Prospectus Supplement no. 2 dated 17 November 2011 to the Base Prospectus dated 13 April 2011

Valeo

Euro 2,000,000,000
Euro Medium Term Note Programme

This prospectus supplement no. 2 (the "**Prospectus Supplement no. 2**") is supplemental to, and should be read in conjunction with, the base prospectus dated 13 April 2011 (the "**Base Prospectus**") as supplemented by a prospectus supplement no. 1 dated 27 April 2011 (the "**Prospectus Supplement no. 1**"), prepared by Valeo (the "**Issuer**") with respect to its Euro 2,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). The *Autorité des marchés financiers* (the "**AMF**") has granted visa no. 11-108 on 13 April 2011 on the Base Prospectus and visa no. 11-0131 on 27 April 2011 on the Prospectus Supplement no. 1. The Base Prospectus as supplemented constitutes a base prospectus for the purposes of Directive 2003/71/EC of November 4, 2003, as amended (the "**Prospectus Directive**").

Terms defined in the Base Prospectus have the same meaning when used in this Prospectus Supplement no. 2.

Application has been made for approval of the Prospectus Supplement no. 2 to the AMF in its capacity as competent authority pursuant to Article 212-2 of its General Regulations (*Règlement Général*) which implements the Prospectus Directive.

This Prospectus Supplement no. 2 has been prepared pursuant to Article 16 of the Prospectus Directive and Article 212-25 of the AMF's General Regulations (*Règlement Général*) for the purpose of giving information with regard to the Issuer and the Notes to be issued under the Programme additional to the information already contained or incorporated by reference in the Base Prospectus. As a result, certain modifications to the sections relating to the documents incorporated by reference and recent developments have been made.

To the extent that there is any inconsistency between (a) any statement in this Prospectus Supplement no. 2, and (b) any other statement in, or incorporated by reference in, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Prospectus Supplement no. 2, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of any Notes issued under the Programme since the publication of the Base Prospectus.

Copies of this Prospectus Supplement no. 2, the Base Prospectus and any documents incorporated by reference herein or therein will be available on the websites of (a) the AMF (www.amf-france.org) and (b) the Issuer (www.valeo.com), and may be obtained, free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer, and at the specified offices of the Paying Agents.

TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE

The section Documents Incorporated by Reference appearing on pages 24 to 26 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

This Base Prospectus should be read and construed in conjunction with the following sections identified in the cross-reference table below of the following documents which have been previously published and have been filed with the *Autorité des marchés financiers* ("**AMF**") as competent authority in France for the purposes of the Prospectus Directive. Such sections shall be incorporated in, and shall be deemed to form part of, this Base Prospectus:

(i) the sections identified in the cross-reference table below of the 2009 *Document de Référence* in the French language relating to the Issuer filed with the AMF on 23 March 2010 under no. D.10-0149, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2009 and the related notes thereto (the "**2009 Reference Document**") save that the third paragraph of the "*Attestation du responsable du Document de référence contenant un rapport financier annuel*" by Mr. Jacques Aschenbroich, *Directeur Général* of the Issuer, referring, *inter alia*, to the *lettre de fin de travaux* of the statutory auditors of the Issuer on page 276 of such 2009 Reference Document and any reference thereto shall not be deemed incorporated herein;

(ii) the sections identified in the cross-reference table below of the 2010 *Document de Référence* in the French language relating to the Issuer filed with the AMF on 29 March 2011 under no. D.11-0191, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2010 and the related notes thereto (the "**2010 Reference Document**") save that the third paragraph of the "*Attestation du responsable du Document de référence contenant un rapport financier annuel*" by Mr. Jacques Aschenbroich, *Directeur Général* of the Issuer, referring, *inter alia*, to the *lettre de fin de travaux* of the statutory auditors of the Issuer on page 269 of such 2010 Reference Document and any reference thereto shall not be deemed incorporated herein; and

(iii) the sections identified in the cross-reference table below of the 2011 *Rapport Financier Semestriel* in the French language relating to the Issuer filed with the AMF on 31 August 2011 (the "**2011 HYFR**").

Free translations in the English language of the 2010 Reference Document, the 2009 Reference Document and the 2011 HYFR are available on the Issuer's website (www.valeo.com).

The Issuer will, at the specified office of each Paying Agent for the time being during normal business hours, make available, free of charge, a copy of any or all of the documents incorporated by reference (the "**Documents Incorporated by Reference**") herein. All Documents Incorporated by Reference in this Base Prospectus will also be available on the website of the *Autorité des marchés financiers* (www.amf-france.org) and on the website of Valeo (www.valeo.com).

The following table cross-references the pages of the Documents Incorporated by Reference. Any information not listed in the cross-reference list but included in the documents incorporated by reference is given for information purposes only.

Information incorporated by reference	Page no. in the applicable document
2. STATUTORY AUDITORS	
2.1. Names and addresses of the Issuer's auditors (together with their membership of a professional body)	p. 267 in 2010 Reference Document
2.2. Change of situation of the auditors	N/A

Information incorporated by reference	Page no. in the applicable document
3. RISK FACTORS	
3.1 Risk factors	p. 44-52 in 2010 Reference Document
4. INFORMATION ABOUT THE ISSUER	
4.1. History and development of the Issuer	
4.1.1. Legal and commercial name	p. 256 in 2010 Reference Document
4.1.2. Place of registration and registration number	p. 257 in 2010 Reference Document
4.1.3. Date of incorporation and length of life	p. 256 in 2010 Reference Document
4.1.4. Domicile, legal form, legislation, country of incorporation, address and telephone number	p. 256 in 2010 Reference Document
4.1.5. Recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	p. 8 in 2010 Reference Document p. 9 in 2011 HYFR
5. BUSINESS OVERVIEW	
5.1. Principal activities	
5.1.1. Description of the Issuer's principal activities	p. 29-39 in 2010 Reference Document
5.1.2. Competitive position	p. 42 in 2010 Reference Document
6. ORGANISATIONAL STRUCTURE	
6.1. Description of the group and of the Issuer's position within it	p. 14-15, 259-261 in 2010 Reference Document
6.2. Dependence relationships within the group	p. 203-207, 229, 259-261 in 2010 Reference Document
7. TREND INFORMATION	
7.1. Statement of no material adverse change on the Issuer's prospects	p. 209 in 2010 Reference Document p. 9 in 2011 HYFR
8. PROFIT FORECASTS OR ESTIMATES	
8.1. Principal assumptions	N/A
8.2. Statement by independent accountants or auditors	N/A
8.3. Comparable with historical financial information	N/A
9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES	
9.1 Information concerning the administrative and management bodies	p. 94-104, 119-120, 126 in 2010 Reference Document p. 1 in 2011 HYFR
9.2 Conflicts	p. 104 in 2010 Reference Document
10. MAJOR SHAREHOLDERS	
10.1. Information concerning control	p. 238-241, 252-253 in 2010 Reference Document p. 11-12 in 2011 HYFR
10.2. Description of arrangements which may result in a change of control	p. 252 in 2010 Reference Document
11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	

Information incorporated by reference	Page no. in the applicable document
11.1. Historical financial information	
	Condensed interim consolidated financial statements 2011 p. 15-30 in 2011 HYFR - Balance sheet: p. 18 - Income statement: p. 16-17 - Accounting policies: p. 22-23 - Explanatory notes: p. 22-30
	Consolidated financial statements 2010: p. 142-208 in 2010 Reference Document - Balance sheet: p. 148 - Income statement: p. 146 - Accounting policies: p. 152-162 - Explanatory notes: p. 152-207
	Non consolidated financial statements 2010: p. 212-230 in 2010 Reference Document - Balance sheet: p. 213 - Income statement: p. 212 - Accounting policies: p. 215-217 - Explanatory notes: p. 215-229
	Consolidated financial statements 2009: p. 125-189 in 2009 Reference Document - Balance sheet: p. 128 - Income statement: p. 126 - Accounting policies: p. 132-141 - Explanatory notes: p. 132-187
	Non consolidated financial statements 2009: p. 191-211 in 2009 Reference Document - Balance sheet: p. 193 - Income statement: p. 192 - Accounting policies: p. 195-196 - Explanatory notes: p. 195-209
11.2. Financial statements	p. 142-208, 212-230 in 2010 Reference Document p. 125-189, 191-211 in 2009 Reference Document
11.3. Auditing of historical annual financial information	
11.3.1. Statement of audit of the historical annual financial information	p. 208, 230 in 2010 Reference Document p. 188-189, 210-211 in 2009 Reference Document
11.3.2. Other audited information	p. 136-139 in 2010 Reference Document p. 212-216, 238-239 in 2009 Reference Document
11.3.3. Unaudited data	N/A
11.4. Age of latest financial information	
11.4.1. Age of latest financial information	31 December 2010
11.5. Legal and arbitration proceedings	p. 47-48, 167, 200 in 2010 Reference Document p. 28, 30 in 2011 HYFR
11.6. Significant change in the Issuer's financial or trading position	p. 202, 209 in 2010 Reference Document
12. MATERIAL CONTRACTS	
12. Material contracts	p. 262 in 2010 Reference Document
13. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST	

Information incorporated by reference	Page no. in the applicable document
13.1 Statement by experts	N/A
13.2 Statement by third party	N/A
14. DOCUMENTS ON DISPLAY	
14. Documents on display	p. 262 in 2010 Reference Document

RECENT DEVELOPMENTS

The section "RECENT DEVELOPMENTS" of the Base Prospectus is supplemented by the following information:

11 May 2011 Press Release
Valeo announces the successful outcome of its 500 million euro bond issue with maturity in 2018 and its offer to repurchase 200 million euros' worth of notes with maturity in 2013

Valeo announced the successful placement of 500 million euros' worth of new bonds with maturity in 2018 and the final result of its offer to repurchase notes with maturity in 2013 for a principal amount of 200 million euros.

This bond issue enabled the placement in favorable conditions (mid swap + 165 bps) of 500 million euros' worth of bonds with 7-year maturity and a coupon of 4.875%. The successful outcome of this transaction demonstrates investors' confidence in the credit quality of Valeo, whose long-term debt rating was raised to Baa3 (investment grade) with stable outlook by Moody's on May 3, 2011.

Regarding the offer to reimburse holders of the bonds with maturity in 2013[1], launched simultaneously, Valeo confirms the repurchase of one-third of the outstanding bonds, for a principal amount of 200 million euros out of the principal amount of 600 million euros issued in June 2005.

These transactions will enable Valeo to lengthen and smooth its debt maturity profile by reducing the 2013 maturity by 200 million euros and creating a new maturity of 2018 for 500 million euros.

8 June 2011 Press Release
Valeo: 2011 Combined Annual Shareholders' Meeting

Valeo's Combined Annual Shareholders' Meeting was held today under the chairmanship of Pascal Colombani, Chairman of Valeo. The shareholders approved the 2010 financial statements, which were published on February 24, 2011.

The terms of office of Directors Jacques Aschenbroich, Gérard Blanc, Pascal Colombani, Michel de Fabiani, Michael Jay, Helle Kristoffersen and Georges Pauget were renewed, and the cooptation of Ulrike Steinhorst as Director was ratified. Thierry Moulonguet was appointed as a new Director. Most of Mr. Moulonguet's career was spent within the Renault Group, which he left on March 31, 2011.

Following the adoption by the Shareholders' Meeting of the statutory amendments relative to the duration of Directors' functions, whereby Directors' terms of office may be renewed by rollover, and in application of these amendments, the expiration of the Directors' terms of office was established as follows:

Expiration of term of office	**Directors whose term of office expires**
AGM called to approve financial statements for fiscal year ending 31/12/2011	Georges Pauget, Ulrike Steinhorst, Thierry Moulonguet
AGM called to approve financial statements for fiscal year ending 31/12/2012.	Helle Kristoffersen, Michael Jay, Gérard Blanc
AGM called to approve financial statements for fiscal year ending 31/12/2013.	Noëlle Lenoir, Daniel Camus, Jérôme Contamine
AGM called to approve financial statements for fiscal year ending 31/12/2014.	Jacques Aschenbroich, Pascal Colombani, Michel de Fabiani

All other resolutions were adopted, including the distribution of a dividend of €1.20 per share and the granting of Valeo shares to employees and corporate officers.

1. Bonds issued as Series N°1 under its Euro Medium Term Notes (EMTN) program for a principal amount of 600,000,000 euros with an interest rate of 3.75% and a maturity date of June 24, 2013 (ISIN FR0010206334).

The shareholders were informed that by judicial decision on June 8, all ongoing legal procedures between the Company and Thierry Morin have been terminated.

Detailed results of the voting on each resolution are available on the Group’s website.

During the meeting of the Board of Directors which followed the Annual Shareholders’ Meeting, Pascal Colombani and Jaques Aschenbroich were renewed in their functions as Chairman of the Board and Chief Executive Officer, respectively.

30 June 2011 Press Release
Valeo announces the closing of the acquisition of Japanese company Niles

Valeo announces the closing of the acquisition of Japanese company Niles from RHJ International SA and Nissan, for an enterprise value of 313 million euros (36 billion yen). With this acquisition, Valeo becomes the worldwide leader in the interior controls market.

Niles is a leading manufacturer of automotive switching systems. The company generated sales of 412 million euros (47 billion yen) in 2010, employs 3,900 people at eight production sites, and has a strong presence in Asia (mainly in Japan, Thailand and China). Niles is well positioned to benefit from the significant volume increases recently announced by its main customer, Nissan. Its growth will also be boosted by the development of its customer base, in particular thanks to its recent commercial successes with General Motors.

"Asia is a key market for the automotive industry and this has not been affected by the recent events. This acquisition will allow Valeo to strengthen its position with its traditional customers, particularly Nissan, and to reinforce its presence in Asia, notably in China and Thailand, where Niles plans to expand its industrial footprint in line with Valeo’s objective to generate more than 30% of its sales in Asia by 2015," said Jacques Aschenbroich, Valeo's CEO.

The company will join the Comfort and Driving Assistance Business Group (internal controls, internal electronics and access mechanisms), as of July 1, 2011. The acquisition has been approved by the relevant anti-trust authorities, and will be accretive from the first year.

Valeo is currently present in Asia with 29 production sites and 12 R&D centers. The Group employs nearly 12,200 people in the region, where it generates 19% of its sales.

22 July 2011 Press Release

Valeo announces that its subsidiary, Valeo Inc., Troy, Michigan has received on July 19, 2011 a subpoena from the Antitrust Division of the United States Department of Justice requesting documents and information. The scope of the inquiry appears to cover many products manufactured or supplied by Valeo. No further information is available at this stage.

It is Valeo’s policy to prohibit anti-competitive behavior. Valeo will fully cooperate with the authorities in this investigation.

27 July 2011 Press Release
First half 2011 results

Valeo reports 13% growth in consolidated sales for first half 2011 with a 17% rise in original equipment sales (excluding Japan) on a like-for-like basis[2] and a 30% surge in net income to 218 million euros

- 13% growth in consolidated sales on a like-for-like basis to 5,334 million euros with 15% like-for-like growth in original equipment sales (17% excluding Japan)
- 18% increase in operating margin to 345 million euros or 6.5% of sales
- 30% surge in net income to 218 million euros or 4.1% of sales
- $ROCE_{(2)}$ at 36% and $ROA_{(3)}$ at 22%
- Free cash flow of 134 million euros and net debt of 452 million euros at end June 2011 following the payment of the purchase price for Niles in an amount of 286 million euros
- Record level of order intake at 7.7 billion euros

In current market and commodity price conditions, Valeo confirms its 2011 guidance.

Following the meeting of its Board of Directors today, Valeo released its results for the first half of 2011:

Jacques Aschenbroich, Valeo's Chief Executive Officer, stated: *"Valeo's strategic focus for the past two years has been on developing products that reduce CO_2 emissions and on driving sales in Asia and emerging markets. This approach is now paying off, as demonstrated by the more-than-15% growth in original equipment sales on a like-for-like basis, and by our improved profitability with an operating margin of 6.5% in spite of the tragic events in Japan and higher commodity prices. In view of our record high order intake – which stands at 7.7 billion euros – and the success that our new products are encountering, I remain bullish about Valeo's ability to accelerate growth compared with the market in all of our businesses and production regions, and to achieve the objectives we set out at our Investor Day on March 9, 2011."*

2. Constant Group structure and exchange rates.

First half 2011 results

In millions of euros	H1 2010	H1 2011	Change 2011/2010
Sales	4,787	**5,334**	**+11%**
Gross margin	856	**916**	**+7%**
% of sales	*17.9%*	***17.2%***	***-0.7 pts***
R&D expenditure, net	(267)	(285)	+7%
% of sales	*-5.6%*	*-5.3%*	*+0.3 pts*
Administrative and selling expenses	(297)	(286)	-4%
% of sales	*-6.2%*	*-5.4%*	*+0.8 pts*
Operating margin(1)	292	**345**	**+18%**
% of sales	*6.1%*	***6.5%***	***+0.4 pts***
Operating income	261	**344**	**+32%**
% of sales	*5.5%*	***6.4%***	***+0.9 pts***
Net income Group share	168	**218**	**+30%**
% of sales	*3.5%*	***4.1%***	***+0.6 pts***
Earnings per share (continuing operations) (€)	2.22	**2.89**	**+30%**
EBITDA(4)	564	**602**	**+7%**
% of sales	*11.8%*	***11.3%***	***-0.5 pts***
Free cash flow(5)	291	**134**	**-54%**
Net cash flow(6)	241	**(183)**	**NA**
Net debt*(7)	438	**452**	**+3%**

** After payment of the purchase price for Niles in the amount of 286 million euros*

In the first half of 2011, **global automotive production** remained robust in all regions except Japan, where output contracted 31%. Global production of light vehicles advanced 3% compared with the year-earlier period.

Against this backdrop, **original equipment sales** came in at 4,510 million euros, rising 14% (15% on a like-for-like basis) and outperforming the market by 12 percentage points. Excluding Japan, original equipment sales advanced 17% like for like. In parallel, **aftermarket sales** climbed 3% on a like-for-like basis, to 719 million euros.

Consolidated sales totaled 5,334 million euros, up 11% compared with the first half of 2010 (13% on a like-for-like basis).

Original equipment sales outperformed the market in all the main production regions

Original equipment In millions of euros	First-half			
	2010	**2011**	**% change Valeo sales***	**% change automotive production****
Europe	2,380	2,720	+15%	+8%
Asia excl. Japan	546	616	+14%	+6%
of which China	*299*	*318*	*+10%*	*+4%*
Japan	236	188	-24%	-31%
North America	476	640	+39%	+8%
South America	319	346	+5%	+9%
World total	3,957	4,510	+15%	+3%
Excluding Japan	3,721	4,322	+17%	+7%

** Like-for-like ** JD Power estimates*

Automotive production rose 8% in both Europe and North America compared with the first half of 2010. In Asia, automotive production declined by 3% as a consequence of the earthquake in Japan, where production contracted 31% over the period.

In view of these results, Valeo's **original equipment sales outperformed automotive production** in its main markets:

- In Europe, Valeo reported 15% sales growth – seven percentage points higher than automotive production thanks to its strong customer positioning and product mix (ramp-up of certain technologies, particularly in the Powertrain Systems and Comfort & Driving Assistance Systems Business Groups).
- In Asia (excluding Japan), Valeo recorded 14% sales growth – eight percentage points higher than automotive production thanks to market share gains for the Group.
- In North America, Valeo posted 39% sales growth, outperforming automotive production by 31 percentage points thanks to its favorable customer positioning and improved product mix as well as market share gains.

These buoyant performances in the main production regions, combined with a positive geographic mix, enabled the Group's **original equipment sales to outperform global market growth by 12 percentage points in the first half of the year** despite the impact on business activity of Japan's March 11 earthquake.

Business levels in Japan should pick up again as from this summer. More broadly, while minor supply chain disruptions cannot be discounted, they are not expected to impact global automotive output in the third quarter 2011.

In the first half of the year, Europe accounted for 60% of original equipment sales. Over the same period, North American sales represented 14% compared with 12% for the same year-ago period. Asia accounted for 18% of original equipment sales in the first half of the year, down two percentage points compared to the same period in 2010 following the earthquake in Japan. Excluding Japan, the Asia region represents 14% of sales, stable compared to the same year-ago period.

All Business Groups contributed to the growth effort and outperformed global automotive production

Sales In millions of euros	**First half**			
	2010	**2011**	**% change Valeo sales***	**% change OE sales***
Comfort & Driving Assistance Systems	848	970	+15%	+17%
Powertrain Systems	1,344	1,549	+18%	+21%
Thermal Systems	1,447	1,559	+8%	+8%
Visibility Systems	1,186	1,304	+11%	+15%

** Like-for-like*

The Business Groups all enjoyed buoyant growth momentum, with original equipment sales rising faster than global automotive production, which was up 3% in the first half 2011.

The Comfort & Driving Assistance Systems and Powertrain Systems Business Groups outperformed global automotive production by 14 and 18 percentage points respectively, thanks in particular to market share gains in new technologies (Stop-Start, torque converter, driving assistance, cameras, radar, etc.). The Thermal Systems Business Group, which has a strong presence in Japan, was more directly impacted by the earthquake.

The Group also achieved excellent results with its German customers, which accounted for 29% of total original equipment sales compared with 27% in the first half 2010.

Record order intake

On the back of a record high order intake of 7.7 billion euros, the orders-to-sales ratio hit an all-time high of 1.7 (versus 1.6 at December 31, 2010).

30% surge in net income

In the first half of 2011, **gross margin** represented 17.2% of sales, or 916 million euros, edging back 0.7 percentage points compared to the same year-ago period (17.9% of sales, or 856 million euros). This decrease in gross margin mainly reflects higher commodity prices (including for rare earth metals) and the disruptions caused by the Japanese earthquake.

Despite the rise in commodity prices and thanks to the containment of administrative and selling expenses, the Group's **operating margin** (before other income and expenses) in the period under review came in at 345 million euros, or 6.5% of sales compared to 6.1% in the first half of 2010.

Operating income totaled 344 million euros, or 6.4% of sales versus 261 million euros (5.5% of sales) during the same period in 2010.

Income before tax for the first half of the year increased to 302 million euros from 226 million euros one year earlier.

The effective tax rate came out at 26%, while **net income Group share** climbed 30% to 218 million euros or 4.1% of sales compared to 168 million euros (3.5% of sales) for the same period in 2010. Valeo's net income thus reached its highest level for a first half-year since 1998. Earnings per share came out at 2.89 euros per share versus 2.22 euros per share one year earlier.

Free cash flow (before interest expense) amounted to 134 million euros for the first half of 2011, reflecting the Group's operating performance against a backdrop of sharply rising commodity prices and a 40% increase in investments to 307 million euros or 4.2% of sales, as well as vigorous growth in orders and business volumes.

After interest expense (42 million euros) and other financial items (275 million euros), in particular the acquisition of Niles, **net cash flow** represented an outflow of 183 million euros**.**

During the period the Group benefited from Moody's upgrading of Valeo’s long-term debt to investment grade and **actively managed its long-term debt** with a view to:

- extending the average maturity of its debt and smoothing its repayment profile through:
  - the issue of 500 million euros worth of bonds maturing in 2018;
  - the redemption of 200 million euros worth of bonds maturing in 2013.
- financing the acquisition of Niles through a syndicated loan taken out in yen representing 250 million euros and maturing in 2016.

At June 30, 2011, **net debt** totaled 452 million euros, an increase of 174 million euros compared with December 31, 2010 (278 million euros).

At June 30, 2011 Valeo had 1,162 million euros in **available cash and cash equivalents**. The Group also has a program of confirmed bilateral credit lines representing 1,115 million euros.

Outlook

Valeo remains confident in its assumption that global automotive production will increase by approximately 5% for 2011 as a whole.

On this basis, and despite headwinds generated by rising commodity prices, particularly for rare earth metals, Valeo confirms its 2011 guidance, i.e.:

- original equipment sales to outperform the market in its main production regions.
- to achieve full-year operating margin as a percentage of sales slightly higher than 2010.

Highlights

On June 30, 2011, Valeo announced the closing of the acquisition of Niles from RHJ International and Nissan for an enterprise value of 313 million euros (36 billion yen), thereby becoming world leader on the Interior Controls market. The company was integrated into the Comfort & Driving Assistance Systems Business Group on July 1, 2011. Niles is a leading manufacturer of automotive switching systems, recorded sales of 412 million euros (47 billion yen) in 2010, and has 3,900 employees based at eight production sites. It boasts an extensive presence in Asia, particularly in Japan, Thailand, China, Korea and Taiwan. This acquisition strengthens Valeo's positions with respect to long-standing customers, especially Nissan, and its footprint in Asia, particularly in Thailand and China, in line with the Group's goal of generating more than 30% of its sales in Asia by 2015.

On May 11, 2011, Valeo announced the success of its 500 million euro bond issue maturing in 2018 and its offer to redeem 200 million euros worth of bonds maturing in 2013 out of the total 600 million euro issuance in June 2005.

On May 3, 2011, Moody's announced its decision to upgrade Valeo's long-term debt rating from Ba1 to Baa3 with a stable outlook as well as the rating of its short-term debt from Not-Prime to Prime-3.

On April 1, 2011, two new facilities were opened in China: an electronics center in Shenzhen that will develop electronic hardware and services for all Group entities (100 engineers by the end of 2011 and 200 in 2015) and a 15,600 sq.m. wiper systems plant in Wenling that will significantly increase wiper and washing system production capacity for both Chinese and international customers.

Note

Valeo has received several requests from European and American antitrust authorities for documents and information relating to several of its products. As stated previously, it is Valeo's policy to strictly prohibit anti-competitive behavior. Valeo will fully cooperate with the authorities in this investigation.[3]

Glossary

(1) Operating income less other income and expenses.
(2) Operating margin/capital employed less goodwill calculated over the last 12 months.
(3) Operating income/(Committed capital + Goodwill).
(4) EBITDA corresponds to operating income before amortization of tangible and intangible assets and depreciation.
(5) Free cash flow corresponds to net operating cash flow less net disbursements on tangible/intangible assets.
(6) 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.
(7) Net financial debt includes all long-term financial debts, short-term credits and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents.

21 September 2011 Press Release
Execution of the agreement for partial management of the share buy-back program

Valeo has requested the assistance of an Investment Services Provider in order to achieve certain objectives of its Share Buy-back Program, as authorized by the Combined Annual General Shareholders' Meeting of June 8, 2011.

According to the terms of the Contract signed on August 16, 2011, Valeo acquired 558,302 shares on September 21, 2011, at an average price of 33.1362 euros.

These shares will be allocated to cover the implementation of any existing stock option purchase plan, the allotment of shares to employees in respect of their participation in the proceeds of the company's expansion and the implantation of any company savings plan.

In addition, a second term set to expire at the end of September is currently under way.

5 October 2011 Press Release
Execution of the agreement for partial management of the share buy-back program

Valeo has requested the assistance of an Investment Services Provider in order to achieve certain objectives of its Share Buy-back Program, as authorized by the Combined Annual General Shareholders' Meeting of June 8, 2011.

According to the terms of the Contract signed on September 6, 2011, Valeo acquired 670,000 shares on October 5, 2011, at an average price of 33.4752 euros.

These shares will be allocated to cover the implementation of any existing stock option purchase plan, the allotment of shares to employees in respect of their participation in the proceeds of the company's expansion and the implantation of any company savings plan.

3. It is too early to reasonably estimate the outcome of these investigations and inquiries. There can be no assurance, however, that these investigations and inquiries will not have an adverse effect on the Company's financial condition.

20 October 2011 Press Release
Valeo reports 14% growth in consolidated sales for third quarter 2011

Valeo reports 14% growth in consolidated sales for third quarter 2011

- Third quarter 2011
  - 14% growth in consolidated sales (12% on a like-for-like basis[2]) to 2,662 million euros
  - 17% growth in original equipment sales (14% on a like-for-like basis) to 2,262 million euros

- Third quarter 2011 and nine months ended September 30, 2011
  - Original equipment outperformed the market in all Business Groups and main production regions

- Outlook
  - 2011 guidance confirmed, i.e., to achieve full-year operating margin rate slightly higher than that of 2010

Following the meeting of its Board of Directors today, Valeo released its sales for the third quarter 2011:

In millions of euros	**Third quarter***			**Nine months ended September 30***		
	2010	**2011**	**% change sales**	**2010**	**2011**	**% change sales**
Total of which	2,342	2,662	+14%	7,129	7,996	+12%
Original Equipment	1,929	2,262	+17%	5,886	6,772	+15%
Aftermarket	359	336	-6%	1,082	1,055	-2%
Miscellaneous	54	64	+19%	161	169	+5%

* *unaudited*

Jacques Aschenbroich, Valeo's Chief Executive Officer, stated:

"*Thanks to our robust organic growth and the integration of Niles, Valeo reported 17% growth in third quarter original equipment sales (14% on a like-for-like basis), outperforming automotive production in all of our businesses and main production regions for the eighth straight quarter. This dynamic performance once again underscores the success of Valeo's strategic focus these past two years on developing products that reduce CO2 emissions and on expanding business activities in emerging markets and Asia, a strategy that has also been reflected in the acquisition of the Japanese automotive supplier, Niles. This acquisition is in line with our objective of boosting our activities in Asia, a region that accounted for 25% of our original equipment sales in the third quarter of 2011.*"

In the third quarter 2011 and the first nine months of the year, global automotive production remained robust in all regions. Production advanced 4% compared to the first nine months of 2010.

In Japan, automotive production began to turn around, declining by 5% in the third quarter compared to a drop of 31% in the first half of the year. For the first nine months of the year, automotive production in Japan fell 21%.

Consolidated sales totaled 2,662 million euros in the third quarter of 2011, up 14% (12% on a like-for-like basis). In the first nine months of the year, consolidated sales came in at 7,996 million euros, representing an increase of 12% on both a reported and like-for-like basis.

- **Changes in Group structure** in the third quarter represented 4.2% of consolidated sales, including 106 million euros corresponding to the contribution of Niles.
- **Original equipment sales** (85% of consolidated sales) came out at 2,262 million euros in the third quarter, up 17% (14% on a like-for-like basis), and 6,772 million euros in the first nine months of the year, up 15% (14% on a like-for-like basis).
- **Original equipment sales in Asia** represented 25% of total original equipment sales in the third quarter, further to the acquisition of Niles.
- **Aftermarket sales** (13% of consolidated sales) amounted to 336 million euros in the third quarter, down 3% on a like-for-like basis, and stood at 1,055 million euros in the first nine months of the year, edging up 1% like-for-like.

Original equipment sales outperformed the market in all the main automotive production regions

Original equipment In millions of euros	**Third quarter***				**Nine months ended September 30***			
	2010	**2011**	**% change OE sales****	**% change automotive production*****	**2010**	**2011**	**% change OE sales****	**% change automotive production*****
Europe	1,057	1,188	+13%	+6%	3,438	3,908	+14%	+8%
Asia	420	568	+13%	+3%	1,209	1,372	+7%	-1%
of which China	*160*	*186*	*+22%*	*+4%*	*461*	*504*	*+14%*	*+4%*
of which Japan	*129*	*221*	*-8%*	*-5%*	*364*	*409*	*-18%*	*-21%*
North America	288	326	+23%	+8%	776	966	+33%	+9%
South America	177	180	+4%	+7%	496	526	+5%	+9%

* unaudited
** Like-for-like
*** JD Power estimates

Strong sales momentum in the main production regions, combined with a positive geographic mix enabled the Group to outperform global automotive production for the eighth straight quarter (outperformance of 9 percentage points in the third quarter 2011). Valeo also grew faster than the market in the main automotive production regions during the first nine months of the year:

- **In Europe** (58% of original equipment sales), the Group reported original equipment sales growth of 14% on a like-for-like basis, 6 percentage points higher than the market.
- **In Asia** (20% of original equipment sales), the Group recorded original equipment sales growth of 7% on a like-for-like basis, 8 percentage points higher than the market.
- **In North America** (14% of original equipment sales), the Group posted original equipment sales growth of 33% on a like-for-like basis, 24 percentage points higher than the market.

All Business Groups contributed to the growth effort

Sales In millions of euros	Third quarter*				Nine months ended September 30*			
	2010	**2011**	**% change sales****	**% change OE sales****	**2010**	**2011**	**% change sales****	**% change OE sales****
Comfort & Driving Assistance Systems	418	567	+12%	+15%	1,266	1,537	+14%	+16%
Powertrain Systems	625	743	+17%	+21%	1,969	2,292	+18%	+21%
Thermal Systems	735	777	+8%	+8%	2,182	2,336	+8%	+8%
Visibility Systems	547	597	+9%	+13%	1,733	1,901	+10%	+14%

* unaudited
** Like-for-like

The Business Groups all enjoyed buoyant growth momentum, with original equipment sales rising faster than global automotive production (up 4% in the first nine months of the year).

The Powertrain Systems, Comfort & Driving Assistance Systems and Visibility Systems Business Groups outperformed global automotive production by 17, 12 and 10 percentage points respectively, thanks in particular to market share gains in new technologies (Stop-Start, torque converter, driving assistance, cameras, radars, innovative lighting systems, etc.). The Thermal Systems Business Group, which has a strong presence in Japan, was more directly impacted by the drop in production in this country.

The Group also achieved excellent results with its German customers, which accounted for 29% of total original equipment sales for the first nine months of the year, compared with 27% in the same year-ago period.

Highlights

At the IAA Frankfurt motor show held on September 13-25, 2011, Valeo presented several innovations that will fuel the Group's development in the coming years, including:

- **Park4U® Remote**: this fully automatic parking assistance system maneuvers the vehicle into a parking space without any input from the driver. It can be activated either from inside the vehicle or remotely, using a smartphone;

- **Affordable Hybrid**: an electrification solution for the powertrain. The Affordable Hybrid architecture consists of a motor-generator and low-voltage electronics (48V). By combining the Stop-Start function, regenerative braking and engine assistance, this system offers the advantages of a hybrid for a very low cost.

Other information

During the third quarter, Valeo concluded, in two tranches, the buyback of 1,228,000 shares for a total of 40.9 million euros. These shares were allocated to cover stock option purchase plans.

Outlook

The automotive production growth forecast for 2011 is consistent with the estimates published by Valeo. In this context, and despite the high price of certain raw materials, particularly rare earths, in the second half of the year, Valeo confirms its 2011 guidance, i.e., to achieve full-year operating margin rate slightly higher than that of 2010.

Financial calendar

Full-year 2011 results: February 22, 2012 prior to stock market opening.

PERSON RESPONSIBLE FOR THE PROSPECTUS SUPPLEMENT NO. 2

Person responsible for this Prospectus Supplement no. 2

Jacques Aschenbroich, Chief Executive Officer

Declaration by person responsible for this Prospectus Supplement no. 2

I declare, after having taken all reasonable care to ensure that such is the case and to the best of my knowledge, that the information contained in this Prospectus Supplement no. 2 is in accordance with the facts and contains no omission likely to affect its import.

The consolidated financial statements for the years ended 31 December 2010 and 31 December 2009 incorporated by reference in this Base Prospectus have been audited by the statutory auditors of the Issuer whose relevant reports are in pages 208 of the 2010 Reference Document and in pages 188-189 of the 2009 Reference Document of the Issuer and which each contains one observation.

Paris, 17 November 2011

Valeo
43, rue Bayen
75848 Paris Cedex 17
France

Duly represented by Jacques Aschenbroich
Chief Executive Officer

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

Autorité des marches financiers

In accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and with the General Regulations (*Réglement Général*) of the *Autorité des marchés financiers* (the "**AMF**"), in particular Articles 212-31 to 212-33, the AMF has granted to this Prospectus Supplement No. 2 the visa n°11-538 on 17 November 2011. The base prospectus, as supplemented by (i) a prospectus supplement no. 1 dated 27 April 2011 and (ii) this Prospectus Supplement no. 2, may only be used for the purposes of a financial transaction if completed by Final Terms. This Prospectus Supplement No. 2 was prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L.621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply an approval by the AMF of the opportunity of the transactions contemplated hereby nor that the AMF has verified the accounting and financial data set out in it. In accordance with Article 212-32 of the AMF's General Regulations, any issuance or admission to trading of notes on the basis of the base prospectus, as supplemented by (i) a prospectus supplement no. 1 dated 27 April 2011 and (ii) this Prospectus Supplement no. 2, shall be subject to the publication of Final Terms setting out the terms of the securities being issued.