Dear Shareholders,

In the context of economic headwinds in Europe and South America, these past months Valeo has once again demonstrated the strength of its growth model. In the nine months ended September 30, 2012, sales grew 11%; in the first half of 2012, the Group reported solid results with operating margin up 7.2% to 6.2% of sales and free cash flow up 10% to 148 million euros.

The Group’s medium-term outlook remains promising thanks to our strategy focused on Asia and emerging countries and our innovations portfolio, particularly in the area of CO2 emissions reduction. Order intake in the first six months of 2012 hit a record high of 8 billion euros with innovations accounting for 30%, demonstrating the interest of the Group’s automaker customers in our new products.

We also continued to expand our operations in Asia, in particular through the successful acquisition of Niles. In first-half 2012, Asia accounted for 36% of the Group’s order intake and 24% of total original equipment sales versus 18% for the same prior-year period.

With our new leaner business structure focused on leveraging operating synergies, we have now laid the foundations to grow profitably over the long run.

“Valeo demonstrates once again the strength of its growth model.”

I would like to thank you for supporting Valeo and, on behalf of all our employees, I send you my best wishes for 2013.

Jacques Aschenbroich
Chief Executive Officer
First-half 2012
Valeo reports 12.5% growth in consolidated sales, with operating margin up 7.2% and free cash flow up 10%

- Operating margin up 7.2% to 370 million euros or 6.2% of sales;
- Record order intake of 8 billion euros;
- Free cash flow of 148 million euros.

Sales growing steadily
Valeo reports 11% growth in consolidated sales for the nine months ended September 30, 2012

- Record order intake of 8 billion euros of which 2.9 billion euros in Asia

Sales growing steadily
Valeo reports 11% growth in consolidated sales for the nine months ended September 30, 2012
Events

Francois Hollande visits Valeo’s R&D center in La Verrière

On July 27, Francois Hollande, President of France, visited Valeo’s R&D center in La Verrière (near Paris) where he met Jacques Aschenbroich and the plant’s employees. He visited the Thermal Systems and Visibility Systems research facilities where he had the opportunity to test-drive several demonstration vehicles before concluding his visit with a speech in support of the automotive industry to French journalists and Valeo employees. “Valeo is a company that innovates, a company that creates jobs and a company that exports,” he declared. “I have noticed a great feeling of pride amongst employees and managers alike, and we should look to emulate this confidence and this pride across our country as a whole.”

Paris Motor Show
October 1-14, 2012

This technology is compatible with both gasoline and diesel engines and will enable automakers to meet the future requirement of 95g of CO₂/km in 2020.

Hybrid4All: Valeo’s hybrid technology makes it possible, for the first time, to offer hybrid powertrains on any vehicle and, more specifically, on entry-level models. By combining the Stop-Start function, regenerative braking and torque assist, Hybrid4All can deliver fuel savings of up to 15%.

Electric supercharger: Valeo is the first automotive supplier to offer its customers a range of electric superchargers, which improve throttle response from small engines at low RPMs. When coupled with a Valeo energy recovery system, electric superchargers can deliver fuel savings of up to 20%.

Air Intake Module: This new air intake architecture for diesel and gasoline engines improves the air/fuel mixture drawn into the engine, enhancing the efficiency and performance of the cooling system and paving the way for cleaner, more compact turbo engines. It has been selected for Volkswagen’s new diesel engine platform.

Grand Prix for Financial Transparency

Valeo was presented with the 2012 Grand Prix for Financial Transparency (all categories) and the award for the Consumer goods/Health sector at the ceremony held on October 5, 2012. Each year, these awards recognize the companies with the best practices in regulatory financial reporting from among the 170 largest listed French companies based on an analysis by the Scientific Committee which is made up of key players in the French market, including the French financial markets authority (AMF) and NYSE Euronext.

“We are very proud of this award in honor of our efforts to consistently produce clear, accurate and transparent financial communications. It also highlights our determination as a Group to follow the best market practices with the aim of establishing a trust-based relationship with our investors in the long term,” said Jacques Aschenbroich, Valeo’s Chief Executive Officer.
**Share price**

January 1, 2008 – October 31, 2012

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<tr>
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</thead>
<tbody>
<tr>
<td>Market capitalization at year-end (in billions of euros)</td>
<td>1.92</td>
<td>3.34</td>
<td>2.43</td>
<td>2.85</td>
</tr>
<tr>
<td>Number of shares</td>
<td>78,209,617</td>
<td>78,628,798</td>
<td>79,269,596</td>
<td>79,311,067</td>
</tr>
<tr>
<td>Highest share price (in euros)</td>
<td>25.46</td>
<td>45.70</td>
<td>49.88</td>
<td>43.31</td>
</tr>
<tr>
<td>Lowest share price (in euros)</td>
<td>8.00</td>
<td>20.07</td>
<td>27.46</td>
<td>29.80</td>
</tr>
<tr>
<td>Average share price (in euros)</td>
<td>15.54</td>
<td>29.03</td>
<td>39.00</td>
<td>36.62</td>
</tr>
<tr>
<td>Share price at year-end (in euros)</td>
<td>24.53</td>
<td>42.47</td>
<td>30.71</td>
<td>36.00</td>
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</table>

**Per share data**

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</thead>
<tbody>
<tr>
<td>Basic earnings per share</td>
<td>(2.04)</td>
<td>4.86</td>
<td>5.67</td>
<td>2.63</td>
</tr>
<tr>
<td>Net dividend</td>
<td>0</td>
<td>1.20</td>
<td>1.40(1)</td>
<td>-</td>
</tr>
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</table>

(1) Shareholders may choose to be either eligible for the 40% tax allowance provided for in Article 158-3-2° of the French Tax Code (Code général des impôts – CGI) or subject to the 21% flat-rate withholding tax provided for in Article 117 quater i.1 of the CGI.

**Ownership structure**

<table>
<thead>
<tr>
<th>At November 30, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares: 79,311,067</td>
</tr>
<tr>
<td>Number of voting rights: 81,845,615</td>
</tr>
</tbody>
</table>

**2013 Calendar**

- **February 22, 2013**
  - 2012 results
- **April 24, 2013**
  - 2013 first-quarter sales
- **July 30, 2013**
  - 2013 half-year results
- **October 17, 2013**
  - 2013 third-quarter sales

**Contacts**

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