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PSA Peugeot Citroën announces major business and financial projects for the development and growth of the Group

- **A strengthening of the industrial and commercial partnership with Dongfeng Motor Group**
- **€3.0 billion capital increases**
- **Free attribution of equity warrants to existing shareholders**
- **A capital increase reserved for employees will be offered in 2014, to give them the opportunity to participate in the recovery of the Group**

PSA Peugeot Citroën announces today major business and financial projects aimed at improving its competitiveness and accelerating its globalisation and emerging markets expansion strategy, while reinforcing its financial strength. They represent a continuation of the measures undertaken as part of the Rebound 2015 plan, the new Social Contract and the "Back in the Race" strategic plan that the Group will present in April 2014.

The operations would consist of:

1. The strengthening and deepening of the existing industrial and commercial partnership with Dongfeng Motor Group ("DFG"), China's second largest carmaker, in order to capitalise on the Group's current success in the world's largest automobile market, which is now the primary source of growth for the automotive industry.
2. €3.0 billion capital increases with a free attribution of equity warrants to existing Peugeot SA shareholders, including:
    - A reserved €1,048 million capital increase to be subscribed by DFG and the French State on an equal basis, at a subscription price of €7.5 per share ;
    - A c. €1,950 million rights issue open to all Peugeot SA shareholders (including DFG and the French State), and underwritten by a syndicate of banks for the shares not subscribed by DFG, the French State and FFP/ EPF ;
    - Prior to the capital increases, an attribution of free equity warrants to existing Peugeot SA shareholders, with one warrant granted per existing share, based on a subscription ratio of 10 warrants for 3 new PSA Peugeot Citroën shares. The warrants could be exercised over three years and would be exercisable from the 2nd year, with a strike price equal to the subscription price of the reserved capital increase in favour of DFG and the French State i.e. €7.5 per share.
3. A capital increase reserved for employees will be offered in the course of 2014, in order to give them the opportunity to participate in the value creation potential of the Group.

These operations, which have been agreed in principle by the parties involved, remain subject to the signature of final documentation, planned at the end of March 2014, and the approval of regulatory bodies, notably in France and China, as well as the approval of the Extraordinary General Meeting of Peugeot SA shareholders due to take place in the second quarter of 2014.

These operations are aimed at:

- Strengthening PSA Peugeot Citroën's footprint in China and in ASEAN and the realisation of industrial synergies with DFG, of around €400 million per annum for PSA Peugeot Citroën by early 2020s ;
- Reinforcing PSA Peugeot Citroën's competitive positioning in Europe, in particular through :
    - Accelerating PSA Peugeot Citroën's development via the financing of a program of strategic investments ;
    - Strengthening its balance sheet and liquidity, resulting into a strong decrease of financial charges

Group trade unions of the Group are aligned with these projects and the Peugeot SA Work Council, consulted in this operation issued on February 18 a unanimous approval.

The President of the Supervisory Board said:

"The Supervisory Board has unanimously voted in favor of these major operations that open a new page in the history of PSA Peugeot Citroën. By reinforcing its financial solidity whilst outlining perspectives for an ambitious international development, these measures will contribute to the long term future of the Group as well as its future growth which will benefit the Group's clients, employees, shareholders and all its partners."

1) Accelerating the Group's international development by strengthening the industrial and commercial partnership with DFG

With nearly 16 million vehicles sold in 2013 and an annual growth of c. 18% between 2013 and 2015, China is the world's largest automotive market and the primary source of growth for the automotive industry. Since 2013, it has been PSA Peugeot Citroën's second largest market, with around 550,000 vehicles sold in 2013 via DPCA, its 50/50 joint-venture with DFG.

DFG is a listed company on the Hong Kong stock exchange and with a market capitalization of c. €9.5 billion, estimated revenues of €17.3 billion and EBITDA of €1.9 billion in 2013[1], is:

- The country's second largest automaker, with 3.1 million units sold in 2012 ;
- China's third-ranked car manufacturer, with around 12% market share in 2012, and second-largest commercial vehicle producer, with around 12.5% market share in 2012 ;
- A market leader in MPVs, SUVs and mid-sized and heavy commercial vehicles.

Today, DFG and PSA Peugeot Citroën are taking their more than 20 year-old partnership to the next level by implementing a major industrial plan, structured around three main axes:

- A joint commitment to propel DPCA into a new phase of growth, with the objective of tripling its volumes to 1.5 million vehicles per annum by early 2020s, thanks to a reinforced product plan underpinned by:
    - The licensing of technologies developed by PSA Peugeot Citroën ;

[1] Based on Thomson consensus and CNY/ EUR exchange rate of 8.32 as of 31 December 2013

    - The launch of two to three new models a year globally for the three brands (Peugeot, Citroën and DPCA's own brand).
- The creation of a joint R&D centre, dedicated to the development of products and technologies for fast growing countries, including China.
    - This R&D center will complete PSA Peugeot Citroën's R&D footprint in Europe and Latin America ;
    - This agreement will include measures relating to the management of intellectual property, allowing PSA Peugeot Citroën to freely pursue the development of cooperation ventures with other carmakers.
- The creation of a new joint venture to drive the sales of PSA Peugeot Citroën and DFG vehicles in the rest of Asia and possibly in other emerging markets. This is aimed at capturing the strong growth opportunities in the ASEAN economies and leveraging the similarities between the model line-ups marketed there and in China.

This broader and deeper partnership represents, under its current form, synergies estimated at around €400 million per year for PSA Peugeot Citroën by early 2020s and could later be extended to other areas of collaboration.

The Group has also successfully launched its DS line in China in 2013 through with its partner Chang'an Automobile Group through its JV CAPSA, co-owned 50/50. These agreements have no impact on the DS line development plan in China, which is designed to maximise capacity utilization at the Shenzhen plant in 2018.

Moreover the Alliance with General Motors continues in Europe and is delivering additional growth and synergies estimated at $1.2 billion by 2018, shared equally by the two partners.

2) €3.0 billion capital increases aimed at strengthening the Group's balance sheet and investment capacity, in order to maintain its technological leadership and accelerate its growth projects outside Europe.

a. €3.0 billion capital increases

Subject to the approval by the extraordinary general meeting of Peugeot SA shareholders to be held in Q2 2014 and to the other conditions detailed above, DFG and the French State would each invest €524 million in a €1,048 million reserved capital increase, at a subscription price of €7.50 per share, and corresponding to the issuance of around 140 million new ordinary shares. DFG and the French State would each own c. 14% of Peugeot SA's share capital following the reserved capital increase.

Upon completion of this reserved issue, Peugeot SA would undertake a c. €1,950 million capital increase with pre-emption rights open to all existing shareholders (including DFG and the French State), on the basis of one right for each PSA Peugeot Citroën share.

- The terms and conditions of the rights issue would be determined by the Chairman of the PSA Peugeot Citroën Managing Board under an authorisation to be submitted to Peugeot SA shareholders at the Annual General Meeting ;
- DFG and the French State would undertake to take up their share of the rights issue, in an amount of €276 million each and would hold a c.14% stake each in Peugeot SA's share capital following the reserved capital increase;
- Peugeot family holdings FFP and EPF would also subscribe in the contemplated rights issue to reach the same ownership level in PSA Peugeot Citroën as DFG and the French State (i.e. c. 14% each),

demonstrating their confidence in the strategic reach of today's announcements and the related value creation for the Group ;

- The portion of the rights issue not subscribed by DFG, the French State and FFP/EPF, i.e. a maximum amount of c. €1,400 million, would be underwritten by a syndicate of banks.

DFG's investment through the two successive capital increases, for a total amount of €800 million, would accompany the deepening of this historic industrial partnership. The French State would invest the same amount as DFG. FFP/EPF's investment should amount to c. €150 million to €250 million, depending on definitive conditions and terms set in the context of the rights issue.

Subject to the approval by the extraordinary general meeting of Peugeot SA shareholders and to the other conditions detailed above, current Peugeot SA shareholders (i.e. not including DFG nor the French State) would receive, ahead of the reserved capital increase and the rights issue, one free equity warrant per share held, enabling them to increase their exposure to the Group's value creation potential.

1. The exercise of 10 equity warrants would give the right to purchase 3 new shares ;
2. Their exercise price would be €7.5, allowing current shareholders to subscribe to new shares at the same conditions as the reserved capital increase to DFG and the French State ;
3. Their maturity would be 3 years and the warrants would be exercisable from year-2. They would be traded on Euronext Paris;
4. Proceeds from a potential exercise would represent an additional c. €770 million in case all equity warrants are exercised.

b. Efficient and balanced governance

Current dual structure would be maintained, the Management Board is responsible for the definition and the execution of the strategy. Carlos Tavares is to be appointed as Chairman of the Managing Board succeeding Philippe Varin on March, 31st 2014.

Upon completion of the contemplated operations, the governance of the Group would be modified to take into account DFG and the French State as new shareholders.

The Supervisory Board composition of Peugeot SA would be balanced and in compliance with the AFEP-MEDEF code. It would be composed of 6 independent members, 2 representatives of each DFG, the French State and FFP/EPF, and 2 members representing employees and employees shareholders. The Supervisory Board would be chaired by an independent member.

The composition and chairmanship of the various committees would also be modified, with notably the creation of a committee overseeing development in Asia which would be chaired by a member proposed by DFG. The governance committee would be chaired by an independent member, while the audit committee would be chaired by a member proposed by the French State and the strategic committee by a member proposed by FFP/EPF.

DFG, the French State and FFP/EPF would undertake individually not to acquire any shares of Peugeot SA beyond the initial number of shares owned post-contemplated operations.

DFG, the French State and FFP/EPF could sell all or part of their shares freely after a customary lock-up period in-line with market standards in the context of the rights issue.

Double voting rights would be granted to shareholders following a holding period reduced from four years (as currently provided for by the company by laws) to two years, upon approval of PSA Peugeot Citroën extraordinary general meeting, while FFP/EPF would undertake to neutralize the impact of its double voting rights for a period of two years.

DFG, the French State and FFP/EPF will not act in concert in relation to Peugeot SA.

c. Contemplated capital increase will strengthen PSA Peugeot Citroën's balance sheet and investment capacity in order to implement "Back in the Race" strategic plan

The €3 billion capital increase, together with the renewal of PSA Peugeot Citroën's syndicated credit facility of €2.7 billion, comprising a €2.0 billion five-year tranche, will strengthen the Group's balance sheet and liquidity position.

These transactions will also enhance PSA Peugeot Citroën's investment capacity, and fund the launch of investments related to its new « Back in the Race » strategic plan, in order to strengthen its competitiveness in Europe and its globalization strategy:

- Debt reduction
- Cost competitive product portfolio and in depth localization to restore competitiveness in Latin America and Russia
- Technology including the next generation Hydrid Powertrain
- CAPEX in capacities:
    - New Social Contract commitment in Europe with €1.5 billion capex expenditures in France
    - Extension of competitive manufacturing footprint for selected products and markets.

Calendar

Dates indicated may change in the future:

End of March	➢ Registration document to be filed ➢ Signature of final documentation
Q2 2014	➢ Approval of regulatory bodies ➢ PSA Peugeot Citroën Shareholders' General Meeting ➢ Processing of Capital Increase and free distribution of warrants ➢ Launch of the rights issue ➢ Implementation of industrial and commercial cooperation with DFG

Morgan Stanley and Rothschild acted as financial advisors to PSA Peugeot Citroën for the industrial and commercial partnership with DFG and the €3.0 billion capital increases. Bredin Prat acted as legal advisor to PSA Peugeot Citroën for all of these transactions.

[*Banco Santander, BNP PARIBAS, Citigroup, Crédit Agricole Corporate and Investment Bank, Deutsche Bank, HSBC, Morgan Stanley, Natixis and Société Générale Corporate & Investment Banking are acting as Global Coordinators and Joint Bookrunners on the contemplated rights issue. White & Case LLP acted as legal advisor to the banks syndicate.*

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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").

No securities offering will be opened to the public in France before the delivery of the visa on a prospectus prepared in compliance with the Prospectus Directive, as approved by the French Autorité des marchés financiers.

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 publication of a prospectus in any relevant member State. As a result, the new shares and/or warrants of Peugeot S.A. may only be offered in relevant member States (i) to qualified investors, as defined by the Prospectus Directive; or (ii) in any other circumstances, not requiring Peugeot S.A. to publish a prospectus as provided under Article 3(2) of the Prospectus Directive.

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About PSA Peugeot Citroën
With its two world-renowned brands, Peugeot and Citroën, ***PSA Peugeot Citroën*** *sold 2.8 million vehicles worldwide in 2013, of which 42% outside Europe. The second largest carmaker in Europe, PSA Peugeot Citroën recorded sales and revenue of €54 billion in 2013. The Group is the European leader in terms of CO_2 emissions, with an average of 116.2 grams of CO_2/km in 2013.*
PSA Peugeot Citroën has sales operations in 160 countries. It is also involved in financing activities (Banque PSA Finance) and automotive equipment (Faurecia).
For more information, please visit www.psa-peugeot-citroen.com