>Net dividend</strong></td>
<td>1.20</td>
<td>1.40</td>
</tr>
</tbody>
</table>

(1) Dividend of 1.50 euros per share proposed at the Shareholders’ Meeting called to approve the financial statements for the year ended December 31, 2012.
(2) Eligible for the 40% tax allowance provided for in Article 158-3-2° of the French Tax Code (Code général des impôts) and the 21% flat rate withholding tax provided for in Article 117 quater 1 of said code and Article 9 of the 2013 French Finance Act.

The above explanations are provided for information only. Shareholders seeking further information regarding the tax implications of their shareholdings should contact their financial advisor.
### Ownership structure

#### At March 29, 2013

**As a % of share capital (% of voting rights)**

- **3.03% (5.40%)**
  - Caisse des dépôts et consignations (CDC)

- **5.81% (5.57%)**
  - Fonds stratégique d’investissement (FSI)

- **5.08% (4.86%)**
  - Lazard AM

- **86.08% (84.17%)**
  - Other

**Number of shares:** 79,462,540
**Number of voting rights:** 82,984,380

(3) Including 2,982,204 treasury shares (3.75% of the share capital).

#### By type of shareholder at March 29, 2013

**As a % of share capital**

- **3%**
  - Not known

- **3.75%**
  - Treasury shares

- **10%**
  - Individual shareholders and private management companies

- **83.25%**
  - Institutional investors

#### By geographic area at March 29, 2013

**As a % of share capital**

- **29%**
  - France

- **32%**
  - North America

- **19%**
  - Europe (excluding France and the United Kingdom)

- **18%**
  - United Kingdom

- **1%**
  - Asia

- **1%**
  - Not known
Valeo makes various publications available to its shareholders and investors, providing them with a steady flow of up-to-date information on the Group’s financial results and news.

This information is also available in real time on Valeo’s website: www.valeo.com. An "Individual Shareholders" section has also been created under "Investors & Shareholders". By subscribing to the "Private Area", shareholders can access personalized information.

Corporate publications
- Registration Document
- Review of operations
- Half-Year Financial Report

Shareholder publications
- Shareholders’ Letters
- e-Newsletters

Financial publications
- Presentation of results, press releases, etc.
Contacts

For more information about Valeo, please visit our website: www.valeo.com

We remain at your disposal should you require any further information.

Individual shareholder relations

Valeo
Financial communication
Individual shareholders
43, rue Bayen
75848 Paris Cedex 17
Toll-free number (in France): 0 800 814 045
From outside France: +33 (0)1 40 55 20 39
Fax: +33 (0)1 40 55 20 40
E-mail: valeo@relations-actionnaires.com

Registered shareholder relations

SOCIÉTÉ GÉNÉRALE Securities Services
Valeo shareholder relations
32, rue du Champ-de-Tir
BP 81236 – 44312 Nantes Cedex 3
Tel.: +33 (0)2 51 85 67 89 (local rates apply)
Fax: +33 (0)2 51 85 53 42
Website: www.nominet.socgen.com

Share your opinion or comment on the information in this guide:

Send an email to: valeo@relations-actionnaires.com
Companies that have more than one shareholder are required to organize Shareholders’ Meetings on an annual basis. Shareholders are not obliged to attend these meetings, but they are all entitled to do so. All shareholders therefore have the opportunity to take part in decisions concerning the Company’s management.

**An Ordinary Shareholders’ Meeting** must be held within six months of the end of the fiscal year. During this meeting, the governance bodies report on their management policies by presenting information on the Company’s activities and results of the year. Shareholders approve the financial statements, set the dividend and, periodically, appoint and renew the terms of office of members of the governance bodies. Ordinary Shareholders’ Meetings are only validly constituted if at least one fifth of shares with voting rights are represented. Otherwise, a second Ordinary Shareholders’ Meeting is convened with no quorum requirements. Resolutions are adopted by a simple majority, i.e., 50% plus one additional vote.

**An Extraordinary Shareholders’ Meeting** may be called at any time to vote on an amendment to the articles of association or to request authorization for a share capital increase. Extraordinary Shareholders’ Meetings are only validly constituted if at least one fourth of shares with voting rights are represented on first call and one fifth on second call. Resolutions require a two-thirds majority to be adopted.

**An Ordinary and Extraordinary Shareholders’ Meeting** is where the two aforementioned meetings are convened by the same notice and held together on the same day.
How to participate in Shareholders' Meetings

All shareholders are entitled to participate in Shareholders’ Meetings provided that the shares are registered in their name or that of their financial intermediary, regardless of the number of shares they own.

If you hold registered shares, you will receive the notice of meeting at least two weeks before the date of the Shareholders’ Meeting.

If you hold bearer shares, your financial intermediary must provide you with the notice of meeting in the three weeks preceding the Shareholders’ Meeting.

Your shares must be registered in your name or in the name of an authorized intermediary by 0.00 hours (12:00 am) (CET) on the third business day preceding the date of the meeting.
Participating in Shareholders' Meetings

Different procedures, depending on the type of share ownership

All the information you require is provided in the notice of meeting, including a postal voting form.

Holders of registered shares
You will receive the notice of meeting and the voting form from Société Générale, the centralizing body appointed by Valeo. Return your form to Société Générale, Service des Assemblées Générales, 32, rue du Champ-de-Tir, BP 81236 – 44312 Nantes Cedex 3, by 0.00 hours (12:00 am) (CET) on the third business day (date of receipt) preceding the date of the meeting.

Holders of bearer shares
You will receive the notice of meeting and the voting form from your financial intermediary. You must return the completed form to your financial intermediary who will then submit it together with your share ownership certificate.
Voting

You can attend the Shareholders’ Meeting in person or by proxy.

Holders of registered shares
Request an admission card from Société Générale by returning the voting form (check box A on the voting form). The admission card is required to attend Shareholders’ Meetings.

Holders of bearer shares
Your financial intermediary will return the form together with your share ownership certificate to Société Générale. If you do not receive your admission card in time for the meeting, you can still attend the meeting provided that you bring a share ownership certificate issued within the three days preceding the meeting by the institution managing your account. In this case, you will be registered on site at the meeting. Please bear in mind that this procedure should remain an exception.

Voting at Shareholders’ Meetings
In collaboration with Société Générale, Valeo has put in place an electronic voting system that has significantly improved the voting process. Upon entering the meeting, each shareholder is given a personal electronic voting device which is used to vote on each of the resolutions. Thanks to this system, the votes are counted immediately and the results are posted a few seconds after the voting for each resolution has closed.

Postal or proxy voting
- Postal voting: complete the voting form following the instructions provided on line B.
- Give proxy to the Chairman of the Shareholders’ Meeting: the Chairman will vote in accordance with the recommendations of the Board of Directors.
- Give proxy to another shareholder, your spouse or any other individual or legal entity of your choice: indicate the name and address of your proxy.
MANAGING your Valeo shares
2013 // Valeo Shareholders' Guide
Managing your Valeo shares

Types of share ownership

As Valeo is listed on the Paris Stock Exchange, if you wish to buy shares in the Company you must hold a securities account with an accredited financial institution in France, for example, an authorized intermediary, a bank or a portfolio management company approved by the French financial markets authority (Autorité des marchés financiers – AMF). Depending upon the institution, your shares may be held in one of three forms:
- pure registered;
- administered registered;
- bearer.

**Pure registered shares**

These shares are registered with Valeo and held in an account at the security services division of Société Générale, appointed by Valeo. You pay no custody fees and receive precise information about the Group (notice of the Shareholders’ Meeting with forms for requesting an admission card, postal voting, proxies, and requests for publications).

Each share held in registered form for more than four years gives you double voting rights. You also benefit from Société Générale’s “Plus” services, consisting of:
- **Nomilia**, a phone service in several languages available 24/7 on +33 (0)2 51 85 67 89. Telephone service representatives are available from 8:30 am to 6:00 pm, Monday to Friday;
- **www.nominet.socgen.com**, which allows you to view your portfolio and place orders online.

**Administered registered shares**

These shares are held in a custody account with the intermediary of your choice and registered with Valeo by the intermediary at your request. This system gives you the same advantages as holding pure registered shares, with the exception of free custody services. Valeo shares held in administered registered form may be included in a French stock savings plan.

**Bearer shares**

These shares are held in a custody account with the financial intermediary of your choice (bank, investment company, online broker, etc.). However you cannot be certain that Valeo will be aware of your identity at all times. As a holder of bearer shares, you have the advantage of being able to pool all the shares in your portfolio in a single account, notably as part of a French stock savings plan.

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**Note:** it is not recommended to include Valeo shares held in pure registered form in a French stock savings plan.
### Table summarizing the three forms of share ownership

<table>
<thead>
<tr>
<th></th>
<th>Registered</th>
<th>Bearer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Account holder</strong></td>
<td>Pure</td>
<td>Administered</td>
</tr>
<tr>
<td></td>
<td>Société Générale</td>
<td>–</td>
</tr>
<tr>
<td><strong>Custody and routine management</strong></td>
<td>Free</td>
<td>Your financial intermediary’s fees</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholders’ Meeting</strong></td>
<td>The notice of meeting and the admission card request form are sent to you directly. No share ownership certificate is required. You become a shareholder upon registering your shares with Société Générale</td>
<td>The notice of meeting and the admission card request form are sent to you by your financial intermediary. A share ownership certificate is required to vote at the Shareholders’ Meeting</td>
</tr>
<tr>
<td><strong>Stock market orders</strong></td>
<td>Purchase or sale orders are received and executed by Société Générale</td>
<td>Orders are managed by your financial intermediary</td>
</tr>
<tr>
<td><strong>Voting rights</strong></td>
<td>Double voting rights are attributed to shares held for at least four years (from date to date) as registered shares</td>
<td>One vote per share</td>
</tr>
</tbody>
</table>
Managing your Valeo shares

Letter templates

Registration of shares in administered registered form

Surname
First name
Address
Securities account reference number

Addressee
Bank
Address

Date

Subject: Registration of Valeo shares in administered registered form

Dear Sir, Madam,
Upon receipt of this letter, please register the XX Valeo shares I hold in the above-referenced securities account in an administered registered account, to be opened in my name at your branch.

Yours faithfully,

Signature
Registration of shares in pure registered form

Surname
First name
Address
Securities account reference number

Addressee
Bank
Address

Date

Subject: Transfer of Valeo shares to a pure registered account

Dear Sir, Madam,

On receipt of this letter, please transfer the XX Valeo shares I hold in the above-referenced securities account to Société Générale for registration in a pure registered account at the following address:

SOCIÉTÉ GÉNÉRALE
Département Titres Bourse – Comptes
32, rue du Champ-de-Tir
BP 81236 – 44312 Nantes Cedex 3

Yours faithfully,

Signature
For bearer and administered registered accounts:
contact your financial intermediary.

For pure registered accounts:
submit your order by filling out a form provided by Société Générale
and send it by email, fax or mail.

Contact details:
SOCIÉTÉ GÉNÉRALE
Département Titres Bourse – Comptes
32, rue du Champ-de-Tir
BP 81236 – 44312 Nantes Cedex 3
Tel.: +33 (0)2 51 85 67 89 (local rates apply)
Fax: +33 (0)2 51 85 53 42

Your order must be filled in clearly and accurately and must contain
the following information:
• the issuing company’s name and ISIN code;
• the type of transaction (sale or purchase);
• the number of shares;
• the execution price;
• the expiration date of the order (month-end at the latest).
Stock market orders

Stock market orders and methods of execution
The most common orders are:

- **Limit** orders:
  - as a buyer, you do not wish to pay more than a stated share price;
  - as a seller, you do not wish to sell for less than a stated share price.
  This type of order protects you against market fluctuations. However, there is a risk that the transaction will only be partially executed, if at all. It is the most common type of order.

- **Market-to-limit** orders do not have a stated share price and are executed at the best price set by the order book. It may be that the order is only partially executed. If the order is not fully executed, the balance is re-submitted as a limit order. This type of order is used for very liquid securities that change hands quickly.

- **Market** orders do not have a stated share price and can only be fully executed (the orders cannot be split). They take priority over all the other types of orders and are used to trade securities on very liquid markets. The person placing the order is sure that the securities will be bought or sold, but takes a risk as to the execution price.
  
  This type of order is not offered by our pure registered share service.

- **Stop** orders enable a minimum threshold on the share price beyond which the order to buy or sell becomes valid. It is executed as a market order.

- **Trailing stop** orders enable an order to be placed at a price limited by two trailing amounts. It is submitted when the stop price is hit or exceeded.
Managing your Valeo shares

Tax treatment in France
Taxation of dividends paid on or after January 1, 2013

Dividends are subject to:
- local social security contributions (15.5% as of July 1, 2012);
- the progressive income tax scale for the portion in excess of the 40% tax allowance. Dividends are taxed on their net amount, i.e., after deduction of the dividend fees paid during the year;
- the 21% flat rate withholding tax, which is deducted from income tax. Individuals whose household taxable income is lower than the following amounts may request an exemption from the withholding tax.

Individuals whose household reference taxable income for the second to last year preceding the dividend payment is less than 50,000 euros (75,000 euros for joint tax declarations) may request an exemption, under their own responsibility and on the condition that they provide the paying institution with an annual declaration. Shareholders should check the deadlines with their financial intermediary.

This new mandatory tax is not applicable to dividends earned from shares held in a French stock savings plan.

Capital gains tax

Capital gains are calculated when the shares are sold and correspond to the difference between the sale price and the purchase price of the share, multiplied by the number of shares sold.

Capital gains generated:
- in 2012 are taxed at a rate of 24% (compared with 19% in 2011), i.e., an overall tax rate of 39.5%, including social security contributions (15.5% for the general social charge levy [CSG] and other contributions);
- are subject to the progressive income tax scale as from January 1, 2013.

As of January 1, allowances are applied based on the length of the holding period (see table below).

<table>
<thead>
<tr>
<th>Capital gains generated in</th>
<th>Taxation</th>
<th>Allowance based on the holding period</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Income tax scale plus 15.5% tax for social security contributions&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>20% of the amount for a two-to four-year holding period</td>
</tr>
<tr>
<td></td>
<td>30% of the amount for a four-to six-year holding period</td>
<td></td>
</tr>
<tr>
<td></td>
<td>40% of the amount for holding periods exceeding six years</td>
<td></td>
</tr>
</tbody>
</table>

<sup>(1)</sup> The allowance is not applied to the calculation of social contributions.

These explanations concerning the taxation of dividends and capital gains are provided for information only. Shareholders seeking further information regarding the tax implications should contact their financial advisor.
Inheritance and donations in France

Transferring shares as part of an inheritance
If you inherit a portfolio of shares held as pure registered shares, you can transfer the shares to an account in your name by sending a letter signed by the notary responsible for managing the inheritance to Société Générale Securities Services. The letter must specify the names of the heirs as well as the number of shares to be transferred to each of them. The heirs may request that a securities account be opened to register the shares as pure registered shares. These shares may also be transferred to their financial intermediary, either as bearer or administered registered shares.

If the shares are held as administered registered or bearer shares, the same process must be carried out through the financial intermediary.

Donating shares
If you hold pure registered shares and you wish to donate them, you must send a letter dated and signed by both the donor (the person making the donation) and the donee(s) (the person[s] receiving the donation) requesting that the shares be transferred to the donee’s securities account. If it is a pure registered account, it may be opened by Société Générale Securities Services. The shares may also be transferred to any other securities account opened with another bank.

If the shares are held as administered registered or bearer shares, the same process must be carried out through the financial intermediary.

Please note that the donee must transfer the declaration provided by the bank directly to his or her local tax office within one month of the transaction date.

Making "inter vivos" donations
In order to reduce inheritance fees incurred on the posthumous transfer of shares, you can choose to progressively transfer your assets during your lifetime.

Donations may be made once every 15 years and are exempt from taxes within the following limits*: 

**Direct relatives**
- Parents to children: for each parent and child: €100,000
- Grandparents to grandchildren: for each grandchild: €31,865
- Great grandparents to great grandchildren: for each great grandchild: €5,310

**Married couples or couples in a civil union (PACS)**:
- €80,724

**Siblings**: €15,932

**Relatives (up to the fourth degree)**
- To a nephew or niece: €7,967

Donations to third parties or relatives beyond the fourth degree are not eligible for tax relief.

* In application of article 5 of the second Amending Finance Act which entered into force on August 18, 2012 (further to its publication in the French official journal on August 17, 2012).
Employee share ownership

Valeo promotes employee share ownership and supports its employees' savings efforts through Valeorizon, the Group savings plan (Plan d'Épargne Groupe – PEG)

The Group savings plan is a collective, voluntary savings plan that enables employees, with the help of the Group, to build a portfolio of securities while benefiting from favorable conditions.

Valeorizon

The Group savings plan comprises the original traditional fund as well as, since January 1, 2012, an alternative fund invested entirely in Valeo shares.

Note: additional voluntary contributions by Valeo for all savings plans combined can reach 1,350 euros per year.

Monitored savings plans

Valeo's savings plans are monitored by:
- the Supervisory Board of each fund, composed on an equal basis of managers from member companies and the employee shareholders (including a representative of Valeo's General Management and a representative of employee shareholders);
- the Employee Savings Oversight Committee, including representatives from General Management and two shareholders from each participating union and at least one representative from each fund;
- the Supervisory Board of Valeorizon, comprising two representatives from Valeo’s General Management and two employee shareholders.

Single contact point

Valeo’s employee savings plans are managed by CREELIA, a subsidiary of Amundi. CREELIA manages all transactions and requests for information on employee savings plans.

For further information, please contact CREELIA:
- by telephone: +33 (0)4 37 47 01 37 (toll-free number in France)
- online: www.amundi-ee.com
- by mail: CREELIA – DOSSIER GROUPE VALEO
  26956 VALENCE Cedex 9

You may also contact your local Valeo intermediary.
Financial and product glossary

Constant exchange rates
Data at constant exchange rates is obtained by calculating sales for the current year based on the average exchange rate applied during the previous year.

Net cash flow
Net cash flow corresponds to free cash flow less financial expenses and after taking into account the payment of dividends and financial flows relating to mergers and acquisitions.

Sales
Sales primarily include sales of finished goods and all tooling revenues. Sales of goods and tools are recognized at the date on which the Group transfers substantially all the risks and rewards of ownership to the buyer and retains neither continuing managerial involvement nor effective control over the goods sold. In cases where the Group retains control of future risks and rewards related to tooling, any contributions received from customers are recognized over the duration of the project, not to exceed four years.

Consolidated sales
In the event of a change in consolidation method, sales from the previous year are restated in accordance with the consolidation method used for the current year.

Aftermarket business
Replacement parts for the aftermarket.

EBITDA
EBITDA corresponds to operating income before depreciation and amortization of property, plant and equipment and intangible assets, impairment losses and other income and expenses.

Interior Electronics
Interior Electronics comprises the full range of access and start systems: remote controls, receivers and immobilizers, hands-free entry and start systems.

Net debt
Net debt comprises all long-term debt, short-term debt and bank overdrafts, less loans and other non-current financial assets, cash and cash equivalents.

Gross margin
Gross margin is defined as the difference between sales and cost of sales. Cost of sales primarily corresponds to the cost of goods sold.

Xenon headlamps
Used in automotive lighting, xenon headlamps are characterized by a bright, white light with blue nuances.

Operating income
Operating income includes all income and expenses other than interest income and expense, other financial income and expenses, share in net earnings of associates, income tax expense and net income or loss from discontinued operations.

Operating margin
Operating margin is equal to gross margin less net Research and Development expenditure and selling and administrative expenses.

Original equipment
Automaker market.
Earnings per share
Earnings per share (before dilution) are calculated by dividing consolidated net income for the period by the weighted average number of shares outstanding during the year, less the average number of shares held in treasury stock.

Powertrain Systems
Powertrain Systems include electrical, transmission, engine management and air management systems that help operate combustion and hybrid engines.

EGR cooling systems
EGR cooling systems reduce the formation of nitrogen oxide in diesel engines.

Stop-start system
The stop-start system stops and starts a vehicle's engine automatically. When the vehicle is running at low speeds, this system automatically shuts down the engine to reduce fuel consumption and then quickly and silently restarts the vehicle.

Wiper Systems
Maintaining visual contact with the road under all circumstances is essential if the driver is to anticipate dangers properly. Wiper Systems ensure that the windshield and the rear window are properly cleaned by removing anything that could obstruct the line of sight.

Comfort and Driving Assistance Systems
Comfort and Driving Assistance Systems cover all interfaces between the driver, the vehicle and the external environment. These systems improve the vehicle's performance, ease maneuvering, alter and correct its trajectory in case of danger and monitor the surrounding environment.

Lighting Systems
The quality of a vehicle’s lighting must meet road safety requirements, i.e., maintaining optimal vision and being clearly visible. Lighting Systems also contribute to each vehicle’s unique design.

Electrical Systems
Electrical Systems include a vehicle’s electrical energy generation (the starter) and management (alternators). In these fields, Valeo has innovated with its stop-start systems that boast more responsive start-up and mild-hybrid systems that recycle energy from braking.

Climate Control
These systems ensure passenger comfort by adjusting cabin temperature. They use heating, ventilation and air conditioning (HVAC) systems adapted to the type of engine: combustion, hybrid, or electric.

Thermal Systems
Thermal Systems are present at all times, for thermal energy management of the powertrain and regulation of cabin temperature. The issues behind the development of these systems are reducing CO₂ emissions for vehicles with combustion engines, increasing the lifespan of batteries and extending the range of hybrid and electric vehicles.
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