PSA PEUGEOT CITROËN

Press release

Paris, 6 March 2012

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PSA Peugeot Citroën announces launch of c.€1.0 billion capital increase with preferential subscription rights

Subscription ratio: 16 new shares for 31 existing shares

Subscription price: €8.27 per new share

Subscription period: from 8 March 2012 to 21 March 2012 inclusive

31% of the rights issue already subscribed through firm commitments received from the Peugeot Family Group and General Motors

General Motors to own 7.0% stake in the share capital of PSA Peugeot Citroën following the capital increase through acquisition and exercise of subscription rights

sold by the Peugeot Family Group

and acquisition of treasury shares sold by PSA Peugeot Citroën

Rights issue underwritten by a syndicate of banks led by

BNP Paribas, Morgan Stanley and Société Générale Corporate & Investment Banking,

as Joint Global Coordinators and Joint Bookrunners, and HSBC as Joint Bookrunner

In the context of its global strategic Alliance with General Motors announced on 29 February 2012, PSA Peugeot Citroën today announces the launch of a capital increase with preferential subscription rights to existing shareholders for a gross amount of approximately €1.0 billion.

Philippe Varin, chairman of the managing board of PSA Peugeot Citroën, declared: "With this capital increase, and thanks to the support of our shareholders, PSA Peugeot Citroën will soon be able to realize all of the potential arising from the Alliance we have just agreed with General Motors".

The proceeds from the capital increase will be used principally to fund strategic investments related to projects that are core to the global strategic Alliance with General Motors.

Peugeot Family Group and General Motors commitments

Firm commitments have already been received for 31% of the rights issue from the Peugeot Family Group and General Motors.

Fully confident in the success of the global strategic Alliance with General Motors and supportive of this rights issue, the Peugeot Family Group has committed to exercise 32,875,655 preferential subscription rights, representing 45.4% of its entitlement, for a total amount of €140 million and to sell its remaining entitlement to General Motors at the theoretical value of the rights. The Peugeot Family

Group will remain the main shareholder of PSA Peugeot Citroën with 25.2% of the capital and 37.9% of the voting rights after the rights issue.

General Motors will acquire a 7.0% stake in PSA Peugeot Citroën, for a total amount of €304 million, as part of the Alliance agreement through the acquisition and exercise of preferential subscription rights from the Peugeot Family Group and the acquisition of treasury shares from PSA Peugeot Citroën (4.4 million shares) at the theoretical value of the share ex-right, making it the second largest shareholder behind the Peugeot Family Group and signaling its long term commitment to the strategic Alliance with PSA Peugeot Citroën.

Terms of the capital increase

Each shareholder of PSA Peugeot Citroën will receive 1 preferential subscription right per each share held at the close of trading on 7 March 2012. The subscription price for the new shares has been set at €8.27 per new share (nominal value of €1.0 and issue premium of €7.27) on the basis of 16 new shares for 31 existing shares, resulting in the issuance of a maximum of 120,799,648 new shares. The subscription price represents a 32.4% discount to the theoretical ex-right price (TERP) of €12.23 (42.1% discount to the volume weighted average of the PSA Peugeot Citroën share price on 5 March).

The beneficiaries of stock options exercising their options before 15 March 2012 will receive shares with preferential subscription rights pursuant to the exercise of those options. In view of their terms, the OCEANE do not give right to the delivery of shares enabling holders to participate in the rights issue. The rights of the OCEANE holders will be adjusted in accordance with the terms of their issuance.

Subscriptions subject to reduction (*à titre réductible*) will be accepted but remain subject to reduction in the event of oversubscription. Any new shares not subscribed for by subscriptions by irrevocable entitlement (*à titre irréductible*) will be distributed and allocated to the holders having submitted additional subscription orders subject to reduction (*à titre réductible*).

The offer will be open to the public only in France.

The Peugeot Family Group and General Motors have committed to respectively subscribe to 14.05% and 16.92% of the rights issue, the remaining part being underwritten by a syndicate of banks led by BNP Paribas, Morgan Stanley and Société Générale Corporate & Investment Banking as Joint Global Coordinators and Joint Bookrunners, and HSBC, as Joint Bookrunner.

Indicative timetable

The subscription period for the new shares will run from 8 March to the close of trading on 21 March 2012. During this period, the preferential subscription rights will be listed and traded on the regulated market of NYSE Euronext in Paris (ISIN code FR11215409). Preferential subscription rights that are not exercised before the end of the subscription period, namely before the end of the trading day on 21 March 2012, will lapse automatically.

Settlement and delivery of the new shares is scheduled to take place on 29 March 2012. The new shares are expected to be listed on NYSE Euronext in Paris (compartment A) on the same date. They will be immediately fully fungible with the PSA Peugeot Citroën existing shares and will be admitted to trading under the same ISIN code as the existing shares FR 0000121501.

Use of proceeds

The proceeds from the capital increase will be used principally to fund strategic investments related to projects that are core to the global strategic Alliance with General Motors.

These investments will be used to finance the projects related to the sharing of vehicle platforms, components and modules, which will generate design and purchasing costs synergies

The proceeds from the capital increase will also allow to extend the Alliance to other areas of cooperation beyond the two initial pillars.

Full-year 2011 dividend policy

In light of the 2011 results and in order to give priority to allocating financial resources to the Group's development, no dividend will be recommended at the Annual Shareholders Meeting on 25 April 2012.

PSA Peugeot Citroën

With its two world-renowned brands, Peugeot and Citroën, the Group sold 3.5 million vehicles worldwide in 2011, out of which 42% outside Europe. As Europe's second largest carmaker, it recorded sales and revenue of more than €59.9 billion in 2011. PSA Peugeot Citroën has sales offices in 160 countries. In 2011, the Group dedicated more than €2 billion to research and development, especially in new energy vehicles. Its activities also include financing activities (Banque PSA Finance), logistics (GEFCO) and automotive equipment (Faurecia).
For more information go to http://www.psa-peugeot-citroen.com.

Forward-Looking Statements

This press release includes forward-looking statements and information about the objectives of the Group, in particular, relating to the implementation of the strategic Alliance with General Motors and corresponding expected synergies. These statements are sometimes identified by the use of the future tense or conditional mode, as well as terms such as "estimate", "believe", "have the objective of", "intend to", "expect", "result in", "should" and other similar expressions. It should be noted that the realisation of these objectives and forward-looking statements is dependent on the circumstances and facts that arise in the future. Forward-looking statements and information about objectives may be affected by known and unknown risks, uncertainties and other factors that may significantly alter the future results, performance and accomplishments planned or expected by the Company. These factors may include changes in the economic and geopolitical situation and more generally those detailed in Chapter 4 of the reference document filed with the *Autorité des marchés financiers* (the "AMF") on 5 March under no. D. 12-0128.

Information available to the public

A Prospectus approved by the AMF on March 5, 2012, under number D. 12-101, comprised of a *Document de Référence* registered by the AMF under number 12-0128 and a *Note d'Opération* (including a summary of the Prospectus) in connection with the Offering, is available, without charge and upon request to the Company at 75 avenue de la Grande Armée – 75116 Paris, as well as on the websites of the Company (www.psa-peugeotcitroen.com) and of the AMF (www.amf-france.org)
The Company draws the public's attention to Chapter 4 "Risk Factors" of the *Document de Référence* and to Chapter 2 of the *Note d'Opération*.

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Contacts :

Media Relations		**Investor Relations**	
Jonathan Goodman jonathan.goodman@mpsa.com	+33 (0) 1 40 66 47 59	Carole Dupont-Pietri carole.dupont-pietri@mpsa.com	+33 (0) 1 40 66 42 59
Jean-Baptiste Mounier jeanbaptiste.mounier@mpsa.com	+33 (0) 1 40 66 54 22	Christophe Fournier christophe.fournier@mpsa.com	+33 (0)1 40 66 57 45
Cécile Damide Cecile.damide@mpsa.com	+33 (0) 1 40 66 53 89		

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This press release may not be distributed directly or indirectly in the United States, Canada, Australia or Japan.

This press release and the information contained herein do not constitute either an offer to sell or purchase or the solicitation of an offer to sell or purchase the PSA Peugeot Citroën shares or preferential subscription rights.

No communication and no information in respect of this transaction may be distributed to the public in any jurisdiction where a registration or approval is required. No steps have been or will be taken in any jurisdiction (other than France) where such steps would be required. The issue, the subscription for or the purchase of PSA Peugeot Citroën's shares may be subject to specific legal or regulatory restrictions in certain jurisdictions. PSA Peugeot Citroën assumes no responsibility for any violation of any such restrictions by any person.

European Economic Area

*This announcement is not a prospectus within the meaning of Directive 2003/71/EC of the European Parliament and the Council of November 4th, 2003, as amended, in particular by Directive 2010/73/EU to the extent such Directive has been transposed in the relevant member State of the European Economic Area (together, the "**Prospectus Directive**").*

*The offer is opened to the public in France. With respect to the member States of the European Economic Area which have implemented the Prospectus Directive (each, a "**relevant member State**"), other than France, no action has been undertaken or will be undertaken to make an offer to the public of the securities requiring a publication of a prospectus in any relevant member State. As a result, the new shares of PSA Peugeot Citroën may only be offered in relevant member States (i) to qualified investors, as defined by the Prospectus Directive; or (ii) to any legal entity which has two or more of the following criteria: (1) an average number of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 million; and (3) an annual net turnover of more than €50 million, as shown in its last company or consolidated accounts; or (iii) in any other circumstances, not requiring PSA Peugeot Citroën to publish a prospectus as provided under Article 3(2) of the Prospectus Directive.*

*For the purposes of this paragraph, "**Securities offered to the public**" in a given Member State, means, any communication in any form and by any means, of sufficient information about the terms and conditions of the offer and the securities, so as to enable an investor to decide to buy or subscribe for the securities, as the same may be varied in that Member State.*

This selling restriction applies in addition to any other selling restrictions which may be applicable in the Member States who have implemented the Prospectus Directive.

United Kingdom

*The distribution of this press release is not made, and has not been approved, by an "authorised person" within the meaning of Article 21(1) of the Financial Services and Markets Act 2000. As a consequence, this press release is directed only at persons who (i) are located outside the United Kingdom, (ii) have professional experience in matters relating to investments within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended), (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended) or (iv) are persons to whom this press release may otherwise lawfully be communicated (all such persons mentioned in paragraphs (i), (ii), (iii) et (iv) collectively being referred to as "**Relevant Persons**"). The securities are directed only at Relevant Persons and no invitation, offer or agreements to subscribe, purchase or acquire the securities may be proposed or made other than with Relevant Persons. Any person other than a Relevant Person may not act or rely on this document or any provision thereof. This press release is not a prospectus which has been approved by the Financial Services Authority or any other United Kingdom regulatory authority within the meaning of Section 85 of the Financial Services and Markets Act 2000.*

United States

*This press release does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. Securities may not be offered, subscribed or sold in the United States absent registration under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements thereof. The shares of PSA Peugeot Citroën and rights in respect thereof have not been and will not be registered under the U.S. Securities Act and PSA Peugeot Citroën does not intend to make a public offer of its securities in the United States.*

Canada, Australia and Japan

The new shares and the preferential subscription rights may not be offered, sold or purchased in Australia or Japan and, subject to some exceptions, in Canada.

The distribution of this document in certain countries may constitute a breach of applicable law.

Stabilization

Société Générale (or persons acting on its behalf) as stabilizing manager in the name and on behalf of the syndicate of banks may, without obligation, intervene in any market through the purchase or sale of shares and preferential subscription rights. Such transactions may commence on or after the date on which the transaction is launched and during the entire subscription period.

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SUMMARY OF THE PROSPECTUS

AMF registration (*visa*) no. 12-101 dated 5 March 2012

Notice to readers

This summary should be read as an introduction to the Prospectus. Any decision to invest in the financial securities issued in connection with this public offering or for which an application is made for admission to trading on a regulated market should be based on a thorough review of the Prospectus. If an action is brought before a court in respect of information contained in this Prospectus, the plaintiff investor may be required to bear the costs of translating the Prospectus prior to the commencement of judicial proceedings, pursuant to the national legislation of the Member States of the European Union or of the parties to the agreement regarding the European Economic Area. The persons who have prepared this summary, including its translation, if any, and who have requested its notification within the meaning of Article 212-41 of the General Regulation ("*Règlement Général*") of the AMF, may be liable only if the contents of the summary are misleading, inaccurate or contradict other parts of the Prospectus.

In this Prospectus, the terms "**Peugeot S.A.**" and the "**Company**" refer to the company Peugeot S.A. The terms "**PSA Peugeot Citroën**" and the "**Group**" refer to the Company together with its consolidated subsidiaries. The term "**General Motors**" refers to General Motors Holdings L.L.C., a wholly-owned subsidiary of General Motors Company.

A. INFORMATION ABOUT THE ISSUER

Legal name, business sector and nationality

Peugeot S.A.

A French *société anonyme* (public limited company) with a Management Board and a Supervisory Board.

ICB sector classification: sector 3000 "Consumer Goods", 3300 "Automobiles and parts", 3350 "Automobiles and parts", and 3353 "Automobiles".

Business overview

PSA Peugeot Citroën is a European manufacturer with international scope, which brings together two innovative brands with differentiated identities: Peugeot and Citroën. The Group has a commercial presence in 160 countries, and more than one third of its sales come from outside Western Europe. The Group is currently focusing on expanding its production facilities close to priority markets, with manufacturing plants in Europe, Latin America, China and Russia.

Apart from its car manufacturing business, the Group includes, in particular, the following companies:

- Faurecia, a subsidiary in which the Group owns a 57.43% stake, is a car part manufacturer operating worldwide;
- Gefco, a wholly-owned subsidiary of the Group, which is a major logistics company;
- Banque PSA Finance, a wholly-owned subsidiary of the Group, which provides financing worldwide to end customers as well as to Peugeot and Citroën's distribution networks; and
- Peugeot Motocycles (PMTC), a wholly-owned subsidiary of the Group, which sells a range of motor scooters, small motorcycles and mopeds.

The business of PSA Peugeot Citroën is described in detail in chapter 6 of the Registration Document.

Selected audited financial information (IFRS)

Consolidated income statements

	2011				2010			
(in millions of Euros)	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
Sales and Revenue*	58,329	1,902	(319)	**59,912**	54,502	1,852	(293)	**56,061**
Recurring operating income	783	532	-	**1,315**	1,289	507	-	**1,796**
Non-recurring operating income (expense)	(417)	-	-	**(417)**	(87)	27	-	**(60)**
Operating income	366	532	-	**898**	1,202	534	-	**1,736**
Consolidated profit	430	354	0	**784**	862	394	-	**1,256**
Attributable to equity holders of the parent	*238*	*345*	*5*	***588***	*744*	*388*	*2*	***1,134***
Attributable to minority interests	*192*	*9*	*(5)*	***196***	*118*	*6*	*(2)*	***122***
(in Euros)								
Basic earnings per €1 nominal value share				**2.64**				**5.00**

* including, in 2011, Plastal Germany, Plastal Spain, Madison and Mercurio.

Consolidated balance sheets

ASSETS	31 December 2011				31 December 2010			
(in millions of Euros)	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
Total non-current assets	25,286	367	(25)	25,628	22,646	362*	(25)	22,983
Total current assets	16,550	27,431	(618)	43,363	19,710	26,387*	(589)	45,508
TOTAL ASSETS	**41,836**	**27,798**	**(643)**	**68,991**	**42,356**	**26,749**	**(614)**	**68,491**

* as compared to €460 million and €26,289 million, respectively, published in 2010, following the reclassification as "current assets" of securities in the Brazilian government's credit receivables investment fund (FIDC) previously classified as "other non-current assets".

EQUITY AND LIABILITIES	31 December 2011				31 December 2010			
(in millions of Euros)	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
Total equity				14,494				14,303
Total non-current liabilities	12,184	369	-	12,553	12,225	412	-	12,637
Total current liabilities	18,849	23,738	(643)	41,944	19,342	22,823	(614)	41,551
TOTAL EQUITY AND LIABILITIES				**68,991**				**68,491**

Consolidated statements of cash flows

	2011				2010			
(in millions of Euros)	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
Consolidated profit (loss)	**430**	**354**	**-**	**784**	**862**	**394**	**-**	**1,256**
Funds from operations	**2,596**	**339**	**-**	**2,935**	**3,257**	**350**	**-**	**3,607**
Net cash from (used in) operating activities	1,912	17	(177)	1,752	3,774	154	117	4,045
Net cash from (used in) investing activities	(3,713)	(19)	-	(3,732)	(2,804)	(1)	3	(2,802)
Net cash from (used in) financing activities	(2,691)	(158)	78	(2,771)	375	(137)	(132)	106
Effect of changes in exchange rates	3	(2)	2	3	91	11	-	102
Net iIncrease (decrease) in cash and cash equivalent	**(4,489)**	**(162)**	**(97)**	**(4,748)**	**1,436**	**27**	**(12)**	**1,451**
Net cash and cash equivalent at beginning of year	9,253	1,316	(127)	10,442	7,817	1,289	(115)	8,991
Net cash and cash equivalent at end of year	**4,764**	**1,154**	**(224)**	**5,694**	**9,253**	**1,316**	**(127)**	**10,442**

Summary table of consolidated shareholders' equity and debt

In accordance with the recommendations of ESMA (European Securities and Markets Authority) (ESMA/2011/81/section 127), the following table shows consolidated shareholders' equity and net debt as of 31 December 2011. The table was prepared on the basis of data contained in the Company's audited consolidated financial statements as of 31 December 2011 prepared in accordance with IFRS.

The indebtedness data set out below relates to the Group's manufacturing and sales activities. It does not take into account the financing activities of Banque PSA Finance, which does not reflect the Group's indebtedness.

In millions of Euros (IFRS)	31 December 2011 *(unaudited)*
Shareholders' equity and debt	
Total current debt	**2,210**
Subject to bonds or pledges	-
Guaranteed	48
Not guaranteed and not subject to bonds or pledges	2,162
Total non-current debt	**7,639**
Subject to bonds or pledges	-
Guaranteed	748
Not guaranteed and not subject to bonds or pledges	6,891
Total shareholders' equity[1]	**14,494**
Share capital	234
Treasury shares	(502)
Retained earnings	28
Retained earnings and other accumulated equity, excluding minority interests	14,076
Minority interests	658
Net debt	
A – Cash and cash equivalents	5,190
B – Other non-current financial assets	1,035
C – Current financial assets	265
D – Liquidities (A+B+C)	**6,490**
E – Short-term debt (current financial liabilities)	2,210
F – Medium and long-term debt (non-current financial liabilities)	7,639
G – Net debt (E+F-D)	**3,359**

As of 31 December 2011, non-terminable leasing commitments and off-balance sheet pension commitments amounted to €1,107 million, and €169 million, respectively (see note 37 of the notes to the audited consolidated financial statements as of 31 December 2011).

Since the beginning of 2012, the following significant changes have occurred in gross medium to long-term debt:

- in Brazil, Peugeot Citroën do Brasil Automoveis Ltda's gross medium to long term debt increased by BRL70 million between 31 December 2011 and 29 February 2012, which amounts to a €59 million debt increase, based on the variation of the BRL/EUR exchange rate over this period;
- Faurecia's gross medium to long term debt increased by €250 million over the same period, consisting of (i) €150.5 million market value, as of the end of February 2012, of the €140 million nominal principal amount of additional notes, issued on 14 February 2012, of Faurecia's 9.375% notes due December 2016 initially issued in November 2011 and (ii) €100 million of additional drawdown, effected as of the end of February, on its syndicated €1,150 million line of credit negotiated at the end of 2011.

Summary of the principal risk factors relating to the Company and its business

Before making any decision to invest, investors should consider the risks relating to the Company described in chapter 4 of the Registration Document and section 2 of this securities note, and in particular the following risk factors:

- Risks related to the Group's markets and business, and in particular risks associated with the economic and geopolitical environment, risks associated with the development, launch and sale of new vehicles, customer and dealer risks, raw material risks, supplier risks, risks associated with cooperation and risks associated with information systems;
- Industrial and environmental risks: an incident affecting one of the Group's manufacturing sites may compromise the production and sale of many hundred thousand vehicles and generate losses of many hundred million Euros;

[1] Consolidated shareholders' equity.

- Financial markets risks: the Group is exposed to exchange and interest rate risks and to other market risks, and particularly to risks associated with stock market variations. The Group is also exposed to counterparty, liquidity and credit rating risks;
- Risks relating to the business of Banque PSA Finance, in particular risks associated with the financing of Banque PSA Finance, credit risks and liquidity risks;
- Legal and contractual risks; and
- There are risks related to the strategic alliance between the Company and General Motors.

Recent developments in the financial position and outlook

Recent developments in the financial position

In early 2012, European markets have been affected by the same trends as in the second half of 2011, notably with weak Southern European markets and strong price competition. These trends have had a negative impact on the Group's revenues and cash position, which are also affected by seasonal changes in working capital requirements. These trends were largely expected, and the Group maintains its objective of significantly reducing its net indebtedness between now and 31 December 2012.

2012 outlook in the markets in which the Group operates

The Group is anticipating a downturn, in 2012, of approximately 5% in the Europe 30 automobile markets and of about 10% in the French market. Outside Europe, the Group expects growth of approximately 7% in China, 6% in Latin America and 5% in Russia.

The Group's objectives

The Group confirms its globalisation strategy and its strategy of moving upmarket.

For these purposes, the Group has decided to introduce a sustained cash management programme in 2012 in order to improve liquidity and significantly reduce the Group's indebtedness, while continuing to implement its manufacturing and sales strategy. This programme relies on:

- increasing the €800 million cost reduction programme (announced in November 2011) to €1 billion;
- setting up a new sales organisation;
- taking vigorous action to reduce stock volumes to 2010 level;
- prioritising within the investments programmes in order to reduce the automobile division's investment and R&D expenses in 2012; and
- assets sales amounting to approximately €1.5 billion.

B. INFORMATION RELATING TO THE TRANSACTION

Purpose of the offering and use of proceeds	The proceeds from the capital increase will be used principally to fund strategic investments related to projects of the global strategic alliance with General Motors. These investments will be used to finance projects in connection with the sharing of certain vehicle platforms, components and modules, which will create synergies with respect to development costs and purchasing. The proceeds from the capital increase will also permit the extension of the alliance to other areas of cooperation beyond the two initial pillars.
Number of new shares to be issued	120,799,648 shares.
Subscription price for the new shares	€8.27 per share.
Gross issue proceeds	€999,013,088.96.
Estimated net issue proceeds	Approximately €967 million.
Entitlement to dividends	The new shares will carry full rights from 1 January 2011.
Preferential subscription rights	The following persons will be granted preferential rights to subscribe for the new shares: • holders of existing shares recorded in their securities account at the close of trading on 7 March 2012; and • holders of shares resulting from the exercise of stock options prior to 15 March 2012; who will be allocated, together with any transferees, preferential subscription rights. Holders of preferential subscription rights will be entitled to subscribe: • by irrevocable entitlement (à titre irréductible), for 16 new shares for every 31 existing shares owned (31 preferential subscription rights will entitle the holder of such rights to subscribe for 16 new shares at a price of €8.27 per share); and • subject to reduction (à titre réductible) for any additional new shares over and above the number of shares to which they are entitled as part of the exercise of their preferential subscription rights with irrevocable entitlement. Due to their terms and conditions, the Company's bonds which are convertible or exchangeable into new or existing shares issued by the Company and due in 2016 (the "**OCEANEs**") will not receive shares allowing holders to participate in this offering. The rights of the holders of OCEANEs will be adjusted in accordance with the terms and conditions of the OCEANEs. Holders of OCEANEs who exercise their share allocation rights before 29 February 2012 will receive shares with preferential subscription rights attached.
Theoretical value of the preferential subscription rights	€2.05 (based on the volume weighted average of Peugeot S.A.'s share price on 5 March 2012, *i.e.* €14.2801 (the "**Theoretical Value of the Preferential Subscription Right**"). The issue price for the new shares reflects a 42.09% discount at face value (on the basis described herein). The theoretical ex-rights value of each share is €12.234. The offering price for the new shares reflects a 32.40% discount as

compared to the theoretical ex-rights price.

By way of illustration, based on the closing price of Peugeot S.A.'s shares on 5 March 2012, *i.e.* €14.205, the indicative theoretical value of the preferential subscription right would be €2.02.

Preferential subscription rights attached to treasury shares

Preferential subscription rights detached from the 17,187,450 treasury shares held by the Company, *i.e.* 7.34% of the share capital as of the date of this Prospectus, and not allocated to the beneficiaries of stock options exercising their options prior to 15 March 2012, will be sold on the market prior to the end of the subscription period in accordance with the conditions set forth by Article L. 225-210 of the French Commercial Code. Such 4,398,821 preferential subscription rights detached from the treasury shares will be sold to General Motors.

Listing of the new shares

The new shares will be listed on the regulated market of NYSE Euronext Paris upon their issuance, which is scheduled for 29 March 2012, and will trade under the same ISIN code as the Company's existing shares (ISIN code: FR 0000121501).

Subscription undertakings of the main shareholders

Pursuant to a letter of undertaking dated 29 February 2012, Établissements Peugeot Frères ("**EPF**") and FFP, which respectively hold 8.17% and 22.80% of the share capital and 12.38% and 33.24% of the voting rights of the Company, have irrevocably undertaken:

- with respect to EPF: to exercise 6,193,893 preferential subscription rights attached to its shares (*i.e.* 32.40% of its preferential subscription rights), in order to subscribe by irrevocable entitlement for 3,196,848 new shares (which reflects a subscription amount of €26,437,932.96, including premium) (so that this will be a neutral transaction for EPF);

- with respect to FFP: to exercise 26,681,762 preferential subscription rights attached to its shares (*i.e.* 50% of its preferential subscription rights), in order to subscribe by irrevocable entitlement for 13,771,232 new shares (which reflects a subscription amount of €113,888,088.64, including premium).

EPF and FFP reserve the right to acquire and exercise additional preferential subscription rights and/or exercise subscriptions not subject to reduction.

EPF and FFP will sell to General Motors all of the unexercised preferential subscription rights attributed to them, at a price of €2.05 per preferential subscription right, *i.e.* the Theoretical Value of the Preferential Subscription Right.

Undertaking by General Motors

Pursuant to the two agreements referred to below, and subject to the share capital increase referred to in this Prospectus being completed no later than 20 April 2012, General Motors has undertaken to acquire preferential subscription rights and treasury shares which will result, following the completion of the transaction, in General Motors owning a 7% stake in the Company's share capital:

- General Motors has undertaken to acquire and exercise, subject to EPF and FFP exercising their preferential subscription rights pursuant to their undertakings (see "Subscription undertakings of the main shareholders" above), all of the preferential subscription rights which it will receive from EPF and FFP. The preferential subscription rights to be acquired by General Motors will be sold by EPF and FFP at a price of €2.05 per preferential subscription right, i.e. the Theoretical Value of the Preferential Subscription Right, pursuant to a purchase agreement among EPF, FFP and General Motors dated 29 February 2012. The total price for the

	acquisition of such preferential subscription rights will amount to €81 million. General Motors' subscription undertaking represents a subscription by irrevocable entitlement of €20,440,608 new shares, i.e. 5.76% of the Company's capital after completion of the transaction and a subscription in an amount, including premium, of €169,043,828.16; • Pursuant to a purchase agreement between the Company and General Motors dated 29 February 2012, General Motors has undertaken to acquire 4,398,821 treasury shares held by the Company (representing 25.59% of the Company's treasury shares and 1.24% of the Company's share capital following the transaction), at a price of €12.234 per share, which reflects the theoretical ex-rights value of the shares; the total price for the acquisition of such treasury shares from the Company will amount to €53.8 million. This purchase will be completed on the date of the settlement of the capital increase (scheduled for 29 March 2012). General Motors is bound, during a period starting on 29 February 2012 and ending on 29 May 2012, by a lock-up commitment, subject to certain exceptions, as described in section 5.4.3 of this securities note. General Motors and the Peugeot family group are not acting jointly with regard to the Company. Except for General Motors' lock-up and standstill commitments (described in chapter 22 of the Registration Document), the master agreement governing the alliance does not contain any provisions regarding the governance of the Company, and does not specifically provide any veto or similar right. General Motors has entered into lock-up and standstill commitments which are described in chapter 22 of the Registration Document.
Underwriting	Pursuant to an underwriting agreement relating to the new shares entered into on 5 March 2012 among the Company and BNP Paribas, Morgan Stanley and Société Générale, acting in their capacity as Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners, HSBC, acting in its capacity as Co-Lead Manager and Joint Bookrunner, Citigroup Global Markets Limited, Crédit Agricole Corporate & Investment Bank and Natixis, acting in their capacity as Co-Lead Managers, and Banca IMI, Banco Santander, BBVA, Commerzbank, Crédit Mutuel - CIC and Unicredit acting in their capacity as Co-Managers (together the "**Underwriters**"), the Underwriters severally but not jointly undertake to arrange for the subscription of, or, in the event that any new shares remain unsubscribed for at the end of the subscription period, to subscribe for, all the newly issued shares, except for shares subject to EPF and FFP and General Motors' subscription undertakings. The underwriting agreement does not constitute a performance guarantee (*garantie de bonne fin*) within the meaning of Article L. 225-145 of the French Commercial Code. This underwriting agreement may be terminated in certain circumstances as described in section 5.4.3 of this securities note. The capital increase may not be completed and subscriptions may be retroactively cancelled if the underwriting agreement is terminated.
Lock-up commitment of the Company and standstill commitments of the main shareholders	Company: 180 days (subject to certain exceptions). EPF and FFP: 90 days (subject to certain exceptions).

Summary of the principal market risk factors associated with the transaction that may have a significant impact on the new shares offered

- The market for preferential subscription rights may only offer limited liquidity and be subject to high volatility.
- Shareholders not exercising their preferential subscription rights will see their ownership stake in the Company's share capital diluted.
- The market price for the Company's shares may fluctuate and fall below the subscription price for shares issued upon exercise of preferential subscription rights.
- The volatility and liquidity of the Company's shares may fluctuate significantly.
- Sales of the Company's shares or preferential subscription rights may occur on the market, during the subscription period in the case of preferential subscription rights, or during or after the subscription period in the case of shares, which may have a negative impact on the market price of the Company's shares or the value of the preferential subscription rights.
- In the event of a decrease in the market price of the Company's shares, the value of preferential subscription rights may decline.
- The underwriting agreement may be terminated. For investors who have acquired preferential subscription rights, this may result in a loss equal to the price paid to acquire such rights.

C. DILUTION AND DISTRIBUTION OF THE SHARE CAPITAL

As of 31 December 2011, the Company's share capital was €234,049,344, divided into 234,049,344 shares with a nominal value of €1 each.

Capital and voting rights structure as of 31 December 2011 and 31 December 2010

	31-Dec-11				31-Dec-10			
Principal identified shareholders (1)	Shares outstanding	% interest	% of exercisable voting rights	% of theoretical voting rights	Shares outstanding	% interest	% of exercisable voting rights	% of theoretical voting rights
Etablissements Peugeot Frères	19,115,760	8.17	13.11	12.38	19,115,760	8.17	12.47	12.19
FFP	53,363,574	22.80	35.20	33.24	51,792,738	22.13	33.79	33.02
Maillot I	100	0.00	0.00	0.00	100	0.00	0.00	0.00
Société Anonyme de Participations (SAPAR)(2)	148,672	0.06	0.05	0.05	-	-	-	-
Peugeot family group	72,628,106	31.03	48.36	45.67	70,908,598	30.30	46.26	45.21
Other individuals	16,635,083	7.11	5.92	5.59	18,413,671(3)	7.87	6.15	6.00
Employees	7,638,100	3.26	4.54	4.29	6,538,348	2.79	3.88	3.80
Other French institutions	43,346,051	18.52	14.86	14.03	43,710,387	18.67	15.08	14.73
Other foreign institutions	76,614,552	32.73	26.32	24.86	87,290,771	37.30	28.63	27.97
Treasury shares	17,187,450	7.34	-	5.56	7,187,450	3.07	-	2.29
TOTAL	234,049,344	100	100	100	234,049,225	100	100	10

Source Euroclear TPI 31 December2011 and Thomson Reuters

Société Anonyme de Participations (SAPAR), a legal entity associated with Thierry Peugeot, Chairman of the Supervisory Board and Marie Hélène Roncoroni, Member of the Supervisory Board.

As declared by SAPAR on 06/12/2011 pursuant to Article L.621-18-2 of the French Monetary and Financial Code

Shares held in individual securities accounts and others (by deduction)

Capital and voting rights of the Company following the completion of the capital increase and the sale of treasury shares to General Motors[2]

	Shares outstanding	% interest	Exercisable voting rights	% of theoretical voting rights
EPF	22,312,608	6.29%	9.94%	9.64%
FFP	67,134,806	18.92%	27.93%	27.10%
General Motors	24,839,429	7.00%	5.96%	5.8%
Treasury shares	12,788,623	3.60%	-	3%
Other	227,773,520	64.19%	56.17%	54.5%
TOTAL	**354,848,992**	**100%**	**100%**	**100%**

Dilution

Impact of the offering on shareholders' equity

By way of illustration, the impact of the offering on the Group's consolidated shareholders' equity on a per share basis (*calculated on the basis of the Group's consolidated shareholders' equity as of 31 December 2011 – as reported in the consolidated financial statements of 31 December 2011 – and on the basis of the number of shares outstanding on such date net of treasury shares*) would be as follows:

	Share of shareholders' equity per share (in Euros)	
	Non-diluted basis	**Diluted basis**[(1)]
Prior to the issuance of new shares pursuant to the capital increase	66.84	62.25
After the issuance of 120,799,648 new shares pursuant to the capital increase	45.31	43.66

[(1)] In the event of the definitive purchase by beneficiaries of all 807,900 performance shares, the exercise of all 4,698,000 stock options and the conversion of the 22,907,055 unconverted OCEANEs, and taking into account the adjustment of the rights of all holders of stock options and OCEANEs, as the case may be.

Impact of the offering on shareholders

By way of illustration, the impact of the offering on the percentage interest of a holder of 1% of the Company's share capital prior to the issue but who does not subscribe to the offering (*calculated on the basis of the number of shares outstanding as of 31 December 2011*) would be as follows:

	Shareholder interest (%)	
	Non-diluted basis	**Diluted basis**[(1)]
Before the issuance of new shares pursuant to the capital increase	1%	0.909%
After the issuance of 120,799,648 new shares pursuant to the capital increase	0.66%	0.61%

[(1)] In the event of conversion of the 22,907,055 unconverted OCEANEs and taking into account the adjustment of the rights of all holders of OCEANEs.

[2] Subject to any potential subscriptions subject to reduction by EPF and FFP.

D. TERMS OF OFFER

Indicative timetable of the capital increase

5 March 2012	AMF registration (*visa*) on the Prospectus. Execution of the underwriting agreement.
6 March 2012	Publication of a press release by the Company describing the main characteristics of the capital increase and the availability of the Prospectus. Publication by Euronext Paris of the notice relating to the issue.
7 March 2012	Publication of a notice in the *Bulletin des Annonces Légales Obligatoires* with respect to the suspension of the right to exercise stock options and containing information for holders of OCEANEs.
8 March 2012	Opening of the subscription period. Detachment and commencement of trading of the preferential subscription rights on the regulated market of NYSE Euronext Paris.
15 March 2012	Commencement of the suspension period for the exercise of stock options.
21 March 2012	End of the subscription period. End of trading of the preferential subscription rights.
27 March 2012	Publication of a press release by the Company announcing the subscription results.
28 March 2012 (before market open)	Publication by Euronext Paris of the admission notice for the new shares, indicating the final amount of the capital increase and the allotment ratio for subscriptions subject to reduction.
29 March 2012	Issue of the new shares. Settlement and delivery. Admission of the new shares to trading on the regulated market of NYSE Euronext in Paris.
2 April 2012	End of the suspension period for the exercise of stock options.

Jurisdictions in which the offer will be made

The offer will be made to the public in France.

Procedure for exercising preferential subscription rights

To exercise their preferential subscription rights, holders must submit a request to their authorised financial intermediary (*intermédiaire financier autorisé*) at any time between 8 March 2012 and up to and including 21 March 2012, and pay the applicable subscription price. Any preferential subscription rights not exercised by the end of the subscription period, *i.e.*, at the close of trading on 21 March 2012, will automatically become null and void.

Financial intermediaries

Shareholders holding shares in registered form administered by an intermediary (*titres inscrits au nominatif administré*) or bearer shares (*titres au porteur*): subscriptions should be submitted to the financial intermediaries holding their accounts up to and including 21 March 2012.

Shareholders holding shares in registered form administered by the Company (*titres au nominatif pur*): subscriptions should be submitted to Société Générale Securities Services, 32, rue du Champ-de-tir, BP 81236, 44312 Nantes Cedex 03, France, up to and including 21 March 2012.

Centralising institution charged with preparing the certificate of deposit of funds confirming the completion of the share capital increase: Société Générale Securities Services, 32, rue du Champ-de-tir, BP 81236, 44312 Nantes Cedex 03, France.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

BNP Paribas
16, boulevard des Italiens
75009 Paris France

Morgan Stanley
61, rue Monceau
75008 Paris France

Société Générale
Corporate and Investment Banking
Tours Société Générale
75886 Paris Cedex 18 France

Investors' Contact

Carole Dupont-Piétri
Director of Financial Communication
75, avenue de la Grande Armée
75016 Paris
Tel.: 01.40.66.42.59
Fax.: 01.40.66.51.99
E-mail: carole.dupont-pietri@mpsa.com

Obtaining the Prospectus

Copies of the Prospectus may be obtained free of charge at the registered office of Peugeot S.A. at 75, avenue de la Grande Armée, 75116 Paris, France, on the Company's website (www.psa-peugeot-citroen.com) as well as on the AMF's website (www.amf-france.org), and from the Underwriters.