

2005

Activity report

Enabling a better automotive world



Valeo is an independent industrial Group which ranks among the world's top automotive suppliers. It is fully focused on the design, production and sale of components, integrated systems and modules for cars and trucks, both on the original equipment market and the aftermarket.

Valeo is active in three Domains:

Driving Assistance, which groups together all lighting, wiper and electronic detection systems, aims to improve safety on the road.

Powertrain Efficiency enhances vehicle performance and driving pleasure, by reducing fuel consumption and pollutant emissions. This Domain covers all aspects of the vehicle's powerplant and transmission; it includes electrical systems, engine cooling and clutches.

Confort Enhancement concentrates on developing systems for improving the safety, access, comfort and well-being of all vehicle occupants.

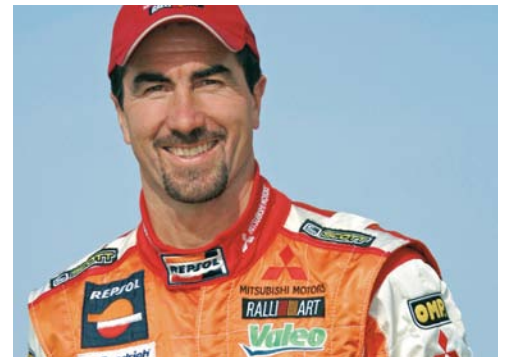
In 2005, Valeo generated sales of 9.9 billion euros, up 8% compared to 2004. Its R&D spending accounted for 6.6% of total sales.

The Group employs 70,400 people of 95 different nationalities, at 134 production sites, 68 R&D centers and 9 distribution platforms in 26 countries.

Valeo has signed a three-year sponsorship agreement with French rally racer Luc Alphand for the Cross-Country Rally World Cup and the Le Mans Endurance Series. This partnership is based on shared values of performance and professionalism, and

highlights Valeo's image as an innovative company willing to take on major challenges.

Luc Alphand's vehicle on the road to victory (Lisbon-Dakar 2006)



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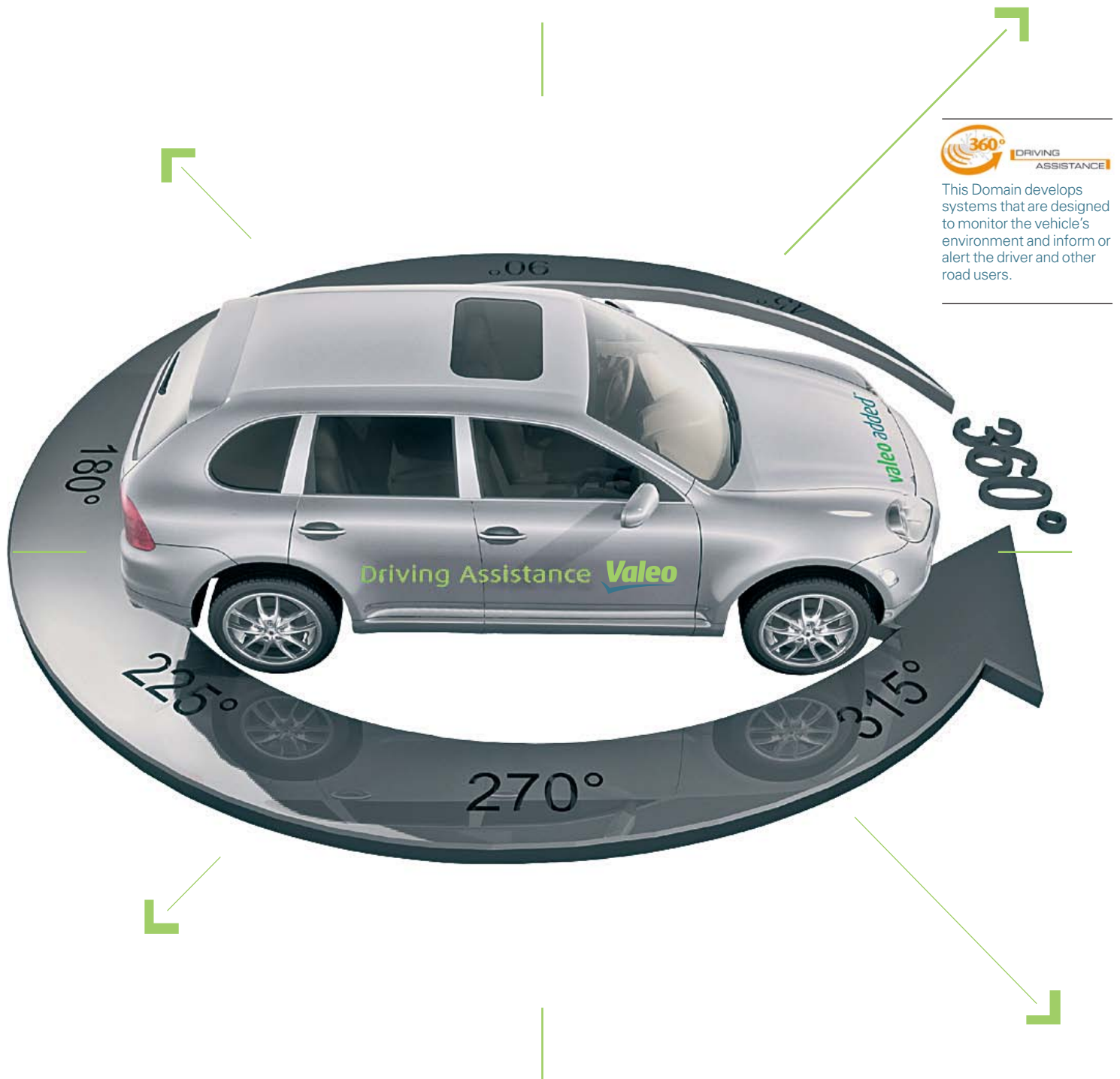
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Innovation A sixth sense for safety

The cars of tomorrow will be safer.
Valeo has created a vehicle, the V360,
that offers drivers 360° safety.

V360



Total safety

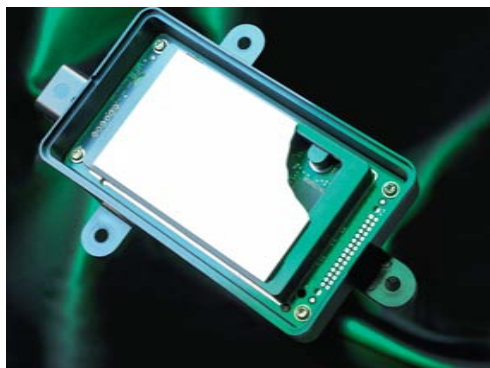
In conceiving the car of tomorrow, the engineers from Valeo's Driving Assistance Domain have brought together in one vehicle – the V360 – a range of technologies designed to enhance driving safety. Presented at the Frankfurt International Auto Show in October 2005, this brand new vehicle was a great success with visitors. Valeo's safety strategy focuses on researching and designing driving assistance systems that are able to monitor all around the vehicle, alert and inform the driver and other road users about their immediate surroundings and initiate appropriate corrective actions.

Thanks to their 360° vision, drivers are warned of dangers or obstacles that they could not have detected without these systems.

Inform, alert, assist and monitor: in order for on-board systems to perform these four tasks, specialists integrate a number of technologies such as radar, cameras, LEDs and infrared vision. The ergonomics of these systems are designed to make them as simple and instinctive to use as possible.

The number one priority

When questioned about their expectations for the cars of the future, drivers place safety at the top of their list. Whether they are European, American or Asian, they want as many safety features as possible, especially active safety systems that aim to prevent accidents. With its Driving Assistance systems, Valeo provides the most innovative solutions to respond to these demands.



1



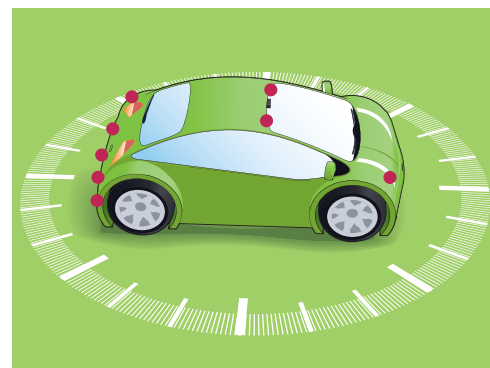
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3



4



5

1
The blind spot detection system, based on a multi-beam radar, warns the driver whenever a vehicle is present in the blind spot on either side of his or her car.

2
A multi-function camera can be integrated behind the rear view mirror to provide continuous monitoring of the road.

3
In addition to their low energy consumption and record service life, **light emitting diodes (LED)** contribute to innovative vehicle styling.

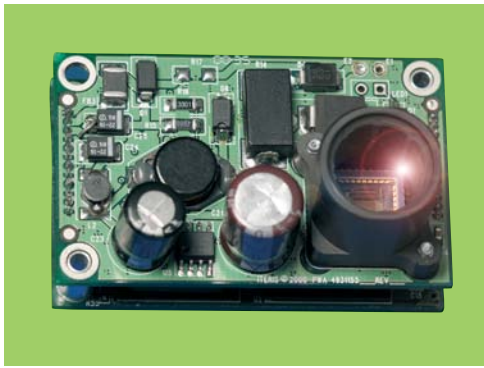
4
Xenon bending light, associated with light emitting diodes, offers optimal visibility: up to 90% higher than halogen headlamps.

5
Equipped with a dozen innovative, user-friendly driving assistance systems, the V360 vehicle offers the driver **360° vision** around the vehicle, **by day or night**.

Innovation A warning system

To alert drivers of unintentional lane departures, Valeo has designed a revolutionary solution.

LaneVue™



1 Thanks to the high-speed processing of **electronic signals**, a warning is provided to the driver instantaneously.



2

2 The LaneVue™ system continuously compares **the vehicle's trajectory** with lane markings on the road.



The LaneVue™ detection system alerts drivers in the event of unintentional lane departures. Developed by Valeo in partnership with Iteris, the system consists of a miniature video sensor located behind the windshield and linked to an electronic control unit. It continuously monitors the lane markings in front of the vehicle. In the event of a non-signalized lane change, the driver is warned either by an audible tone or by vibrations in his or her seat.

LaneVue™ won a number of awards in 2005, demonstrating its important contribution to road safety and driving comfort. Prestigious endorsements such as the 2005 PACE (Premier Automobile

Suppliers Contributions to Excellence) Award in the Product Innovation category, the 2004 Automechanika Innovation Prize in the Systems and Modules category and the 2005 Nissan Global Innovation Award highlight the significance of this innovative development.

• Driving Assistance involves first and foremost good visibility in all circumstances. The **RLT** (Rain, Light, Tunnel) sensor designed by Valeo enables the automation of wiper and lighting functions. It automatically adjusts wiping speed according to rain intensity and measures ambient light conditions, turning the headlamps on or off if necessary. It also turns on the headlamps whenever a tunnel is detected. The driver no longer has to worry about these adjustments... and can fully focus on driving.



MATILDA LIKES
TO SEE THINGS CLEARLY



Innovation A step ahead for the environment
The innovations developed by Valeo's Powertrain Efficiency Domain aim to improve vehicles' performance and make them more cost-effective and cleaner.

StARS micro-hybrid system



POWERTRAIN
EFFICIENCY

Valeo improves vehicle performance and driving pleasure while reducing fuel consumption and pollutant emissions.



Valeo's StARS micro-hybrid system equips the Citroën C2 Stop&Start.

Less fuel, more silence and clean air

Instead of leaving the engine idling at standstill, it is now possible to stop the engine and restart it instantly and silently thanks to the StARS starter-alternator micro-hybrid system developed by Valeo. This technology also reduces fuel consumption and pollutant emissions. Mounted in place of a conventional alternator, the system combines the functions of an alternator and starter motor in a single unit operating at 14 volts (conventional vehicle voltage). The vehicle starts silently and three times more quickly than with a traditional starter motor. Thanks to electronics which improve the alternator's performance, the system also reduces fuel consumption and therefore carbon dioxide emissions.

More cost-effective, environmentally friendly and silent, vehicles equipped with Valeo's StARS micro-hybrid system comply with future European regulatory standards and automakers' environmental commitments. This is of particular value to automakers, who also appreciate the system's compact design and the fact that it is compatible with manual, robotized or automatic gearboxes.

Improving urban driving performance

The StARS micro-hybrid system offers undeniable advantages for city driving. The system cuts off the engine as soon as the vehicle is at a standstill at traffic lights or in traffic jams, eliminating noise pollution and vibrations and halting fuel consumption. In built-up areas, where vehicles are at a standstill for nearly 35% of driving time, the StARS micro-hybrid system generates fuel savings of between 15 and 30%. As soon as the driver puts the car into gear or releases the brake, the engine starts up again quietly and automatically. The system therefore has no effect on normal driving habits.

- 28%



1

Reduction in fuel consumption of the StARS micro-hybrid system in urban driving conditions, attested by notary during comparative tests carried out in Paris in October 2005 (between a Citroën C3 with a 1.4l 16V gasoline engine and another equipped with StARS).



2



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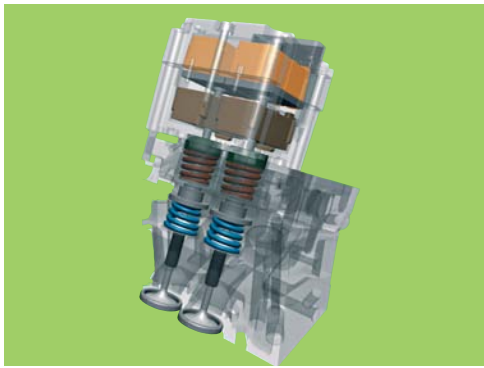
1 Thanks to the StARS micro-hybrid system, **as soon as the vehicle is at a standstill**, the engine is cut off, eliminating all sources of noise and pollutant emissions as well as fuel consumption.

2 This solution's non-intrusive architecture makes it easy to install in any diesel- or gasoline-engine vehicle.

3 The electronically controlled belt-driven starter-alternator restarts the engine in 400 milliseconds, **three times faster than a conventional starter motor**.

Innovation The camless engine becomes a reality. With its smart valve actuation system, Valeo contributes to making vehicles more discreet while polluting less.

Camless



1

In a camless engine, **each engine valve is operated by an actuator** located on the upper surface of the cylinder head.

2

Valeo has integrated into its new generation **Engine Control Units (ECU)** software that enables the management of advanced functions such as the Camless system.



2



The Camless smart valve actuation system replaces the conventional mechanical operation of engine valves via cam belt, camshaft and hydraulic cam followers. This innovation reduces fuel consumption and pollutant emissions by around 20% and enables a 20% increase in low-end engine torque. When thus modified, gasoline engines boast similar features to diesel engines at low torque, while retaining the vivacity of a gasoline engine. The system's optimized air-fuel mixture,

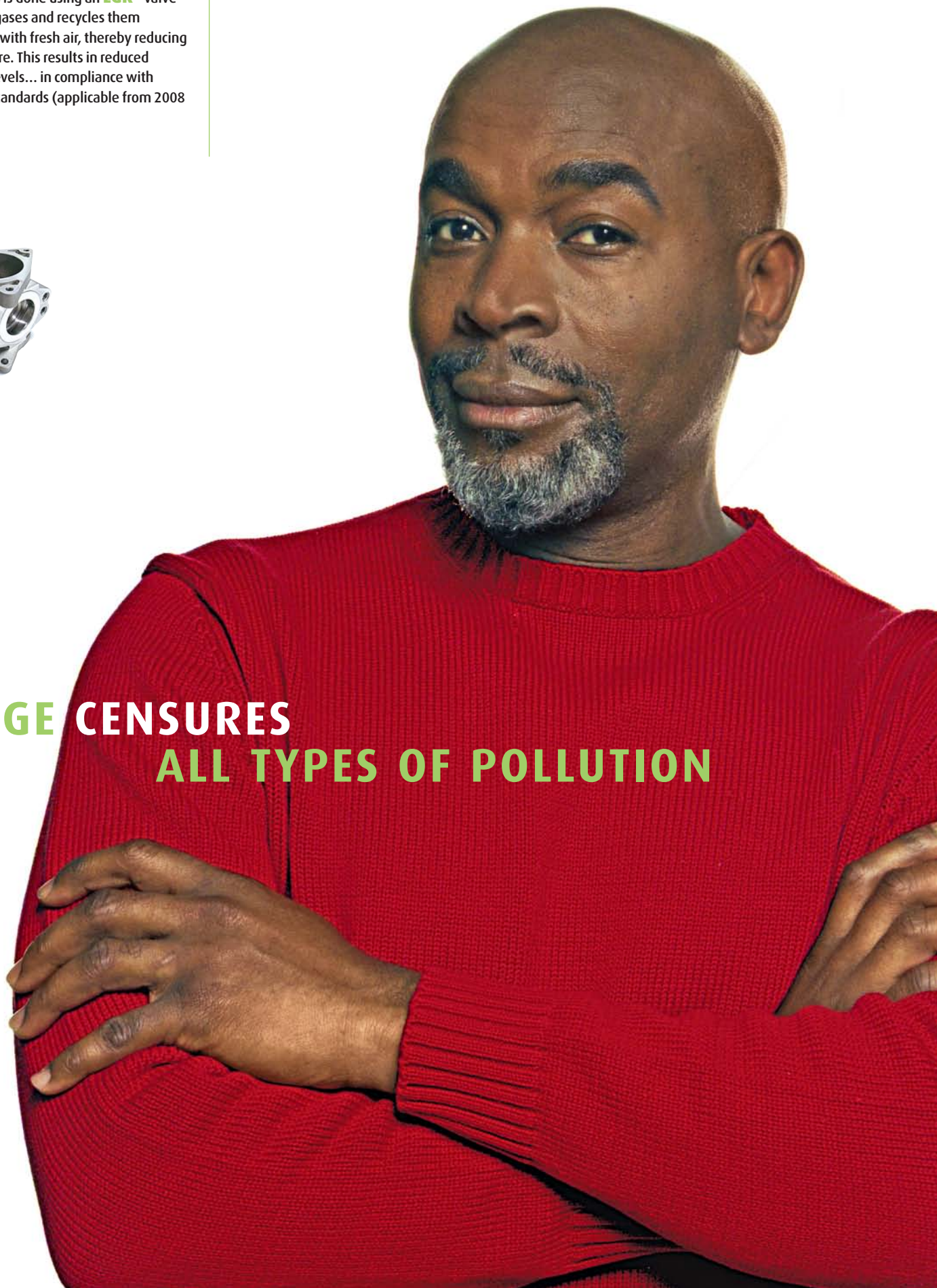
independently functioning valves and piston position offer three key benefits: improved driving performance, substantial fuel savings and reduced emissions. The program for developing this breakthrough technology is supported by several leading automakers.

• Fighting pollution is a key objective for Valeo. The recycling of exhaust gas (particularly from diesel engines) is a new technique that contributes to cutting down on pollution. This is done using an **EGR*** valve that removes exhaust gases and recycles them while combining them with fresh air, thereby reducing combustion temperature. This results in reduced nitrogen oxide (NOx) levels... in compliance with Euro IV anti-pollution standards (applicable from 2008 in Europe).

* Exhaust Gas Recirculation



GEORGE CENSURES ALL TYPES OF POLLUTION



Innovation Enhancing health and well-being

To ensure optimal driving and traveling pleasure, Valeo offers innovative technologies for guaranteed air quality.

Clean air



This Domain combines access and security with on-board comfort and well-being for all vehicle occupants.

Purifying incoming air...

Valeo is constantly working to improve air quality inside the vehicle. The main priority is to eliminate odors and pollutants in the atmosphere. As well as being unpleasant, these particles may also cause health problems for drivers and passengers. Valeo has designed an extremely effective air purifying system which does more than filter out dust particles. In addition to an electrostatic filter which captures pollutants – especially those produced by diesel engines – it also has a photocatalytic filter which destroys these particles.

This system is so effective that it continues to perform at its original level for as long as the filter remains active: five years or 100,000 km.

... and the air inside the cabin

The Plasmacluster Ion™ generator, for example, neutralizes airborne germs and spores within the cabin. This system is already being marketed by Valeo in Japan. The Bio Clip™ system, a natural antibacterial air freshener based on plant molecules, can be installed in all types of vehicle. It was a world first when it was launched. Aimed at both the original equipment market and the aftermarket, this system protects car occupants from external pollution, combats odors and purifies the air inside the cabin.



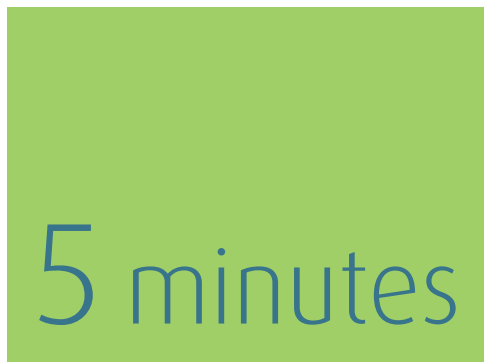
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2



3



That is the maximum time it takes for Valeo's photocatalytic filter to purify 100% of the air in the cabin.



4

1 The new generation of **control panels** enables temperatures and air flows to be regulated with precision for each area of the cabin.

2 Allergenic agents are destroyed by the **photocatalytic filter** in the air purification module.

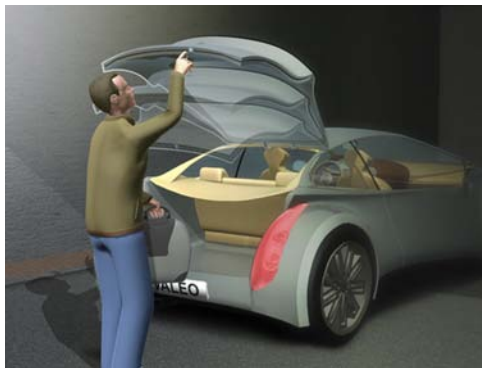
3 - 4 Valeo **air-conditioning systems** do not just control temperatures and eliminate odors, they also protect the health of vehicle occupants.

Innovation Making cars more practical
Valeo creates solutions that make drivers' day-to-day lives easier and driving as safe as possible.

Ergonomics



1



2



1
Valeo improves the interface between the vehicle and its occupants for enhanced simplicity and safety.

2
The Ipso™ Power Closure system automatically opens and closes the trunk, requiring no effort on the part of the user.

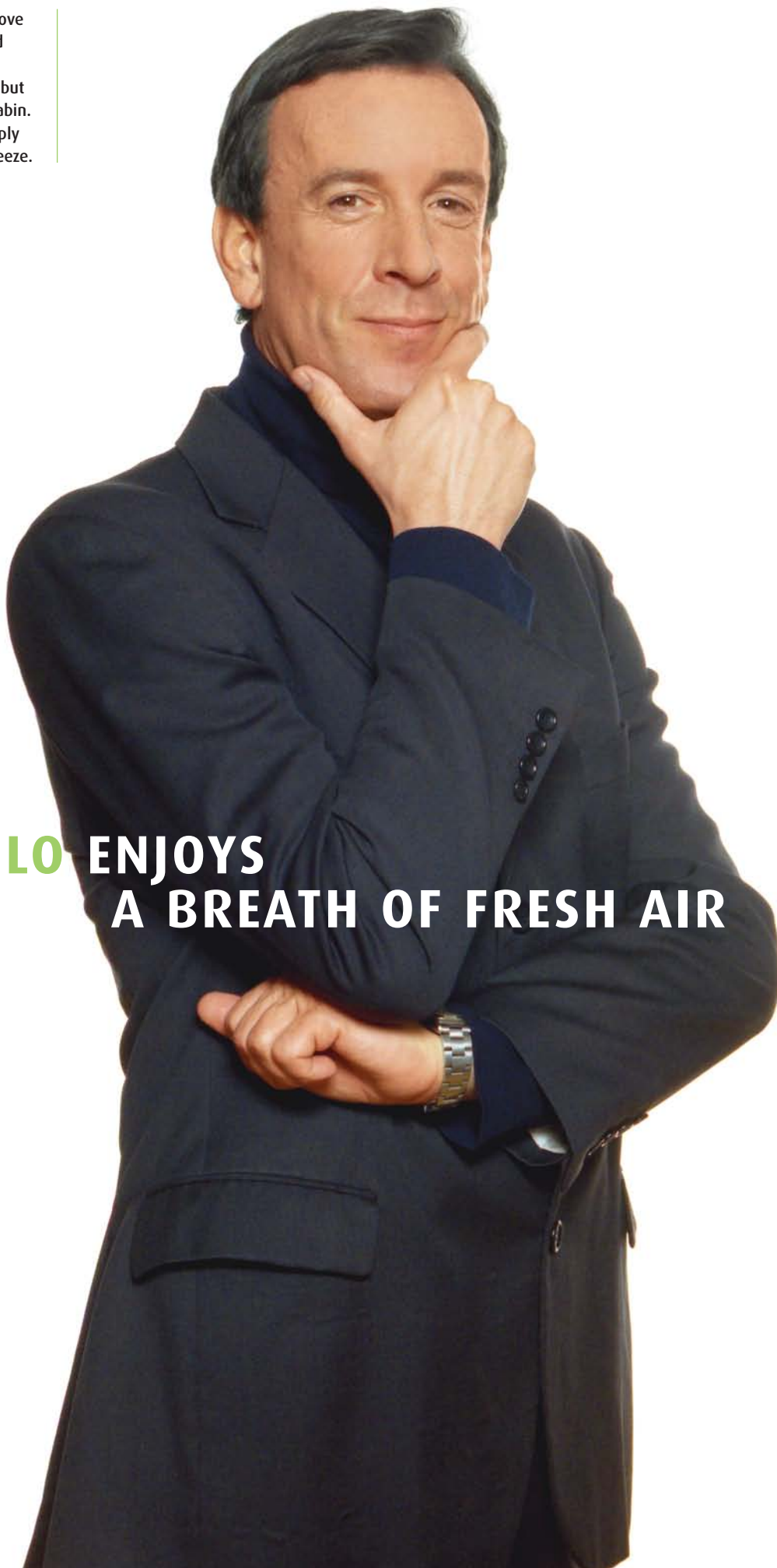
Ergonomic driving controls are constantly being developed using the latest technologies. With Valeo's innovative steering wheel with fixed central controls, drivers have air conditioning, speed control, navigation, telephone and radio controls grouped together at their fingertips. Thanks to these simplified controls, the driver can concentrate more on driving. Another new development presented at the Frankfurt Auto Show in 2005 was the Ipso™ Power Closure system. Compact and invisible, it provides automatic opening and closing of the trunk and tailgate via remote control, via the handle or from the driver's seat. The driver can also regulate the speed at which the trunk opens and closes, and define its maximum

opening angle. An obstacle detection feature can also be activated during the opening or closing of the trunk. With the same objective of making the driver's life easier, Valeo has developed simple yet secure vehicle access systems, including a hands-free system which allows the driver to lock, unlock and start the car without any need for a key.

• Valeo has been working for many years to improve the quality of air in the cabin. It has just designed **Bio Clip™**, a world first that aims not only to protect vehicle occupants from outside pollution but also to fight odors and purify the air within the cabin. Adaptable to all types of vehicle, the system simply "clips" onto the cabin air filter... installed in a breeze.



PAOLO ENJOYS
A BREATH OF FRESH AIR



Innovation Serving professionals

Valeo Service groups together the aftermarket activities dedicated to the Independent Aftermarket and Original Equipment Spares.

Valeo Service

Valeo Service markets 12 product lines, offers a wide range of services and provides technical and sales support in more than 100 countries. With its strong competitive edge, thanks to the original or equivalent quality status of most of its products, the availability of parts, a high level of technical know-how and the development of innovative logistics solutions, Valeo Service shares its expertise with professionals, distributors, garages and body repair specialists and adapts to their needs. To that end, Valeo Service is organized into five transversal business activities, each of which addresses a specific area (Crash, Maintenance, Repair, Post-Equipment, Heavy Duty).



Valeorigin

Valeo is a world leader in the design and production of original equipment parts. The Valeorigin label, which certifies the quality and reliability of Valeo products, guarantees a perfect match between the replacement part and the vehicle.

Electronics catalog on-line

The electronics catalog created by Valeo Service is a multi-product, multi-country and multi-lingual marketing and communications tool. The result of a major effort to collect and validate data and processes, the catalog was designed for broad distribution on CD-Rom or via the valeoservice.com website. Users can search by vehicle type, product or part number. At the end of 2005, all Valeo Service products had been integrated into the database.



teamValeo

Valeo has brought together all its brand names under a single signature to give greater coherency to its product range and emphasize the origin of its products: Cibié (customized headlamps and rear lamps, high-performance headlamps, fog lamps), Marchal (wiper blades, filters, brake pads and liners, brake fluids, spark plugs), PJ and SWF (wiper blades). Valeo's brands are united under the teamValeo name, while their individual identities and roles are respected.



Valeo Clim Service

Valeo Clim Service, the leading European network of automotive air conditioning specialists, continues to enhance its performance on this high-growth market. Present in ten countries, including Portugal and the UK since 2005, the network offers its 1,680 members innovative, diverse services: diagnostic tools, a continuously updated database and all Valeo products dedicated to the maintenance of air conditioning systems. In 2005, Valeo Clim Service created a new visual identity to project a more modern, dynamic image.

Air quality

Air inside the cabin can be up to five times more polluted than the air outside. To combat this, Valeo offers a range of products with preventive, disinfectant and protective qualities, to improve air quality inside the cabin. Clim Pur™, Clim Filter®, Bio Clip™ and Clim Spray™ are at the forefront of these innovative products.



Clutches

With the clutch market moving in an increasingly high-tech direction, resulting in higher repair costs for motorists, Valeo has developed a four-part clutch kit which reduces the cost of repairs significantly, by up to 30%, while maintaining the reliability of the product.

Remanufacturing

Valeo's expertise in the Original Equipment market and in remanufacturing enables it to offer targeted solutions for the alternator and starter motor exchange market. With its optimum level of service and quality, Valeo Service is progressively winning a larger share of the market. In 2005, Ford awarded Valeo a contract to remanufacture a considerable share of its alternator and starter motor range. The Valeo Service Standard Exchange program is available throughout Europe.



Beep & Park™

The Beep & Park™ park assist system enhances driver comfort and safety. Ultrasonic sensors placed on the vehicle alert the driver to any nearby obstacle during parking maneuvers. The rapid after-market sales growth for this easy-to-install system demonstrates how effective and useful it is proving to be.

eXponentia

Valeo Service is a founding member of eXponentia, an innovative training scheme for aftermarket professionals. The eXponentia program responds to the specific needs of garages and their technicians, and is currently being rolled out in Europe. Following its introduction in the UK and Poland in 2005, it will be offered in Italy, France and Germany by the end of 2007.

Counterfeiting

The Group is aware that as brand awareness increases, so do the risks of counterfeiting. It is therefore engaged in an ongoing fight against this phenomenon, which is on the rise in Valeo's area of activity. By intervening and communicating with professionals, end users and governments, and by securing its packaging, Valeo is taking action to protect the Group's brands. Valeo Service is working increasingly with other manufacturers to raise awareness, inform and combat the risk and danger of counterfeit parts, particularly for the driver.

Interview Chairman's Message

Thierry Morin comments on Valeo's 2005 results and outlines its strategy for growth, driven by operational excellence and technological innovation.



Thierry Morin,
Chairman and CEO

You have qualified 2005 as a difficult year for the automotive industry, but one in which Valeo managed to resist rather well. How would you summarize Valeo's performance during this period?

Market conditions were indeed very difficult in 2005, with lower production volumes, higher raw material costs and rising pressure on selling prices. Despite this negative environment, Valeo was able to increase its sales and its market share, in line with its objectives. Thanks to rigorous cost management and controlled investment, Valeo resisted well and we were able to outperform most of our competitors.

For the first time in several years, Valeo made several important acquisitions. What are the strategic reasons behind these operations?

Targeted acquisitions and technological partnerships are integral parts of our development strategy, which aims to make Valeo one of the world's top five automotive suppliers by 2010. Our recent acquisition of Johnson Controls' Engine Electronics Division and 100% of the shares of the Zexel climate control and compressor activities in Asia have significantly boosted our Powertrain Efficiency and Comfort Enhancement Domains respectively, as well as our structural growth potential, particularly in China and the rest of Asia. They have also brought some exciting new technologies to the Group, such as the fuel-saving camless engine technology. The creation of a new joint venture with Korean radiator manufacturer Threestar and a twelfth joint venture in China for ultrasonic

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We have launched several world firsts."

park assist systems have further reinforced our technological and industrial footprint in Asia.

Valeo's margins deteriorated in 2005.

Why?

Our gross margin dropped 1.3 points in 2005, especially as a consequence of the continued rise in raw material prices. The impact of these record price increases could have been even worse had we not managed to partially offset them through customer compensations and internal productivity gains. Thanks to the Group's growth, our gross margin in volume was practically stable. It should also be noted that strict control over SG&A (Selling, General and Administrative) and R&D expenses had a mitigating effect so that our operating income margin contracted by only 0.5 point.

In this particularly difficult environment, Valeo was able to maintain a strong cash flow. Why is this important for the Group?

By maintaining a strong cash flow, we are able to finance strategic investments and acquisitions that can contribute to our growth strategy. Thanks to rigorous cash management, we were able to reduce our debt-to-equity ratio by 11 points, to 62%, in the second half of the year. This is a very reasonable level that leaves us room to maneuver should any interesting opportunities come along in the future.

What are your objectives in terms of payments to shareholders?

Valeo has always kept its shareholders' interests at heart. The automotive industry is going through a particularly difficult period, but Valeo has succeeded – through rigorous management – in maintaining the payment of significant dividends, guaranteeing a good yield for its shares. The Board of Directors will propose to this year's Annual General Meeting of Shareholders to maintain a dividend of 1.10 euros per share, representing a payout ratio of 62%.

You have often mentioned technological innovation as a key vector of growth.

Could you briefly summarize the Group's technology offering and the future orientation of R&D at Valeo?

Valeo has built its technological offering around three Domains – Driving Assistance, Powertrain Efficiency and Comfort Enhancement – that correspond to market and consumer demands for enhanced safety, fuel efficiency and comfort. We have launched a number of world premiere innovations in these areas, many of which have won awards in the past year. The Start-Stop micro-hybrid system, for example, won the French "Engineers of the Year" award in the sustainable development category in 2005 and has just received the prestigious 2006 PACE Award. Our customer Citroën has also won an environmental award for this system, as well as an innovation award for its AFIL lane departure warning system developed with Valeo. The Group won its first PACE Award in 2005 for the LaneVue™ lane departure warning system.

Chairman's Message

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Quality remains our number one priority."

This is a great accomplishment, particularly since this system was launched in the important North American market.

The Group continues to invest over 6% of its sales in R&D and over 500 new patents are filed every year: last year, the figure was 650. This is all part of our continuous drive to differentiate ourselves from the competition through our technology, which is a key driver of growth. The main priority today is to reduce time to market and ensure that all new product launches are flawless.

Speaking of flawless launches, quality has always been a top priority for Valeo. Where does the Group stand today in terms of quality performance?

Great progress has been made in terms of quality, with customer line returns dropping significantly over the past year; 36% of our sites had achieved single-digit ppm (rejected parts per million) at the end of 2005 and 11 were at 0 ppm, which is our objective for the entire Group. Quality remains our number one priority and we have launched a new campaign this year to boost the quality mindset in Valeo and mobilize all employees around our 0 ppm goal. Our customers pay close attention to our quality performance. At the beginning of this year, Toyota Europe presented two "Superior Awards" recognizing the outstanding quality of its suppliers, and both of them went to Valeo.

Although product defect levels continue to decrease, drivers still complain that their vehicles are not reliable, particularly with regard to new electronic features. How do you react to such comments?

Electronics are a driver of progress. Although it may not always seem to be the case, electronics actually make existing functions more reliable and precise. The key is to make them as user friendly and simple to use as possible, so that they make the driver's life easier and take the stress out of driving. Valeo's lane departure warning and blind spot detection systems are just two examples of electronics-enhanced systems that actively aid drivers while enhancing their safety.

Are the new automotive features you introduce on the market affordable to all drivers?

It's true that most new innovations are introduced on top of the line models, but once their adoption rate and volumes increase, they can be extended to lower segments as well. Many new innovations, such as bending light headlamps, can already be found on mid-range vehicles and the Start-Stop function was actually launched on a compact model, the Citroën C3. So indeed, new innovations are increasingly available to all drivers, either as original equipment or as retrofit or replacement parts in the aftermarket. It is just a question of price. As our recent consumer surveys have shown, drivers may express great interest in a given technology, but the price has to be right before they will accept to buy it.



Management team (1)

From left to right, top to bottom

Kazuo Kawashima, Quality Director

Serge Le Berre, Industrial Vice-President

André Gold, Technical Senior Vice-President

Francisco Moreno-Ortega, Purchasing Director

Anne Lambusson, Projects Director

Martin Haub, Vice-President, Research & Development and Product Marketing

Bernard Clapaud, Vice-President, Strategy

Hans-Peter Kunze, Senior Vice-President, Sales and Business Development

Vincent Marcel, Vice-President, Financial Affairs and Strategic Operations

Xavier Véret, Financial Control Director

France Curis, Taxation Director

Géric Lebedoff, General Counsel

Michel Boulain, Vice-President, Human Resources

Bruno-Roland Bernard, Vice-President, Chairman's Office and Group Communications

Chairman's Message

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We are staying focused
on our growth strategy."

That is why we are constantly listening to the market and adapting our product development to meet their needs in terms of quality, practicality and price.

Consumers seem to be increasingly interested in buying technologies that protect the environment without sacrificing driving comfort.

Do your consumer surveys confirm this trend?

Absolutely. Environmental protection is increasingly important to today's drivers, who tend to be more willing to invest in vehicles that feature environmentally friendly technologies such as micro-hybrid Start-Stop or camless engine systems that significantly reduce fuel consumption and pollutant emissions, as well as noise levels, while retaining full driving comfort. Cabin air filtration and purification is another key area to ensure driving comfort and the well-being of vehicle occupants, and Valeo is a leading player in this area as well.

What are the main challenges that lie ahead for Valeo and what objectives have you set for the Group in 2006?

We are expecting a slight drop in automotive production in our reference markets this year, along with continued instability in the raw materials market. There will also be further restructuring within certain automakers and suppliers, particularly in the USA. For Valeo to succeed in this challenging environment, we must stay focused on the key points of our 2010 strategy: technological innovation, business development,

operational excellence and human resources. Overall, our main objectives for 2006 are to achieve sales growth higher than that of our reference markets and improve the return on our invested capital, by continuing to optimize our purchasing and industrial organization, raising quality standards and maintaining strict asset management. Although raw material prices will continue to rise in 2006, we are working harder than ever to offset their negative impact on the Group's results and get back on track to higher margins and profitability.

I would like to take this opportunity to thank our shareholders, customers, suppliers and most of all our employees for their continued commitment and support. Through the rigorous implementation of our 5 Axes methodology and the deployment of a Total Quality mindset throughout the organization, we are determined to achieve our goal of becoming one of the world's top five automotive suppliers by 2010.



Management team (2)

From left to right, top to bottom

Philippe Huyghe, Vice-President, Independent Aftermarket

Guillaume Péronnet, Vice-President, Original Equipment Spares

Robert de la Serve, Vice-President, Valeo Service Activity

Luc Blériot, Chief Operating Officer

Michel Giannuzzi, Vice-President, Wiper Systems

Christophe Périllat, Vice-President, Switches & Detection Systems

Claude Leïchlé, Vice-President, Lighting Systems

Christian Marsais, Vice-President, Compressors

Patrick Favre, Vice-President, Electronics & Connective Systems

Alain Marmugi, Vice-President, Climate Control

Michel Serre, Vice-President, Security Systems

Jean-Jacques Giambi, Vice-President, Motors & Actuators

Orazio Ragni, Vice-President, Electrical Systems

Michael Schwenzer, Vice-President, Transmissions

Pierre Ensch, Vice-President, Engine Cooling

Henri Trintignac, Vice-President, Engine Management Systems

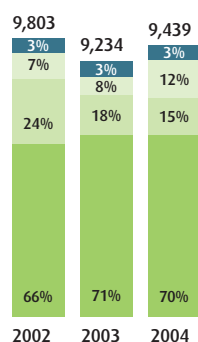
Markers Key figures

Valeo improved its market share during the course of the year. Margins resisted well in an unfavorable environment.

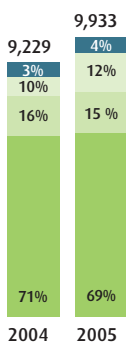
1. Sales by region

(in million euros, and as % of sales)

French GAAP

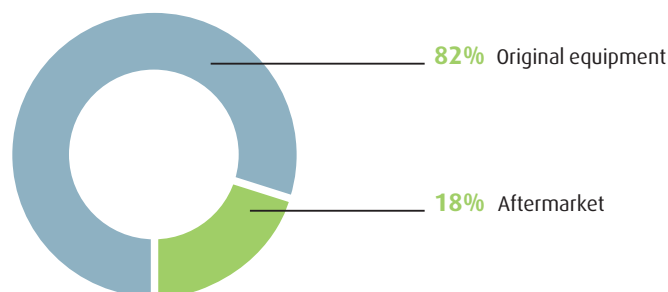


IFRS



2. Sales by customer

(in million euros, and as % of sales)



3. Gross margin

(in % of sales)

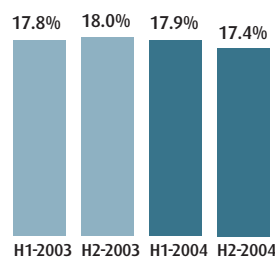
French GAAP



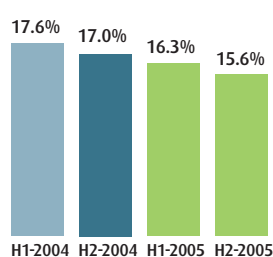
IFRS



French GAAP



IFRS



4. Operating income

(in % of total operating revenues)

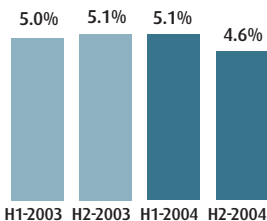
French GAAP
(operating income)



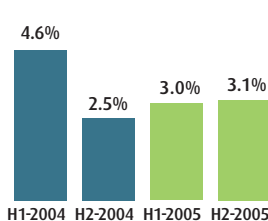
IFRS



French GAAP
(operating income)



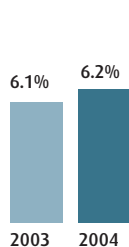
IFRS



5. Research and development expenditure

(in % of total operating revenues)

French GAAP



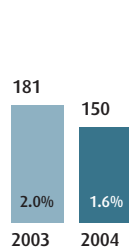
IFRS



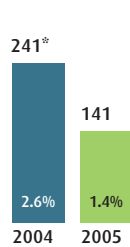
6. Net income attributable to the company's shareholders

(in millions of euros, and as % of total operating revenues)

French GAAP



IFRS



* Including one-off tax credit of €83 million

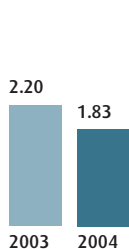
New accounting standards

As required by EU law, Valeo has presented its 2005 accounts in accordance with IFRS (International Financial Reporting Standards). For the purposes of comparison, the 2004 accounts have been restated according to these standards, and the charts opposite present the 2004 data according to the old and the new practice. The impact of the new standards is detailed in Valeo's registration documents, registered with the AMF, the French financial markets regulator, in March 2005 and April 2006.

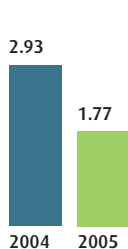
7. Net income per share

(in euros)

French GAAP



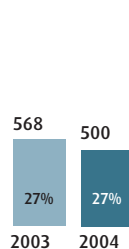
IFRS



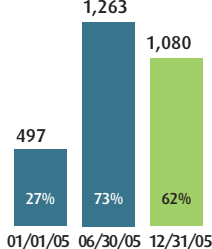
8. Net debt

(in million euros, and as % of consolidated shareholders' equity)

French GAAP



IFRS



Financial health

The acquisition of Johnson Controls' Engine Electronics Division and of Zexel Valeo Climate Control and its Asian affiliates, as well as pay-outs to shareholders (including the acquisition of treasury shares), contributed to the rise of Valeo's net debt in the first half 2005. The generation of free cash flow in the second half helped to reduce debt, with the result that gearing fell by 11 points between June 30, 2005 and December 31, 2005.

Markers Valeo and its shareholders

Valeo shareholders are a heterogeneous group, and Valeo aims to supply all of them with regular, real-time information that is as exhaustive and precise as possible.

Individual shareholder relations

Valeo's individual shareholders are generally French residents, and own about 5% of the share capital. The Group provides them with:

a toll-free number-0800 814 045. The number of calls to this line doubled in 2005, to around 600. Almost a third of these requests for information concerned the simplified tender offer and public share buyback completed in mid-June.

Requests also concerned the share price trend, Valeo news and outlook, its communications policy, and the application of shareholders' rights;

the valeo.com website. The Finance section provides real-time information on the stock market and shareholder structure (share price, ratings, capital breakdown, dividends, and documents concerning AGMs). It also features all financial publications (annual and interim reports, presentations to the financial community, and all press releases and reports). Visitors to the site may also put questions to the Group's spokesman on financial issues, and since November 2003, registered users can sign up for a newsletter containing information on the company's operations.

Over 3,100 subscribers had signed up for the newsletter at the end of the year. Valeo continued to improve its on-line communications in 2005, cutting publishing time, increasing the frequency of financial presentations, and introducing a third language of communication – German – in addition to French and English. The number of hits on the Finance section grew by more than 20% during the year.

Lastly, the unit that manages registered securities, under the responsibility of the Société Générale, provides an information service at 0825 820 000 on Valeo shares, including dividends, tax, and orders.

Over 3,000 shareholders, mostly private, had already used this service by the end of 2005.

Institutional shareholder relations

Senior management increased the frequency of meetings with all investors and their advisors during the last financial year. A total of 750 such meetings were held in 2005.

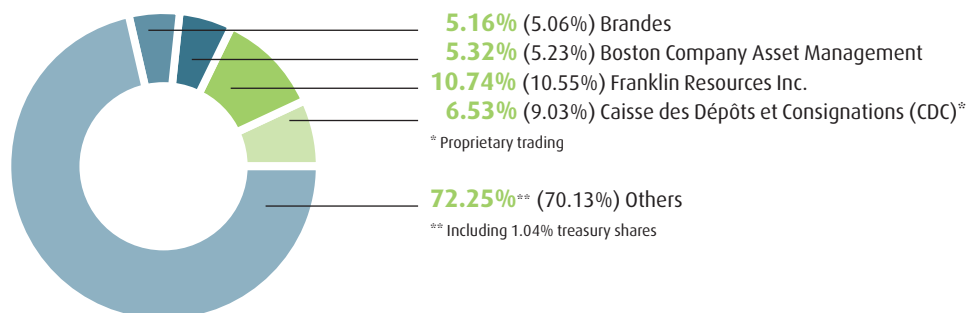
Individual meetings, group meetings, conference calls and site visits were all organized in the major financial centers in Europe, North America and Asia.

Contact:

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 Fax: +33 (0) 1 40 55 20 40
 E-mail: remy.dumoulin@valeo.com

Shareholders at 31 December 2005

in % of equity (in % of voting rights)



Number of shares: 77,510,357

Number of voting rights: 78,922,673

Stock market data

	2005	2004	2003	2002	2001
Market capitalization at closing (in billion euros)	2.43	2.58	2.61	2.46	3.72
Number of shares	77,510,357	83,709,024	82,133,728	82,133,728	83,056,603
Highest share price (in euros)	38.20	38.35	36.40	53.00	59.90
Lowest share price (in euros)	30.25	27.22	19.75	23.00	30.02
Average price (in euros)	33.79	32.47	29.27	40.14	47.17
Price at closing (in euros)	31.41	30.80	31.75	29.90	44.80

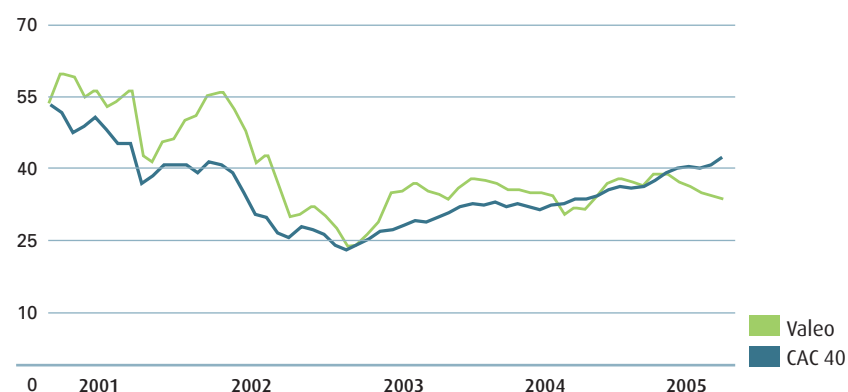
Data per share

	IFRS		French GAAP			
(in euros)	2005	2004	2004	2003	2002	2001
Net income (based on average number of shares)	1.77	2.93	1.83	2.20	1.63	(7.12)
Net dividend	1.10*	1.10	1.10	1.05	1.00	0.70
Gross dividend**	NA**	NA**	NA**	1.57	1.50	1.05

* Dividend of 1.10 euro proposed to the shareholders' AGM scheduled for May 17, 2006, and failing a quorum, May 30, 2006.

** These amounts qualify for a tax credit.

Share price (in euros)



Provisional schedule for the communication of results

First quarter	April 20, 2006
First half	July 24, 2006
Third quarter	October 19, 2006
Annual results 2006	First half of February 2007



The levers of a project

1 Technology

Market demands.
Pro-activeness. Partnerships.

2 Growth

Promising markets.
Domains of innovation.

3 Operational excellence

5 Axes. Controlled risks.
Quality.

4 Talent

Ethics. Integration.
Training.

Lever 1 Technology



Conceiving the cars of the future and anticipating market demands: these are the foundations of Valeo's innovation strategy.

To determine which direction its innovation policy takes, Valeo adopts a medium- and long-term vision to ensure it stays well ahead in the race.

Drivers' expectations

Innovation is the main factor driving Valeo's growth. Conceiving systems that meet automakers' requirements for the vehicles of the future means first of all asking drivers what they want. Their answer: safer cars that generate less pollution and consume less fuel. In practical terms, they are looking for the most cost-effective means of transport. At the same time, the emotions and senses play a decisive role in their choice of a car. Drivers seek the same level of comfort they have at home and all around them in their daily and professional lives. What matters is the quality of the air they breathe, its temperature, the comfort of their seats, the space around them and, in general, all technologies that can enhance the driving or traveling experience.

Safety, cleanliness, economy, comfort

The car of the future – the one that will be on the market in three to five years' time – will be:

- **even safer**, with lighting systems that improve night visibility for the driver, as well as sensors and driving assistance systems;
- **even cleaner and more economical**, with reduced emissions, in line with European directives, and fuel consumption;

- **even more comfortable**, with an air conditioning system that ensures good air quality with lower energy consumption, air conditioning integrated into the seats, electric seat adjustment, sliding doors to facilitate access and optimized interior layout.

Valeo's Research & Development teams are focusing their work on these three areas in order to meet drivers' needs.

The new V360 vehicle features all the Driving Assistance sensors and systems that will equip the cars of tomorrow. This real-life example, much more convincing than computer simulations, has been an instant success among drivers. The Group is demonstrating that in the field of innovation, its technology roadmap is perfectly in line with the requirements of end users.

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Each year, Valeo dedicates over **6%** of its sales to R&D."

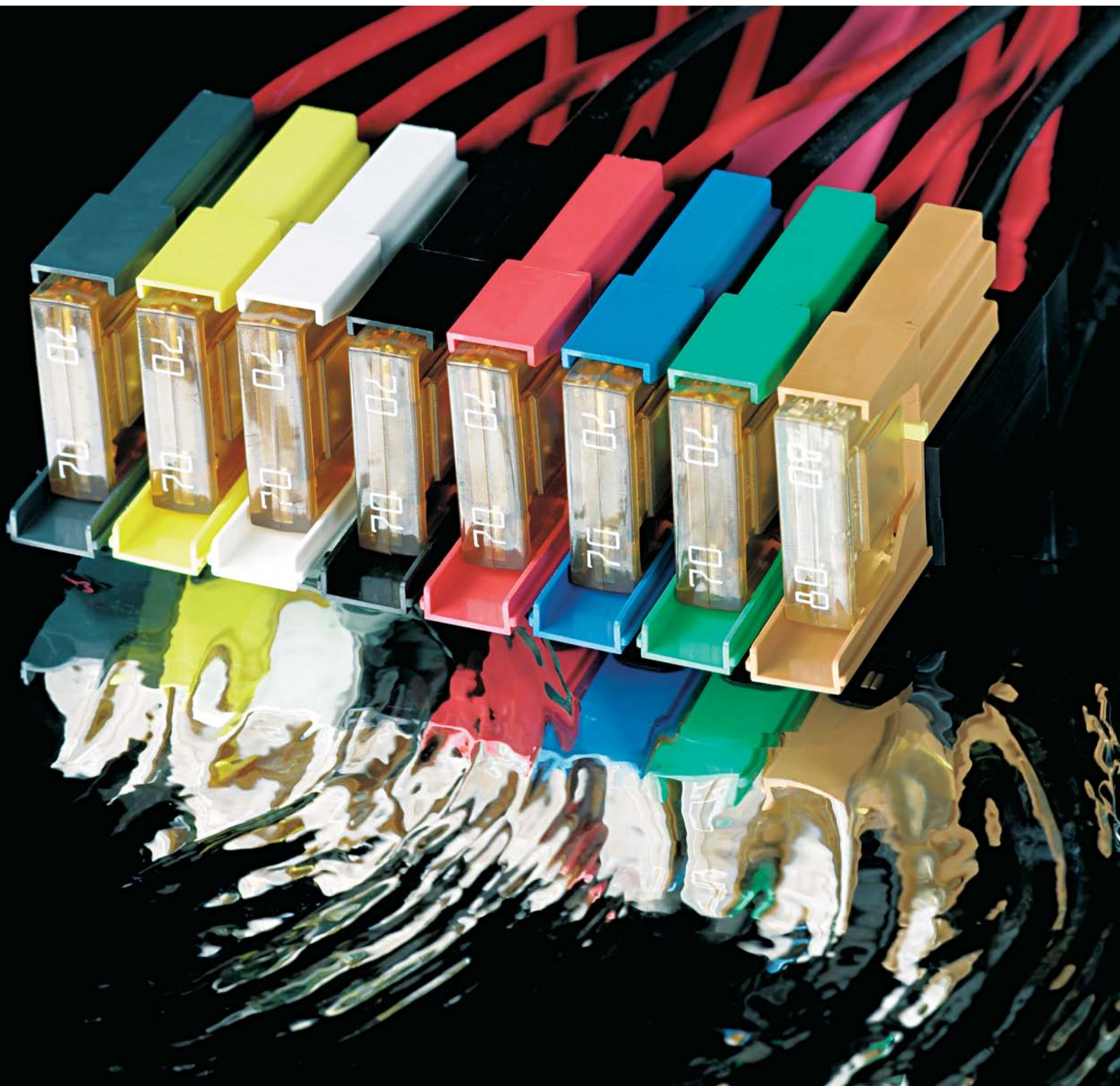
80%

annual growth in automotive electronics content.

EEDS at the heart of the vehicle

The EEDS (Electric and Electronic Distribution System) supports all three Domains – Driving Assistance, Powertrain Efficiency and Comfort Enhancement. It covers all the technologies and products required to manage the vehicle's needs in terms of electricity supply and electronic data transfer. EEDS is particularly aimed at the direct

integration of electrical and electronic components into the wiring harnesses, the transmission of data through the electrical network and power line communication.



Lever 1 Technology

Valeo's innovation strategy is like a racing driver's: go fast, in the right direction.

Continuous improvement in cost and cycle management

In a market that increasingly demands innovation and reduced time-to-market for new technologies, Valeo has developed processes that speed up the product design cycle, right from the launch of the project. In the early stages, the Group works hard to make its project management more efficient, by accurately targeting actions and ensuring the available skills match the expertise required. Thanks to these efforts, R&D costs have been reduced to meet the demands of the market.

Evaluating drivers' needs

There are two founding principles of the innovation strategy. One is to design new products using the methodologies and resources put in place by the Group, the other is to check that the products developed are consistent with drivers' expectations, to ensure their success. To achieve this, Valeo deploys a wide range of market surveys as well as forecasting and testing tools. This process works in a continuous cycle. Market research is undertaken to get a clearer picture of drivers' requirements, while a range of tests assess their perception of new products. The results are used to make adjustments and improvements to systems. They are also used to measure the degree of driver acceptance of new technologies. The end objective is to rapidly roll out innovations that are useful to the driver while generating growth for Valeo.

An innovative organization by Domains

Introduced in 2004, the Domain approach allows Valeo to offer automakers innovative solutions with reduced development times, and fully integrated systems that are less costly and easier to install.

Within the **Driving Assistance** Domain, which covers the design and production of systems to enhance vehicle and driver safety, the objective is to offer solutions that monitor the vehicle's surroundings and warn the driver of obstacles or dangers. This Domain focuses particularly on developing systems to aid visibility; these detection systems are embodied in the V360 vehicle.

The **Powertrain Efficiency** Domain is aimed at developing solutions to make vehicles more economical and cleaner to run while enhancing their performance, with solutions such as the StARS starter-alternator and the electromagnetic valve actuation system.

The **Comfort Enhancement** Domain covers innovative technologies that make the vehicle more user-friendly and comfortable: easier access, improved air quality and more ergonomic features.

//

If you go very fast but in the wrong direction, you'll be wasting your time!"

Luc Alphand, winner of the 2006 Dakar Rally.

650

new patents filed in 2005.

Efficient partners

To develop all the components and sub-assemblies it needs for its systems, the Group works with partners who are specialists in their fields of activity. This means Valeo is sure to have access to all the expertise it requires. The Group works with manufacturers such as IBM for on-board software and Raytheon for radars.

Valeo also has partnerships with universities and schools such as the École des Mines, developing on-board cameras for the Driving Assistance Domain, and Stanford University in California, studying simulation techniques and fluid mechanics.



Lever 2 Growth

Increasing the Group's presence in expanding economies and strengthening its high growth business segments.

In 2005, Valeo accelerated its acquisition of stakes in companies and took over control of new entities, notably in Asia. These operations were aimed at both developing Valeo's business in countries showing signs of promising growth, and strengthening the technological offering of the Group's Domains.

A stronger presence in expanding markets

Valeo's international strategy consists in establishing itself as a key automotive supplier in areas of the world where the markets offer good prospects for growth. This is notably the case in Asia. The Asia/Middle East region, which accounts for 12% of the Group's sales, grew by 36% in 2005. Today, Valeo generates 14% of its original equipment sales with Asian automakers (across all production regions). By strengthening its position in the highly promising Asian market, the Group is in line with its strategic objective of achieving 25% of its sales in this region by 2010.

Japan – where Valeo celebrated twenty years of presence by presenting its latest technologies at the Tokyo auto show – continues to spearhead the Group's expansion in Asia. In 2005, Valeo further boosted its presence in this country by taking full control of Zexel Valeo Climate Control, which makes air conditioning systems and air conditioning compressors, in which the Group already owned a 50% stake. Valeo also increased its 22.7% share in Ichikoh, a leader in lighting systems in Japan, to 28.2%.

In Thailand, Valeo became a majority shareholder in the air conditioning joint ventures Siam Zexel Co. and Zexel Sales Thailand Co. In China, the signing in September 2005 of a joint venture with Hangsheng

Electronics, a leading Chinese automotive supplier, is part of the Group's drive to increase its business in this country, where it first gained a foothold in 1994.

Strengthening the technological offering of the Domains

The targeted strategic operations carried out in 2005 by Valeo also enabled the Group to significantly increase the potential of its Domains.

The acquisition of the Engine Electronics Division of Johnson Controls, which has contributed top-rate electronics technology to the Group, considerably reinforced the Powertrain Efficiency Domain.

Employing nearly 2,000 people in France, this entity designs and produces complete engine management systems, electronic control units, electronic motor drives for electric actuators and engine components. It led to the creation of a new Product Family: Engine Management Systems.

The acquisition of the remainder of Bosch's shareholding in the thermal systems businesses in Asia, the acquisition in Korea of 50% of Threestar, one of the country's leading automotive radiator manufacturers, and the development of Valeo's presence in China in the air conditioning sector, have helped increase the Group's potential for growth in thermal systems and boost its expertise in air conditioning compressors.

//

In 2010, Asia should account for **25%** of our business volume."

Valeo grows in the USA

Valeo is pursuing with the French-Japanese automaker Nissan in the United States the partnership that originated in Europe and Japan. In 2005, Valeo won a "Nissan Global Innovation Award" for LaneVue™, its lane departure

warning system which equips two models of Nissan's Infiniti range in the USA. Building on this success, Valeo has signed new contracts to supply two other Nissan models.



Twelve Chinese ventures

Valeo signed an agreement with the automotive supplier Hangsheng Electronics on September 9, 2005 to set up a joint venture – 75% owned by Valeo – to produce park assist systems.

This is the twelfth enterprise Valeo has created in eleven years in China. It is part of the Group's plan to offer all its product ranges on this market.

For Valeo, world leader in ultrasonic park assist systems, this operation is aimed at extending its geographical leadership in detection systems, as well as enhancing its product offering.



+45%

increase in sales in
Central Europe in 2005.

Europe: heading East

Valeo is highly involved in the development of the main automakers in Central Europe. Valeo product content on the Romanian-built Dacia Logan amounts to between 200 and 300 euros. This rises to some 400 euros on each vehicle assembled at the PSA Peugeot Citroën-Toyota Kolin platform in the Czech Republic.

This site has a production capacity of 300,000 vehicles. Robust growth in Valeo's business activities in Central Europe should make the Group one of the major players on this market by the year 2010.



Lever 3 Operational excellence

The reinforced 5 Axes methodology is deployed at all sites.

Operational excellence is of critical importance to Valeo. The controlled development of the Group's business requires the daily implementation of a basic principle: achieve right from the start a high-quality result at the best possible cost, whether in processes, manufacturing, projects or purchasing. The 5 Axes are the Group's standard for obtaining operational excellence and achieving Total Quality. All of Valeo's 70,400 employees are responsible for applying it.

A method and an attitude for quality

QRQC – Quick Response Quality Control – is based on effective and responsive problem solving. It is applied at all levels of all processes, and is used to detect and analyze any problem, and to deploy immediate corrective action. The QRQC method has been implemented in a number of areas, such as production, safety, logistics and supplier management.

This approach was recently extended to all projects, aiming to detect potential problems even before operational launch.

Beyond the method itself, the QRQC attitude of all Valeo personnel allows each step of the system – detection, communication, analysis, verification – to take root among the Group's cultural values. Reactivity, involvement, rigor and autonomy are the qualities required of all employees and teams for this attitude to become second nature.

Tools which are constantly improved

2005 provided an opportunity for the Group to consolidate its Constant Innovation Policy, which is designed to increase operational discipline in product and project development, with the implementation of a Programs and Projects department. For Valeo, the optimization of project management is of paramount importance, boosting value and performance in terms of quality and efficiency. The approach consists of specific research and procedures applied at project launch, with the aim of developing "zero defect" products. The use of the very latest technologies and low-cost country sourcing also help to optimize investment costs for every product manufactured.

THE 5 AXES



FOR CUSTOMER SATISFACTION

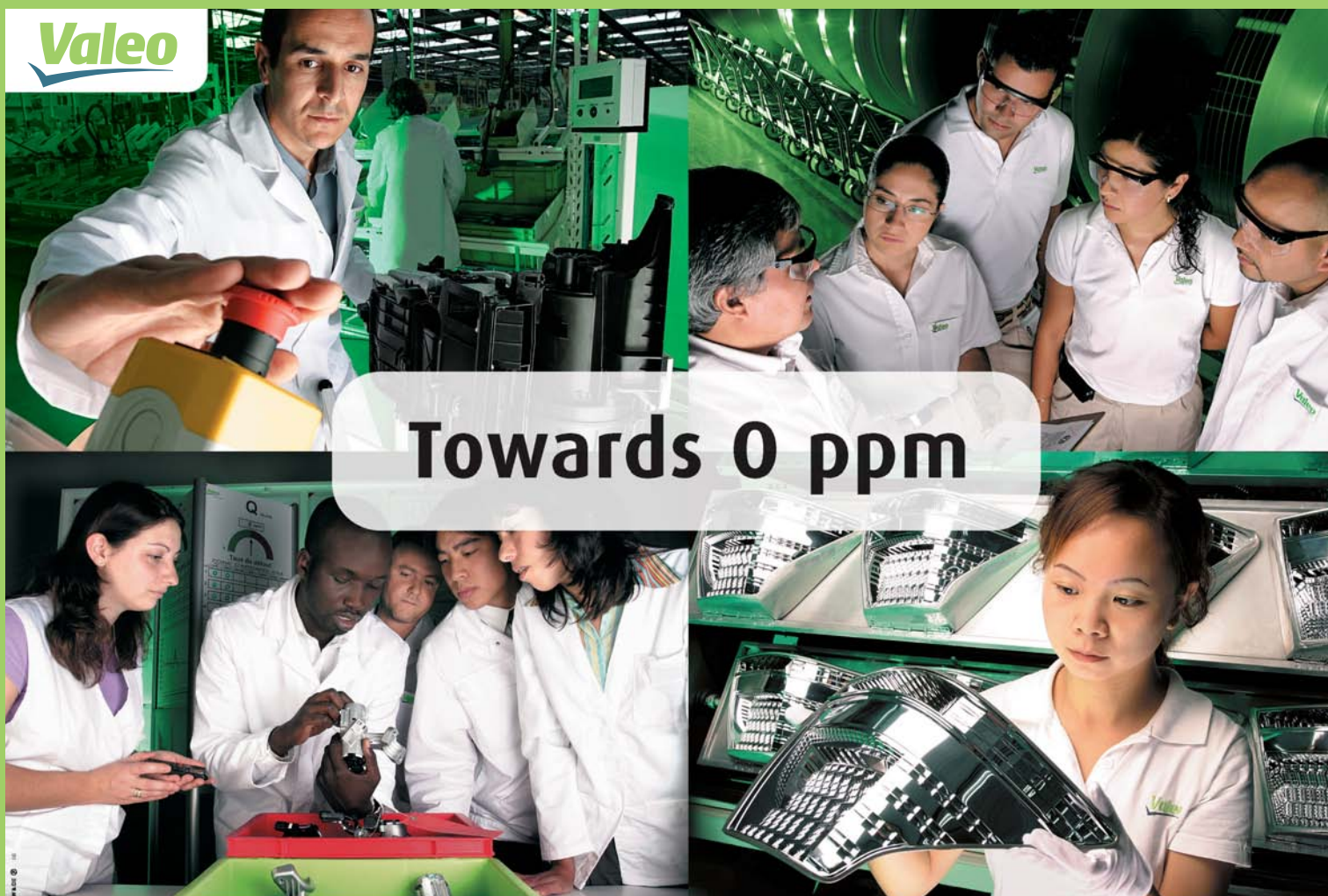
// Valeo adopts a Total Quality approach to deliver **two billion** parts every year."

Zero quality problems: already

A worldwide campaign for quality

The drive for Total Quality, a pillar of operational excellence, is demonstrated by teams' shared determination to achieve zero defects in all Valeo sites. Eleven have already reached zero ppm (parts per million) and in 2005, 48 recorded levels below 10 ppm. The "Towards 0 ppm" campaign, created in 2005, has been deployed in all of the Group's sites.

11 sites



Towards 0 ppm

Methods + Attitudes = Quality

Lever 3 Operational excellence

Valeo's risk management policy is producing results. Performance monitoring, certification audits and the QRQC problem-solving approach are all helping to improve all aspects of safety.

Aiming for zero accidents

Valeo's risk management policy is also part of the Group's operational excellence approach. It stipulates the procedures to be followed, the checks to be made on every site, the performance measurements to be made between checks and the corrective actions to be undertaken. Each site is responsible for applying this policy, particularly in the following fields: environment, health and safety in the workplace, the safety of buildings and installations, and the protection of people and property. Just like the Group's Total Quality approach, risk management policy aims for zero accidents and incidents of any kind in all Valeo sites. Based on maximum risk prevention, this approach, which is described in detail in the Risk Management Manual, sets forth Valeo-specific standards which often far surpass local regulatory requirements. A ranking system used for all sites assesses risk management performance and allows site-specific corrective action to be implemented if necessary. Certification procedures continue: 117 sites had obtained ISO 14001 environmental certification in 2005 (106 in 2004) and 18 had received OHSAS 18001* certification for health and safety in the workplace, which the Group started implementing in 2005. Valeo continues to implement its policy in this area, based in part on inspections for measuring performance, and in part on certification, i.e. official recognition of risk control.

Controlled risks

Enhancing the safety of facilities is a decisive factor in effective risk management and Valeo is a benchmark in this field, with a high level of protection and safety at its sites. Prevention is at the heart of the system in flood zones and earthquake zones. The Group develops accident-prevention methods and trains personnel to respond quickly when necessary. Valeo has invested heavily in the major works required to implement a stringent safety policy on site. In Turkey, for example, work has begun at the Bursa site to bring it into line with the standards developed after the Kobe earthquake. This is also the case for the Toluca site in Mexico. In the field of health and safety in the workplace, Valeo is aiming to obtain the internationally recognized OHSAS 18001 certification for 100% of its sites by the end of 2006. At all sites concerned, preparatory work was stepped up in 2005. Several training and communication operations have been deployed, including a film on personal health and safety, to inform employees and raise awareness of these issues. The success of this policy will depend on the contribution of all employees, especially site managers. Health, Safety & Environment managers at all facilities are responsible for control and monitoring, in order to ensure that the Group achieves its objectives in this field.

* OHSAS 18001 lists and capitalizes on all the specifications of each certification body in the field of managing health and safety in the workplace.

//

In 2005, **117** sites were certified ISO 14001."

Obsessed with quality

In the QRQC approach, after a problem is detected and analyzed, the relevance of the solution adopted is verified in order to guarantee the reliability of the production process.

Here an operator at Valeo Electrical Systems inspects an alternator stator.



A healthier environment

One of Valeo's major projects in terms of environmental policy is the complete elimination of asbestos from the Group's buildings, including those in countries in which this does not constitute a legal obligation. This requires Valeo to conduct a large number of checks and make significant investment in sanitization work. In 2005, Valeo also updated its database of banned and restricted substances,

and pursued its policy of replacing these substances in its manufacturing processes.

The concept of the generic plant, for example at San Luis Potosi (Mexico) below, takes into account the environment, workers' health and the safety of both people and facilities right from the site construction stage.



- 40%

reduction in on-site water consumption in three years.

An internationalized purchasing policy

Every year, Valeo increases its proportion of sourcing in competitive-cost countries. From 13% of the Group's total purchasing in 2003, this proportion increased to 26% in 2005, in line with the global objective of 70% set for 2010.

"Convergence", for supply cost optimization

Valeo is continuing to deploy its Convergence program, which now includes 270 suppliers, accounting for 80% of the Group's total sales. Convergence aims to optimize the quality of the products bought while also reducing costs, through a Scorecard which identifies each supplier's potential for improvement.



Lever 4 Talent

Valeo works actively to support its international growth.

By putting common rules in place across all sites to govern training, mobility and skills development, Valeo's Human Resources department supports the Group's international development with a global program that also reflects local considerations.

Its overall policy is to develop skills among the 70,400 men and women who work for Valeo around the world. Implemented at all Valeo sites, the Group's Human Resources policy is adapted to local economic and social needs. One of its major components is the development of flexibility in employment so that, in all countries where the Group is present, management teams possess resources of sufficient number and scope to support local economic activity. The various recruitment, restructuring and mobility plans adopted by Valeo are developed with respect for the Group's employees and the interests of its customers and shareholders in mind.

Developing a sense of social responsibility

Valeo's Human Resources policy naturally led the Group to join the UN Global Compact program in 2003, with its important labor and social principles. Then in 2004 it integrated the FTSE4Good index, which rates companies according to social responsibility and sustainable development criteria. In 2005, continuing its efforts in this area, Valeo further reinforced its Code of Ethics. Translated into 19 languages, the Code applies to all Group employees and everyone working with Valeo, even where local legislation is less strict on issues such as child labor.

The ten fundamental principles of the new Code are as follows:

- Valeo intends to ensure its development in compliance with national, state and local legislation and the Code of Ethics.
- All employees of the Valeo Group must comply with the Code of Ethics.
- Valeo commits to respecting the dignity and value of each human being.
- Respect for the environment and continual improvements to environmental protection represent a priority for the Valeo Group.
- Valeo encourages responsible social dialogue and the involvement of personnel.
- Valeo demonstrates its commitment to society, particularly via life-long vocational training and the involvement of R&D in order to encourage the integration of the automobile in society.
- All Group employees must manage business in an honest and impartial manner.
- All Valeo employees must adopt a professional attitude with due respect for confidentiality and for the security of Group assets.
- All Group employees must loyally execute their employment contracts or agreements.
- Breaches of the provisions of the Code of Ethics may be subject to professional, civil and/or penal sanctions. Finally, the Code specifies that Valeo's service providers, consultants and subcontractors must conduct themselves in line with the Group's rules.

//

A **universal Human Resources** policy, applied to and adapted to the local economic context."

70,400

employees in 26 countries,
95 nationalities.

A Code of Ethics which applies everywhere

Valeo's new Code of Ethics highlights the Group's support for sustainable development. Its ten principles cover professional and business conduct; they also introduce new standards relating to basic human rights.



Lever 4 Talent

The success of the acquisitions completed in 2005 was due in large part to the smooth integration of the new entities' teams within the Group.

The activities of Valeo Human Resources in 2005 were principally marked by the acquisition of Johnson Controls' Engine Electronics Division, which strengthened the Powertrain Efficiency Domain with the creation of the Engine Management Systems product family. Another example of successful integration was the acquisition of the air conditioning and compressor businesses of Zexel: the air conditioning business joined Valeo's Climate Control product family, and a new Compressors product family was created for the compressor business. Based in Tokyo, the latter is Valeo's first product family with its headquarters outside France. A major training program as well as internal transfers in many departments led to the integration of the new teams in the best possible conditions.

Training

The successful integration of new entities and organizational changes were strongly supported by accompanying training programs. These enabled entities to acquire the building blocks of the Valeo culture: its unique vocabulary and its common methods and working tools. And, in the spirit of the recent training reform in France, which was signed by all employee and management representatives, Valeo encourages each employee to become the driving force behind the development of his or her skills. For greater efficiency and individuality, Valeo favors training programs that combine different teaching methods: traditional "classroom" sessions, skills assessments, coaching, role-play and individual e-learning via computer.

Valeo C@mpus, Valeo's on-line university, was launched three years ago to enable all employees to learn at their own pace, with the support of Human Resources or a tutor, on a wide variety of themes such as languages, office skills, management, personal efficiency and, of course, Valeo's culture, products and technical processes. Since its launch, the number of people using this on-line resource has doubled every year. In 2005, around 13,000 employees took 60,000 hours of e-learning.

Meeting students from around the world

Stepped up in 2005, the development of Valeo's partnerships with international universities and educational establishments helps to internationalize the Group. The agreement signed with Krakow University in Poland is just one example. The Group also took part in a large number of forums and open house days in Morocco, China, Germany, Spain, France, Italy, Slovakia and the United States. In France, Valeo participated in most of the forums organized by engineering and business schools and also contributed to the launch of the Innovation Management Chair at the École Polytechnique, a post sponsored by Valeo and three other leading industrial groups: Renault, Arcelor and Dassault Systèmes.

//

60,000 hours of e-learning
via Valeo C@mpus."

1.5

million hours of training in 2005.

A 5 Axes School on every continent

In addition to Valeo C@mpus, its on-line university, the Group offers a comprehensive training offer based on a defined set of standard competences. Annual appraisals assess both the employee's development and the effectiveness of the training.

On-site programs conducted with the 5 Axes Schools (particularly in Europe, China and the USA) make it possible to share a culture of operational excellence and Total Quality at every level of the Group.



Valeo's commitments

Bold innovation, talented employees and high-quality products – these are just a few of Valeo's strengths that emerge from the portrait of the Group presented here. These strengths have been recognized by the market and have enabled growth in all of its businesses, in all countries where it is present.

But this portrait of the Group would be incomplete without mentioning its social responsibility and commitments. Valeo's responsible development drive dates back several years. Our commitment is reflected, among other things, by our joining the United Nations' Global Compact, whose values we are determined to defend.

Social development is the starting point. By insisting on the absolute respect of its Code of Ethics, which is regularly updated and adapted to the strictest laws in the matter, Valeo intends to show that rules and good practices must not be sacrificed on the altar of growth. Respect for all employees, whatever their character or origin, is essential. In the next few months we will be tackling the major issue of the gender divide, in order to progressively achieve a better balance between men and women in our workforce.

The Group's responsibility also concerns its commitment to the environment. Here too, Valeo is keen to measure up to the highest standards, anticipating future regulations, investing in order to reduce its direct impact on the environment, and taking the measures necessary to preserve natural resources.

Valeo also promotes healthy societal development, adapting to the specific nature and needs of the populations living and working near its sites. In countries all over the world, there are many examples of Valeo's presence and support providing precious assistance to local development and social well-being. This proximity and community relationship must be developed, duplicated and encouraged.

The entire Valeo Group is committed to social, environmental and societal development – three facets of sustainable development – driven by one aim, that of responsible growth. This is a commitment to which I personally and enthusiastically subscribe.



Thierry Morin



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