PSA PEUGEOT CITROËN

Press Release

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PSA Peugeot Citroën strengthens its partnership with Dongfeng Motors in China

- **Objective: 5% market share in 2015**
- **A streamlined, more efficient governance structure**
- **12 vehicle launches over the next five years**
- **6 new engines**
- **Stop & Start vehicles in 2011, followed by the launch of full hybrids**
- **A third plant, to come on stream in 2013**
- **Ongoing development of dealership networks**

Today in Wuhan, Philippe Varin, Chairman of the PSA Peugeot Citroën Managing Board, and Xu Ping, Chairman of the Dongfeng Motor Group Company Limited (DFM), announced that the two companies were strengthening their partnership through their Dongfeng Peugeot Citroën Automobiles (DPCA) joint venture.

The reinforced partnership will give the joint venture additional resources to speed its growth in the world's largest market. The new initiatives cover five key areas of the partnership:

- **A more effective governance system.** PSA Peugeot Citroën and DFM have defined new corporate governance guidelines for the joint venture. Streamlining and standardizing decision-making procedures will enhance DPCA's ability to adapt and respond quickly to the Chinese market.

- **A strengthened product plan.** The reinforced partnership calls for the launch of at least one new vehicle per year and per brand, for a total of 12 new DPCA models over the next five years. This highly ambitious product plan will not only totally revitalize the current vehicle line-up but also expand the Peugeot and Citroën brands' coverage of the Chinese market. In 2011, with the rollout of the 508, Peugeot will offer a world-class line-up of large family cars in China, a segment that accounts for 20% of the local market. The product portfolio will also be renewed and strengthened in the small family car segment (nearly 50% of the market) with new notchback models designed to meet the needs of Chinese customers. Lastly, DPCA will bring to market a unique offering in the fast-growing SUV segment, which accounts for 9% of the market, a 50% year-on-year increase.

- **A clean vehicle plan and a revitalized engine line-up.** In line with PSA Peugeot Citroën's strategy of reducing its vehicles' CO_2 emissions in China by 50% between now and 2020, the DPCA engine offering will be totally renewed over the next five years, with the launch of six new engines delivering between 60 kW and 150 kW of power. In this way, DPCA will provide a significant contribution to China's efforts to reduce carbon emissions while satisfying the expectations of different types of customer. At the same time, DPCA is fully committed to developing hybrid vehicles by launching Stop & Start vehicles in 2011, to be followed by a full hybrid line-up.

- **New production capacity.** To support DPCA's rapid growth in sales (which doubled between 2008 and 2010), PSA Peugeot Citroën and DFM have decided to provide the joint venture with a third automobile production plant. With an initial capacity of 150,000 vehicles, the facility will be located in Wuhan to produce midrange and lower midrange vehicles alongside the Wuhan 1 plant, which is near full capacity. Scheduled to come on stream in 2013, the plant is intended to increase DPCA's total output from 450,000 vehicles a year today to 750,000 in 2015. The joint venture's new production capacity will comply with the most stringent environmental standards.

- **Marketing and distribution.** DPCA is continuing to develop the Dongfeng Peugeot and Dongfeng Citroën sales networks – in terms of both quality and quantity – with the goal of providing outstanding service local to the customer. By 2012, each brand will have dealerships in China's 300 largest cities backed by an additional network of several hundred agents. As part of its Asian development strategy, PSA Peugeot Citroën is studying the possibility of exporting part of DPCA's production (assembled vehicles and CKD units) to other countries in the region.

Together, these initiatives will enable DPCA to achieve its goal of a 5% share of the Chinese market by 2015.

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