PSA PEUGEOT CITROËN










2009 REGISTRATION DOCUMENT











PSA PEUGEOT CITROËN

2009 Registration Document

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

The original French version of this Registration Document, which contains all of the information in the Report of the Managing Board, was filed with the *Autorité des Marchés Financiers* on 22 April 2010, in accordance with the provisions of articles 212-13 of the General Regulation of the AMF.

It may be used in connection with a financial transaction in conjunction with an Information Memorandum approved by the *Autorité des Marchés Financiers*.

It contains all of the information concerning the Annual Financial Report.

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PERSONS RESPONSIBLE

Person responsible for the 2009 Registration Document

Philippe Varin
Chairman of the Peugeot S.A. Managing Board

Statement by the Person Responsible for the 2009 Registration Document

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

I hereby declare that, to the best of my knowledge, i) the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Peugeot S.A. and of the companies in the consolidated group, and ii) the Report of the Managing Board, whose contents are described on page 366, presents a true and fair view of the business development, results and financial position of Peugeot S.A. and the companies in the consolidated group, together with a description of the main risks and uncertainties they face.

I have obtained a statement from the Statutory Auditors at the end of their engagement affirming that they have read the whole of the Registration Document and examined the information about the financial position and the historical accounts contained therein.

The Statutory Auditors' Report on the consolidated financial statements for the year ended 31 December 2009 are presented in section 20.3.1 includes an emphasis of matter.

The Statutory Auditors' Report on the consolidated financial statements for the year ended 31 December 2008 includes an emphasis of matter. The report may be found on pages 187 and 188 of the Registration Document filed with the French securities regulator (*Autorité des Marchés Financiers*) under n°. D.09.0309.

Philippe Varin
Chairman of the Peugeot S.A. Managing Board

Person Responsible for Financial Information

James Palmer
Investor Relations Officer
Phone: +33 (0)1 40 66 54 59

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STATUTORY AUDITORS

Auditors

➜ Statutory Auditors

PricewaterhouseCoopers Audit

(Member of the Compagnie régionale des Commissaires aux comptes de Versailles)

Pierre Riou
63, rue de Villiers
92200 Neuilly-sur-Seine

First appointed: at the Annual Shareholders' Meeting of 28 May 2003.

Appointment ends: at Annual Shareholders' Meeting called to approve the 2010 financial statements.

Mazars

(Member of the Compagnie régionale des Commissaires aux comptes de Versailles)

Loïc Wallaert
61, rue Henri Regnault
92400 Courbevoie

First appointed: at the Annual Shareholders' Meeting of 25 May 2005.

Appointment ends: at Annual Shareholders' Meeting called to approve the 2010 financial statements.

➜ Substitute Auditors

Yves Nicolas

63, rue de Villiers
92200 Neuilly-sur-Seine

First appointed: at the Annual Shareholders' Meeting of 28 May 2003.

Appointment ends: at Annual Shareholders' Meeting called to approve the 2010 financial statements.

Patrick de Cambourg

61, rue Henri Regnault
92400 Courbevoie

First appointed: at the Annual Shareholders' Meeting of 25 May 2005.

Appointment ends: at Annual Shareholders' Meeting called to approve the 2010 financial statements.

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SELECTED FINANCIAL INFORMATION

Consolidated Statements of Income

(in million euros)	2009 Manufacturing and sales companies	2009 Finance companies	2009 Eliminations	2009 TOTAL	2008 Manufacturing and sales companies	2008 Finance companies	2008 Eliminations	2008 TOTAL
Revenue	46,885	1,823	(291)	48,417	52,705	2,088	(437)	54,356
Recurring operating income	(1,187)	498	-	(689)	(7)	557	-	550
Non-recurring operating income and (expenses)	(725)	(2)	-	(727)	(943)	(1)	-	(944)
Operating income	(1,912)	496	-	(1,416)	(950)	556	-	(394)
Consolidated profit (loss)	(1,627)	353	-	(1,274)	(878)	358	-	(520)
Attributable to equity holders of the parent	*(1,511)*	*350*	-	*(1,161)*	*(719)*	*356*	-	*(363)*
Attributable to minority interests	*(116)*	*3*	-	*(113)*	*(159)*	*2*	-	*(157)*
(in euros)								
Basic earnings per 1€ par value share				(5.12)				(1.60)
Diluted earnings per 1€ par value share				(5.12)				(1.60)

Consolidated Balance Sheets

Assets

(in million euros)	31 December 2009 Manufacturing and sales companies	31 December 2009 Finance companies	31 December 2009 Eliminations	31 December 2009 TOTAL	31 December 2008 Manufacturing and sales companies	31 December 2008 Finance companies	31 December 2008 Eliminations	31 December 2008 TOTAL
Total non-current assets	21,515	357	(25)	21,847	21,617	361	(25)	21,953
Total current assets	17,225	25,605	(556)	42,274	14,399	26,020	(645)	39,774
TOTAL ASSETS	**38,740**	**25,962**	**(581)**	**64,121**	**36,016**	**26,381**	**(670)**	**61,727**

Equity & Liabilities

(in million euros)	31 December 2009 Manufacturing and sales companies	31 December 2009 Finance companies	31 December 2009 Eliminations	31 December 2009 TOTAL	31 December 2008 Manufacturing and sales companies	31 December 2008 Finance companies	31 December 2008 Eliminations	31 December 2008 TOTAL
Total equity				12,447				13,259
Total non-current liabilities	13,323	479	-	13,802	9,506	474	-	9,980
Total current liabilities	16,143	22,310	(581)	37,872	16,170	22,988	(670)	38,488
TOTAL EQUITY & LIABILITIES				**64,121**				**61,727**

Consolidated Statements of Cash Flows

	2009				2008			
(in million euros)	Manufacturing and sales companies	Finance companies	Elimina-tions	TOTAL	Manufacturing and sales companies	Finance companies	Elimina-tions	TOTAL
Consolidated profits (loss)	(1,627)	353	-	(1,274)	(878)	358	-	(520)
Working capital	977	365	-	1,342	2,342	439	-	2,781
Net cash from (used in) operating activities	3,593	106	(129)	3,570	(585)	590	16	21
Net cash from (used in) investing activities	(2,784)	-	(1)	(2,785)	(3,177)	(22)	-	(3,199)
Net cash from (used in) financing activities	4,979	(143)	105	4,941	695	(167)	42	570
Net increase (decrease) in cash and cash equivalent	5,800	9	(25)	5,784	(3,126)	337	59	(2,730)
Net cash and cash equivalent at beginning of year	2,017	1,280	(90)	3,207	5,143	943	(149)	5,937
NET CASH AND CASH EQUIVALENT AT END OF YEAR	**7,817**	**1,289**	**(115)**	**8,991**	**2,017**	**1,280**	**(90)**	**3,207**

4 RISK FACTORS

4.1. Issuer Risks

➜ 4.1.1. Market and Business Risks

4.1.1.1. Market cycle risk and country risk

2009 provided a clear illustration of how market cycle and country risks can affect global carmakers and automotive equipment manufacturers. PSA Peugeot Citroën's 2009 results, clearly showed the risks. Overall, the Group was impacted by the collapse in the world's automotive markets but conditions varied considerably from one country to another.

Similarly, local, regional and international economic conditions may affect the Group's manufacturing and sales operations, with a resulting impact on earnings. Periods of low economic activity or recession may lead to a slowdown or a decline in demand in the automotive market. In this case, the Group may experience a build up of inventories and be obliged to scale back production output, with a resulting impact on profitability and free cash flow.

The Group may also be exposed to exchange rate instability, due to its international presence. Sharp fluctuations in exchange rates may affect the Group's ability to sell its products in certain markets, and therefore impact sales margins in countries outside the euro zone, due to the depreciation of these countries' currencies against the euro.

The Group also has to take into account changes in international tax rules and adapt to the specific rules applicable in each of its host countries.

Outside Europe, the Group is broadening and deepening its presence in fast growing markets, particularly in China, Latin America and Russia, where automotive demand is structurally expanding. As an international group, it is therefore exposed to the economic conditions and political and regulatory risks specific to its host countries. In order to limit or effectively anticipate these risks, Business Units have been created in China and for the Latin America countries. These lean, responsive, hands-on, results and cash flow-oriented organisations provide the management needed to address potential economic, political and regulatory risks. Locally made decisions reflecting the viewpoints of all of the Group's stakeholders in the region will support an entrepreneurial mindset, responsiveness and alignment. In particular, this more regional approach is strengthening relationships and enhancing interchange among the various businesses and corporate functions. A local presence is a major advantage in foreseeing and managing risks arising from the Group's growing international footprint.

4.1.1.2. New Vehicle Development, Launch and Marketing Risks

The Group's results may be affected if vehicle sales volumes are lower than expected, because a downward adjustment in a unit sales forecast may lead to the recognition of i) an impairment loss on capitalised development costs amortised over the commercial life of the vehicle models concerned or ii) a provision to cover the compensation due when purchasing volumes fall below contractual minima. In 2009, downward revisions of unit sales and margin forecasts for certain vehicle models led to the recognition of an additional €217 million impairment loss on capitalised development costs in the Automotive Division. In order to reduce new vehicle development and launch risks, initiatives have been implemented as part of the performance plan to improve productivity and, consequently, reduce new model development costs and time-to-market.

Responding more effectively to customers' after-sales service requirements during the vehicle design phase (repairability, ease of fault detection, etc.) has also contributed to the steady improvement in the quality of the Group's new models.

The time-to-market of new models has been shortened, to offer customers a broader product line-up that is better aligned with car buyers' spending habits. In addition, innovation programmes target performance improvements, particularly environmental performance.

Technical risks related to product quality and service can lead carmakers to recall vehicles in order to correct the identified defects.

4.1.1.3. Current or Future Compliance Risks

The Group's manufacturing and sales activities are subject to strict environmental, safety and other regulations.

These regulations impose increasingly stringent standards, particularly in terms of vehicle CO_2 emissions. Examples include the new passenger car emission standards issued by the European Parliament on 17 December 2008. As the leading manufacturer of low emission vehicles, the Group is maintaining its commitment to producing more environmentally-friendly cars by taking appropriate measures to meet the European Union's target of limiting average emissions by new vehicles in Europe to 120 g/km of CO_2 by 2015. In 2009, the Group sold 750,000 vehicles that emit less than 120 g/km of CO_2 in Europe and one million vehicles emitting less than 130 g/km.

In October 2009, the European Commission took another environmental step forward by presenting a draft EU regulation to reduce carbon emissions from light commercial vehicles, a segment in which the Group is the European leader with a 22.2% market share.

In order to ensure that it can continue to anticipate regulatory changes, in 2009 the Automotive Division spent a total of €2,148 million on research and development.

For more information, please refer to chapter 11 "Research and Development and Capital Expenditure".

4.1.1.4. Customer and Dealer Risk

PSA Peugeot Citroën finances most of its sales through its finance company, Banque PSA Finance, which provided financing for 27.5% of all sales to end customers in 2009. The Group places significant emphasis on guaranteeing the security of payments for the goods and services delivered to customers. Relations with Peugeot and Citroën dealers are managed within the framework of the sales financing system. Payments from other Group customers are secured by arrangements with leading counterparties that are validated by the Group Treasury Committee. Intercompany settlements are hedged against political risks whenever necessary.

For sales of new vehicles with a buyback commitment, the Group may be exposed to a risk that is not taken into account when the contract is signed, corresponding to the date when the vehicle's final resale value is estimated in order to determine the depreciation schedule for the vehicles which are carried in the balance sheet under "Property, plant and equipment". In view of the weak European automotive markets, these vehicles' resale values have been reviewed in detail since year-end 2008. Based on the review, the provision booked in liabilities to cover the additional risk was reduced to €94 million at 31 December 2009 from €112 million at the previous year-end.

Concerning used vehicles, the potential risk concerns the net carrying amount of inventories, which may be overstated if impairment provisions do not cover the full effects of a worse-than-expected deterioration in market conditions.

In general, inventory value is directly influenced not only by macro-economic conditions but also customer perception of product quality, which can lead to the recognition of an impairment loss.

4.1.1.5. Raw Materials Risk

The Group may be exposed to the risk of changes in certain raw materials prices affecting the production costs of the Automotive Division and Faurecia, either as a result of their direct purchases or indirectly through the impact of these changes on their suppliers' costs. These raw materials are either industrial products such as steel and plastics whose prices and related adjustments are negotiated between buyers and vendors, or commodities traded on organized markets, such as aluminium, copper, lead or precious metals, for which the transaction price is determined by direct reference to the prices quoted on the commodity market.

The Group's exposure to raw materials risk is tracked jointly by the Purchasing Department and PSA International S.A. (PSAI), which is in charge of hedging the Group's currency and commodities risks. Raw materials risk is also reviewed on a quarterly basis by a Metals Committee chaired by the Chief Financial Officer.

For more details, refer to note 37.1 D in the notes to the Consolidated Financial Statements at 31 December 2009 (see chapter 20.3.6 below).

4.1.1.6. Supplier Risk

Risks related to the quality of suppliers and their financial and commercial viability, as well as to the reliability of parts and components that they deliver are closely monitored. By developing and supplying the parts and components that represent some 70% of vehicle production cost, suppliers play a critical role in the Group's performance. Temporary or permanent failure by suppliers to fulfil their commitments may have an impact on the Group, the most serious risk being an interruption of parts deliveries leading to production stoppages at the plants and delays in the execution of vehicle, mechanical engineering or industrial projects.

Suppliers are selected according to seven main criteria: price competitiveness, quality, the ability to develop new products and manufacture them in large quantities, supply chain efficiency, research and development capabilities, geographic reach and long-term viability.

Each supplier's viability is assessed from a financial and strategic standpoint, based on:

- financial position;
- strategy and growth outlook;
- changes in the level of dependence;
- compliance with the social and environmental standards in the sustainable development guidelines.

To strengthen all of the supplier risk prevention systems, the above criteria are used when submitting purchasing strategies by product family and supplier selections to the purchasing executive committee for approval.

The Manufacturing Strategy and Supplier Risk unit set up within the Purchasing Department in July 2007 is tasked with leading initiatives to manage the risk represented by suppliers in financial difficulties or resulting from industrial restructuring plans. These risk management initiatives are designed not only to prevent risks but also to limit their effects.

The unit helps to ensure that projects and vehicle production operations are not interrupted, by using preventive and curative techniques to manage the supplier viability risk represented by the Group's 500 parts suppliers and 7,000 suppliers of services and capital goods.

It comprises 40 people from a range of specialised areas including purchasing, finance, supply chain management, legal affairs and labour relations. The resources allocated to the unit were reinforced in 2009 in response to the difficulties experienced by suppliers as a result of the economic and financial crisis. The Group has also taken a number of other steps to help cushion the impact of the crisis on its suppliers, including:

- injecting more than €2 billion into the French automotive industry by i) paying suppliers more quickly, ii) making a €200 million capital contribution to the FMEA fund set up to support automotive equipment suppliers, iii) taking up €323 million worth of shares in a rights issue carried out by Faurecia, France's leading automotive equipment supplier, and (iv) granting financial assistance to suppliers in difficulty;
- actively participating in the work carried out by the PFA – a platform set up in France in 2009 to foster ongoing discussion and exchange between auto industry stakeholders – with the involvement of more than 30 people from the Group;
- introducing a High-Performance and Best Practices Code. Stakeholders in the French automotive industry have decided to strengthen their partnership relations, in particular to meet the challenges of globalisation, improve the industry's competitiveness and preserve the country's industrial fabric and jobs. A High-Performance and Best Practices Code has been prepared to lead and guide this process, by presenting certain general principles concerning practices in inter-company relationships.

To support these principles, new commitments have been undertaken in the areas of:

- contractual practices concerning special parts, moulds and tooling, including a ban on customers demanding that a portion of a supplier or sub-contractor's output or purchases be sourced in a low-cost country, unless there is a justifiable business case based on selling price;
- intellectual property;
- payment conditions for parts, moulds and tooling, as well as engineering for low volume series;
- payment of dedicated research and development expenses and the cost of producing special moulds and tooling, amortised in parts prices.

Lastly, French carmakers and their suppliers confirmed the need to enhance dialogue across the auto industry and, to this end, set up a standing platform in April 2009 to foster ongoing discussion and exchange among auto industry customers and suppliers.

4.1.1.7. Risks Specific to Faurecia

Auto equipment maker Faurecia has been 57.43%-owned by the Group since 8 February 2010.

Given this percentage interest, the Group could be called upon to support its subsidiary's financial position. This situation already occurred in 2008, when PSA Peugeot Citroën had to finance part of Faurecia's balance sheet, by helping to arrange a €250 million financing facility.

4.1.1.8. Risks Associated with the Cooperation Agreements

In recent years, PSA Peugeot Citroën has signed a number of cooperation agreements, for the development of shared vehicle platforms with Toyota, Fiat, Tofas and Mitsubishi, and for the development and manufacture of gearboxes and engines with Ford, BMW and Renault.

On 1 February 2010, Toyota announced the recall of eight models in Europe because of the potential accelerator pedal malfunction. In line with its high quality standards, PSA Peugeot Citroën has issued a similar recall for the Peugeot 107 and Citroën C1 models, which are built in the joint production plant operated by the cooperative venture with Toyota. The preventive measure affects 97,000 cars, or fewer than 10% of the 107s and C1s on the road in Europe.

To ensure that the partnerships are balanced, each partner commits to taking delivery of a minimum quantity of products manufactured by the cooperative venture. If they fail to honour this commitment, they are required to pay a penalty designed to cover the related production costs borne by the other partner. Any adverse consequences of these commitments are reflected in the consolidated financial statements as soon as they are considered probable, in the form of asset impairments or, if necessary, provisions for contingencies.

For more details, please refer to note 40.2 to the Consolidated Financial Statements at 31 December 2009 (see section 20.3.6 of this Registration Document).

➜ 4.1.2. Industrial and Environmental Risks

An incident at one of the Group's manufacturing facilities, particularly if it affects a mechanical components plant or a foundry, may compromise the production and marketing of several hundred thousand vehicles, leading to several hundred million euros of losses.

For several years, the Group has implemented assertive industrial risk prevention strategies designed to:

- prevent the occurrence of catastrophic events;
- limit high-risk situations to the extent possible and attenuate their effects;
- ensure that the various Group structures have the necessary capabilities to deal with emergency and crisis situations;
- promote a risk prevention culture and a resilient response to accidents at all levels in the organization;
- optimize the transfer to the insurance market of high frequency risks;

the strategy is deployed by the corporate Risk Management & Insurance unit, supported by a network of risk managers based in the various facilities. At each facility, the strategy takes shape through the implementation of right-sized preventive, training and protection programmes.

These programmes address the various types of identified risks, such as fire, explosion, flood and hail risks and component supply risks.

The strategy has considerably reduced number of incidents, and no major incidents have occurred since it was deployed. Its effectiveness is recognized by the insurance companies, which have designated the vast majority of the highest risk areas as "Highly Protected".

Industrial risks linked to the Group's international growth strategy arise in particular from the creation of new production plants and from acquisitions outside Europe. They are limited by performing prior studies that take into account the projected needs of the Business Unit concerned, the availability of shared platforms, mechanical assemblies and sub-assemblies at Group level (encompassing both design and manufacturing capabilities), any partnerships and the local environment.

Special attention is paid to the environmental impact of manufacturing facilities. The design specifications of plant and equipment include processes and devices to control pollution and environmental risks. A dedicated unit within the Institutional Relations Department centrally manages environmental risks related to manufacturing operations and regularly reports Group-level environmental data.

The structures dedicated to managing environmental risks, at the Automotive Division's production plants and elsewhere in the organization, comply with ISO 14001 environmental management standards. Worldwide, all of the Automotive Division production plants were ISO 14001-certified as of end-2009.

The ISO certification program is supported by annual capital expenditure budgets for environmental projects. All industrial projects are reviewed by the design department, the plant concerned, technical department experts and Group environmental specialists in order to identify the potential risks and devise appropriate responses.

To address risks related to employees' physical safety and psychological well-being, the Group has signed a new Workplace Health and Safety policy. For more information, please refer to paragraph 17.1.1, below.

➜ 4.1.3. Banque PSA Finance Risk Exposure

Banque PSA Finance provides retail financing for new Peugeots and Citroëns and all brands of used vehicles sold by the Peugeot and Citroën dealer networks. The bank also provides wholesale financing for the dealer networks' vehicle and spare parts inventories. It offers individual and corporate customers a comprehensive range of financing solutions (instalment loans, leases with a purchase option and long-term leasing) and related services.

The bank's loan approval process is totally independent from the dealer network, and dealers are unable to exert any influence on the approval decision.

4.1.3.1. Banque PSA Finance Financing Risks

Currency risk

For more details, refer to note 37.1.A in the notes to the Consolidated Financial Statements at 31 December 2009 (see chapter 20.3.6 below).

Interest rate risk

For more details, refer to note 37.1.B in the notes to the Consolidated Financial Statements at 31 December 2009 (see chapter 20.3.6 below).

Counterparty risk

Banque PSA Finance is consistently in a net borrower position. As a result, its exposure to counterparty risk is limited to the investment of the liquidity reserve and other cash balances, and to the use of derivatives (swaps and swaptions) to hedge interest rate and currency risks.

Funds are invested in money market securities issued by leading banks or in mutual funds with a capital guarantee and a guaranteed yield.

An internal rating is assigned to each counterparty, based on issuer financial strength and capital adequacy analyses. These ratings are used to set exposure limits. Exposure limits cover both amounts and periods, by counterparty and by type of transaction (investments and derivatives). Actual exposures are checked and compared with the corresponding limits on a daily basis.

Derivatives are governed by standard ISDA or FBF agreements and contracts with the most frequently used counterparties provide for regular margin calls. Counterparties for derivatives contracts are all rated A or higher.

4.1.3.2. Credit Risk

Banque PSA Finance is exposed to credit risks on its loan book. For wholesale financing, lending decisions are made internally by the local credit committee, based on a detailed risk assessment. Depending on the amount involved, the decision may require the approval of a central credit committee. Each credit committee is assigned specific lending limits, whose application is closely monitored. Retail financing credit risks are managed using credit-scoring procedures whose reliability is regularly assessed. In addition, significant individual credit risks are managed using procedures similar to those applied to manage wholesale financing credit risks.

The bank has tightened up its loan acceptance criteria and bolstered its collections resources in response to the worsening economic situation.

Provisions are booked for retail credit risks when at least one instalment is past due, based on historical credit loss and recovery data. In the case of wholesale financing, provisions are booked on a case-by-case basis for known credit risks.

4.1.3.3. Liquidity Risk

For more details, refer to note 37.1.F in the notes to the Consolidated Financial Statements at 31 December 2009 (see chapter 20.3.6 below).

4.1.3.4. Credit Rating

Several key factors determine the bank's credit rating and/or may affect the bank's ability to raise short and long-term financing in the case of an unfavourable change. These factors include the bank's earnings volatility, its market positions, its geographic diversification and products, its risk management strategies and financial ratios, its annual provision expense and its European capital adequacy ratio. An unfavourable change in any of these factors or a combination of these factors could lead the rating agencies to downgrade the bank's credit rating, which in turn could drive up its financing costs. Conversely, an improvement in any of these factors could lead to a rating upgrade.

In 2009, while continuing to emphasise the strength of the Bank's underlying performance, the two main rating agencies downgraded Banque PSA Finance in the light of i) the extremely depressed conditions in the automotive markets that began in late 2008 and continued throughout most of 2009, which weighed on the earnings and free cash flow performance of the Automotive Division, and ii) the credit crunch triggered by the global financial crisis.

On 6 March 2009, Standard & Poor's cut the bank's ratings from A-/A2 to BBB (negative outlook)/A2. It affirmed these ratings on 13 August 2009 despite having downgraded Peugeot S.A. by one notch on 6 August.

After placing Banque PSA Finance's A-3 long-term rating on review for possible downgrade on 30 October 2008 as a result of the steep falloff in the global automotive demand and the resulting credit crunch, Moody's waited over a year until 23 November 2009 before actually downgrading the Bank's ratings to Baa1 – negative/P2.

The bank's two current ratings are therefore still investment grade, albeit with a negative outlook, and are two notches above Peugeot S.A.'s ratings.

4.1.3.5. Basel II

On 6 April 2009, Banque PSA Finance received approval from the French Banking Commission to use its internal rating methods for retail exposure (Advanced IRB Approach) and corporate exposure (wholesale and fleet financing – Foundation IRB Approach). These models were developed by Banque PSA Finance in France, the UK, Germany, Spain and Portugal and are gradually being extended to the Group's other finance companies based on a 2010-2012 roll-out plan that has been disclosed to the regulatory authorities. Also during the year the Bank continued to work on improving the effectiveness of its internal rating models by conducting further model back-testing exercises.

4.1.3.6. Internal Control System

In line with CRBF regulation 97-02, dealing with internal control systems of credit institutions, Banque PSA Finance's internal control system is organised around two lines of responsibility – for recurring controls and periodic controls – and the first-tier controls performed by the operating units.

The fundamental principles underpinning the organization and implementation of internal control are set out in an internal control charter that describes the system's organization, resources, scope, missions and processes.

4.1.4. Financial Market Risks

The Group's manufacturing and sales companies are exposed to market risks (including currency, interest rate and equity risks), as well as to counterparty and liquidity risks.

4.1.4.1. Exposure to Changes in Exchange Rates

For more details, refer to note 37.1.A in the notes to the Consolidated Financial Statements at 31 December 2009 (see chapter 20.3.6 below).

4.1.4.2. Exposure to Changes in Interest Rates

For more details, refer to note 37.1.B in the notes to the Consolidated Financial Statements at 31 December 2009 (see chapter 20.3.6 below).

4.1.4.3. Equity Risk

For more details, refer to note 37.1.C in the notes to the Consolidated Financial Statements at 31 December 2009 (see chapter 20.3.6 below).

4.1.4.4. Counterparty Risk

For more details, refer to note 37.1.E in the notes to the Consolidated Financial Statements at 31 December 2009 (see chapter 20.3.6 below).

4.1.4.5. Liquidity Risk

For more details, refer to note 37.1.F in the notes to the Consolidated Financial Statements at 31 December 2009 (see chapter 20.3.6 below).

4.1.4.6. Credit Rating

Several key factors determine the Group's credit rating or may affect its ability to raise short and long-term financing in the case of an unfavourable change. These factors include the Group's earnings volatility, its market positions, its geographic diversification and products, its risk management strategies and its financial ratios, particularly the debt-to-equity and operating cash flow-to-net debt ratios. An unfavourable change in any of these factors or a combination of these factors could lead the rating agencies to downgrade the Group's credit rating, which in turn could drive up its financing costs. Conversely, an improvement in any of these factors could lead to a rating upgrade.

During the year, Peugeot S.A. was downgraded by the two main rating agencies, reflecting i) the extremely depressed conditions in the automotive markets that began in late 2008 and continued throughout most of 2009, which weighed on the earnings and cash flow performance of the Automotive Division, and ii) the credit crunch triggered by the global financial crisis.

On 19 February 2009, Moody's Investor Services downgraded Peugeot S.A.'s long- and short-term ratings to Baa3/P-3 and changed the outlook from stable to negative. On 23 November 2009, Moody's downgraded Banque PSA Finance's A3 long-term rating to Baa1 and likewise changed the outlook from stable to negative.

On 6 August 2009, Standard & Poor's downgraded Peugeot S.A.'s long- and short-term ratings to BB+/B, with a negative outlook. Having placed Banque PSA Finance's ratings on review in June 2009, on 13 August Standard & Poor's affirmed the Bank's BBB/A2 long- and short-term ratings and kept the negative outlook.

4.1.5. Legal and Contractual Risks

The PSA Peugeot Citroën Group is exposed to legal risks as an employer and in connection with the design and distribution of vehicles, the purchase of components and the supply of services.

To manage these risks, the Group implements preventive policies covering workplace health and safety, the manufacturing environment, industrial and intellectual property, vehicle safety, product and service quality and the security of the Group's transactions from a legal standpoint.

4.1.5.1. Legal and Arbitrage Proceedings

As of 31 December 2009, no Group company was involved in any claims or litigation that could have a material impact on the consolidated financial statements of PSA Peugeot Citroën.

On 9 July 2009, the Court of First Instance of the European Communities issued the final ruling on the dispute between the Group and the European Commission. The case concerned a €49.5 million fine levied by the European Commission on 5 October 2005 against Automotives Peugeot and its Dutch subsidiary, Peugeot Nederland NV, for having engaged in practices aimed at or having the effect of restricting cross-border automotive sales. This fine had already been paid by the Group but the Court of First Instance of the European Communities lowered the penalty to €44.55 million. Consequently the European Commission repaid the €4.95 million difference plus interest.

4.1.5.2. Financial Covenants

None of the loan agreements entered into by the manufacturing or sales companies, except Faurecia, contain rating triggers or acceleration clauses based on compliance with financial ratios. However, in certain cases these agreements incorporate standard guarantee clauses for the automotive industry, including:

- negative pledge clauses under which the borrower undertakes not to grant collateral to any third party. These clauses do, however, contain a number of exceptions;
- material adverse change clauses, which apply in the event of a material adverse change in economic conditions;
- *pari passu* clauses, which ensure that the lender's debt ranks at least equally with the borrower's other debt;
- cross default clauses under which a default on one loan triggers early repayment of other loans;
- clauses requiring the borrower to regularly provide the lender with certain information;
- legal and regulatory compliance clauses;
- change of control clauses.

In addition, loans granted by the EIB are contingent on the related projects being completed and require the pledging of a minimum amount of financial assets.

The convertible bonds (OCEANEs) are subject to standard clauses such as a requirement for Peugeot S.A. or Faurecia shares to remain listed.

All of these clauses were respected in 2009.

4.1.5.3. Joint Venture Risk

The Group has entered into joint venture agreements with partners that operate on an international scale and State-controlled enterprises. The Group exercises either dominant or significant influence over these entities and they do not give rise to any particular joint venture risk.

4.1.5.4. Risk of an Internal Control Failure

The Internal Audits carried out during 2009 did not reveal any internal control weaknesses that might give rise to substantial risks. Whenever control processes were found to need strengthening, action plans were implemented. Initiatives taken under these plans will also be audited.

Banque PSA Finance strengthened its entire internal control system in 2009.

4.1.5.5. Pension and other post-retirement benefit obligations

For more details, refer to note 30 in the notes to the Consolidated Financial Statements at 31 December 2009 (see chapter 20.3.6 below).

4.1.5.6. Patent Risk

In March 2009, PSA Peugeot Citroën was named the country's leading patent filer by the French National Intellectual Property Institute (INPI), attesting to the Group's extensive innovation drive. In the course of its business, the Group may grant or receive the right to use patents or other industrial or intellectual property rights, undertaking all of the usual measures to protect them.

A dispute concerning any one of its industrial or intellectual property rights would not have a material impact on the earnings or financial position of Peugeot S.A.

4.2. Risk Management

➜ 4.2.1. Internal Control and Risk Management System

As part of its commitment to preventing and limiting the effects of internal and external risks, PSA Peugeot Citroën has established internal control procedures and processes designed to provide reasonable assurance concerning the achievement of objectives in the following categories:

- compliance with laws and regulations;
- application of the instructions and strategic guidelines issued by the Managing Board and the Executive Committee;
- efficient internal processes, particularly those that help to safeguard the Company's assets;
- reliable financial reporting.

These controls also contribute to the proficient management of the Company's businesses, the effectiveness of its operations and the efficient use of its resources.

In late 2008, an Internal Control unit was created within the Administrative Services Department to lead and coordinate the internal control process and guarantee the consistency of initiatives undertaken by the operating units. The new organisation, the management process and the changes in internal control methodology were deployed in early 2009.

Within Group companies, the focus is on accounting and financial controls, which constitute a core component of the internal control system. Covering the production and communication of all of the Group's accounting and financial information, these controls contribute to the reporting of reliable information in compliance with legal and regulatory requirements.

They are based on specific procedures defined and implemented by Corporate Finance in order to meet the above objectives.

The internal control system aims to provide reasonable assurance that the above objectives will be met; however, no system can provide absolute assurance that this will be the case.

4.2.1.1. Operating Risks

PSA Peugeot Citroën has created an operating risk prevention and management organisation tasked with implementing appropriate measures to limit the consequences of events affecting Group operations and prevent, to the extent possible, the risk of project management failures or organisational dysfunctions. Each operating unit is responsible for managing risks within its scope of responsibility.

The consistency of operating risk management initiatives and their cross-functional implementation are guaranteed by the Administrative Services Department's Internal Control unit, which also works closely with the Department's Risk Management & Insurance unit to address operating risks likely to impact the Group's property, plant and equipment or disrupt its business continuity.

These units develop risk identification and assessment methods, and help to define and control risk management plans. They are supported by a network of correspondents or experts working in the Group's various departments and facilities, who are responsible for deploying risk prevention policies in their units and monitoring the status of preventive and corrective action plans. As part of this process, risks are assessed in detail using a Group-wide method and annual programmes are implemented to manage them. This means that potential vulnerabilities are identified early and that protective or preventive measures are commensurate with the risks involved.

The main operational risks are risks likely to disrupt or halt the Group's design, production or distribution activities, or to pose a threat to the Group's employees or its property, plant, equipment or intangible assets. More particularly, they include the risk of damage to research facilities, data processing centres, production or distribution units, due to severe weather conditions or human action, as well as incidents affecting the integrity, confidentiality and use of Group information systems and computerised data, and damage to the Group's reputation.

4.2.1.2. Code of Ethics

PSA Peugeot Citroën is committed to growth founded on socially-responsible principles and practices, consistently applied in every host country and business around the world. These principles and practices underpin the relationship of trust that exists between the Group and its customers, suppliers and shareholders, as well as between individual employees. They are set out in a Code of Ethics providing a set of fundamental reference points that each employee may refer to in all circumstances. Encouraging ethical behaviour and good corporate citizenship is a core component of responsible growth, which is one of the Group's major objectives.

➜ 4.2.2. Environmental Risk Management

4.2.2.1. Management Systems

Environmental risks have been analysed in accordance with ISO 14001, leading to the identification at each facility of Significant Environmental Aspects of the facility's operations and its integration in the host community.

The analysis, which is regularly updated, serves to identify the major environmental challenges at each plant and to prepare action plans to address these challenges, which are approved and monitored during management reviews.

Regular audits by the Internal Auditors and accredited testing laboratories, such as UTAC and SGS, provide assurance that the environmental management system is properly applied.

4.2.2.2. Cooperation with Government Authorities and Host Communities

Relations with government authorities and stakeholders concerning environmental issues are organised in three ways.

First, environmental regulations impose regular reporting of information to stakeholders in a specified format, particularly in the case of any material changes in a plant's activities. In addition, the Group has more frequent contacts with the government agency responsible for the industrial environment, which performs regular audits of the plants' compliance with environmental standards.

Second, an annual report and a Sustainable Development Performance Indicators, which can be downloaded from the PSA Peugeot Citroën website, is published to inform the public about the Group's projects concerning the industrial environment, the results obtained and the progress made in improving environmental performance.

Third, in compliance with ISO 14001, each facility has developed systems to ensure that all stakeholder requests are duly considered and responded to as effectively as possible.

4.2.2.3. Workplace Risk Management Policies

Environmental workplace risks are fairly limited, as few dangerous substances are used in the automobile industry and substances that may harm the environment are used in clearly defined sections of each plant.

In addition, these risks are considerably attenuated through construction techniques, such as building workshops over retention basins and using overhead pipe systems to carry polluting liquids. For other risks, regular audits of compliance with environmental procedures are carried out during walk-through inspections by production line managers as part of the PSA Production System. Compliance with environmental procedures is confirmed by ISO 14001 audits.

The Group is qualified as a downstream user under the new EU regulatory framework for the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), which came into effect on 1 June 2007. As a result, and working with other European carmakers (within ACEA, the European Automobile Manufacturers' Association), the Group has launched a joint initiative with suppliers to ensure that they have taken on Board the new regulations and will be able to provide the Group with the necessary information in the case where their substances are used.

Lastly, the plant risk scenarios provide for the involvement of local environmental teams to ensure that specific environmental risks are taken into account (for example, by containing fire-fighting water).

4.3. Risk Coverage – Insurance

With the support of insurance brokers specialised in insuring major risks, the corporate Insurance unit has set up worldwide insurance programmes that are placed with companies that have a high insurer financial strength rating. The main programmes are as follows:

- the property & casualty programme covers damage to Group assets and consequential business interruption risks under five policies providing aggregate cover of €1,500 million (excluding Faurecia) with deductibles of up to €10 million per claim;
- the liability insurance programme is designed to transfer to the insurance market the financial cost to the Group of any third-party losses. It comprises four policies providing aggregate cover of €250 million, with deductibles of up to €0.5 million per claim;
- the vehicle transportation and storage insurance programme comprises three policies providing cover of up to €100 million for damage to vehicles stored on outside parking lots and up to €50 million for damage to vehicles or parts during transportation. The maximum deductible under the programme is €0.3 million per claim.

Some of the lead policies under these programmes are reinsured by the Group's captive reinsurance company, SARAL (SA de Réassurance Luxembourgeoise), a wholly-owned subsidiary of Peugeot SA, which insures the Group's risks alongside external insurers and reinsurers.

SARAL is involved in insuring the Group's operational risks around the world, such as property risks, consequential business interruption risks, automobile liability risks, risks associated with the transportation of vehicles and their storage on parking lots and fraud risks.

SARAL's commitment under these policies amounts to, respectively, €8 million per claim and per year, €0.75 million per claim, €15 million per claim and €25 million per year and €0.8 million per claim and €1.6 million per year.

SARAL has purchased stop loss reinsurance on the international reinsurance market, covering aggregate claims by the Group in excess of €25 million.

The Group's insurance policy can be summed up as transferring high frequency risks to the insurance market and retaining low and average frequency risks through deductibles and the captive reinsurance company. In 2009, this policy, combined with assertive risk prevention programs, led to a reduction in premiums paid to external insurers for the sixth year running.

5

INFORMATION ABOUT THE COMPANY

5.1. History and Development of the Company

5.1.1. Legal and Commercial Name of the Company

The name of the Company is Peugeot S.A..

The name "PSA Peugeot Citroën" refers to the entire Group of companies owned by the Peugeot S.A. holding company.

5.1.2. Place of Registration and Registration Number

The Company is registered in the Paris Trade and Companies Register under number 552,100,554. Its APE business identifier code is 7010Z.

5.1.3. Date of Incorporation and Length of Life

The Company was incorporated in 1896. Its term will end on 31 December 2058, unless it is wound up before this date or its term is extended.

5.1.4. Registered Office – Governing Law – Legal form

The Company's registered office and administrative headquarters is located at 75, avenue de la Grande-Armée – 75116 Paris, France. Phone: +33 (0)1 40 66 55 11.

The Company is governed by the laws of France.

It is incorporated as a *société anonyme* (joint stock corporation) governed by a Managing Board and a Supervisory Board under the terms of the French Commercial Code.

5.1.5. Important Events in the Development of the Company's Business

Founded in 1896, Peugeot S.A. engaged in manufacturing and sales until 1965, when it was transformed into a holding company as part of a legal and financial restructuring of the Group. Its operating activities were taken over by a subsidiary, Automobiles Peugeot.

In 1949, the Company created *Les Groupages Express de Franche-Comté* (GEFCO) to manage logistics for outbound car transport and inbound component deliveries.

In 1974, Peugeot S.A. acquired all of the outstanding shares of Citroën S.A. and then merged the two companies in 1976.

In 1978, the Chrysler Corporation sold its European manufacturing and sales operations to Peugeot S.A. in exchange for shares. At the end of 1980, the newly-acquired companies – which continued to do business under the Talbot marque – were transferred to Automobiles Peugeot.

In 1979, Chrysler Financial Corporation's European commercial financing subsidiaries were acquired, marking a turning point in the development of the Group's finance business.

Aciers et Outillages Peugeot merged with Cycles Peugeot in 1987 and was renamed Ecia. It then became Faurecia in 1998 following its friendly merger with automotive equipment manufacturer Bertrand Faure.

In first-half 2001, Peugeot S.A. supported Faurecia's acquisition of Sommer Allibert's automotive equipment business.

PSA Finance Holding, whose subsidiaries offer financing for Peugeot and Citroën customers in Europe, was converted into a bank in June 1995 and renamed Banque PSA Finance.

The Automotive Division was reorganised on 31 December 1998 to align legal structures with the new functional organisation introduced the previous January. Automobiles Peugeot and Automobiles Citroën transferred all their motor vehicle development and manufacturing assets to Peugeot Citroën Automobiles and their capital equipment design and manufacturing operations to Process Conception Ingénierie.

In 2009, PSA Peugeot Citroën continued to exercise the same business activities as in previous year; there were no important events in the development of its business.

5.2. Capital Expenditure

Please refer to section 10.2.2.2 concerning the statement of cash flows of manufacturing and sales companies and section 11 concerning Research and Development and Capital Expenditure.

5.3. Sustainable Development

➜ 5.3.1. Integrating the sustainable development process into the Group's vision

The Managing Board has defined the Group's operating priorities and set the course for the next ten years. Backed by a strong commitment to responsible growth, these priorities have been expressed in the form of three strategic objectives.

Fully integrated into this strategic vision is the Group's sustainable development process, which is designed to meet a series of commitments.

Lead the way in pioneering the products and services of tomorrow

- Environmental performance: broaden and deepen the range of vehicles and technologies:
  - 2009 and 2010: diesel compacts emitting less than 99 g/km of CO_2,
  - 2010: broader application of new Stop & Start technology,
  - late 2010: electric vehicle,
  - 2011: diesel hybrid powertrains on the Peugeot 3008 and Citroën DS5,
  - 2011: 1-litre petrol engine emitting less than 99 g/km of CO_2,
  - 2012: plug-in diesel hybrid version of the Peugeot 3008 emitting less than 50 g/km of CO_2.

Sustainable development commitment: Fuel-efficient, low-carbon vehicles/eco-design

- A growing proportion of low-carbon vehicles in the sales mix;
- Careful selection of vehicle materials;
- Styling and design: maintain the product dynamic and enhance the value of the Peugeot and Citroën brands, while accentuating their differentiation;
- Services: enable customers to benefit from onBoard telematics and offer them an integrated mobility solution that extends beyond vehicle purchase.

Sustainable development commitment: Safety and mobility

- Safety systems and features widely available as standard equipment, bespoke mobility services and optimised travel thanks to onBoard telematics.

Become a global player

- Reach critical mass in Latin America and Asia, particularly in China;
- Step up development of models adapted to the needs of non-European consumers.

Sustainable development commitment: Satisfy our customers

- Products and services aligned with the needs of our different markets and delivering the quality customers expect;
- Make the management teams more international.

Set the industry benchmark in operating efficiency

- Continue to deploy lean processes across the organisation.

Sustainable development commitment: Environmental management systems

- Increasingly strict management of the environmental footprint of our manufacturing operations, dealership network and office facilities;
- Continue adjusting production capacity;
- Redefine relationships with suppliers.

Sustainable development commitment: Cooperate with suppliers

- Sustainable, mutually beneficial relationships that comply with the highest social responsibility and environmental standards.

Support responsible growth

- Facilitate career development;
- Ensure employee well-being, health and safety;
- Maintain social cohesion.

Sustainable development commitment: Respect human rights/well-being in the workplace

- Ethical action principles that respect fundamental human rights and equal opportunity;
- A fulfilling workplace for our employees;
- Encourage ethical behaviour and good corporate citizenship.

Sustainable development commitment: Corporate citizenship

- An additional contribution to civil society in response to environmental and social issues.

➜ 5.3.2. Environmental Stewardship

PSA Peugeot Citroën teams are deeply involved in the eco-design process, which helps to shrink a vehicle's environmental footprint to a minimum at every stage in its life cycle, by improving fuel efficiency, reducing carbon and other pollutant emissions, using natural resources reasonably and enhancing recyclability. In addition to ensuring that its vehicles comply with local environmental legislation, eco-design also gives the Group a competitive advantage by helping it to create the automotive products of the future.

5.3.2.1. Greenhouse Effect

Fully aware of the automotive industry's responsibilities in reducing greenhouse gas emissions, PSA Peugeot Citroën is developing a range of increasingly fuel-efficient, carbon-free cars that continue to meet the growing mobility needs of individuals, giving them access to employment, education and healthcare.

Thanks to the technologies developed in recent years, such as HDi engines and the Stop & Start system, PSA Peugeot Citroën has built up considerable expertise in low-carbon vehicles:

- in 2009, it sold nearly a million vehicles (947,000) emitting less than 130 g/km of CO_2 worldwide;
- its current ranges include versions of the Peugeot 207, Citroën C3 and Citroën DS3 that emit less than 100 g/km of CO_2.

There is no "one-size-fits-all" solution to reducing global carbon emissions. That's why PSA Peugeot Citroën is developing a number of complementary technologies to meet differing customer needs in terms of use and price, while driving emission reductions across its entire line-up. The Group is focusing on:

- improving the fuel efficiency of petrol and diesel-powered internal combustion engines as well as the overall fuel efficiency of its vehicles, in particular by optimizing vehicle architecture (aerodynamics and mass) and equipment (gearboxes, tyres, air conditioning systems, etc.);
- deploying Stop & Start, diesel hybrid and plug-in hybrid technologies designed to deliver powerful breakthroughs in reducing CO_2 emissions;
- launching zero-emission electric vehicles (ZEVs) in 2010.

As of 2012, the Group has set the target of selling a million vehicles emitting less than 120 g/km of CO_2 in Europe each year. As announced in late 2009, it aims at reducing carbon emissions from its vehicles sold in China by 50% by 2020, thereby bringing them in line with projected European standards for that year, which will be the world's strictest.

Improving fuel efficiency and reducing diesel and petrol exhaust emissions

PSA Peugeot Citroën is continuing to optimize conventional internal combustion engines to improve their fuel efficiency and reduce their carbon footprint, by deploying advanced technological solutions in engine architecture, fuel intake systems and injection systems. For the past decade, the Group has been assertively downsizing its engines, enabling them to deliver the same performance in smaller, more fuel-efficient forms.

Diesel engines

PSA Peugeot Citroën has developed extensive expertise in diesel powertrains, which consume less fuel and emit less CO_2 while delivering the same performance as equivalent petrol engines. Developed in cooperation with Ford Motor Company, common-rail, direct-injection HDi diesel engines deliver outstanding driving comfort and reduce CO_2 emissions by a significant 20% compared with the previous-generation diesels. These benefits have made the HDi one of the best selling engines in Europe, where diesels represented more than 45% of unit sales in 2009. Ongoing programs are steadily improving the emissions control performance of HDi engines, which have been equipped with a particulate filter since 2000. In 2009, the Group unveiled a new 3-litre V6 HDi diesel designed for the Citroën C5 and C6 and the Peugeot 407 Coupé. In compliance with Euro V emissions standards, the new engine delivers a 15% reduction in CO_2 emissions compared with the 2.7-litre V6 engine it replaced.

Some 1.27 million HDi powerplants were produced in 2009, bringing total output to more than 13.7 million units since 1998.

In 2009, Peugeot introduced the 207 1.6-litre HDi, which emits just 99 g/km of CO_2 thanks to a particularly efficient technical package that includes special aerodynamics and optimized engine calibration. Citroën will also bring 99 g/km diesel versions of the DS3 and the new C3 to the European market in the first quarter of 2010.

Petrol engines

Since 2006, PSA Peugeot Citroën has been offering the 1.4-litre and 1.6-litre, 4-cylinder petrol engines developed jointly with BMW Group, which deliver a 10 to 15% reduction in CO_2 emissions compared with their predecessors. By the end of 2009, 1.3 million of these engines had already been produced.

A new stage in the cooperation began in January 2010 with the signature of an agreement to jointly develop the next generation of Euro VI-compliant 4-cylinder petrol engines.

At the same time, the Group is also working on a new family of 1-litre and 1.2-litre, 3-cylinder petrol engines, which are scheduled for launch in 2012. The new powerplant will make it possible to offer cars that emit less than 100 g of CO_2/km without additional technology.

To curb carbon emissions from its vehicles in China, the Group also plans to bring six new petrol engines to the local market by 2020, starting with the new 2.3-litre VTEC engine debuted on the Citroën C5.

Fuel consumption and CO_2 emissions by vehicle in 2009

Fifteen Peugeot and Citroën model families are sold in versions that emit less than 130 g/km of CO_2. The current model line-up also includes versions emitting less than 100 g/km of CO_2, such as the Peugeot 207, Citroën C3 and Citroën DS3.

The models below were selected on the basis of their sales and environmental performance. For each one, the table shows data for the petrol and diesel versions offering the lowest CO_2 emissions and fuel consumption. Models in boldface are the best-selling petrol or diesel version in France. In some cases, the best selling models are also the most fuel-efficient.

Peugeot

	Fuel	Displacement	Horsepower	Fuel consumption (litres/100 km)			CO_2	Noise
		cc	kW	City	Highway	Combined	g/km	dB(a)
Peugeot 107								
1.0	**P**	**998**	**50**	**5.5**	**3.9**	**4.5**	**106**	**70.0**
1.4 HDi	**D**	**1,398**	**40**	**5.3**	**3.4**	**4.1**	**109**	**71.2**
Peugeot 1007								
1.4	P	1,360	54	8.6	5.2	6.5	153	73.2
1.6	**P**	**1,587**	**80**	**8.6**	**5.4**	**6.6**	**156**	**72.6**
1.4 HDi	**D**	**1,398**	**50**	**5.6**	**3.9**	**4.5**	**120**	**73.7**
Peugeot 206+								
1.1	P	1,124	44	8.0	4.5	5.7	135	71.4
1.4	**P**	**1,360**	**55**	**9.1**	**4.8**	**6.3**	**150**	**71.9**
1.4 HDi	**D**	**1,398**	**50**	**5.4**	**3.5**	**4.2**	**110**	**71.4**
Peugeot 207 (hatchback)								
1.4 VTi	**P**	**1,397**	**70**	**7.9**	**4.8**	**5.9**	**140**	**72.0**
1.6 HDi 99 g	D	1,560	66	4.9	3.2	3.8	99	73.6
1.6 HDi	**D**	**1,560**	**66**	**5.6**	**3.6**	**4.3**	**115**	**73.6**
Peugeot 308 (hatchback)								
1.6 VTi	**P**	**1,598**	**88**	**9.3**	**5.2**	**6.7**	**159**	**73.9**
1.6 HDi	**D**	**1,560**	**66**	**5.8**	**3.8**	**4.6**	**120**	**73.2**
Peugeot 3008								
1.6 VTi	**P**	**1,598**	**88**	**9.8**	**5.6**	**7.1**	**165**	**73.3**
1.6 HDi FAP	**D**	**1,560**	**80**	**5.9**	**4.3**	**4.9**	**130**	**72.9**
Peugeot 5008								
1.6 THP	**P**	**1,598**	**115**	**9.8**	**5.7**	**7.1**	**167**	**72.9**
1.6 HDi	**D**	**1,560**	**80**	**6.5**	**4.5**	**5.3**	**140**	**74.7**
Peugeot 407								
1.6 HDi FAP	**D**	**1,560**	**80**	**6.4**	**4.1**	**4.9**	**129**	**73.5**
Peugeot 407 Coupé								
2.0 HDi FAP 163 hp	D	1,997	120	6.9	4.5	5.4	140	73.6
2.0 HDi FAP 136 hp	**D**	**1,997**	**100**	**7.8**	**4.8**	**5.9**	**156**	**73.7**
Peugeot 4007								
2.2 HDi FAP	**D**	**2,179**	**115**	**9.2**	**5.8**	**7.0**	**185**	**74.9**
Peugeot 607								
2.0 HDi FAP	**D**	**1,997**	**100**	**8.1**	**5.0**	**6.1**	**160**	**74.6**
Peugeot 807								
2.0 HDI FAP 120 hp	D	1,997	88	8.8	5.8	6.9	182	74.6
2.0 HDI FAP 136 hp	**D**	**1,997**	**100**	**9.0**	**6.0**	**7.1**	**188**	**73.3**
Peugeot Bipper Tepee								
1.4 HDi	**D**	**1,398**	**50**	**5.7**	**3.8**	**4.5**	**119**	**71.0**
Peugeot Partner Tepee								
1.6 VTi	P	1,598	88	9.6	6.0	7.3	169	74.0
1.6	**P**	**1,587**	**80**	**10.8**	**6.8**	**8.2**	**195**	**73.3**
1.6 HDi	**D**	**1,560**	**66**	**6.4**	**4.8**	**5.3**	**140**	**73.9**
Peugeot Expert Tepee								
1.6 HDi FAP	D	1,560	66	8.4	6.6	7.2	194	74.4
2.0 HDi FAP	**D**	**1,997**	**88**	**9.1**	**6.3**	**7.2**	**194**	**75.0**
RCZ*								
1.6 THP	P	1,598	115	9.3	5.2	6.7	155	72.2
2.0 HDi FAP	D	1,997	120	6.8	4.5	5.3	139	73.6

* *Market launch scheduled for first-half 2010.*

Citroën

	Fuel	Displacement	Horsepower	Fuel consumption (litres/100 km)			CO_2	Noise
		cc	kW	City	Highway	Combined	g/km	dB(a)
Citroën C1								
1.0i	**P**	**998**	**50**	**5.5**	**3.9**	**4.5**	**106**	**70.0**
HDi 55	**D**	**1,398**	**40**	**5.3**	**3.4**	**4.1**	**109**	**71.2**
Citroën C2								
1.1i	**P**	**1,124**	**44**	**7.5**	**4.8**	**5.8**	**138**	**72.9**
HDi 70	**D**	**1,398**	**50**	**5.3**	**3.7**	**4.3**	**113**	**73.8**
Citroën C3 Classic								
1.1i	**P**	**1,124**	**44**	**7.6**	**5.0**	**6.0**	**140**	**73.5**
HDi 70	**D**	**1,398**	**50**	**5.3**	**3.8**	**4.4**	**115**	**72.9**
Citroën C3								
1.4i	**P**	**1,360**	**54**	**8.0**	**5.0**	**6.1**	**140**	**73.8**
VTi 95	P	1,397	70	7.6	4.8	5.8	134	73.9
HDi 90 FAP	**D**	**1,560**	**68**	**4.7**	**3.3**	**3.8**	**99**	**72.1**
Citroën DS3*								
VTi 95	P	1,397	70	7.6	4.8	5.8	134	73.9
HDi 90 FAP	D	1,560	68	4.7	3.3	3.8	99	72.1
Citroën C3 Pluriel								
1.4i	**P**	**1,360**	**54**	**9.1**	**5.4**	**6.8**	**160**	**73.8**
HDi 70	**D**	**1,398**	**50**	**5.7**	**4.2**	**4.7**	**125**	**72.6**
Citroën C3 Picasso								
VTi 95	**P**	**1,397**	**70**	**9.1**	**5.5**	**6.8**	**157**	**74.0**
HDi 90	**D**	**1,560**	**66**	**5.6**	**4.0**	**4.5**	**119**	**74.9**
Citroën Nemo Combi								
1.4i	**P**	**1,360**	**54**	**8.3**	**5.6**	**6.6**	**155**	**70.0**
HDi 70	**D**	**1,398**	**50**	**5.7**	**3.8**	**4.5**	**119**	**71.0**
Citroën Berlingo								
1.6 16v	**P**	**1,587**	**66**	**10.8**	**6.8**	**8.2**	**195**	**73.3**
VTi 120	P	1,598	88	9.6	6.0	7.3	169	74.0
HDi 92 FAP	D	1 560	66	6,4	4.8	5.3	140	73.9
HDi 92	**D**	**1,560**	**66**	**7.0**	**5.0**	**5.7**	**149**	**74.2**
Citroën Xsara Picasso								
1.6i 16v	**P**	**1,587**	**80**	**9.5**	**6.0**	**7.3**	**172**	**71.9**
HDi 92	**D**	**1,560**	**66**	**6.4**	**4.2**	**5.0**	**130**	**73.4**
Citroën C4								
1.4i 16v	**P**	**1,360**	**65**	**8.7**	**5.2**	**6.4**	**153**	**71.6**
HDi 92	**D**	**1,560**	**66**	**5.6**	**3.7**	**4.4**	**115**	**74.1**
Citroën C4 Picasso								
VTi 120	**P**	**1,598**	**88**	**10.0**	**5.9**	**7.4**	**174**	**73.8**
HDi 110 FAP	**D**	**1,560**	**80**	**6.9**	**4.7**	**5.5**	**145**	**72.2**
HDi 110 FAP	D	1,560	80	6.4	4.7	5.3	140	70.1
Citroën C5								
1.8 16v	**P**	**1,749**	**92**	**10.8**	**6.2**	**7.9**	**188**	**72.1**
THP 155	P	1,598	115	9.8	5.5	7.1	167	71.4
HDi 110 FAP	**D**	**1,560**	**80**	**7.3**	**4.7**	**5.6**	**149**	**72.7**
HDi 110 FAP	D	1,560	80	6.6	4.6	5.3	140	71.7
Citroën C6								
V6 HDi 240 FAP	**D**	**2,993**	**177**	**10.2**	**5.8**	**7.4**	**195**	**72.8**
HDi 173 FAP	D	2,179	125	8.7	5.4	6.6	175	75.0
Citroën C8								
HDi 120	D	1,997	88	8.9	5.6	6.8	175	74.0
HDi 138 FAP	**D**	**1,997**	**100**	**8.7**	**5.4**	**6.6**	**179**	**73.4**
Citroën C-Crosser								
HDi 160 FAP	**D**	**2,179**	**115**	**9.2**	**5.8**	**7.0**	**185**	**74.9**

* *Market launch scheduled for first-half 2010.*

Using Alternative Fuels

Another way to reduce a vehicle's carbon footprint is to explore the use of other fuels than petrol and diesel, such as natural gas, LPG and biofuels. The energy efficiency and environmental performance of these alternative fuels vary widely depending on each market's specific features.

Compressed natural gas (CNG)

PSA Peugeot Citroën markets vehicles that run on compressed natural gas (CNG) in markets where CNG is already a viable alternative to petrol and diesel, such as China, Iran, Turkey and Argentina. CNG not only helps to reduce tank-to-wheel carbon emissions by 20% compared with petrol, it also enables engines to deliver exceptional fuel efficiency.

In addition, CNG versions of the Peugeot Partner and Citroën Berlingo light commercial vehicles and the Citroën C3 supermini are already available in a number of European countries:

- Italy, for the Peugeot Partner, Citroën Berlingo and Citroën C3, as well as the retrofit CNG C4 Picasso;
- the Netherlands, for the Citroën C3 CNG;
- France, for the Citroën Berlingo and C3 CNG.

In 2005, PSA Peugeot Citroën signed the third CNG protocol aimed at developing this solution in France.

In 2008, the Group completed development of a global 1.6-litre dual-fuel petrol/CNG engine and introduced it in Iran, on the Peugeot 206 notchback, and in China. As part of the cooperation with Karsan, it is also working on CNG versions of the stretch Peugeot Partner Origin and Citroën Berlingo First produced in Turkey, which are scheduled to be launched in Turkey and other Middle-Eastern markets in mid-2010. Lastly, retrofit CNG versions of the Citroën Berlingo and C4 and the Peugeot Partner, 207 and 307 are sold in Argentina.

Liquefied petroleum gas (LPG)

Manufactured as a by-product in refineries or extracted from natural gas fields, LPG generates fewer greenhouse gas emissions than petrol (well-to-wheel emissions are on a par with diesel) and emits very little particulate matter. This is why its use is encouraged by tax incentives in certain countries, such as Italy and the Netherlands, which make it a particularly interesting alternative fuel. In Italy, Peugeot offers a retrofit LPG kit for the Peugeot 206+, 207 and 207 SW.

Ethanol and Biodiesel biofuels

The wider use of biofuels raises a host of social and environmental issues. This is why PSA Peugeot Citroën supports the development of so-called "sustainable" biofuels, which comply with the standards being explored in Europe and globally, for example to avoid the adverse impact of diverting farm land from food to energy crops. According to European Union directive 2009/28/EC on renewable energies, to be certified as sustainable, biofuels must have a positive environmental, economic and social impact. In particular, they must:

- effectively reduce greenhouse gas emissions by at least 35% today and by at least 60% in 2018;
- avoid any negative impact on natural habitats, biodiversity;
- enable energy diversification;
- provide new markets for farmers without threatening food supply;
- help to reuse organic waste, such as biomass.

Ethanol and its derivative, ethyl tertiary butyl ether (ETBE), which are made from cereals and sugar beets in Europe and sugar cane in Brazil, are biofuels that can be blended with petrol. SP95-E10, a fuel introduced in France in 2009, is a blend of regular unleaded petrol (SP95) and 10% plant-derived ethanol. All of the Group's petrol-powered models produced since 1 January 2000 can run on SP95-E10.

PSA Peugeot Citroën has also developed flex-fuel engines that can run on ethanol/petrol blends of up to 85% ethanol in Europe (E85) and from 20 to 100% ethanol in Brazil. In the latter country, the world's largest market for ethanol and flex-fuel vehicles, the Group markets flex-fuel versions of the Peugeot 206 and the Citroën C3, C4 and Xsara Picasso. In 2009, these vehicles accounted for more than 65% of the petrol vehicles sold by the Group in Latin America (Argentina, Brazil and Paraguay) and close to 85% of those sold in Brazil. In addition, flex-fuel versions of the Peugeot 308 and Citroën C4 and C5 were marketed in several European countries in 2009, with the majority sold in Sweden.

Biodiesels are a blend of diesel fuel and vegetable oil methylesters (VOMEs), which come from oilseeds such as rapeseed. The biodiesels currently on retail sale (at the pump) in Europe contain up to 7% VOMEs. Higher biofuel blends are more beneficial when used in captive fleets, where fuel storage and refuelling issues are easier to resolve. For example, the Group's service fleet, which totals around 700 vehicles travelling some 14 million kilometres per year, has been running on B30 biodiesel for more than a decade. In fact, all of the Group's diesel vehicles can run on a biodiesel blend of up to 30%, provided that the fuel is of high quality and the vehicle is maintained accordingly (diesel filter, lubricant, etc.).

PSA Peugeot Citroën has participated in various research programmes in Europe (notably in France where it is a member of the Diester Partners association), in China, where it conducted research with the China Automotive Technology & Research Centre (CATARC), and in Brazil in association with the Ladetel laboratory. Phase two of the joint Ladetel research program, which studied the properties of Brazilian B30 biodiesels made from soybean, castor and palm oils, was completed in 2009. The biodiesels were tested on six vehicles – a Peugeot 206, a Citroën Xsara Picasso, two Peugeot Partners and two Citroën Berlingos – travelling 60,000 kilometres over a three-year period. Two of the vehicles were used by local non-profit organization GACC, which meets the mobility needs of children with cancer.

Advanced biofuels

Extending the use of biofuels, without detracting from their positive social and environmental impact, requires the development of so-called “advanced” biofuels, which can be made from biomass feedstocks, such as crop residue, non-food crops, organic waste or even microalgae. PSA Peugeot Citroën is contributing to this process by participating in research projects and real-world trials.

In 2009, PSA Peugeot Citroën and EADS Innovation Works joined the Shamash project, which aims to produce a lipid biofuel from microalgae supplied by Alpha Biotech. In addition to funding, the two companies are contributing their considerable expertise in the fuel standards and specifications applicable in the automotive and aerospace industries. The goal is to produce enough algae-based biofuel to enable testing of its physical-chemical properties and its compatibility with current and future engines, in particular during engine trials scheduled to be undertaken by the Group in 2010. The project will also provide more detailed data about the technical and economic viability of making biofuels from microalgae in France.

In 2010, PSA Peugeot Citroën will partner the administrative authority for the greater Lille region to test the use of biogas in public transit applications. The greater Lille authority, which is a member of the European Biogasmax and Biofuel Cities networks, will manage the entire chain, from collecting municipal waste and methanising it into biogas to supplying a fleet of 100 CNG-fuelled city buses with a grade of biogas compliant with the quality standards set by France’s national gas distribution utility, GrDF.

Biogas, which can be made locally from renewable resources, offers a viable alternative to natural gas, a fossil fuel that has to be transported over long distances. Using biogas as an automotive fuel would significantly reduce global greenhouse gas emissions, by:

- limiting the amount of methane released to the atmosphere by the natural and controlled methanation of waste;
- converting methane (CH_4) into carbon dioxide (CO_2) – estimated to have a global warming potential 24 times lower than that of methane – during the internal combustion process using, in this case, a bio-methane made entirely from organic sources.

By contributing two CNG Citroën Berlingos to the project, PSA Peugeot Citroën can broaden its knowledge of biogas and confirm that its CNG powertrains are compatible with this energy resource of the future, in terms of durability and compliance with emission standards.

Deploying breakthrough technologies: hybrids and zero-emission vehicles

More than ever, the environmental challenges associated with automotive use are being met by technological solutions designed to drive powerful breakthroughs in fuel efficiency and CO_2 emissions. PSA Peugeot Citroën will soon introduce hybrid and zero-emission vehicles, consolidating its position in the European low-carbon vehicle segment and extending its expertise to other markets.

Hybrid technologies

PSA Peugeot Citroën is actively preparing the deployment of a range of hybrid technologies, combining an internal combustion engine with an electric motor, that will deliver significant improvements in fuel efficiency and carbon emissions (to less than 99 g/km), particularly in city driving. The Stop & Start system will be gradually rolled out across all the Peugeot and Citroën ranges starting in the second half of 2010, the HYbrid4 full-hybrid diesel drivetrain will be introduced in 2011, followed by the Group’s first plug-in hybrids in 2012.

THE STOP & START SYSTEM

Stop & Start technology shuts down the engine automatically when the vehicle is standing still or in neutral – at a red light, for example – and starts it up again instantly and noiselessly when reactivated by the driver. As a result, it helps to reduce carbon emissions by up to 15% in city driving. When combined with the system’s cost-effectiveness, these features make Stop & Start an efficient solution to a number of traffic-related issues in cities, where 75% of Europeans live.

First-generation Stop & Start technology was introduced on the Citroën C2 and C3 in 2004. The second generation, equipped with a more powerful integrated starter-generator that allows regenerative braking, will be launched in the second half of 2010 and deployed on virtually every Peugeot and Citroën model in Europe in 2011. Economies of scale from the forecast volumes will ensure that the system is widely affordable. The Group’s objective is to have sold a total of one million vehicles equipped with Stop & Start technology by the end of 2013.

At the Shenzhen Auto Show in China in late 2009, the Group unveiled the new Citroën C-Quatre featuring a Stop & Start system mated to a petrol engine. Developed by teams at the Group’s China Tech Centre in Shanghai, the vehicle will undergo wide-scale testing in 2010 before being introduced to the local market.

HYBRIDS

PSA Peugeot Citroën's HYbrid4 diesel hybrid technology represents a major breakthrough in terms of fuel efficiency and CO_2 emissions in the European market, offering gains of nearly 35% compared with the equivalent HDi diesel model. The drivetrain combines the high fuel efficiency of the HDi diesel in highway driving with all the benefits of electric propulsion on city and suburban roads. It also offers all-wheel drive capability, thanks to the electric motor mounted on the rear axle assembly, as well as the Stop & Start system and a particulate filter.

Unveiled at the 2008 Paris Motor Show on the Peugeot Prologue and Citroën Hypnos concept cars, the technology will initially equip distinctive Peugeot and Citroën models, starting with the Peugeot 3008 HYbrid4 and the Citroën DS5 HYbrid4 scheduled for market launch in 2011. They are expected to emit just 99 g/km of CO_2.

As part of its strategy to reduce the carbon footprint of vehicles sold in China, the Group plans to bring HYbrid4 petrol hybrids to the Chinese market by 2015.

PLUG-IN HYBRIDS

The Group is working on a plug-in hybrid, i.e. an EV that can be recharged almost anywhere from a simple electric socket. An enhanced battery pack will enable the plug-in to run in all-electric mode for between 15 and 50 kilometres, which corresponds to most motorists' daily needs. It therefore offers all the benefits of an EV for day-to-day use, but can also handle longer distances thanks to its internal combustion engine. Wide-scale testing will be carried out on an initial fleet of around a hundred vehicles starting in 2011, ahead of the technology's market launch in 2012. The long-term objective is to reduce these plug-ins' CO_2 emissions to less than 50 g/km.

Zero-emission vehicles: electric and fuel cell vehicles

ELECTRIC VEHICLES

In late 2010, PSA Peugeot Citroën will introduce two new-generation city EVs developed in conjunction with Mitsubishi Motors, the Peugeot iOn and the Citroën C-Zero. With a driving range of 130 kilometres, these vehicles are capable of satisfying 90% of motorists' daily transport needs. The lithium-ion battery pack placed under the vehicle floor can be fully charged in six hours from a simple electric socket or fast-charged to 80% of its rated capacity in 30 minutes. In addition, these city cars are aligned with customer expectations in terms of both spaciousness, with four seats and 166 litres of storage space, and comfort and safety, with ESP as standard equipment, six airbags and a system to protect the battery in the event of a collision. The Group is exploring various avenues for getting these vehicles on the road, including direct sales, all-inclusive leasing contracts and participation in car-sharing schemes. PSA Peugeot Citroën aims to ensure that that these EVs have similar running costs to internal combustion engine vehicles. It will also help to set up systems for battery collection, reuse and recycling.

The Group's EV line-up will also include two electric commercial vehicles, the Peugeot Partner Origin and Citroën Berlingo First, developed in cooperation with Venturi Automobiles. Designed more specifically for fleet use, these vehicles offer three cubic metres of storage space and can carry loads of up to 500 kilograms. Their Zebra sodium nickel chloride battery, located under the bonnet, offers a range of 100 kilometres and can be charged from a simple mains socket. 250 of these vehicles have already been ordered under a pilot tender from the French Post Office.

FUEL CELL VEHICLES

Over the longer term, the Group is exploring possible applications of hydrogen fuel cell technology. In December 2009, it presented its Peugeot 307 CC FiSyPAC demonstrator, which is equipped with a range extender and the Genepac fuel cell stack developed jointly with the French Atomic Energy Commission (CEA). It uses less than one kilogram of hydrogen per 100 kilometres, ranking it among the best-in-class worldwide. PSA Peugeot Citroën has successfully quadrupled the fuel cell's lifespan and increased its efficiency by nearly 20% since 2006. As a result, process engineering and mass marketing would seem foreseeable as from 2020-2025. However, hydrogen fuel cell vehicles are still a long way from the technical and economic maturity needed to support mass-market production. Although considerable progress has been made, hydrogen fuel cell technology must still overcome a number of obstacles, such as the cost of the fuel cell system and the lithium ion batteries, the fuel cell's lifespan and the deployment of the necessary infrastructure to market hydrogen to the general public.

Optimizing vehicle architecture and equipment

Further gains in fuel efficiency and carbon emissions are being driven by improvements in various vehicle sub-assemblies and equipment, as well as in vehicle architecture and aerodynamics. These improvements are being made without sacrificing any of the vehicle's critical features, such as safety, handling, comfortable ride, attractive styling and equipment. They are also being incorporated into models designed specifically for markets outside Europe.

Equipment

In addition to working on engines, PSA Peugeot Citroën is improving the overall fuel efficiency of its vehicles by optimizing various vehicle components and equipment:

- equipping certain models with electronic manual gearboxes, which can improve fuel efficiency by up to 5%;
- optimizing air-conditioning components, like the evaporator and compressor, to reduce the energy required to run the system, and eventually replacing R134a, the current

refrigerant, with new solutions that contribute less to global warming;

- selecting tyres that offer the best trade-off between grip (primary safety) and low rolling resistance, given that a 10% reduction in rolling resistance reduces a vehicle's carbon emissions by an average of 2 g/km. PSA Peugeot Citroën prefers very low rolling resistance (VLRR) tyres and is widely deploying tyre pressure sensors;
- equipping certain models, such as the Peugeot 207 and 207 SW and the Citroën C3 and DS3, with a gear change indicator that promotes eco-driving by indicating the best time to upshift;
- offering an online service record and eco-driving service via Citroën's e-Touch telematics service.

Vehicle mass and aerodynamics

Mass has a direct influence on a car's fuel efficiency, and therefore on its carbon emissions, with a 100kg reduction in weight delivering a gain of an average 4 g/km. To shrink the environmental footprint of its models, PSA Peugeot Citroën is therefore actively reducing their mass, with the goal of making vehicles in development more than 100kg lighter than the previous models, while continuing to meet cost and performance specifications, particularly in the area of safety. Teams also pay careful attention in selecting a vehicle's base materials, starting with the metals that on average account for around 70% of its total weight. One example is the increasing use of very stiff high-tensile steel. Whenever technically feasible and cost effective, mass is being reduced by choosing lower density materials, such as the aluminium or plastics used in the place of steel. Another source of improvement lies in the use of innovative assembly techniques, such as hot stamping and laser welding, which help to reduce car body weight while improving impact resistance.

A vehicle's performance also depends on its aerodynamics. PSA Peugeot Citroën uses wind tunnel testing and digital modelling to reduce a car's drag area (C_dA) without compromising on the other technical, practical, aesthetic and regulatory parameters involved in vehicle design, such as styling, safety, stability, storage space, engine cooling, rainwater drainage and acoustics. A 0.05m2 reduction in drag area reduces a vehicle's carbon emissions by 2.5 g/km.

5.3.2.2. Air quality

Reducing vehicle exhaust emissions

Complying with Euro IV, Euro V and Euro VI standards

In Europe, the Group's petrol and diesel-powered passenger cars comply with Euro V standards for new models introduced after September 2009, and at least with Euro IV standards, in the case of other models. In 2011, all of the vehicles sold by the Group will comply with Euro V standards.

The following stage, Euro VI, will come into effect on 1 September 2014 for new models and in September 2015 for all new car registrations.

These standards set maximum admissible levels of CO, HC, NO_x and particulate matter emissions. Euro V and Euro VI standards reduce the maximum admissible levels of particulate matter and NO_x emissions of diesel-powered vehicles to very low levels.

In the rest of the world, vehicles sold by PSA Peugeot Citroën meet or exceed the applicable standards in each local market and are equipped with the new technologies developed for the European market.

Petrol-engine emissions control technologies

To reduce petrol-engine emissions at source, PSA Peugeot Citroën has introduced such technological advances as:

- direct-injection systems;
- the variable valve time (VVT) engine timing system on the inlet and exhaust camshafts.

Advances in after-treatment technologies have primarily concerned improving the efficiency of three-way catalytic converters by positioning them as close to the engine as possible, generally in the engine well, and by using a high cell density honeycomb substrate to heat the converter more quickly. In addition, ignition and injection management has been optimised to reduce emissions at source and maximise the efficiency of after-treatment systems.

Diesel-engine emissions control technologies

Technological advances introduced by the Group to reduce diesel emissions at source include:

- higher common-rail injection pressures, with a focus on reducing compression ratios;
- improved combustion chamber aerodynamics and heat performance with the Extreme Conventional Combustion System (ECCS);
- introduction of a variable percentage exhaust gas recirculation (ERG) system, for better control of NOx emissions.

In addition, exhaust after-treatment is being taken to the next level by extending the particulate filter to all of the Peugeot and Citroën ranges.

Eliminating particulate emissions with the particulate filter

The FAP particulate filter is a after-treatment system, that eliminates close to 100% of even the smallest particulate matter in exhaust gases. It has further enhanced the environmental performance of diesel engines and played an important role in improving the quality of air in urban environments. Launched by PSA in 2000, the FAP particulate filter has set a new standard for European diesels. Peugeot and Citroën models equipped with the FAP particulate filter already more than meet Euro V and Euro VI particulate emissions standards.

A pioneer in this field, PSA had sold a total of 3.5 million FAP-equipped diesel vehicles by the end of 2009 (of which 3.3 millions even before Euro V standards made filters mandatory in September 2009). The FAP is now available on every model in the Peugeot and Citroën line-up except for the Peugeot 107 and the Citroën C1. In 2009, more than 37% of the diesels sold worldwide by PSA Peugeot Citroën were equipped with a particulate filter.

The third generation of the FAP filter introduced to comply with Euro V standards is service-free.

The additive technology chosen by PSA Peugeot Citroën results in significantly lower NO_2 tailpipe emissions (which can irritate the respiratory tract) than catalytic converter technology. This environmental benefit has been recognised by the French Agency for Environmental and Occupational Health Safety (AFSSET).

Reducing NO_x emissions with selective catalytic reduction (SCR)

To build the future, PSA Peugeot Citroën has developed an after-treatment technology that substantially reduces nitrogen oxide (NO_x) emissions, bringing them into compliance with the strictest standards while contributing to the overall advancement of diesel technology. This new technology, selective catalytic reduction (SCR), abates NO_x emissions by injecting urea into the exhaust stream before it enters a special catalyst chamber. A new emission control architecture, including a particulate filter and SCR, has been designed to optimise fuel efficiency and limits CO_2 emissions. Group programs are underway to optimise the system in every real-life situation, ensure its durability, verify its compliance with standards and alignment with customer expectations and resolve any process engineering issues.

5.3.2.3. Resource management and recycling

Use of materials

An assertive commitment to using green materials

To optimise the use of resources, PSA Peugeot Citroën is focusing much of its research on polymers, since most of the other materials, such as metals and fluids, are already recyclable and extensively recycled. Polymers account for almost 20% of a vehicle's total mass.

Since 2008, the Group has deployed an ambitious plan to increase the proportion of green materials, by weight, in a vehicle's total polymers (excluding tyres) to 20% by 2011 and to 30% by 2015, from an average 6% in 2007. For the Group, green materials include three families of materials: recycled plastics, natural materials (wood, vegetable fibres, etc.) and biomaterials (made from renewable instead of petrochemical feedstocks). Their use offers a number of benefits, such as reducing the use of fossil plastics and fostering the development of plastics recycling processes by increasing demand.

The wider application of green materials requires the development of robust supply chains and more research on new materials. To meet its targets, the Group is actively selecting and certifying materials that offer the best cost/technical trade-offs, to create a portfolio of solutions for future vehicle projects. In 2009, this portfolio was expanded to include 13 new green materials, representing 33% of all materials certified during the year.

To spur faster development of the biomaterials industry and expand the use of these materials in automotives, PSA Peugeot Citroën is involved in a large number of scientific partnerships. In particular, it is leading the MATORIA project to develop new injection plastics made from renewable resources and suitable for automotive applications. The work undertaken in 2009 suggests that a pilot phase may be launched in 2010.

In addition, the Group is helping to financially support the Bioplastics university chair at the MINES ParisTech engineering school, notably by funding three doctoral dissertations.

Using green materials in vehicles

Each vehicle project has a contractual objective for the use of green materials.

Progress towards fulfilling the green materials plan may be illustrated by the Citroën C3 Picasso, in which green materials make up around 11% of its 170 kg of polymers (excluding tyres). Examples include natural fibres, used to make the rear parcel shelves, boot carpeting and door insets, and recycled automotive plastics, used as raw material for mudguards.

On the Peugeot 207, review mirror support stalks is made of hemp-fibre reinforced polypropylene instead of the traditional fibreglass. A life cycle assessment performed in 2009 by French environmental consulting firm EVEA showed that the new component delivered significant environmental benefits, reducing weight by 4%, energy consumption and greenhouse gas emissions by 14% and water use by 43%.

Green materials represent nearly 20% of the Citroën C3 Picasso e-HDi demonstrator unveiled in early 2010, in such new components as floor mats, seat cushion foam, wheel trims and the fuel tank.

Recycling end-of-life vehicles

Eco-designing for disassembly and reuse

Peugeot and Citroën cars are all eco-designed for recycling, based on principles that facilitate the disassembly and decontamination of end-of-life vehicles (ELV). The Group works closely with disassembly organisations, to keep them informed of procedures that facilitate the elimination of fluids and the disabling of airbag pyrotechnics.

Vehicle materials are selected according to increasingly strict criteria, which are designed to foster the development of recovery and recycling facilities.

The Group is ensuring that its vehicles are highly recyclable in a variety of ways, including:

- using easily recyclable materials;
- reducing the variety of plastics in a car, to facilitate sorting after shredding, optimize the related recovery processes and ensure their profitability;
- using a single family of plastics per major function, so that an entire sub-assembly can be recycled without prior dismantling;
- marking plastic parts with standardized codes, to ensure identification, sorting and traceability;
- using recycled materials in new vehicles.

This approach is enabling the Group to comply with the current requirement that a new car must be 95% recyclable to be homologated in the EU, based on European directive 2005/64/EC on type-approval of motor vehicles with regard to their reusability, recyclability and recoverability. French testing laboratory UTAC has certified that PSA Peugeot Citroën is able to implement the processes needed to meet this requirement.

At least 95% of the average weight of new Peugeot and Citroën vehicles is reusable and recoverable, according to prevailing ISO standards and the calculations carried out by the Group. Of this total, 85% is actually reusable or recyclable and 10% reflects the use of recovered resources as fuel in waste-to-energy facilities.

Since 2002, PSA Peugeot Citroën has asked suppliers to provide compliance certificates for all their deliveries or for each part supplied for forthcoming vehicles. As a participant in the International Dismantling Information System (IDIS) project, the Group provides scrap yard facilities with disassembly instructions for Peugeot and Citroën vehicles.

The Group is continuing to work with suppliers to eliminate four heavy metals (lead, cadmium, chromium and mercury) from its vehicles and to find technical solutions for their replacement.

➜ 5.3.3. Production Plants and the Environment

An Effective Organisation and Strong Principles

For many years, PSA Peugeot Citroën has been engaged in assertive environmental stewardship at its production facilities, in a commitment to ensuring that their operations comply not only with local regulations but also safeguard the neighbouring environment and the quality of life in host communities. To support this commitment, manufacturing strategy integrates environmental protection as part of a continuous improvement process, based on a disciplined organization, a method structured around ISO 14001 certification, the allocation of substantial funding and an effective reporting system known as the Industrial Environment Observatory, created in 1989 and completely rebuilt in 2007. Deployed worldwide, this process efficiently manages the most significant environmental aspects of the Group's operations.

The Institutional Relations Department includes an Industrial Environment Section, which leads and coordinates general activities in this area and manages the Industrial Environment Observatory application, with its own capital budget. In addition, at each plant, an environmental compliance officer is backed by a dedicated service and correspondents appointed in each workshop and facility. The technical department also has environmental specialists who provide technical support for the plants, particularly during capital projects. In all, some 500 people are directly involved in managing the Group's industrial environment.

An Active Certification Policy

Environmental management systems have been introduced at all production facilities worldwide, based on ISO 14001 certification, the internationally recognised standard for environmental management and organisation. The standard enables a company to express an environmental strategy, describe the procedures used to implement it, guarantee compliance and drive continuous improvement, the foundation of good environmental management.

As part of the ISO 14001 process, every employee, whether fixed-term or permanent, as well as temporary workers and interns, receives training in environmental skills or awareness tailored to his or her job and business. Contract workers employed at the plants undergo similar training.

Launched more than 10 years ago, the certification process is now fully implemented in the production plants, which are all ISO 14001 certified. Today the process is being deployed in the technical centres, replacement parts facilities and the new production plant.

ISO 14001 CERTIFICATION TIMETABLE FOR THE MANUFACTURING PLANTS

1999	2000	2001	2002	2003	2004	2005	2007
Mulhouse	Poissy	Aulnay	Caen	Metz	Saint Ouen	Hérimoncourt*	Trnava
Sochaux	Trémery	Rennes	Charleville	Mangualde			Vesoul
	Madrid	Porto Real	Sept Fons				La Garenne
	Buenos Aires		Valenciennes				
	Vigo						

* *Included in PCA data since 2005 (certified since 2001)*

Note 1: While not included in PCA data, the five automotive manufacturing joint ventures have also been certified. They are TPCA in Kolín, Czech Republic; the DPCA plants in Wuhan and Xiangfan, Hubei province, China; Sevelnord in Hordain, France; Sevelsud in Val Di Sangro, Italy and Française de Mécanique in Douvrin, France.

Note 2: The Asnières plant is no longer included in the table, having ceased production in 2009.

Limiting Gaseous Releases

Reducing volatile organic compound Emissions

PSA Peugeot Citroën's automotive assembly plants in France account for less than 1% of total volatile organic compound (VOC) emissions produced by human activity (which totalled 1,199,000 tonnes in 2007, according to CITEPA).

Nevertheless, the Group is leading a proactive strategy to reduce these emissions by:

- optimizing paint shops by introducing equipment with higher application efficiency to reduce the use of conventional paints and related solvents, by selecting low-solvent paints and by recycling used solvents;
- deploying clean technologies like water-based paints and powder primers in new facilities;
- installing air treatment equipment that incinerates VOCs;
- encouraging the sharing of experience and best practices among Group plants.

Deployment of this ambitious action plan has more than halved per-vehicle VOC emissions from the Group's paint shops in less than 15 years and enabled each facility to meet the limits set in the European Union directive on reducing VOC emissions, which came into force in October 2007.

Continued systematic implementation of the best, most cost-effective technologies is enabling the Group to steadily improve its performance, with per-vehicle emissions falling below 4.0 kilograms in 2009.

A decline in other regulated emissions

By gradually replacing conventional high-sulphur fuel oil with low-sulphur fuels and natural gas, worldwide sulphur dioxide (SO_2) emissions from the Group's power plants have been reduced to minimum levels since 1995.

During the same period, the Group's worldwide nitrogen oxide (NO_x) emissions have also declined sharply.

Managing Energy Consumption

All carmaking processes are energy intensive, whether foundry work, the cooling of machine tools, paint drying or heat treatment processes. The Group is committed to developing an energy management plan for all its plants using the best available techniques (BAT).

Among the most remarkable initiatives undertaken in recent years has been the installation of waste-to-energy units at three facilities.

Participation in the Carbon Emission Allowance Scheme

For the 2008 to 2012 period, eight plants (six in France and two in Spain) that operate installations rated over 20 MW qualify for the carbon emission allowance scheme set up in application of European Union Directive 2003/87/EC, amended, on greenhouse gas emissions trading.

For the eight plants, changes in the allocation rules have led to an 18% reduction in allowances compared with the 2005-2007 period. Thanks to the deployment of energy management policies, however, this has not had any impact on the Group, which remains self-sufficient in terms of allowances.

Reducing Water Consumption and Effluent

Conserving water is a key objective at every plant, in particular through the use of metering systems, the display of the least water-intensive operating parameters for each workstation and the deployment of recycling systems.

Since 1995, these measures have led to a sharp reduction in water consumption per vehicle produced, thereby helping to conserve resources.

Production facilities, which are either connected to the public wastewater treatment network or equipped with their own integrated treatment plant, also systematically track releases using indicators, defined in the operating permits. This organisation ensures that aqueous releases are not harmful to the surroundings. In particular, given the nature of effluent from the car plants, the risk of eutrophication and acidification is negligible.

Reducing and Efficiently Recovering Waste

For more than ten years, programmes have been in place to reduce the amount of automotive process waste per vehicle produced, and to promote the recovery, recycling or reuse of any waste that remains.

Since 1995, these programmes, which exclude metal waste, have produced the following results:

- the weight of waste per vehicle produced has been reduced by around one third;

- around 83% of all process waste is reclaimed and recovered, a rate that has remained stable for a number of years;
- other treatment methods include incineration without energy recovery, treatment with physical-chemical processes in the case of certain types of liquid or sludge waste and disposal in landfills, which is steadily declining.

Nearly all scrap sheet metal, turnings and other metal waste is recovered and reused in steelmaking or in the Group's foundries. When this category of waste is taken into account, Group plants reclaim and recycle a steady 94% of their process waste.

Other Environmental Issues

Identifying contamination to protect the soil

PSA Peugeot Citroën is committed to identifying any soil contamination pre-existing at its sites.

Either at the instigation of public authorities or at the Group's initiative, soil contamination has been assessed at a large number of sites. After in-depth surveys, the experts concluded that some of the sites required only self-monitoring. Depending on the site, these surveys were supported by a small number of one-time remediation or prevention programs. Assessments are also carried out when production plants are acquired or sold, or when certain installed equipment is divested.

In every case, strict procedures are applied to prevent soil pollution, in particular through the use of retention basins for liquid storage and limiting, to the extent possible, the use of underground pipelines for fluids transport.

Respecting the biological balance and managing odours and noise

PSA Peugeot Citroën's carmaking operations do not intrinsically pose a high risk to the environment. The manufacturing facilities are quite large, however, due to the demands of mass-market production.

Although most Group facilities are based in suburban industrial parks, none of them are located in an area on the Ramsar List of Wetlands of International Importance or in areas that are specially regulated for the protection of flora and fauna (natural parks, Natura 2000 areas, nature reserves, etc.). A few sites are located near such areas, however, but no harmful effects on the surroundings have yet been identified.

Measures required to preserve natural habitats, flora and fauna, as well as to ensure the tranquillity of neighbouring communities, are assessed and defined during initial or supplemental environmental impact studies conducted before the installation of any new plant facilities or equipment. In accordance with legislation, these studies are submitted to public hearings and to the approval of administrative authorities.

Amount of provisions for environmental risks

A provision of €1 million has been set aside for a dispute with the successive acquirers of a former production plant in Levallois.

Amount of penalties paid following a legal ruling concerning the environment

The Group did not have to pay any penalties in this regard in 2009.

The Other Divisions and the Environment

Gefco

Gefco has pledged to support the United Nations Global Compact, an initiative supported by a large number of socially responsible companies worldwide to help build a more sustainable, equitable and open global economy. As a signatory, Gefco has committed to aligning its business practices and strategy with the Compact's ten universal principles on human rights, labour standards, the environment and anti-corruption, and to mainstreaming these principles in every aspect of its business.

In its day-to-day operations, Gefco constantly strives to respond as proactively as possible to its customers' sustainable development needs. In this way, it can not only enhance their productivity and competitiveness, but also deliver real environmental value added thanks to a wide range of resources deployed in several key areas.

First, a global network of 150 Environmental Correspondents continuously tracks energy use, waste production and other environmental impact indicators in all of the Company's operations.

Then, as a supporter of the "Objective CO_2" charter issued by the French Environment and Energy Management Agency (ADEME), Gefco has pledged to reduce its carbon emissions by upgrading its truck fleet more quickly, improving fuel efficiency, training drivers in eco-driving practices and re-engineering its logistics chains. As part of this commitment, Gefco engineering offices constantly revise the transport and logistics routing plans to achieve the most efficient cost/quality/carbon ratio. This is driving a greater shift to alternatives to overland haulage, which currently carry 25% of Gefco's shipping volumes, compared with the European industry average of 17%. More specifically, of the 2.5 million vehicles transported in 2009, 30% were shipped by sea and 25% by rail.

In a further commitment to the environment, logistical platforms are now being built in compliance with French HQE environmental quality standards.

Since 2008, environmental data has been collected, verified and consolidated using an intranet system.

Peugeot and Citroën

Environmental initiatives undertaken in the Peugeot and Citroën dealership networks are led and coordinated by a corporate team, supported by a correspondent for each brand (or for both brands) in every host country. The correspondent network cascades down environmental management policies and monitors changes in local legislation and practices.

Since 2008, environmental data has been collected verified and consolidated using an intranet system.

In addition, particular attention has been paid to new buildings, with the definition of new dealership construction guidelines covering energy efficiency, insulation, heating and ventilation, lighting, water and waste management and recycling.

Lastly, the brands have deployed a number of country-specific initiatives. In France, for example, Citroën has introduced the GreenPact environmental programme, which is designed to help local dealers keep up with changing French and European legislation while continuously reducing their environmental footprint. The programme leverages a full range of communication resources – including a website, an environmental guide, a magazine, a newsletter and information meetings – and facilitates contacts between dealers and other specialised stakeholders, such as organisations that collect end-of-life vehicles and parts or process waste coolant.

➜ 5.3.4. Production Plant Consumption and Emissions

The following environmental indicators are presented in compliance with articles L. 225-102-1 and R. 225-105 of the French Commercial Code. The reported data concern the production plants, the main engineering and design sites and the logistics platforms of fully consolidated companies, including the Peugeot and Citroën proprietary dealership networks. Faurecia, a listed company 70.86%-owned by Peugeot S.A. in 2009 (57.4% since February 2010), manages its business independently and therefore prepares and publishes its own indicators in its Registration document. The company's performance in its main indicators is presented below, however.

PSA Peugeot Citroën consumes two main resources for the needs of its manufacturing operations and its employees:

- water, for such uses as machining, washing, cooling and sanitary facilities. Depending on local availability, production plants get their water from public water companies, private wells or nearby rivers;
- energy (fossil fuels, electricity and steam) to power a certain number of processes, such as heat treatment, casting and paint curing, as well as to provide heat, light and air conditioning in buildings and offices.

When used, these resources and process products, such as scrap iron in casting, steel and aluminium sheets in stamping, or surface treatment products, paints, cutting liquids, glues and sealants, generate by-products that Group plants are committed to limiting and effectively managing.

The same is true for their releases into the air, into water and into the soil.

Note that certain 2007 and 2008 results have been restated to reflect more detailed data reported after the Registration Documents were published. The restatements have been explained each time the difference exceeded 1%.

Changes in the scope of reporting: three Paris region office sites – Grande-Armée, Paris 75017 and Poissy Pôle Tertiaire – and the Bessoncourt IT centre were integrated into PCA in 2009.

NB: Details on the methodology used may be found in the Sustainable Development Performance Indicators supplement to the Annual Report and on the Group's sustainable development website.

Water Withdrawn

(unit: cu.m)		City water	Surface water	Underground water	TOTAL
PCA	2009	2,232,974	3,632,252	4,465,777	10,331,003
	2008	2,611,790	4,036,944	4,943,993	11,592,727
	2007	2,703,266	4,534,027	5,069,449	12,306,742
AP/AC	2009	684,335	4,740	5,004	694,079
	2008	732,905	9,140	6,554	748,599
	2007	744,993	11,298	6,551	762,842
PCI	2009	1,987	-	-	1,987
	2008	2,684	-	-	2,684
	2007	4,104	-	-	4,104
PMTC	2009	16,132	0	-	16,132
	2008	12,914	11,604	-	24,518
	2007	10,817	12,280	-	23,097
Gefco	2009	128,240	100	26,441	154,781
	2008	201,060	286	28,079	229,425
	2007	231,183	291	25,702	257,176
TOTAL	**2009**	**3,063,668**	**3,637,092**	**4,497,222**	**11,197,982**
	2008	3,561,353	4,057,974	4,978,626	12,597,953
	2007	3,694,363	4,557,896	5,101,702	13,353,961
Faurecia	2009	1,127,576	1,159,318	365,152	2,652,046
	2008	1,368,065	944,179	415,166	2,727,410
	2007	1,409,523	906,093	518,739	2,834,355

Data for the Peugeot and Citroën brands were reported from 90% of their sites in 2009, versus 84% in 2008 and 93% in 2007.

Data for Gefco were reported from 76% of the company's sites, compared with 70% in 2008 and 84% in 2007.

Most of the sites that did not report data are leased facilities, whose consumption figures are included in rental expense and were therefore unavailable for reporting.

Gross Effluent Discharges, Ex-Works

(unit: kg/year)		COD	BOD_5	SM
PCA	2009	2,170,531	766,040	461,662
	2008	2,351,932	705,537	661,771
	2007	2,459,755	747,668	663,813
AP/AC	2009	N/A	N/A	N/A
	2008	N/A	N/A	N/A
	2007	N/A	N/A	N/A
PCI	2009	N/A	N/A	N/A
	2008	N/A	N/A	N/A
	2007	N/A	N/A	N/A
PMTC	2009	838	288	192
	2008	536	122	83
	2007	1,119	322	72
Gefco	2009	N/A	N/A	N/A
	2008	N/A	N/A	N/A
	2007	N/A	N/A	N/A
TOTAL	**2009**	**2,171,369**	**766,328**	**461,854**
	2008	2,352,468	705,659	661,854
	2007	2,460,874	747,990	663,885
Faurecia			N/A	

COD: Chemical oxygen demand; BOD_5: Biochemical oxygen demand after 5 days; SM: Suspended matter; N/A: not available.

Before release into the environment, 10% of these discharges are treated in an integrated plant and 90% are further treated in a public wastewater plant.

Energy Consumption

Direct energy consumption by primary energy source

NB: Energy indicators are expressed in the same unit of measurement (MWh ncv) by applying officially recognized conversion coefficients.

(unit: MWh ncv)		HSFO	LSFO	VLSFO	HHO	NG + LPG	Coal	Coke
PCA	2009	-	-	26,789	11,494	2,014,738	-	88,807
	2008	-	-	8,313	13,242	2,305,628	-	122,936
	2007	-	-	50,990	14,717	2,408,351	-	117,188
AP/AC	2009	-	-	1,578	36,338	169,486	-	-
	2008	-	-	1,678	35,066	191,727	-	-
	2007	-	-	562	36,100	168,617	-	-
PCI	2009	-	-	-	-	3,420	-	-
	2008	-	-	-	-	4,458	-	-
	2007	-	-	-	-	4,880	-	-
PMTC	2009	-	-	-	16	23,660	-	-
	2008	-	-	-	29	23,113	-	-
	2007	-	-	-	2	24,214	-	-
Gefco	2009	-	-	-	3,539	50,999	-	-
	2008	-	-	-	3,924	50,832	-	-
	2007	-	-	-	18,386	41,954	-	-
TOTAL	**2009**	**0**	**0**	**28,367**	**51,387**	**2,262,303**	**0**	**88,807**
	2008	0	0	9,991	52,261	2,575,758	0	122,936
	2007	0	0	51,552	69,205	2,648,016	0	117,188
Faurecia	2009	4	43	2,032	8,467	527,184	-	-
	2008	4	103	980	10,174	650,863	-	-
	2007	12	85	983	9,363	650,865	-	-

HSFO = High-sulphur fuel oil; LSFO = Low-sulphur fuel oil; VLSFO = Very low-sulphur fuel oil; HHO = Home heating oil; NG = Natural gas; LPG = Liquefied petroleum gas.

PCA's home heating oil consumption in 2008 was revised downwards by 35% after data from the Mulhouse plant was corrected.

The increase in consumption of VLSFO by the Peugeot and Citroën brands in 2008 was due to the first-time consolidation of data from sites that burn large quantities of this type of oil.

Until 2007, Gefco France's LPG consumption was included in the HHO category. Correcting this resulted in significant changes in consumption levels in 2008 in both categories.

Data for the Peugeot and Citroën brands were reported from 93% of the sites concerned by this indicator in 2009, versus 94% in 2008 (when the reported figures were based on total direct consumption of primary and secondary energy).

Data for Gefco were reported from an average 93% of the sites concerned by this indicator in 2009, versus 88% in 2008 and 78% in 2007. Most of the Gefco sites that did not report data are leased facilities, where consumption figures are included in rental expense and were therefore unavailable for reporting.

Data for Faurecia have been reported from all of the company's sites since 2007.

Direct energy consumption by secondary energy source

(unit: MWh)		Electricity	Steam
PCA	2009	2,386,040	262,130
	2008	2,601,683	275,393
	2007	2,794,310	296,636
AP/AC	2009	155,463	12,979
	2008	157,673	16,809
	2007	163,752	9,007
PCI	2009	1,104	-
	2008	1,473	-
	2007	2,138	-
PMTC	2009	10,196	-
	2008	13,849	-
	2007	16,155	-
Gefco	2009	40,760	-
	2008	65,927	-
	2007	49,289	-
TOTAL	**2009**	**2,593,563**	**275,109**
	2008	2,840,605	292,202
	2007	3,025,644	305,643
Faurecia	2009	870,879	17,459
	2008	1,063,532	19,876
	2007	1,080,257	22,151

PCA's steam consumption in 2007 and 2008 was revised downwards (-8%) after data from the Rennes site was corrected.

Data for the Peugeot and Citroën brands were reported from 94% of the sites concerned by this indicator in 2009, versus 94% in 2008 (when the reported figures were based on total direct consumption of primary and secondary energy).

Data for Gefco were reported from an average 95% of the sites concerned by this indicator in 2009, versus 84% in 2008 and 79% in 2007. Most of the Gefco sites that did not report data are leased facilities, where consumption figures are included in rental expense and were therefore unavailable for reporting.

Direct Air Emissions from Combustion Plants

NB: Direct emissions are calculated on the basis of energy consumption in compliance with the ruling of 31 March 2008 in the case of carbon dioxide and the circular of 15 April 2002 for all other gases.

Direct greenhouse gas emissions

(unit: tonnes)		CO_2	N_2O	CH_4	TOTAL CO_2 equivalent
PCA	2009	454,097	18.4	29.3	460,405
	2008	520,303	20.9	33.3	527,472
	2007	552,020	22.1	35.2	559,601
AP/AC	2009	45,086	1.7	2.7	45,679
	2008	49,343	1.9	3.0	50,002
	2007	44,483	1.7	2.6	45,069
PCI	2009	703	0.0	0.1	714
	2008	916	0.0	0.1	930
	2007	1,003	0.0	0.1	1,018
PMTC	2009	4,868	0.2	0.3	4,941
	2008	4,759	0.2	0.3	4,830
	2007	4,978	0.2	0.4	5,053
Gefco	2009	11,805	0.5	0.6	11,966
	2008	11,648	0.5	0.7	11,811
	2007	13,591	0.5	0.7	13,755
TOTAL	**2009**	**516,559**	**20.8**	**32.9**	**523,703**
	2008	586,969	23.5	37.3	595,046
	2007	616,075	24.5	38.9	624,495
Faurecia	2009	112,857	4.8	7.2	115,025
	2008	138,374	5.9	8.8	140,393
	2007	136,922	5.9	9.4	138,955

CO_2 = Carbon dioxide;
N_2O = Nitrous oxide;
CH_4 = Methane.

Total greenhouse gas emissions expressed in tonnes of CO_2 equivalent were calculated by applying the following global warming coefficients: 310 for N_20 and 21 for CH_4 (Source: IPCC Second Assessment Report: Climate Change 1995).

PCA's 2008 greenhouse gas emissions were recalculated to reflect adjusted home heating oil consumption data.

Data for Gefco and for the Peugeot and Citroën brands were reported from the same percentage of sites as for direct primary energy consumption data.

Other direct emissions

(unit: tonnes)		SO_2	NO_2
PCA	2009	56.2	455.7
	2008	24.1	507.9
	2007	101.7	556.7
AP/AC	2009	15.6	50.7
	2008	15.4	55.1
	2007	13.7	49.8
PCI	2009	0.0	0.7
	2008	0.0	1.0
	2007	0.0	1.1
PMTC	2009	0.1	5.1
	2008	0.1	5.0
	2007	0.1	5.2
Gefco	2009	1.4	12.3
	2008	1.5	12.4
	2007	6.4	15.7
TOTAL	**2009**	**73.3**	**524.5**
	2008	41.1	581.3
	2007	121.9	628.4
Faurecia	2009	9.0	119.0
	2008	7.3	144.9
	2007	8.3	144.6

SO_2 = Sulphur dioxide;
NO_2 = Nitrogen dioxide.

PCA's 2008 SO_2 and NO_2 emissions were recalculated to reflect adjusted home heating oil consumption data.

Data for Gefco and for the Peugeot and Citroën brands were reported from the same percentage of sites as for direct consumption data.

Indirect CO_2 emissions

NB: Indirect emissions are calculated based on applying emissions factors obtained from suppliers to the purchased electricity and steam.

(unit: tonnes)		Indirect CO_2
PCA	2009	281,109
	2008	360,667
AP/AC	2009	N/A
	2008	N/A
PCI	2009	42
	2008	63
PMTC	2009	388
	2008	589
Gefco	2009	N/A
	2008	N/A
TOTAL	**2009**	**281,539**
	2008	361,318
Faurecia	2009	N/A
	2008	N/A

N/A = not available.

PCA's 2008 indirect CO_2 emissions were recalculated to reflect adjusted steam consumption data.

2008 was the first year that data for indirect CO_2 emission from PCA, PCI and PMTC plants were consolidated.

Paintshop VOC Releases

		VOC (tonnes)	Ratio (kg/vehicle produced)
PCA	2009	7,589	3.76
	2008	9,505	4.13
	2007	11,136	4.39
PMTC	2009	7	
	2008	12	
	2007	101	
TOTAL	**2009**	**7,597**	
	2008	9,517	
	2007	11,237	

VOC= Volatile organic compounds.

Total Weight of Waste by Type and Disposal Method

PCA (excluding metal waste, nearly 100% of which is recycled)

(unit: tonnes)		Landfill	Recovery and recycling	On-site recycling	Other disposal methods	TOTAL
Foundry waste	2009	9,705	52,867	95,283	46	157,900
	2008	15,734	64,605	117,927	49	198,315
	2007	14,707	64,831	138,838	30	218,405
Non-hazardous process waste	2009	13,496	69,147	1,832	1,352	85,828
	2008	18,373	83,143	1,985	402	103,904
	2007	19,397	87,069	3,705	1,547	111,719
Hazardous process waste	2009	4,788	19,313	-	20,067	44,168
	2008	6,570	26,716	-	23,473	56,759
	2007	6,392	31,470	-	22,968	60,830
TOTAL	**2009**	**27,989**	**141,327**	**97,115**	**21,465**	**287,896**
	2008	40,678	174,464	119,912	23,924	358,978
	2007	40,496	183,370	142,543	24,545	390,954

The table does not include the 553,500 tonnes of metal waste produced in 2009, almost all of which was recycled.

AP/AC (excluding metal waste)

(unit: tonnes)		Landfill	Recovery and recycling	Other disposal methods	TOTAL
Non-hazardous process waste	2009	6,988	9,517	607	17,113
	2008	11,309	8,430	739	20,479
	2007	11,954	5,611	1,672	19,236
Hazardous process waste	2009	1,906	3,120	553	5,579
	2008	1,331	2,781	922	5,034
	2007	2,132	2,207	883	5,223
TOTAL	**2009**	**8,894**	**12,638**	**1,160**	**22,692**
	2008	12,640	11,211	1,661	25,512
	2007	14,085	7,819	2,555	24,459

Data for the Peugeot and Citroën brands were reported from an average 87% of the sites concerned by this indicators in 2009, versus 78% in 2008 and 94% in 2007.

When the disposal method is not known, the waste is considered to have been landfilled.

The table above does not include the 4,300 tonnes of metal waste produced in 2009, 74% of which was recycled.

PCI and PMTC (excluding metal waste, nearly all of which is recycled)

(unit: tonnes)		Landfill	Recovery and recycling	Other disposal methods	TOTAL
Foundry waste	2009	-	-	107	107
	2008	-	-	227	227
	2007	-	-	407	407
Non-hazardous process waste	2009	157	551	1	709
	2008	220	885	-	1,105
	2007	339	1,140	-	1,479
Hazardous process waste	2009	12	145	469	627
	2008	11	186	589	785
	2007	5	220	889	1,114
TOTAL	2009	168	697	577	1,442
	2008	231	1,070	816	2,117
	2007	344	1,361	1,296	3,001

The table above does not include the 270 tonnes of metal waste produced in 2009, almost all of which was recycled.

Gefco (excluding metal waste)

(unit: tonnes)		Landfill	Recovery and recycling	Other disposal methods	TOTAL
Non-hazardous process waste	2009	6,715	3,695	192	10,601
	2008	5,645	3,891	324	9,860
	2007	6,596	4,542	1,725	12,863
Hazardous process waste	2009	145	532	1,163	1,839
	2008	438	1,001	124	1,563
	2007	61	8	135	204
TOTAL	2009	6,859	4,227	1,354	12,441
	2008	6,083	4,892	448	11,423
	2007	6,657	4,550	1,860	13,067

Data from Gefco were reported by an average 61% of the sites concerned by this indicator in 2009, versus 51% in 2008 and 47% in 2007.

Most of the sites that did not report data are smaller facilities located outside France, where waste is managed by municipal sanitation departments. As a result, the related tonnages are not available.

When the disposal method is not known, the waste is considered to have been landfilled.

The table above does not include the 430 tonnes of metal waste produced in 2009, almost 95% of which was recycled.

Faurecia (excluding metal waste, nearly 100% of which is recycled)

(unit: tonnes)		Landfill	Recovery and recycling	On-site recycling	Other disposal methods	TOTAL
Non-hazardous process waste	2009	36,902	35,594	9,178	4,074	85,748
Hazardous process waste	2009	1,725	4,527	-	6,228	12,480
TOTAL	**2009**	**38,627**	**40,121**	**9,178**	**10,302**	**98,228**
	2008	71,093	44,220	9,387	16,990	141,690
	2007	64,362	33,222	7,085	10,959	115,628

There are no individual figures for hazardous and non-hazardous process waste for 2007 and 2008.

The table does not include the 48,400 tonnes of metal waste produced in 2009, almost all of which was recycled.

➜ 5.3.5. Road safety

PSA Peugeot Citroën has considered the safety of all road users to be a top priority for many years, a position that has enabled it to develop some of the safest vehicles in the world.

However, addressing road safety issues involves more than just installing increasingly sophisticated onBoard safety systems, which make vehicles heavier and therefore less fuel-efficient. Roadway infrastructure must also be upgraded, while motorists and other road users must be effectively educated in safe driving and road use practices

PSA Peugeot Citroën is focusing on technologies that have shown a proven ability to make automotives fuel efficient and safe, at an affordable cost for the largest number of motorists.

Primary safety: avoiding accidents

Chassis systems

Capitalizing on its recognized expertise in suspensions, steering, braking and other chassis systems, PSA Peugeot Citroën designs cars that are naturally safe to drive, with technology that compensates, to the extent possible, for bad driving, faulty infrastructure and adverse weather conditions.

Their architecture is engineered to deliver handling performance, precision steering and braking power that rank among the best in the market.

Moreover, to attenuate the consequences of certain emergency situations, the Group offers such driver assistance technologies as anti-blocking systems (ABS), which are now standard on every model, electronic brakeforce distribution (EBD), emergency braking assist (EBA), and electronic stability programs (ESP), which help drivers maintain control even in a skid.

Introduced in 2009, the Grip Control system is available on the Peugeot 3008 and new Partner and on the Citroën C4 Picasso, C5 and new Berlingo. It comprises Michelin 16-inch Mud & Snow tyres and an intelligent traction control system integrated into the ECU of the Electronic Stability Programme (ESP™), which optimises management of front-wheel traction. It improves the vehicle's ability to maintain grip and traction on all types of slippery or loose terrain, with five modes selected at the driver's option: standard, snow, all-terrain, sand and ESP off.

Tyre pressure monitoring systems help to detect under-inflated tyres that can reduce vehicle stability and threaten occupant safety. By regularly prompting motorists to check their tyre pressure, such systems help to reduce tyre noise, improve fuel efficiency and increase tread life.

Visibility, speed and safe following distances

Certain Peugeot and Citroën models come with such efficient, practical innovations as:

- innovative lighting systems: static directional lighting even in the compact segment, Xenon dual-function directional headlights in the executive segment, automatic activation of emergency flasher lights in the event of sudden deceleration, LED daytime running lights as standard in the second trim level on the Citroën DS3 introduced in 2010;
- a speed warning device that sounds a warning and flashes when the vehicle exceeds a speed limit pre-set by the driver;
- a speed limiter system that deactivates the accelerator pedal when the driver tries to exceed his or her pre-set speed limit. When necessary, however, pressing strongly on the pedal overrides a hard spot and allows the driver to exceed the set limit. PSA Peugeot Citroën is the European leader in driver-activated speed limiter equipment;

- a distance alert system, available on the Peugeot 3008 and 5008, that indicates on the head-up display the time it would take to close with the vehicle in front at the current speed. The alert time point can be set by the driver;
- the AFIL lane departure warning system, which alerts the driver who drifts across a lane by vibrating the seat on the side the lane was crossed.

Ergonomics and Man-Machine Interface (MMI)

Road safety is a major concern that is consistently designed into onBoard systems, such as driver assistance, comfort and information/entertainment systems, and into the man-machine interfaces (MMI) of controls and displays. In addition to integrating driver needs and expectations to ensure that the systems are useful and efficient, design criteria and robust validation methods help to deliver systems and interfaces that are not only easy to use, but also safe, leaving no room for manual error and involving no cognitively demanding tasks, distractions or risks of inappropriate use. Upstream scientific studies are helping to enhance Group standards for addressing the emerging ergonomic issues associated with new onBoard technologies.

Environmental concerns are also channelled into the development of driver assistance systems that promote “eco-responsible” driving habits.

Head-up displays project speed, navigation system prompts and other driving data onto the windscreen in the driver’s direct line of vision. This eliminates the need to look down at the instrument panel, enhancing safety and shortening reaction times by around a half a second, based on the time it takes to look away from the road and refocus on the screen.

Secondary safety: protecting passengers and pedestrians during an accident

Body structure

Secondary safety is an absolute priority that is designed into every Peugeot and Citroën vehicle, whose structural components resist impact and absorb energy to provide the highest degree of occupant protection regardless of the type of collision – frontal, side, rear or even rollovers.

Vehicles are structurally engineered to gradually dissipate the kinetic energy from an impact, with effectively positioned impact absorption structures and deformable crash boxes transforming the passenger compartment into a survival cell. At the same time, these structures make the body components easier to repair.

On cabriolet models, the roll-over protection system consists of active, pyrotechnically-charged roll-bars and windscreen pillar stiffener tubes.

Airbags and other pyrotechnic equipment

In addition to structural impediments to impact injury, Peugeot and Citroën models are equipped with up to nine airbags:

- two front airbags, whose pressure and volume when inflated adjust automatically to the severity of impact;
- two front side airbags, which protect the thorax, pelvic region and abdomen of the driver and front-seat passenger;
- a steering column (or knee) airbag, which protects the lower limbs by cushioning the impact on the knees and shins;
- two curtain airbags, which protect the side of the head of the front and rear passengers;
- two rear lateral airbags, which protect the thorax of the rear passengers in the event of a side impact.

On Citroën models, the multifunctional fixed-centred controls steering wheel offers motorists a more comfortable driving experience and greater safety by enabling access to controls without taking their hands off the steering wheel. Because its hub is fixed, the wheel houses an airbag that can be optimally shaped to protect the driver.

Thanks to an impact sensor and pyrotechnic mechanism, the active bonnet rises automatically in the event of a pedestrian impact, thereby absorbing more energy and limiting the risk of injury to the pedestrian’s head. The system is available on both the Citroën C6 and Peugeot RCZ.

Restraint systems

Restraint systems – which include Isofix attachment points for easy and efficient installation of child seats, seatbelt load-limiting retractors and, on some models, airbags with dual energy levels – are all carefully calculated to maximize protection for everyone in the vehicle, regardless of their age or where they are seated. Already fitted on front seatbelts, load-limiting retractors are now gradually being installed for back seats as well. These systems adjust occupant restraints while limiting pressure on the chest, thereby reducing the frequency of thoracic and abdominal injuries.

According to the *Laboratoire d’Accidentologie et de Biomécanique* (LAB), 23% of people killed in traffic accidents in France in 2008 were not wearing seatbelts. Any means of encouraging people to fasten their seatbelts therefore leads to a real increase in safety. Buckle-up reminders sound a warning and light up when someone has not buckled their belt. Rear seat reminders are also gradually being introduced across all the model ranges.

EuroNCAP safety ratings

Every Peugeot and Citroën model from the entry level on up ranks among the world's best in secondary safety, as attested by the results of impact tests conducted by the European New Car Assessment Programme (Euro NCAP), an independent organization that rates vehicle occupant protection. As of year-end 2008, thirteen of the Group's vehicles had been awarded the maximum five stars for adult protection.

In 2009, Euro NCAP developed a new rating system that rewards the overall safety of a vehicle. The new overall rating reflects the protection offered to adult and child occupants as well as pedestrians and, for the first time, considers the safety potential of advanced driver assistance technologies. Seven Group vehicles have obtained the maximum 5-star overall rating under the stricter new protocol.

Tertiary safety: post-accident emergency response

Emergency call system

PSA Peugeot Citroën has played a pioneering role and remains the European leader in post-accident or tertiary safety, which helps to attenuate the effects of an accident by facilitating emergency rescue. It is the only volume carmaker to have deployed a wide-scale, location-aware emergency call system, without a subscription or any cut-off date.

In the event of an accident or medical emergency in a car equipped with a telematics device, occupants can alert a dedicated assistance centre simply by pressing the SOS button. In the case of a collision, the same alert is sent automatically. Calls are routed to operators speaking the occupants' language.

Thanks to the car's GPS system and onBoard GSM mobile phone link, assistance personnel can pinpoint the car's location, thereby enabling rescue services to respond more quickly and effectively.

According to the European Commission, equipping every vehicle on the road with such a system would save 2,500 lives a year in Europe.

	Total as of end-2007*	Total as of end-2008*	Total as of end-2009*
Number of Peugeot and Citroën vehicles equipped with the Premium emergency call service**	433,390	546,000	630,000
Alerts sent to emergency services	1,840	2,700	3,300
Countries in which the Premium emergency call service is available***	France, Germany, Italy, Belgium, Luxembourg, Spain, the Netherlands, Portugal and Austria		

* *Cumulative figures since the service was introduced in January 2003.*

** *In the countries where the Premium emergency call service is available, the vehicle alerts the Inter Mutuelles Assistance (IMA) emergency assistance call centre, which verifies the incident and notifies the local public rescue or ambulance services. In other European countries, the vehicle dials 112, the European emergency number.*

*** *The Premium service is scheduled for introduction in Switzerland in 2010.*

In addition, there are currently 120,000 Peugeot and Citroën vehicles equipped with the standard emergency call system (based on 112, the European emergency number, which does not support GPS localization) in European countries where the Premium service is not available. In all, around 750,000 Peugeot and Citroën vehicles equipped with the emergency call system are on the road in Europe.

More than 3,300 emergency alerts have been sent to local rescue services since the service was introduced in 2003.

Victim removal instructions

To facilitate the job of rescue workers after an accident, PSA Peugeot Citroën works with French rescue teams to prepare victim removal instructions for each of its models, which are regularly distributed in 27 European countries.

5.3.6. Telematics and mobility

Telematics

PSA Peugeot Citroën's new telematics services are designed to make mobility more efficient and environmentally friendly.

Since 2002, Peugeot and Citroën have offered a range of assistance services based on the shared RTx/NaviDrive telematics platform that combines, in a single unit, a radio, CD player, GSM hands-free telephone, GPS navigation system and traffic information. Thanks to the GPS system, customers benefit from much faster roadside assistance, including repairs and towing service.

In addition, the Group's Active Fleet Data remote fleet management service, introduced in 2008, provides remote access to all the data needed to support fleet use and maintenance, including odometer readings, the number of kilometres before next inspection and diagnostics for mechanical components such as the gearbox and emissions control system. Fleet managers are alerted in real time by e-mail if the system detects safety issues such as low oil, worn brake pads or under-inflated tyres. By promoting regular maintenance, the Active Fleet Data service also helps reduce the fleet's environmental impact.

The deployment of autonomous telematics boxes is going to extend onBoard connected services to the wider carbuying public, starting with the 2010 launch in 10 European countries of the Peugeot Connect solution, which delivers three high value-added services:

- Peugeot Connect SOS, for location-aware emergency calls;
- Peugeot Connect Assistance, for repair assistance;
- Peugeot Connect Fleet, for fleet management.

Citroën is pursuing the same objective with eTouch, a package of services that include emergency calls and assistance (via an integrated SIM card), an online service record and an online eco-driving service.

Citroën's highly innovative Send-To-Car service allows users to forward the results of a Google Maps search from their computer to the onBoard NaviDrive 3D platform, which then guides them to their destination or connects them to a phone number. Available in France and Italy since September 2009, the service will be launched in Germany before the end of 2010.

Mobility services

Mu by Peugeot

Mu by Peugeot is an innovative card-based mobility service that enables anybody, whether a Peugeot customer or not, to access a package of mobility services using a prepaid card that can be topped up online. It offers two types of services:

- the rental of Peugeot products or accessories. As and when needed, cardholders will be able to rent a bicycle, scooter, car, light utility vehicle, replacement car or scooter or accessories like a GPS device or a roof box;
- access to mobility services offered by Peugeot partners. For example, cardholders can contact a partner travel agent to book a train or plane ticket, or arrange a get-away weekend. Driving lessons, eco-driving courses or advanced driving techniques can also be booked via the same call centre.

After a pilot program in four French cities, the service is being gradually deployed in first-half 2010 in several European capitals, including Paris, Berlin, Brussels, London, Madrid and Rome.

Citroën plans to launch its own mobility service in 2010.

→ 5.3.7. Corporate citizenship

Group and Brand Outreach Programmes

City On the Move Institute

Created in 2000, the PSA Peugeot Citoën **City On the Move Institute (IVM),** has initiated and promoted research and trials aimed at understanding how urban mobility is changing. Its projects bring together business people, researchers, academics, architects, urban planners, urban developers, transport providers, local authorities, people involved in society and the arts and members of associations. Each partner is a stakeholder in a given project, supporting the research or programme with financing, resources or expertise.

PSA Peugeot Citroën allocated a budget of €1,050,000 to IVM in 2009.

Since 2009, IVM has organised a series of public hearings and debates on "Climate Change, Urban Mobility and Cleantech," in which a host panel of European experts exchange ideas with their visiting North American counterparts. These unique roundtable discussions bring together experts from entirely different disciplines to define, in real time and from one event to the next, the issues raised by the changes now underway. The first session was held in May 2009 on the issue of "climate change: new markets, a new economy?", followed by hearings on i) California's paradoxical leadership in improving urban mobility, ii) the use of climate plans to shape public policy and iii) the potential of information technologies to save "planet USA". The Programme is continuing in 2010.

A "City at your Doorstep" project deploying new mobile services was initiated during the year and is expected to lead to pilot trials in France in 2010.

In addition, IVM partnered with Fondation EDF Diversiterre to develop the "Dream Cities, Sustainable Cities" exhibition, which opened in October 2009.

Following the "Working on the Move" seminar, a team travelled to Japan to observe how goods transport is organised in urban environments.

IVM is pursuing its initiatives in China and Latin America, with:

- a meeting of the scientific committees of the Latin American and Chinese university chairs to discuss innovation in China and social equality in Latin America;
- the ongoing travelling exhibition "The Street Belongs to All of Us", with events in Buenos Aires, Rio de Janeiro, Bogotá and Santiago.

Also in 2009, IVM participated in the publication of several books, including the "Dream Cities, Sustainable Cities" exhibition catalogue published by Gallimard, Richard Darbéra's "Where are Taxis Going?" published by Descartes et Cie, "Sharing the Road" published in Portuguese and Spanish by Infinito, the Chinese version of the "The Street Belongs to All of Us" exhibition catalogue, and the "La Calle es nuestra… de todos nos" catalogue and the proceedings of the Bogotá symposium, both published by Uandes.

Other Group-sponsored corporate projects

For over a decade, PSA Peugeot Citroën has supported the Paris emergency service agency and currently serves on its Board of Directors. This socially responsible commitment is fully aligned with the Group's policy of promoting access to mobility, which helps to integrate individuals into society, fight social exclusion and foster community ties. The Group donates and maintains the agency's roaming fleet of 15 vehicles, and regular lends it additional vehicles, particularly as reinforcement during the winter months. It has also donated a dedicated vehicle to the agency's emergency Lodging and Hotel Booking services team.

PSA Peugeot Citroën is a member of the **Villette-Entreprises Foundation**, which helps to disseminate scientific knowledge by fostering relationships between companies and science or technology museums. Through the foundation, the Group is sponsoring the 2010 renovation of the permanent exhibits at Paris' flagship science museum, the Cité des Sciences et de l'Industrie.

Reflecting its deep commitment to improving road safety in cooperation with other road-use stakeholders, PSA Peugeot Citroën was a co-founder of the **French Road Safety Foundation**, created in 2004 at the initiative of the French Ministry of Research. The Foundation, which was declared in the public interest in 2005, is financed both by the French government and by private companies such as PSA Peugeot Citroën, Renault and Plastic Omnium. Like all French research foundations, it brings together public and private organisations, in this case to identify, promote and finance road-safety research projects. It provides a unique forum for all types of road safety stakeholders, including government representatives, carmakers, public transit and road transport specialists, trade federations and public health professionals. By promoting these projects, the Foundation wants to help meet the French government's target of reducing the number of road fatalities to fewer than 3,000 by 2010, while also reducing the number of people seriously injured in road accidents.

In 2009, PSA Peugeot Citroën was one of the primary corporate sponsors of the **"Year of France" in Brazil**. In cooperation with local institutions and through its two brands, the Group sponsored eleven events demonstrating values to which it is deeply committed – design, innovation and sustainable development.

Peugeot-led initiatives

In 2009, Peugeot pursued the **carbon sink project** it has sponsored in the Amazon since 1998, which is reforesting vast areas of deteriorated land and restoring biodiversity in the Brazilian state of Mato Grosso, while studying the relationship between reforestation and the absorption of atmospheric CO_2. The reforestation initiative is helping to revitalize native plant species, with the aim of restoring balance to the ecosystem. More than two million trees representing some 50 species have already been planted, over a total estimated surface area of 2,000 hectares. The Amazon rainforest is home to more than half of the world's terrestrial biodiversity. In its first decade in existence, the Peugeot carbon sink absorbed an estimated 53,000 tonnes of CO_2, or an average 5.1 tonnes per hectare per year. Depending on tree spacing and the species planted, sequestration may vary from 2 to 12 tonnes per hectare per year from one plot to another. These calculations are based on the AR-ACM001 methodology prepared by the International Panel of Experts on Climate Change.

The sink's long-term success hinges on its seamless integration into the region's economic and social fabric. This has led to the creation of local jobs to help raise awareness about the future of forests and the importance of preserving them. Supported by the international scientific community, the project was developed by Peugeot and is being carried out by the French Forestry Commission (ONF) in partnership with Franco-Brazilian NGO Pro-Natura.

In 2009, Peugeot, ONF and the Mato Grosso government signed an agreement designating the carbon sink as a Private Natural Heritage Reserve, which will serve as a life-size laboratory for the research needs of the Brazilian and international scientific community. Tree felling and logging are prohibited throughout the reserve, which comprises 1,800 hectares of natural forest.

Peugeot also continued to lend vehicles to **Solidarité Sida**, an association that educates the public about AIDS and solicits donations for medical research.

Citroën-led initiatives

In 2009, Citroën partnered the **Action Against Hunger (ACF)** organization in honour of their respective anniversaries, the 90th for Citroën and the 30th for ACF. Citroën marked the occasion by pledging to participate in an initial project in Burkina Faso to facilitate access to drinking water in Tapoa Province schools, a commitment fully aligned with the brand's values of sharing, humanism and optimism.

In addition, at Citroën's request, **vocational teachers "without borders"** regularly conduct training programmes as needed. In 2009, for example, six teachers carried out seven assignments, in four languages and six countries: Cuba, Syria, Jordan, Cameroon, France (Mayotte), Tunisia and Lebanon.

Local Philanthropy and Social Action Plans

Allocation of funding in 2009

Local Philanthropy and Social Action Plans enable Group sites to structure their outreach programmes to local communities, institutions, associations and other stakeholders in their regions, while fostering more effective dialogue with both employees and the public. The plans are deployed in France and other countries by production plants and office facilities. Their components focus on the following areas:

- the environment, with programmes to preserve or restore natural sites, raise people's awareness or train them in environmental techniques;
- safe driving, with programmes to inform people, raise their awareness and teach correct practices;
- urban mobility, with programmes to support safer, cleaner, more accessible mobility;
- local development, with initiatives that demonstrate the Group's close, long-standing ties to its host regions.

In 2009, funding committed to these plans was mainly allocated to programs concerning local development (45%), followed by safe driving (25%), the environment (20%), and mobility (10%).

Promoting Road Safety

Raising driver awareness of road safety issues is a major focus of the Group's corporate citizenship commitment. In 2009, the French production and office facilities led road safety awareness-building programmes for employees and/or their host community, generally in partnership with academia and organisations such as local fire brigades and the Prévention Routière road safety association. Examples include:

- conducting remedial and safe driving courses in Rennes, Trémery and Vesoul;
- donating vehicles for drills in Trémery and Vélizy to learn how to free people trapped inside after an accident;
- preparing and distributing information booklets in Poissy, Valenciennes and Vélizy;
- distributing a reflective vest and warning triangle safety kit in Mulhouse, Sochaux and Paris, and breathalysers in La Garenne;
- organising exhibits and events, such as driving simulators and drunk driving tests, in Aulnay, La Garenne and Trémery;
- organising a road safety contest in Saint-Ouen;

- helping to create a go-kart driving school in Aulnay to teach children of employees and local parents about road safety hazards.

In the rest of Europe, road safety days were organized for children in Trnava, Slovakia and Vigo, Spain.

Facilities in China, Brazil and Argentina were also highly active during the year. In Argentina, in addition to organising the distribution to employees of car sun shades displaying road safety information, the Group reached out to young people with campaigns such as the "Growing Up Safe" drawing contest and a short film contest combined with a television campaign to encourage safer high school driver behaviour. Broader initiatives such as the "Safer Avenues" driver-training programme were also deployed. In Brazil, the Group is sponsoring the Global Road Safety Partnership NGO's participation in a road safety programme in Resende, helping to prepare brochures for local distribution. It is also supporting road safety educational initiatives and other events organised during National Traffic Week by the Rio de Janeiro Traffic Department (DETRAN/RJ).

In China, the Group helped to design a travelling exhibition to teach pre-school children about road safety. In 2009, the exhibition visited five pre-schools and a dealership in five different cities, distributing educational road safety brochures to 30,000 people and training 4,000 children in a variety of workshops, such a bike-riding course, sing-alongs, a road safety Board game and a road sign draw-and-guess game. Ongoing support was also provided to the "30 Seconds for Road Safety" radio campaign to encourage safe driving, which was broadcast on China National Radio's business news channel. A public service radio announcement highlighting the dangers of drunk driving received an award at the 16th International Advertising Festival and was broadcast on China National Radio.

Following on from the advertising contest organized in 2008 in partnership with the Chinese Centre for Disease Control (CDC), the winning ads were published in 2009 in the 21st Century Business Herald with a view to building awareness across China of road safety issues.

The CDC is currently working on a new study in cooperation with PSA Peugeot Citroën, concerning the different types of traffic accidents and accident risk factors in China, with a focus on determining the changing nature of road injuries, depending on the region. Factors being explored include the amount of traffic congestion, the social and economic development of the region where the accident occurred and existing government policies. In addition, the study aims to identify any improvements attributable to road safety measures taken by the Chinese government. The findings will be published in early 2010.

Lastly, a road-safety training programme was introduced for local employees in China.

Environment

In 2009, PSA Peugeot Citroën launched a wide range of environmental initiatives, including:

- participation in environmental events: organising Environment Days in La Garenne, partnering the Vive La Seine association in Poissy, participating in the World Environment Day in Trémery, supporting the sustainable development film festival in cooperation with the Ekotop film association in Trnava, Slovakia, contributing to the Vigo City Hall Foundation for the promotion of sustainable energy resources in Vigo, Spain and participating in Water Day, Environment Day and Tree Day in Porto Real, Brazil;
- assistance in setting up a sorted waste recycling centre in Mulhouse and in restoring the nature reserves near the Poissy facility.

Capitalising on its environmental expertise, the Group is leading a number of educational campaigns to promote eco-friendly practices. Examples include:

- creating and organizing a young readers' newspaper, conferences and publications in Buenos Aires;
- participating in the Eco Ideias academic week in Porto Real;
- launching the "Eco-logical" information and awareness-building campaign at the La Garenne facility;
- organising workshops to train students in environment-related jobs in Mulhouse;
- offering local students, employees and their families in Poissy the opportunity to learn about the environment by observing animal and plant life from a barge on the Seine River;
- giving environmental protection quizzes and advice at Trémery;
- displaying posters, distributing a best practices guide and making presentations to students in Trnava;
- inviting students to participate in recycling and energy efficiency workshops in Valenciennes.

In addition, eco-driving courses certified by the Paris road safety association are offered in Vesoul, and free courses on efficient, safe and environmentally responsible driving are provided in Vigo, Spain through the Energy Agency in cooperation with the city's driving schools.

In China, the Group is supporting the "30 Seconds for the Environment" series of public service radio announcements promoting eco-friendly driving, in the same vein as the "30 Seconds for Road Safety" campaign.

Ongoing support was provided in Argentina to NGO Cascos Verdes which, through the Crear Conciencia programme, helps give mentally disabled young people a chance to attend university and play a role in society, thanks to a two-year training course on environmental protection.

In addition to its involvement in automobile-related social issues, PSA Peugeot Citroën and its DPCA joint venture also participate in charitable programmes in China and cooperate with the One Foundation. In the final quarter of 2009, for every purchase of a Peugeot 307, Dongfeng Peugeot contributed 100 yuans to the One Foundation, which will invest the funds in educational and environmental stewardship projects.

Supporting sustainable mobility

Mobility is one of the basic building blocks of modern society, determining access to jobs, healthcare and culture. Encouraging sustainable mobility also means supporting the inalienable right to mobility, ensuring the right balance between the different modes of transport and promoting technologies that contribute to the smooth flow of automotive traffic.

Online car-pooling sites have been opened on the corporate intranet to make office commutes easier, particularly at the Aulnay plants, the Poissy offices and the Rennes plants. Other types of employee car-pooling systems are available at certain French or European sites.

In line with its commitment to supporting associations that work to improve the mobility of people in difficulty, PSA Peugeot Citroën continued i) to lend or donate vehicles to the Rio Solidario programme in Brazil; ii) participate in the association of companies that promotes job access for disabled persons in Argentina; iii) support the Down's Syndrome Foundation of Madrid, which helps to integrate people with trisomy 21 or a mental disability into the workplace; iv) contribute to the Futures Foundation for disabled children in Trnava; and v) participate in Handyn'Action initiatives for the disabled in Valenciennes.

The sites also organise initiatives to benefit the mobility-challenged, such as:

- recycling plastic bottle caps at the Buenos Aires, La Garenne, Paris, Saint Ouen, Valenciennes and Vélizy facilities, with proceeds donated to help-the-handicapped associations;
- organising disability awareness days in Aulnay, Caen, La Garenne, Poissy, Trémery, Valenciennes, Vélizy and Vesoul, involving, for example, the preparation and distribution of educational booklets on the importance of hiring disabled people, screenings of short films about disability, situational exercises simulating visual or physical impairment, a seeing eye-dog demonstration, an exhibition of mobility adapted vehicles, Braille writing workshops and meetings with employers who have successfully integrated mobility solutions into the workplace;
- installing equipment and renovating access points at the Aulnay and Caen sites to provide mobility-challenged individuals with better access to their workplace.

Deepening community ties

In 2009, the Group undertook a number of local outreach initiatives in communities near its production facilities and office sites. Examples include:

- Providing environmental or industrial organisation consulting services for small and medium-sized enterprises located near the plants in Mulhouse, Poissy, Rennes (through Performance Bretagne), in Sochaux (through the Franche Comté Entreprendre association and participation in the automotive cluster) and in Trémery (through Partenaires Superforce Lorraine);
- Participating in educational projects with the academic community in Aulnay, La Garenne, Madrid, Mulhouse, Rennes, Valenciennes and Vesoul, as well as in China;
- Donating used IT equipment to schools and non-profit organisations in Buenos Aires, Madrid and China;
- Donating cars, vehicle body parts, mechanical components and spare parts to serve as vocational training aids in Buenos Aires, Madrid, Mulhouse, Rennes, Trémery, Valenciennes, Vesoul and China;
- Supporting community outreach associations, such as the Telethon in Aulnay, associations in Vigo and Mangualde, the Fondation de la Deuxième Chance and Fondation Agir Contre l'Exclusion in Rennes, the Spread Hope association in Sochaux, the Fondation Porto Real in Brazil and the Semilla association in Madrid. In Buenos Aires, the Group sponsors the Hospital Italiano marathon in support of child cancer survivors, the Road to Jericho Foundation and Un Techo Para Mi País (A Roof for my Country);
- Supporting local cultural and sports associations in Aulnay, Sept-Fons, Berlin, Buenos Aires, Madrid, Trnava and Vigo;
- Lending vehicles throughout the year to various associations such as Trans-Forme in Vélizy, One Day to Make a Difference in Brazil and others in Valenciennes and Poissy;
- Collecting and donating toys in Madrid and Buenos Aires;
- Organising site visits for host communities in Aulnay, Charleville, Mulhouse, Poissy, Rennes, Sept-Fons, Sochaux, Valenciennes and Trnava.

Moreover, special action plans are also being deployed by some of the Group's facilities.

For a number of years, the Group has supported a science awareness program in Slovak primary schools based on the La Main à la Pâte (hands-on) method.

As part of PSA Peugeot Citroën's partnership with the Iochpe Foundation in Brazil, the Porto Real plant has provided space since March 2008 for the Formare programme, which offers vocational training for young people from local low-income families. The first class graduated from the programme in 2009, and 20 new trainees were recruited. PSA Peugeot Citroën allows employees to volunteer as teachers for the programme during their working hours. In addition to providing professional training, the programme prepares students for the job market by exposing them to real-life work experiences.

The Madrid plant sponsored "The Southern Perspective", a radio programme put together by schools in the surrounding area to address environmental and gender equality issues.

In addition, to encourage community outreach projects, the La Garenne and Madrid plant organised the Solidarity Trophies, a competition designed to provide funding for employees seeking to organise, either personally or as part of an association, a local or international solidarity project that delivers collective benefits in five categories: Ecology, Education, Integration, Mobility and Emergency/Topical. In 2009, 20 applications were submitted in the two facilities and five were awarded trophies, along with financial backing from the Group to enable the winners to pursue their projects.

6 BUSINESS OVERVIEW

6.1. Automotive Division

➜ 6.1.1. Significant Events of the Year

- Increase in worldwide market share to 5.1% versus 5.0% in 2008.
- Sales of new vehicles and CKD units down 2.2% to 3,188,000 units in a global market down 3.1%.
- Increase in European* market share, to an average 13.7% for the year and to 14.3% in the final quarter (13.5% in 2008).
- Solid performance from all of the new models: the Citroën C3 Picasso and new C3 and the Peugeot 206+, 3008 and 5008.
- Reinforced position as European leader in light commercial vehicles, with market share increasing to 22.2% (19.7%in 2008).
- 750,000 vehicles sold emitting less than 120 g of CO_2/km.
- One million vehicles sold emitting less than 130 g of CO_2/km.

2009 saw a further contraction in automotive markets worldwide, but conditions varied widely by both region and period: Europe* -5.3%, reflecting gains of 5.3% in France and 19.9% in Germany, -49.5% in Russia. Markets in Latin America were down an aggregate 2.0% despite a 12.4% increase in Brazil, while passenger car sales in China rose 53.9%. The year was contrasted with, the first six months being very difficult, while the second half saw a return to much more favourable worldwide market conditions.

Thanks to the scrappage incentives introduced in 13 countries, the situation in Europe improved steadily during the year, with markets declining 19.5% in the first quarter, 8.9% in the second and 0.1% in the third before rising 13.3% in the fourth.

The global automotive market contracted by a sharp 14.9% in the first half, with only China (up 24.9%) and Brazil (up 4.1%) continuing to expand during the period.

Demand stabilised in the third quarter, when it gained 2.4% on the gradual upturn in Western European markets (up 3.6%) and the continued exceptionally strong growth in China (up 74.7%).

With an 20.9% increase overall, the fourth quarter saw a return to robust growth in most markets, with the exception of the Central and Eastern European countries and Russia, which continued to decline from prior-year levels.

In this environment, aggregate worldwide sales of PSA Peugeot Citroën assembled and CKD vehicles fell by 2.2% during the year, to 3,188,000 units (1,841,500 Peugeots and 1,346,500 Citroëns) from 3,260,400 units in 2008.

Sales of assembled vehicles alone declined 3.6% to 2,845,800 units, of which 1,514,500 Peugeots and 1,331,300 Citroëns.

On the other hand, strong demand for the Peugeot brand drove a substantial 10.8% increase in CKD sales, to 342,200 units from 308,800 in 2008.

➜ 6.1.2. Markets

Market share data are taken from statistics published by the Association Auxiliaire de l'Automobile for Western European countries and by various local organisations for other countries.

Europe : strengthened positions with 13.7% of the market.

In a European car and light commercial vehicle market that declined by 5.3% in 2009, registrations of PSA Peugeot Citroën vehicles contracted 3.8% to 2,192,000 units, of which 1,153,500 Peugeots and 1,038,500 Citroëns. Over the year, the Group's market share increased by 0.2 points to 13.7%. This position improved at the end of the year, with market share rising to 14.3% in the fourth quarter.

The year was shaped by the introduction of scrappage incentives that significantly boosted demand in 13 countries across the region, particularly France and Germany.

In a European light commercial vehicle market down a sharp 29.2%, PSA Peugeot Citroën consolidated its leadership by increasing its market share to 22.2% from 19.7% in 2008.

In France, the Group's market share rose to 32.2% with 850,700 car and light commercial vehicle registrations, representing a significant increase of 7.1% in a market up 5.3%. Market share improved by 0.6 points over the year, building on the already strong gains made in 2008.

* *Europe: European Union + European Free Trade Association countries + Croatia.*

In Germany, market share improved a robust 0.6 points to 6.3%, as registrations climbed by 31.8% – or more than 60,000 units – to 249,800 cars and light commercial vehicles in a market lifted 19.9% by scrappage incentives.

In Spain, the introduction of scrappage incentives drove a 26.6% rebound in the country's deeply depressed demand, but the market ended the year down 20.2%. PSA Peugeot Citroën registrations fell 19.1% to 205,600 units, for a market share of 19.4% versus 19.1% in 2008.

In the United Kingdom, the Group pursued its strategy of limiting the adverse sales impact of the unfavourable pound/euro exchange rate over the year. Registrations fell 14.0% to 204,000 units in a market down 9.9%.

In Italy, market share rose by a significant 0.9 points to 10.7% for the year, reflecting a 6.9% increase in registrations, to 251,000 units, in a market down 2.0%.

Market conditions were very difficult in **Central and Eastern Europe (excluding Turkey)**, where demand collapsed 30.5% in the first half and 31.3% in the second. PSA Peugeot Citroën registrations tracked the market down, with a 34.3% decrease to 97,900 units. Market share stood at 9.4% for the year.

This decline was partially offset by growth in the Group's volumes and market share in Turkey, where registrations rose 22.4% to 43,300 units, in a market up 11.4%, and market share improved to 7.9% from 7.2% in 2008.

Sales outside Europe rose 2.4% and accounted for 33.1% of the total compared with 31.6% in 2008

Outside Europe, sales of assembled vehicles and CKD units increased by 2.4% to 1,055,000 units, representing 33.1% of total sales for the year.

China: strong growth driven by government subsidies

Buoyed by surging automotive demand (up 53.9%), Group sales rose 52% to 272,200 units, for a 3.3% share of the market. Growth was led by the successful launch of the Peugeot 207 hatchback and notchback, and the Citroën C-Quatre and C-Elysée. Market share widened to 3.5% in the fourth quarter. China is now the Group's second-largest market.

Latin America: a difficult year

With the exception of Brazil (up 12.4%), markets across Latin America plummeted in 2009, for an average decline of 2% over the year. Registrations contracted by 10.0% to 230,000 units, giving the Group a market share of 5.2%.

In Brazil, where demand remained very strong, registrations were stable at 151,200 units and market share stood at 5% for the year.

Demand fell by 14.2% in **Argentina**, where Group registrations retreated 19.1% to 66,100 units, for a market share of 13.4%.

Russia: significant increase in market share, to 2.9%, in a market severely impacted by the crisis.
In a market down a massive 49.5%, the Group successfully limited the decline in its registrations to 30.2%, thereby increasing its market share by 0.8 points over the year and improving its positions despite an unfavourable euro/rouble exchange rate.

➜ 6.1.3. Vehicle Models

2009 saw the introduction of new models that were particularly well received by customers and which amply exceeded their registration targets:

- The Citroën C3 Picasso sold 86,000 units.
- The Peugeot 3008, Peugeot's first crossover, sold 59,500 units.
- The Peugeot 206+, Peugeot's new entry-level model, is perfectly suited to the current economic environment and has been selling extremely well since its launch in March.
- Thanks to an attractively designed, well-positioned line-up, the Group is withstanding the general decline in sales in the light commercial vehicle segment.
- Capitalising on its range of highly fuel-efficient, low-emission engines, the Group's average corporate CO_2 emissions in Europe stood at 135.8 g/km in 2009, versus 140.1 g in 2008.

During the year, PSA Peugeot Citroën sold nearly one million vehicles emitting less than 130 g of CO_2/km and 750,000 vehicles emitting less than 120 g of CO_2/km, confirming its leadership in low-carbon cars.

Peugeot 107, 206 and 207

The Peugeot 207 sold 411,100 units, down 12.2%, positioning it as the second-best selling model in its segment in Europe. Symbolizing the model's outstanding performance, the 207 CC maintained its ranking at the top of the European coupé-cabriolet market, while the launch of the Peugeot 206+ in the spring drove higher sales in a difficult environment.

In all, the Peugeot 206 and 207 continued to deliver a very strong sales performance, with combined worldwide sales rising 2.9% to 781,900 units for the year.

Led by the model's attractive positioning in terms of affordable cost of ownership and low CO_2 emissions, the Peugeot 107 sold a total of 118,600 units worldwide, an increase of 11.4% in a steeply declining market.

Production of the Peugeot 1007 was terminated in 2009, when sales fell sharply to 5,200 units.

Peugeot 308

Launched in September 2007 to replace the Peugeot 307, the Peugeot 308 sold 252,100 units in 2009. In March, the line-up was expanded with the introduction of a new body style, the 308 CC, which helped to increase the brand's share of the Western European lower mid-range sedan segment by 0.1 point.

The Peugeot 307, which was launched in China in the first quarter of 2008, sold 93,600 units worldwide in 2009.

Peugeot 3008 and 5008

During the year, the Peugeot brand extended its market coverage by introducing its first crossover and compact MPV models with the launch of the Peugeot 3008 in May and the 5008 in November. With 59,500 units sold, the 3008 exceeded its annual sales target, while the 5008 got off to a very good start, with 14,000 units sold within the first two months of its five-country launch.

Peugeot 407, 607, 807 and 4007

The Peugeot line-up also includes four other models, the 407, 607, 807 and 4007, whose sales declined sharply due to the steep fall-off in demand in the upper mid-range and executive segments.

The Peugeot 407 sold 39,500 units, the Peugeot 4007 9,400 units, the Peugeot 807 7,100 units and the Peugeot 607 1,900 units.

Citroën C1, C2, C3 and C3 Picasso

Sales of Citroën's compact models rose by 16.1% to 483,100 units in 2009. Sales of the Citroën C1 increased 9.6% to 117,000 units, while those of the Citroën C2 fell 21.9% to 52,400 units. The Citroën C3 sold 226,700 units, down just 6.1% in its last full year on the market. More than 23,000 orders have been booked for the new C3, which was launched in France and Germany in late November and is scheduled for roll-out across Europe in 2010.

The latest addition to the Citroën line-up, the C3 Picasso, has helped to broaden the brand's market coverage. The anti-recession automotive par excellence, it has proven highly popular, selling more than 86,500 units worldwide in just nine months on the market. These promising results illustrate the sustained success of the Picasso family.

Citroën C4 Picasso

For the third year in a row, the five and seven-seat C4 Picasso and the Xsara Picasso maintained Citroën's position as Western European market leader in the compact MPV segment, with 197,800 units sold.

Citroën C4

Sales of the Citroën C4 (excluding the Picasso version) rose by 11.4% to 216,800 units, lifted by sales of the C Quatre model launched in China in the third quarter of 2008.

Citroën C5, C6, C8 and C-Crosser

In its first full year in showrooms, the Citroën C5 exceeded its sales objectives, with 87,500 units sold in a deeply depressed segment.

The Citroën line-up includes three other models, whose sales contracted sharply due to the steep drop-off in demand in the upscale segments. The Citroën C6 sold 1,500 units, the Citroën C8 5,800 units and the Citroën C-Crosser 9,400 units.

Light commercial vehicles

PSA Peugeot Citroën sold 320,700 light commercial vehicles in 2009, in a deeply depressed, recession-sensitive market that saw demand fall by 29.2% in Europe during the year. Supported by its recently introduced models, the Group demonstrated firm resilience, gaining 2.5 points of market share – to 22.2% from 19.7% in 2008 – and consolidating its market leadership.

The Citroën Nemo and Peugeot Bipper sold 77,600 units, the new Citroën Berlingo and Peugeot Partner 293,000 units, the Citroën Jumpy and Peugeot Expert 47,100 units and the Citroën Jumper and Peugeot Boxer 62,600 units.

➜ 6.1.4. Operating Statistics

PSA Peugeot Citroën Group – Worldwide Sales

		2009	2008
Europe*	Peugeot	1,116,200	1,168,000
	Citroën	1,017,100	1,062,700
	PSA Peugeot Citroën	**2,133,300**	**2,230,000**
Russia	Peugeot	28,300	48,300
	Citroën	12,200	10,900
	PSA Peugeot Citroën	**40,500**	**59,200**
Latin America	Peugeot	139,900	166,400
	Citroën	92,400	96,900
	PSA Peugeot Citroën	**232,300**	**263,300**
China	Peugeot	111,600	77,100
	Citroën	160,600	102,000
	PSA Peugeot Citroën	**272,200**	**179,100**
Rest of the world	Peugeot	118,500	153,000
	Citroën	48,900	66,300
	PSA Peugeot Citroën	**167,400**	**219,300**
Total Assembled Vehicles	Peugeot	1,514,500	1,612,800
	Citroën	1,331,300	1,338,800
	PSA Peugeot Citroën	**2,845,800**	**2,951,600**
CKD Units	Peugeot	327,000	291,400
	Citroën	15,200	17,400
	PSA Peugeot Citroën	**342,200**	**308,800**
TOTAL ASSEMBLED VEHICLES AND CKD UNITS	Peugeot	1,841,500	1,904,100
	Citroën	1,346,400	1,356,200
	PSA Peugeot Citroën	**3,188,000**	**3,260,400**

* *Europe: European Union + European Free Trade Association + Croatia.*

PSA Peugeot Citroën Group – Worldwide sales by model

Passenger cars and light commercial vehicles	2009	2008
Peugeot Marque		
107	118,600	106,500
1007	5,200	11,000
206	370,800	292,300
207	411,100	468,300
307	93,600	142,300
308	252,100	290,100
3008	59,500	400
5008	14,000	-
405	234,700	211,100
406	-	1,700
407	39,500	81,400
607	1,900	3,900
807	7,100	13,500
4007	9,400	13,700
Bipper	34,300	25,100
Partner	133,300	147,600
Expert	24,300	39,900
Boxer	31,900	55,300
RCZ	100	-
TOTAL	**1,841,500**	**1,904,100**
- Of which diesel-poxered versions	*773,600*	*877,900*
- Of which passengers cars	*1,676,600*	*1,671,500*
- Of which light commercial vehicles	*164,900*	*232,600*
Citroën Marque		
C1	117,000	106,700
C2	52,400	67,100
DS3	500	-
C3	226,700	241,500
C3 Picasso	86,500	600
ZX	75,500	68,500
Xsara	54,000	76,000
C4	216,900	194,500
C4 Picasso	143,800	188,800
Xantia	12,500	14,100
C5	87,600	87,900
C6	1,500	2,800
C8	5,800	8,800
C-Crosser	9,400	12,300
Nemo	43,300	30,600
Berlingo	159,700	162,400
Jumpy	22,800	39,500
Jumper	30,700	54,000
TOTAL	**1,346,400**	**1,356,200**
- Of which diesel-powered versions	*709,700*	*788,900*
- Of which passengers cars	*1,190,600*	*1,132,400*
- Of which light commercial vehicles	*155,800*	*223,900*
TOTAL PSA PEUGEOT CITROËN	**3,188,000**	**3,260,400**
- Of which diesel-powered versions	*1,483,300*	*1,666,800*
- Of which passengers cars	*2,867,200*	*2,803,900*
- Of which light commercial vehicles	*320,700*	*456,500*

Passenger Car Registrations in Europe by Country

	2009 Volume	2008 Volume
France	2,268,700	2,050,300
Germany	3,807,200	3,090,000
Austria	319,400	293,700
Belgium and Luxembourg	523,500	588,300
Denmark	112,200	150,100
Spain	952,800	1,161,200
Finland	88,300	139,600
Greece	219,700	267,300
Ireland	57,500	151,600
Iceland	2,100	9,000
Italy	2,156,800	2,162,100
Norway	98,700	110,600
Netherlands	387,700	499,900
Portugal	161,000	213,400
United Kingdom	1,995,000	2,131,800
Sweden	213,400	254,000
Switzerland	266,000	288,600
TOTAL WESTERN EUROPE (18 COUNTRIES)	**13,631,400**	**13,561,600**
Croatia	44,900	88,300
Hungary	60,200	153,300
Poland	320,200	320,000
Czech Republic	167,700	182,600
Slovakia	74,700	70,000
Slovnia	58,000	71,600
TOTAL CEEC	**725,700**	**885,800**
Baltic Countries	22,800	66,600
Bulgaria+Romania	155,200	314,800
Malta+Cyprus	21,900	29,900
TOTAL EUROPE 30 COUNTRIES	**14,557,000**	**14,858,300**

Light Commercial Vehicle Registrations in Europe by Country

	2009 Volume	2008 Volume
France	374,000	460,300
Germany	174,600	230,000
Austria	25,700	33,000
Belgium and Luxembourg	57,400	72,500
Denmark	15,900	34,400
Spain	107,500	167,000
Finland	9,600	17,300
Greece	14,900	22,800
Ireland	9,300	29,900
Iceland	300	1,300
Italy	178,900	224,600
Norway	24,500	36,100
Netherlands	51,600	85,000
Portugal	39,000	55,600
United Kingdom	194,700	299,500
Sweden	27,900	39,800
Switzerland	23,900	27,000
TOTAL WESTERN EUROPE (18 COUNTRIES)	**1,329,600**	**1,836,100**
Croatia	4,800	9,300
Hungary	10,600	21,600
Poland	43,800	61,200
Czech Republic	13,300	20,700
Slovakia	15,700	26,900
Slovnia	4,500	7,300
TOTAL CEEC	**92,600**	**147,000**
Baltic Countries	2,600	8,400
Bulgaria+Romania	19,700	52,400
Malta+Cyprus	3,500	5,200
TOTAL EUROPE 30 COUNTRIES	**1,448,000**	**2,049,000**

Passenger Car and Light Commercial Vehicle Registrations in Europe by Country

	2009 Volume	2008 Volume
France	2,642,700	2,510,600
Germany	3,981,800	3,320,100
Austria	345,100	326,600
Belgium and Luxembourg	580,900	660,800
Denmark	128,100	184,600
Spain	1,060,300	1,328,200
Finland	97,900	156,900
Greece	234,600	290,100
Ireland	66,800	181,600
Iceland	2,400	10,300
Italy	2,337,600	2,386,700
Norway	123,200	146,700
Netherlands	438,700	584,900
Portugal	200,100	269,000
United Kingdom	2,189,700	2,431,300
Sweden	241,300	293,800
Switzerland	289,900	315,600
TOTAL WESTERN EUROPE (18 COUNTRIES)	**14,961,000**	**15,397,700**
Croatia	49,700	97,500
Hungary	70,800	174,800
Poland	364,000	381,300
Czech Republic	181,000	203,200
Slovakia	90,400	96,900
Slovnia	62,400	78,900
TOTAL CEEC	**818,300**	**1,032,700**
Baltic Countries	25,500	75,000
Bulgaria+Romania	174,800	367,100
Malta+Cyprus	25,400	34,800
TOTAL EUROPE 30 COUNTRIES	**16,005,000**	**16,907,300**

Passenger Car and Light Commercial Vehicle Registrations in Europe by Manufacturer

		2009		2008	
Rank	Group	Volume	Market share (%)	Volume	Market share (%)
1	VAG	3,238,400	20.2	3,296,000	19.5
2	PSA Peugeot Citroën	2,193,200	13.7	**2,279,400**	**13.5**
	• Of which Citroën	1,039,100	6.5	1,071,900	6.3
	• Of which Peugeot	1,154,100	7.2	1,207,600	7.1
3	Ford Gr.	1,671,900	10.4	1,707,200	10.1
4	Renault Gr.	1,563,600	9.8	1,596,200	9.4
5	Fiat Gr.	1,473,600	9.2	1,498,000	8.9
6	G.M.	1,366,100	8.5	1,570,100	9.3
7	Daimler Ag	812,500	5.1	972,100	5.7
8	Toyota Gr.	812,300	5.1	913,600	5.4
9	Bmw Gr.	711,700	4.4	827,300	4.9
10	Hyundai Gr.	615,000	3.8	525,900	3.1
11	Nissan	418,000	2.6	409,800	2.4
12	Suzuki Gr.	253,400	1.6	256,000	1.5
13	Honda	246,800	1.5	269,900	1.6
14	Mazda	217,600	1.4	254,900	1.5
15	Mitsubishi	117,700	0.7	151,100	0.9
16	Tata	101,300	0.6	125,900	0.7
17	Others	84,100	0.5	96,300	0.6
18	Chrysler LLC	53,500	0.3	92,700	0.5
19	Subaru	43,600	0.3	51,100	0.3
20	Isuzu	10,600	0.1	13,800	0.1

PSA Peugeot Citroën Group - Passenger Car Registrations in Europe by Country

	2009		2008	
	Volume	Market share (%)	Volume	Market share (%)
France	717,500	31.6	633,300	30.9
Germany	231,600	6.1	168,000	5.4
Austria	28,900	9.1	25,200	8.6
Belgium and Luxembourg	94,000	17.9	109,000	18.5
Denmark	20,400	18.2	28,000	18.6
Spain	169,600	17.8	205,100	17.7
Finland	5,400	6.2	11,300	8.1
Greece	13,500	6.1	20,200	7.6
Ireland	2,800	4.8	7,900	5.2
Iceland	0	0.7	200	2.1
Italy	224,500	10.4	210,500	9.7
Norway	6,400	6.5	7,500	6.7
Netherlands	49,700	12.8	64,600	12.9
Portugal	21,900	13.6	31,600	14.8
United Kingdom	175,000	8.8	200,100	9.4
Sweden	12,100	5.7	19,800	7.8
Switzerland	23,300	8.7	23,600	8.2
TOTAL WESTERN EUROPE (18 COUNTRIES)	**1,796,600**	**13.2**	**1,765,800**	**13.0**
Croatia	6,200	13.8	11,500	13.1
Hungary	3,400	5.6	10,300	6.7
Poland	22,200	6.9	30,300	9.5
Czech Republic	14,300	8.5	17,100	9.4
Slovakia	10,400	13.8	8,700	12.4
Slovnia	7,800	13.5	10,100	14.1
TOTAL CEEC	**64,300**	**8.9**	**88,100**	**10.0**
Baltic countries	1,900	8.1	4,900	7.4
Bulgaria+Romania	8,400	5.4	16,500	5.2
Malta+Cyprus	1,400	6.4	2,000	6.6
TOTAL EUROPE 30 COUNTRIES	**1,872,500**	**12.9**	**1,877,300**	**12.6**

PSA Peugeot Citroën Group - Light Commercial Vehicle Registrations in Europe by Country

	2009		2008	
	Volume	Market share (%)	Volume	Market share (%)
France	133,300	35.6	160,800	34.9
Germany	18,200	10.4	21,500	9.3
Austria	3,500	13.5	4,200	12.8
Belgium and Luxembourg	17,000	29.6	20,600	28.5
Denmark	2,400	15.3	4,900	14.1
Spain	36,200	33.7	49,200	29.4
Finland	600	6.5	1,100	6.3
Greece	700	4.8	1,000	4.5
Ireland	900	9.9	2,300	7.7
Iceland	0	0.9	100	4.3
Italy	26,800	15.0	24,200	10.8
Norway	4,200	17.0	5,100	14.2
Netherlands	6,600	12.9	10,000	11.8
Portugal	10,100	25.8	12,100	21.8
United Kingdom	29,000	14.9	37,100	12.4
Sweden	4,700	16.8	5,800	14.4
Switzerland	4,200	17.6	4,400	16.3
TOTAL WESTERN EUROPE (18 COUNTRIES)	**298,500**	**22.5**	**364,500**	**19.9**
Croatia	1,200	26.1	2,300	25.0
Hungary	1,600	14.7	3,900	17.9
Poland	7,400	16.8	11,900	19.4
Czech Republic	2,500	18.7	3,200	15.3
Slovakia	2,900	18.2	4,500	16.9
Slovnia	1,600	35.6	2,100	28.7
TOTAL CEEC	**17,100**	**18.5**	**27,900**	**19.0**
Baltic countries	600	24.4	1,500	18.0
Bulgaria+Romania	4,100	20.8	7,600	14.6
Malta+Cyprus	400	10.5	600	12.4
TOTAL EUROPE 30 COUNTRIES	**320,700**	**22.1**	**402,100**	**19.6**

PSA Peugeot Citroën Group - Passenger Car and Light Commercial Vehicle Registrations in Europe by Country

	2009		2008	
	Volume	Market share (%)	Volume	Market share (%)
France	850,700	32.2	794,200	31.6
Germany	249,900	6.3	189,500	5.7
Austria	32,400	9.4	29,500	9.0
Belgium and Luxembourg	111,000	19.1	129,600	19.6
Denmark	22,800	17.8	32,800	17.8
Spain	205,800	19.4	254,300	19.1
Finland	6,100	6.2	12,400	7.9
Greece	14,200	6.0	21,200	7.3
Ireland	3,700	5.5	10,200	5.6
Iceland	0	0.7	200	2.4
Italy	251,300	10.8	234,700	9.8
Norway	10,600	8.6	12,600	8.6
Netherlands	56,400	12.8	74,600	12.8
Portugal	32,000	16.0	43,700	16.3
United Kingdom	204,000	9.3	237,200	9.8
Sweden	16,800	7.0	25,500	8.7
Switzerland	27,500	9.5	28,000	8.9
TOTAL WESTERN EUROPE (18 COUNTRIES)	**2,095,100**	**14.0**	**2,130,300**	**13.8**
Croatia	7,500	15.0	13,900	14.2
Hungary	4,900	6.9	14,200	8.1
Poland	29,600	8.1	42,200	11.1
Czech Republic	16,800	9.3	20,300	10.0
Slovakia	13,200	14.6	13,200	13.6
Slovnia	9,400	15.0	12,200	15.5
TOTAL CEEC	**81,400**	**9.9**	**115,900**	**11.2**
Baltic countries	2,500	9.8	6,400	8.6
Bulgaria+Romania	12,400	7.1	24,100	6.6
Malta+Cyprus	1,800	7.0	2,600	7.5
TOTAL EUROPE 30 COUNTRIES	**2,193,200**	**13.7**	**2,279,400**	**13.5**

Peugeot Marque - Passenger Car and Light Vehicle Registrations in Europe by Country

	2009		2008	
	Volume	Market share (%)	Volume	Market share (%)
France	441,100	17.1	426,200	17.0
Germany	138,000	3.5	103,500	3.1
Austria	17,200	5.0	16,200	4.9
Belgium and Luxembourg	55,400	9.5	65,800	10.0
Denmark	12,700	9.9	18,100	9.8
Spain	97,300	9.2	123,900	9.3
Finland	3,500	3.6	6,300	4.0
Greece	7,800	3.3	10,700	3.7
Ireland	2,400	3.6	6,400	3.5
Iceland	0	0.6	100	0.9
Italy	126,600	5.4	105,500	4.4
Norway	6,400	5.2	8,300	5.7
Netherlands	33,300	7.6	45,700	7.8
Portugal	16,200	8.1	22,700	8.4
United Kingdom	116,100	5.3	134,700	5.5
Sweden	10,000	4.1	15,700	5.4
Switzerland	13,400	4.6	15,500	4.9
TOTAL WESTERN EUROPE (18 COUNTRIES)	**1,100,600**	**7.4**	**1,125,200**	**7.3**
Croatia	4,000	8.0	7,700	7.9
Hungary	2,900	4.1	8,200	4.7
Poland	16,500	4.5	22,700	6.0
Czech Republic	8,300	4.6	10,300	5.1
Slovakia	7,000	7.8	6,800	7.0
Slovnia	4,200	6.7	5,900	7.5
TOTAL CEEC	**42,900**	**5.2**	**61,600**	**6.0**
Baltic Countries	1,300	5.2	2,200	2.9
Bulgaria+Romania	8,100	4.6	16,900	4.6
Malta+Cyprus	1,200	4.8	1,700	4.9
TOTAL EUROPE 30 COUNTRIES	**1,154,100**	**7.2**	**1,207,600**	**7.1**

Citroën Marque - Passenger Car and Light Commercial Vehicle Registrations in Europe by Country

	2009		2008	
	Volume	Market share (%)	Volume	Market share (%)
France	406,600	15.4	368,000	14.7
Germany	111,800	2.8	86,000	2.6
Austria	15,200	4.4	13,300	4.1
Belgium and Luxembourg	55,500	9.6	63,800	9.7
Denmark	10,200	7.9	14,700	8.0
Spain	108,500	10.2	130,400	9.8
Finland	2,600	2.6	6,100	3.9
Greece	6,300	2.7	10,600	3.6
Ireland	1,300	1.9	3,700	2.1
Iceland	3	0.1	200	1.5
Italy	124,700	5.3	129,200	5.4
Norway	4,100	3.3	4,300	2.9
Netherlands	23,100	5.3	29,000	5.0
Portugal	15,800	7.9	21,000	7.8
United Kingdom	88,000	4.0	102,500	4.2
Sweden	6,800	2.8	9,800	3.3
Switzerland	14,000	4.8	12,500	4.0
TOTAL WESTERN EUROPE (18 COUNTRIES)	**994,500**	**6.6**	**1,005,100**	**6.5**
Croatia	3,500	7.0	6,200	6.3
Hungary	2,000	2.8	5,900	3.4
Poland	13,100	3.6	19,500	5.1
Czech Republic	8,500	4.7	10,000	4.9
Slovakia	6,200	6.9	6,400	6.6
Slovnia	5,200	8.3	6,300	8.0
TOTAL CEEC	**38,500**	**4.7**	**54,300**	**5.3**
Baltic Countries	1,200	4.7	4,300	5.7
Bulgaria+Romania	4,300	2.5	7,200	2.0
Malta+Cyprus	600	2.2	900	2.6
TOTAL EUROPE 30 COUNTRIES	**1,039,100**	**6.5**	**1,071,800**	**6.3**

PSA Peugeot Citroën Group – Worldwide Production by Model

Passenger car and light commercial vehicles	2009	2008
Marque Peugeot		
107	116,100	108,200
1007	4,800	10,400
206	364,800	303,400
207	386,400	480,400
307	84,300	137,500
308	233,700	304,100
3008	64,700	400
5008	21,900	50
405	220,300	194,800
406	-	1,600
407	33,300	82,000
607	900	4,600
807	6,200	13,400
4007	4,500	17,800
Bipper	32,300	29,500
Partner	120,500	156,700
Expert	19,000	44,100
Boxer	25,600	59,000
RCZ	150	
TOTAL	**1,739,400**	**1,947,900**
Marque Citroën		
C1	116,100	108,100
C2	49,100	65,200
DS3	1,700	
C3	233,400	238,600
C3 Picasso	91,700	1,600
ZX	76,000	59,200
XSARA	53,300	73,400
C4	207,300	197,900
C4 Picasso	133,800	191,800
XANTIA	11,800	13,700
C5	82,800	98,600
C6	1,000	1,700
C8	5,300	8,400
C-Crosser	5,000	16,200
Nemo	42,000	33,500
Berlingo	147,600	171,400
Jumpy	20,000	41,000
Jumper	25,000	57,200
TOTAL	**1,302,900**	**1,377,500**
PSA Peugeot Citroën	**3,042,400**	**3,325,400**

6.2. Faurecia

Faurecia [1], the Group's 57.4%-owned automotive equipment manufacturer, is strategically focused on four carefully targeted automotive component families: automotive seating, interior systems, automotive exteriors and emissions control technologies. In each on, it ranks among the top three worldwide.

With 190 production facilities in 28 countries, Faurecia is active on five continents, deploying an industrial strategy designed to meet two objectives: i) to be constantly able to support leading automakers in their global strategy, notably in fast growing emerging markets; and ii) to continuously optimise the global location of its facilities to offer customers superior cost and quality performance.

Faurecia employs 52,000 people worldwide.

Faurecia reported revenue of €9,292 million in 2009, versus €12,017 million in 2008 (for more detailed information about Faurecia's revenue, please see Chapter 9.2.3.2 below).

➜ 6.2.1. Four Core Businesses

1. Automotive Seating

Faurecia designs and assembles seats and makes their main components, including frames, adjustment mechanisms, foams and upholstery, and comfort and safety accessories. In 2009, seats accounted for 49% of product sales (excluding monoliths).

As a complete seat architect, Faurecia has created the concept of flexible metal structures, which can be adapted to various vehicle bodies on one or several platforms.

2. Interior Systems

Faurecia designs and produces instrument panels, central consoles and door panels that meet both the expectations of carbuyers and the requirements of automakers. It offers advanced solutions in the areas of passenger safety, interior fittings and weight reduction.

In acoustic packages, the Company delivers products that optimize soundproofing through insulation and sonic absorption. In 2009, interior systems accounted for 28% of product sales (excluding monoliths).

3. Automotive Exteriors

Faurecia is one of the world's leading suppliers of front-end modules and carriers in composite materials, and ranks among the top suppliers for bumpers and engine cooling systems in Europe. In 2009, automotive exteriors accounted for 10% of product sales (excluding monoliths).

On 4 February 2010, Faurecia signed an agreement to acquire the German assets of Plastal, a tier-one supplier of plastic exterior parts for the automotive industry. Once the transaction is completed, Plastal Germany will join the Faurecia Automotive Exteriors business group, making it the new European leader in automotive exterior parts.

4. Emissions Control Technologies

Faurecia engineers, manufactures and markets a range of complete exhaust systems corresponding to every market requirement. To meet increasingly exacting international emissions control standards, Faurecia addresses pollution reduction at the design stage, and helps automakers in their search for new engine configurations by pioneering innovative technological solutions like the diesel particulate filter. In 2009, emissions control technologies accounted for 13% of product sales (excluding monoliths).

With the acquisition of Emcon Technologies, which joined Faurecia Emissions Control Technologies on 8 February 2010, Faurecia is now the world's leading provider of emissions control solutions.

(1) For more information about Faurecia, please visit www.faurecia.com.

6.2.2. Industrial Footprint

Working with almost all of the world's automakers, Faurecia's production facilities span the globe with 190 plants in 28 countries on five continents. For every customer, it can manufacture a given product on several continents using a pre-defined production process and the same quality standards.

In 2009, the Company generated 76% of its product sales (excluding monoliths) in Europe, 12% in North America, 7% in Asia, 4% in Latin America and 1% in other countries.

Faurecia can adapt its worldwide production facilities to fit the needs and expectations of automakers. While two thirds of its facilities manufacture components and are therefore located to optimize production and logistics costs, the other third operate on a just-in-time basis.

6.2.3. Customer Base

Faurecia continued to diversify its customer portfolio in 2009. Volkswagen is now the Company's largest customer, accounting for 25% of product sales (excluding monoliths), followed by PSA Peugeot Citroën (23%), Renault Nissan (14%), BMW (11%) and Ford (11%).

6.3. Gefco

Wholly-owned subsidiary Gefco [(1)] is one of the world's leading logistics specialists, whose services span the entire supply chain, including overland, sea and air transport, industrial logistics, container management, new vehicle preparation and distribution, and customs and VAT representation. The globalisation of modern manufacturing and the specialization of production facilities have led Gefco to leverage its supply chain management capabilities, combining a variety of services, to deliver end-to-end solutions in such areas as global sourcing, upstream industrial logistics, container management and downstream automotive logistics.

Gefco has a direct presence in 27 countries and employs 10,000 people worldwide.

Gefco reported revenue of €2,888 million in 2009, versus €3,536 million in 2008 (for more detailed information about Gefco's revenue, please refer to Chapter 9.2.3.3 below).

6.3.1. Core Competencies

Inbound and Outbound Overland Transport

Gefco's inbound transport services are based on three areas of expertise: groupage, full/part-load road transport and customized express delivery. The company operates one of Europe's largest private-sector overland transport networks, with 150 depots linked by 600 international lines. Outbound transport services integrate Gefco's expertise in organizing the international transport and delivery of new vehicles from the production plants to dealers, via a global network of more than 75 vehicle storage and delivery centres. The vehicles are transported both on articulated lorries and by rail using Gefco's 4,000 railway car carriers.

(1) For more information about Gefco, please visit www.gefco.net.

Sea and Air Transport

Gefco designs and implements door-to-door air and sea freight forwarding solutions to deliver production components sourced from around the world (inbound expertise) and distribute the finished products to customers anywhere on the planet (outbound expertise).

Industrial Logistics

Gefco's international network of logistics platforms enable manufacturers to improve the reliability of their supply and distribution processes, continually optimise inventory, facilitate handling operations, free up space at their sites and carry out specific value-adding operations.

Handling Solutions

Managing industrial packaging, such as boxes, containers, pallets and covers, is a complex process. Gefco helps customers simplify this task with a variety of service solutions, including flow optimisation and engineering, transport, washing, maintenance and packaging rental. Every year, the Company processes more than 40 million goods flows across Europe with a fleet of five million handling units.

Customs and VAT Representation

Gefco offers customers bespoke expertise and helps them to implement secure processes and capture all of the benefits provided by international regulations.

➜ 6.3.2. Customer Industries

Gefco delivers its expertise to customers in most of the major industries, such as automotives, automotive equipment, scooters and motorbikes, manufacturing, personal care products and consumer electronics, as well as in the specialized retailing sector. In addition to its largest customer, PSA Peugeot Citroën, Gefco counts among its automotive customers such carmakers as BMW, General Motors, Ford, Nissan, Renault and Mercedes Benz.

In 2009, more than 60% of consolidated revenue was generated with PSA Peugeot Citroën, and Group and non-Group revenue declined by 15% in terms of volume and mix.

➜ 6.3.3. A Global Presence

Gefco operates in more than 100 countries around the world, thanks to a dense global partner network, 27 subsidiaries and 400 profit centres. While Western Europe is still the Company's largest market, recent years have seen a surge in growth in the rest of the world, primarily in Asia, Central and Eastern Europe and Latin America.

In 2009, all the host countries and regions reported a similar decline in sales of around 18%. During the year, the Company focused on maintaining market share among major customers and in the various industrial segments where it is already well-established. Action plans were implemented to address the profitability and cash flow challenges arising from the crisis, while ensuring that the Company's strategic potential emerged from the ordeal intact at year-end.

In early 2010, Gefco is effectively back on track and ready once again to pursue its international expansion.

6.4. Banque PSA Finance

As a wholly-owned PSA Peugeot Citroën subsidiary, Banque PSA Finance [1] is closely associated with the marketing policies of the Peugeot and Citroën brands.

Operating in 24 countries around the world, the bank supports the sale of Peugeot and Citroën vehicles by financing new vehicle and replacement parts inventory for dealers and offering a comprehensive array of financing and related services to carbuyers. The bank's loan approval process is totally independent from the dealer network, and dealers are unable to exert any influence on the approval decision.

Net banking revenue amounted to €944 million in 2009, compared with €976 million the previous year. The loan book increased slightly to €22.4 billion from €22.3 billion at year-end 2008.

For more detailed information concerning Banque PSA Finance' revenue and recurring operating income, please refer to paragraph 9.2.3.4 below.

➜ 6.4.1. Retail Financing

Retail financing represented 80.6% of total loans outstanding, or €18,086 million at 31 December 2009 versus €17,913 million a year earlier.

Banque PSA Finance serves both individuals and corporate fleets with:

- loans to purchase new and used cars;
- long-term leasing solutions;
- short-term leasing and sales with a buyback commitment;
- an array of related services, such as insurance, maintenance and extended warranties.

Led by a sustained focus on building customer loyalty, Banque PSA Finance offers diversified financing products and services, as well as bundled offers, that together with the two brands provide a comprehensive range of mobility enabling solutions. Related service offerings include financial services, automotive services and automotive insurance.

The bank's penetration rate among buyers of new Peugeots and Citroëns rose to 27.5% in 2009, from 27.3% in 2008.

➜ 6.4.2. Wholesale Financing

Wholesale financing represented 19.4% of total loans outstanding, or €4,359 million, at 31 December 2009.

Banque PSA Finance provides financing for new and demonstration vehicles and replacement parts for the two brands' dealer networks.

Its support services also include helping the dealers manage, track and control their financial risks.

(1) For more information about Banque PSA Finance, please visit www.banquepsafinance.com.

6.4.3. Geographic Presence

Banque PSA Finance's leading markets are in:

- France;
- Western Europe: Germany, Austria, Belgium, Luxembourg, Spain, Italy, the Netherlands, Poland, Portugal, the United Kingdom and Switzerland;
- Latin America: Argentina, Brazil and Mexico;
- Central Europe: Hungary, Poland, the Czech Republic and Slovakia;
- China.

In its commitment to supporting the development of Peugeot and Citroën sales, Banque PSA Finance is steadily expanding in the global marketplace by forming partnerships with other banks. In 2009, retail and wholesale financing operations were started up in Slovenia and Croatia, while a new subsidiary is now working closely with the Algerian network.

In all, France accounted for 36% of total loans outstanding at year-end 2009, Germany 15%, Spain 11%, Italy and the United Kingdom 9% each, the Benelux countries 5%, the rest of Europe 9%, Latin America 4% and other countries 1%.

6.5. Peugeot Scooters

In a challenging global economy, European demand for scooters fell sharply across every segment in 2009.

The 50cc market was the hardest hit, losing 21.3% over the year. Despite a 25.8% decline in unit sales, Peugeot Motocycles retained its position as Europe's second largest scooter manufacturer, with a market share of 16.5% versus 17.5% in 2008.

The recession had less of an impact on the over-50cc segment, which contracted by 6.5%. Conditions varied by country, with only Italy, the region's largest market, showing a gain for the year, at 9.9%. By contrast, the four other leading country markets (France, Spain, Germany and the United Kingdom) reported declines of between 19.8% and 25.5%. Peugeot Motocycles ranked seventh Europe-wide in this segment, with 3.2% of the market.

In the entire urban mobility market, Peugeot Motocycles remained the leader in France, with 18.8% of the total market, and ranked 10th in Europe as a whole.

Unit sales declined by 28% to 98,000 units during the year, while revenue fell by a similar 24.71% to €146.4 million.

In 2010, Peugeot Motocycles changed its name to Peugeot Scooters. The more contemporary sounding name was introduced with a new logo aligned with Peugeot's ambitious project to deploy a seamless line of mobility solutions comprising automotives, scooters and bicycles. During the year, Peugeot plans to introduce E-Vivacity, an "eco-citizen" electric scooter heralding the urban mobility of tomorrow, along with three other new models that will expand a line-up that already comprises 18 model families.

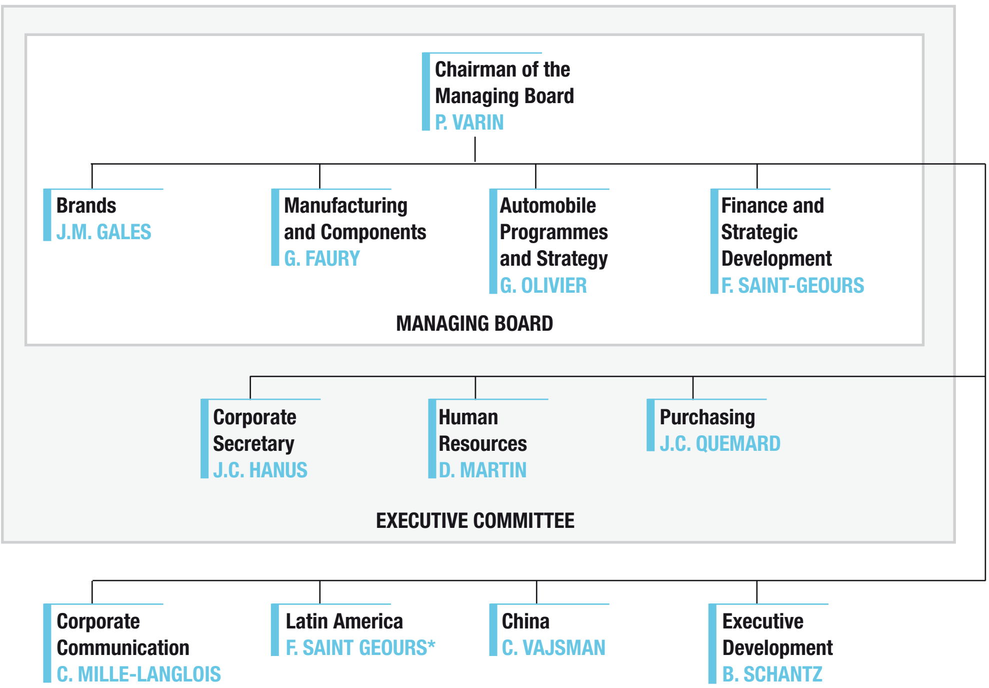
7

ORGANISATIONAL STRUCTURE

7.1. The Group

7.1.1. Corporate Management at 1st April 2010

The corporate management organisation chart at 1st April 2010 is presented below:



** Until the nomination of the new Director.*

7.1.2. Management structures

Executive management of the PSA Peugeot Citroën Group is the responsibility of the Managing Board, which is presented in section 14.1.2 below.

The Managing Board is responsible for executive leadership and financial management, helping to define and implement the Group's strategic vision and defining Group policies. It decides among the various courses of action and allocates the appropriate resources.

The Managing Board is supported by the Executive Committee, which comprises the five members of the Managing Board plus three senior executives – the Corporate Secretary, the Executive Vice-President, Human Resources and the Executive Vice-President, Purchasing – who report to the Chairman of the Managing Board.

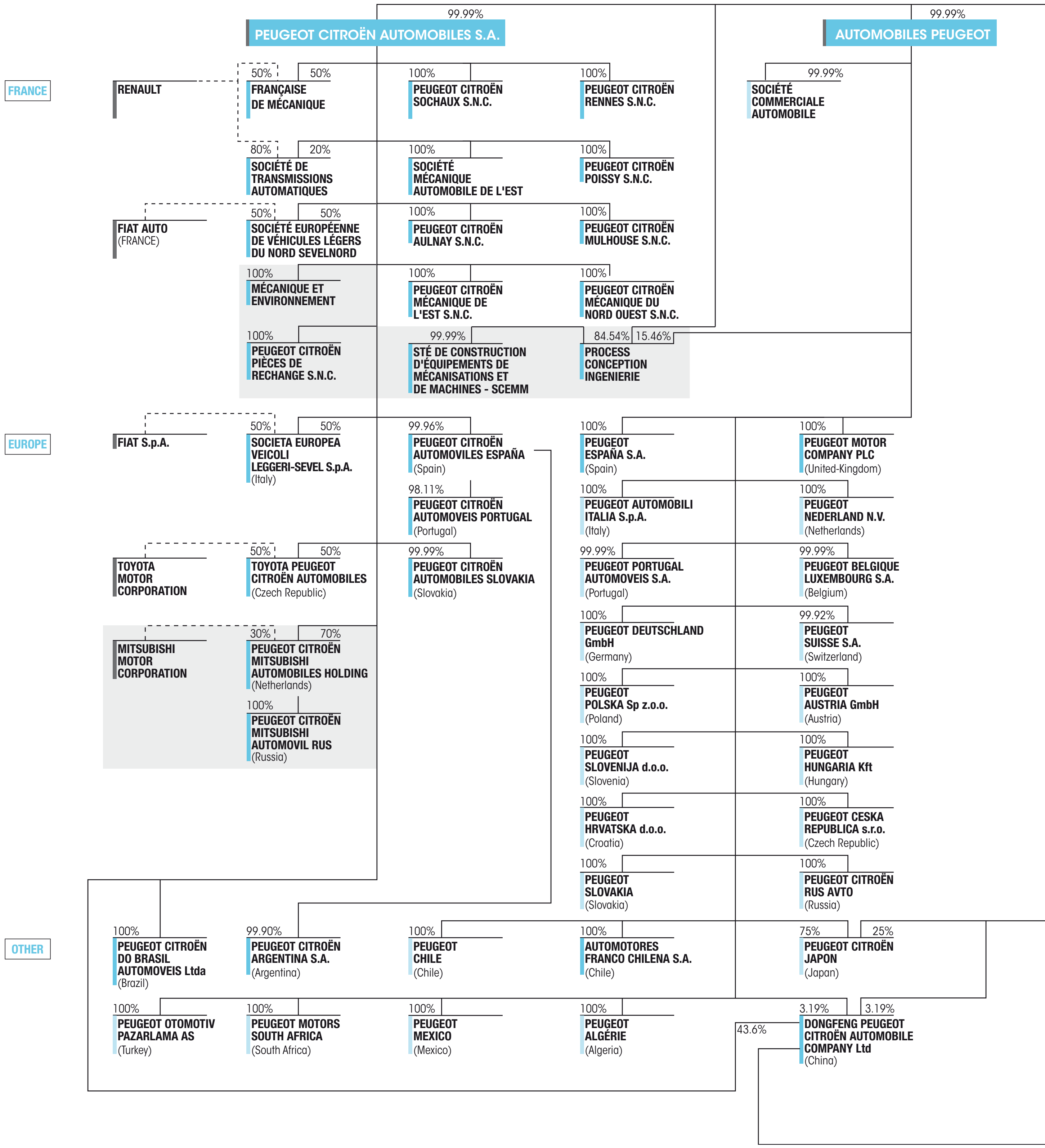
In addition to the Executive Committee, the Vice-Presidents in charge of Corporate Communication, Latin America, China, Executive Development and the Continuous Improvement Process also report to the Chairman of the Managing Board.

→ 7.1.3. Parent-subsidiary relationships

As the Group's holding company, Peugeot S.A. is not directly involved in any material operating activities.

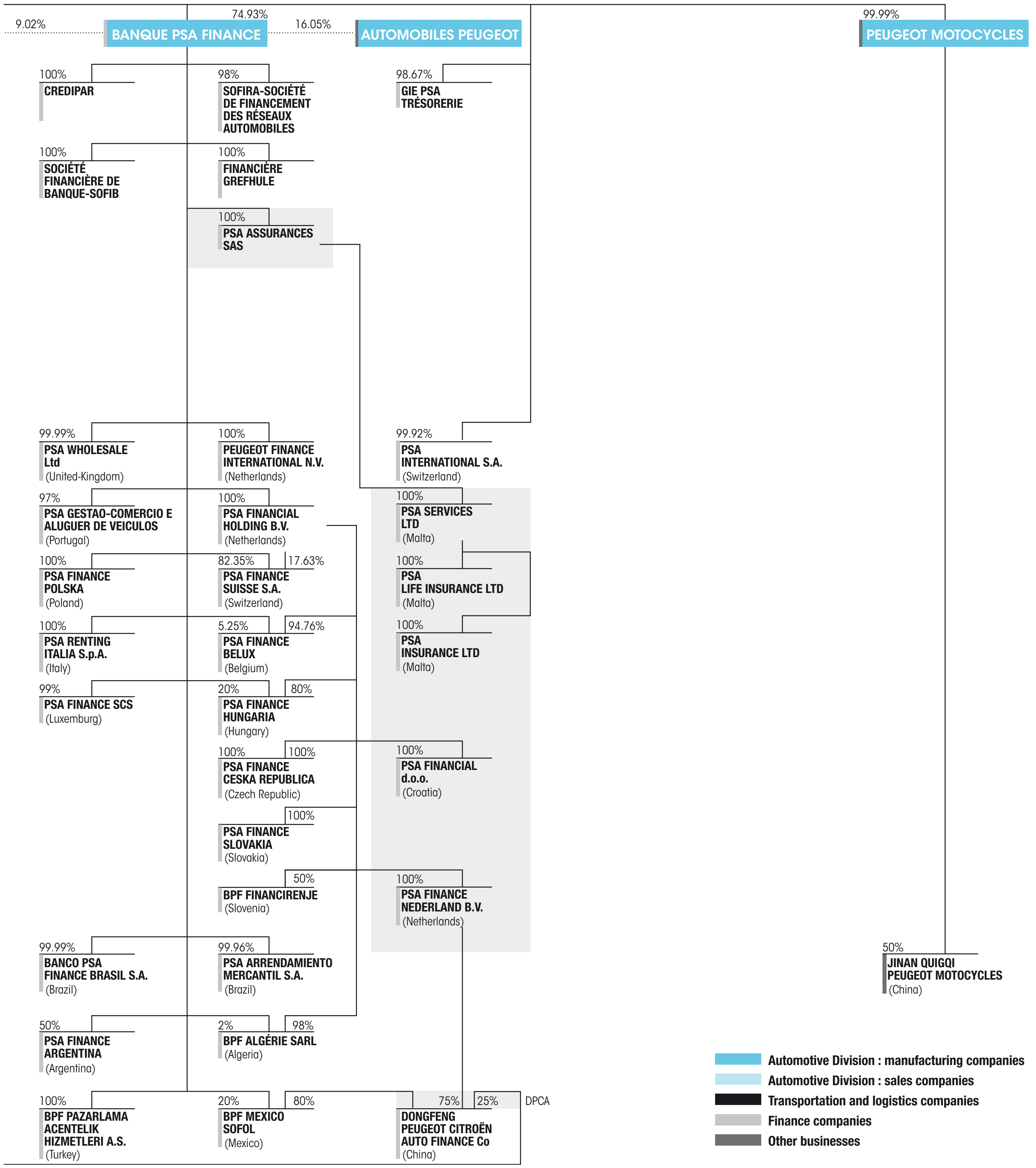
Peugeot S.A. has a normal parent company relationship with its subsidiaries. The main events in this relationship in 2009 are reviewed in the Company's financial statements in section 20.4.

7.2. Subsidiaries and equity holdings of the Company



PEUGEOT S.A.

- 99.99% **AUTOMOBILES CITROËN**
  - 98.40% **CITER**
  - 100% **SOCIÉTÉ COMMERCIALE CITROËN**
  - 100% **CITROËN CHAMP DE MARS**
  - 100% **CITROËN ITALIA S.p.A.** (Italy)
  - 99.71% **AUTOMOVILES CITROËN ESPAÑA** (Spain)
  - 100% **CITROËN DEUTSCHLAND AG** (Germany)
  - 99.92% **CITROËN (SUISSE) S.A.** (Switzerland)
  - 99.98% **AUTOMOVEIS CITROËN S.A.** (Portugal)
  - 99.97% **CITROËN U.K. Ltd** (United-Kingdom)
  - 100% **CITROËN DANMARK A/S** (Denmark)
  - 100% **CITROËN BELUX S.A. - N.V.** (Belgium)
  - 100% **CITROËN NEDERLAND B.V.** (Netherlands)
  - 100% **CITROËN SVERIGE AB** (Sweden)
  - 100% **CITROËN ÖSTERREICH GmbH** (Austria)
  - 100% **CITROËN NORGE A/S** (Norway)
  - 100% **CITROËN SLOVENIJA d.o.o.** (Slovenia)
  - 100% **CITROËN POLSKA** (Poland)
  - 100% **CITROËN HUNGARIA Kft** (Hungary)
  - 100% **CITROËN SLOVAKIA s.r.o.** (Slovakia)
  - 100% **CITROËN HRVATSKA d.o.o.** (Croatia)
  - 100% **CITROËN CESKA REPUBLICA s.r.o.** (Czech Republic)
  - 100% **CITROËN ROMANIA s.r.l.** (Romania)
  - 51% **CITROËN DO BRASIL** (Brazil)
- 70.86% **FAURECIA**
- 99.95% **GEFCO**
  - 100% **GEFCO ITALIA S.p.A.** (Italy)
  - 100% **GEFCO U.K. Ltd** (United-Kingdom)
  - 100% **GEFCO ÖSTERREICH** (Austria)
  - 100% **GEFCO DEUTSCHLAND GmbH** (Germany)
  - 99.99% **GEFCO BENELUX S.A.** (Belgium)
  - 100% **GEFCO SLOVAKIA** (Slovakia)
  - 100% **GEFCO PORTUGAL TRANSITARIOS LIMITADA** (Portugal)
  - 99.99% **GEFCO ESPAÑA S.A.** (Spain)
  - 100% **GEFCO ROMANIA** (Romania)
  - 100% **GEFCO POLSKA Sp. z.o.o.** (Poland)
  - 98.64% **GEFCO (SUISSE) S.A.** (Switzerland)
  - 100% **GEFCO HONGRIE** (Hungary)
  - 100% **LLC GEFCO (CIS)** (Russia)
  - 100% **GEFCO CESKA REPUBLICA s.r.o.** (Czech Republic)
  - 100% **GEFCO PREVOZNISTVO IN LOGISTICA** (Slovenia)
  - 100% **GEFCO BALTIC** (Latvian)
  - 100% **GEFCO UKRAINE** (Ukrainia)
  - 100% **GEFCO DO BRASIL Ltda** (Brazil)
  - 100% **GEFCO PARTICIPACOES Ltda** (Brazil)
  - 100% **GEFCO ARGENTINA S.A.** (Argentina)
  - 87.50% **GEFCO TASIMACILIK VE LOJISTIK ANONIM SIRKETI** (Turkey)
  - 50% **GEFCO TUNISIE** (Tunisia)
  - 99.92% **GEFCO MAROC** (Morocco)
  - 100% **GEFCO CHILI** (Chile)
  - 50% **GEFCO INTERNATIONAL LOGISTICS CHINA** (China)
  - 100% **GEFCO HONG KONG** (China)
- **AUTOMOBILES CITROËN**


9.02%
BANQUE PSA FINANCE
74.93%
16.05%
AUTOMOBILES PEUGEOT
99.99%
PEUGEOT MOTOCYCLES
100%
CREDIPAR
98%
SOFIRA-SOCIÉTÉ DE FINANCEMENT DES RÉSEAUX AUTOMOBILES
98.67%
GIE PSA TRÉSORERIE
100%
SOCIÉTÉ FINANCIÈRE DE BANQUE-SOFIB
100%
FINANCIÈRE GREFHULE
100%
PSA ASSURANCES SAS
99.99%
PSA WHOLESALE Ltd
(United-Kingdom)
100%
PEUGEOT FINANCE INTERNATIONAL N.V.
(Netherlands)
99.92%
PSA INTERNATIONAL S.A.
(Switzerland)
97%
PSA GESTAO-COMERCIO E ALUGUER DE VEICULOS
(Portugal)
100%
PSA FINANCIAL HOLDING B.V.
(Netherlands)
100%
PSA SERVICES LTD
(Malta)
100%
PSA FINANCE POLSKA
(Poland)
82.35%
17.63%
PSA FINANCE SUISSE S.A.
(Switzerland)
100%
PSA LIFE INSURANCE LTD
(Malta)
100%
PSA RENTING ITALIA S.p.A.
(Italy)
5.25%
94.76%
PSA FINANCE BELUX
(Belgium)
100%
PSA INSURANCE LTD
(Malta)
99%
PSA FINANCE SCS
(Luxemburg)
20%
80%
PSA FINANCE HUNGARIA
(Hungary)
100%
100%
PSA FINANCE CESKA REPUBLICA
(Czech Republic)
100%
PSA FINANCIAL d.o.o.
(Croatia)
100%
PSA FINANCE SLOVAKIA
(Slovakia)
50%
BPF FINANCIRENJE
(Slovenia)
100%
PSA FINANCE NEDERLAND B.V.
(Netherlands)
99.99%
BANCO PSA FINANCE BRASIL S.A.
(Brazil)
99.96%
PSA ARRENDAMIENTO MERCANTIL S.A.
(Brazil)
50%
JINAN QUIGQI PEUGEOT MOTOCYCLES
(China)
50%
PSA FINANCE ARGENTINA
(Argentina)
2%
98%
BPF ALGÉRIE SARL
(Algeria)
100%
BPF PAZARLAMA ACENTELIK HIZMETLERI A.S.
(Turkey)
20%
80%
BPF MEXICO SOFOL
(Mexico)
75%
25%
DPCA
DONGFENG PEUGEOT CITROËN AUTO FINANCE Co
(China)
Automotive Division : manufacturing companies
Automotive Division : sales companies
Transportation and logistics companies
Finance companies
Other businesses

8

PROPERTY, PLANT AND EQUIPMENT

8.1. Significant or planned tangible assets

In 2009, Europe accounted for 84.3% of the Group's production, South America 6.6% and Asia 9.0%.

→ 8.1.1. PSA Peugeot Citroën Group – Manufacturing Facilities

Assembly Plants

Manufacturing centers	Models produced as of 31 December 2009	2008 output
Aulnay (France)	C3 Classic, C3	218,700
Madrid (Spain)	207, 207 CC, C3, C3 Pluriel	127,800
Mangualde (Portugal)	Berlingo, Partner	34,500
Mulhouse (France)	206 +, 308, C4	281,500
Buenos Aires (Argentina)	206, 207, 307, 307 Sedan, 308, C4, C4 Sedan, Berlingo, Partner	85,300
Poissy (France)	1007, 207, 207 SW, C3, DS3	174,500
Porto Real (Brazil)	206, 207, C3, Xsara Picasso	111,200
Rennes (France)	C5, C5 Tourer, C6, 407, 407 SW, 407 Coupé, 407 break, 607	120,600
Sochaux (France)	308, 308 CC, 308 SW, 308 break, 3008, 5008	275,000
Trnava (Slovakia)	207, C3 Picasso	204,100
Vigo (Spain)	Xsara Picasso, C4 Picasso, Grand C4 Picasso, Berlingo, Partner	384,900

Manufacturing Component Pland and Foundries

Caen (France)	Wheels, axles suspension systems, transmissions
Charleville (France)	Aluminum and iron castings
Hérimoncourt (France)	Engines, gear boxes
Jeppener (Argentina)	HDi diesel engines, chassis systems
Metz (France)	Gear boxes
Mulhouse mécanique (France)	Wheels, axles, suspension systems
Mulhouse métallurgie (France)	Pressurised aluminium castings, steel forge, tooling
Porto Real (Brazil)	Flex-fuel and gasoline engines
Saint-Ouen (France)	Stamping, body-in-white, tooling
Sept-Fons (France)	Iron castings
Sochaux mécanique (France)	Shock absorbers, rear suspensions, crossbeams
Trémery (France)	Gasoline and HDi diesel engines
Valenciennes (France)	Gear boxes

➜ 8.1.2. PSA Peugeot Citroën Group – Joint Plants with Other Manufacturers

(AS OF 31 DECEMBER 2009)

Facility	Production	2009 Output
FRANCE		
Française de Mécanique		
50% Peugeot Citroën Automobiles	Iron castings	
50% Renault	Engine: *TU + TUF	386,200
	*DV	306,000
	*D (Renault)	411,500
	*ES/L	1,500
	*EP	248,400
	TOTAL	**1,353,400**
Sevelnord		
50% Peugeot Citroën Automobiles	Peugeot 807	6,200
50% Fiat	Peugeot Expert	19,000
	Citroën C8	5,300
	Citroën Jumpy	20,000
	Fiat Ulysse	1,700
	Fiat Scudo	17,800
	Lancia Phedra	2,000
	TOTAL	**72,000**
OTHER COUNTRIES		
Società Europea Veicoli Leggeri (Italy)		
50% Peugeot Citroën Automobiles	Peugeot Boxer	25,600
50% Fiat	Citroën Jumper	25,000
	Fiat Ducato	70,500
	TOTAL	**121,100**
Dongfeng Peugeot Citroën Automobile (China)		
50% Peugeot Citroën Automobiles	Peugeot 307 Sedan	64,800
50% DongFeng Motors	Peugeot 206	38,900
	Citroën C-Triomphe	73,800
	Citroën Fukang, Citroën Elysée	76,000
	Citroën Xsara Picasso	1,500
	Citroën C2 Chine	5,100
	Citroën C5	2,800
	TOTAL	**262,900**
Toyota Peugeot Citroën Automobiles – TPCA (Czech Republic)		
50% Peugeot Citroën Automobiles	Peugeot 107	116,100
50% Toyota Motor Corporation	Citroën C1	116,100
	Toyota Aygo	100,300
	TOTAL	**332,500**

➜ 8.1.3. Replacement Parts

In all, 12 replacements parts warehouses, totaling nearly a million square meters of storage space, were managing some 230,000 SKUs as of 31 December 2009:

- Koper (Slovenia);
- Melun (France);
- Moscow (Russia);
- Pinto (Spain);
- Pregnana (Italy);
- Spillern (Austria);
- Tile Hill (UK);
- Vesoul (France);
- Barueri (Brazil);
- Natolin (Poland);
- Pacheco (Argentina);
- Rieste (Germany).

8.2. Environmental Restrictions that Could Influence Use of These Assets by PSA Peugeot Citroën

Environmental information is included in chapter 5 above.

9

OPERATING AND FINANCIAL REVIEW

9.1. Financial Position

The consolidated financial statements of the PSA Peugeot Citroën Group are presented for the years ended 31 December 2009 and 2008. The 2007 consolidated financial statements are included in the Registration Document that was filed with the French securities regulator (*Autorité des Marchés Financiers*) on 24 April 2009 under no. D.09-0309 and updated on 22 June 2009 under no. D.09-0309-A01.

This section should be read jointly with the notes to the consolidated financial statements at 31 December 2009.

➜ 9.1.1. Significant Accounting Policies

See *note 1 – Accounting Policies* in the notes to the consolidated financial statements at 31 December 2009.

➜ 9.1.2. Adjustments to Financial Information Reported in Prior Years

See *note 2 – Adjustments to Financial Information Reported in Prior Years* in the notes to the consolidated financial statements at 31 December 2009.

9.2. Group Operating Results for the Years Ended 31 December 2009 and 2008

➜ 9.2.1. Revenues

The following table shows consolidated revenue by business in 2009 and 2008.

(in million euros)	2009	2008	%
Automotive Division	38,265	41,643	- 8.1%
Faurecia	9,292	12,011	- 22.6%
Gefco	2,888	3,536	- 18.3%
Banque PSA Finance	1,823	2,088	- 12.7%
Intersegment eliminations and other businesses	(3,851)	(4,922)	-
TOTAL	**48,417**	**54,356**	**- 10.9%**

The table below shows consolidated revenue by region.

For more detailed information, see *note 5.3 – Geographical segments* in the notes to the consolidated financial statements at 31 December 2009.

(in million euros)	2009	2008
Consolidated revenue	48,417	54,356
Net contribution to consolidated revenue by region		
Western Europe	79%	76%
Central and Eastern Europe	6%	8%
Latin America	7%	7%
Rest of the world	8%	9%
TOTAL	**100%**	**100%**

For the full year, consolidated revenue contracted by 10.9% to €48,417 million from €54,356 million in 2008. Revenue dropped 21.8% in the first half, reflecting the magnitude of the crisis that hit the world's automotive industry, but rose 2.6% in the second half, buoyed by the considerable improvement in the environment and the Group's product momentum. Although the world's automotive markets continued to decline in 2009, after a very difficult first six months the second half saw a return to growth led by scrappage incentives (see section 6.1.2 – Markets).

9.2.2. Group Recurring Operating Income

The following table shows recurring operating income (loss) by business in 2009 and 2008.

(in million euros)	2009	2008
Automotive Division	(1,257)	(225)
Faurecia	(92)	91
Gefco	102	127
Banque PSA Finance	498	557
Intersegment eliminations and other businesses	60	0
TOTAL	**(689)**	**550**

The Group ended the year with a recurring operating loss of €689 million compared with income of €550 million in 2008, representing a negative margin 1.4% on revenues versus a positive 1.0% the previous year. The unfavourable swing stemmed from the collapse in world automotive markets leading to a fall in the Group's unit sales. All of the Group's businesses were affected by the adverse economic and market conditions, although Gefco and Banque PSA Finance both delivered resilient performances.

As with revenue, recurring operating income performance varied significantly from one half-year to the next.

In the first six months, the Group reported a recurring operating loss of €826 million. Recurring operating margin for the period was a negative 3.5% as opposed to a positive 3.7% in the first half of 2008, primarily reflecting the impact on unit sales of the collapse in world automotive markets.

In the second half, the Group reported recurring operating income of €137 million as opposed to a €565 million loss in the year-earlier period. Recurring operating margin was a positive 0.5% versus a negative 2.3% in second-half 2008. The improvement compared with the first half was primarily attributable to the recovery in the Group's business, with worldwide unit sales up 13.1% in the last six months of the year.

9.2.3. Analysis of Revenue and Recurring Operating Income by Division

9.2.3.1. Automotive Division

(in million euros)	2009	2008
Revenues	38,265	41,643
Recurring operating loss	(1,257)	(225)
As a % of revenues	- 3.3%	- 0.5%

Revenues

Automotive Division revenue was down 8.1% at €38,265 million. New vehicle sales contracted 9.9% to €28,501 million from €31,642 million in 2008. The decline was primarily due to (i) a 7.2% decrease in unit sales of assembled vehicles, excluding China (operations in China are accounted for by the equity method); (ii) a 2.2% unfavourable shift in the product mix towards the sub-compact segment (driven mainly by scrappage incentives); (iii) a 1.4% negative price effect, and (iv) a 1.8% negative currency effect. On the other hand, changes in geographic mix had a 1% positive impact, and other effects 1.7%.

In 2009, the Group was hit by the collapse in the world's automotive markets but conditions varied considerably from one country to another.

The deterioration in demand was particularly mixed in Western Europe. The scrappage schemes introduced in 13 countries were instrumental in supporting demand, particularly in France where the market had already grown strongly in 2008, and in Germany. However, the Spanish and UK markets failed to demonstrate the same resilience, although demand in Spain rebounded in the fourth quarter.

Markets in Central and Eastern Europe remained in a downward spiral throughout the year.

Outside Europe, while government subsidies in China drove strong growth in local demand and the Group maintained its momentum thanks to successful model launches, Latin America had another difficult year.

In this very unfavourable business environment, the Group was able to leverage significant strengths. During the year, the steady pace of new model launches was maintained and the Group capitalised on its competitive advantages, notably in light commercial vehicles – extending its European leadership – and in low-carbon vehicles (see section 6.1.1).

Recurring Operating Income

The Automotive Division reported a recurring operating loss of €1,257 million in 2009, or a negative margin 3.3% on revenues, compared with a €225 million loss or a negative 0.5% in 2008. The significant loss was due to the market decline in the first half.

The unfavourable economic environment accounted for an estimated €1,346 million of the Automotive Division's recurring operating loss, while the Group's underlying performance had a €314 million positive impact.

These factors can be analysed as follows:

Economic environment

- Changes in demand and production had a net negative impact of €860 million over the year (€1,270 million negative impact in the first half and €410 million positive impact in the second). Production stoppages decided in the first half in response to the sharply falling markets helped to cut vehicle inventories but also prevented full absorption of fixed costs. Overall changes in product and geographic mixes had a €145 million negative impact, primarily reflecting lower demand for light commercial vehicles and a shift in passenger car demand towards compact models. Changes in geographic mix had a positive impact, however, led by growth in the French market and by market resilience in Latin America.
- Changes in production costs had a €53 million favourable impact. The €114 million increase in labour costs was more than offset by the €161 million saving resulting from lower raw materials prices.
- Changes in exchange rates added €394 million to the recurring operating loss. Roughly half of this amount was due to the fall of the British pound against the euro, with the balance attributable to declines against the euro of the zloty (€72 million), the rouble (€71 million), the Turkish lira (€38 million) and the real (€19 million).

Underlying Group performance

- The increase in promotional expense, in response to the fiercely competitive crisis-hit market, was significantly greater than the increase in the Group's list prices. The overall impact was a negative €578 million, part of which resulted from measures to reduce inventories.
- Cost savings in the captive dealer network, combined with cuts in warranty costs, headquarters expenses and marketing spend had a €230 million positive impact of which €174 million concerned marketing spend alone.
- The Group's marketing performance had a positive impact of €219 million. Worldwide market share rose to 5.1% from 5%, while in Europe, the Group's main market, the penetration rate grew to 13.7% from 13.5%.
- Savings in purchasing costs (excluding the effect of raw materials prices) and in series production costs totalled €295 million. Excluding €141 million in expenditure to support suppliers and secure the Group's sources of supply, these savings amounted to €436 million.
- Net R&D spend was reduced by €78 million. Gross R&D spent rose by €35 million, but the increase was offset by a €67 million rise in capitalised development costs net of amortisation, as well as by €43 million in government research grants to help finance compliance with the new Euro V and VI emissions standards.

9.2.3.2. Faurecia

(in million euros)	2009	2008
Revenues	9,292	12,011
Recurring operating income (loss)	(92)	91
As a % of revenues	-1.0%	0.8%

Revenues

Faurecia's consolidated revenue totalled €9,292 million in 2009 versus €12,011 million the previous year, a decline of 22.6% on a reported basis and 22.2% at constant exchange rates. At constant exchange rates, sales of tooling, R&D and prototypes contracted 8.5% to €874 million from €961 million, while sales of monoliths were down 42.9% at €828 million versus €1,476 million.

Total revenue excluding monoliths declined 19.3% year-on-year at constant exchange rates.

Product sales (corresponding to deliveries excluding monoliths, tooling, R&D and prototypes) came to €7,590 million in 2009 compared with €9,574 million in 2008, a fall of 19.8%. The like-for-like decline in product sales eased sharply from 33.0% in the first half to just 2.1% in the second, reflecting a 12.9% rebound in the fourth quarter.

Product sales by region were as follows:

- in Europe, product sales totalled €5,787 million in 2009 versus €7,289 million the previous year, a decline of 19.1% like-for-like. After dropping 33.6% in the first half, sales were down by just 2.1% in the second, thanks to the 12.9% growth recorded in the fourth quarter;
- in North America, product sales retreated 38.1% at constant exchange rates to €923 million from €1,475 million in 2008. The rate of decline eased from 53.0% in the first half to 18.2% in the second;
- in South America, product sales rose 6.2% in 2009 to €282 million. The very strong 71.5% growth recorded in the fourth quarter helped to lift the second half growth rate to 19.0%;
- in Asia, product sales were up 16.3% at €537.3 million. Growth reached a strong 43.0% in the second half and 56.5% in the fourth quarter, led by a robust performance in China where product sales rose 26% over the year to €462 million, including a 53.2% increase in the second half to €264.6 million.

By business segment, Interior Systems revenue contracted by 20.2% at constant exchange rates to €6,603 million. In the second half, the rate of decline eased to 6.2%. The currency effect over the year was a negative 0.3%. Product sales (excluding tooling, R&D and prototypes) amounted to €5,850 million in 2009 compared to €7,434 million the previous year. The like-for-like decline was 20.5% for the year and 2.1% for the second half.

Revenue from sales of Other Modules amounted to €2,690 million, down 27.3% on a reported basis (after taking into account a 0.7% negative currency effect) and 26.6% at constant exchange rates. Excluding monoliths, revenue amounted to €1,861 million, a decline of 15.8% at constant exchange rates over the year with a dip of just 1.2% in the second half. Product sales (excluding tooling, R&D and prototypes) came to €1,741 million. The like-for-like decline was 18% for the year and 2.2% for the second half.

Recurring Operating Income

Faurecia ended 2009 with a recurring operating loss of €92 million (representing a negative margin 1.0% on revenues) as opposed to recurring operating income of €91 million in 2008.

In the second half of the year, Faurecia reported recurring operating income of €95 million (representing 1.9% of revenue) compared with €0.9 million in the same period of 2008. This represented a return to profit after the €187 million recurring operating loss incurred in the first half, which was due to the severely adverse effect of lower unit sales on margins, particularly in the first quarter.

By business segment:

- Interior Systems reported an operating loss of €38 million in 2009 compared with a €25 million loss the previous year. Operating margin was a negative 2% versus a negative 0.3%. Second-half operating margin was a positive €37 million or 1.1% of revenue, compared with a negative €31 million in the year-earlier period;
- Other Modules operating margin was a positive €39 million or 1.4% of sales in 2009, versus a positive €116 million the previous year. Second-half operating margin rose to €59 million, or 4.1% of revenue, from €32 million in the year-earlier period.

9.2.3.3. Gefco

(in million euros)	2009	2008
Revenues	2,888	3,536
Recurring operating income	102	127
As a % of revenues	3.5%	3.6%

Revenues

Gefco's revenue retreated by 18.3% to €2,888 million in 2009, reflecting customers' reduced logistics needs as a result of the economic crisis. Revenue from services performed for other Group companies was stable at €1,842 million, while revenue from services sold to external customers decreased by 23.4% to €1,046 million. The decline was consistent with the fall-off in customers' markets.

Recurring Operating Income

Margins held firm in 2009 despite the lower demand for Gefco's services. After a fairly difficult first half, which ended with recurring operating income of €7 million, the cost reduction program paid off in the second half, delivering income of €95 million or 6.4% of revenue.

9.2.3.4. Banque PSA Finance

(in million euros)	2009	2008
Revenues	1,823	2,088
Net banking revenue	944	976
Recurring operating income	498	557
As a % of revenues	27.3%	26.7%

Revenues

Banque PSA Finance's marketing and financial performance in 2009 attested to the robustness of its business model.

In terms of marketing performance, the bank increased its penetration rate and confirmed its role in actively supporting the carmakers' sales by financing 27.5% of all new Peugeot and Citroën vehicles sold in its markets in 2009, up from 27.3% the previous year. Strengthening synergies with the brands' marketing organizations is an essential factor in the Bank's sales strategy. The number of new and used vehicles financed during the year grew by 1.5% to over 860,509 units.

There were wide variances from one country to another depending on the extent of the crisis in the local automotive markets.

The biggest increases were in Turkey (16.1%), Belgium (15.2%), Brazil (12.4%), Italy (11.0%) and Germany (9.8%). Brazil is now one of the leading contributors to the Bank's performance. On the other hand, the finance companies in Hungary, Argentina and Portugal experienced a sharp drop in originations, reflecting the very depressed conditions in their local automotive markets.

New retail financing extended in 2009 totalled €8,459 million, down 7.4% from €9,135 million the previous year. Originations outside Western Europe were down 10%.

At 31 December 2009, the retail loan book came to €18,086 million versus €17,913 million at end-2008, representing a 1.0% increase. The retail loan book outside Western Europe grew 23.0% over the year to €1,354 million, bringing the increase over the past two years to more than 46%.

The wholesale loan book at end-2009 amounted to €4,359 million, down by a slight 0.3% from €4,370 million one year earlier. The decrease reflected the energetic action taken by the PSA Peugeot Citroën Group to improve inventory management. The bank's total outstanding retail and wholesale loans stood at €22,445 million at 31 December 2009 compared with €22,283 million at the previous year-end, an increase of 0.7%.

Service and insurance sales volume declined 3.4% overall, mainly as a result of an 8.4% drop in the number of auto insurance policies sold. The decline reflected the effects of the crisis on consumer behaviour. Payment protection insurance was the most stable service in volume terms.

(in million euros)	31 December 2009	31 December 2008
Outstanding loans by type of financing (including securitized loans)		
• Retail financing	18,086	17,513
• Wholesale financing	4,359	4,370
TOTAL BANQUE PSA FINANCE	**22,445**	**22,283**

(in million euros)	31 December 2009	31 December 2008
Outstanding loans (including securitized loans)*		
• Retail and Corporate & equivalent	17,184	16,940
• Corporate dealers	5,261	5,343
TOTAL BANQUE PSA FINANCE	**22,445**	**22,283**
Outstanding loans (including securitized loans)		
• Western Europe	20,625	20,761
• Outside Western Europe	1,820	1,494
TOTAL BANQUE PSA FINANCE	**22,445**	**22,283**

* *Excluding the effect of remeasuring portfolios of interest-rate instruments.*

Banque PSA Finance's revenue contracted to €1,823 million in 2009 from €2,088 million the previous year, reflecting the decline in wholesale financing as dealers took action to cut inventories, as well as a decrease in investment income due to the reduction in the bank's liquidity reserves.

Recurring operating income

Banque PSA Finance reported recurring operating income of €498 million in 2009 versus €557 million the previous year.

The year-on-year change can be explained as follows:

- net banking revenue dipped 3.3% to €944 million from €976 million, partly as a result of a €16 million negative currency effect in the Bank's three biggest markets outside the euro zone, the United Kingdom, Brazil and Poland. At constant exchange rates, the decrease was just 1.6%. Interest margins remained at a very healthy level, despite the effects of the fall-off in wholesale financing;
- general operating expenses increased by €13 million, after taking into account €7 million worth of exceptional, non-recurring costs and €4 million in expenses associated with the Bank's international expansion projects in Croatia, Russia and Malta;
- recurring provision expense rose to €122 million, or 0.50% of average net outstanding loans, from €114 million in 2008. Two factors explain this limited increase:
  - a €23 million rise in retail financing provision expense, of which €7 million concerned fleet customers, partly offset by,
  - a significant €9 million reduction in wholesale financing provision expense.

After deducting €10 million in exceptional provision reversals, net provision expense for the year was €112 million, representing 0.50% of average net outstanding loans.

Throughout 2009 the Bank ramped up the actions initiated in 2008. These included:

- a more selective approach to the riskier customer segments;
- tighter acceptance criteria for higher risk products, mainly by increasing the required deposit;
- strengthened collection processes, mainly through increased staffing.

In all, during 2009 Banque PSA Finance strengthened its marketing position, experienced only a limited decline in net banking revenue and remained a benchmark in terms of provision expense, with a rate of just 0.50%.

More detailed information about Banque PSA Finance is provided in the bank's Annual Report which can be downloaded from its website at www.banquepsafinance.com.

9.3. Other Income Statement Items

➜ 9.3.1. Operating Income

Net non-recurring operating income and expense amounted to respectively €31 million and €(758) million in 2009, compared with €10 million and €(954) million the previous year, and included three main items:

- at the end of 2008, the Group announced a new voluntary separation plan in the Automotive Division in France, as part of the ongoing drive to make its European plants more competitive in order to withstand the collapse of the automotive market. In 2009, the plan was extended until 31 March 2010, and Faurecia set up a restructuring plan. The costs recognised in 2009 in respect of these plans amounted to €354 million, including €206 million for the Automotive Division and €129 million for Faurecia;
- the sharp drop in the automotive market in the first half of 2009 led to an additional €217 million charge being recorded, corresponding to €101 million in write-downs of assets related to certain vehicles and €116 million in take-or-pay contract provisions (of which €94 million recognized in the first half and €22 million in the second);
- the new minimum funding requirement since the second half of 2008 for pension plans operated by the Group's UK subsidiaries led to the recognition of additional liabilities, in an amount of €167 million at 31 December 2009 (see note 30.1.E to the consolidated financial statements at 31 December 2009).

For more information, see *note 9 – Non-recurring income and (expenses)*, in the notes to the consolidated financial statements at 31 December 2009.

After taking into account these items, the Group ended the year with an operating loss of €1,416 million compared with a €394 million loss in 2008.

(in million euros)	2009	2008
Automotive Division	(1,820)	(711)
Faurecia	(226)	(353)
Gefco	75	126
Banque PSA Finance	496	556
Other businesses and holding company	59	(12)
TOTAL PSA PEUGEOT CITROËN	**(1,416)**	**(394)**

➜ 9.3.2. Net Financial Income (Expense)

This item, corresponding to interest income from loans, short-term investments and cash equivalents, less finance costs, plus or minus financial income and expenses, represented net expense of €520 million in 2009 versus net expense of €286 million the year before. The significant increase reflected the net impact of:

- a sharp €162 million drop in interest income that was entirely due to the fall in money market rates, as average investments were unchanged from 2008;
- a €148 million increase in finance costs, stemming partly from the increase in Group debt and partly from the very high cost of borrowing on the financial markets;
- a €104 million gain recognised during the year, corresponding to the ineffective portion of the change in fair value of financial instruments.

For more information, see *notes 10, 11 and 12* to the consolidated financial statements at 31 December 2009.

➜ 9.3.3. Income Taxes

Current taxes amounted to €217 million in 2009, primarily representing taxes payable on the profits of Banque PSA Finance and Faurecia outside France. A deferred tax benefit of €806 million was recognized at the year-end, mainly due to the losses reported during the year.

In all, income taxes in the income statement represented a net benefit of €589 million.

For more information, see *note 13* to the consolidated financial statements at 31 December 2009.

➜ 9.3.4. Share in Net Earnings of Companies at Equity

In 2009, the combined contribution of companies at equity was a net profit of €73 million versus a net profit of €57 million the year before. The main entities concerned are Dongfeng Peugeot Citroën Automobile (DPCA) and joint ventures with other carmakers (Fiat, Toyota and Renault) that are organized as separate entities.

After taking into account consolidation adjustments and entries, DPCA's contribution to consolidated profit rose to €57 million in 2009 from €8 million the previous year, reflecting the 45% growth in its revenue for the year. DPCA's aggregate revenue came to CNY 22,908 million in 2009 versus €15,357 million the previous year, an increase of 49.2% The company's recurring operating income amounted to CNY 845 million excluding government grants, or 3.7% of revenue. In 2008, it reported a recurring operating loss of CNY 573 million.

The appreciation of the Chinese yuan led to the recognition of a CNY 27 million exchange loss on dollar- and euro-denominated debt (compared with a CNY 447 million gain in 2008).

DPCA reported a net profit for the year of CNY 1,032.5 million compared with a net profit of CNY 102.1 million in 2008.

Toyota Peugeot Citroën Automobiles contributed €22 million to consolidated profit in 2009 compared with €29 million the previous year. The joint ventures with Fiat made a negative contribution of €19 million as opposed to a €17 million positive contribution in 2008. The unfavourable swing was primarily due to the loss reported by Sevel SpA as a result of a 53% drop in revenue.

For more information about the Group's share in the net earnings of companies at equity, see *note 17* to the consolidated financial statements at 31 December 2009.

➜ 9.3.5. Consolidated Profit for the Year

The Group ended the year with a consolidated loss of €1,274 million compared with a €520 million loss in 2008.

➜ 9.3.6. Consolidated Profit Attributable to Equity Holders of the Parent

The net loss attributable to equity holders of the parent came to €1,161 million in 2009 versus €363 million in 2008.

➜ 9.3.7. Earnings per Share

Basic loss per share amounted to €5.12 compared with €1.60 in 2008. See *note 14* to the consolidated financial statements at 31 December 2009.

10 CASH AND CAPITAL RESOURCES

10.1. Balance Sheet and Financial Resources

➜ 10.1.1. Assets

Total assets amounted to €64,121 million at 31 December 2009 compared with €61,727 million at the previous year-end. The increase reflected the net impact of:

- an increase in cash and cash equivalents to €9,017 million from €3,230 million, due for the most part to investment of the proceeds from increased borrowings obtained to meet the Group's future financing needs (see note 27 to the consolidated financial statements);
- the success of measures to reduce inventories, which fell to €5,360 million from €7,757 million. The improvement included a €2,137 million reduction in new and used vehicle inventories (see note 23 to the consolidated financial statements).

➜ 10.1.2. Warranty provisions

The Group's ongoing improvement in the quality of new vehicles continued to have a favourable impact on warranty provisions, which declined to €841 million at 31 December 2009 from €939 million at the previous year-end. The decrease resulted both from the release of surplus warranty provisions booked in prior periods and from the lower estimated warranty costs on new vehicle sales for the year (see *note 29.2* to the consolidated financial statements).

➜ 10.1.3. Pensions and Other Post-Employment Benefits

The Group's pension deficit increased only slightly in 2009, to €823 million from €819 million at 31 December 2008 (see *note 30.1 E* to the consolidated financial statements).

Before taking into account the minimum funding requirement liability in the United Kingdom, the amounts recognized in the balance sheet represented a net liability of €603 million versus €697 million in 2008.

Including the minimum funding requirement liability, the pension and other post-employment benefit obligation in the balance sheet amounted to €810 million versus €724 million in 2008, offset by assets of €13 million in 2009, versus €2 million at 31 December 2008.

➜ 10.1.4. Net Financial Position of the Manufacturing and Sales Companies and Net Debt-to-Equity Ratio

Consolidated current and non-current financial liabilities of the manufacturing and sales companies amounted to €11,021 million at 31 December 2009 compared with €6,309 million at the previous year-end (see *note 31* to the consolidated financial statements). The increase primarily concerned non-current financial liabilities, particularly bond debt and other long-term borrowings.

The net financial position of the manufacturing and sales companies at 31 December 2009 represented net debt of €1,993 million compared with €2,906 million at 31 December 2008 (see *note 38.1* to the consolidated financial statements). The improvement was largely attributable to the success of the Cash 2009 plan and can be analysed as follows:

- free cash flow amounted to of €809 million, primarily reflecting a €2,488 million reduction in inventories, a €169 million decrease in trade receivables and positive working capital from operations of €977 million. Net cash used in investing activities, including capitalised development costs, totalled €2,784 million, attesting to the Group's continued sustained investment in the design and development of new vehicles;
- net dividend income came to €134 million (including €143 million received from Banque PSA Finance).

The net debt-to-equity ratio at 31 December 2009 stood at 16%.

➜ 10.1.5. Equity

Total equity amounted to €12,447 million at 31 December 2009. The decline compared with €13,259 million at the previous year-end was primarily due to the inclusion of the €1,274 million consolidated loss for the year. As shown in the Consolidated Statement of Changes in Equity, other changes attributable to current or future shareholders result from the recognition in equity of the conversion option embedded in convertible bonds for €105 million and the effects of changes in the scope of consolidation for €129 million, of which €133 million in minority interests in the Faurecia share issue.

The Consolidated Statement of Recognised Income and Expenses presented after the Consolidated Income Statement provides details of income and expenses recognised directly in equity. These include gains and losses from remeasurement at fair value of available-for-sale financial assets for €94 million and exchange differences on translating foreign operations for €135 million.

The loss attributable to equity holders of the parent came to €1,161 million.

At 31 December 2009, the share capital comprised 234,049,142 shares with a par value of one euro each. The slight increase compared with the number of shares outstanding at the end of the previous year resulted from the issuance of shares on conversion of 344 OCEANE convertible bonds. At year-end, the Group held 7,187,450 shares in treasury to cover outstanding stock options. Shares in excess of the number of options were not allocated to any particular purpose. The Group did not carry out any share buybacks in 2009 (see *notes 28.3 and 28.4* to the consolidated financial statements at 31 December 2009).

10.2. Sources, Amounts and Description of consolidated Cash flows

10.2.1. Consolidated Cash Flows

For detailed information, see the consolidated financial statements – *Consolidated Statements of Cash Flows* at 31 December 2009.

10.2.2. Manufacturing and Sales Companies

The following table presents the manufacturing and sales companies' cash flows for 2009 and 2008:

	Manufacturing and Sales Companies	
(in million euros)	**2009**	**2008**
Consolidated loss for the year	(1,627)	(878)
Working capital provided by operations	977	2,342
Changes in operating assets and liabilities	2,616	(2,927)
Net cash from (used in) operating activities	3,593	(585)
Net cash from (used in) investing activities	(2,784)	(3,177)
Net cash from (used in) financing activities	4,979	695
Net increase/(decrease) in cash and cash equivalents	5,800	(3,126)
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	**7,817**	**2,017**

10.2.2.1. Cash Flows From Operating Activities of Manufacturing and Sales Companies

In 2009, working capital provided by the manufacturing and sales companies totalled €977 million compared with €2,342 million the previous year. Most of this cash was generated in the second half of the year, with generation in the first half severely limited due to the collapse in the automotive markets, which led to a drop in billings. At the same time, however, the manufacturing and sales companies' working capital requirement fell by €2,616 million after increasing by €2,927 million in 2008. The decrease was mainly attributable to a massive reduction in new and used vehicle inventories, reflecting measures taken by the Group and the effects of scrappage schemes, as well as to a decline in trade receivables in 2008 that was recognized in 2009.

As a consequence, the manufacturing and sales companies' operating activities generated €3,593 million in cash in 2009.

The table below shows new vehicle inventory levels for the Group and in the independent dealer network.

(in thousands of new vehicles)	**31 December 2009**	**31 December 2008**	**30 June 2008**	**31 December 2007**
Group inventory	234	367	366	275
Independent dealer network inventory	206	261	301	329
TOTAL	**440**	**628**	**667**	**604**

A core priority in 2009 was to continue the action to reduce inventories launched in 2008 across the Group's production network. Implementation of the Cash 2009 plan led to a sharp drop in inventories in the first half, through production stoppages and inventory drawdowns. By the end of the year, inventories had been cut by 30% to the equivalent of 61 days sales, a level that the Group considers as normal.

10.2.2.2. Cash Flows From Investing Activities of Manufacturing and Sales Companies

Net cash used in investing activities of manufacturing and sales companies amounted to €2,784 million in 2009 compared with €3,177 million in 2008. Even after the 12.4% reduction made under the Cash 2009 plan in response to the worldwide economic and financial crisis, the level of investment for the year remained high at €2,679 million, including capitalised development costs of €1,082 million (see *note 8* to the consolidated financial statements).

(in million euros)	31 December 2009	31 December 2008
Automotive Division	2,412	2,652
Faurecia	301	473
Gefco	13	49
Other Businesses	58	3
TOTAL	**2,784**	**3,177**

The table below provides details of capitalised development costs (see Consolidated Statements of Cash Flows)

(in million euros)	2009	2008
Automotive Division	854	873
Faurecia	104	144
TOTAL R&D	**958**	**1,017**
Software and other	51	52
TOTAL	**1,009**	**1,069**

10.2.2.3. Cash Flows From Financing Activities of Manufacturing and Sales Companies

Net cash from financing activities of the manufacturing and sales companies totalled €4,979 million compared with €695 million in 2008. No dividend was paid to Peugeot S.A. shareholders for 2008. The 2007 dividend paid in 2008 amounted to €342 million. The change in financial assets and liabilities of the manufacturing and sales companies represented an inflow of €4,565 million in 2009 versus €929 million the previous year. The increase stemmed from the new borrowings described in section 10.3 below.

10.2.2.4. Net Cash and Cash Equivalents at Year-End of Manufacturing and Sales Companies

Net cash and cash equivalents of the manufacturing and sales companies increased by €5,800 million in 2009 after decreasing by €3,126 million the previous year. Net cash and cash equivalents at the end of the year totalled €7,817 million compared with €2,017 million at 31 December 2008.

➜ 10.2.3. Net Cash and Cash Equivalents at Year-End of the Finance Companies

Banque PSA Finance's generation of cash from operating activities amounted to €106 million in 2009 versus €590 million the previous year.

The bank increased its net cash position by €9 million to end the year with €1,289 million in cash and cash equivalents.

10.3. Liquidity and Funding

➜ 10.3.1. Manufacturing and Sales Companies

The Group's manufacturing and sales companies ended 2009 with significantly more cash than at 31 December 2008, reflecting a €2,616 reduction in working capital requirement as opposed to a €2,927 million increase the previous year.

In light of the economic environment, the Group pursued a proactive refinancing strategy and adopted a conservative approach to liquidity management in order to meet its general corporate needs and finance existing and future development projects.

In March 2009, Peugeot S.A. obtained a €3 billion 5-year loan from the French State, while in April, Peugeot Citroën Automobiles S.A. obtained a €400-million four-year bullet loan from the European Investment Bank (EIB).

On 23 June, PSA Peugeot Citroën launched a €575 million OCEANE convertible bond issue.

On 10 July, Peugeot S.A. placed a €750 million 5-year bond issue as part of the programme to strengthen the Group's liquidity and spread debt maturities over a longer period.

On 26 November, Faurecia launched a €211 million OCEANE convertible bond issue.

In addition, Faurecia renegotiated its €1,170 million syndicated bank facility during the first half.

In addition, during the first half, Faurecia renegotiated its €1,170 million syndicated bank facility, which is now divided into a €150 million tranche due November 2011, a €435 million tranche due November 2012 and a €585 million tranche due November 2013. The banks also hold an option to extend the tranche currently due November 2012 by one year and the tranche currently due November 2011 by one or two years.

Faurecia also obtained a new €205 million facility from a syndicate of French banks, expiring in 2011.

For detailed information, see *note 31.1* to the consolidated financial statements at 31 December 2009.

➜ 10.3.2. Banque PSA Finance

At 31 December 2009, 26% of Banque PSA Finance's financing was provided by bank facilities, 46% by the capital markets, 19% by loan securitizations placed on the financial markets and 10% by public sources (such as SFEF, an institution set up by the French government to inject cash into the economy, and the European Central Bank).

Bank facilities were once again a major source of financing in 2009. The leading banks actively supported both the rollover of Banque PSA Finance's confirmed medium-term lines of credit and continued regular drawdowns on its short-term bank lines. In addition to rolling over bilateral facilities on expiry, the bank obtained two new major syndicated loans.

These loans consolidated its bank facilities, which totalled €13,172 million (including undrawn amounts) at 31 December 2009 versus €14,158 million at end-2008.

Issuance under the Banque PSA Finance and PFI NV EMTN programs picked up in April, after remaining low in 2008 due to the complete absence of investor interest over many months. Four issues were carried out, raising a total of €2,750 million. These issues increased the bank's bond debt to €5,945 million at 31 December 2009 from €5,064 million one year earlier.

Investors continued to show a complete lack of interest in securitization issues in 2009. The bank structured a €1,180 million securitization of Spanish finance receivables, keeping the bonds in its portfolio and discounting the AAA-rated bonds with the European Central Bank in varying proportions up to about €650 million.

Lastly, during the year the bank obtained €621 million in financing from *Société de Financement de l'Economie Française*, the institution set up by the French government to inject cash into the economy. The financing has a three-year maturity for the most part and is secured by French and UK retail loan portfolios. In addition, government financing was received in Spain under the *Vehiculo Innovador Vehiculo Electrico* plan.

Liquidity reserves

In 2009, Banque PSA Finance continued to seek the right balance between liquidity, which is a continued priority, and the additional costs generated by the considerable increase in financing costs compared with the return on investing liquidity.

At 31 December 2009, 73% of refinancing had an initial maturity of twelve months or more (versus 75% at end-2008), representing continued robust coverage of maturity mismatch risk. The maturities of refinancing comfortably exceed the maturities of the retail financing loan book.

In addition to drawdowns, the bank had €7,265 million worth of undrawn syndicated lines of credit expiring in July 2011 (€1,510 million), June 2012 (€2,000 million), June 2013 (€1,755 million) and June 2014 (€2,000 million). These credit lines were obtained from syndicates of leading banks. Undrawn bilateral credit lines totalling €650 million were also available at 31 December 2009.

In all, as in previous years, the bank has access to sufficient financing to cover at least six months' worth of wholesale and retail loan originations based on a constant loan book as at 31 December 2009.

Liquidity reserves in the form of immediately realizable assets totalled €593 million at 31 December 2009. They were scaled down throughout the year due to their high carrying cost and replaced by undrawn credit lines as the Bank's primary source of liquidity.

At 31 December 2009, the bank had access to sufficient financing to cover practically nine months of loan origination.

More detailed information about Banque PSA Finance is provided in the bank's Annual Report which can be downloaded from its website at www.banquepasfinance.com.

10.4. Information on Any Restrictions on the Use of Capital Resources

See note 28.1 to the Consolidated Financial Statements.

10.5. Information on Anticipated Sources of Funds Needed to Fulfill Commitments

See chapter 10.3 above.

11

CAPITAL EXPENDITURE AND RESEARCH & DEVELOPMENT

Automotive Expertise, Backed by Useful Technologies

In an industry where model line-ups have become much more diversified, innovation is the only way to create the competitive advantages so critical to driving growth.

Innovation is a priority for PSA Peugeot Citroën, which every day has to convince thousands of customers around the world to choose its models from among the dizzying array on offer. But it is also what enables the Group to ensure compliance with changing standards and legislation, sometimes ahead of their implementation dates, and to create new competitive advantages.

One example is the Group's pioneering FAP diesel particulate filter, which has already been fitted on more than 3.5 million Peugeot and Citroën vehicles, even though the Euro V regulation making filters mandatory did not come into effect until September 2009.

The Group has four research and development centres in France – in Vélizy, Sochaux-Belchamp, La Garenne and Carrières-sous-Poissy – as well as dedicated teams in China and Brazil designing vehicles for the local market. It also has two test centres, in Belchamp and La Ferté-Vidame, and a styling centre in Vélizy called the *Automotive Design Network* (ADN). Inaugurated in October 2004, the ADN houses all of the styling studios and vehicle innovation and architectural teams, comprising nearly 1,000 people from all of the automotive engineering professions.

Each Peugeot or Citroën car is created through a seamless design and development process involving daily input from more than 16,000 engineers and technicians. Backed by a substantial budget – totalling €2,148 million for the Automotive Division, including development costs on existing vehicles, and €2,286 million for the Group as a whole (see note 8 to the consolidated financial statement – Research and Development Costs) – the R&D commitment is enabling PSA Peugeot Citroën to build for the future, introduce exciting new concepts and offer a comprehensive range of innovative models.

To create this innovation-led competitive advantage, PSA Peugeot Citroën pays careful attention to the needs, whether expressed or implied, of its customers and the wider community. At the same time, it makes sure that every automotive project assimilates and integrates the possibilities offered by new technologies, which have grown exponentially in recent years. It is the combination of these two approaches that generates innovative new ideas.

PSA Peugeot Citroën is therefore focusing its research and development programmes on the following strategic pathways to innovation.

➜ 11.1. Improving Fuel Efficiency and Safeguarding the Environment

PSA Peugeot Citroën is aware of the transport industry's responsibilities in reducing greenhouse gas emissions.

As part of its commitment to sustainable development, the Group dedicates half of its technological research efforts to clean technologies that help to shrink its vehicles' environmental footprint by:

- improving fuel efficiency and reducing carbon emissions;
- making vehicles lighter, which in turn increases fuel efficiency and reduces raw materials content;
- using green materials, which are recyclable, recycled or made from organic matter.

The Group's strategy is based on a holistic approach, which is the only way to meet the challenge of reducing automotive CO_2 emissions over the next ten years. As part of this approach, starting in 2010, PSA Peugeot Citroën is deploying a wide array of technological solutions, aligned with the ways customers actually use their cars and structured around three main objectives.

1. Improving the efficiency of petrol and diesel internal combustion engines and developing new emissions control processes

In the diesel segment, in 2009, Peugeot introduced the 207 1.6-litre HDi, which emits just 99 g/km of CO_2 thanks to a particularly efficient technical package that includes special aerodynamics and optimized engine calibration. Citroën will also bring 99 g/km diesel versions of the DS3 and the new C3 to the European market in the first quarter of 2010.

In the petrol segment, the new generation of 1.4 and 1.6-litre engines developed jointly with BMW have delivered significant gains, reducing CO_2 emissions by around 10%. By the end of 2009, 1.3 million of these engines had already been produced. A new stage in the cooperation with BMW began on 27 January 2010 with the signature of an agreement to jointly develop the next generation of Euro VI-compliant 4-cylinder petrol engines.

In 2012, the introduction of a new, particularly fuel-efficient family of small 1-litre, 3-cylinder petrol engines will make it possible to reduce a compact city car's CO_2 emissions to less than 99 g/km without additional technology.

For more information, please refer to section 5.3.2.1.

2. Deploying hybrid technologies

Micro-hybrids

In the second-half of 2010, the Group will launch the second-generation of its Stop & Start technology, which will be rolled out on virtually every Peugeot and Citroën model starting in 2011. The Stop & Start system shuts down the engine when the car is standing still. Its second-generation significantly improves regenerative braking performance and reduces carbon emissions by up to 15% in city driving. Economies of scale from the forecast volumes will ensure that the system is widely affordable.

Full-hybrid diesels

Combining the sobriety of the HDi diesel in highway driving with all the benefits of electric propulsion on city and suburban roads, diesel hybrid technology represents a major breakthrough in terms of fuel efficiency and CO_2 emissions in the European market. It also offers all-wheel drive capability thanks to the electric motor mounted on the rear axle assembly. Initially introduced on “distinctive” Peugeot and Citroën models (the Peugeot 3008 HYbrid4 and the Citroën DS5 HYbrid4) in 2011, the system will deliver an exceptional driving experience, superior fuel economy and sharply lower CO_2 emissions (around 35% less than an equivalent HDi diesel).

For more information, please refer to section 5.3.2.1.

3. Launching electric vehicles in 2010

The third objective of the Group's clean car strategy concerns electric vehicles and plug-in hybrids. In late 2010, PSA Peugeot Citroën will introduce two new-generation four-seater city EVs, the Peugeot iOn and the Citroën C-Zero, whose lithium ion batteries will provide a range of 130 kilometres. For fleet use, the line-up will also include electric versions of the Peugeot Partner and Citroën Berlingo vans, 250 of which have already been ordered under a pilot tender from the French Post Office.

At the same time, the Group is working on a plug-in hybrid, i.e. an EV that can be recharged almost anywhere from a simple electric socket. An enhanced battery pack enables the plug-in to run in all-electric mode for between 15 and 50 kilometres, Wide-scale testing will be carried out on an initial fleet of around a hundred vehicles starting in 2011, ahead of the technology's market launch in 2012. The vehicles are expected to emit less than 50 g/km of CO_2.

For more information, please refer to section 5.3.2.1.

Longer-term projects are studying possible applications of technologies capable of significantly reducing CO_2 emissions:

- mostly-electric hybrid powertrains, capable of keeping CO_2 emissions down to 30 g/km;
- the use of natural gas in various combustion cycles, which when combined with hybrid technologies may be an effective solution for light commercial vehicles;
- fuel cells, which use hydrogen to produce electricity. In December 2009 in Lyon, PSA Peugeot Citroën presented its Peugeot 307 CC FiSyPAC demonstrator, which is equipped with a range extender and the Genepac fuel cell stack developed jointly with the French Atomic Energy Commission (CEA). It uses less than one kilogramme of hydrogen per 100 kilometres, ranking it among the best-in-class worldwide.

Although considerable progress has been made, hydrogen fuel cell technology must still overcome a number of obstacles, including the cost of the fuel cell system and the lithium ion batteries, the fuel cell's lifespan and the deployment of the necessary infrastructure to market hydrogen to the general public.

These research programmes and technological advances will enable PSA Peugeot Citroën to offer the right clean car for every customer. For people who drive in and around crowded cities, there's already the Stop & Start system; for motorists who need a more versatile vehicle, a full or plug-in hybrid will be offered in 2011; and for customers who travel short distances or in urban areas, EV solutions will be brought to market in 2010.

In all, the Group expects to sell one million vehicles emitting less than 120 g/km of CO_2 in Europe in 2012.

PSA Peugeot Citroën is already a leading European manufacturer of fuel-efficient, low-emission vehicles. In 2009, for example, the Group sold nearly a million vehicles (947,000) emitting less than 130 g/km of CO_2 worldwide, and its share of the Western European market rose to 20.9% for cars emitting less than 120 g/km of CO_2 and to 31.4% for cars emitting less than 110 g/km. Average corporate CO_2 emissions in Europe stood at 135.8 g/km in 2009, versus 140.1 g in 2008.

For more information, please refer to section 5.3 on sustainable development.

➜ 11.2. Improving Safety in Every Way

To fulfil its priority commitment to protecting people both inside and outside its vehicles, PSA Peugeot Citroën is working to improve all three aspects of vehicle safety.

- primary or active safety involves preventing accidents by ensuring superior performance in roadholding, braking and other vehicle fundamentals and by developing driver assistance systems such as the VCCF fixed-centred controls steering wheel, adaptive lighting, the lane departure warning system and cruise control;
- secondary or passive safety involves protecting occupants in the event of impact, by improving occupant protection systems and the vehicle's structural components;
- tertiary safety aims to improve post-accident assistance by fitting cars with innovative information technology that can automatically contact rescue services without the driver's input. Nearly 630,000 Peugeot and Citroën vehicles have already been equipped with the emergency call system, which functions in around ten European countries and a multitude of languages, ensuring effective communication with both customers and emergency services. A pioneer in this field, the Group remains the European leader in emergency call technology.

Thanks to this holistic approach to automotive safety, PSA Peugeot Citroën ranks among the best in Europe for the safety and handling performance of its cars. Fifteen Group models have been awarded the maximum five-star rating in Euro NCAP impact tests, of which seven were tested using the new, more demanding "overall rating" scheme introduced in 2009. In fact, on 25 November 2009, the Euro NCAP programme announced that it had awarded its maximum five-star overall rating to six PSA Peugeot Citroën vehicles during the same round of testing. The all-new Peugeot 5008 and Citroën DS3 were both tested for the first time.

For the other models – the Citroën C5 and C4 Picasso and the Peugeot 308 and 308cc – Euro NCAP based its findings on test results published in previous years while also taking into account the integration of electronic stability and speed limitation systems, which are included in the programme's new protocol. The Euro NCAP rating confirms the superior performance of Peugeot and Citroën vehicles since these four vehicles still received the maximum five stars despite the stricter standards. This outstanding accomplishment attests to the ongoing commitment of PSA Peugeot Citroën teams to cleaner, safer, more responsible mobility.

→ 11.3. Offering a More Enjoyable OnBoard Experience and an Increasingly Rich Sensory Environment

By improving vehicle ingress/egress, making interior compartments brighter and more modular, enhancing cockpit ergonomics and developing telematics, PSA Peugeot Citroën is responding to emerging motorist expectations by creating a compelling new onBoard lifestyle.

The progress made in this area is particularly evident in the Citroën line-up, with the C3, C4 Picasso and, more recently, the DS3 offering unrivalled visibility from the driver's cockpit thanks to a panoramic windscreen.

The car of the future will also offer an opportunity to rediscover all our senses, with a rich sensory design that will enhance our emotional relationship with the car and create an environment capable of inspiring profound pleasure and a sense of well-being.

→ 11.4. Expanding the Model Line-up

Motorists are increasingly turning to smaller, more distinctive multi-purpose vehicles like pick-ups, MPVs and coupé cabriolets, while demand for small city cars is also on the rise.

In response, PSA Peugeot Citroën plans to offer a growing number of new body styles.

→ 11.5. Maintaining Capital Expenditure to Build the Future

In a challenging economic environment, PSA Peugeot Citroën will continue to build the future by maintaining its capital expenditure and R&D budgets. Automotive Division outlays amounted to €3,764 million in 2009 and will be held at a similar level in 2010. This will enable the Group to continue developing strategic models and innovative technological solutions, while pursuing its international expansion.

Programmes will focus on the core line-ups, with a view to streamlining technical diversity.

New models will continue to be introduced at a sustained pace in 2010. The Citroën DS3, the Peugeot RCZ and the Citroën C-Zero and Peugeot iOn EVs will be brought to market in Europe, the Citroën C5 and Peugeot 408 will be introduced in China in the first quarter, and market launches of the Peugeot 408 and 207 Pick-up will boost sales in Latin America. Other models will also join the Peugeot and Citroën line-ups during the year.

Construction work will continue on the new plant in Kaluga, Russia, whose cornerstone was laid on 10 June 2008. A second plant in Wuhan, China, dedicated to vehicles built on the midsize vehicle platform, was inaugurated on 17 November 2009.

Philippe Varin, Chairman of the PSA Peugeot Citroën Managing Board, announced 25th March an investment program of €530 million between now and 2012 to develop its operations in Brazil.

The investment will be used mainly to develop new Peugeot and Citroën vehicles and new engines. It will also be used to increase production capacity at the Porto Real plant.

The Group also announced 12th April 2010 a €175 million investment between now and 2013, at its a Française de Mécanique plant in Douvrin, to prepare for the production of a new 3-cylinder turbocharged petrol engine. The investment follows on from the Group's decision to extend its line-up of 3-cylinder petrol engines currently under development by adding a turbocharged version to the naturally aspirated versions.

12

TREND INFORMATION

12.1. Trend Information

The global automotive industry is in the midst of a paradigm shift, impelled by faster growth in Asian markets, the greying of developed nations, rising urbanisation and increasing concern for the environment. In response to these emerging trends, PSA Peugeot Citroën has defined three ambitious objectives: become a more global Group while staying one step ahead in products and services, and setting the industry benchmark in operating efficiency.

On 12 November 2009, the Managing Board presented the 2010-2012 Performance Plan that will enable PSA Peugeot Citroën to return to profitable growth.

The €3.3-billion plan is designed to close the profitability gap with the Group's five leading competitors. An assertive worldwide marketing strategy will account for 45% of the improvement in the Group's performance, with cost reductions representing the other 55%.

- the marketing strategy will focus on:
  - increasing market share in Europe, led by a product offensive and a wider presence in the B2B segment,
  - enhancing brand perception by developing a new image for each brand: Créative Technologie for Citroën and Motion & Emotion, presented in January 2010, for Peugeot,
  - an expanding portfolio of customer services,
  - deepening penetration in China, Latin America and Russia by broadening market coverage;
- cost reductions will result from:
  - an increase in production capacity utilization to 105%, compared with 81% in 2008,
  - improving manufacturing and design productivity by 20%,
  - reducing selling, general and administrative expense by €400 million,
  - rolling out the PSA Excellence System in every aspect of the business.

The Group has entered 2010 in a better situation than in 2009, although automotive markets remain uncertain, with outlook varying by region.

The Group expectes markets in Europe to contract by around 9% over the year.

Its market share should continue to increase compared with 2009, led by the full-year impact of models introduced in recent months and those currently being launched, such as the Citroën DS3 and the Peugeot RCZ.

Outside Europe, the Chinese market should maintain its double-digit growth, while markets in Latin America are expect to return to growth during the year, with high single digit growth. The Group will maintain unit sales growth thanks to fast rising demand in local markets and the launches of the Citroën C5 and the Peugeot 408 in China and of the Peugeot Hoggar, the C3 Aircross and the the Peugeot 408 in Latin America.

12.2. First-quarter 2010 revenues

First-Quarter 2010 Revenues up 27.5% to €14.0 Billion.

First-Quarter 2010 Highlights :

- Consolidated revenue up 27.5% compared with Q1-2009 (22.8% like-for-like)
- Automotive Division revenue up 22.4% compared with Q1-2009
- Share of the European car and light commercial vehicle market increased to 14.6% from 13.5% in Q1-2009
- Successful performance by the new Citroën C3, Peugeot 3008 and Peugeot 5008
- Signs of an upturn in the European light commercial vehicle market (up 6%), where the Group strengthened its leadership with a 22.7% share
- Sustained recovery at Faurecia, with revenue up 32.2% like-for-like and 59.5% including the acquisition of Emcon

(in millions of euros)	Q1 2009	Q1 2010	% change	% change like- for-like
Automotive Division	8,678	10,619	+22.4 %	+22.4 %
Faurecia *	2,008	3,202	+59.5 %	+32.2 %
GEFCO	664	842	+26.7 %	+26.7 %
Banque PSA Finance	462	457	-1.1 %	-1.1 %
Other businesses and intersegment eliminations	(839)	(1,135)		
PSA PEUGEOT CITROËN	**10,973**	**13,986**	**+27.5 %**	**+22.8 %**

** Since 1st January 2010, Faurecia has consolidated Emcon, which contributed €553 million in revenue for the period.*

Automotive division

Automotive Division sales rose by a sharp 22.4% to €10,619 million in the first three months of 2010, led by the growth in unit sales as demand held firm over the period and by market share gains in Europe. Group worldwide sales amount to 914 000 units up 28.2%.

Revenue from new vehicle sales climbed 26.6%. This increase was impacted by various factors: volumes +25.9%, product mix +7%, price -2.5%, currency +1.9%, country mix -0.2%, others -5.5%.

Faurecia

Faurecia maintained its turnaround momentum in the first quarter, with a 59.5% increase in revenue to €3,202 million. This reported growth included the €533 million contribution from newly acquired Emcon, which has been consolidated since 1 January. Like-for-like growth was 32.2% for the period. Revenue from product sales was up 40.7% to €2,534 million. Growth was fairly evenly distributed among the business units, with automotive seats gaining 36.7%, interior systems 46.3%, emissions control technologies 46.1% and automotive exteriors 32.9%.

Gefco

Gefco revenue totalled €842 million for the quarter, a 26.7% increase led by the growth in business with Group companies (up 38.3%) and automotive equipment manufacturers (up 28%). Diversification of the customer portfolio also enabled the company to capitalise fully on the recovery in other manufacturing sectors.

Banque PSA Finance

Banque PSA Finance's revenue edged back 1.1% to €457 million in the first quarter. The loan book rose by 3.2% to €22.9 billion, while a total of 218,000 new loans were originated, up 0.9%.

13

FORECASTS OR ESTIMATES OF PROFITS

FORECASTS OR ESTIMATES OF PROFITS

PSA Peugeot Citroën now expects to report significant recurring operating income for first-half 2010, including a positive contribution from the Automotive Division.

14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Since 1972, Peugeot S.A. has had a two-tier management structure comprising a Managing Board, responsible for strategic and operational management, and a Supervisory Board, responsible for oversight and control. This separation is especially effective in addressing the concern for a balance of power between the executive and oversight functions, as reflected in the principles of good corporate governance.

14.1. Information about the Administrative, Management or Supervisory Bodies

➜ 14.1.1. The Supervisory Board

Members

The Supervisory Board has twelve members plus two non-voting advisors *(censeurs)*, all of whom are elected by shareholders for six-year terms. The other functions exercised by Supervisory Board members and advisors are listed below, along with the dates when they were elected to the Supervisory Board and when their terms expire. Under French company law, only shareholders in a General Meeting have the authority to remove a Supervisory Board member from office.

Each member of the Supervisory Board must own at least 25 shares of Peugeot S.A. stock.

Information about the Supervisory Board Members

Functions and Directorships held as of 31 December 2009

Thierry Peugeot

Chairman of the Compensation Committee
Member of the Appointments and Governance Committee
Member of the Strategy Committee

First elected to the Supervisory Board on 19 December 2002
Current term expires in 2010

Born on 19 August 1957

Business address:
PSA Peugeot Citroën
75, avenue de la Grande-Armée
75016 Paris
France

Chairman of the Supervisory Board of Peugeot SA

Other functions and Directorships as of 31 December 2009:
Vice-Chairman and Chief Operating Officer of Établissements Peugeot Frères,
Director of Société Foncière, Financière et de Participations – FFP,
Director of La Française de Participations Financières – LFPF,
Director of Société Anonyme de Participations – SAPAR,
Director of Immeubles et Participations de l'Est,
Director of Faurecia,
Director of Compagnie Industrielle de Delle – CID,
Director of Air Liquide,
Permanent representative of CID on the Board of Directors of LISI.

Former functions and Directorships in the past five years:
Chairman of Immeubles et Participation de l'Est.
Director of AMC Promotion.
Legal Manager of SCI du Doubs.

Relevant expertise and professional experience:
Thierry Peugeot has served as Chief Executive Officer of a number of automotive companies and has managed companies outside France.

Number of Peugeot S.A. shares owned as of 31 December 2009: 900.

Jean-Philippe Peugeot

Chairman of the Appointments and Governance Committee
Member of the Compensation Committee
Member of the Strategy Committee

First elected to the Supervisory Board on 16 May 2001
Current term expires in 2013

Born on 7 May 1953

Business address:
Établissements Peugeot Frères
75, avenue de la Grande-Armée
75016 Paris
France

Vice-Chairman of the Supervisory Board of Peugeot SA

Other functions and Directorships as of 31 December 2009:
Chairman and Chief Executive Officer of Établissements Peugeot Frères,
Vice-Chairman of Société Foncière, Financière et de Participations – FFP,
Director of La Française de Participations Financières – LFPF,
Director of Immeubles et Participations de l'Est,
Director of Linedata Services.

Former functions and Directorships in the past five years:
Chairman of the Board of Directors of Nutrition et Communication SAS.

Relevant expertise and professional experience:
Jean-Philippe Peugeot has spent his entire career with Automobiles Peugeot. In particular, he managed an Automobiles Peugeot marketing subsidiary for eight years and Peugeot Parc Alliance for four years.

Number of Peugeot S.A. shares owned as of 31 December 2009: 150.

Jean-Louis Silvant

Member of the Appointments and Governance Committee
Member of the Compensation Committee
Member of the Strategy Committee

First elected to the Supervisory Board on 24 May 2006
Current term expires in 2012

Born on 7 February 1938

Business address:
La Martinerie
35 rue de la Fontaine
37370 Neuvy-le-Roi
France

Vice-Chairman of the Supervisory Board of Peugeot SA

Other functions and Directorships as of 31 December 2009:
Chairman of Closerie des Tilleuls,
Legal Manager of Silvant-Invest,
Director of Peugeot Suisse,
Director of Résidéal Santé.

Former functions and Directorships in the past five years:
None

Relevant expertise and professional experience:
Jean-Louis Silvant joined PSA Peugeot Citroën in 1961. He held a large number of executive positions, particularly in production, human resources and research and development, before serving as Senior Executive Vice-President of Peugeot from 1992 to 1998. He was a member of the PSA Peugeot Citroën Executive Committee from 1998 to 2002.

Number of Peugeot S.A. shares owned as of 31 December 2009: 150.

Marc Friedel

Member of the Finance and Audit Committee

First elected to the Supervisory Board on 26 June 1996
Current term expires in 2014

Born on 21 July 1948

Business address:
1, rue Ballu
75009 Paris
France

Member of the Supervisory Board of Peugeot SA

Former functions and Directorships in the past five years:
Permanent representative of Sofinaction (Groupe CIC) on the Board of Directors of Société Nancéienne Varin-Bernier (SNVB),
Member of the Supervisory Board of Presses Universitaires de France.

Relevant expertise and professional experience:
From 1989 to 1999, Marc Friedel served as Chairman and Chief Executive Officer of Berger-Levrault, a company listed on the Paris Bourse. He has now retired.

Number of Peugeot S.A. shares owned as of 31 December 2009: 150.

Jean-Louis Masurel **Member of the Finance and Audit Committee** First elected to the Supervisory Board on 27 August 1987 Current term expires in 2011 Born on 18 September 1940 Business address: Arcos Investissement 10 A, rue de la Paix 75002 Paris France	**Member of the Supervisory Board of Peugeot SA** **Other functions and Directorships as of 31 December 2009:** Chairman of Arcos Investissement, Vice-Chairman of the Supervisory Board of Oudart S.A., Director of Société des Bains de Mer (Monaco), Director of Compagnie de Transports Financière et Immobilière – Cotrafi, Director of Oudart Gestion S.A., Director of Gondrand (subsidiary of Cotrafi), Director of Banque J. Safra (Monaco), Member of the Supervisory Board of 21 Centrale Partners S.A., Legal Manager of Société des Vins de Fontfroide, Chairman of Sogetel. **Former functions and Directorships in the past five years:** None. **Relevant expertise and professional experience:** From 1983 to 1989, Jean-Louis Masurel served as Vice-Chairman and Chief Executive Officer of Moët-Hennessy and later LVMH. Since 1995, he had been a Director and Chairman of the Finance Committee of Société des Bains de Mer – Monaco. **Number of Peugeot S.A. shares owned as of 31 December 2009: 600.**
Jean-Paul Parayre **Chairman of the Finance and Audit Committee** **Member of the Strategy Committee** First elected to the Supervisory Board on 11 December 1984 Current term expires in 2011 Born on 5 July 1937 Business address: 203 avenue de Molière 1050 Brussels Belgium	**Member of the Supervisory Board of Peugeot SA** **Other functions and Directorships as of 31 December 2009:** Chairman of the Supervisory Board of Stena Maritime, Chairman of the Supervisory Board of Vallourec, Director of Bolloré S.A., Director of Société Financière du Planier, Legal Manager of B Stena International Sarl. **Former functions and Directorships in the past five years:** Director of SDV Cameroun, Director of Stena Line, Director of Carillion plc, Member of the Steering Committee of V&M do Brasil. **Relevant expertise and professional experience:** Jean-Paul Parayre has held executive positions in a number of manufacturing and service companies, including Chairman of the Managing Board of PSA Peugeot Citroën (1977-1984), Chief Executive Officer and later Chairman of Dumez (1984-1990), Vice-Chairman and Chief Executive Officer of Lyonnaise des Eaux Dumez (1990-1992), Vice-Chairman and Chief Executive Officer of Bolloré Group (1994-1999) and Chairman and Chief Executive Officer of Saga (1996-1999). He has been Chairman of the Supervisory Board of Vallourec since 2000. **Number of Peugeot S.A. shares owned as of 31 December 2009: 41,396.**
Robert Peugeot **Chairman of the Strategy Committee** **Member of the Appointments and Governance Committee** **Member of the Finance and Audit Committee** First elected to the Supervisory Board on 6 February 2007 Current term expires in 2013 Born on 25 April 1950 Business address: FFP 75, avenue de la Grande-Armée 75016 Paris France	**Member of the Supervisory Board of Peugeot SA** **Other functions and Directorships as of 31 December 2009:** Chairman and Chief Executive Officer of Société Foncière, Financière et de Participations – FFP, Chairman and Chief Executive Officer of Simante, SL., Member of the Supervisory Board of Hermès International, Member of the Supervisory Board of IDI Emerging Markets S.A., Director of SOFINA, Director of B-1998 SL, Director of FCC Construccion S.A., Director of FCC S.A., Director of Établissements Peugeot Frères, Director of Imerys, Director of Immeubles et Participations de l'Est, Director of La Française de Participations Financières – LFPF, Director of Sanef, Director of Holding Reignier S.A., Director of WRG – Waste Recycling Group Limited, Director of Alpine Holding, Director of Faurecia, Director of DKSH AG, Legal Manager of SCI CHP Gestion, Legal Manager of SCI Rodom, Permanent representative of FFP on the Supervisory Board of Zodiac, Legal representative of FFP at Financière Guiraud. **Former functions and Directorships in the past five years:** Member of the Supervisory Board of Groupe Taittinger, Member of the Supervisory Board of Citroën Deutschland Aktiengesellschatt and Aviva France, Director of IFP (Institut Français du Pétrole), Director of Société du Louvre – Groupe du Louvre, Director of Peugeot Automobiles United Kingdom Ltd, Director of Citroën Danemark A/S, Director of Aviva Participations, Director of GIE de Recherche et d'Études PSA Renault, Director of Citroën UK Ltd. **Relevant expertise and professional experience:** After graduating from Ecole Centrale de Paris and INSEAD, Robert Peugeot held various executive positions within the PSA Peugeot Citroën Group. From 1998 to 2007, he was a member of the Group's Executive Committee and Vice-President, Innovation and Quality. Since February 2007, he has been a member of the Supervisory Board of Peugeot S.A., serving on the Finance and Audit Committee and the Strategy Committee, which he has chaired since December 2009. **Number of Peugeot S.A. shares owned as of 31 December 2009: 150.**

Henri Philippe Reichstul **Member of the Strategy Committee** First elected to the Supervisory Board on 23 May 2007 Current term expires in 2013 Born on 12 April 1949 Business address: Av Pedroso de Morais, N° 1553, 8th floor, 05419-001 São Paolo, SP Brazil	**Member of the Supervisory Board of Peugeot SA** **Other functions and Directorships as of 31 December 2009:** Chairman and Chief Executive Officer of Brenco, Companhia Brasileira de Energia Renovavel, Director of Prisma Energy International, Director of Repsol YPF S.A. **Former functions and Directorships in the past five years:** Director of TAM – Linhas Aéreas S.A., Holdings / Vivo, Pao de Açucar Group. **Relevant expertise and professional experience:** After earning an economics degree from the University of São Paulo and doing post-graduate work at Oxford University, Henri Philippe Reichstul began his career as a university professor of economics. He then went on to hold various civil servant positions in Brazil, before serving as Chairman and Director of a variety of companies, including Petrobras, of which he was Chairman from 1999-2001. **Number of Peugeot S.A. shares owned as of 31 December 2009: 25.**
Marie-Hélène Roncoroni **Member of the Finance and Audit Committee** First elected to the Supervisory Board on 2 June 1999 Current term expires in 2011 Born on 17 November 1960 Business address: FFP 75, avenue de la Grande-Armée 75016 Paris France	**Member of the Supervisory Board of Peugeot SA** **Other functions and Directorships as of 31 December 2009:** Vice-Chairman of Société Foncière, Financière et de Participations – FFP, Director of La Française de Participations Financières – LFPF, Director of Société Anonyme de Participations – SAPAR, Director of Établissements Peugeot Frères, Director of Immeubles et Participations de l'Est, Director of SIMANTE SL, Director of Assurances Mutuelles de France, Permanent representative of Société Anonyme de Participation – SAPAR on the Board of Directors of Société des Immeubles de Franche-Comté, Permanent representative of Immeubles de Franche-Comté on the Board of Directors of Société Anonyme Comtoise de Participation, Permanent representative of Société Assurances Mutuelles de France on the Board of Directors of Azur – GMF Mutuelles d'Assurances Associées. **Former functions and Directorships in the past five years:** Permanent representative of Covéa Ré on the Board of Directors of MMA IARD Assurances Mutuelles, Permanent representative of Covéa Ré on the Board of Directors of MMA Vie Assurances Mutuelles, Permanent representative of Covéa Ré on the Board of Directors of MMA IARD (S.A.), Permanent representative of Covéa Ré on the Board of Directors of MMA Vie (S.A.), Permanent representative of Covéa Ré on the Board of Directors of MMA Coopérations. **Relevant expertise and professional experience:** Marie-Hélène Roncoroni graduated from the IEP Paris and began her career in an international audit firm, before holding positions in the PSA Peugeot Citroën corporate finance department for seven years. **Number of Peugeot S.A. shares owned as of 31 December 2009: 150.**
Geoffroy Roux de Bézieux **Member of the Appointments and Governance Committee** **Member of the Compensation Committee** First elected to the Supervisory Board on 23 May 2007 Current term expires in 2013 Born on 31 May 1962 Business address: Virgin Mobile France 40, boulevard Henri Sellier 92150 Suresnes	**Member of the Supervisory Board of Peugeot SA** **Other functions and Directorships as of 31 December 2009:** Chairman of Omer Telecom (Virgin Mobile), Vice-Chairman of the Supervisory Board of Seloger.com, Director of Parrot S.A., Director of IMS – International Metal Service. **Former functions and Directorships in the past five years:** Director of Nocibé, Director of Fromagers Plus, Director of Micromania, Director of Budget Telecom. **Relevant expertise and professional experience:** Geoffroy Roux de Bézieux graduated from the ESSEC business school and held various positions at L'Oréal form 1986 to 1996. He was the founding Chairman of The Phone House, France's leading independent mobile phone retailer. He later sold the Company to The Carphone Warehouse, which appointed him as Managing Director Europe in 2000 and Chief Operating Officer in 2003, a position he held until 2006. Since 2006 he has been the Founder-Chairman of Omer Telecom (Virgin Mobile). **Number of Peugeot S.A. shares owned as of 31 December 2009: 1,000.**

Ernest-Antoine Seillière **Member of the Appointments and Governance Committee** **Member of the Compensation Committee** **Member of the Strategy Committee** First elected to the Supervisory Board on 22 June 1994 Current term expires in 2012 Born on 20 December 1937 Business address: Wendel Investissement 89, rue Taitbout 75009 Paris France	**Member of the Supervisory Board of Peugeot SA** **Other functions and Directorships as of 31 December 2009:** Chairman of the Supervisory Board of Wendel, Member of the Supervisory Board of Hermès International S.A., Director of Legrand, Director of Bureau Veritas, Director of Wendel-Participations, Director of Sofisamc (Switzerland). **Former functions and Directorships in the past five years:** Chairman and Chief Executive Officer of CGIP, Chairman and Chief Executive Officer of Marine-Wendel, Chairman and Chief Executive Officer of Legrand Holding, Vice-Chairman of the Board of Directors of Cap Gemini, Director of Editis, Chairman and Chief Executive Officer of Société Lorraine de Participations Sidérurgiques – SLPS, Chairman of the Supervisory Board of Oranje – Nassau Groep B.V., Member of the Supervisory Board of Bureau Veritas, Member of the Supervisory Board of Editis Holding, Member of the Supervisory Board of Gras-Savoye. **Relevant expertise and professional experience:** Ernest-Antoine Seillière has held various positions as Chairman and Director. **Number of Peugeot S.A. shares owned as of 31 December 2009: 600.**
Joseph F. Toot Jr First elected to the Supervisory Board on 24 May 2000 Current term expires in 2012 Born on 13 June 1935 Business address: 2826 Coventry LN.N.W Canton, Ohio 44708 United States	**Member of the Supervisory Board of Peugeot SA** **Other functions and Directorships as of 31 December 2009:** Director of Rockwell Automation. **Former functions and Directorships in the past five years:** None. **Relevant expertise and professional experience:** Former Chief Executive Officer de The Timken Company. **Number of Peugeot S.A. shares owned as of 31 December 2009: 150.**
François Michelin First elected as advisor to the Supervisory Board on 25 July 2006 Current term expires in 2012 Born on 15 June 1926 Business address: Pardevi 23, place des Carmes Déchaux 63040 Clermont-Ferrand France	**Advisor to the Supervisory Board** **Other functions and Directorships as of 31 December 2009:** Chairman of Participation et Développement Industriels S.A. – Pardevi, Managing General Partner of Compagnie Financière Michelin (Switzerland), Vice-Chairman of ANSA. **Former functions and Directorships in the past five years:** Managing General Partner of Compagnie Générale des Établissements Michelin (CGEM), Managing General Partner of Manufacture Française des Pneumatiques Michelin (MFPM), General Partner of Michelin Reifenwerke (MRW). **Relevant expertise and professional experience:** Under François Michelin's leadership, Michelin rose from the world's tenth largest tire manufacturer to one of the top three. **Number of Peugeot S.A. shares owned as of 31 December 2009: 150.**
Roland Peugeot First elected as advisor to the Supervisory Board on 16 May 2001 Current term expires in 2013 Born on 20 March 1926 Business address: Établissements Peugeot Frères 75, avenue de la Grande-Armée 75016 Paris France	**Advisor to the Supervisory Board** **Other functions and Directorships as of 31 December 2009:** Honorary Chairman of Établissements Peugeot Frères, Honorary Chairman of Football Club Sochaux Montbéliard – FCSM, Permanent representative of Établissements Peugeot Frères on the Board of Directors of LFPF – La Française de Participations Financières. **Former functions and Directorships in the past five years:** Director of Société Foncière, Director of Financière et de Participations – FFP. **Relevant expertise and professional experience:** Roland Peugeot has held several positions as Chairman in the PSA Peugeot Citroën Group; in particular he served as Chairman of the Supervisory Board from 1972 to 1998.He was also a Director of Automobiles Peugeot from 1982 to 1996. **Number of Peugeot S.A. shares owned as of 31 December 2009: 20,041.**

Functions and Directorships held by members who left the Board in 2009

Bertrand Peugeot	Advisor to the Supervisory Board
First elected as advisor to the Supervisory Board on 8 June 1999 Born on 30 October 1923 Bertrand Peugeot passed away on 14 February 2009 Business address: PSA Peugeot Citroën 75, avenue de la Grande-Armée 75016 Paris France	**Other functions and Directorships as of 14 February 2009:** Director of Paris Loire. **Former functions and Directorships in the past five years:** Director of Société Foncière, Financière et de Participations – FFP, Director of Établissements Peugeot Frères, Director of Française de Participations Financières – LFPF. **Relevant expertise and professional experience:** Bertrand Peugeot held various positions as Chairman or Director of PSA Peugeot Citroën member companies, including Chairman of Cycles Peugeot until 1987, Chairman of Peugeot Motocycles until 1989 and Vice-Chairman of the Supervisory Board of PSA Peugeot Citroën from 1972 to 1999. **Number of Peugeot S.A. shares held as of 14 February 2009: 492.**

➜ 14.1.2. The Managing Board and Executive Management

Members of the Managing Board

Managing Board members are appointed by the Supervisory Board for four-year terms. They may be removed from office by the Supervisory Board pursuant to the Company's bylaws, or by shareholders in a General Meeting, in accordance with French company law.

On 29 March 2009, the Supervisory Board removed Christian Streiff from office as member and Chairman of the Managing Board and appointed Philippe Varin to replace him effective 1 June 2009. Roland Vardanega, who was already a member of the Managing Board, was appointed acting Chairman for the period from 30 March to 31 May 2009.

On 17 June 2009, a new Managing Board was appointed by the Supervisory Board, for a four-year term. The members are Philippe Varin, Chairman, Jean-Marc Gales, Guillaume Faury, Grégoire Olivier and Frédéric Saint-Geours.

Executive Management

The Executive Committee comprises the five members of the Managing Board and three Executive Vice-Presidents reporting to the Chairman of the Managing Board: Jean-Claude Hanus (Corporate Secretary), Denis Martin (Human Resources) and Jean-Christophe Quémard (Purchasing).

In addition to the Executive Committee, four Vice-Presidents report to the Chairman of the Managing Board: Liliane Lacourt (Communications), Vincent Rambaud (Latin America), Claude Vajsman (China) and Bernd Schantz (Executive Development).

On 1 March 2010, Caroline Mille-Langlois joined PSA Peugeot Citroën as Vice-President, Corporate Communication. She replaced Liliane Lacourt, who retired on 31 March 2010 after 20 years with the Group.

Ms. Mille-Langlois will report to Philippe Varin, Chairman of the Managing Board.

On 1 April 2010, Vincent Rambaud was appointed Executive Vice-President, Peugeot Brand. He had previously served as Vice-President, Latin America since 2007. During the transition until a new Vice-President, Latin America is appointed, the Latin America Division is being managed by Frédéric Saint-Geours.

Information about the Managing Board Members

Functions and Directorships held as of 31 December 2009

Philippe Varin First appointed to the Managing Board on 1 June 2009 Current term expires in 2013 Born on 8 August 1952 Business address: PSA Peugeot Citroën 75, avenue de la Grande-Armée 75016 Paris France	**Chairman of the Managing Board of Peugeot SA** **Other functions and Directorships as of 31 December 2009:** Director of Banque PSA Finance, Director of Faurecia, Director of Gefco, Director of Peugeot Citroën Automobiles S.A., Director of PCMA Holding B.V., Non-executive Director of BG Group PLC. **Former functions and Directorships in the past five years:** Director of Tata Steel Europe Limited, Director of Tata Steel Limited, Director of Tata Steel UK Limited. **Relevant expertise and professional experience:** Philippe Varin held a number of different executive positions with the Péchiney Group before being appointed as President of the Rhenalu division in 1995. In 1999, he became Senior Executive President, Aluminium and a member of the Executive Committee. In 2003, he was named Chief Executive Officer of Anglo-Dutch steel group Corus. **Number of Peugeot S.A. shares owned as of 31 December 2009: 1.**
Jean-Marc Gales First appointed to the Managing Board on 21 April 2009 Current term expires in 2013 Born on 16 August 1962 Business address: PSA Peugeot Citroën 75, avenue de la Grande-Armée 75016 Paris France	**Member of the Managing Board of Peugeot SA** **Executive Vice-President, Brands** **Other functions and Directorships as of 31 December 2009:** Chairman and Chief Executive Officer of Automobiles Peugeot, Chairman of the Board of Directors of Automobiles Citroën, Chairman of the Board of Directors of CITER, Chairman of the Board of Directors of Peugeot Motocycles, Permanent representative of Automobiles Peugeot on the Board of Directors of Banque PSA Finance, Member of the Supervisory Board of Citroën Nederland B.V., Chairman of the Board of Directors of Citroën Italia SpA, Chairman of the Board of Directors of Citroën (Suisse) SA, Vice-Chairman of the Supervisory Board of Citroën Deutschland, Director of Citroën Belux, Director of Citroën Italia SpA, Director of Automoviles Citroën España SA, Director of Citroën UK, Director of Dongfeng Peugeot Citroën Automobiles Company Ltd, Director of Peugeot España SA. **Former functions and Directorships in the past five years:** Chief Executive Officer of Automobiles Citroën, Chairman of Citroën UK, Permanent representative of Automobiles Citroën on the Board of Directors of Banque PSA Finance. **Relevant expertise and professional experience;** Jean-Marc Gales held various executive positions within the automotive industry before becoming Executive Vice-President, Global Sales at Mercedes Benz. He joined the PSA Peugeot Citroën Group in March 2009 as Chief Executive Officer of Automobiles Citroën and a member of the Managing Board. **Number of Peugeot S.A. shares owned as of 31 December 2009: 0.**
Grégoire Olivier First appointed to the Managing Board on 6 February 2007 Current term expires in 2013 Born on 19 October 1960 Business address: PSA Peugeot Citroën ADN Route Nationale 118 78140 Vélizy-Villacoublay France	**Member of the Managing Board of Peugeot SA** **Executive Vice-President, Automobile Programmes and Strategy** **Other functions and Directorships as of 31 December 2009:** Director of Peugeot Citroën Automobiles, Member of the Supervisory Board of Wendel, Director of Dongfeng Peugeot Citroën Automobiles Company Ltd. **Former functions and Directorships in the past five years:** Chairman and Chief Executive Officer of Faurecia, Chairman and Chief Executive Officer of Sagem Communication, Chairman of the Managing Board of Sagem, Member of the Managing Board of Safran, Vice-Chairman of the Club Sagem Executive Committee, Director of Snecma, Sagem Défense & Sécurité and Imerys. **Relevant expertise and professional experience:** M. Grégoire Olivier held various executive positions in industrial concerns before becoming Chairman and Chief Executive Officer of Faurecia in 2006, then Executive Vice-President, Programmes, and member of the Managing Board in 2007. **Number of Peugeot S.A. shares owned as of 31 December 2009: 0.**

Guillaume Faury First appointed to the Managing Board on 17 June 2009 Current term expires in 2013 Born on 22 February 1968 Business address: PSA Peugeot Citroën Centre technique Vélizy A Route de Gisy 78140 Vélizy-Villacoublay France	**Member of the Managing Board of Peugeot SA** **Executive Vice-President, Manufacturing and Components** **Other functions and Directorships as of 31 December 2009:** Director of Peugeot Citroën Automobiles España, Director of IAE Aix en Provence. **Former functions and Directorships in the past five years:** Director of APSYS (EADS Group), Director of Eurocopter Deutschland GmbH, Member of the Supervisory Board of Eurocopter Deutschland GmbH, Chairman of the Managing Board of Segula Technologies. **Relevant expertise and professional experience:** Guillaume Faury held various executive positions at Eurocopter and was Chairman of the Managing Board of Segula Technologies. He joined the PSA Peugeot Citroën Group in March 2009 as Deputy Executive Vice-President, Manufacturing and Components. **Number of Peugeot S.A. shares owned at 31 December 2009: 0.**
Frédéric Saint-Geours Member of the Managing Board from 1 July 1998 until 1 January 2008 and since 17 June 2009 Current term expires in 2013 Born on 20 April 1950 Business address: PSA Peugeot Citroën 75, avenue de la Grande-Armée 75016 Paris France	**Member of the Managing Board of Peugeot S.A.** **Executive Vice-President, Finance and Strategic Development** **Other functions and Directorships as of 31 December 2009:** Chairman and Chief Executive Officer of Banque PSA Finance, Chairman of the Supervisory Board of Peugeot Finance International NV, Vice-Chairman of Dongfeng Peugeot Citroën Automobiles Company Ltd, Vice-Chairman and Chief Executive Officer of PSA International S.A., Director of Casino Guichard-Perrachon, Director of Gefco, Director of Peugeot Citroën Automobiles S.A., Director of PCMA Holding B.V., Chairman of Union des Industries et Métiers de la Métallurgie. **Former functions and Directorships in the past five years:** Member of the Supervisory Board of Peugeot Deutschland Gmbh, Director of Peugeot España S.A., Director of Automobiles Peugeot, Chief Executive Officer of Automobiles Peugeot, Permanent representative of Automobiles Peugeot on the Board of Directors of Gefco Permanent representative of Automobiles Peugeot on the Board of Directors of Banque PSA Finance. **Relevant expertise and professional experience:** Frédéric Saint-Geours has held various executive positions within PSA Peugeot Citroën, including Group Chief Financial Officer and deputy Chief Executive Officer of Automobiles Peugeot. He was Chief Executive Officer of Automobiles Peugeot and member of the Managing Board from July 1998 until the end of December 2007, then Advisor to the Chairman and member of the Executive Committee of the PSA Peugeot Citroën Group. **Number of Peugeot S.A. shares owned as of 31 December 2009: 1,570.**

Functions and Directorships held by members who left the Board in 2009

Christian Streiff First appointed to the Managing Board on 6 February 2007 **Appointment as Chairman of the Managing Board terminated on 29 March 2009** Born on 21 September 1954 Business address: PSA Peugeot Citroën 75, avenue de la Grande-Armée 75016 Paris France	**Former Chairman of the Managing Board of Peugeot SA** **Other functions and Directorships as of 31 March 2009:** Chairman of the Board of Directors of Automobiles Peugeot, Chairman and Chief Executive Officer of Automobiles Citroën, Vice-Chairman of Dongfeng Peugeot Citroën Automobiles Company Ltd (China), Director of Banque PSA Finance, Director of Peugeot Citroën Automobiles, Director of Gefco, Director of Faurecia, Director of Thyssen-Krupp, Director of Continental AG, Director of PCMA Holding B.V. **Former functions and Directorships in the past five years:** Chairman and Chief Executive Officer of Airbus Holding, Chairman and Chief Executive Officer of Saint-Gobain Advanced Ceramics Corp, Chairman and Chief Executive Officer of Carborundum Ventures Inc., Chief Operating Officer of Compagnie de Saint-Gobain, Chairman of the Board of Directors of Société Européenne des Produits Réfractaires-SEPR, Chairman of the Board of Directors of Saint-Gobain Ceramics & Plastics Inc., Chairman of the Board of Directors of Saint-Gobain Performance Plastics Corp., Chairman of the Board of Directors of Saint-Gobain Abrasivos S.A., Director of PAM Colombia S.A., Director of Grindwell Norton Ltd., Director of Kure-Norton Ltd., Director of Saint-Gobain Corporation, Director of Saint-Gobain Pipe Systems Plc., Managing Director of Saint-Gobain KK, Managing Partner of Argos Conseil. **Relevant expertise and professional experience:** Christian Streiff spent most of his career (1979-2005) with Saint-Gobain where he acquired extensive industrial and international experience in a variety of businesses in Germany, Italy, the United States, Brazil and China. He became Chief Operating Officer of Saint-Gobain in 2004 and Chairman of Airbus in 2006. **Number of Peugeot S.A. shares held as of 31 March 2009: 1.**
Roland Vardanega First appointed to the Managing Board on 6 February 2007 **Stepped down from the Managing Board on 17 June 2009** Born on 27 June 1943 Business address: PSA Peugeot Citroën Centre technique Vélizy A Route de Gisy 78140 Vélizy-Villacoublay France	**Former member of the Managing Board of Peugeot SA** **Former Executive Vice-President, Manufacturing and Components** **Acting Chairman of the Managing Board, from 29 March to 31 May 2009** **Other functions and Directorships as of 17 June 2009:** Chairman of Peugeot Citroën Automoviles Portugal SA, Director of Esso – SAF, Director of Peugeot Citroën Automobiles, Director of Peugeot Citroën Automoviles España SA, Director of Peugeot Citroën Automoviles Portugal SA, Director of Résidence de Chantilly, Director of Résidéal Santé, Director of Closerie des Tilleuls, Representative of the Legal Manager of Société Mécanique Automobile de l'Est, Representative of the Legal Manager of Peugeot Citroën Poissy, Representative of the Legal Manager of Peugeot Citroën Sochaux S.N.C, Representative of the Legal Manager of Peugeot Citroën Mulhouse S.N.C, Representative of the Legal Manager of Peugeot Citroën Aulnay, Representative of the Legal Manager of Peugeot Citroën Rennes, Representative of the Legal Manager of Peugeot Citroën Mécanique du Nord Ouest, Representative of the Legal Manager of Peugeot Citroën Mécanique de l'Est, Legal Manager of Vardanega Invest. **Former functions and Directorships in the past five years:** Chairman of Societa Europea Veicoli Leggeri-Sevel Spa, Chairman of Peugeot Citroën Automobiles UK Ltd, Chairman of Closerie des Tilleuls, Director of Société Européenne de Véhicules Légers du Nord-Sevelnord. **Relevant expertise and professional experience:** Roland Vardanega joined PSA Peugeot Citroën in 1967. He held a large number of executive positions, particularly in production and human resources management, before serving as Senior Executive Vice-President of Peugeot from 1992 to 1998. **Number of Peugeot S.A. shares held as of 31 May 2009: 0.**

Jean-Philippe Collin First appointed to the Managing Board on 1 January 2008 **Stepped down from the Managing Board on 17 June 2009** Born on 25 May 1956 Business address: Automobiles Peugeot 75, Avenue de la Grande-Armée 75016 Paris France	**Former Member of the Managing Board of Peugeot SA** **Other functions and Directorships as of 17 June 2009:** Director of Peugeot Motocycles, Director of Automobiles Peugeot, Chief Executive Officer of Automobiles Peugeot, Director of Peugeot España, Permanent representative of Automobiles Peugeot on the Board of Directors of Banque PSA Finance. **Former functions and Directorships in the past five years:** Chairman and Chief Executive Officer of Keymro. **Relevant expertise and professional experience:** Jean-Philippe Collin held several executive positions in the areas of technology, quality and purchasing at IBM, Valeo and Thomson before being appointed in 2004 as Executive Vice-President, Purchasing of PSA Peugeot Citroën. He became a member of the Expanded Executive Committee in February 2007and was appointed Chief Executive Officer of Automobiles Peugeot and a member of the Managing Board on 1 January 2008. **Number of Peugeot S.A. shares owned at 17 June 2009: 0.**

➜ 14.1.3. Sanctions Applicable to Supervisory Board or Managing Board Members

To the best of the Company's knowledge, in the last five years no member of the Supervisory Board or Managing Board has (i) been convicted of any fraudulent offence, (ii) been a member of the administrative, management or supervisory body of a company that has been declared bankrupt, or placed in liquidation or receivership, (iii) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

14.2. Conflicts of Interest Concerning Supervisory Board or Managing Board Members

To the best of the Company's knowledge, there are no conflicts of interest between the duties of Supervisory Board and Managing Board members to Peugeot S.A. and their private interests or other duties.

No loans or guarantees have been granted to or on behalf of any members of the Supervisory Board or Managing Board by the Company or any Group entities.

No assets required for the operation of the business are owned by any members of the Supervisory Board or Managing Board or their families.

In addition, corporate officers pledge to comply with the Stock Market Code of Ethics introduced in February 2010, which states that "corporate officers shall refrain from trading in any stocks or other securities, directly or indirectly, on their own behalf or for a third party, during the 30 calendar days preceding the publication of the annual financial statements, the interim financial statements and the consolidated revenue figures."

Certain corporate officers must also abide by the lock-up rules applicable to shares acquired on the exercise of stock options.

The Supervisory Board believes that its membership appropriately reflects the percentage of capital held by the Company's main shareholder, the Peugeot family.

As of 1 March 2010, the Board comprised five family members: Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot, Marie-Hélène Roncoroni and Marc Friedel. Marie-Hélène Roncoroni is Thierry Peugeot's sister, and Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marc Friedel are second cousins. There are no family ties among the other Supervisory Board or Managing Board members.

Jean-Louis Masurel, Henri Philippe Reichstul, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière and Joseph F. Toot, Jr. have no ties with the Company, its Group or its management and contribute their international financial and managerial experience to the Board's deliberations.

A former member of the Executive Committee, Jean-Louis Silvant contributes his long experience in a large number of executive positions with the Group, particularly in production and human resources management.

Jean-Paul Parayre, former Chairman of the Peugeot S.A. Managing Board and Chairman of the Supervisory Board of Vallourec, contributes his knowledge of the automotive industry and the Group's operation, as well as of British and American corporate governance practices.

In accordance with the consolidated Corporate Governance Code for listed companies issued by the AFEP-MEDEF in December 2008, the Supervisory Board has reviewed its membership. To assess its members' independence, the Supervisory Board applies the recommended criteria in the Code, except that members who have sat on the Board for more than twelve years or who have been a Director of another Group company during the last five years may nevertheless be deemed independent.

The Supervisory Board considers that the automotive industry experience acquired as members of the Board is extremely valuable, particularly in a business requiring a medium and long-term vision. The Board also considers that the fact of having recently been a Director of another Group company does not give rise to any risk of the type of conflict of interest that the AFEP-MEDEF independence rules are designed to avoid. No member of the Board exercises any senior executive responsibilities or is a salaried employee of a Group company.

As a result, the Supervisory Board considers that Jean-Louis Masurel, Henri Philippe Reichstul, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Joseph F. Toot, Jr., Jean-Louis Silvant and Jean-Paul Parayre can be qualified as independent Directors.

When new members are proposed for election at the Annual Shareholders' Meeting, the Supervisory Board will select candidates based on the recommendations of the Compensation and Appointments Committee and the independence criteria referred to above.

14.3. Organisation and Operating Procedures of the Supervisory Board

➜ 14.3.1. Role of the Supervisory Board

The Supervisory Board ensures that the strategy implemented by the Managing Board is consistent with the Group's long-term vision, as defined by the Supervisory Board.

The Supervisory Board appoints members of the Managing Board and can remove them from office. According to the law, it is responsible for overseeing the Managing Board's management of the business.

The Supervisory Board meets at least once every quarter; the agenda of each meeting is prepared by the Chairman.

➜ 14.3.2. Supervisory Board meetings in 2009

The Supervisory Board met seven times in 2009, with an average attendance rate of 96%.

At each meeting, the Board reviewed the Managing Board's Report on the Group's operations and performance in terms of quality, sales, production, financial results and human resources. It was also presented reports on the Group's major strategic growth programs and objectives.

The Managing Board presented the 2010 budget at the December meeting.

The Committees of the Board reported their findings and recommendations at each of the meetings during the year.

➜ 14.3.3. Supervisory Board Operating Procedures

The Supervisory Board's internal rules set out its stewardship and control responsibilities. In particular, the Supervisory Board is responsible for reviewing the Managing Board's quarterly reports, as well as the annual financial statements of the Company and the Group and the Managing Board's report to the Annual Shareholders' Meeting.

The internal rules also stipulate that the Supervisory Board is required to authorize, in advance, the following actions by the Managing Board as provided for in article 9 of the bylaws:

- shareholder-approved share issues (whether paid up in cash or by capitalizing retained earnings) and capital reductions;
- any and all issues of ordinary or convertible bonds;
- the drafting of any merger agreements or agreements for the sale of a business;
- the signature or termination of any manufacturing or sales agreements representing a future commitment for Peugeot S.A., with companies whose corporate purpose is similar or related to that of Peugeot S.A., and generally the execution of any major transaction which substantially alters the scope of the business or the balance sheet structure of the Company or the Group.

Certain other actions exceeding financial limits set by the Supervisory Board may be carried out only with the unanimous backing of all the members of the Managing Board or, failing that, with the prior authorization of the Supervisory Board. These include the purchase or sale for cash or for shares of any building and business rights used by Peugeot S.A. involving an amount in excess of €50 million, the purchase or sale of any equity interest in any other company directly or indirectly representing an immediate or deferred investment, expense, credit guarantee or seller's warranty involving an amount in excess of €50 million, and any borrowings by Peugeot S.A. other than in the form of bonds, involving an amount in excess of €100 million.

The internal rules describe the information to be made available to the Supervisory Board, the process to be followed to determine the issues to be discussed at Supervisory Board meetings, the terms of reference of each Board committee as well as the obligations of Supervisory Board members, especially those arising from their constant access to insider information.

Lastly, guarantees given on behalf of subsidiaries are submitted for Supervisory Board approval when the amount involved exceeds €25 million or the cumulative amount of guarantees given during the year exceeds €125 million (excluding customs and tax bonds).

14.4. Supervisory Board Committees

The Supervisory Board is assisted by specialized committees: the Finance and Audit Committed, the Strategy Committee and the Committees in charge of compensation, appointements and gouvernance issues.

The role of these Committees is to analyse and prepare certain matters to be discussed at Supervisory Board Meetings. They therefore act in a purely consultative capacity, issuing proposals, recommendations and opinions on the areas falling within their terms of reference and submitting them to the Supervisory Board at its meetings.

➜ 14.4.1. The Finance and Audit Committee

Mission

In accordance with article 823-19 of the French Commercial Code, the Finance and Audit Committee oversees issues concerning the preparation and control of accounting and financial data. In particular, it oversees the process of preparing financial information, the effectiveness of internal control and risk management systems, the statutory auditing of the parent company and consolidated financial statements and the independence of the Statutory Auditors. It is also responsible for informing the Board of its opinion on off-balance sheet commitments and any corporate action or other project requiring prior approval by the Board. As part of its duty to oversee the effectiveness of internal control systems, the Committee issues an opinion on the Internal Audit plan for the coming year and is informed of the findings of the Internal Audits performed in implementing the plan. At each meeting of the Supervisory Board, the Committee reports on its work in carrying out its mission.

The Committee, which enjoys free access to all the information it needs, can, like the Chairman of the Supervisory Board, meet with the persons responsible for internal control and with the Statutory Auditors, with or without line management attending.

Members

The Finance and Audit Committee comprises five members, who are appointed in their own name and may not be represented by another party.

- Jean-Paul Parayre, Committee Chairman;
- Marc Friedel;
- Jean-Louis Masurel;
- Robert Peugeot;
- Marie-Hélène Roncoroni.

Activities in 2009

The Finance and Audit Committee met seven times in 2009. The Statutory Auditors and the Chief Financial Officer attended the meetings held in February and July to review, respectively, the 2008 consolidated and parent company financial statements and the 2009 interim financial statements.

In February, the Committee reviewed the Group's financing for the year, including the terms and conditions of the loan from the French State, and, in a second meeting, the financial forecast and related objectives for 2009.

In April, the Committee reviewed the provisional figures for 2009 and the Group's financial strategy in a time of financial and economic crisis.

In June, the Committee examined the opportunities offered by the bond market and the guidelines for issuing debt securities.

In October, the Committee reviewed the Group's medium-term plan and the related projects.

Lastly, in December the Committee reviewed the 2010 budget, the strategic outlook and the 2010 Internal Audit plan.

➜ 14.4.2. The Strategy Committee

Mission

The Strategy Committee is responsible for considering the Group's long-term future and strategic vision. In line with this role, it reviews all matters of strategic importance and is informed of the Managing Board's long-term strategic plan.

In particular, it prepares Supervisory Board decisions on strategic projects submitted for the Board's approval in accordance with article 9 of the bylaws.

Members

The Committee comprises seven members, appointed in their own name and not as representatives of corporate Supervisory Board members.

- Jean-Philippe Peugeot, Committee Chairman;
- Jean-Paul Parayre;
- Robert Peugeot;
- Thierry Peugeot;
- Henri Philippe Reichstul;
- Ernest-Antoine Seillière;
- Jean-Louis Silvant.

Activities in 2009

The Strategy Committee met five times in 2009. During the meetings, it primarily reviewed the strategic outlook for the Group and its development, the automotive product plan, Gefco and Faurecia's expansion strategies and the main measures taken in response to the financial and economic crisis.

14.4.3. Committees in charge of compensation, appointments and governance issues

At its meeting on 15 December 2009, the Supervisory Board decided to replace the Compensation and Appointments Committee with two separate committees, an Appointments and Governance Committee and a Compensation Committee.

14.4.3.1 The Compensation and Appointments Committee (January 2009 to 15 December 2009)

Mission

The Compensation and Appointments Committee was responsible for preparing Supervisory Board decisions regarding compensation for members of the Managing Board, the Supervisory Board and the Board committees, as well as stock option grants to members of the Managing Board. The Committee also stayed informed of changes in compensation and stock option grants to other Group executives.

It prepared Supervisory Board decisions concerning the appointment of new members of the Supervisory Board and Managing Board, by proposing selection criteria, organizing the selection process and recommending candidates for appointment or re-appointment.

Members

The Committee comprised four members, who were appointed in their own name and could not be represented by another party.

- Thierry Peugeot, Committee Chairman;
- Jean-Philippe Peugeot;
- Ernest-Antoine Seillière;
- Jean-Louis Silvant.

Activities in 2009

The Compensation and Appointments Committee met eight times in 2009. In particular, it discussed the base salary of Managing Board members and the preparation of succession plans for key executives. The Committee prepared the Supervisory Board meetings that led to the termination of Christian Streiff's position as Chairman of the Managing Board, the appointment of an acting Chairman and then the appointment of Philippe Varin as Chairman of the Managing Board and the definition of his compensation package.

It also prepared the appointments to the Managing Board of Jean-Marc Gales and Frédéric Saint-Geours.

14.4.3.2 The Compensation Committee and the Appointments and Governance Committee (since 15 December 2009)

14.4.3.2.1 The Compensation Committee

Mission

The Compensation Committee is responsible for preparing Supervisory Board decisions regarding compensation for members of the Managing Board, the Supervisory Board and the Board committees, as well as stock option grants to members of the Managing Board. The Committee also stays informed of changes in compensation and stock option grants to other Group executives.

Members

The Compensation Committee comprises five members, who are appointed in their own name and may not be represented by another party:

- Thierry Peugeot, Committee Chairman;
- Jean-Philippe Peugeot;
- Ernest-Antoine Seillière;
- Jean-Louis Silvant;
- Geoffroy Roux de Bézieux.

Activities in 2009

Created by the Supervisory Board on 15 December, the Compensation Committee did not meet in its new configuration in 2009.

14.4.3.2.2 The Appointments and Governance Committee

Mission

The Appointments and Governance Committee prepares Supervisory Board discussions concerning the appointment of new members of the Supervisory Board and Managing Board, by proposing selection criteria, organizing the selection process, recommending candidates for appointment or re-appointment, and monitoring succession plans for members of the Managing Board.

It tracks changes in French legislation concerning the governance of listed companies, as well as all of the recommendations issued by market regulators and representatives of listed companies. It also submits opinions or recommendations to the Supervisory Board concerning governance issues.

Members

The Committee comprises six members, who are appointed in their own name and may not be represented by another party:

- Jean-Philippe Peugeot, Committee Chairman;
- Thierry Peugeot;
- Robert Peugeot;
- Ernest-Antoine Seillière;
- Jean-Louis Silvant;
- Geoffroy Roux de Bézieux.

Activities in 2009

Created by the Supervisory Board on 15 December, the Appointments and Governance Committee did not meet in its new configuration in 2009.

15

REMUNERATION AND BENEFITS OF CORPORATE OFFICERS

15.1. Managing Board Compensation

➜ Base salary and incentive bonus

Compensation policy

The compensation paid to each Managing Board member is determined by the Supervisory Board after reviewing the recommendations of the Compensation and Appointments Committee.

The annual compensation paid to Managing Board members includes a base salary and an incentive bonus based on the achievement of a certain number of objectives.

The five members of the Managing Board have been assigned both shared objectives and personal objectives related to their respective executive responsibilities. Each objective includes qualitative and quantitative targets.

The Chairman of the Managing Board receives an incentive bonus ranging from 0 to 110% of his base salary. Incentive bonuses for the other members of the Managing Board may not exceed 100% of their base salary.

At the end of the year, the Supervisory Board determines the base salary that will be paid to Managing Board members the following year and, at the beginning of the year, it calculates the incentive bonus based on an evaluation of how well each member met his or her assigned objectives over the year. Also at the beginning of the year, the Supervisory Board sets objectives for each Managing Board member for the current year.

2009 compensation

For 2009, annual base salaries amounted to €1,300,000 for the Chairman of the Managing Board and to €618,000 for the other members of the Managing Board.

No bonuses were paid to members of the Managing Board in respect to 2009.

➜ Pension Benefits under an Insured Plan

In addition to being covered by government-sponsored basic and supplementary pension plans, eligible Managing Board members may also be entitled to pension benefits funded under an insured plan. Benefits are capped at 50% of the reference compensation, i.e. average of their gross compensation, including bonuses, for their best three years out of the last five in the job.

The additional benefits comprise i) a fixed portion equivalent to 30% of the reference compensation and ii) an additional 2% of the reference compensation per year of service with the Group, up to a maximum 20%. To be entitled to this supplementary pension benefit, a member must have served as an officer of the Group for at least five years and be employed by the Group when he or she retires.

➜ Employment Contracts

None of the members of the Managing Board has an employment contract that would be reinstated after he or she ceases to be a corporate officer.

➜ Stock Options

None of the members of the Managing Board was granted options to purchasing existing shares of Company stock in 2009.

Details of previous stock option plans in effect at 31 December 2009 are presented in note 28.3 to the consolidated financial statements in section 20, below. Table 5 below (§ 15.3) shows that none of these options were exercised by corporate officers during the year.

Faurecia, which has its own stock option plans, did not grant any options to purchase existing shares of Company stock in 2009.

➜ Other benefits

The only existing benefit in kind is a company car assigned to each member of the Managing Board.

No other commitments have been given to past or present Managing Board members concerning any other benefits to be paid when they cease to be a member. Details of the different types of compensation, commitments and benefits granted to Managing Board members in respect of their office in 2009 are presented in tables 1, 2 and 10 below.

15.2. Supervisory Board Compensation

Supervisory Board members and advisors are paid annual attendance fees up to an aggregate amount determined in advance by the Annual Shareholders' Meeting. Pursuant to the decision of the Annual Shareholders' Meeting of 28 May 2008, this amount has been set at €600,000 until further notice.

In 2009, €20,000 was allocated to each member of the Supervisory Board and €15,000 to each advisor. Members of Board committees are paid an additional €10,000, or an additional €15,000 in the case of the Chairmen.

The Chairman of the Supervisory Board also received €425,000 in compensation for 2009, the same amount as for 2007 and 2008, and each of the Vice-Chairmen of the Supervisory Board received €30,000.

No benefits in kind were awarded to Supervisory Board members, with the exception of a company car provided for the Chairman.

Details on the different types of compensation, commitments and benefits granted to Supervisory Board members in respect of 2009 are presented in the tables below.

In addition, Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marie-Hélène Roncoroni receive compensation for working or holding corporate offices in the Peugeot family's companies. Details regarding this compensation are provided in the *Foncière, Financière et de Participations (FFP)* management report.

15.3. Paid Fees and Compensations

Table 1: Compensation and Stock Options Awarded to Executive Corporate Officers

Philippe VARIN Chairman of the Managing Board	2008 Compensation	2009 Compensation 1 June to 31 December
Compensation for the year (details in table 2)	-	777,830
Value of stock options granted during the year (details in table 4)	-	-
Value of performance shares granted during the year (details in table 6)	-	-
TOTAL	**-**	**777,830**

Jean-Marc GALES Executive Vice-President, Brands	2008 Compensation	2009 Compensation 21 April to 31 December
Compensation for the year (details in table 2)	-	432,569
Value of stock options granted during the year (details in table 4)	-	-
Value of performance shares granted during the year (details in table 6)	-	-
TOTAL	**-**	**432,569**

Guillaume FAURY Vice-President, Manufacturing and Components	2008 Compensation	2009 Compensation 17 June to 31 December
Compensation for the year (details in table 2)	-	333,734
Value of stock options granted during the year (details in table 4)	-	-
Value of performance shares granted during the year (details in table 6)	-	-
TOTAL	**-**	**333,734**

Grégoire OLIVIER Executive Vice-President, Automobile Programmes and Strategy	2008 Compensation	2009 Compensation
Compensation for the year (details in table 2)	806,620	630,700
Value of stock options granted during the year (details in table 4)	572,400	-
Value of performance shares granted during the year (details in table 6)	-	-
TOTAL	**1,379,020**	**630,700**

Frédéric SAINT-GEOURS **Executive Vice-President, Finance and Strategic Development**	**2008 Compensation**	**2009 Compensation** **17 June to 31 December**
Compensation for the year (details in table 2)	-	350,087
Value of stock options granted during the year (details in table 4)	-	-
Value of performance shares granted during the year (details in table 6)	-	-
TOTAL	**-**	**350,087**

Christian STREIFF **Chairman of the Managing Board**	2008 Compensation	**2009 Compensation** **1 January to 29 March**
Compensation for the year (details in table 2)	1,053,020	274,254
Value of stock options granted during the year (details in table 4)	1,335,600	-
Value of performance shares granted during the year (details in table 6)	-	-
TOTAL	**2,388,620**	**274,254**

Jean-Philippe COLLIN **Executive Vice-President, Automobiles Peugeot**	**2008 Compensation**	**2009 Compensation** **1 January to 16 June**
Compensation for the year (details in table 2)	742,800	287,113
Value of stock options granted during the year (details in table 4)	572,400	-
Value of performance shares granted during the year (details in table 6)	-	-
TOTAL	**1,315,200**	**287,113**

Gilles MICHEL **Executive Vice-President, Automobiles Citroën**	**2008 Compensation**	**2009 Compensation**
Compensation for the year (details in table 2)	744,820	-
Value of stock options granted during the year (details in table 4)	572,400	-
Value of performance shares granted during the year (details in table 6)	-	-
TOTAL	**1,317,220**	**-**

Roland VARDANEGA **Executive Vice-President, Manufacturing and Components**	**2008 Compensation**	**2009 Compensation** **1 January to 16 June**
Compensation for the year (details in table 2)	806,620	287,113
Value of stock options granted during the year (details in table 4)	572,400	-
Value of performance shares granted during the year (details in table 6)	-	-
TOTAL	**1,379,020**	**287,113**

➜ Table 2: Compensation paid to members of the Managing Board

Philippe VARIN Chairman of the Managing Board	2008 Compensation		2009 Compensation 1 June to 31 December	
	Earned	Paid	Earned	Paid
Salary	-	-	758,333	758,333
Bonus	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees (1)	-	-	18,000	18,000
Company car	-	-	1,497	1,497
TOTAL	**-**	**-**	**777,830**	**777,830**

(1) Philippe Varin was paid €18,000 in fees for 2009 as director of Faurecia.

Jean-Marc GALES Executive Vice President, Brands	2008 Compensation		2009 Compensation 1 June to 31 December	
	Earned	Paid	Earned	Paid
Salary	-	-	430,727	430,727
Bonus	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Company car	-	-	1,842	1,842
TOTAL	**-**	**-**	**432,569**	**432,569**

Guillaume FAURY Vice President, Manufacturing and Components	2008 Compensation		2009 Compensation 1 June to 31 December	
	Earned	Paid	Earned	Paid
Salary	-	-	332,409	332,409
Bonus	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Company car	-	-	1,325	1,325
TOTAL	**-**	**-**	**333,734**	**333,734**

Grégoire OLIVIER Executive Vice President Automobile Programmes and Strategy	2008 Compensation		2009 Compensation	
	Earned	Paid	Earned	Paid
Salary	618,000	618,000	618,000	618,000
Bonus	185,400	522,000	-	185,400
Exceptional compensation	-	-	-	-
Directors' fees (1)	-	-	10,000	10,000
Company car	3,220	3,220	2,700	2,700
TOTAL	**806,620**	**1,143,220**	**630,700**	**816,100**

(1) Grégoire Olivier was paid €10,000 in fees for 2009 as director of Faurecia.

Frédéric SAINT-GEOURS Executive Vice President Finance and Strategic Development	2008 Compensation		2009 Compensation 17 June to 31 December	
	Earned	Paid	Earned	Paid
Salary	-	-	332,409	332,409
Bonus	-	330,000	-	-
Exceptional compensation	-	-	-	-
Directors' fees (1)	-	-	16,500	16,500
Company car	-	-	1,178	1,178
TOTAL	**-**	**330,000**	**350,087**	**350,087**

(1) Frédéric Saint-Geours was paid €16,500 in fees for 2009 as director of Faurecia.

Christian STREIFF Chairman of the Managing Board	2008 Compensation		2009 Compensation 1 January to 29 March	
	Earned	Paid	Earned	Paid
Salary	1,030,000	1,027,801	249,697	249,697
Bonus	-	1,000,000	-	-
Exceptional compensation	-	-	-	-
Directors' fees (1)	19,800	19,800	23,750	23,750
Company car	3,220	3,220	807	807
TOTAL	**1,053,020**	**2,050,821**	**274,254**	**274,254**

(1) Christian Streiff was paid fees of €19,800 for 2008 and €23,750 for 2009 as director of Faurecia.

Jean-Philippe COLLIN Executive Vice-President Automobiles Peugeot	2008 Compensation		2009 Compensation 1 January to 1 June	
	Earned	Paid	Earned	Paid
Salary	618,000	618,000	285,591	285,591
Bonus	123,600	258,640	-	123,600
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Company car	1,200	1,200	1,522	1,522
TOTAL	**742,800**	**877,840**	**287,113**	**410,713**

Gilles MICHEL Executive Vice-President Automobiles Citroën	2008 Compensation		2009 Compensation	
	Earned	Paid	Earned	Paid
Salary	618,000	618,000	-	-
Bonus	123,600	673,200	-	123,600
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Company car	3,220	3,220	-	-
TOTAL	**744,820**	**1,294,420**	**-**	**123,600**

Roland VARDANEGA Executive Vice-President Manufacturing and Components	2008 Compensation		2009 Compensation 1 January to 1 June	
	Earned	Paid	Earned	Paid
Salary	618,000	618,000	285,591	285,591
Bonus	185,400	679,480	-	185,400
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Company car	3,220	3,220	1,522	1,522
TOTAL	**806,620**	**1,300,700**	**287,113**	**472,513**

➜ Table 3: Directors' fees and other compensation paid to non-executive corporate officers

Non-executive corporate officers	Paid in 2008	Paid in 2009
Thierry Peugeot, Chairman of the Supervisory Board		
Directors' fees	20,000	20,000
Directors' fees for members of Board Committees	25,000	25,000
Other compensation	425,000	425,000
Jean-Philippe Peugeot, Vice-Chairman of the Supervisory Board		
Directors' fees	20,000	20,000
Directors' fees for members of Board Committees	25,000	25,000
Other compensation	30,000	30,000
Jean-Louis Silvant, Vice-Chairman of the Supervisory Board		
Directors' fees	20,000	20,000
Directors' fees for members of Board Committees	20,000	20,000
Other compensation	30,000	30,000
Marc Friedel, Member of the Supervisory Board		
Directors' fees	20,000	20,000
Directors' fees for members of Board Committees	10,000	10,000
Jean-Louis Masurel, Member of the Supervisory Board		
Directors' fees	20,000	20,000
Directors' fees for members of Board Committees	10,000	10,000
Jean-Paul Parayre, Member of the Supervisory Board		
Directors' fees	20,000	20,000
Directors' fees for members of Board Committees	25,000	25,000
Robert Peugeot, Member of the Supervisory Board		
Directors' fees	20,000	20,000
Directors' fees for members of Board Committees	20,000	20,000
Other compensation	83,250	
Henri Philippe Reichstul, Member of the Supervisory Board		
Directors' fees	20,000	20,000
Directors' fees for members of Board Committees	10,000	10,000

Non-executive corporate officers	Paid in 2008	Paid in 2009
Marie-Hélène Roncoroni, Member of the Supervisory Board		
Directors' fees	20,000	20,000
Directors' fees for members of Board Committees	10,000	10,000
Geoffroy Roux de Bezieux, Member of the Supervisory Board		
Directors' fees	20,000	20,000
Ernest-Antoine Seillière, Member of the Supervisory Board		
Directors' fees	20,000	20,000
Directors' fees for members of Board Committees	20,000	20,000
Joseph F. Toot, Member of the Supervisory Board		
Directors' fees	20,000	20,000
Bertrand Peugeot, Advisor		
Directors' fees	15,000	
François Michelin, Advisor		
Directors' fees	15,000	15,000
Roland Peugeot, Advisor		
Directors' fees	15,000	15,000
TOTAL	**1,028,250**	**930,000**

Thierry Peugeot was paid €13,000 in fees for 2008 and 2009 as Director of Faurecia.

Robert Peugeot was paid fees of €13,000 in 2008 and €11,500 in 2009 as Director of Faurecia.

(1) The amount paid to Robert Peugeot in 2008 corresponds to his annual performance bonus for 2006, which was paid in 2008 when he was a member of the Managing Board.

➜ Table 4: Options to purchase existing or new shares of Peugeot S.A. stock granted to executive corporate officers during the year

Name	Date of plan	Type of shares to be purchased	Value based on the method used in the consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
				NONE		

➜ Table 5: Options to purchase existing or new shares of Peugeot S.A. stock exercised by executive corporate officers during the year

None.

➜ Table 6: Performance shares granted to executive corporate officers

None.

➜ Table 7: Performance shares vesting during the year for executive corporate officers

None.

➜ Table 8: Options granted to members of the Managing Board to purchase new or existing shares of Peugeot S.A. stock

OPTIONS GRANTED TO PURCHASE NEW OR EXISTING SHARES, EXERCISE AND EXPIRY DATE INFORMATION

Plan	10/05/2000	11/20/2001	08/20/2002	08/21/2003	08/24/2004	08/23/2005	08/23/2006	08/22/2007	08/20/2008
Total number of new or existing shares available for purchase by:	709,200	798,600	860,100	996,500	1,004,000	943,000	983,500	1,155,000	1,345,000
Grégoire Olivier Executive Vice-President Automobile Programmes and Strategy								60,000	60,000
Frédéric Saint-Geours Executive Vice-President Finance and Strategic Development				33,000	40,000	40,000	40,000	60,000	25,000
Earliest exercise date	10/05/2002	11/20/2004	08/20/2005	08/21/2006	08/24/2007	08/23/2008	08/23/2009	08/22/2010	08/20/2011
Last exercise date	10/05/2008	11/20/2008	08/21/2009	08/21/2011	08/24/2012	08/23/2013	08/23/2014	08/22/2015	08/20/2016
Purchase price	35.45	46.86	46.28	39.09	47.59	52.37	41.14	60.43	33.08
Exercise procedures applicable to plans comprising several tranches									
Number of shares issued on exercise of options as at 31 December 2008	526,093	389,400	317,800	289,393	12,000	10,000	15,000		
Number of options cancelled, expired or forfeited	183,107	409,200	542,300	29,000	80,000	65,000	98,000	226,500	210,000
Number of options outstanding at the end of the period				687,107	912,000	868,000	870,500	928,500	1,135,000

➜ Table 9: Options to purchase new or existing shares granted to the ten top employees other than corporate officers

Options to purchase new or existing Peugeot S.A. shares granted to and exercised by the ten top employees other than corporate officers	Total number of options granted/exercised for new or existing shares	Exercise price
Options granted during the year by the Company and any company included in the plan to the ten employees (other than corporate officers) of these companies to whom the most options were granted	-	-
Options granted by the Company and any companies included in the plan and exercised during the year by the ten employees (other than corporate officers) of these companies having exercised the most options	-	-

➜ Table 10: Pension obligations concerning members of the Managing Board

	Employment contract (suspended during term of office)		Supplementary pension plan		Compensation or benefits due or that may be due on termination or change in position		No-compete indemnity	
Executive corporate officers	Yes	No	Yes (1)	No	Yes	No (2)	Yes	No
Philippe Varin Chairman of the Managing Board since 1 June 2009		No	Yes			No		No
Jean-Marc Gales Executive Vice-President, Brands since 21 April 2009		No	Yes			No		No
Guillaume Faury Vice-President, Manufacturing and Components since 17 June 2009		No	Yes			No		No
Grégoire Olivier Executive Vice-President Automobile Programmes and Strategy since 16 February 2007		No	Yes			No		No
Frédéric Saint-Geours Executive Vice-President Finance and Strategic Development since 17 June 2009		No	Yes			No		No

(1) In addition to being covered by government-sponsored basic and supplementary pension plans, eligible Managing Board members are also entitled to pension benefits funded under an insured plan. Benefits are capped at 50% of the average of their gross compensation, including bonuses, for their best three years out of the last five in the job. To be entitled to this supplementary pension benefit, a member must have served as an officer of the Group for at least five years within the meaning of note 42 to the consolidated financial statements and be employed by the Group when he or she retires.

(2) No other benefits exist aside from those arising from events described in the previous column.

16 BOARD PRACTICES

16.1. Terms of Office of Directors and Senior Executives

Please refer to section 14.1 above.

16.2. Service Contracts Providing for Benefits upon Termination of Employment

None of the members of the Supervisory Board or Managing Board have service contracts with Peugeot S.A. or any of its subsidiaries providing for benefits upon termination of employment.

16.3. Supervisory Board Committees

Please refer to section 14.4 above.

16.4. Compliance with Best Corporate Governance Practices

At its 16 December 2008 meeting, the Supervisory Board decided to adopt the AFEP/MEDEF Corporate Governance Code, as applicable to French joint-stock companies with a Supervisory Board and Managing Board. Further details on the Company's application of this Code are provided in the Report of the Chairman of the Supervisory Board on the preparation and organisation of Supervisory Board meetings and on internal control, in section 16.5.1 below.

16.5. Other Significant Corporate Governance Practices and Internal Control Processes and Procedures

The Group's internal controls are implemented based on its operational organisation as well as its legal structure. The applicable internal control processes are described in the Report of the Chairman of the Supervisory Board on the preparation and organisation of Supervisory Board meetings and on internal control.

The report of the Chairman of the Supervisory Board on corporate governance and internal control was approved by the members of the Board at their meeting on 9 February 2010.

➜ 16.5.1. Report of the Chairman of the Supervisory Board on the Preparation and Organisation of Supervisory Board Meetings and on Internal Control

1. Preparation and Organisation of Supervisory Board Meetings

1.1. Supervisory Board Membership, Roles and Responsibilities

The Peugeot S.A. Supervisory Board has twelve members and two non-voting advisors. No member of the Board is a salaried employee of a Group company.

The Supervisory Board ensures that the strategy implemented by the Managing Board is consistent with the Group's long-term vision, as defined by the Supervisory Board. It appoints members of the Managing Board and can remove them from office. Pursuant to the law, it is responsible for overseeing the Managing Board's management of the business.

The internal rules also stipulate that the Supervisory Board is required to authorize, in advance, the following actions by the Managing Board as provided for in article 9 of the bylaws:

- shareholder-approved share issues (whether paid up in cash or by capitalising retained earnings) and capital reductions;
- any and all issues of ordinary or convertible bonds;
- the drafting of any merger agreements or agreements for the sale of a business;
- the signature or termination of any manufacturing or sales agreements representing a future commitment for Peugeot S.A., with companies whose corporate purpose is similar or related to that of Peugeot S.A., and generally the execution of any major transaction which substantially alters the scope of the business or the balance sheet structure of the Company or the Group.

Certain other actions exceeding financial limits set by the Supervisory Board may be carried out only with the unanimous backing of all the members of the Managing Board or, failing that, with the prior authorisation of the Supervisory Board. These include the purchase or sale for cash or for shares of any building or business rights used by Peugeot S.A. involving an amount in excess of €50 million, the purchase or sale of any equity interest in any other company directly or indirectly representing an immediate or deferred investment, expense, credit guarantee or seller's warranty involving an amount in excess of €50 million, and any borrowings by Peugeot S.A., other than in the form of bonds, involving an amount in excess of €100 million.

Lastly, guarantees given on behalf of subsidiaries are submitted for Supervisory Board approval when the amount involved exceeds €25 million or the cumulative amount of guarantees given during the year exceeds €125 million (excluding customs and tax bonds).

1.2. Supervisory Board Practices

The Supervisory Board meets at least once every quarter; the agenda of each meeting is prepared by the Chairman. It met seven times in 2009, with an average attendance rate of 96%. Board proceedings are recorded in minutes that summarise the discussions and present the decisions taken.

In early 2010, the Board performed an assessment of its membership, organisation and operating procedures, whose findings will be discussed at the April meeting.

1.3. Committees of the Board

The Supervisory Board is assisted by three specialised committees: the Finance and Audit Committee, the Strategy Committee and the Compensation and Appointments Committee. Each one has its own set of internal rules. Proceedings of each committee meeting are summarised in a report submitted to the Supervisory Board.

The Finance and Audit Committee

The Finance and Audit Committee comprises five members, who are appointed in their own name and may not be represented by another party.

It is chaired by a Supervisory Board member, classified as independent in accordance with the criteria applied by the Group, and as required by law, includes another independent member specialised in financial or accounting matters.

In accordance with article 823-19 of the French Commercial Code, the Finance and Audit Committee oversees issues concerning the preparation and control of accounting and financial data. In particular, it oversees the process of preparing financial information, the effectiveness of internal control and risk management systems, the statutory auditing of the parent company and consolidated financial statements and the independence of the Statutory Auditors. It is also responsible for informing the Board of its opinion on off-balance sheet commitments and any corporate action or other project requiring prior approval by the Board. As part of its duty to oversee the effectiveness of internal control systems, the Committee issues an opinion on the Internal Audit plan for the coming year and is informed of the findings of the Internal Audits performed in implementing the plan. At each meeting of the Supervisory Board, the Committee reports on its work in carrying out its mission.

The Finance and Audit Committee, which enjoys free access to all the information it needs, can, like the Chairman of the Supervisory Board, meet with the persons responsible for internal control and with the Auditors, with or without line management attending.

The Finance and Audit Committee met seven times in 2009, with a 97% attendance rate. The Auditors and the Chief Financial Officer attended the meetings held in February and July to review, respectively, the 2008 financial statements and the 2009 interim financial statements.

In February, the Committee reviewed the Group's financing for the year, including the terms and conditions of the loan from the French State, and, in a second meeting, the financial forecast and related objectives for 2009.

In April, the Committee reviewed the provisional figures for 2009 and the Group's financial strategy in a time of financial and economic crisis.

In June, the Committee examined the opportunities offered by the bond market and the guidelines for issuing debt securities.

In October, the Committee reviewed the Group's medium-term plan and the related projects.

Lastly, in December the Committee reviewed the 2010 budget, the strategic outlook and the 2010 audit plan.

The Strategy Committee

The Strategy Committee is responsible for considering the Group's long-term future and strategic vision. In line with this role, it reviews all matters of strategic importance as well as the Managing Board's long-term strategic plan.

It also prepares Supervisory Board decisions on strategic projects submitted for the Board's approval in accordance with article 9 of the bylaws.

The Committee comprises seven members, who are appointed in their own name and may not be represented by another party. It met five times in 2009, with a 97% attendance rate.

During the meetings, it primarily reviewed the strategic outlook for the Group and its development, the automotive product plan, Gefco and Faurecia's expansion strategies and the main measures taken in response to the financial and economic crisis.

The Compensation and Appointments Committee

The Compensation and Appointments Committee is responsible for preparing Supervisory Board decisions regarding compensation for members of the Managing Board, the Supervisory Board and the Board committees, as well as stock option grants to members of the Managing Board. It also stays informed of changes in compensation and stock option grants to other Group executives.

It prepares Supervisory Board decisions concerning the appointment of new members of the Supervisory Board and Managing Board, by proposing selection criteria, organizing the selection process and recommending candidates for appointment or re-appointment.

The Committee comprises four members, who are appointed in their own name and may not be represented by another party. It met eight times during the year, with a 100% attendance rate. In particular, it discussed the base salary of

Managing Board members and the preparation of succession plans for key executives.

The Committee prepared the Supervisory Board meetings that led to the termination of Christian Streiff's position as Chairman of the Managing Board, the appointment of an acting Chairman and then the appointment of Philippe Varin as Chairman of the Managing Board and the definition of his compensation package.

It also prepared the appointments to the Managing Board of Jean-Marc Gales and Frédéric Saint-Geours.

In December, the Supervisory Board decided to replace the Compensation and Appointments Committee with two separate committees, an Appointments and Governance Committee and a Compensation Committee. The Board felt that in view of the underlying strategic importance of appointments and the increasingly central role of corporate governance, the Group should have a committee specifically dedicated to these two areas. Furthermore, by creating a committee that deals exclusively with compensation issues, the Group will be able to track market practices more closely and enhance the effectiveness of its compensation policies.

1.4. Supervisory Board and Managing Board Compensation Policies

Supervisory Board members and non-voting advisors are paid annual attendance fees. The aggregate amount of these fees is approved in advance at the Annual Shareholders' Meeting.

At the end of the year, the Supervisory Board determines the base salary that will be paid to Managing Board members the following year and, at the beginning of the year, it calculates the incentive bonus based on how well each member met his or her assigned objectives over the year. At the same early-year meeting, the Supervisory Board sets objectives for each Managing Board member for the current year. These objectives – which are both quantitative and qualitative – comprise targets set for all members of the Managing Board and specific performance-related targets based on each member's individual executive duties.

In accordance with the terms and conditions of the loan granted to the Group by the French State no bonuses were paid to members of the Managing Board for 2009.

When the Supervisory Board appointed the new Chairman of the Managing Board in April 2009, it decided that his incentive bonus could represent up to 110% of his base salary. Incentive bonuses for the other members of the Managing Board may not exceed 100% of their base salary.

In addition to being covered by government-sponsored basic and supplementary pension plans, Managing Board members are also entitled to pension benefits funded under an insured plan.

In accordance with the AFEP/MEDEF recommendations on executive Directors' compensation, the employment contracts of Managing Board members are no longer suspended for the duration of their terms of office.

No other commitments have been given to past or present Managing Board members concerning any benefits to be paid when they cease to be a member.

The Supervisory Board may also decide to grant stock options to Managing Board members, in which case it determines the lock-up rules that will apply to shares acquired upon the exercise of the options in accordance with the law. The Managing Board, in full agreement with the Supervisory Board and in compliance with shareholder-approved limits, decided that starting in 2002, the benchmark price for options to purchase existing shares granted in a given year to executives or employees of the Company or related companies would be equal to the average of the opening share price during the 20 trading days following the publication of the Group's first-half consolidated earnings, without any discount.

In July 2007, in accordance with the law, the Supervisory Board determined the lock-up rules applicable to shares acquired by corporate officers on exercise of stock options granted under any future plans. Under these rules, every time a Managing Board member sells such shares, he or she will be required to retain, until the end of his or her term of office, a number of Peugeot S.A. shares equal to 15% of the theoretical gross capital gain.

No stock options were granted to Managing Board members in 2009.

All Supervisory Board discussions on compensation are prepared by the Compensation and Appointments Committee.

1.5. Application of the AFEP/MEDEF Corporate Governance Code

At its meeting on 16 December 2008 the Supervisory Board decided to adopt the AFEP/MEDEF Corporate Governance Code, as applicable to French joint-stock companies with a Supervisory Board and Managing Board. The consolidated version of this Code, issued in December 2008, may be consulted at Peugeot S.A.'s head office or on the AFEP or MEDEF websites.

The areas of the Code that Peugeot S.A. has elected not to apply are as follows:

- to assess its members' independence the Supervisory Board applies the criteria recommended in the AFEP/MEDEF Code, except that members who have sat on the Board for more than twelve years or who have been a Director of another Group company during the last five years may nevertheless be deemed independent.

  The Supervisory Board considers that the automotive industry experience of its members is extremely valuable, particularly in a business requiring a medium and long-term vision. The Board also considers that the fact of having recently been a Director of another Group company does not give rise to any risk of the type of conflict of interest that the AFEP/MEDEF independence rules are designed to avoid. In 2009, Jean-Paul Parayre, Jean-Louis Masurel and Ernest-Antoine Seillière – who have been Supervisory Board members for more than twelve years – were therefore deemed to be independent by the Supervisory Board.

Jean-Louis Silvant is also considered to be independent, even though he sits on the Board of Directors of Peugeot Suisse, as the operations of this company only represent a small proportion of the Group's automotive business.

No member of the Supervisory Board exercises any senior executive responsibilities or is a salaried employee of a Group company.

As an exception to the recommendations in the AFEP/MEDEF Corporate Governance Code concerning the proportion of independent members of Board Committees (at least two thirds for the Finance and Audit Committee and a majority for the Compensation and Appointments Committee), in 2009 the membership structure of the Finance and Audit Committee and the Compensation and Appointments Committee took into account the requirement to have representatives from members of the Peugeot family, which is the Group's majority shareholder.

- Supervisory Board members' terms of office are set at six years rather than four as recommended in the Code, as the Supervisory Board considers that a supervisory and oversight body needs to be in place for a certain amount of time in order to be able to effectively perform its duties. The term of office for Managing Board members is four years however.
- Attendance fees payable to Supervisory Board members do not include any variable component based on attendance at Board and Committee meetings. Attendance rates at Supervisory Board meetings were 96% in 2009 and 98% in 2008 and attendance rates at the various Committee meetings ranged from 97% to 100%. Furthermore, the Chairman of the Supervisory Board frequently consults Board members on issues outside of scheduled meetings, and likewise, Board members regularly take the initiative of informing the Chairman of their opinions and recommendations.

1.6. Attendance at Peugeot S.A. Shareholders' Meetings

Any Peugeot S.A. shareholder may take part in the Company's Shareholders' Meetings irrespective of the number of shares held. No specific attendance requirements are stipulated in article 11 of the bylaws concerning Shareholders' Meetings.

1.7. Disclosure of Information that may have an Impact in the Event of a Public Tender Offer for the Company's Shares

This information is provided in this Registration Document as part of the disclosures required under Article L. 225-100-3 of the French Commercial Code (please refer to page 366 and 367).

2. Internal Control Procedures

2.1. Objectives and Limits of the PSA Peugeot Citroën Internal Control System

As part of its commitment to preventing and limiting the effects of internal and external risks, the Group has established internal control procedures and processes designed to provide reasonable assurance concerning the achievement of objectives in the following categories:

- compliance with laws and regulations;
- application of the Managing Board's instructions and strategic guidelines;
- efficient internal processes, particularly those that help to safeguard the Company's assets;
- reliable financial reporting.

These controls also contribute to the proficient management of the Company's businesses, the effectiveness of its operations and the efficient use of its resources.

Within Group companies, the focus is on accounting and financial controls, which constitute a core component of the internal control system. Covering the production and communication of all of the Group's accounting and financial information, these controls contribute to the reporting of reliable information in compliance with legal and regulatory requirements. They are based on specific procedures defined and implemented by the Group Finance Department in order to meet the above objectives.

The internal control system aims to ensure that the above objectives will be met; however, no system can provide an absolute guarantee that this will be the case.

2.2. Internal Control Framework used by PSA Peugeot Citroën

PSA Peugeot Citroën has set itself the objective of ensuring that its internal control system for the businesses defined in section 2.3 below complies with the Internal Control Reference Framework and Application Guide issued by the French securities regulator (AMF). This objective applies both to processes contributing to the preparation of accounting and financial information for reporting purposes and to the overall organisation of the Group's operations.

In 2009, the Group put in place new internal control processes and procedures following the creation of the Internal Control Department in October 2008.

The Automotive Division's operating units and support departments are equipped with a set of procedures whose purpose is to ensure that operations continue to function effectively and in compliance with identified best practices. These units and departments also have the means to evaluate the risks they face and the controls they implement to counteract those risks. The databases and analyses are regularly updated.

2.3. Scope of the Internal Control Framework

Internal controls are implemented based on the Group's operational organisation as well as its legal structure.

The summary information provided in this internal control report focuses on procedures implemented to address risks likely to have a material impact on PSA Peugeot Citroën's published financial and accounting information.

Three Group companies use their own internal control frameworks, which are either specific to their business and regulatory environment (Banque PSA Finance) or adapted to the decentralised nature of their organisation (Faurecia and Gefco). These three companies are therefore not included in the scope of the overall internal control framework.

Banque PSA Finance

As required under CRBF regulation 97-02 dealing with internal control systems of credit institutions, Banque PSA Finance's internal control system is organised around two lines of responsibility – for recurring controls and periodic controls – and the first-tier controls performed by the operating units.

The fundamental principles underpinning the organisation and implementation of internal control are set out in an internal control charter that describes the system's organisation, resources, scope, missions and processes.

RECURRING CONTROLS

First-tier controls, the lynchpin of the internal control system

First-tier controls are carried out in the operating units. They are either embedded in procedures and performed by all employees in the normal course of their work, or they are performed by dedicated employees within the operating units. They are supervised by the structures responsible for recurring controls.

Second-tier controls

Second-tier controls are performed by three departments and include controls concerning (i) compliance, (ii) operational risks, (iii) accounting processes and procedures and (iv) the finance, treasury and IT services provided by the PSA Peugeot Citroën Group on the bank's behalf.

The Compliance unit is responsible for preventing, controlling and overseeing compliance risks. In particular, it verifies that the bank meets its obligations concerning data protection, the prevention of money laundering and compliance of new or substantially modified products. It ensures that the required systems are put in place and organises compliance training. This unit is also responsible for regulatory oversight and ensuring that the Bank effectively incorporates regulatory changes into its business, particularly into its IT systems.

Controls over operational risks include (i) recurring assessments of the effectiveness of the operational risk management systems put in place within the bank, including for outsourced services, and (ii) specific second-tier controls. The department tasked with controlling operational risks is also responsible for ensuring that operations staff regularly perform key first-tier controls on risks classified as major.

The department in charge of controlling operational risks associated with accounting, IT, refinancing and treasury processes performs recurring controls in all of these areas. In particular, it has developed a control certification system for the accounting department, whereby the finance managers of the bank's subsidiaries and branches are required to sign a document after each accounts-closing process confirming that key controls over major accounting risks have been performed and providing the results of these controls.

These departments base their work on a risk map that sets out the main risks to which the bank is exposed. The risk map helps to ensure the underlying strength of Banque PSA Finance's internal control system, by highlighting identified risks, potential losses that may arise from these risks, first-tier controls and the results of these controls, as well as the results of second-tier controls and any residual risk.

Risk management function

The Risk Management unit of the Management Control Department is responsible for measuring and overseeing the bank's financial risks on a consolidated basis and participating in their overall management. It also ensures that the requirements of pillar 2 and 3 of Basel II are taken into account in the bank's overall risk management system.

PERIODIC CONTROLS

Periodic – or third-tier – controls consist of periodically checking transaction compliance, risk levels, compliance with procedures and the effectiveness of recurring controls.

They are performed by the Internal Auditors, based on an Internal Audit plan that provides for substantially all of the bank's units and processes (including those that are outsourced) to be audited at least once every three years.

OVERSIGHT BY EXECUTIVE MANAGEMENT AND THE BOARD

The internal control system is overseen by executive management and the Board, supported by various committees.

The Board of Directors verifies that the Bank's main risks are properly managed and obtains assurance about the system's reliability, through the Audit Committee. The Audit Committee reviews the lessons to be learnt from risk monitoring activities and from recurring and periodic controls. It meets at least four times a year.

Executive management is responsible for defining and implementing the system of internal control. It oversees the system's efficiency and effectiveness, and ensures that adequate resources are assigned to internal control. It is supported in this task by a Control Committee, which has front-line responsibility for the operational management of the internal control system.

ORGANISATION OF INTERNAL CONTROL

The internal control system is built around regular first-tier controls backed by an organisation structure in which each individual's authority and responsibility are clearly defined, primarily through delegations of authority applicable to all operating units and corporate departments. These delegations of authority determine the levels at which decisions must be made in the areas of banking and financial transactions, loan approvals, lending terms, new products and services and expenditure commitments.

At Group level, committees have been set up to determine and implement Bank policies in the areas of internal control and decision-making processes during regular meetings. These committees are as follows:

- the Credit Risks Committee, which monitors changes in troubled loans and credit losses, and analyses the performance of the risk selection systems;
- the Lending Margins Committee;
- the Products and Processes Committee;
- the Group Credit Committee, which reviews wholesale and fleet financing applications;
- the Refinancing Committee, which reviews the results of the bank's refinancing and interest rate risk management policies;
- the IT Security Committee;
- the Compliance Committee.

Faurecia

Faurecia's Board of Directors is made up of ten members, three of whom are independent within the meaning of the AFEP/MEDEF Corporate Governance Code. Six members directly represent the interests of Peugeot S.A., Faurecia's majority shareholder. Yann Delabrière has held the position of Chairman and Chief Executive Officer since 16 February 2007. Two committees of the Board were set up in 2003 – the Appointments and Compensation Committee and the Audit Committee. The role of the Appointments and Compensation Committee is to (i) prepare matters for the Board's discussion regarding corporate officers' compensation and stock option grants, and (ii) prepare procedures for selecting and recommending Directors for election or re-election. The role of the Audit Committee is to review in detail the interim and annual financial statements, as well as any material financial transactions, and to analyse the Group's financial performance indicators. On 15 October 2009 Faurecia's Board of Directors set up a Strategy Committee, tasked with preparing strategic issues to be discussed at Board meetings as well as with putting forward proposals, recommendations and opinions about planned acquisitions of new businesses, asset disposals and joint venture projects.

Internal control is based on a set of procedures available for consultation by all employees via the Faurecia Intranet. The procedures mainly concern programme controls designed to track the performance of contracts for the design, production and supply of complex equipment to automakers, and financial and accounting controls intended to ensure that financial and accounting information is properly processed, thereby underpinning the Group's responsiveness.

Faurecia has its own Internal Audit Department, responsible for overseeing the optimal effectiveness of internal financial control systems. In 2009, Faurecia continued to enhance its internal control system by developing the Internal Audit function to ensure the implementation of best practices.

Gefco

Internal control is an integral part of Gefco's corporate governance strategy. The Gefco group applies the definition of internal control set out in the reference framework issued by the AMF in January 2007.

Gefco performs controls at each level of the organisation – agencies, subsidiaries and group headquarters – as well as within its various Business Units. These controls cover financial, accounting and operating functions.

INTERNAL CONTROLS RELATING TO ACCOUNTING AND FINANCIAL INFORMATION

The accounting and management processes that underpin Gefco's internal control of accounting and financial information correspond to a set of uniform activities that convert business transactions into accounting and management data. They include an accounting system, the preparation of financial statements, and management reviews based on the standards and principles used by the PSA Peugeot Citroën Group.

Each agency is structured as a profit centre and prepares monthly income statements, which enables them to check that services rendered are correctly recorded and invoiced. Controls are performed relating to areas including pricing policies, sales margins, personnel costs and other operating costs.

Each subsidiary aggregates the income statement data received from its agencies and ensures that the financial flows recorded comply with Group standards.

Lastly, headquarters internal control teams check the accounts and results of each subsidiary using an SAP software solution covering 95% of Gefco's operations.

The controls used to guarantee the quality of Gefco's accounting and financial information are based on criteria including true representation, completeness, accuracy and compliance with classifications.

INTERNAL CONTROLS RELATING TO OPERATING PROCESSES

Internal control at Gefco is also the daily responsibility of each employee and manager, who take care to conduct his or her activities in accordance with applicable standards, continually assessing the effectiveness of processes and implementing improvement measures where appropriate.

Each year, a Group-wide assessment campaign is conducted in order to gauge the effectiveness of the internal control system, with each manager reviewing the operations under his or her responsibility based on a structured analytical framework. The data collected is used to deploy improvement measures at every level of the business.

In 2009, the review methods incorporated PSA Peugeot Citroën recommendations on identifying and tracking risks. The assessment campaign was conducted in the third quarter of the year and involved twenty-seven subsidiaries and nearly three hundred agencies. A detailed report, prepared from the compiled information, served as a framework for defining appropriate improvement measures.

The outcome of the internal control procedures applied to operating processes and the action plans implemented by each unit are also assessed during the audits carried out across the Group by the Internal Audit team.

Also in 2009, Gefco continued to work on the project launched in 2008 to improve its administrative processes – notably by drafting new standards and strengthening its information systems – which will directly contribute to enhancing the effectiveness of the Group's internal controls.

2.4. Internal Control Systems in the Corporate Departments

2.4.1. Corporate Structure and Internal Control

GROUP OPERATIONAL STRUCTURE

Since 1972, Peugeot S.A. has had a two-tier management structure, with a Supervisory Board and a Managing Board. This structure guarantees a clear separation between the Managing Board's day-to-day running of the business and the Supervisory Board's oversight role, exercised with the support of three committees of the Board (see section 1.3). It represents an effective corporate governance model, by maintaining an appropriate balance of powers between the executive and control functions. As part of this organisation, internal control is the responsibility of senior management, represented by the Managing Board.

The Automotive Division is organised into operating units with the necessary skills and resources to carry out their responsibilities. One or several employees within each operating unit are tasked with managing and overseeing internal control over operations and updating the related procedures, in order to ensure the system's effectiveness while also fostering the teams' accountability and commitment to internal control.

This decentralised operating structure is coordinated and supported by cross-functional corporate departments.

The Corporate Secretary, who is responsible for internal control, is a member of the Group's Executive Committee and reports directly to the Chairman of the Managing Board.

The Head of Internal Control – who reports to the Corporate Secretary – is responsible for organising the overall risk identification and management process described in section 2.4.3 below, as well as for overseeing the internal control system in place within the Group (except for Banque PSA Finance and Faurecia, which have their own systems). He also presents to senior management a report on the results of the procedures implemented. For risk exposures at the Group's sites – which mainly concern property, plant and equipment – the Head of Internal Control is assisted by the Risk Management and Insurance Department, which directs the specific process, set up for these risks. The Head of the Risk Management and Insurance Department also reports to the Corporate Secretary.

The Head of Internal Audit reports to the Corporate Secretary. He has direct authority over the corporate-level Internal Auditors and a dotted-line reporting relationship with all Internal Auditors working in the Group's other departments, including at Banque PSA Finance and Gefco. He communicates directly with the Chairman of the Managing Board, which gives him total independence from all Group units and departments. He also reports twice a year to the Supervisory Board's Finance and Audit Committee.

The annual Internal Audit plan is drawn up based on identified and evaluated risks. It is prepared independently by the Internal Auditors and submitted to senior management for review. In 2009, the Internal Audit Department carried out 75 audits, the overall results of which were reported to senior management and to the external auditors for the purpose of their accounting and financial reports.

Capital expenditure management, which is key to meeting the Group's objectives, is the responsibility of the Programmes Operating Unit and Corporate Finance. Financial and management analyses are carried out to ensure that investment decisions are aligned with the Group's performance and profitability objectives. These analyses are presented to the Executive Committee members for validation.

Lastly, the overall structure of delegations of authority down the chain of command reflects the Group's internal organisation. Account is taken of each manager's job as well as of his or her position in the chain of command, in order to grant powers to individuals who have the necessary authority, resources and competence in the area concerned.

Each delegation of authority describes the individual's role and responsibilities, the rules and regulations to be complied with and the practices to be followed.

PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

Financial and accounting information is controlled at Group level by Corporate Finance, which has appointed a coordinator to lead and monitor its work in this area.

The consolidated financial statements are prepared by the Accounting Department and by the Consolidation Department, which is also responsible for establishing and updating Group accounting policies. The Accounting Department, in liaison with the operating units and the Management Control Department, ensures the accuracy of and systematically co-validates the individual statutory accounts and the consolidation packages. The Consolidation Department produces a full set of consolidated financial statements each month, both for internal management and external reporting purposes.

Management controls within the Group are organised around an integrated three-tier structure:

- a Corporate Department is responsible for the entire system and for issuing finance and management standards and procedures, describing the methods to be used, the related software applications and the timelines for the various tasks;
- the second tier consists of management control structures at divisional level, with Automotive Division controls organised around the main entities (the brands, production, R&D);
- the third tier corresponds to management control structures in each operating unit, such as a plant or a distribution subsidiary for the Automotive Division.

2.4.2. Internal Communication on Standards and Procedures

INFORMATION ON DIVISIONAL OPERATING PROCEDURES

Each sales and manufacturing department has set up databases that describe the operating procedures that employees must follow in order to carry out their tasks correctly within their area of competence. These databases are all accessible via the PSA Peugeot Citroën Intranet.

In the case of the Automotive Division, as part of the ISO quality management certification process, the Manufacturing and Components Department has introduced written procedures and operating policies with the general aim of providing employees with the information they need to properly carry out their duties. All these documents can be viewed on the Cascade Intranet site, which is accessible to all employees.

Lastly, a Code of Ethics setting out the standards of conduct and behaviour to be met by all employees has been available for consultation on the Group Intranet by all employees since March 2003 and is currently in the process of being updated.

FINANCIAL AND ACCOUNTING INFORMATION

Corporate Finance uses a technical and organisational framework called "Nordic", which covers accounting and consolidation standards, best accounting practices, integrated accounting standards, financial management standards, financing and cash management standards and tax-related standards. The framework is accessible to all Group employees to ensure that standards are applied uniformly. A manager is responsible for updating each of the standards.

The best accounting practices database was created by the Accounting Department to extend the application of identified best accounting and internal control practices across the Group. These standards are also made available to all Group employees.

The accounting, management control and consolidation teams hold regular meetings to report and validate information leading to the preparation of the consolidated financial statements. The subsidiary financial statements are reported via the Magnitude system, which has been set up at all consolidated subsidiaries to guarantee data security and traceability. Data archiving and backup procedures create an audit trail guaranteeing data traceability.

To keep managers well informed, the management control entities produce monthly reporting packages for submission to senior management, based on the full monthly consolidation packages.

2.4.3. System for Identifying and Analysing Main Risks and Verifying the Existence of Risk Management Procedures

The various departments identify and assess risks and evaluate the related internal controls on an ongoing basis, in France and abroad, within the main units of the Automotive Division and the non-Automotive subsidiaries (except Faurecia and its subsidiaries, which have their own system). These units include corporate departments, plants, import subsidiaries, captive dealerships, local finance departments and facility accounting departments. This approach enables each operating unit as well as the Group as a whole to establish a map of their principal risks, to assess how well their various risks are managed and draw up action plans where appropriate. The main features of the overall internal control system put in place are as follows:

- a continuous improvement process for preventing and managing risks using a pragmatic, operations-based approach with a focus on action plans and outcomes;

- led by department heads, who are responsible for overseeing internal control down the chain of command, thereby contributing to the achievement of objectives and enabling full leverage of expertise specific to each business;
- cross-functional co-ordination and assistance from a network of Internal Control Officers who have a dotted-line reporting relationship with the Internal Control Department;
- use of existing systems, procedures and processes, including the Quality Management and similar systems, as well as best practices and procedures already applied in the different businesses;
- autonomy for the various internal control players, with no central questionnaire and a single deliverable – the risk data sheet – prepared based on straightforward support material such as risk classifications, an impact assessment grid and a scale of internal control maturity levels;
- precedence of financial impacts over other matters such as legal and HR factors or customer/image issues;
- tools for assessing both current and target internal control maturity levels;
- tracking systems for action plans relating to risk prevention and control and internal control maturity levels;
- a specifically designed reporting and consolidation system, adjusted as needed;
- monthly reviews by the departments, with a monitoring process for the main risks and associated action plans;
- a monthly process of reporting to the Executive Committee on the Group's main risks and associated action plans;
- a quarterly process of reporting to the Executive Committee on movements in the Group's overall risk portfolio.

Procedures for managing risks that could affect the Group's property, plant and equipment and therefore its ability to operate as a going concern are prepared based on a dedicated Site Risk Management Process, designed by the Risk Management and Insurance Department. This department helps the network of site risk managers to apply the Site Risk Management Process by providing expertise in such areas as fire, natural disaster and health and safety risks.

Note 37 to the consolidated financial statements provides information on (i) market risks, which are primarily managed by Corporate Finance; (ii) identified currency, interest rate, equity, commodity, counterparty and liquidity risks and the Group policies designed to manage them; and (iii) the hedges set up at 31 December 2009, 2008 and 2007.

The Group's other risk factors are described in section 4 of the Registration Document and the procedures implemented to control them are detailed below.

2.4.4. Control Procedures

DIVISIONAL OPERATING PROCEDURES

Each operating division has set up internal controls to cover the main risks identified in its risk map.

To cover the project management risks related to new vehicle development and process engineering, the Automotive Programmes and Strategy Department leverages a comprehensive design and development process, known as the operational development plan, which is regularly updated. For each vehicle project, a set of product services, profitability, quality and time-to-market objectives are set. Progress in meeting these objectives is tracked by a system of project milestones, corresponding to the various stages at which senior management reviews all the financial and technical indicators. In addition, the Quality Department authorises the sale of each vehicle that leaves the production line and organises any necessary recalls of faulty vehicles delivered to dealers or customers. It also ensures that vehicles in the marketing or design stage comply with the applicable regulations, particularly those relating to health, safety and the environment.

Concerning risks related to partnerships, the Corporate Finance and Strategic Development departments have set up a process for verifying that the Group's partners comply with their contractual commitments.

In Manufacturing and Components, internal control is rooted in the PSA production system, the Site Risk Management Process and Management Control, Manufacturing Economics. These three systems cover all major risks identified within Manufacturing and Components. Internal control is integrated into Manufacturing and Components operational management and monitoring is performed all year long. Furthermore, each of the three internal control systems is regularly audited to verify proper implementation of control procedures, assess their effectiveness and issue recommendations where necessary.

The assembly plants have been ISO 9001:2000-certified by UTAC, to comply with the requirements of European Directive 2001/116, Appendix X. Substantially all of the manufacturing plants' environmental management systems are ISO 14001-certified. All employees are trained in safety procedures and a constant focus is maintained on improving plant safety. Ergonomic considerations are taken into account in the design of products and the related plant and equipment in order to improve working conditions in the production shops.

In sales and marketing, internal control for the two brands, Peugeot and Citroën, is based on descriptions of control procedures designed to cover operating process risks within the corporate departments, the import subsidiaries and dealerships. Senior management provides the leadership and impetus for operational management in each department, subsidiary and dealership, backed by a system of controls and a continuous improvement process. Each entity has a Service Quality Plan detailing action plans in progress and aiming to improve internal control and internal organisation in general. These plans are managed and controlled by the corporate sales and marketing teams. To enhance the performance of the dealer networks, each proprietary dealership has been allocated to a single entity whose manager reports to the Executive Vice-President responsible for the Peugeot or Citroën brand.

The Purchasing Department leverages extensive expertise in production costing and commodity price management, as well as in-depth understanding of global markets, which enable it to manage the competitive bidding process and supplier relationships as part of its purchasing strategy. Close attention is paid to supplier risk, particularly the risk of supply chain disruption or of supplier bankruptcy. Since July 2007, a single team dedicated to industrial and supplier risk has monitored coverage of risks that may arise due to subcontractor failure, based on purchaser data and ongoing analysis of supplier financial statements and ratings.

The Group enters into contractual commitments with its suppliers. Orders, inward deliveries and invoices are systematically recorded. Supplier payments are made only when the invoices have been checked for compliance with the order and the applicable regulations, and when they correspond to the goods actually received.

Programmed and manual controls are performed to ensure that customer invoices comply with local customs, tax and other regulations in both the shipping country and the delivery country, as well as with the terms of the order or contract covering the price, incoterms, transfer of title and other matters. Periodic physical inventories and cycle counts are performed to ensure that all delivered goods have been duly invoiced.

Automotive Division vehicle and replacement part sales in the countries where Banque PSA Finance has operations are carried out on a cash basis, with any financing requested by customers being provided by Banque PSA Finance. For sales in other countries, a standard has been issued stipulating payment and credit terms to be applied by the Automotive Division to customers according to the product (new vehicles, used vehicles, replacement parts, spare parts or components). A secure payments policy has been drawn up to avoid credit risks, supported by a monthly reporting system that ensures compliance.

Financing decisions and banking relationships are managed at corporate level. Back-up rooms ensure that these activities can continue without any interruption, even in the event of a major incident.

At senior management level, information systems security is overseen by the Information Systems Security Committee. The Group’s Information Systems Security Policy – which has been validated by the Information Systems Department and the Corporate Secretary’s Office – is updated regularly to reflect any technological or regulatory changes. The policy concerns the automotive and finance company divisions and complies with the best practices recommended in ISO 27001. The applicable standards are rolled out to the various departments via a cross-business network.

Based on risk analyses and internal and external audits performed regularly within the Group, the Information Systems Department implements security action plans in liaison with the relevant departments from the Group’s business lines. These plans – which help ensure compliance with banking and finance regulations – are structured around three objectives: (i) enhancing the administration of access rights e.g. through segregating tasks, periodically reviewing access rights and reducing the number of users with such rights, (ii) ensuring that security is maintained despite the requirement to open up the Group’s systems to external parties under the PSA Extended Enterprise strategy and (iii) guaranteeing that the automotive and finance company divisions would be able to continue their essential operations if a major incident occurred at one of the Group’s IT centres.

PROCEDURES FOR THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

Corporate Finance is in charge of the internal control procedures covering the preparation and processing of published financial and accounting information. To ensure that internal control objectives are met in its area of competence, Corporate Finance runs several campaigns each year to identify risks, risk coverage and related control procedures.

The consolidated financial statements are prepared by a dedicated team. Each month, all consolidated companies send this team their detailed financial statements, including their income statement, balance sheet, cash flow statement and analyses, prepared in compliance with Group standards, for integration into the consolidated accounts. Each subsidiary is responsible for preparing regular reconciliations between their statutory equity and equity reported in the consolidation package. These reconciliations are checked by the consolidation team. All consolidation adjustments are controlled and traced. An overall analysis of changes in the main consolidated income statement, balance sheet and cash flow statement items is communicated each month to senior management.

The reliability of data reported by the subsidiaries is verified both by their own management control teams and by teams of accounting analysts within the Group Consolidation Department.

Off-balance sheet commitments are identified within each Group company and reported to the consolidation team.

Asset control procedures are based on annual inventories of goods held by PSA Peugeot Citroën as well as inventories of property, plant and equipment held at Group sites, based on cycle counts which ensure that each asset is counted at least once every three years. The inventories are governed by strict procedures concerning segregation of tasks and count controls to ensure that the results are reliable.

To uphold and improve the quality of accounting and internal control within Corporate Finance, an Accounting Quality Plan has been implemented at the level of each accounting team within the Automotive Division. This plan comprises all internal action plans established with the purpose of implementing the recommendations of the internal and external auditors, as well as those of the teams themselves. A meeting is held every quarter under the Chairmanship of the Group's Chief Financial Officer to monitor the Accounting Quality Plan. At each meeting the line managers present action plan progress reports.

Published financial information is based on the consolidated financial statements approved by the Managing Board and presented to the Supervisory Board, as well as on analyses of consolidated data.

The management control system also includes detailed automotive costing analyses, including analyses of variances and product margins, for use by line management.

Investment and financing strategies and strategies for evaluating counterparty risks arising from financial market transactions are approved by Corporate Finance.

CONTROL PROCEDURES FOR LEGAL AND CONTRACTUAL RISKS

The PSA Peugeot Citroën Group is exposed to legal risks as an employer and in connection with the design and distribution of vehicles, the purchase of components and the supply of services.

To manage these risks, the Group implements preventive policies covering workplace health and safety, the manufacturing environment, industrial and intellectual property, vehicle safety, product and service quality and the security of the Group's transactions from a legal standpoint.

The Legal Affairs Department is responsible for drafting or verifying the Group's contractual commitments and ensuring their legal and regulatory compliance. It is also in charge of organising the Group's defence in the event of disputes with third parties.

PSA Peugeot Citroën has two dedicated intellectual property teams – one that covers the Group's industrial property and the other in charge of brands.

2.4.5. Internal Management and Oversight

The Managing Board is responsible for constantly overseeing and reviewing the internal control system, where necessary with the support of the Internal Audit Department, which reports to the Board on the results of its controls. The Finance and Audit Committee of the Supervisory Board is kept informed of the main results of regular and one-off Internal Audits.

Each operating unit is responsible for managing risks within its scope of responsibility. Product and service quality risks are managed by the Quality Department. These units and department have teams of auditors that carry out dedicated quality controls designed to assess risk coverage.

Other risks are monitored by each Group department or unit independently. In each operating unit, for example, a dedicated manager has been appointed to lead and continuously improve the unit's internal control system.

The Corporate Internal Control Department manages and coordinates internal control processes across the Group and verifies the consistency of measures undertaken by each operating unit. For its assessment of the Group's position as a whole, this department mainly draws on information provided by the Risk Management and Insurance Department concerning risks that could affect the Group's assets or disrupt operations.

Internal Audit initiatives guarantee the effectiveness and appropriateness of internal control processes and procedures. In light of this, the 2010 Internal Audit plan includes a certain number of specific audits of areas identified as giving rise to significant risks, whatever the quality of the related internal controls as determined by the internal control risk assessment process.

2.5. Procedures for the Preparation of this Report

This report was prepared based on the following main procedures:

- identifying all existing practices within the Group operating units and departments concerning procedures, risk analyses and regular updates to those procedures and analyses;
- verifying that Group internal control procedures and processes comply with the general principles of the internal control framework created under the aegis of the AMF;
- obtaining assurance at the level of Corporate Finance – with input from the accounting, consolidation, financial communications and management control teams – that processes for the preparation and approval of the consolidated financial statements fulfil the quality criteria defined for each operational category in the application guide included in the AMF's internal control framework.

➜ 16.5.2. Statutory Auditors Report, Prepared in Accordance with Article L. 225-235 of the French Commercial Code, on the Report Prepared by the Chairman of the Supervisory Board of Peugeot SA

Year ended 31 December 2009

This is a free translation into English of the Statutory Auditors' Report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Peugeot SA, and in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of the Supervisory Board of your Company in accordance with article L. 225-68 of the French Commercial Code for the year ended 31 December 2009.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by article L. 225-68 of the French Commercial Code, in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's Report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report sets out the other information required by article L. 225-68 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's Report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Supervisory Board's report, prepared in accordance with article L. 225-68 of the French Commercial Code.

Other information

We attest that the Chairman's Report sets out the other information required by article L. 225-68 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, on 16 March 2010

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Pierre Riou	Loïc Wallaert

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EMPLOYEES

17.1. Employee Relations Commitment

→ 17.1.1. Improving Safety, Health and Working Conditions

Workplace health and safety is our top priority

PSA Peugeot Citroën's workplace health and safety policy is defined and promoted at the highest level of the Company. On 12 January 2010, the Executive Committee signed a new health and safety policy applicable in all Group units.

At all Group sites, employees and outside contractors must be able to work in complete safety without any risk to their health. This is a critical factor in the Group's responsible development, anchored in respect and consideration for individuals. Because employee health and safety is a prerequisite for continuous improvement, all managers in all areas must be actively involved in applying the Workplace Safety Management System.

The Group systematically assesses and manages risk in all of its actions and decisions, with prevention guided by three core behaviours: lead by example, maintain vigilance and respond swiftly.

Continuous improvement through a new Workplace Safety Management System

PSA Peugeot Citroën has deployed health and safety standards applicable in all units and subsidiaries in every host country. The standards, which are part of the PSA Excellence System, include 22 requirements that define areas requiring special attention and management.

The new Workplace Safety Management System has been deployed using a roadmap to measure results against objectives and cascade best practices. Cross-functional training ensures that managers assimilate the knowledge needed for effective application of prevention measures within the framework of the Workplace Safety Management System.

Health and safety audits are also carried out to ensure that principles are effectively put into practise. Corporate teams performed more than 40 audits in 2009 in addition to local audits covering all subsidiaries.

Workplace Safety Management System tools and applications

- The STOP risk-observation procedure helps managers develop their ability to detect risky situations or behaviours, such as improper positions for carrying out a task or failure to wear protective clothing. This procedure encourages discussions with employees and facilitates adoption of preventive measures. During audits, two members of management evaluate a pre-determined workstation. They observe the working environment and identify factors that might result in an incident. The two auditors then talk with the employee to help identify practices that will enhance safety. This process is widely used at production sites and will gradually be extended to sales sites starting in 2010.
- The Safety Gates programme calls for posting safety rules at strategic locations throughout sites. Highly visible signs at plant and building entrances notify staff and non-staff of mandatory safety rules, notably concerning individual protective gear and precautions to be taken when moving about in workshops. The principle behind Safety Gates is to encourage employees, temporary staff, outside contractors and visitors to make sure they are in compliance before entering an area.
- The Trémery plant in France has made the most progress in deploying the Workplace Safety Management System. Systematic and ongoing application of these principles has produced remarkable results. For the second year in a row, the plant had a lost-time incident frequency rate of less than 1, compared with 3.43 for the entire Group, reflecting the proactive commitment of all plant employees. The Group intends to achieve the same level of deployment at all sites in the next three years.

The same exacting safety standards for everyone

Safety is a priority for everyone present at PSA Peugeot Citroën sites, including employees of outside contractors. Without taking on their legal responsibility, the Group ensures that these companies comply with safety practices and requires outside contractors to apply its standards within the scope of the Workplace Safety Management System.

Major progress initiatives have been launched with temporary employment agencies as part of the framework agreement on temporary employment. The Group has included workers from temporary employment agencies in its safety statistics monitoring since January 2010.

Ambitious objectives and results

The Group believes that the only acceptable goal is an accident-free work environment and that no real progress can be achieved without ensuring employees' safety. In 2009, the Groupwide lost-time incident frequency (LTIF) rate stood 3.43 (4.63 including temporary employees), down 50% from 2004. PSA Peugeot Citroën aims to reduce the LTIF rate by a factor of three over the next three years.

An active commitment to preventing health and safety risks

Preventing employee exposure to risks is a constant concern. PSA Peugeot Citroën has identified several major risk categories, including chemical-related risks, road risks and prevention of musculoskeletal disorders. Prevention of psychosocial risks is another priority addressed as part of a broader commitment to employee wellbeing at the workplace.

Preventing musculoskeletal disorders

Manufacturing sites focus on alleviating physical and postural stress by reducing the number of workstations rated as "heavy". This plays an important role in preventing occupational illnesses such as musculoskeletal disorders (MSDs). These initiatives are structured by the METEO workplace ergonomics method, which is designed directly into vehicle and component development and industrial projects from their outset. The process is led by multi-disciplinary teams, comprising occupational physicians, engineers, safety technicians, ergonomists and managers. Between 2005 and year-end 2009, the percentage of workstations rated as "heavy" declined to 10% from 18%, while the percentage of "light" workstations rose to 51% from 37% during the same period. The Group intends to pursue this trend and has set a target of just 8% "heavy" workstations for 2012, increasing the number of "light" workstations to 58%.

Scaling back cognitive and mental load

PSA Peugeot Citroën is supporting organisational changes by improving cognitive, socio-organisational and psychological factors that impact employees in their work, workstations and workplace environment. The objective is to assess the mental load at the workstation and enable employees to perform their jobs without jeopardising their health. This process spans the cognitive load in processing information, flexibility at the workstation, quality of life at the workplace, as well as employees' perceptions of their jobs, their relations with colleagues and managers, etc.

All Group ergonomists were trained to assess overall workstation loads in 2009. A comprehensive process will be integrated in the Workplace Safety Management System in 2010.

Managing chemical risks

PSA Peugeot Citroën complies fully with all regulatory standards, including REACH and CLP, and has launched a three-pronged approach focused on:

- preventing toxicological risks related to the use of products or compounds;
- preventing risks from pollution generated by certain processes;
- cross-disciplinary monitoring to anticipate the impact of products or substances on health, the environment, legislation and processes.

This approach is led by multi-disciplinary teams comprising occupational physicians, medical toxicologists, prevention specialists and environmental managers, as well as safety and skills-set engineers, to ensure that effective protective measures are applied.

Preventing road risks

As a carmaker, PSA Peugeot Citroën naturally puts a high priority on road safety. In association with employee representatives, the Group prepared an occupational road risk prevention manual in 2008 to provide employees with guidelines on how to use their cars when on business trips or commuting.

In liaison with public officials, the Group's units took measures to raise employee awareness of road risks throughout 2009, with a road safety stand, driving and rollover simulators, safe driving conferences, motorbike and scooter simulators, brochures and more.

Working closely with local road safety associations, the Group has focused on improving road safety through public awareness campaigns in all its host countries, including numerous initiatives across Europe, China and Brazil.

Promoting employee wellbeing

PSA Peugeot Citroën is committed to providing working conditions and a working environment that meet the highest international standards. In line with this commitment, the Group launched a holistic approach in 2009 in all its host countries to enhance employee wellbeing in the workplace.

Preventing psychosocial risks

Social dialogue plays a key role in PSA Peugeot Citroën's approach to preventing psychosocial risks. In October 2009, the Group signed an agreement on assessing and preventing psychosocial risks that builds on measures taken in 2007, including an audit of workplace stress. The main results of this study revealed that levels of stress, anxiety and depression among respondents were lower than those reported in the control group and international studies. Nonetheless, the Group decided to prepare action plans in association with the unions.

With this new agreement, the Group is deploying measures to assess and monitor workplace stress, initially in France, and gradually in other countries. The system measures stress and its effects on health, as well as on-the-job factors that contribute to stress.

Nearly 10,000 employees in France volunteered to fill out a confidential questionnaire to measure workplace stress. The results serve as a basis for collective analyses that can be used to devise prevention plans and can also alert to the need for individual monitoring in liaison with occupational physicians.

The process includes new or enhanced systems for listening to individual employees and providing the support they need. These include working closely with occupational health services, raising managerial awareness and vigilance, monitoring and handling complaints of harassment and discrimination, organising local units to identify and resolve distress situations and providing access to psychologists.

Awareness training for managers covering stress factors and measures to prevent psychological risks is provided in several countries, including Germany, the United Kingdom, the Netherlands, Norway and Sweden.

Continuously measuring employee wellbeing

Since late 2009, PSA Peugeot Citroën has continuously measured employee well-being through the Stress Assessment and Tracking System and through the early detection and intervention units equipped with alert processes to detect risk situations. Starting in 2010, this data has been integrated in Senior Management's monthly reporting. The Group also carries out employee satisfaction surveys on a regular basis.

Taking into account identified risk factors and situations, these indicators are used to prepare and implement action plans. Following a June 2009 survey of employees in Slovakia, for example, eight working groups were formed to develop measures to improve employee satisfaction.

Achieving a better work-life balance

PSA Peugeot Citroën offers individualised working schedules that let employees balance their work and personal lives. Requests for part-time work are approved whenever possible, with individualised solutions that align employee needs with efficient team performance. Part-time schedules also take into account legal and medical considerations. These flexible solutions include working part of a day or half-day, or working a reduced number of total hours. Part-time work is chosen by employees and not dictated by the Company. In 2009, 9,015 Group employees worked part-time schedules worldwide.

Innovative local services have been introduced to assist employees in achieving a better work-life balance, such as company concierge services, travel agencies, car wash, special bus lines, or help with administrative formalities. The Group also invests in solutions to provide care for employees' children. Some sites arrange for places in existing day-care centres, while others work with local authorities to open new childcare facilities.

Involvement in outside activities is encouraged, including sports clubs (football, gymnastics, yoga, etc.), cultural activities (foreign language and art classes), and charitable associations. In Brazil, for example, the Group sponsored an association that donated Christmas presents for 219 children in Sao Paulo orphanages in 2009. Over 80 sports and cultural associations are active within the Group.

Improving working conditions

Regardless of their area of activity, all subsidiaries and sites focus on creating a pleasant and safe working environment. PSA Peugeot Citroën pays careful attention to the quality of workspace, break rooms and other facilities. Specific agreements define guidelines for workspace design and architecture, including standards for washrooms, lighting and office layout.

An active commitment to health

Good health is essential to sustaining the performance of human resources and business operations. To preserve employees' health, the Group has implemented a dedicated health care plan.

Encouraging good health and hygiene practices

PSA Peugeot Citroën's health services are actively involved in preventing and diagnosing non-work related diseases or risk factors capable of negatively impacting employees' health. These efforts involve systematic screening for hepatitis C and certain types of cancers, flu shots and support for employees who want to quit smoking. A plan was prepared to protect employees' health and ensure business continuity in the event of an influenza A H1N1 pandemic, including hygiene measures and procedures for dealing with infected individuals. Ongoing awareness campaigns focus on poor eating habits, obesity and the benefits of physical exercise. The Santal + programme in France provides nutritional recommendations for employees, while the "Campagna Salute Peugeot" campaign in Italy raises awareness about the importance of healthy eating habits and physical exercise, the negative effects of alcohol, drugs and tobacco, and stress issues. Other countries have introduced similar campaigns.

➜ 17.1.2. Developing Human Resources and Nurturing Talent

PSA Peugeot Citroën took a responsible, pro-active approach in dealing with the sharp reduction in unit sales caused by the international economic and financial crisis. Measures were taken to align operations with business levels, while preserving social cohesion through voluntary jobs and capabilities redeployment, compensated short-time working and inter-site mobility. The Automotive Division's workforce declined by 8,525 employees in 2009, while the total Group workforce, including Gefco and Faurecia, shrank by nearly 15,480. This downsizing process was carried out quickly, responsibly and without disruption or conflict.

Managing job levels responsibly

Negotiated rightsizing

To rightsize the organisation in response to plummeting unit sales, the Group implemented measures based on voluntary participation, as part of the plan to redeploy jobs and capabilities. Steps were taken to move forward future separations for such reasons as full-time retirement, change of profession, retraining leave, transfers or outplacement, thereby avoiding dismissals or early-retirement schemes.

Negotiated beforehand with labour organisations, these measures primarily targeted operations in France (through the Human Resources Planning and Development agreement, for example), Spain, Slovakia, Germany the United Kingdom, the Netherlands, Portugal, Brazil and Argentina.

Other examples:

- in France, 5,800 employees signed up for one of the measures in the jobs and capabilities redeployment plan, such as a job transfer or voluntary separation without entering the State unemployment system. In 2009, 2,115 employees left the Group to pursue a personal project or retrain for a new career, while 776 took full-time retirement. Another 1,686 employees transferred to another assignment;
- in Slovakia, a workforce reduction and reorganisation plan was deployed in which 119 employees benefited from inplacement and 39 left the Company for a new job in the region.

Alternatives to unemployment

Short-time work offers an alternative to unemployment and redundancies. The Group signed an innovative agreement in

France in April 2009 that made it possible for employees to receive training during short-time working and receive 100% of their compensation. In September 2009, a new agreement on training and compensation for employees affected by short-time working was signed as part of a new accord with the French State concerning long-term reduced hours arrangements. Building on the April 2009 understanding, the new agreement guarantees payment of 75% of an employee's gross salary for unworked days (equivalent to around 95% of net salary), continued employment for the individuals concerned and the organisation of training courses during unworked periods.

In this way, the Group has preserved jobs despite the recession while developing employee skills to prepare for the future. In France, these measures represented 5.5 million paid hours in the first half of 2009, equivalent to nearly 3,400 jobs saved over the same period.

All of the production facilities outside France also implemented compensated short-time work during the year, with variable work scheduling agreements—such as time savings accounts—helping to maintain compensation levels.

Temporary or definitive mobility programs were also deployed in 2009 to manage differences in business levels and promote mutual support among sites. The number of temporary transfers in France rose to 1,200 in the first half of 2009 from 300 at 30 September 2008. This job-saving policy allowed the Group to re-deploy jobs and skills among sites, while avoiding partial unemployment and layoffs.

A sustained commitment to providing opportunities for young people

PSA Peugeot Citroën is interested in attracting and hiring young people to prepare its future. For this reason, it launched an ambitious work-study programme in June 2009. The programme is designed to prepare the competencies the Company will be needing in the future in a broad range of business areas, skills sets and qualifications, while giving young people a real chance to envision their future and enter the workforce by discovering first-hand the jobs and values of a large manufacturer like PSA Peugeot Citroën. The programme includes a significant number of measures targeted to young people with few or no qualifications, offering skills-acquisition paths with a minimum of 150 hours of training during the year.

In 2009, the Company welcomed more than 3,300 interns and signed 2,460 skills acquisition and apprenticeship contracts. By the summer of 2010, PSA Peugeot Citroën intends to sign 2,000 work-study contracts, 2,100 skills-acquisition contracts, 3,000 internship agreements and 200 VIE co-op placements for a total of 7,300 job opportunities for young people.

Retaining and motivating older employees

PSA Peugeot Citroën does not believe in having a separate policy for "seniors", who represent nearly 30% of the Automotive Division's workforce. On the contrary, managing older employees is part of the Group's overall jobs and capabilities policy, which guarantees equal opportunity and treatment and anticipates demographic trends.

As part of this policy, agreements to retain and motivate older employees were signed in France in January 2010. In particular, these agreements are designed to foster age diversity within teams, maintain motivating salary packages and career advancement opportunities, adapt working conditions to older employees, and manage end-of-career schedules and the transition to retirement. The goal is to recognise seniors' role in the Company and consider their experience as an advantage for PSA Peugeot Citroën's success. Having different generations work side by side also promotes social cohesion and business efficiency. For this reason, the issue of retaining and motivating seniors needs to be linked to that of providing job opportunities for young people, to anticipate demographic trends and prepare generational renewal. With this in mind, the Group calls on older employees to mentor and sponsor young people coming into the workforce.

Preparing jobs and capabilities for the future

PSA Peugeot Citroën's jobs and capabilities policy is also designed to prepare the automotive skills sets of tomorrow.

Forward-looking job track management

In 2005, the Group defined 21 job tracks that map out a vision of jobs, skills sets and capabilities over a five-year period. The job tracks define action plans for each skills set concerning hiring, expertise, training, retraining, mobility, localisation and internationalisation.

Planning for the future with employee representatives

The Group has oversight committees in its main host countries to discuss future trends in jobs, capabilities and skills sets with employee representatives. This forward-looking approach provides a qualitative and quantitative outlook for managing strategic skills sets, technological or organisational changes, alignment programs and other issues. The observatories help the Group respond proactively to an evolving skills base, manage skills more effectively and improve employee visibility of over-the-horizon technologies and manufacturing processes, in cooperation with employee representatives.

Managing and promoting experts

To maintain and strengthen its competitive edge in all areas of business, the Group has developed an expertise strategy (officially presented in December 2008) and devised a system to promote experts' careers. Under this system, identified experts express their talent in a specific strategic area. In 2009, 24 "master experts" were identified, 147 "experts" and 240 "specialists" were appointed accross the Group. In all, 11 different nationalities were represented.

This strategy to actively manage and promote expertise is designed to ensure long-term competitiveness by developing and sustaining expert skills and knowledge in the Group's core competencies. As reference guides, the experts guarantee the long-term excellence of the Group's knowledge base. The experts play a role in forward-looking skills mapping, provide front-line technical advice, drive innovation, transmit knowledge and represent PSA Peugeot Citroën with outside audiences.

Developing individual capabilities

PSA Peugeot Citroën is committed to continuously improving individual career and capabilities management. This means providing managers with operating support and resources to manage their teams and offering employees motivating career paths that are aligned with the Group's needs.

Promoting individual career management

At PSA Peugeot Citroën, capabilities are at the centre of career development and training. This focus makes its possible to clarify employees' career development prospects and anticipate more effectively the Group's needs in terms of both skills and workforce levels. Each year, career committees review career development possibilities. Similarly, all of the Group's departments, divisions and units devise succession plans to map out employee career paths.

The Group prefers to fill positions through internal promotion and helps employees envision their professional future with personalised planning. The use of tools based on skills assessment and individual performance has been extended across the global organisation. One example is the new annual performance review, which provides employees and their managers with a valuable opportunity for one-on-one discussion. The goal of the review is to formalise objectives and expected outcomes for the year ahead and to define the necessary behaviours for effective performance. Managers and employees also discuss their respective expectations and review the individual's career development prospects, covering such areas as mobility, direction and training. In 2009, 87% of the Group's engineers and managers had an annual performance review.

To support career mobility, the Group has unveiled a more meaningful and understandable training curriculum that helps supervisors and employees identify the most appropriate training for each position's requirements and skills. Similarly, a system has been set up to facilitate the transition from one position or skills set to another with training support. In 2009, nearly 20% of engineers and managers changed positions and 5,700 people took assignments in another region or country.

Anticipating succession plans for strategic positions

In addition to the Career Committees, which discuss career development and mobility possibilities, the Group has set up committees to develop succession plans for strategic positions. These committees contribute to more effective forward-looking skills management.

Preparing and developing tomorrow's capabilities through career-long training

Automotive industry skills sets evolve very quickly, as techniques and technologies change. Manufacturing and organisational resources need to be adapted when innovations are deployed. With this in mind, the Group's training curriculum responds to the major challenges of keeping team members employable throughout their careers and promoting their development.

The Group is committed to informing employees about changes in their jobs and skills clusters, to enable them to plan their career development. A number of systems have been put into place to help them build their career paths, including management by job tracks, annual performance reviews, career reviews, career assessments, skills assessments and intranet job postings. Employees are offered a wide range of training courses and programmes to help strengthen their skills and expand career opportunities. The training catalogue now comprises nearly 4,400 courses organised by job track and skills cluster, as part of a broad-based programme to develop every employee's job capabilities. Continuous learning is therefore seen as an investment that involves empowering employees to choose the training they need, devising individual training paths and ensuring that training is aligned with the requirements of the job sets and skills tracks. In 2009, employees across the Group received 2.68 million hours of training, representing an average of 21.1 hours per employees.

Supporting and promoting an international profile

Around the world, PSA Peugeot Citroën deploys experts and managers with capabilities and profiles that match the global diversity and local specificities of the markets in which the Group wants to expand. To promote international career paths and ensure smooth management, a dedicated Peugeot Citroën subsidiary for international skills management has been created.

The Group is committed to creating an international talent pool to:

- motivate experts and managers from all countries;
- create career paths that give a view of the international challenges stemming from the globalised economy;
- give local team members the opportunity to take on more responsibility within the Group.

The corporate university

In 2009, the Group made the strategic decision to devise a worldwide training plan in 2010 and open a corporate university. The university's mission is to serve as a knowledge base for the entire Group and to instil PSA Peugeot Citroën's core values, knowledge and behaviours across the workforce, in line with the Group's vision and ambitions. In 2009, the university provided training on management, Lean processes and quality, as well as English as a foreign language.

➜ 17.1.3. Strengthening Social Cohesion

PSA Peugeot Citroën's greatest strength is its people, who help lift the Group to a new level of performance and competitiveness every day. Deployed across the world, the Group's social policies are designed to foster a sense of community built on the strong values of solidarity, tolerance and commitment. At the core of these policies is a commitment to social dialogue, based on employee information and involvement. In every host country, this process is driving the signature of a large number of innovative, consistently pioneering agreements that reflect and embrace the social changes reshaping our world. They also reflect the Group's commitment to extending best human resources policies across the business base and to promoting such strong values as respect for human rights, equal opportunity, team diversity and workplace health and safety.

Social dialogue policies

PSA Peugeot Citroën actively supports employee freedom of association and representation and is committed to respecting the independence and pluralism of trade unions in all its facilities.

The extended European Works Council

The European Works Council provides management and employee representatives with a dedicated forum in which to discuss the Group's strategy, performance and outlook. The European Works Council has been extended to include union representatives from Argentina and Brazil, two countries that meet the representativity criteria defined in the European Works Council agreement. The countries' representatives are invited to attend plenary Council sessions as observers.

The European Works Council and its Liaison Committee of officers met seven times in 2009. The meetings included presentations on challenges facing the automotive industry, PSA Peugeot Citroën's markets and product plans in China and Latin America, and economic management of the Group's operations. Another presentation reviewed application of the Global Framework Agreement for the period 2006-2009.

These organisations, which promote social dialogue in Europe and South America, are an integral part of the Group's contractual agreements. They give management a place to hear employee concerns, expectations and suggestions and to initiate the necessary discussions when a major cross-functional project is in the works.

The International Joint Union-Management Strategy Committee

The Committee is a forum for analysis, dialogue and discussion between management and French trade unions. In 2008, it was extended to unions outside France. The Committee explores in more detail issues related to the Group's short and medium-term situation and development, including products, markets, competitors, partnerships and cooperative ventures, international development and other topics and trends that could have an impact on jobs.

The Committee met twice in 2009 to discus a variety of subjects, ranging from sales and marketing strategy to hybrid vehicles and cooperation agreements.

A large number of new agreements

Unions and employee representative bodies are consistently informed and consulted before any major changes are undertaken in the Group.

In 2009, a total of 150 agreements were signed—including 120 outside France—on a wide range of topics concerning the main transformations within the Company and working conditions. These included agreements on the organisation of working hours, assessing and preventing workplace stress, job classification and career development, retaining and motivating seniors, training and compensation for employees affected by short-time working and long-term reduced hours arrangements. All of the agreements were approved by a large majority.

Negotiated workplace practices

Working hours are consistently equal to or less than the legal workweek or industry practices. In most countries, wherever the law permits, working hours are organised on a pluri-annual basis.

Fair and competitive compensation

In all host countries, compensation policies are designed to maintain employee purchasing power, while rewarding performance, offering compensation that is fair and competitive with market practices and giving employees a stake in the value they help to create. In 2009, more than 20 agreements were signed with employee representatives in Argentina, Austria, Brazil, France, Slovakia and the United Kingdom. These agreements not only maintained purchasing power, especially for the lowest wage categories, but also provided for individual performance-based bonuses. In addition to across-the-Board raises, merit raises are awarded each year to individual employees in all job categories, based on their performance, job proficiency and career development.

Hiring and promotion processes are strictly monitored to prevent any discrimination in hiring or promotion on the basis of nationality, gender, lifestyle, sexual orientation, age, marital status, pregnancy or parenthood, genetic characteristics, real or supposed belonging to an ethic group, nation, or race, political opinion, union or other associative activities, religious conviction, physical appearance, name, pre-existing health conditions or disability.

All employees are paid an incentive bonus through the discretionary profit-sharing system. In addition, executives who make a critical contribution to earnings receive supplemental compensation, reflecting a commitment to encouraging a results-orientated culture and to offering competitive compensation aligned with market practices.

To give employees a stake in their company's performance and provide more effective support for their personal projects, a variety of company savings plans are also offered in the host countries.

Enabling employees to share in the value they create

All employees are paid a discretionary profit-share out of operating income, in compliance with local legislation, so that they can share in the value they create. In 2010, €11 million will be distributed for 2009 to Automotive, Finance and Transportation & Logistics Division employees in the form of discretionary and non-discretionary profit-shares. This amount reflects the highly unfavourable business environment, shaped by a steep recession.

Supplementary retirement benefits

To help employees prepare for the future, supplemental defined-contribution retirement plans are being set up in all host countries and wherever they are necessary to offset insufficient mandatory pension schemes and market practices. Such plans have already been introduced in Germany, Brazil, Spain, France, Japan, the Netherlands, the Czech Republic, Slovakia and the United Kingdom.

Managed by joint labour-management commissions, in line with local practices, these systems are not designed to replace pay-as-you-go schemes in countries where these schemes are available. Rather, they have been created to provide beneficiaries with supplemental retirement income to offset the expected drop in replacement rates, as well as to harmonise retirement benefits across subsidiaries in each country.

A strong social safety net

In all host countries, insurance plans are being introduced to provide at least death and disability cover. Employer-funded healthcare plans have also been put in place in several countries. In 2009, life insurance, death and disability coverage was introduced in Slovakia, and a death, disability and health coverage plan was set up in Russia.

➜ 17.1.4. Promoting Ethical Growth

Corporate social responsibility

PSA Peugeot Citroën is committed to growth founded on socially responsible principles and practices, consistently applied in every host country and business around the world.

A fundamental commitment to respecting human rights

In 2003, the Group pledged to uphold and promote the ten principles of the United Nations Global Compact, an agreement inspired by the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption. The Group's policies demonstrate to employees that it is deeply committed to the Universal Declaration of Human Rights.

Global Framework Agreement

In 2006, the Group signed a Global Framework Agreement on Social Responsibility with the International Metalworkers' Federation (IMF), the European Metalworkers' Federation (EMF) and unions in its leading host countries. Based in part on the principles laid out in the Universal Declaration of Human Rights, the agreement applies to all of the 110 subsidiaries of the Automotive, Finance and Transportation & Logistics Divisions, located in 31 countries on four continents. Nearly 85 unions worldwide have signed on alongside the Group.

Through this agreement, the Group commits to preserving fundamental human rights and to promoting exemplary human resources practices. It also undertakes to share these practices with partners and take into account the impact of its businesses on the areas in which it operates.

The subsidiaries have been directly involved since the beginning of the process, defining three priority action plans to be deployed each year. The subsidiaries also encourage social dialogue on these topics with local unions. Each year, unions are asked for input on the subsidiary's performance in these areas, as well as on the selection and execution of action plans. Internal and external audits are performed at the subsidiaries to ensure that the agreement is applied properly. Between 2007 and 2009, 20% of the subsidiaries were audited.

A review carried out in June 2009, three years after the agreement was signed, showed a very good level of deployment. Between 2006 and 2009, the number of subsidiaries applying all the commitments increased by 10%, lifting the percentage that fully implement the agreement to 87%.

Global Framework Agreement on Social Responsibility – Fourteen Commitments	% of subsidiaries applying commitments in 2009
1. Avoid complicity in human rights abuses	91%
2. Uphold freedom of association and the effective recognition of the right to collective bargaining	80%
3. Effectively abolish child labour	97%
4. Eliminate discrimination in respect of employment and occupation	96%
5. Work against all forms of corruption	92%
6. Focus on safety, working conditions and health	97%
7. Develop the skills of the future through continuing training	96%
8. Provide employees with the means to participate	90%
9. Take a labour-oriented approach to changes in the business	89%
10. Apply fair remuneration practices	96%
11. Ensure social protection	91%
12. Negotiate organisation of work and scheduling	93%
13. Share social requirements with suppliers, subcontractors, industrial partners and distribution networks	71%
14. Take into account the impact of the Company's business on the areas in which it operates	92%

The agreement has led to tangible measures in the majority of subsidiaries. To help eliminate discriminatory practices and promote equal opportunity, managers in Turkey, Japan, Belgium and other countries received training on objectively assessing employees when determining remuneration. Measures to encourage employee initiative included suggestion systems at units in Hungary, Portugal, Gefco Germany and Gefco Argentina.

The review also identified areas for improvement, such as support for subsidiaries and direct information for employees on the agreement's contents. Corrective measures have been taken within the scope of a good practices guide issued in November 2009 that has been embraced by all subsidiaries. In addition, a new communication programme was launched in early 2010 to give employees a better view of the agreement and its contents.

Preventing workplace harassment, discrimination and violence

PSA Peugeot Citroën condemns all infringements of respect for individual rights and dignity, verbal or physical abuse, harassment, workplace violence and discrimination. This type of behaviour is liable to sanctions, and specific measures have been drawn up in all countries to prevent it. Employees have been informed of the Group's policy and a large number of managers have been targeted through awareness-building campaigns. Employees who are victims of or witnesses to cases of harassment, discrimination or violence at the workplace may contact their human resources department. In the event of complications in using traditional channels, employees may anonymously contact identified managers responsible for diversity and/or harassment issues.

A standard tracking procedure aligned with the local legal framework has been established in all host countries. When a problem is identified, the information is reported to Human Resources and a review is carried out. In 2009, 83 complaints alleging workplace harassment, discrimination or violence were reported to the corporate Human Resources department, clearly demonstrating that the Group will not tolerate this type of behaviour.

Combating spousal abuse

PSA Peugeot Citroën promotes public awareness of the problem of spousal abuse. In November 2009, the Group signed a spousal abuse prevention protocol in France. This protocol follows on initiatives in Spain, where an agreement to combat domestic violence was signed in 2005.

The protocol, which is designed to promote partnerships between community groups and PSA Peugeot Citroën, was included in a broader agreement on job opportunities for women and gender parity when the agreement was renewed in November 2007.

With this protocol the Group undertakes to:

- inform employees of national campaigns to prevent and combat spousal abuse;
- promote awareness among specialists in the human resources, social services and occupational medicine departments and train them to address the issue of spousal abuse;
- maintain an open-door policy for victims of spousal abuse, with consultations and referral.

These actions reflect the Group's commitment to responsible development and to promoting uncompromising respect for human rights at all its units.

Ensuring equal opportunity and promoting diversity

In addition to complying with legislation, the Group applies and promotes best practices in the fight against all forms of intolerance towards difference. This commitment to defending minorities is underpinned by application of standards that benefit all employees and helps enrich the entire company.

Promoting diversity means recruiting, bringing together and nurturing the brightest talent, regardless of nationality, gender, lifestyle, sexual orientation, age, marital status, pregnancy or parenthood, genetic characteristics, real or supposed belonging to an ethnic group, nation or race, political opinion, union activity, religious conviction, physical appearance, name, pre-existing health conditions or disability.

The Group fights against racism, xenophobia, homophobia and, more generally, any and all forms of intolerance towards difference. Management teams in all countries have received awareness training on these issues.

In France, Spain and the United Kingdom, joint labour-management diversity and equal opportunity oversight committees have been created to monitor effective application of the agreements. In France, the committee verifies that individual raises and promotions are awarded in the same proportions as the different categories tracked across the organisation, such as non-French nationals, employees over 50 and people with disabilities. This system has been extended to all countries within the framework of the Global Framework Agreement on Social Responsibility.

On 30 March 2009, the city of Cologne gave Citroën Germany an honorary award for its commitment to diversity. In France, PSA Peugeot Citroën was one of the first companies to receive the government's new Diversity Label, awarded in an official ceremony on 10 April 2009. This label recognises the equal opportunity policies implemented since the signature of a gender equality agreement in 2003 and the signature of the diversity and social cohesion agreement in 2008.

Guaranteeing gender equality

An agreement signed in 2003 and renewed in 2008 enhances measures to support gender equality by introducing improvements in four areas:

- continue expanding jobs for women by matching the percentage of women hired to the percentage of women applicants, or better. Develop cooperation with schools and training facilities to encourage young women to pursue studies that open career opportunities in the automotive industry;
- guarantee equal pay and career paths for men and women and make pay adjustments if differences are identified;
- encourage a diverse mix of jobs and identical career paths for men and women through assertive career management, training and mobility actions at all sites and in all job tracks;
- improve working conditions to enhance work-life balance.

A monitoring methodology has been implemented at all Group sites to ensure that the agreement is applied properly. An Equality Committee for each site assesses local application of the agreement and defines local priorities to advance general equality. Since 2002 the percentage of women in the Group's workforce has risen from 17.6% to 21.9%. As the first French company to be awarded the "Professional Equality" label by the Ministry of Social Cohesion and Gender and Professional Equality, PSA Peugeot Citroën remains strongly committed to equality in the workplace.

Promoting a diversity of talent

Because the diversity of the workforce is beneficial to performance, the Group actively seeks people from a variety of backgrounds that reflect its host communities and environment. A diverse workforce promotes synergy, social balance and business efficiency. Diversity also encourages the exchange of ideas and opens up fresh perspectives, driving performance through greater creativity.

Reflecting its ongoing commitment to responsible development, PSA Peugeot Citroën pursues a policy that promotes diversity in the workforce and respect for differences.

Diversity in the workforce is a societal challenge, since it is unacceptable to exclude particular categories of people from the job market. The Group seeks to bring in more young people without previous experience, as well as older people, people without degrees, people from immigrant families and the disabled. It also wants to hire more women.

To encourage this diversity of talent, PSA Peugeot Citroën takes measures to prevent discrimination at every stage of the hiring process. Diversity is encouraged at the management level and equal treatment is ensured for all promotions. In France, a diversity and equal opportunity committee oversees application of these policies. This initiative will gradually be extended to other countries beginning in 2010.

Diversity of talent in action:

- in Austria, the replacement part warehouse in Spillern initiated an inter-faith community project to encourage closer relations between Christian and Muslim communities in cooperation with the Islamic association of Austria and the head of Catholic theology research at the University of Vienna;
- all Group employees in the United Kingdom, Spain and the Netherlands have access to a guide on managing diversity and equal opportunity at PSA Peugeot Citroën.

Enabling people with disabilities to flourish in the workplace

PSA Peugeot Citroën is committed to hiring and retaining disabled employees. In the Automotive Division in France, 8% of employees are classified as handicapped (including sheltered workers under contract), above the mandatory national rate of 6%. As of 31 December 2009, the Group employed 6,050 disabled people in its Automotive, Finance and Transportation & Logistics Divisions.

A number of agreements on social integration and job opportunities for the disabled have been concluded and implemented. Other initiatives include a daylong "job dating" event to help people with disabilities find work-study opportunities at non-production sites in the Paris region. As part of its commitment to supporting people with disabilities the Group also co-sponsors jobs forums and recruitment programmes with specialised partners.

Global social audit

PSA Peugeot Citroën's social responsibility policies have been deployed worldwide and are regularly monitored. Internal social audits help to drive continuous improvement in internal processes and to monitor application of social policy. The social audit aims to ensure compliance with legal and regulatory requirements, with contractual commitments and with the Group's social responsibility principles. Social audits are carried out by 24 full-time auditors, with support from 115 people around the world. These Internal Audits are supplemented by external compliance audits concerning employee relations information and social responsibility commitments.

The process relies heavily on self-assessments by sites, country organisations, departments and divisions. The auditor's role is to:

- perform targeted audits on the selected priority issues;
- guide senior management and unit managers in the self-assessment process;
- prepare audit grids for this process;
- work with the sites to ensure rapid implementation of the necessary corrective measures.

In 2009, nearly 70 sites or units were audited, with a focus on application of the Global Framework Agreement on Social Responsability, hiring procedures and non-discrimination practices, the use of temporary workers, gender equality, diversity, social cohesion, and workplace health and safety.

By recommending remedial actions and regularly tracking their application, social audits help to impel a dynamic of continuous improvement.

Ethical standards and corporate citizenship

PSA Peugeot Citroën's growth is anchored in strong values and the commitment of management and employees to exemplary citizenship practices and ethical standards. These principles underpin the relationship of trust that exists between the Group and its customers, suppliers and shareholders, as well as between individual employees. A formal Code of Ethics setting out the standards of conduct and behaviour expected by the Group was established in 2003. It is available for consultation by all employees to guide their actions, particularly when they face questions, dilemmas or situations where they might be unsure about compliance with the Group's principles and behaviours.

PSA Peugeot Citroën formed a working group in 2009 to update the Code of Ethics. A communication campaign will be rolled out in 2010 to explain the new Code, which the Group considers as a benchmark for all employees, particularly managers. A programme is being prepared for deployment, awareness building and training in ethical principles.

Management values and behaviours

PSA Peugeot Citroën has defined a Vision to impel its progress for the coming ten years. This Vision reflects the way the Group intends to engage the future, setting the course and challenging people to work differently and as part of a team to achieve solutions that would be impossible for individuals alone. To ensure the convergence of these efforts, it is essential that managers understand and share this Vision with their teams. The Group has therefore begun work to define the values and behaviours that managers need to embrace. In 2009, 12 behaviours were selected to help the Group achieve its ambitious objectives, express its values and push back the boundaries of the current PSA Peugeot Citroën culture. These 12 behaviours help ingrain the Group's core values in everyday actions.

17.1.5. Employee relations indicators (French NRE legislation)

PSA Peugeot Citroën's social responsibility policies have been deployed worldwide and are regularly monitored. Data are reported annually by every subsidiary around the world via a dedicated social reporting system, in full compliance with French NRE legislation.

The following employee relations indicators comply with French decree no. 2002-221 of 20 February 2002. With the exception of tables concerning headcount and hiring, the indicators have been prepared on the basis of data from all the companies fully consolidated by PSA Peugeot Citroën, other than Faurecia, the automotive equipment division.

Faurecia, a listed company 70.86%-owned by Peugeot S.A. in 2009 (57.4% since February 2010), manages its business independently and therefore prepares and publishes its own business and human resources indicators in its Registration Document.

The "Automotive Division" includes both the Automotive Division and the Peugeot S.A. holding company.

The "Other businesses" comprise SCEMM, PMTC France, PMTC Germany, PMTC Italy.

Chapter 17.1 describes the Group's employee relations policies, with employee relations indicators presented in section 17.1.5. Additional information can be found in the Sustainable Development Performance Indicators supplement to the Annual Report and on the Group's sustainable development website.

17.1.5.1. Workforce

The economic and financial crisis has led to a sharp reduction in unit sales, requiring the Company to take measures to align staffing with demand over the last few years. In all countries, social cohesion was maintained throughout the workforce reduction process, with programmes to redeploy jobs and capabilities—either negotiated with unions in advance or developed from human resources planning and development agreements—and extensive measures to support the employees concerned.

Employees

Number of employees under permanent or fixed-term contracts by division, 2007-2009

(Consolidated Group, at 31 December)

	2009	2008	2007
Automotive Division	121,365	129,890	134,345
Banque PSA Finance	2,470	2,390	2,330
Gefco	9,335	10,060	9,980
Faurecia	52,065	58,140	59,765
Other businesses	985	1,220	1,430
TOTAL	**186,220**	**201,700**	**207,850**

Number of employees under permanent or fixed-term contracts in France, the rest of Europe and rest of the world, 2007-2009

(Consolidated Group, at 31 December)

	2009	2008	2007
France	101,330	108,620	113,710
Rest of Europe	59,790	66,050	68,540
Rest of the world	25,100	27,030	25,600
TOTAL	**186,220**	**201,700**	**207,850**

In 2009, nearly 46% of employees worked outside France, of which 32% in other European countries and 14% in the rest of the world.

Number of employees under permanent or fixed-term contracts by category in France, the rest of Europe and rest of the world

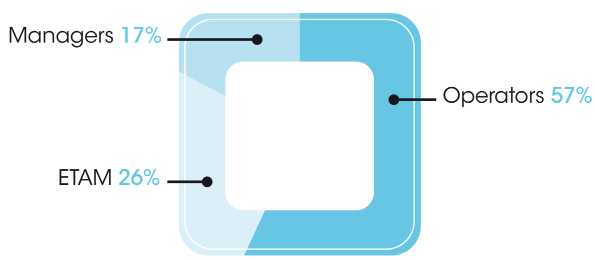
(Consolidated Group, at 31 December)

	France			Rest of Europe			Rest of the world			TOTAL		
	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers
Automotive Division	45,325	20,140	15,620	16,715	10,005	3,870	5,270	2,860	1,560	67,310	33,005	21,050
Banque PSA Finance	0	490	320	0	1,270	270	0	70	50	0	1,830	640
Gefco	1,645	2,250	770	1,060	2,360	275	450	490	35	3,155	5,100	1,080
Faurecia	7,855	2,770	3,200	16,765	3,885	3,275	9,695	1,860	2,760	34,315	8,515	9,235
Other businesses	515	275	155	0	35	5	0	0	0	515	310	160
TOTAL	**55,340**	**25,925**	**20,065**	**34,540**	**17,555**	**7,695**	**15,415**	**5,280**	**4,405**	**105,295**	**48,760**	**32,165**

- The manager category includes engineers and managers with a job description similar to managers in France.
- ETAM is the French acronym for administrative employees, technicians and supervisors.

Employees under permanent or fixed-term contracts by category

(Consolidated Group, at 31 December)



Hirings

Employees hired under permanent contracts in 2009

(Consolidated Group, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	2009	975	1,340	1,045	3,360
	2008	1,995	3,155	1,695	6,845
	2007	1,320	2,605	2,870	6,795
Banque PSA Finance	2009	40	105	10	155
	2008	45	170	10	225
	2007	20	130	5	155
Gefco	2009	30	300	220	550
	2008	315	875	580	1,770
	2007	305	765	400	1,470
Faurecia	2009	80	1,280	4,640	6,000
	2008	625	5,405	4,160	10,190
	2007	740	4,975	4,540	10,255
Other businesses (2)	2009	10	-	-	10
	2008	-	-	-	-
	2007	15	10	-	25
TOTAL	**2009**	**1,135**	**3,025**	**5,915**	**10,075**
	2008	2,980	9,605	6,445	19,030
	2007	2,400	8,485	7,815	18,700

Employees hired under permanent contracts by category

(Consolidated Group, at 31 December)

	France			Rest of Europe			Rest of the world			TOTAL		
	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers
Automotive Division	175	460	340	620	565	160	625	335	80	1,420	1,360	580
Banque PSA Finance	-	35	-	-	95	10	-	10	5	-	140	15
Gefco	5	15	10	95	175	25	55	160	10	155	350	45
Faurecia	30	20	35	1,065	170	45	4,065	315	255	5,160	505	335
Other businesses	-	5	5	-	-	-	-	-	-	-	5	5
TOTAL	**210**	**535**	**390**	**1,780**	**1,005**	**240**	**4,745**	**820**	**350**	**6,735**	**2,360**	**980**

Employees hired under fixed-term contracts

(Consolidated Group, at 31 December)

	France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	2,080	2,825	65	4,970
Banque PSA Finance	25	180	-	205
Gefco	80	85	10	175
Faurecia	335	1,580	2,765	4,680
Other businesses	25	-	-	25
TOTAL	**2,545**	**4,670**	**2,840**	**10,055**

Separations

Separations of employees under permanent or fixed-term contracts by age group and gender

(Consolidated Group, excluding Faurecia and Gefco, at 31 December 2009)

	< 20 years		20-29 years		30-39 years		40-49 years		≥ 50 years		TOTAL	
	M	W	M	W	M	W	M	W	M	W	M	W
Resignations	40	5	1,400	265	995	250	380	90	460	100	3,275	710
Dismissals	10	5	240	40	305	85	195	40	550	80	1,300	250
Redundancies	30	0	280	60	700	145	410	85	1,315	275	2,735	565
Retirement or death	0	0	95	5	20	25	60	10	1,565	280	1,740	320
TOTAL	**80**	**10**	**2,015**	**370**	**2,020**	**505**	**1,045**	**225**	**3,890**	**735**	**9,050**	**1,845**

M: Men.
W: Women.

Separations of employees under permanent or fixed-term contracts by region

(Consolidated Group, excluding Faurecia, at 31 December)

	France	Rest of Europe	Rest of the world	TOTAL
Resignations	1,440	1,485	1,580	4,505
Dismissals	605	925	400	1,930
Redundancies	2,165	980	375	3,520
Retirement or death	1,345	770	35	2,150
TOTAL	**5,555**	**4,160**	**2,390**	**12,105**
Percentage	6.3%	11.6%	22.1%	9.0%

In 2009, the Groupwide separation rate (excluding Faurecia) was 9%, including separations as part of the jobs and capabilities redeployment plan. The separation rate is calculated by dividing the total number of separations involving employees under permanent or fixed-term contracts (resignations, redundancies, dismissals, retirement, deaths and other attrition) by the total number of employees under permanent or fixed-term contracts (excluding Faurecia).

Overtime

Overtime

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	2009	688,495	977,060	672,835	2 338,390
	2008	969,920	815,035	1,656,370	3 441,325
	2007	1,416,330	1 408,955	1,774,030	4 599,315
Banque PSA Finance	2009	13,040	28,945	5	41,990
	2008	12,240	22,545	0	34,785
	2007	1,175	19,255	50	20,480
Gefco	2009	182,860	205,320	128,335	516,515
	2008	195,515	212,925	181,260	589,700
	2007	335,210	183,445	144,630	663,285
Other businesses	2009	6,300	0	0	6,300
	2008	10,615	0	0	10,615
	2007	16,050	0	0	16,050
TOTAL	2009	890,695	1,211,325	801,175	2,903,195
	2008	1,188,290	1,050,505	1,837,630	4,076,425
	2007	1,768,765	1,611,655	1,918,710	5,299,130

In most countries, working hours are determined on an annual or multi-year basis. The decline in demand in 2009 led to an overall reduction in the number of hours worked.

Number of contractor employees working on Group sites

Number of contractor employees working on Group sites (full time equivalents)

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	2009	5,875	2,185	2,600	10,660
	2008	6,130	2,590	4,750	13,470
	2007	7,130	2,660	4,900	14,690
Banque PSA Finance	2009	30	35	35	100
	2008	25	40	35	100
	2007	0	60	0	60
Gefco	2009	245	260	75	580
	2008	220	265	95	580
	2007	365	705	60	1,130
Other businesses	2009	20	0	0	20
	2008	20	0	0	20
	2007	25	0	0	25
TOTAL	2009	6,170	2,480	2,710	11,360
	2008	6,395	2,895	4,880	14,170
	2007	7,520	3,425	4,960	15,905

Only long-term positions with annual service contracts are included.

Redundancy plan, outplacement, rehiring and employee support programmes

The jobs and capabilities redeployment plan in France in 2009

Automotive Division in France, at 31 December

	Operators	ETAM	Managers	TOTAL
Personal projects	504	237	237	978
Outplacement leave	590	331	216	1,137
Voluntary retirement	378	157	241	776
TOTAL	**1,472**	**725**	**694**	**2,891**

As part of the plan, 1,686 employees were offered internal transfers.

	Operators	ETAM	Managers	TOTAL
Internal transfers	264	353	1,069	1,686

Jobs and capabilities redeployment plans outside France

In 2009, jobs and capabilities redeployment plans were implemented mainly in Spain, Slovakia, Germany, the United Kingdom, the Netherlands, Portugal, Brazil and Argentina. Nearly 2,600 employees took advantage of one of the voluntary separation incentives in the plans in order to leave the Group in 2009.

Voluntary separation plans were introduced in Spain, with 220 employees choosing this option in Madrid and 300 in Vigo. Similarly, 139 employees left the Group in Portugal and 250 in Brazil. In Argentina, 1,300 positions held by employees hired under fixed-term contracts were not renewed. The employees concerned received severance pay co-funded by the Company and the government. In Slovakia, a redundancy and outplacement plan was implemented, with 119 employees transferred to other positions within the Group and 39 employees leaving the Company to take another job in the region. Similar plans were introduced in other countries. Each of the plans was negotiated in advance with local union representatives and was preceded and followed by measures to limit the number of dismissals. These included discontinuing the night shift (for example in Brazil), introducing short-time working (for example in Spain), cutting back on production (for example in Portugal), and signing a rehiring priority clause (for example in Brazil, where a number of employees who left the Group under the separation plan with such a clause in 2009 were rehired in early 2010).

17.1.5.2. Organisation of Working Hours

Full-time employees

In every host country, working hours are consistently equal to or less than the legal workweek or industry practices.

Part-time employees

Part-time employees are defined as employees who work fewer hours per week or fewer average hours over a period of up to one year, than a comparable full-time employee. Requests for part-time work are approved whenever possible, with individualised solutions that align employee needs with efficient team performance. These solutions include working part of a day or half-day, working a reduced number of total hours, and working every other week.

Number of part-time employees under permanent or fixed-term contracts

Consolidated Group, excluding Faurecia, at 31 December

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2009**	**2,815**	**5,335**	**20**	**8,170**
	2008	2,940	5,130	10	8,080
	2007	3,060	5,275	0	8,335
Banque PSA Finance	**2009**	**40**	**285**	**0**	**325**
	2008	45	240	0	285
	2007	40	215	0	255
Gefco	**2009**	**305**	**175**	**0**	**480**
	2008	290	175	0	465
	2007	260	175	0	435
Other businesses	**2009**	**40**	**0**	**0**	**40**
	2008	25	5	0	30
	2007	90	5	0	95
TOTAL	**2009**	**3,200**	**5,795**	**20**	**9,015**
	2008	3,300	5,550	20	8,870
	2007	3,450	5,670	0	9,120

As of 31 December 2009, 9,015 employees worked part-time worldwide (excluding Faurecia), of which 2,040 worked half-time. Of the total, 44% were women and 56% were men. The high percentage of men working part-time is due to the large number of men on partial retirement in Spain, where 1,827 of the 1,871 part-time employees over 50 are men.

Absenteeism and its causes

Paid absences other than vacation

(Consolidated Group, excluding Faurecia, at 31 December)

		France		Rest of Europe		Rest of the world		TOTAL	
		Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave
Automotive Division	**2009**	**3,949,325**	**907,960**	**1,690,580**	**926,740**	**417,285**	**279,075**	**6,057,190**	**2,113,775**
	2008	4,209,145	976,715	1,760,045	736,225	550,145	52,520	6,519,335	1,765,460
	2007	4,398,975	982,850	1,815,755	676,030	328,915	51,095	6,543,645	1,709,975
Banque PSA Finance	**2009**	**28,880**	**20,020**	**73,275**	**54,800**	**145**	**150**	**102,300**	**74,970**
	2008	34,035	21,870	50,380	30,205	0	720	84,415	52,795
	2007	30,835	13,375	78,645	34,430	115	590	109,595	48,395
Gefco 2009		**228,855**	**58,490**	**228,965**	**58,030**	**10,655**	**8,950**	**468,475**	**125,470**
	2008	238,830	92,305	184,405	79,830	8,595	5,945	431,830	178,080
	2007	286,495	166,020	166,180	34,495	7,855	6,340	460,530	206,855
Other businesses	**2009**	**90,690**	**8,035**	**2,445**	**280**	**0**	**0**	**93,135**	**8,315**
	2008	86,905	7,815	2,840	95	0	0	89,745	7,910
	2007	83,890	12,960	2,520	1,625	0	0	86,410	14,585
TOTAL	**2009**	**4,297,750**	**994,505**	**1,995,265**	**1,039,850**	**428,085**	**288,175**	**6,721,100**	**2,322,530**
	2008	4,568,915	1,098,705	1,997,670	846,355	558,740	59,185	7,125,325	2,004,245
	2007	4,800,195	1,175,205	2,063,100	746,580	336,885	58,025	7,200,180	1,979,810

Paid absences other than vacation totalled 9,043,630 hours, of which 6,721,100 for sick leave, 884,415 for maternity leave, 550,530 for accident-related absences and 887,590 for other reasons. Based on the nearly 240 million hours worked, the overall absenteeism rate stood at around 3.7% for the year.

17.1.5.3. Compensation

Total payroll by region

(Consolidated Group, excluding Faurecia, at 31 December)

In 2009, total payroll costs (excluding Faurecia) came to €4,530,800,000, while related payroll taxes amounted to €1,762,334,000.

(in thousands of euros)	France	Rest of Europe	Rest of the world	TOTAL
2009	**4,619,340**	**1,419,552**	**254,242**	**6,293,133**
2008	4,776,909	1,492,919	269,504	6,539,331
2007	5,114,073	1,569,748	210,104	6,893,925

In all host countries, compensation policies are designed to maintain employee purchasing power, reward performance, offer compensation that is competitive with market practices and give employees a stake in the value they help to create.

In 2009, more than 20 wage agreements were signed with trade unions. These agreements not only maintain purchasing power, especially for the lowest wage categories, but they also provide for individual performance-based bonuses for the most productive employees.

Group minimum wage versus local statutory minimum wage, by country in 2009

(Consolidated Group, excluding Faurecia and Gefco, base 100)

Country	Group minimum wage/local statutory minimum wage	Local statutory minimum wage
Germany	141	Regional minimum wage
Austria	N/R	No statutory minimum wage
Argentina	153	Statutory minimum wage (vital y mobil del país)
Belgium	120	Minimum wage set by joint labour/ management commission
Brazil	238	Local statutory minimum wage
Spain	133	Local statutory minimum wage
United Kingdom	100	Local minimum wage (for people over 22)
France	108	Local statutory minimum wage
Italy	112	Industry minimum wage
Netherlands	117	Local minimum wage (for people over 23)
Poland	157	Local statutory minimum wage
Portugal	101	Local statutory minimum wage
Slovakia	193	Local statutory minimum wage
Switzerland	N/R	No statutory minimum wage; no industry agreements
Czech Republic	256	Local statutory minimum wage

Information is reported for countries representative of the Group's organisation (excluding Faurecia), where there are more than 300 employees.

The ratio is calculated based on each country's statutory minimum wage (when one exists), without considering any regional variations.

Discretionary profit-sharing

All employees are paid a discretionary profit-share out of operating income so that they can share in the value they create.

Employee savings plans

In many host countries, PSA Peugeot Citroën offers a variety of employee savings schemes that enable employees to invest their own funds by making voluntary contributions at any time during the year.

Gender equality in the workplace

Number of women employees under permanent or fixed-term contracts

(Consolidated Group, at 31 December)

PSA Peugeot Citroën's commitments to gender equality were first expressed in the 12 November 2003 agreement on gender equality and employment for women (renewed in 2007). As a result, 2002 has been chosen as the reference year.

	2002	2003	2004	2005	2006	2007	2008	2009	% increase, 2002-2009
Operators	16,235	16,295	19,105	19,060	21,065	22,365	21,635	19,980	23.1%
ETAM	14,420	15,510	16,655	16,395	16,175	15,650	15,610	14,600	1.2%
Managers	4,245	4,580	5,325	5,945	6,320	6,255	6,310	6,155	45.0%
TOTAL	**34,900**	**36,385**	**41,085**	**41,400**	**43,560**	**44,270**	**43,555**	**40,735**	**16.7%**

Percentage of women employees in the workforce

(Consolidated Group, at 31 December)

	2002	2003	2004	2005	2006	2007	2008	2009
% women in the workforce	17.6%	18.2%	19.8%	19.8%	20.6%	21.3%	21.6%	21.9%

Women account for 19.1% of engineers and managers, 29.9% of administrative employees, technicians and supervisors (ETAM) and 19% of operators.

Percentage of women managers by age group

(Consolidated Group, at 31 December)

	<30 years	30-39	40-49	≥ 50
Number of women managers	875	2,925	1,545	810
Total number of managers	2,930	12,435	10,360	6,440
% OF WOMEN MANAGERS	**29.9%**	**23.5%**	**14.9%**	**12.6%**

At present, 22.9% of managers under 30 are women, compared with 12.6% of managers over 50.

Executive management

(Consolidated Group, excluding Faurecia and Gefco, at 31 December)

The Group executive management team is comprised of 12 people, including one woman.

At PSA Peugeot Citroën, "senior executives" are those executives and senior managers in charge of adapting and implementing the Group's strategic vision, policies and programmes.

Senior executive

(Consolidated Group, excluding Faurecia and Gefco, at 31 December)

	<30 years	30-49 years	≥50 years	TOTAL
Men	0	381	317	698
Women	0	19	22	41
TOTAL	**0**	**400**	**339**	**739**

Nationality	Number	Percentage
French	633	85.7%
Spanish	30	4.1%
British	16	2.2%
Argentine	13	1.8%
Belgian	11	1.5%
German	8	1.1%
Italian	7	0.9%
Brazilian	5	0.7%
Swiss	5	0.7%
Portuguese	2	0.3%
Austrian	2	0.3%
Dutch	2	0.3%
Polish	1	0.1%
Moroccan	1	0.1%
Canadian	1	0.1%
Luxembourger	1	0.1%
Danish	1	0.1%
TOTAL	**739**	**100%**

17.1.5.4. Employee relations and collective bargaining agreements

An expanded European Works Council with international scope

Created in 1996, the Group Works Council, which represents employees in European countries, Brazil and Argentina, serves as the primary forum for dialogue and discussion of the Group's strategy, performance and outlook. It is also involved in the contractual agreement process, in particular through application of the Global Framework Agreement on Social Responsibility.

The International Joint Union Management Strategy Committee

On 19 June 2008, the Committee was extended to the leading unions outside France in an agreement signed with IG Metall, T&GWU, SIT-FSI, UGT and CC-OO. It acts as a forum for analysis, dialogue and discussion to explore in more detail issues related to the Group's situation and development, policies and strategic vision, in such areas as products, markets, changing technologies and new business projects outside France.

A large number of new agreements

In 2009, some 150 agreements were signed, including 120 outside France, on a variety of topics involving changes within the organisation and employment conditions. These included agreements on the organisation of working hours, assessing and preventing workplace stress, job classification and career development, retaining and motivating seniors, training and compensation for employees affected by short-time working and long-term reduced hours arrangements. All of the agreements were approved by a very large majority.

17.1.5.5. Workplace health and safety

Workplace health and safety policy has been formalised in the Global Framework Agreement on Social Responsibility, which expresses the Group's commitment to implementing the best standards and practices in this area and makes health and accident prevention a priority. The Group has also deployed a new workplace health and safety policy in all units. For additional information, go to section 17.1.1.

17.1.5.6. Training

Hours of training by region

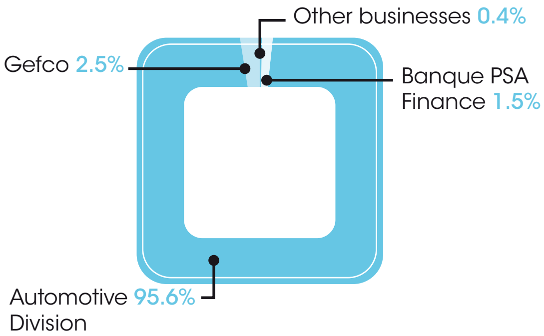
(Consolidated Group, excluding Faurecia, at 31 December)

	Total hours of training (in thousands)			Average hours of training per employee (excluding Faurecia)		
	2007	2008	2009	2007	2008	2009
France	1,750	1,665	1,515	18.0	17.9	18.0
Rest of Europe	1,143	890	905	28.3	23.1	27.9
Rest of the world	719	380	260	67.1	31.3	24.9
TOTAL	**3,612**	**2,935**	**2,680**	**24.4**	**20.4**	**21.1**

Each employee received an average of 21.1 hours training in 2009, with 86,650 employees attending at least one training course during the year. The more than 2.7 million hours of training conducted throughout the Group represented an outlay of €107 million.

Training expenditure by division

(Group, excluding Faurecia, at 31 December)



Percentage of employees having a performance review in 2009

(Consolidated Group, excluding Faurecia, at 31 December)

Percentage of employees having a performance review	France	Rest of Europe	Rest of the world	TOTAL
Operators	86.0%	72.1%	38.4%	78.7%
ETAM	72.0%	72.3%	56.0%	70.8%
Managers	88.1%	87.0%	80.1%	87.3%
TOTAL	**82.6%**	**74.2%**	**50.4%**	**77.8%**

The purpose of the annual performance review is for employees and their supervisors to define objectives and expected results for the year ahead, as well as the behaviours needed for effective on-the-job performance. It also provides an opportunity to discuss mutual expectations and review the employee's career prospects.

17.1.5.7. Hiring and integrating the disabled

Disabled employees

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	2009	5,260	500	35	5,795
	2008	5,515	515	55	6,085
	2007	5,890	635	55	6,580
Banque PSA Finance	2009	10	15	0	25
	2008	5	15	0	20
	2007	5	15	0	20
Gefco	2009	140	40	0	180
	2008	100	45	0	145
	2007	125	50	0	175
Other businesses	2009	50	0	0	50
	2008	65	0	0	65
	2007	95	0	0	95
TOTAL	**2009**	**5,460**	**555**	**35**	**6,050**
	2008	5,685	575	55	6,315
	2007	6,115	700	55	6,870

Worldwide, the Group (excluding Faurecia) directly employs 6,050 disabled people, as defined by local legislation. In the Automotive Division in France, 8% of employees are classified as handicapped (including sheltered workers under contract), higher than the 6% national rate that businesses are encouraged to reach. The above table does not include the 970 disabled people who work for Faurecia.

17.1.5.8. Social services

Depending on the national and local situation, all Group companies and plants contribute to social and cultural activities and help to improve the quality of work life.

In all, the Automotive, Finance and Transportation & Logistics Divisions paid more than €245 million in employee benefits in 2009. Representing over 3.8% of payroll, this amount encompasses employer payments for housing, transportation, food services, health and social services, corporate concierge services, day-care centres, health care and personal protection insurance, as well as subsidies paid to Works Councils in France for employee welfare programmes.

17.1.5.9. Outsourcing

See section 17.1.4.

17.2. Stock Option Plans and Free Allocation of Shares

➜ 17.2.1. Allocation Policy

See chapter 15.1 above.

➜ 17.2.2. Share Subscription and Share Purchase Options

See chapter 15.1 above.

17.3. Employee Shareholding

➜ 17.3.1. The Group Employee Savings Plan

In many host countries, PSA Peugeot Citroën offers a variety of savings schemes that enable employees to invest their own funds, by making voluntary contributions and investing their discretionary and/or non-discretionary profit shares.

➜ 17.3.2. Employee Ownership of Company Stock

Percentage of Capital Held by Employees through Employee Stockholding Plans Worldwide

(France, Germany, Spain, United Kingdom, Portugal)

	2009	2008	2007
Percentage	2.80	2.76	2.52

More than 44,500 employees or former employees are Peugeot S.A shareholders.

18

MAJOR SHAREHOLDERS

18.1. Capital and voting rights structure at 31 December 2009

As of 31 December 2009, the Peugeot family group, whose members are presented in the table below, held 30.30% of the Company's outstanding shares and 45.73% of exercisable voting rights.

Main identified shareholders (1)	31 December 2009 Shares outstanding	% interest	% of exercisable voting rights	% theoretical voting rights	31 December 2008 Shares outstanding	% interest	% of exercisable voting rights	% theoretical voting rights	31 December 2007 Shares outstanding	% interest	% of exercisable voting rights	% theoretical voting rights
Établissements Peugeot Frères	6,923,760	2.96	4.56	4.45	6,923,760	2.96	4.64	4.53	6,923,760	2.96	4.72	4.62
La Française de Participations Financières (LFPF)	12,156,000	5.19	8.00	7.82	12,156,000	5.19	7.64	7.47	12,156,000	5.19	7.33	7.18
Foncière, Financière et de Participations (FFP) (2)	51,792,738	22.13	33.15	32.39	51,792,738	22.13	32.79	32.02	51,792,738	22.11	33.33	32.65
Comtoise de Participation	36,000	0.02	0.02	0.02	36,000	0.02	0.02	0.02	36,000	0.02	0.02	0.02
Peugeot family	**70,908,498**	**30.30**	**45.73**	**44.68**	**70,908,498**	**30.30**	**45.10**	**44.04**	**70,908,498**	**30.27**	**45.40**	**44.48**
Other individual shareholders (3)	14,908,642	6.37	5.11	4.99	14,246,389	6.09	4.89	4.78	10,797,076	4.61	3.80	3.72
Employees	6,546,866	2.80	4.00	3.90	6,468,981	2.76	3.80	3.71	5,900,338	2.52	2.01	1.97
BNP Paribas	2,641,800	1.13	1.74	1.70	2,641,800	1.13	1.77	1.73	2,641,800	1.13	1.80	1.76
Other French institutions	50,849,816	21.72	16.75	16.36	55,383,993	23.66	18.56	18.12	41,207,290	17.59	14.04	13.75
Other foreign institutions	81,006,070	34.61	26.67	26.06	77,210,923	32.99	25.88	25.27	96,727,582	41.29	32.95	32.28
Treasury stock	7,187,450	3.07	-	2.31	7,188,214	3.07	-	2.35	6,097,714	2.60	-	2.03
TOTAL	**234,049,142**	**100**	**100**	**100**	**234,048,798**	**100**	**100**	**100**	**234,280,298**	**100**	**100**	**100**

(1) Sources: Euroclear France and Phoenix Investor Relations.

(2) Created in 1929, Foncière, Financière et de Participations (FFP) has been the Group's largest shareholder, alongside the other companies owned by the family group, since Peugeot was reorganised in 1966. The company's long-held primary asset is its 22.13% interest in the PSA Peugeot Citroën Group. It is included in the stake held by the Peugeot family group, Peugeot S.A.'s leading shareholder with 30.30% of the capital.

(3) Shares held in individual securities accounts.

Potential voting rights, by shareholder, at 31 December 2009

In compliance with article 223-11 of the AMF General Rules and Regulations, the above chart analyzes potential voting rights outstanding, which include rights attached to shares held in treasury. These potential voting rights are the ones used in determining when statutory disclosure thresholds have been exceeded.

Identity of shareholders (Article 7 of the bylaws)

The Company is entitled, under the applicable laws and regulations, to request information on the identity of the holders of securities granting immediate or future voting rights at its Shareholders' Meetings and the number of voting rights held.

Buyback of shares

At year-end, the Group held 7,187,450 shares, or 3.07% of issued capital, in treasury to cover outstanding stock options. Shares in excess of the number of options were not allocated to any particular purpose. The Company did not buy back any of its shares during the year.

For more information, please refer to notes 28.3 and 28.4 to the consolidated financial statements.

Cancellation of shares

No shares were cancelled in 2009.

18.2. Different voting rights

Fully-paid up shares registered in the name of the same holder for at least four years shall carry double voting rights at Shareholders Meetings.

This measure was retained in 1972 when the Company was transformed into a société anonyme (joint stock corporation), governed by a Supervisory Board and a Managing Board. The number of years the shares had to be held to qualify for double voting rights was raised from two to four at the Extraordinary Meeting of Shareholders on 29 June 1987. In the event of a capital increase through the capitalization of retained earnings, profits or additional paid-in capital, the resulting bonus shares distributed in respect of registered shares carrying double voting rights will similarly carry double voting rights. In accordance with the law, double voting rights will be lost if the shares are converted into bearer form or transferred to another shareholder, unless the transfer takes place due to an inheritance, the liquidation of a marital estate or a gift to a spouse or heir.

18.3. Ownership and control of the Company's share capital

Other shareholders

There are no shareholders' pacts.

To the best of Peugeot S.A.'s knowledge, no shareholder other than the ones listed in the table below directly or indirectly own more than 5% of the Company's issued capital or voting rights.

The Company's share capital is controlled as described above. However, the Company considers that there is no risk that such control may be abused.

18.4. Change of ownership

There are no shareholders' pacts in force among the companies making up the Peugeot family group. However, these companies have signed a lock-up agreement concerning their Peugeot S.A. shares, in accordance with articles 787-B and 885-I *bis* of the French General Tax Code.

19

TRANSACTIONS WITH RELATED PARTIES

See note 41 to the consolidated financial statements in chapter 20.3.

In addition, the special report of Statutory Auditors on the regulated agreements and undertakings is presented below.

Statutory Auditors' Special Report on related party agreements and commitments

➜ Year ended 31 December 2009

This is a free translation into English of the Statutory Auditors' special report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Peugeot S.A., we hereby report to you on related party agreements and commitments.

➜ Agreements and commitments authorised during 2009

In accordance with Article L.225-88 of the French Commercial Code *(Code de commerce)*, we were informed of the following agreements and commitments authorised by your Supervisory Board during 2009.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided, about the main terms and conditions of agreements and commitments that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of Article R.225-58 of the French Commercial Code, it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

We performed our procedures in accordance with professional standards applicable in France. These standards require us to perform procedures to verify that the information given to us agrees with the underlying documents.

Surety and guarantee granted to the European Investment Bank in connection with the €400 million loan granted to Peugeot Citroën Automobiles SA

At its meeting of 10 February 2009, the Supervisory Board approved a surety agreement and an agreement to pledge securities with the European Investment Bank ("EIB") in connection with its €400 million loan to Peugeot Citroën Automobiles SA ("PCA") for a maximum term of seven years.

Under these agreements, the Company granted a joint and several guarantee to the EIB on behalf of its subsidiary PCA, covering all amounts including principal, interest and any ancillary sums due by PCA under the EIB loan. It also undertook to pledge securities to the EIB as guarantee for PCA's payment and repayment obligations, covering 20% of 110% of the amount outstanding under the loan. An annual guarantee fee of 0.12% is invoiced by the Company to PCA in consideration for the joint and several guarantee granted. The fee received by Peugeot SA in respect of this agreement in 2009 totalled €330,667.

Christian Streiff, Grégoire Olivier and Roland Vardanega were involved in approving these agreements in their capacity as members of the Managing Board of Peugeot SA and members of the Board of Directors of PCA.

Commitments made in favour of corporate officers

At its meeting of 29 March 2009, the Supervisory Board took the following decisions regarding the Chairman of the Company's Managing Board:

- to cancel Christian Streiff's term of office as Chairman;
- to appoint Roland Vardanega with effect from 29 March 2009 and up to 31 May 2009;
- to appoint Philippe Varin with effect from 1 June 2009 and up to 6 February 2011, and to set his annual fixed compensation for 2009 at €1,300,000. The Board decided that Mr Varin's compensation would not include a bonus for 2009, but that a bonus would be payable on top of his fixed compensation in subsequent years, representing up to 110% of such fixed compensation, and may also be adjusted by the Supervisory Board as and when necessary. Payment of this variable compensation is subject to meeting the objectives set at the beginning of the year.

At its meeting of 21 April 2009, the Supervisory Board appointed Jean-Marc Gales as member of the Managing Board.

At its meeting of 17 June 2009, the Supervisory Board cancelled Philippe Varin's term of office as member and Chairman of the Managing Board, along with the terms of office of Jean-Philippe Collin, Jean-Marc Gales, Grégoire Olivier and Roland Vardanega as Managing Board members. It subsequently appointed Philippe Varin as Chairman and member of the Managing Board, and Jean-Marc Gales, Guillaume Faury, Grégoire Olivier and Frédéric Saint-Geours as Managing Board members, all for a four-year term.

These decisions resulted in the following agreements relating to commitments undertaken in respect of new members of the Managing Board:

- As well as being covered by government-sponsored basic and supplementary pension plans, each eligible member of the Managing Board (Philippe Varin, Jean-Marc Gales, Guillaume Faury) was granted pension benefits funded under an insured plan set up specially for Group senior management. Benefits are capped at 50% of the average of their gross compensation, including bonuses, for their best three years out of their last five in the job. Members are only eligible for this supplementary pension benefit if they have held a senior management position in the Group for at least five years.
- Grégoire Olivier and Frédéric Saint-Geours will continue to benefit from the same coverage under this plan.
- The former employment contracts held by each new member of the Managing Board were terminated, in light of the overhaul of the Managing Board on 17 June 2009 and in accordance with the Supervisory Board's decision of 21 April 2009.

These agreements and commitments concern all members of the Managing Board.

Agreements and commitments previously approved which remained in force during 2009

In accordance with the French Commercial Code, we were informed that the following agreements and commitments previously approved remained in force during the past year.

Implementation in 2009 of commitments made in favour of corporate officers

The agreements relating to commitments made in favour of the former members of the Managing Board were directly applied in 2009, as described below.

- The former employment contracts of Christian Streiff, Roland Vardanega and Jean-Philippe Collin were reinstated up to the date of their departure from the Company, under the terms and conditions set out in the table below. Pursuant to Article 225-42-1 of the French Commercial Code, Managing Board members may only benefit from their former employment contracts if they had received an average variable bonus over the period of their term of office representing at least 60% of their average fixed compensation for the same period. This requirement was approved by the Shareholders' Meeting of 28 May 2008. Although this condition was not met by any members of the Managing Board whose terms of office were terminated in 2009, the Supervisory Board nevertheless decided to reinstate the former employment contracts, since the reduced tenure of Managing Board members meant that the predefined performance condition could not be accurately assessed and therefore justified a departure from the rules.

Beneficiary	Gross annual compensation as of the date the employment contract was reinstated	Date on which the employment contract takes effect	Expiry of employment contract
Christian Streiff	€1,735,569	30 March 2009	31 October 2009
Roland Vardanega	€974,960	17 June 2009	31 December 2009
Jean-Philippe Collin	€745,413	17 June 2009	31 March 2010

- On expiry of his employment contract, Roland Vardanega received gross retirement benefits of €706,958 in December 2009. He is also the only member of the outgoing Managing Board meeting the conditions required to be eligible for pension benefits under the insured plan for Group senior management, on top of the government-sponsored basic and supplementary pension plans. Mr Vardanega has been entitled to receive pension benefits under this scheme since 1 January 2010.

Loan granted by Peugeot S.A. to its subsidiary, Faurecia

At its meeting of 21 October 2008, the Supervisory Board of Peugeot S.A. authorised a loan to be granted to its subsidiary, Faurecia, for a maximum amount of €250 million subject to the same interest rates and periods (two tranches of three and five years) as Faurecia's syndicated bank loan.

The three drawdowns made by Faurecia on the loan in 2008 were repaid in 2009. During 2009, Faurecia made 42 drawdowns and had repaid 39 of these at 31 December 2009. At this date, the amount drawn down by Faurecia under the loan totalled €128 million, representing the three drawdowns made in 2009, repayable in 2010. Accrued interest recognised within interest income in 2009 amounted to €9,375k, while the interest effectively received during the year totalled €9,527k.

Other guarantees

Other guarantees previously granted by the Company that remained in force in 2009 are summarised in the table below. This table shows the amounts guaranteed at 31 December 2009, along with the interest received during the year.

Type	Beneficiary of guarantee	Beneficiary of loan	Initial amount of loan in base currency	Amount outstanding under guarantee at 31 Dec.2009	Interest in 2009
Joint and several surety and guarantee by pledge of shares	B.E.I	GIE Vulcain Energie	FRF 1,300,000,000	GBP 7,000,000	€18,796
Joint and several guarantee	JBIC	TPCA	€78,750,000	€52,500,000	€47,088
Joint and several guarantee	JBIC	TPCA	€78,750,000	€0	€7,756

Share of Group general and administrative expenses

In 2009, a total of €120,178,013 was received in respect of subsidiaries' share of Group general and administrative expenses.

Courbevoie and Neuilly-sur-Seine, 20 April 2010

The Statutory Auditors

Mazars
Loïc Wallaert

PricewaterhouseCoopers Audit
Pierre Riou

20 FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

20.1. Historical Financial Information

In compliance with article 28 of EC regulation no. 809/2004, the following information is incorporated by reference in the Registration Document:

➜ 2008 Financial Information

The consolidated financial statements are presented on pages 190 to 297 and the corresponding Statutory Auditors' Report is presented on pages 187 and 188 of the 2008 Registration Document, which was filed with the *Autorité des Marchés Financiers* under number D.09-0309 on 24 April 2009. An update to the 2008 Registration Document was filed with the *Autorité des Marchés Financiers* on 22 June 2009 under number D.09-0309-A01.

➜ 2007 Financial Information

The consolidated financial statements are presented on pages 160 to 254 and the corresponding Statutory Auditors' Report is presented on page 310 in the 2007 Registration Document filed with the *Autorité des Marchés Financiers* under number D. 08-0281 on 23 April 2008.

20.2. *Pro Forma* Financial Information

Not applicable.

20.3. Consolidated Financial Statements for the Year ended 31 December 2009

➜ 20.3.1. Statutory Auditors' Report on the Consolidated Financial Statements

This is a free translation into English of the Statutory Auditors' Report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2009, on:

- the audit of the accompanying consolidated financial statements of Peugeot SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Managing Board. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion expressed above, we draw your attention to note 1 to the consolidated financial statements which indicates the revised and amended accounting standards and interpretations applied for the first time by the Company in 2009, and note 2 to the consolidated financial statements which describes adjustments to financial information reported in prior years, in particular with respect to the retrospective first-time application of IFRIC 14 relating to the limit on a defined benefit asset as provided in IAS 19 on employee benefits (note 2.1).

II - Justification of our assessments

Accounting estimates used in preparing the consolidated financial statements at 31 December 2009 were made in light of the current economic crisis affecting the automotive industry, characterised by the difficulty in assessing the economic outlook. Against this backdrop, and in accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- in the context of our assessment of the accounting principles and methods applied by the Company, we examined the criteria for recognising development expenditure as an intangible asset and for amortising said expenditure (note 1.12.A to the consolidated financial statements). We also examined the method for determining the revenue related to sales of new vehicles with a buyback commitment (note 1.5.A.a to the consolidation financial statements);
- as indicated in note 1.11 to the consolidated financial statements, goodwill is not amortised but is tested for impairment at least annually according to the method set out in note 1.14, which is also applicable to all other long-lived assets. In 2009, the impairment tests led to write-downs on assets allocated to two of the Automotive Division's cash-generating units and to the recognition of a provision corresponding to the estimated contractual penalties payable (note 9.1). As part of our assessment of the significant estimates made by management, we verified that this approach complied with IFRS and that the impairment tests described in the notes to the consolidated financial statements were carried out correctly. We also reviewed the available documentation, notably relating to cash flow projections applied and other assumptions used;
- lastly, the preparation of the consolidated financial statements also required management to make estimates and assumptions relating to other matters, the most significant of which are outlined in note 1.4 to the consolidated financial statements. For all of these matters, we examined the available documentation and the quantitative translation of the assumptions made and concluded that the assumptions were consistent and the estimates reasonable.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, on 16 March 2010

The Statutory Auditors

Mazars	PricewaterhouseCoopers Audit
Loïc Wallaert	Pierre Riou

20.3.2. Consolidated Statements of Income

	2009			
(in million euros)	Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
Sales and revenue (note 6)	**46,885**	**1,823**	**(291)**	**48,417**
Cost of goods and services sold	(40,156)	(992)	291	(40,857)
Selling, general and administrative expenses	(5,966)	(333)	-	(6,299)
Research and development expenses (note 8)	(1,950)	-	-	(1,950)
Recurring operating income (loss)	**(1,187)**	**498**	**-**	**(689)**
Non-recurring operating income (note 9)	30	1	-	31
Non-recurring operating expenses (note 9)	(755)	(3)	-	(758)
Operating income (loss)	**(1,912)**	**496**	**-**	**(1,416)**
Interest income (note 10)	85	-	-	85
Finance costs (note 11)	(491)	-	-	(491)
Other financial income (note 12)	206	2	-	208
Other financial expenses (note 12)	(319)	(3)	-	(322)
Income (loss) before tax of fully consolidated companies	**(2,431)**	**495**	**-**	**(1,936)**
Current taxes	(72)	(145)	-	(217)
Deferred taxes	803	3	-	806
Income taxes (note 13)	**731**	**(142)**	**-**	**589**
Share in net earnings of companies at equity (note 17)	73	-	-	73
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	**(1,627)**	**353**	**-**	**(1,274)**
Attributable to equity holders of the parent	*(1,511)*	*350*	*-*	*(1,161)*
Attributable to minority interests	*(116)*	*3*	*-*	*(113)*
(in euros)				
Basic earnings per €1 par value share (note 14)				(5.12)
Diluted earnings per €1 par value share (note 14)				(5.12)

	2008			
(in million euros)	**Manufacturing and Sales companies**	**Finance companies**	**Eliminations**	**TOTAL**
Sales and revenue (note 6)	**52,705**	**2,088**	**(437)**	**54,356**
Cost of goods and services sold	(44,146)	(1,211)	437	(44,920)
Selling, general and administrative expenses	(6,521)	(320)	-	(6,841)
Research and development expenses (note 8)	(2,045)	-	-	(2,045)
Recurring operating income (loss)	**(7)**	**557**	**-**	**550**
Non-recurring operating income (note 9)	10	-	-	10
Non-recurring operating expenses (note 9)	(953)	(1)	-	(954)
Operating income (loss)	**(950)**	**556**	**-**	**(394)**
Interest income (note 10)	247	-	-	247
Finance costs (note 11)	(343)	-	-	(343)
Other financial income (note 12)	234	2	-	236
Other financial expenses (note 12)	(423)	(3)	-	(426)
Income (loss) before tax of fully consolidated companies	**(1,235)**	**555**	**-**	**(680)**
Current taxes	(156)	(137)	-	(293)
Deferred taxes	456	(60)	-	396
Income taxes (note 13)	**300**	**(197)**	**-**	**103**
Share in net earnings of companies at equity (note 17)	57	-	-	57
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	**(878)**	**358**	**-**	**(520)**
Attributable to equity holders of the parent	*(719)*	*356*	*-*	*(363)*
Attributable to minority interests	*(159)*	*2*	*-*	*(157)*
(in euros)				
Basic earnings per €1 par value share (note 14)				(1.60)
Diluted earnings per €1 par value share (note 14)				(1.60)

20.3.3. Consolidated Statements of Recognised Income and Expenses

(in million euros)	2009 Before tax	2009 Income tax benefit (expense) [(1)]	2009 After tax
Consolidated profit (loss) for the year	(1,866)	592	(1,274)
Fair value adjustments to cash flow hedges	(8)	4	(4)
of which, reclassified to the income statement	*(26)*	*10*	*(16)*
of which, recognised in equity during the period	*18*	*(6)*	*12*
Gains and losses from remeasurement at fair value of available-for-sale financial assets	96	(2)	94
of which, reclassified to the income statement	-	-	-
of which, recognised in equity during the period	*96*	*(2)*	*94*
Exchange differences on translating foreign operations	135	-	135
Income and expenses recognised directly in equity, net	223	2	225
of which, companies at equity	*2*	-	*2*
TOTAL RECOGNISED INCOME AND EXPENSES, NET	**(1,643)**	**594**	**(1,049)**
of which, attributable to equity holders of the parent			*(922)*
of which, attributable to minority interests			*(127)*

(1) The income tax benefit (expense) includes a €3 million benefit related to companies at equity.

Income and expenses recognised directly in equity correspond to all changes in equity resulting from transactions with third parties other than shareholders.

	2008		
(in million euros)	**Before tax**	**Income tax benefit (expense)** [1]	**After tax**
Consolidated profit (loss) for the year	**(609)**	**89**	**(520)**
Fair value adjustments to cash flow hedges	(38)	5	(33)
of which, reclassified to the income statement	*(92)*	*32*	*(60)*
of which, recognised in equity during the period	*54*	*(27)*	*27*
Gains and losses from remeasurement at fair value of available-for-sale financial assets	(150)	2	(148)
of which, reclassified to the income statement	-	-	-
of which, recognised in equity during the period	*(150)*	*2*	*(148)*
Exchange differences on translating foreign operations	(214)	-	(214)
Income and expenses recognised directly in equity, net	**(402)**	**7**	**(395)**
of which, companies at equity	*25*	-	*25*
TOTAL RECOGNISED INCOME AND EXPENSES, NET	**(1,011)**	**96**	**(915)**
of which, attributable to equity holders of the parent			*(751)*
of which, attributable to minority interests			*(164)*

(1) The income tax benefit (expense) includes a €6 million expense related to companies at equity.

20.3.4. Consolidated Balance Sheets

Assets

(in million euros)	31 December 2009			
	Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
Goodwill (note 15)	1,237	75	-	1,312
Intangible assets (note 15)	4,440	95	-	4,535
Property, plant and equipment (note 16)	13,425	35	-	13,460
Investment in companies at equity (note 17)	785	14	-	799
Investments in non-consolidated companies (note 18)	46	9	-	55
Other non-current financial assets (note 19)	836	46	(25)	857
Other non-current assets (note 20)	268	1	-	269
Deferred tax assets (note 13)	478	82	-	560
Total non-current assets	**21,515**	**357**	**(25)**	**21,847**
Operating assets				
Loans and receivables - finance companies (note 21)	-	22,653	(93)	22,560
Short-term investments - finance companies (note 22)	-	786	-	786
Inventories (note 23)	5,360	-	-	5,360
Trade receivables - manufacturing and sales companies (note 24)	1,855	-	(162)	1,693
Current taxes (note 13)	153	27	(20)	160
Other receivables (note 25)	1,665	850	(101)	2,414
	9,033	**24,316**	**(376)**	**32,973**
Current financial assets (note 26)	349	-	(65)	284
Cash and cash equivalents (note 27)	7,843	1,289	(115)	9,017
Total current assets	**17,225**	**25,605**	**(556)**	**42,274**
TOTAL ASSETS	**38,740**	**25,962**	**(581)**	**64,121**

Equity and Liabilities

(in million euros)	31 December 2009			
	Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
Equity (note 28)				
Share capital				234
Treasury stock				(303)
Retained earnings and other accumulated equity, excluding minority interests				12,381
Minority interests				135
Total equity				**12,447**
Non-current financial liabilities (note 31)	9,268	-	-	9,268
Other non-current liabilities (note 32)	2,552	-	-	2,552
Non-current provisions (note 29)	960	26	-	986
Deferred tax liabilities (note 13)	543	453	-	996
Total non-current liabilities	**13,323**	**479**	**-**	**13,802**
Operating liabilities				
Financing liabilities (note 33)	-	21,061	(206)	20,855
Current provisions (note 29)	2,369	30	-	2,399
Trade payables	8,424	-	(10)	8,414
Current taxes (note 13)	103	30	(20)	113
Other payables (note 34)	3,494	1,189	(262)	4,421
	14,390	**22,310**	**(498)**	**36,202**
Current financial liabilities (note 31)	1,753	-	(83)	1,670
Total current liabilities	**16,143**	**22,310**	**(581)**	**37,872**
TOTAL EQUITY AND LIABILITIES				**64,121**

31 December 2008			
Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
1,237	75	-	1,312
4,061	96	-	4,157
14,064	41	-	14,105
732	14	-	746
48	13	-	61
848	46	(25)	869
152	1	-	153
475	75	-	550
21,617	361	(25)	21,953
-	22,495	(136)	22,359
-	1,182	-	1,182
7,757	-	-	7,757
2,001	-	(146)	1,855
189	35	(17)	207
1,897	1,028	(256)	2,669
11,844	**24,740**	**(555)**	**36,029**
515	**-**	**-**	**515**
2,040	**1,280**	**(90)**	**3,230**
14,399	26,020	(645)	39,774
36,016	26,381	(670)	61,727

31 December 2008			
Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
			234
			(303)
			13,194
			134
			13,259
4,491	-	-	4,491
2,793	-	-	2,793
901	24	-	925
1,321	450	-	1,771
9,506	474	-	9,980
-	21,864	(118)	21,746
2,053	27	-	2,080
8,428	-	(11)	8,417
76	27	(17)	86
3,795	1,070	(399)	4,466
14,352	**22,988**	**(545)**	**36,795**
1,818	**-**	**(125)**	**1,693**
16,170	22,988	(670)	38,488
			61,727

20.3.5. Consolidated Statements of Cash Flows

	2009			
(in million euros)	Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
Consolidated profit (loss) for the year	(1,627)	353	-	(1,274)
Adjustments for:				
• Depreciation, amortisation and impairment (note 35.5)	3,194	12	-	3,206
• Provisions (1)	301	3	-	304
• Changes in deferred tax	(801)	(2)	-	(803)
• (Gains) losses on disposals and other	24	(1)	-	23
Share in net (earnings) losses of companies at equity, net of dividends received	(47)	-	-	(47)
Revaluation adjustments taken to equity and hedges of debt	229	-	-	229
Change in the carrying amount of leased vehicles (2)	(296)	-	-	(296)
Working capital	**977**	**365**	-	**1,342**
Changes in operating assets and liabilities (note 35.2)	2,616	(259)	(129)	2,228
Net cash from (used in) operating activities	**3,593**	**106**	**(129)**	**3,570**
Proceeds from disposals of shares in consolidated companies	-	-	-	-
Proceeds from disposals of investments in non-consolidated companies	1	-	-	1
Acquisitions of shares in consolidated companies	-	-	-	-
Investments in non-consolidated companies	(8)	(7)	-	(15)
Proceeds from disposals of property, plant and equipment	90	15	-	105
Proceeds from disposals of intangible assets	9	1	-	10
Investments in property, plant and equipment	(1,670)	(10)	-	(1,680)
Investments in intangible assets	(1,009)	(9)	-	(1,018)
Change in amounts payable on fixed assets	(114)	-	-	(114)
Other	(83)	10	(1)	(74)
Net cash from (used in) investing activities	**(2,784)**	**-**	**(1)**	**(2,785)**
Dividends paid:				
• To Peugeot S.A. shareholders	-	-	-	-
• Intragroup	143	(143)	-	-
• To minority shareholders of subsidiaries	(10)	-	-	(10)
(Purchases) sales of treasury stock	-	-	-	-
Changes in other financial assets and liabilities (note 35.4)	4,565	-	105	4,670
Other (3)	281	-	-	281
Net cash from (used in) financing activities	**4,979**	**(143)**	**105**	**4,941**
Effect of changes in exchange rates	12	46	-	58
Net increase (decrease) in cash and cash equivalents	5,800	9	(25)	5,784
Net cash and cash equivalents at beginning of year	2,017	1,280	(90)	3,207
NET CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 35.1)	**7,817**	**1,289**	**(115)**	**8,991**

(1) Net charges to current provisions have been reclassified from "Changes in operating assets and liabilities" to "Provisions". Previously, the item only included charges to non-current provisions (see note 2.2).

(2) Changes in the carrying amount of leased vehicles have been reclassified from investing activities to operating activities, in line with the 2008 Annual Improvements to IFRSs (see note 2.2).

(3) Including in 2009:

- *the equity component of the Peugeot S.A. OCÉANE bonds (conversion option) for €125 million (see note 31.1) and minority interests in the Faurecia share issue for €133 million (see note 4);*
- *the equity component of the Faurecia OCÉANE bonds (conversion option) for €23 million (see note 31.1).*

2008			
Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
(878)	358	-	(520)
3,664	15	-	3,679
(102)	3	-	(99)
(455)	63	-	(392)
124	-	-	124
(37)	-	-	(37)
70	-	-	70
(44)	-	-	(44)
2,342	**439**	-	**2,781**
(2,927)	151	16	(2,760)
(585)	**590**	**16**	**21**
-	-	-	-
-	-	-	-
(2)	-	-	(2)
(25)	(12)	-	(37)
69	10	-	79
9	-	-	9
(2,080)	(14)	-	(2,094)
(1,069)	(11)	-	(1,080)
(1)	-	-	(1)
(78)	5	-	(73)
(3,177)	**(22)**	**-**	**(3,199)**
(342)	-	-	(342)
168	(168)	-	-
(17)	(2)	-	(19)
(43)	-	-	(43)
929	-	42	971
-	3	-	3
695	**(167)**	**42**	**570**
(59)	(64)	1	(122)
(3,126)	**337**	**59**	**(2,730)**
5,143	**943**	**(149)**	**5,937**
2,017	**1,280**	**(90)**	**3,207**

20.3.6. Consolidated Statement of Changes in Equity

				Other accumulated equity - Excluding minority interests					
(in million euros)	Share capital	Treasury stock	Retained earnings	Cash flow hedges	Available-for-sale financial assets	Translation reserve	Equity attributable to equity holders of the parent	Minority interests	Equity
At 31 December 2007	**234**	**(271)**	**13,985**	**43**	**188**	**66**	**14,245**	**310**	**14,555**
Income and expenses recognised directly in equity [(1)]	-	-	(363)	(26)	(148)	(214)	(751)	(164)	(915)
Measurement of stock options	-	-	16	-	-	-	16	1	17
Effect of changes in scope of consolidation and other	-	-	-	-	-	-	-	6	6
Treasury stock	-	(32)	(11)	-	-	-	(43)	-	(43)
Dividends paid (€1.50 per €1 par value share)	-	-	(342)	-	-	-	(342)	(19)	(361)
At 31 December 2008 [(1)]	**234**	**(303)**	**13,285**	**17**	**40**	**(148)**	**13,125**	**134**	**13,259**
Income and expenses recognised directly in equity	-	-	(1,161)	(5)	94	150	(922)	(127)	(1,049)
Stock options	-	-	11	-	-	-	11	1	12
Effect of changes in scope of consolidation and other [(2)]	-	-	3	-	-	(3)	-	129	129
Treasury stock	-	-	-	-	-	-	-	-	-
Conversion option embedded in convertible bonds (note 31.1)	-	-	98	-	-	-	98	7	105
Dividends paid	-	-	-	-	-	-	-	(9)	(9)
AT 31 DECEMBER 2009	**234**	**(303)**	**12,236**	**12**	**134**	**(1)**	**12,312**	**135**	**12,447**

(1) Adjusted for the retrospective application of IFRIC 14 (see note 2.1).

(2) Including minority interests in the Faurecia share issue (€133 million - see note 4).

20.3.7. Notes to the Consolidated Financial Statements for the year ended 31 December 2009

Preliminary note:
The consolidated financial statements for 2009 including explanatory notes were approved for issue by the Managing Board of Peugeot S.A. on 4 February 2010 with the exception of notes 42 and 43 which take into account events that occurred in the period up to the Supervisory Board meeting on 9 February 2010.

Note 1 Accounting policies

The Group's consolidated financial statements for 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union [1] on 31 December 2009, the Group's annual closing date.

International Financial Reporting Standards include IFRSs and IASs (International Accounting Standards) and the related interpretations as prepared by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

New standards and interpretations whose application was compulsory in 2009

The revised and amended standards and interpretations whose application was compulsory in the European Union and that were applied for the first time by the PSA Peugeot Citroën Group at 31 December 2009 were as follows:

- *IAS 23 (Revised): Borrowing Costs;*
- *IAS 1 (Revised): Presentation of Financial Statements;*
- *2008 Annual Improvements to IFRSs;*
- *IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction;*
- *Amendment to IFRS 7: Improving Disclosures about Financial Instruments.*

This amendment introduces enhanced disclosure requirements on:

- the maturities of contractual cash flows from financial liabilities;
- the fair value measurement of financial instruments using valuation techniques for which inputs are based on observable or unobservable market data.

The Group has enhanced the disclosures made in the notes to the consolidated financial statements in line with this amendment to IFRS 7.

The Group early adopted IFRS 8 – Operating Segments at 31 December 2007. IFRS 8, which is applicable for annual periods beginning on or after 1 January 2009, was adopted for use in the European Union in November 2007.

Standards and interpretations early adopted by the Group

The Group did not early adopt any standards or interpretations that had been adopted for use in the European Union as of 31 December 2009 but whose application was not compulsory until 1 January 2010.

Revised and amended standards not early adopted

The following revised and amended standards will be applicable by the Group from 1 January 2010:

- *IFRS 3 (Revised) – Business Combinations:* The revised standard introduces a number of changes that may have a material impact on the accounting treatment of business combinations carried out on or after 1 January 2010. The main changes concern (i) the immediate recognition as an expense of acquisition-related costs, (ii) an accounting policy choice – available on a transaction by transaction basis – to measure non-controlling interests at fair value (application of the full goodwill method), (iii) revised accounting treatment of contingent consideration, and (iv) the possible recognition of more items of intangible assets and property, plant and equipment. For business combinations carried out in 2010, application of the revised standard may have a material impact on the consolidated financial statements for that year. The Group elected to recognise as an expense the acquisition-related costs incurred in 2009 on business combinations for which control was expected to be transferred in 2010;
- *IAS 27 (Revised) – Consolidated and Separate Financial Statements:* the revised standard introduces significant changes in the accounting treatment of changes in consolidation scope. Any change in ownership interest that results in the acquisition or loss of control of an entity now triggers remeasurement at fair value of respectively the initial or residual holding, leading to an adjustment of profit or loss. Conversely, any change in ownership interest that does not result in the acquisition or loss of control is accounted for within equity and simply leads to a re-allocation of the underlying net assets between controlling and non-controlling interests. For business combinations carried out in 2010, application of the revised standard may have a material impact on the consolidated financial statements for that year;
- *2008 amendment to IAS 39 – Eligible hedged items* clarifying to what extent certain exposures are eligible for hedge accounting. The amendment, which is applicable retrospectively, is not expected to have a material impact on the consolidated financial statements.

The Group is not concerned by the other texts adopted for use in the European Union.

New tax rules in France applicable from 1 January 2010

The 2010 Finance Act adopted in December 2009 introduces a new business tax (*Contribution Économique Territoriale* – CET)

(1) The International Financial Reporting Standards adopted for use in the European Union can be downloaded from the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

to replace the *Taxe Professionnelle* (TP). The CET comprises a tax on property (*Contribution Foncière des Entreprises* – CFE) and a tax on value added (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE). The CFE is assessed on the rental value of real estate subject to property tax (*taxe foncière*), while the CVAE is assessed at the rate of 1.5% of value added. The CET is capped at 3% of value added.

Since the value added by the Group's French operations is considerably greater than their taxable profit (particularly in 2008 and 2009 when the French tax group reported a loss although value added was positive), the Group believes that the CET should be qualified as an operating expense rather than a tax on income. Consequently, the CET payable from 2010 will be classified in operating income, in line with the presentation of *Taxe Professionnelle* until 2009.

1.1. Consolidation

The generic name PSA Peugeot Citroën refers to the Group of companies of which Peugeot S.A. is the parent.

The financial statements of Peugeot S.A. and companies in which Peugeot S.A. directly or indirectly exercises exclusive control are fully consolidated.

Companies in which Peugeot S.A. directly or indirectly exercises joint control or significant influence over operating and financial policies are included in the consolidated financial statements using the equity method.

Certain companies meeting the above criteria have not been consolidated because they do not meet any of the following minimum requirements:

- revenue in excess of €50 million;
- total assets in excess of €20 million;
- total debt in excess of €5 million.

Investments in these companies are recorded under "Investments in non-consolidated companies" in accordance with the general accounting principles described in note 1.15.B (a). Their consolidation would not have a material impact on the consolidated financial statements.

All significant intragroup transactions are eliminated in consolidation.

Commitments to purchase minority interests are recognised as financial liabilities in accordance with the principles described in note 1.15.E.

1.2. Translation of the Financial Statements of Foreign Subsidiaries

A. Standard Method

The Group's functional currency is the euro (€), which is also the presentation currency in the consolidated financial statements. The functional currency of most foreign subsidiaries is their local currency, corresponding to the currency in which the majority of their transactions are denominated. The balance sheets of these subsidiaries are translated at the year-end exchange rate and their income statements are translated on a monthly basis at the average exchange rate for each month. Gains and losses resulting from the translation of financial statements of foreign subsidiaries are recorded in equity under "Translation reserve". Goodwill arising on the acquisition of these subsidiaries is measured in their functional currency.

B. Specific Method

The functional currency of some subsidiaries outside the euro zone is considered to be the euro because the majority of their transactions are denominated in this currency. Non-monetary items in these subsidiaries' accounts are translated at the historical exchange rate and monetary items at the year-end rate. The resulting translation gains and losses are recognised directly in profit or loss.

1.3. Translation of Transactions in Foreign Currencies

Transactions in foreign currencies are measured and recognised in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates. In compliance with this standard, transactions in foreign currencies are translated into the subsidiary's functional currency at the exchange rate on the transaction date.

At each balance sheet date, monetary items are translated at the closing rate and the resulting exchange difference is recognised in profit or loss, as follows:

- in recurring operating income, for commercial transactions carried out by all Group companies and for financing transactions carried out by the Banque PSA Finance group;
- in interest income or finance costs for financial transactions carried out by the manufacturing and sales companies.

Derivative instruments are measured and recognised in accordance with the general principles described in note 1.15.D. Derivative instruments designated as hedges of currency risks on foreign currency transactions are recognised in the balance sheet and remeasured at fair value at each balance sheet date.

The gain or loss from remeasuring derivative instruments at fair value is recognised as follows:

- in recurring operating income, for commercial transactions carried out by Group companies and for financing transactions carried out by the Banque PSA Finance group;
- in interest income or finance costs for financial transactions carried out by the manufacturing and sales companies;
- directly in equity, for hedges of future transactions (for the effective portion of the gain or loss on the hedging instrument). The amount recognised in equity is reclassified into profit or loss when the hedged item affects profit or loss. The ineffective portion is recognised in the income statement under "Other financial income" or "Other financial expenses".

1.4. Use of Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions in order to determine the reported amounts of certain assets, liabilities, income and expense items, as well as certain amounts disclosed in the notes to the financial statements relating to contingent assets and liabilities.

The estimates and assumptions used are those deemed by management to be the most pertinent and accurate in view of the Group's circumstances and past experience.

Nevertheless, given the uncertainty inherent in any projections, actual results may differ from initial estimates.

To reduce uncertainty, estimates and assumptions are reviewed periodically, and the effects of any changes are recognised immediately.

The main items determined on the basis of estimates and assumptions are as follows:

- pension obligations;
- provisions (particularly vehicle warranty provisions, restructuring provisions and provisions for claims and litigation);
- the recoverable amount and useful life of property, plant and equipment and intangible assets;
- the recoverable amount of finance receivables, inventories and other receivables;
- the fair value of derivative financial instruments;
- deferred tax assets;
- sales incentives.

1.5. Sales and Revenue

A. Manufacturing and Sales Companies

(a) Automobile Division

Sales and revenue of the manufacturing and sales companies include revenues from the sale and leasing of vehicles and the sale of other goods and services.

In accordance with IAS 18 – Revenue, new vehicle sales are recognised on the date the risks and rewards of ownership are transferred. This generally corresponds to the date when the vehicles are made available to non-group dealers or the delivery date, in the case of direct sales.

Sales at cost of items purchased on behalf of other parties and sales to subcontractors of raw materials, parts and mechanical components that are intended to be bought back at cost are not included in sales and revenue.

Sales of new vehicles with a buyback commitment are not recognised at the time of delivery but accounted for as operating leases when it is probable that the vehicle will be bought back. This principle applies:

- whatever the duration of the buyback commitment;
- for both direct sales and sales financed by Banque PSA Finance and its subsidiaries.

The difference between the sale price and the buyback price is recognised as rental revenue on a straight-line basis over the duration of the buyback commitment. The vehicle is initially recognised at production cost in property, plant and equipment. Depreciation expense is calculated over the term of the lease by the straight-line method, on the basis of the vehicle's cost less its estimated residual value, representing the anticipated resale price on the used vehicle market. Any additional gain made on the final sale of the vehicle is recognised in the period in which the vehicle is sold on the used car market. If the net difference is a loss, an allowance is booked when the buyback contract is signed.

(b) Automotive Equipment Division

The Automotive Equipment Division performs development work and manufactures or purchases specific tooling to produce parts or modules for programmes covered by specific customer orders.

The revenue recognition criteria provided for in IAS 18 are not met in cases where development and tooling costs are paid in proportion to parts delivered to the customer, with their full recovery being subject to an unguaranteed minimum level of orders placed by the customer. Under such circumstances, development work and tooling cannot be considered as having being sold. The development costs are recognised in intangible assets (see note 1.12.A) and tooling in property, plant and equipment (see note 1.13.A).

If the contract includes a payment guarantee, the development and tooling costs are recognised in inventories and work-in-progress. The corresponding revenue is recognised when the customer signs off on each technical phase.

B. Finance Companies

The Group's finance companies provide wholesale financing to dealer networks and retail financing to customers. Financing may take the form of conventional loans, finance leases, buyback contracts or long-term leasing. The different forms of financing are treated as lending transactions and are recognised in the balance sheet in the amount of the Banque PSA Finance group's net financial commitment (see note 1.15.A). Sales financing revenues are recorded using the yield-to-maturity method, so as to recognise a constant rate of interest over the life of the loan.

1.6. Sales incentives

The cost of current and future sales incentive programmes is accrued on the basis of historical costs for the previous three months, determined country by country, and charged against profit for the period in which the corresponding sales are recognised. In cases where the cost of the programme varies according to sales, it is deducted from revenue.

The Group's incentive programmes include retail financing granted at a significant discount to market interest rates. The corresponding cost is recognised at the time of the sale.

1.7. Selling, General and Administrative Expenses

Selling, general and administrative expenses correspond to general administrative expenses, indirect selling expenses and warranty costs.

Product warranty costs

A provision is recorded to cover the estimated cost of vehicle and spare parts warranties at the time of sale to independent dealer networks or end-customers. Revenues from the sale of extended warranties or maintenance contracts are recognised over the period during which the service is provided.

1.8. Research and Development Expenditure

Under IAS 38 – Intangible Assets, research expenditure is recognised as an expense, while development expenditure is recognised as an intangible asset when certain conditions are met (see note 1.12.A).

In accordance with this standard, all research costs and all development expenditure other than that described in note 1.12.A are recognised as an expense for the period in which they are incurred.

1.9. Operating Income and Recurring Operating Income

Operating income corresponds to profit before net financial income or expense, current and deferred taxes and the Group's share in the net earnings of companies at equity.

The Group uses recurring operating income as its main business performance indicator. Recurring operating income corresponds to operating income before other non-recurring income and expenses, defined as material items of income and expense that are unusual in nature or infrequent in occurrence whose inclusion in operating income creates a distorted view of the Group's recurring performance.

In practice, other non-recurring operating income and expenses consist mainly of the following items which are described in the notes to the financial statements where appropriate (see note 9):

- restructuring and early-termination plan costs;
- movements on long-term provisions recorded in application of IFRIC 14 for obligations arising under the minimum funding requirements of certain pension plans to cover an existing shortfall in respect of services already received, as estimated in accordance with IAS 19;
- profits and losses and movements on provisions related to highly unusual events.

1.10. Borrowing Costs

Effective from 1 January 2009, borrowing costs that are directly attributable to the acquisition, construction or production of an item of property, plant and equipment or an intangible asset that takes at least twelve months to get ready for its intended use are capitalised as part of the cost of that asset (the "qualifying asset"). Group inventories do not meet the definition of qualifying assets under IAS 23 – Borrowing Costs and their carrying amount does not therefore include any borrowing costs.

When funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation corresponds to the actual borrowing costs incurred during the period less any investment income on the temporary investment of any borrowed funds not yet used.

When funds borrowed for general corporate purposes are used to obtain a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate equal to the weighted average borrowing costs for the period of the operating segment that obtains the qualifying asset.

1.11. Goodwill

Goodwill is the excess of the cost of shares in a consolidated company, including transaction expenses, over the Group's equity in the fair value at the acquisition date of the identifiable assets and liabilities acquired.

In accordance with IFRS 3 – Business Combinations, goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. For the purposes of impairment testing, goodwill is allocated to cash generating units (CGUs), defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Where goodwill is allocated to a specific geographic area within an operating segment, impairment tests are carried out at this more detailed level. The methods used to measure the recoverable amount of CGUs are described in note 1.14. Any impairment losses are deducted from consolidated profit for the year.

Goodwill attributable to acquisitions of equity-accounted companies is included in "Investments in companies at equity" and is tested for impairment at the level of the corresponding investments.

1.12. Intangible Assets

A. Research and Development Expenditure

Under IAS 38 – Intangible Assets, development expenditure is recognised as an intangible asset if the entity can demonstrate in particular:

- its intention to complete the intangible asset and use or sell it, as well as the availability of adequate technical, financial and other resources for this purpose;
- that it is probable that the future economic benefits attributable to the development expenditure will flow to the entity;
- that the cost of the asset can be measured reliably.

Capitalised development costs include related borrowing costs (see note 1.10).

(a) Automobile Division

Development expenditure on vehicles and mechanical assemblies (engines and gearboxes) incurred between the project launch (corresponding to the styling decision for vehicles) and the start-up of pre-series production is recognised in intangible assets. It is amortised from the start-of-production date over the asset's useful life, representing up to seven years for vehicles and ten years for mechanical assemblies. The capitalised amount mainly comprises payroll costs of personnel directly assigned to the project, the cost of prototypes and the cost of external services related to the project. No overheads or indirect costs are included, such as rent, building depreciation and information system utilisation costs. The capitalised amount also includes the portion of qualifying development expenditure incurred by the Group under cooperation agreements that is not billed to the partner. All development expenditure billed to the Group by its partners under cooperation agreements is also capitalised. As from 2007, all development expenditure incurred to develop mechanical assemblies compliant with new emissions standards is monitored on a project-by-project basis and is also capitalised.

(b) Automotive Equipment Division

Development work is undertaken for all programmes covered by specific customer orders. Where development costs are paid in proportion to parts delivered to the customer, with their full recovery being subject to an unguaranteed minimum level of orders placed by the customer, the costs incurred during the period between the customer's acceptance of the commercial offer and the start-of-production date of the parts or modules are recognised in intangible assets. The intangible asset is amortised based on the quantity of parts delivered to the customer, provided that accumulated amortisation at each year-end does not represent less than the amount that would be recognised if the asset were amortised on a straight-line basis over five years. If the contract includes a payment guarantee, the development expenditure is recognised in inventories and work-in-progress.

Other research and development expenditure is recognised as an expense for the period in which it is incurred (see note 1.8).

B. Other Internally-developed or Purchased Intangible Assets

The portion of development costs relating to software for internal use that corresponds to directly attributable internal or external costs necessary to create the software or improve its performance is recognised as an intangible asset when it is probable that these costs will generate future economic benefits. Capitalised development costs for software that takes at least twelve months to get ready for its intended use include related borrowing costs (see note 1.10). The capitalised costs are amortised over the estimated useful life of the software, ranging from four to twelve years. Other software acquisition and development costs are expensed as incurred.

Other intangible assets (consisting principally of patents and trademarks) are amortised on a straight-line basis over the estimated period of benefit, not to exceed twenty years.

1.13. Property, Plant and Equipment

A. Cost

In accordance with IAS 16 - Property, Plant and Equipment, property, plant and equipment are stated at acquisition or production cost. They are not revalued.

Capitalised costs include the portion of specific tooling expenses incurred by the Group under cooperation agreements that is not billed to its partners. All specific tooling expenditure billed to the Group by its partners under cooperation agreements is also capitalised.

The cost of items of property, plant and equipment that take at least twelve months to get ready for their intended use includes related borrowing costs (see note 1.10).

Government grants are recognised as a reduction in the cost of the corresponding assets.

Maintenance costs are expensed as incurred.

Leased assets include vehicles leased to retail customers by the Group's leasing companies and vehicles sold with a buyback commitment, which are recognised according to the method described in note 1.5.A.

Assets acquired under finance leases, as defined in IAS 17 – Leases, are recognised at an amount equal to the present value of the future lease payments, or to the fair value of the leased property, whichever is lower. A financial liability is recognised in the same amount. The assets are depreciated by applying the method and rates indicated below.

B. Depreciation

(a) Standard method

Depreciation is calculated on a straight-line basis to write off the acquisition or production cost of the assets, less any residual value, over their estimated useful lives. Property, plant and equipment generally have no residual value, except for rental vehicles. The main useful lives of property, plant and equipment are as follows:

(in years)

Buildings	20-30
Plant and equipment	4-16
Computer equipment	3-4
Vehicles and handling equipment	4-7
Fixtures and fittings	10-20

(b) Specific tooling

In the Automobile Division, specific tooling is depreciated over the estimated lives of the corresponding models, which are generally shorter than the useful lives of the tooling concerned, due to the frequency of model changes.

In the Automotive Equipment Division, specific tooling is depreciated based on the quantity of parts delivered to the customer, provided that accumulated depreciation at each year-end does not represent less than the amount that would be recognised if the asset were depreciated on a straight-line basis over three years.

The estimated useful lives of property, plant and equipment are reviewed periodically, particularly whenever a decision is made to halt production of a vehicle or mechanical assembly.

1.14. Impairment of Long-Lived Assets

In accordance with IAS 36 – Impairment of Assets, the recoverable amount of property, plant and equipment and intangible assets is tested for impairment at each balance sheet date, whenever events or changes in circumstances indicate that it might be impaired. The impairment test usually consists of estimating the asset's value in use. Assets with indefinite useful lives are tested for impairment at least once a year. Goodwill is the only asset with an indefinite life carried in the Group accounts.

Impairment tests are performed at the level of cash generating units (CGUs), which are defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The value in use of CGUs is measured as the net present value of estimated future cash flows. If this value is less than the CGU's carrying amount, an impairment loss is recognised in profit or loss and first recorded as an adjustment to the carrying amount of any goodwill allocated to the CGU.

The Automobile Division comprises a number of Vehicle CGUs, each corresponding to a vehicle model. The assets included in a Vehicle CGU consist of tooling and other specific plant and equipment used to manufacture the model, as well as capitalised model development expenditure (see note 1.12.A). The Vehicle CGUs and all other fixed assets, including goodwill, together make up the Automobile Division CGU.

In the Automotive Equipment Division, each CGU corresponds to a programme and comprises all customer contract-related intangible assets (corresponding to capitalised development costs) and property, plant and equipment. These CGUs are combined in Business Units (Automotive Seating, Interior Systems, Automotive Exteriors – previously called the Front Ends Business Unit – and Emissions Control Technologies – previously called the Exhaust Systems Business Unit) to which support assets and goodwill are allocated.

Within the Banque PSA Finance group, fixed assets used in a given country constitute a homogenous group of assets (CGU).

For Gefco group companies, property, plant and equipment and intangible assets are allocated to either the Automotive GCU or the Integrated Supply Chain Solutions CGU.

1.15. Financial Assets and Liabilities

A. Definitions

Under IAS 39, financial assets include loans and receivables, available-for-sale securities, financial assets held for trading and financial assets accounted for using the fair value option. On the balance sheet, these categories correspond to investments in non-consolidated companies (note 18), other non-current financial assets (note 19), loans and receivables – finance companies (note 21), short-term investments – finance companies (note 22), trade receivables – manufacturing and sales companies (note 24), current financial assets (note 26), and cash and cash equivalents (note 27).

The Group does not have any financial assets classified as "held-to-maturity".

Financial liabilities as defined by IAS 39 comprise financial liabilities at amortised cost and financial liabilities accounted for using the fair value option. On the balance sheet, these categories correspond to current and non-current financial liabilities (note 31), financing liabilities (note 33) and trade payables.

Financial assets and liabilities with maturities of more than one year at the balance sheet date are classified as non-current. All other assets and liabilities are reported as current.

As allowed under IAS 39, the Group has chosen to recognise financial assets and liabilities at the transaction date. Consequently, when the transaction (or commitment) date is different from the settlement date, the securities to be delivered or received are recognised on the transaction date.

IAS 39 – Financial Instruments: Recognition and Measurement was only partially adopted by the European Commission. However, the Group is not affected by the provisions of IAS 39 dealing with fair value hedges of portfolios of interest rate instruments that were rejected by the European Commission.

B. Recognition and Measurement of Financial Assets

(a) Investments in non-consolidated companies

These represent shares in companies that are not fully consolidated or accounted for by the equity method. They are shown on the balance sheet at historical cost, which the Group considers is representative of fair value in the absence of an active market for the shares. An impairment loss is recognised when there is objective evidence of an other-than-temporary decline in value. Fair value is determined by applying the most appropriate financial criteria, considering the specific situation of the Company concerned. The most commonly applied criteria are equity in underlying net assets and earnings outlook.

(b) Loans and receivables

Loans and receivables include advances to non-consolidated companies, very long-term loans under the French government housing scheme, and other loans and receivables. They are stated at amortised cost, measured by the effective interest method. Their carrying value includes the outstanding principal plus unamortised transaction costs, premiums and discounts. Their recoverable amount is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment losses are recorded in the income statement.

(c) Short-term investments

Short-term investments are classified as available-for-sale or as accounted for using the fair value option.

(C1) SHORT-TERM INVESTMENTS CLASSIFIED AS AVAILABLE-FOR-SALE

Short-term investments classified as available-for-sale include listed securities that the Group intends to hold on a lasting basis or that can be sold in the short term. They are stated at market value, which the Group considers is representative of fair value. Gains and losses arising from remeasurement at fair value are generally recognised directly in equity. Only impairment losses reflecting an other-than-temporary or significant decline in value are recognised in the income statement.

(C2) SHORT-TERM INVESTMENTS ACCOUNTED FOR USING THE FAIR VALUE OPTION

Assets recorded in this category comprise fixed-income securities hedged by interest rate swaps and unhedged variable-income securities.

Any changes in the fair value of these securities are recognised directly in profit or loss for the period, together with the offsetting change in the fair value of the related swaps.

(d) Loans and receivables – finance companies

Loans and receivables reported in the balance sheet correspond to Banque PSA Finance's net financial commitment in respect of the loans and receivables. Consequently, their carrying amount includes the outstanding principal and accrued interest plus the following items (before the effect of hedge accounting):

- commissions paid to referral agents as well as directly attributable administrative expenses incurred with third parties on inception of loans and receivables, which are added to the outstanding principal;
- contributions received from the brands, which are deducted from the outstanding principal;
- unamortised loan set-up costs, which are deducted from the outstanding principal;
- deposits received at the inception of finance leases, which are deducted from the amount financed.

Interest income is allocated by the effective interest method, with the effective interest rate being the rate that exactly discounts estimated future cash receipts through the expected life of the loan.

Loans and receivables are generally hedged against interest rate risks, with the hedged portion of the loan remeasured at fair value in accordance with hedge accounting principles. Gains and losses arising from remeasurement at fair value are recognised in profit or loss and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument (see note 1.15.D – Derivative instruments).

Loans and receivables are tested for impairment when a loss event occurs, corresponding in practice to default on a single installment. Impairment is measured by comparing the carrying amount of the loan or receivable to the present value of estimated future cash flows discounted at the effective interest rate.

For retail loans and receivables:

- an impairment loss is recognised on sound loans when the borrower defaults on a single installment. Impairment is assessed based on the probability of the outstanding loan being classified as non-performing and on the discounted average loss ratio;
- impairment losses on non-performing loans are determined based on the average loss ratio discounted at the loans' effective interest rate, which is used to calculate provisions for those credit losses.

For other loans and receivables (consisting mainly of wholesale loans), provisions for known credit risks are determined on a case-by-case basis, when the first installment is missed or at the latest when the loan is reclassified as non-performing. Reclassification occurs when at least one installment is over 91 days past due, or within a maximum of 451 days if it can be demonstrated that there is no counterparty risk. In the case of an aggravated risk, the loan may be reclassified as non-performing before the 91-day period has expired.

(e) Cash and cash equivalents

Cash and cash equivalents include cash at bank, units in money market funds and other money market securities that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value in the case of an increase in interest rates. All cash and cash equivalents are measured at fair value. Bank overdrafts are not included in cash and cash equivalents.

C. Recognition and Measurement of Financial Liabilities

(a) Financial liabilities at amortised cost

Borrowings and other financial liabilities are generally stated at amortised cost measured using the effective interest method.

Items hedged by interest rate swaps are accounted for using fair value hedge accounting. The hedged portion of the financial liability is remeasured at fair value, with changes in fair value attributable to the hedged risk taken to profit or loss and offset by the loss or gain arising from remeasurement at fair value of the hedging instrument.

Under IAS 39, borrowings for which the interest rate is indexed to Group-specific indicators are considered as fixed rate borrowings at a rate corresponding to the original effective interest rate. If the underlying indicators are subsequently revised, the effective interest rate remains unchanged and the carrying amount of the debt is adjusted through the income statement by adjusting finance costs.

The OCÉANE convertible bonds issued by the Group are recognised and measured as follows:

- the debt component is recognised in liabilities at amortised cost, determined using the market interest rate for debt securities with similar characteristics but without the conversion feature. The carrying amount is stated net of a proportionate share of the debt issuance costs;
- the conversion option is recognised in equity for an amount equal to the difference between the total issue proceeds and the value of the debt component. The carrying amount is stated net of a proportionate share of the debt issuance costs and corresponding deferred taxes.

The conversion option is recognised in equity because the conversion ratio is fixed (i.e. bond holders will receive a fixed number of shares in exchange for a fixed number of bonds). It is not subsequently remeasured at fair value, unless there is a change in the bonds' estimated life. It will, however, be adjusted, for all conversions of bonds. A deferred tax liability calculated on the gross value of the conversion option is also recognised in equity.

The government loans at below-market interest rates obtained by the Group since 1 January 2009 are adjusted when the effect is material. The adjustment consists of calculating the loans' amortised cost by discounting future cash flows on the loans at an effective interest rate based on market rates. The subsidy corresponding to the below-market interest rate is recognised in accordance with IAS 20 as related either to assets (see note 1.13.A) or to income, depending on the purpose for which the funds are used.

(b) Financial liabilities accounted for using the fair value option

Exceptionally, the fair value option has been applied when it allows for a clearer presentation of the financial statements, namely because changes in the fair value of liabilities are accounted for symmetrically with any changes in the fair value of the derivatives hedging the interest rate risk on such liabilities. In such cases, the fair value of these liabilities reflects the credit risk specific to the issuer.

D. Recognition and Measurement of Derivative Instruments

(a) Standard method

Derivative instruments are stated at fair value. Except as explained below, gains and losses arising from remeasurement at fair value are recognised in profit or loss.

(b) Hedging instruments

Derivative instruments may be designated as hedging instruments in one of two types of hedging relationship:

- fair value hedges, corresponding to hedges of the exposure to changes in fair value of an asset or liability due to movements in interest rates or foreign exchange rates;
- cash flow hedges, corresponding to hedges of the exposure to variability in cash flows from existing or future assets or liabilities.

Derivative instruments qualify for hedge accounting when:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship;
- The effectiveness of the hedge is demonstrated at inception and in each financial reporting period for which the hedge is designated;

The effects of hedge accounting are as follows:

- for fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is recognised in the balance sheet and measured at fair value. Gains and losses arising from remeasurement at fair value are recognised in profit or loss, and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument;
- for cash flow hedges, the effective portion of the gain or loss arising from remeasurement at fair value of the hedging instrument is recognised directly in equity, since the gain or loss arising from remeasurement at fair value of the hedged portion of the underlying future transaction is not recognised in the balance sheet. The ineffective portion is recognised in profit or loss. Cumulative gains and losses recognised in equity are reclassified to profit or loss when the hedged item affects profit or loss. The effective

portion of the gain or loss arising from remeasurement at fair value of hedges of raw materials purchases does not affect the value at which the raw materials are recognised in inventory.

E. Commitments to Purchase Minority Interests

In accordance with IAS 32, put options granted to minority shareholders of subsidiaries are recognised in the balance sheet under "Financial liabilities" with an offsetting adjustment to equity. The adjustment is recorded as a deduction from minority interests to the extent possible, with any excess deducted from equity attributable to equity holders of the parent.

The liability is remeasured at the present value of the redemption amount (which is equal to the exercise price of the put) at each period-end by adjusting equity. If the put was contracted within less than twelve months, the liability's value at the balance sheet date is considered as being equal to the amount paid by the minority shareholder.

1.16. Inventories

Inventories are stated at the lower of cost and net realisable value, in accordance with IAS 2 – Inventories.

Cost is determined by the first-in-first-out (FIFO) method and includes all direct and indirect variable production expenses, plus fixed production expenses based on the normal capacity of the production facility. As inventories do not take a substantial period of time to get ready for sale, their cost does not include any borrowing costs.

The net realisable value of inventories intended to be sold corresponds to their selling price, as estimated based on market conditions and any relevant external information sources, less the estimated costs necessary to complete the sale (such as variable direct selling expenses, refurbishment costs not billed to customers for used vehicles and other goods).

The Automotive Equipment Division performs development work and manufactures or purchases specific tooling to produce parts or modules for programmes covered by specific customer orders. When the contract includes a payment guarantee, the development costs are recognised in inventories and work-in-progress and the corresponding revenue is recognised when the customer signs off on each technical phase.

1.17. Trade Receivables

A provision for impairment is recorded on the manufacturing and sales companies' trade receivables if the Group believes that there is a risk that the receivables will not be recovered. Indications of probable impairment include the existence of unresolved claims or litigation, the age of the receivables and the obligor's significant financial difficulties.

1.18. Deferred Taxes

In accordance with IAS 12 – Income Taxes, deferred taxes are calculated for all temporary differences between the tax base of assets and liabilities and their carrying amount. Deferred tax liabilities are systematically recognised, while deferred tax assets are only recognised when there is a reasonable expectation that they will be recovered.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and companies at equity, except to the extent that both of the following conditions are satisfied:

- the Group is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

In practice:

- for subsidiaries, a deferred tax liability is recognised only in respect of distribution taxes on dividends that will be paid by the subsidiary in the following year by decision of the Group;
- for companies at equity, a deferred tax liability on dividend distributions is recognised for all differences between the tax base of the shares and their carrying amount;
- current tax benefits generated by intragroup provisions and sales are not cancelled by recognising deferred tax liabilities, except when the difference is considered to be temporary, for example, when the Group plans to divest the subsidiary.

1.19. Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognised when, at the balance sheet date, the Group has a present obligation towards a third party, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and no inflow of resources of an equivalent amount is expected. Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan.

Provisions are discounted only when the effect is material.

1.20. Pensions and Other Post-Employment Benefits

In addition to pension benefits paid in accordance with the laws and regulations of the countries in which they operate, Group companies are liable for the payment of supplementary pensions and retirement benefits (see note 30.1). These benefits are paid under defined contribution and defined benefit plans.

The payments made under defined contribution plans are in full discharge of the Group's liability and are recognised as an expense for the period.

In accordance with IAS 19 – Employee Benefits, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, which is then discounted to present value. The calculations mainly take into account:

- an assumption concerning the expected retirement date;
- an appropriate discount rate;
- an inflation rate;
- assumptions concerning future salary levels and staff turnover rates.

The projected benefit obligation is measured every year for the main plans and every three years for the other plans, except when more frequent valuations are necessary to take into account changes in actuarial assumptions or significant changes in demographic statistics.

Changes in actuarial assumptions and experience adjustments – corresponding to the effects of differences between previous actuarial assumptions and what has actually occurred – give rise to actuarial gains and losses. These gains and losses are recognised in the income statement using the corridor method, which consists of recognising a specified portion of net cumulative actuarial gains and losses that exceed the greater of (i) 10% of the present value of the benefit obligation, and (ii) 10% of the fair value of plan assets, over the remaining service lives of plan participants.

The purpose of external funds is to cover the total projected benefit obligation, including the portion not recognised due to the deferral of actuarial gains and losses. Because actuarial gains and losses are deferred, in some cases the amount of these external funds exceeds the recognised portion of the projected benefit obligation. This leads to the recognition of a non-current asset in an amount not exceeding the sum of net actuarial losses and unrecognised past service costs.

In the case of plans that are subject to a minimum funding requirement under the law or the plan rules, if the Group does not have an unconditional right to a refund of a surplus within the meaning of IFRIC 14, this affects the asset ceiling. Regardless of whether the plan has a deficit or a surplus, a liability is recognised for the portion of the present value of the minimum funding in respect of services already received that, once paid and after covering the shortfall resulting from applying IAS 19, would generate a surplus in excess of the asset ceiling determined in accordance with IAS 19.

Other employee benefit obligations recognised in the balance sheet concern:

- long-service awards payable by French and foreign subsidiaries (note 30.2);
- healthcare costs paid by certain subsidiaries in the United States (note 30.3).

1.21. Options to Purchase Existing or Newly Issued Shares at an Agreed Price

Stock options are granted to Group management and certain employees under equity-settled share-based payment plans. These options are measured at the grant date, i.e. at the date of approval of the plan by the Managing Board, in accordance with IFRS 2 – Share-based Payment, using the Black & Scholes option pricing model. Changes in the fair value of options after the grant date have no impact on the initial valuation.

The fair value of stock options depends in part on their expected life, which the Group considers as corresponding to the average option life. The compensation cost corresponding to the options' fair value is recognised in personnel costs on a straight-line basis (in the same way as amortisation) over the period from the grant date to the earliest exercise date (vesting period), with the offsetting adjustment recognised directly in equity.

When an option holder leaves the Group and forfeits his or her options, the related compensation cost recognised in prior periods is cancelled by crediting an equivalent amount to the income statement.

If an option holder leaves the Group earlier than expected, recognition of the compensation cost represented by the options is accelerated.

In accordance with IFRS 2, only those stock options granted after 7 November 2002 but not yet vested at 1 January 2005 are measured and recognised in personnel costs. No compensation cost has therefore been recognised for stock options granted prior to 7 November 2002.

1.22. Treasury Stock

All Peugeot S.A. shares held by the Group are recorded at cost as a deduction from equity. Proceeds from sales of treasury stock are taken to equity, so that any disposal gains or losses have no impact on profit.

Note 2 Adjustments to Financial Information Reported in Prior Years

2.1. Liability in Respect of a Defined Benefit Plan Minimum Funding Requirement (IFRIC 14)

Application of IFRIC 14 "*IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*" (see note 1) is compulsory for annual periods beginning on or after 1 January 2009 and for all earlier periods presented. The Group did not have to record any additional liability under IFRIC 14 for the periods prior to 2008. Consequently, application of this interpretation did not lead to any adjustment of the 2007 financial statements.

However, the Group does have an additional liability as from the second half of 2008 in respect of the minimum funding requirement for plans operated by subsidiaries in the United Kingdom which do not have an unconditional right to a refund of the amounts paid.

Recognition of the additional liability led to a €20 million net reduction in net profit for the second half of 2008, corresponding to a non-recurring expense of €27 million partly offset by a €7 million reduction in income tax expense.

	2008 as reported in February 2009 (before IFRIC 14 adjustment)			2008 adjusted as reported in February 2010 (after IFRIC 14 adjustment)	
(in million euros)	**Manufacturing and Sales companies**	**Group**	**IFRIC 14 adjustment**	**Manufacturing and Sales companies**	**Group**
Recurring operating income (loss)	(7)	550	-	(7)	550
Operating income (loss)	**(923)**	**(367)**	**(27)**	**(950)**	**(394)**
Consolidated profit (loss) for the year	**(858)**	**(500)**	**(20)**	**(878)**	**(520)**
Profit (loss) attributable to equity holders of the parent	**(699)**	**(343)**	**(20)**	**(719)**	**(363)**
Basic earnings per €1 par value share		*-1.51*			*-1.59*

Recognition of the additional liability led to a €25 million increase in non-current provisions carried in the consolidated balance sheet at 31 December 2008, after deducting a €2 million translation adjustment.

Application of IFRIC 14 also led to a €167 million increase in the liability in 2009 (see note 9.6).

2.2. Reclassifications in the Statement of Cash Flows

Cash flows from purchases and sales of leased vehicles

An amendment introduced in the 2008 Annual Improvements to IFRSs led to cash flows related to leased vehicles (rental vehicles and vehicles sold with a buyback commitment) being reclassifed under "Cash flows from operating activities" in the consolidated statement of cash flows. Previously, these cash flows were reported under "Cash flows from investing activities".

Changes in current provisions

To comply with generally accepted accounting practice, the Group has decided to treat movements on current provisions in the same way as movements on non-current provisions in the consolidated statement of cash flows. Consequently, movements on current provisions that were previously reported under "Changes in operating assets and liabilities" are now included under "Provisions", with the result that they are taken into account in the calculation of working capital.

Note 3 Scope of Consolidation

3.1. Number of Consolidated Companies

	31 Dec. 2009	31 Dec. 2008
Fully consolidated companies		
Manufacturing and sales companies	295	287
Finance companies	41	37
	336	**324**
Companies at equity		
Manufacturing and sales companies	36	37
Finance companies	1	1
	37	**38**
CONSOLIDATED COMPANIES AT 31 DECEMBER	**373**	**362**

3.2. Changes during the Year

	2009
Consolidated companies at 1 January	362
Newly consolidated companies:	21
• *Automobile companies*	*7*
• *Automotive equipment companies*	*5*
• *Transportation and logistics companies*	*3*
• *Finance companies*	*6*
Companies sold or removed from the scope of consolidation	(2)
Merged companies and other	(8)
CONSOLIDATED COMPANIES AT 31 DECEMBER	**373**

Changes in the scope of consolidation in 2009 did not have a material impact on the consolidated financial statements, either individually or in the aggregate.

They mainly concerned the creation of two units that are expected to grow in the coming years:

Manufacturing partnership in Russia

A joint venture has been set up in Russia with Mitsubishi Motor Corporation to manufacture mid-range cars for the two partners. Construction of the plant has already begun at Kaluga, located south-west of Moscow.

Insurance business

Banque PSA Finance has decided to develop an insurance business to support its financing business and extend the service offering. Three specialist companies have been set up – a life company, a non-life company and a holding company – which have only recently begun operations.

Note 4 Faurecia Corporate Actions

Faurecia Share Issue

In May 2009, Faurecia carried out a €455 million share issue for cash, underwritten by Peugeot S.A. in the amount of €322 million and by minority shareholders for €133 million. After the issue, Peugeot S.A.'s interest in Faurecia was unchanged at 70.86%.

At the level of the PSA Peugeot Citroën Group, the issue led to an increase in cash and cash equivalents for an amount equal to the value of the shares purchased by minority shareholders and a corresponding increase in equity attributable to minority interests. The share issuance costs of €9 million (€6 million excluding minority interests) have been recognised in the income statement under "Other financial income and expenses, net".

Faurecia OCÉANE Convertible Bond Issue

On 26 November 2009, Faurecia issued €211 million worth of convertible bonds (OCÉANES) (see note 31.1).

Agreement for the Acquisition of EMCON Technologies

In the fourth quarter of 2009, Faurecia signed an agreement for the acquistion of the Emcon Technologies Group from Emcon Holdings, a private equity company owned by One Equity Partners LP 11, JP Morgan Chase & Co's private equity division. Emcon Technologies is the leading integrator of emissions control technologies. The necessary authorisations were obtained from the competition authorities in Europe, the United States and elsewhere in early 2010.

Faurecia issued a total of 20,918,224 shares (representing 18.95% of the capital and 16.41% of the voting rights) to EMCON Holdings in exchange for 100% of the Emcon Technologies Group, and assumed EMCON Holdings debt in the amount of $22.3 million.

The acquisition and share issue was submitted to shareholders for approval at an Extraordinary Meeting called on 8 February 2010.

The bulk of the acquisition costs were recognised as an expense in 2009 for an amount of €7 million.

Following the transaction, PSA Peugeot Citroën will continue to be Faurecia's reference shareholder with 57.4% of the capital.

Note 5 Segment Information

In accordance with IFRS 8 – Operating Segments, segment information is presented in line with the indicators used internally by management to measure the performance of the Group's different business segments. The disclosures below are derived from the internal reporting system and have been prepared in accordance with the IFRSs adopted by the European Union. The Group's main performance indicator is recurring operating income.

5.1. Business Segments

The Group's operations are organized around five main segments:

- the Automobile Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot and Citroën brands;
- the Automotive Equipment Division, corresponding to the Faurecia group and comprising Interior Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies;
- the Transportation and Logistics Division, corresponding to the Gefco group comprising Logistics and Vehicle & Goods Transportation;
- the Finance Division, corresponding to the Banque PSA Finance group, which provides retail financing to customers of the Peugeot and Citroën brands and wholesale financing to the two brands' dealer networks;
- other Businesses, which include the activities of the holding company, Peugeot S.A., and Peugeot Motocycles.

Balances for each segment, as shown in the table below, are on a stand-alone basis. Faurecia and Banque PSA Finance publish consolidated financial statements and segment information for these two businesses is therefore presented down to the level of net profit. For the other segments, as cash positions and taxes are managed jointly in some countries, only operating income and share in net earnings of companies at equity are presented by segment. All intersegment balance sheet items and transactions are eliminated and, for the purposes of reconciliation with the Group's financial statements, are shown under the heading "Eliminations and reconciliations" together with unallocated amounts.

All intersegment commercial transactions are carried out on an arm's length basis on the same terms and conditions as those applicable to the supply of goods and services to third parties.

(in million euros)	2009 Automobile	Automotive Equipment	Transportation & logistics	Finance Companies	Other	Eliminations & reconciliations	TOTAL
Sales and revenue							
• third parties	38,250	7,432	1,046	1,532	157	-	48,417
• intragroup, intersegment	15	1,860	1,842	291	119	(4,127)	-
TOTAL	**38,265**	**9,292**	**2,888**	**1,823**	**276**	**(4,127)**	**48,417**
Recurring operating income (loss)	(1,257)	(92)	102	498	54	6	(689)
Restructuring costs	(206)	(130)	(18)	-	-	-	(354)
Impairment losses on CGUs	(217)	-	-	-	(1)	-	(218)
Other non-recurring operating income and (expenses), net	(140)	(4)	(9)	(2)	-	-	(155)
Operating income (loss)	(1,820)	(226)	75	496	53	6	(1,416)
Interest income		12		-		73	85
Finance costs		(147)		-		(344)	(491)
Other financial income and (expenses), net		(31)		(1)		(82)	(114)
Net financial income (expense)	-	(166)	-	(1)	-	(353)	(520)
Income taxes		(36)		(142)		767	589
Share in net earnings of companies at equity	62	11	-	-	-	-	73
Consolidated profit (loss) for the year		(417)		353			(1,274)
Segment assets	27,210	4,828	999	25,961	(2,354)	(1,347)	55,297
Of which investments in companies at equity	*749*	*31*	*-*	*14*	*5*	*-*	*799*
Segment liabilities	(17,353)	(2,825)	(741)	(22,788)	1,503	1,469	(40,735)
Capital employed (note 39.1)	9,857	2,003	258	3,173	(851)	122	14,562
Capital expenditure (excl. sales with a buyback commitment)	2,382	276	20	19	1	-	2,698
Depreciation and amortisation	(2,576)	(489)	(55)	(12)	-	-	(3,132)

(in million euros)	2008 Automobile	Automotive Equipment	Transportation & logistics	Finance Companies	Other	Eliminations & reconciliations	TOTAL
Sales and revenue							
• third parties	41,621	9,532	1,365	1,651	187	-	54,356
• intragroup, intersegment	22	2,479	2,171	437	89	(5,198)	-
TOTAL	**41,643**	**12,011**	**3,536**	**2,088**	**276**	**(5,198)**	**54,356**
Recurring operating income (loss)	**(225)**	**91**	**127**	**557**	**3**	**(3)**	**550**
Restructuring costs [(1)]	(335)	(166)	(1)	-	(10)	-	(512)
Impairment losses on CGUs	(138)	(265)	-	-	(2)	-	(405)
Other non-recurring operating income and (expenses), net	(13)	(13)	-	(1)	-	-	(27)
Operating income (loss)	**(711)**	**(353)**	**126**	**556**	**(9)**	**(3)**	**(394)**
Interest income		15		-		232	247
Finance costs		(129)		-		(214)	(343)
Other financial income and (expenses), net		(81)		(1)		(108)	(190)
Net financial income (expense)	**-**	**(195)**	**-**	**(1)**	**-**	**(90)**	**(286)**
Income taxes		(29)		(197)		329	103
Share in net earnings of companies at equity	53	8	(2)	-	(2)	-	57
Consolidated profit (loss) for the year		**(569)**		**358**			**(520)**
Segment assets	28,617	5,185	1,053	26,381	(1,218)	(1,579)	58,439
Of which investments in companies at equity	*686*	*40*	*1*	*14*	*5*	*-*	*746*
Segment liabilities	(17,211)	(2,940)	(730)	(23,462)	490	1,569	(42,284)
Capital employed (note 39.1)	**11,406**	**2,245**	**323**	**2,919**	**(728)**	**(10)**	**16,155**
Capital expenditure (excl. sales with a buyback commitment)	**2,620**	**483**	**45**	**25**	**1**	**-**	**3,174**
Depreciation and amortisation	**(2,656)**	**(465)**	**(56)**	**(15)**	**-**	**-**	**(3,192)**

(1) Automobile Division and Automotive Equipment Division restructuring costs include asset impairments of €79 million and €3 million respectively.

In 2008, following an internal reorganization, plant and equipment design operations were reclassified from "Other businesses" to the Automobile Division. The effect of this change on Automobile Division segment information was not material.

5.2. Reconciliation to the Consolidated Balance Sheet

(in million euros)	2009	2008
Segment assets at 31 December	55,297	**58,439**
Other non-current financial assets [(1)]	811	823
Current financial assets [(1)]	284	515
Cash and cash equivalents [(1)]	7,729	1,950
Assets reported in the balance sheet	64,121	**61,727**
Segment liabilities at 31 December	40,735	**42,284**
Equity	12,447	13,259
Non-current financial liabilities	9,268	4,491
Curent financial liabilities [(1)]	1,671	1,693
Equity and liabilities reported in the balance sheet	64,121	**61,727**

(1) Including eliminations.

5.3. Geographical Segments

In the table below, revenue are presented by destination of products sold, and investments and assets by geographic location of the subsidiary concerned.

In accordance with IFRS 8, the Group's geographical segment analysis presents all non-current assets other than financial instruments, deferred tax assets and external pension plan surpluses.

	2009				
(in million euros)	Western Europe	Central & Eastern Europe	Latin America	Rest of the World	TOTAL
Sales and revenue	38,384	2,845	3,236	3,952	48,417
Non-current assets (excl. deferred tax assets and financial instruments)	16,013	956	977	305	18,251

	2008				
(in million euros)	Western Europe	Central & Eastern Europe	Latin America	Rest of the World	TOTAL
Sales and revenue	41,429	4,314	3,617	4,996	54,356
Non-current assets (excl. deferred tax assets and financial instruments)	16,332	1,028	707	346	18,413

Note 6 Sales and Revenue

(in million euros)	2009	2008
Sales of vehicles and other goods	44,310	49,969
Sales of service	2,575	2,736
Financial services revenue	1,532	1,651
TOTAL	**48,417**	**54,356**

Note 7 Recurring Operating Expenses Analysed by Nature

Details of employee benefits expense and depreciation and amortisation expense are presented below in accordance with IAS 1. Other recurring operating expenses are analysed by each Division at its own appropriate level with the result that they cannot be presented on a consistent basis at Group level.

Personnel Costs

Group personnel costs are as follows:

(in million euros)	2009	2008
Automobile Division	(5,668)	(5,904)
Automotive Equipment Division	(1,833)	(2,059)
Transportation and Logistics Division	(391)	(406)
Finance companies	(129)	(123)
Other businesses	(105)	(106)
TOTAL	**(8,126)**	**(8,598)**

Details of stock option costs are provided in note 28.3.D. Pension and other post-employment benefit costs are presented in note 30.1.D.

Depreciation and Amortisation Expense

Depreciation and amortisation expense included in recurring operating income breaks down as follows:

(in million euros)	2009	2008
Capitalised development expenditure	(746)	(738)
Other intangible assets	(64)	(61)
Specific tooling	(780)	(786)
Other property, plant and equipment	(1,542)	(1,607)
TOTAL	**(3,132)**	**(3,192)**

Depreciation and amortization expense reflects the reduction in the useful lives of certain assets. This change in accounting estimate led to a €61 million increase in this item in 2009 compared with the previous depreciation and amortisation schedule (€76 million increase in 2008).

Note 8 Research and Development Expenses

(in million euros)	2009	2008
Total expenditure	(2,286)	(2,372)
Capitalised development expenditure [1] (note 15.1)	1,082	1,065
Non-capitalised expenditure	**(1,204)**	**(1,307)**
Amortisation of capitalised development expenditure (note 15.1)	(746)	(738)
TOTAL	**(1,950)**	**(2,045)**

(1) Capitalised development expenditure shown above does not include borrowing costs capitalised in application of IAS 23 (Revised).

Impairment losses on capitalised development expenditure are disclosed in note 9.

Note 9 Non-Recurring Operating Income and Expenses

(in million euros)	2009	2008
Net gain on disposal of property (note 9.5)	30	7
Other non-recurring operating income	1	3
Total non-recurring operating income	**31**	**10**
Impairment loss on Automobile Division CGUs (note 9.1)	(217)	(138)
Impairment loss on Faurecia group CGUs and other Faurecia group assets (note 9.2)	-	(268)
Provisions for contingencies and charges (Faurecia group)	-	(2)
Impairment loss on Other businesses CGUs (note 9.3)	(1)	(2)
Restructuring costs (note 9.4)	(354)	(512)
Liability in respect of minimum funding requirement for pensions (note 9.6)	(167)	(27)
Other non-recurring operating expenses	(19)	(5)
TOTAL NON-RECURRING OPERATING EXPENSES	**(758)**	**(954)**

9.1. Impairment Loss on Automobile Division CGUs

In accordance with the principle set out in note 1.14, the carrying amount of each vehicle CGU and the overall Automobile Division CGU was compared with the higher or their respective fair value and value in use. Value in use is defined as the present value of estimated future cash flows expected to be generated by the assets based on the latest projections from the Medium-Term Plan (2010-2012 plan for 2009 impairment tests) and the 10-year strategic plan for vehicles under development. Sensitivity to volume assumptions was measured based on a possible 10% decline in unit sales. For the two impaired CGUs, the test took into account the latest volume forecasts.

In 2009, future cash flows were discounted based on an average cost of capital of 8% after tax, as determined using the same method as that applied in 2006 by an independent expert. It was based on a risk-free interest rate and a 5% risk premium, in line with historical data. The 2009 discount rate was the same as that applied for the impairment tests carried out in 2008.

In 2008, these tests led to the recognition of a €136 million impairment loss on the non-current assets of two vehicle CGUs, due to lower unit sales of the models concerned. At 31 December 2008, the carrying amount of the two CGUs' specific assets that were not impaired amounted to €112 million.

Impairment tests carried out at end-December 2009 led to the recognition in the income statement of a €217 million charge, the same amount as at 30 June 2009. This amount includes the total write-down of the two CGUs' assets for €101 million, a €94 million provision set aside to cover the estimated contractual penalties payable for failing to comply with minimum purchase commitments (take or pay contract) and €22 million in penalties paid in the second half. The write-downs were due to downward adjustments of volume and margin forecasts for the models concerned.

The Group also assessed the sensitivity of the core assumptions used to test the other CGUs for impairment. The sensitivity tests were based on a 100-basis point increase in the discount rate, a €300 decrease in margin per vehicle and a decline in unit sales determined separately for each CGU. The reduction in the CGUs' value in use that would result from these changes in assumptions would not affect the amounts at which the assets are carried in the balance sheet.

9.2. Impairment Loss on Faurecia Group CGUs and Other Assets

Faurecia Group CGUs

In accordance with the principle set out in note 1.14, the carrying amount of each group of assets was compared with the higher of its fair value and value in use. Value in use is defined as the present value of estimated future cash flows expected to be generated by each cash-generating unit based on the latest projections from the Medium-Term Plan (2009-2013 plan for 2009 impairment tests, as revised at end-2009).

The plan forecasts a gradual recovery in unit sales in 2010 and takes into account the favourable impact of the cost savings achieved through the Challenge 2009 plan.

The main assumption affecting value in use is the level of recurring operating income, particularly for the calculation of terminal value. 2013 margin is projected at 4%.

The calculation was performed by extrapolating to perpetuity projected cash flows for the last year of the Medium-Term Plan (2013) using a growth rate of 1.5% based on estimated trends developed by analysts for the automobile market. This was also the rate applied in the impairment tests carried out in fiscal 2008.

An independent expert was consulted to determine the weighted average cost of capital to be used to discount future cash flows. The market parameters used by the expert for the calculation were based on a sample of 11 companies from the automotive equipment sector (eight European companies and three US companies). Using these parameters and a risk premium ranging from 5.25% to 5.75%, the average cost of capital used to discount future cash flows was set at 9% after tax (8.6% in 2008).

At end-2008, the adjustment of the value in use of the Interior Systems CGU due to the unfavourable conditions in the European and US automobile markets led to the net goodwill allocated to this CGU being written down in full, for an amount of €248 million.

The test performed at end-2009 confirmed that goodwill allocated to the following three CGUs was fairly stated in the balance sheet. The balance sheet values are presented in note 15.2.

The sensitivity of the impairment test to changes in the assumptions used in 2009 to determine the value in use of the CGUs accounting for the bulk of goodwill at end-2009 is illustrated in the table below:

(in million euros)	Test margin [1]	Discount rate applied to cash flows + 50 bps	Perpetual growth rate - 50 bps	Terminal recurring operating margin - 50 bps
Automotive Seating	801	(136)	(111)	(166)
Emissions Control Technologies	331	(53)	(44)	(81)
Automotive Exteriors	82	(15)	(12)	(34)

(1) Test margin = value in use – carrying amount.

Taken individually, the declines in values in use that would result from the above simulations would not affect the amount at which the goodwill allocated to the CGUs is carried in the balance sheet.

Faurecia CGU in the accounts of PSA Peugeot Citroën

Faurecia goodwill was tested for impairment at end-2009 based on the PSA Peugeot Citroën Group's share in the sum of the discounted cash flows generated by Faurecia's businesses.

This amount was greater than the carrying amount of the goodwill and therefore no impairment loss was recognized. The balance sheet value is presented in note 15.2.

The sensitivity of the impairment test to changes in the assumptions used to determine the value in use of Faurecia goodwill at end-2009 is illustrated in the table below:

(in million euros)	Test margin [1]	Discount rate applied to cash flows + 50 bps	Perpetual growth rate - 50 bps	Terminal recurring operating margin - 50 bps
	987	(186)	(152)	(271)

(1) Test margin = value in use - carrying amount.

Taken individually, the declines in values in use that would result from the above simulations would not affect the amount at which the goodwill is carried in the balance sheet.

9.3. Impairment Loss on "Other Businesses" CGUs

Following revised estimates of Peugeot Motocycles' business, an impairment loss of €1 million was recognized on assets of the CGU in 2009, which was allocated in full to property, plant and equipment.

The impairment tests were performed using a value in use defined as being equal to the sum of discounted future cash flows derived from Peugeot Motocycles' latest Medium Term Plan (covering the period 2010-2012) projected to perpetuity using a zero growth rate. The discount rate was calculated using a weighted average cost of capital of 9.7% after tax, unchanged from the rate used in fiscal 2008.

9.4. Restructuring Costs

A. Analysis by Type

(in million euros)	2009	2008
Early-termination plan costs [(1)]	1	(4)
Workforce reductions	(357)	(397)
End of production and other closure costs	2	(111)
TOTAL	**(354)**	**(512)**

(1) Early-termination plans relate to the agreements signed in 1999 for the Automobile Division and in 2001 for the Automotive Equipment Division. At the 2009 year-end, 1,387 employees were concerned by the plans, including 51 Faurecia group employees.

B. Analysis by Business Segment

(in million euros)	2009	2008
Automobile Division	(206)	(335)
Automotive Equipment Division	(129)	(166)
Transportation and Logistics Division	(19)	(1)
Finance companies	-	-
Other businesses	-	(10)
TOTAL	**(354)**	**(512)**

Automobile Division

Automobile Division restructuring costs amounted to €206 million and are described below:

FRANCE:

In 2009, the workforce streamlining plan was extended until 31 March 2010, particularly for skilled workers and employees of the Rennes plant that was severely affected by the fall in demand for executive models. The announcement was made to the Central Works Council on 25 June 2009. At end-December 2009, a revised estimate was made of the costs and the number of employees involved, leading to the recognition of additional estimated net costs of €160 million. A total of 5,691 employees are concerned by the plan (5,271 employees who have already joined the plan and a further 420 employees who are expected to join following its extension).

Automobile Division restructuring costs for 2008 included:

- €105 million in costs associated with 3,630 voluntary departures under the workforce streamlining plan presented to the Central Works Council on 2 December 2008. The plan offered employees who were due to leave the Group in the coming months or years the opportunity to volunteer to bring forward their departures;
- €9 million in costs associated with 297 voluntary departures under the workforce streamlining plan presented to the Central Works Council on 15 January 2008. Under this new plan, employees who retired or voluntarily left the Group would not be replaced, and incentives would be offered to employees volunteering for internal or external mobility measures;
- €38 million recognised following adjustments to the estimated costs and number of employees involved in the 2007 workforce streamlining plan (52 additional employees out of an initially estimated total of 6,217 employees).

The costs recognised for these three plans take into account the resulting reduction in pension benefit obligations in the amount of €62 million (€42 million in 2008).

EUROPE:

The cost of workforce reduction measures in other European countries amounted to €59 million in 2009 (€71 million in 2008).

Automotive Equipment Division (Faurecia Group)

Faurecia group restructuring costs totalled €129 million in 2009, including provisions for estimated cash costs of €119 million and asset impairments of €10 million. Restructuring costs in 2009 concerned 4,282 employees, mainly in North America.

Restructuring costs in 2008 amounted to €165 million.

Transportation and Logistics Division

In France, Gefco SA's management introduced a workforce streamlining plan in June 2009, with the agreement of the trade unions. Restructuring costs of €11 million were recorded for the plan at the end of the year, covering an estimated 262 employee departures as well as site closure costs.

In the United Kingdom, restructuring costs of €6 million were recorded during the year.

Other Businesses

On 2 October 2008, the management of Peugeot Motocycles presented a jobs and skills redeployment plan to the Central Works Council. The net cost of the 6-month plan, which was launched on November 2008 and concerned 200 employees, was estimated at €6 million. This amount was recognized in the 2008 financial statements.

No restructuring costs were recorded in 2009 for the "Other businesses" segment.

C. Number of Employees for the Period Concerned by the Workforce Streamlining Plans

The number of employees for the period concerned by the workforce streamlining plans corresponds to the number of employees concerned either by new plans for the year or by previous plans. The latter number corresponds to the difference between the estimated total number of employees concerned by these plans and the estimated number taken into account at the end of the previous year.

(number of employees)	2009	2008
France [1]	2,957	6,471
United Kingdom	215	230
Germany	382	1,186
Rest of Europe	1,889	2,280
Rest of world (excluding Europe)	3,454	1,105
TOTAL	**8,897**	**11,272**

(1) In 2009, the 2,957 employees in France include 2,061 employees concerned by the Automotive division voluntary separation plan, in addition to the 3,630 in 2008, for a total of 5,691 employees.

9.5. Net Gains on Disposals of Property

Property disposals in 2009 and 2008 were not material. Disposals in 2009 concerned the Automobile Division for €21 million and Faurecia for €7 million.

9.6. Liability in Respect of Minimum Funding Requirement for Pensions

The Group has an additional liability as from the second half of 2008 in respect of the minimum funding requirement for plans operated by subsidiaries in the United Kingdom which do not have an unconditional right to a refund of the amounts paid (see note 2 - "Adjustments to financial information reported in prior years").

The additional liability was recorded in non-current provisions at 31 December 2008, in the amount of €27 million. In 2009, the liability was adjusted to reflect the latest minimum funding plan negotiated with the plan's trustees and the new assumptions used to measure the projected benefit obligation under IAS 19, including discount and inflation rates determined at the end of 2009 (see note 30.1.B). The increase in the liability recognised at 31 December 2009 amounted to €167 million.

Unlike the generally accepted method of recognising pension and other post-employment benefit obligations, IFRIC 14 requires the total adjustment to the liability to be recognised in profit or loss when the entity applies the "Corridor method" under IAS 19 (see note 1.20). In light of the earnings volatility created by this method, the difficulty of estimating future changes and the very long-term nature of the liability, adjustments to the liability are recognised in non-recurring operating income and expenses.

Note 10 Interest Income

Interest income on loans corresponds to interest accrued according to the method set out in note 1.15.B (b).

(in million euros)	2009	2008
Interest income on loans	12	13
Interest income on cash equivalents	56	253
Remeasurement of short-term investments accounted for using the fair value option	16	(20)
Net gain (loss) on interest rate instruments designated as hedges of short-term investments	1	1
TOTAL	**85**	**247**

Note 11 Finance Costs

Interest on other borrowings corresponds to interest accrued according to the method set out in note 1.15.C (a).

(in million euros)	2009	2008
Interest on other borrowings	(401)	(218)
Interest on bank overdrafts	(33)	(72)
Interest on finance lease liabilities	(21)	(20)
Foreign exchange gain (loss) on financial transactions	(28)	(16)
Net gain (loss) on hedges of borrowings (1)	-	(1)
Other	(8)	(16)
TOTAL	**(491)**	**(343)**

(1) The net gain or loss on hedges of borrowings corresponds to the remeasurement of borrowings to reflect changes in interest rates and the remeasurement of hedging instruments as defined in note 1.15.C (a).

Note 12 Other Financial Income and Expenses

(in million euros)	2009	2008
Expected return on pension funds	134	169
Other financial income	74	67
OTHER FINANCIAL INCOME	**208**	**236**
Interest cost on employee benefit obligations	(189)	(197)
Ineffective portion of the change in fair value of financial instruments (1)	(16)	(120)
Other financial expenses	(117)	(109)
OTHER FINANCIAL EXPENSES	**(322)**	**(426)**

(1) In 2008, the ineffective portion of the change in fair value of financial instruments included losses of €62 million on financial instruments held by Faurecia, of which €38 million related to currency hedges and €24 million to interest rate hedges.
Losses on currency hedges included changes in the intrinsic value of options for €22 million. These instruments contributed to economic hedging of currency risk on future transactions but did not qualify for hedge accounting under IAS 39. As a consequence, the unrealised loss could not be recognized in equity and was recognised immediately in other financial expenses in 2008.
Losses on interest rate instruments corresponded mainly to changes in the intrinsic value of economic hedges of interest rate risks that did not qualify for hedge accounting under IAS 39 at 31 December 2007. In 2008, the losses were offset by the collection of interest differentials of €20 million, recognised in net financial income (expense).

Note 13 Income taxes

13.1. Changes in Balance Sheet Items

	2009					
(in million euros)	At 1 January	Expense	Equity	Payments	Translation adjustement and other changes	At 31 December
Current taxes						
Assets	207					160
Liabilities	(86)					(113)
	121	**(217)**	**-**	**157**	**(14)**	**47**
Deferred taxes						
Assets	550					560
Liabilities	(1,771)					(996)
	(1,221)	**806**	**(41)**	**-**	**20**	**(436)**

	2008					
(in million euros)	At 1 January	Expense	Equity	Payments	Translation adjust. and other changes	At 31 December
Current taxes						
Assets	162					207
Liabilities	(169)					(86)
	(7)	(293)	-	418	3	121
Deferred taxes						
Assets	465					550
Liabilities	(2,053)					(1,771)
	(1,588)	396	8	-	(37)	(1,221)

13.2. Income Taxes of Fully Consolidated Companies

(in million euros)	2009	2008
Current taxes		
Corporate income taxes	(214)	(288)
Tax on intragoup dividends	(3)	(5)
Deferred taxes		
Deferred taxes arising in the year	954	535
Unrecognised deferrred tax assets and impairment losses	(148)	(139)
TOTAL	**589**	**103**

A. Current taxes

Current taxes represent the amounts paid or currently due to the tax authorities for the year, calculated in accordance with the tax regulations and rates in effect in the various countries.

Effective 1 January 2005, Peugeot S.A. and its French subsidiaries that are at least 95%-owned renewed their election to determine French income taxes on a consolidated basis in accordance with article 223 A of the French Tax Code.

The Group has also elected to file a consolidated tax return in other countries that have group relief schemes. Concerning Faurecia, in addition to France, the countries concerned are Germany, Spain, the United States, the United Kingdom and Portugal. For the other businesses, the countries are Germany, Spain, the United Kingdom and Japan.

B. Deferred taxes

Deferred taxes are determined as described in note 1.18.

The Social Security Financing Act (no. 99-1140) of December 29, 1999 provided for the introduction of a surtax equal to 3.3% of the corporate income tax liability of French companies. This surtax had the effect of raising the French corporate income tax rate by 1.1%.

The French statutory income tax rate is 33.33% before applying the Social Security Financing Act.

13.3. Reconciliation Between Theoretical Income Tax and Income Tax in the Consolidated Statement of Income

(in million euros)	2009	2008
Loss before tax of fully consolidated companies	(1,936)	(680)
French statutory income tax rate for the year	*34.4%*	*34.4%*
Theoretical tax benefit for the year based on the French statutory income tax rate	667	234
Permanent differences	35	(68)
Income taxable at reduced rate	34	39
Tax credits	17	29
Effect of differences in foreign tax rates and other	(16)	8
Unrecognised deferred tax assets and impairment losses	(148)	(139)
INCOME TAX BENEFIT	**589**	**103**
Effective tax rate for the Group	-30.4%	-15.1%

Research-based tax credits meeting the definition of government grants are classified in recurring operating income.

Permanent differences in 2008 include the negative impact of impairment losses recognised on goodwill allocated to the Faurecia CGUs, which had no tax effect.

Unrecognised deferred tax assets and impairment losses mainly concern the Faurecia group.

13.4. Deferred Tax Assets and Liabilities

(in million euros)	2009	2008
• **Tax credits**		
Tax credits before offsetting	9	10
Tax credits offset (1)	(8)	(9)
Total tax credit	1	**1**
• **Deferred tax assets on tax loss carryforwards**		
Gross value before offsetting	2,501	1,475
Impairment	(112)	(90)
Previously unrecognised deferred tax assets	(668)	(606)
Tax loss carryforwards offset (French tax group)	(1,565)	(715)
Other deferred tax assets offset	(80)	(3)
Total deferred tax assets on tax loss carryforwards	76	61
• **Other deferred tax assets**	**483**	**488**
DEFERRED TAX ASSETS	**560**	**550**
Deferred tax liabilities before offsetting (2)	(2,569)	(2,495)
Deferred tax assets and tax credits offset within the French tax group (1)	1,573	724
DEFERRED TAX LIABILITIES	**(996)**	**(1,771)**

(1) Offsetting consists of presenting on the face of the balance sheet the net deferred tax position of the French tax group, with deferred tax assets covered by deferred tax liabilities.

(2) Before offsetting the French tax group's deferred tax assets on tax loss carryforwards and tax credits.

Note 14 Earnings per Share

Basic earnings per share and diluted earnings per share are presented at the foot of the income statement. They are calculated as follows:

14.1. Basic Earnings Per Share

Basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the year.

The average number of shares outstanding is calculated by taking into account the number of shares issued and cancelled during the period and changes in the number of shares held in treasury stock.

14.2. Diluted Earnings Per Share

Diluted earnings per share are calculated by the treasury stock method which consists of taking into account the shares that could be purchased with the proceeds from the exercise of stock options and the conversion of OCÉANE convertible bonds. The following table shows the effects of the calculation:

A. Effect on the average number of shares

	2009	2008
Average number of €1 par value shares outstanding	226,861,055	227,614,235
Dilutive effect, calculated by the treasury stock method, of:		
• Stock option plans (note 28.2)	-	-
• Outstanding OCÉANE convertible bonds (note 31.1)	-	N/A
DILUTED AVERAGE NUMBER OF SHARES	**226,861,055**	**227,614,235**

In light of the characteristics of the stock option plans (see note 28.3) and the Peugeot S.A. OCÉANE convertible bonds (see note 31.1), and the average Peugeot S.A. share price, there were no dilutive potential ordinary shares in 2009.

B. Effect of OCÉANE bond conversions on consolidated profit attributable to equity holders of the parent

	2009	2008
Consolidated loss attributable to equity holders of the parent	(1,161)	(363)
Cancellation of interest on Peugeot S.A. OCÉANE bonds, net of tax	14	N/A
Dilutive effect of Faurecia OCÉANE bonds	-	N/A
CONSOLIDATED LOSS ASSUMING CONVERSION OF ALL OUTSTANDING OCÉANE BONDS	**(1,147)**	**(363)**

In November 2009, Faurecia carried out an OCÉANE convertible bond issue (see note 31.1). The PSA Peugeot Citroën Group decided not to purchase any of the bonds and the issue will therefore have no potential future impact on the number of Faurecia shares held by the Group. Similarly, Faurecia stock options have no impact.

At 31 December 2009, as there was no dilutive effect on earnings per share at the level of Faurecia, there was no dilutive effect at the level of Peugeot S.A.

Note 15 Goodwill and Intangible Assets

15.1. Change in Carrying Amount

	2009			
(in million euros)	Goodwill	Development expenditure	Software and other intangible assets	Intangible assets
Gross value				
At 1 January	1,823	8,293	1,497	9,790
Purchases/additions (1)	-	1,110	60	1,170
Disposals	-	(139)	(20)	(159)
Change in scope of consolidation and other	2	(22)	12	(10)
Translation adjustment	(2)	16	1	17
At 31 December	1,823	9,258	1,550	10,808
Amortisation and impairment				
At 1 January	(511)	(4,500)	(1,133)	(5,633)
Charge for the year	N/A	(746)	(64)	(810)
Impairment losses	-	(2)	-	(2)
Disposals	N/A	138	12	150
Change in scope of consolidation and other	-	17	6	23
Translation adjustment	-	-	(1)	(1)
At 31 December	(511)	(5,093)	(1,180)	(6,273)
Carrying amount at 1 January	1,312	3,793	364	4,157
CARRYING AMOUNT AT 31 DECEMBER	**1,312**	**4,165**	**370**	**4,535**

(1) Including borrowing costs of €28 million capitalised in accordance with IAS 23 (Revised) – Borrowings Costs (see note 1.10).

	2008			
(in million euros)	Goodwill	Development expenditure	Software and other intangible assets	Intangible assets
Gross value				
At 1 January	1,826	7,312	1,451	8,763
Purchases/additions	-	1,065	63	1,128
Disposals	-	(43)	(19)	(62)
Change in scope of consolidation and other	-	(20)	5	(15)
Translation adjustment	(3)	(21)	(3)	(24)
At 31 December	1,823	8,293	1,497	9,790
Amortisation and impairment				
At 1 January	(263)	(3,697)	(1,087)	(4,784)
Charge for the year	N/A	(738)	(61)	(799)
Impairment losses	(248)	(116)	-	(116)
Disposals	N/A	39	15	54
Change in scope of consolidation and other	-	7	(2)	5
Translation adjustment	-	5	2	7
At 31 December	(511)	(4,500)	(1,133)	(5,633)
Carrying amount at 1 January	1,563	3,615	364	3,979
CARRYING AMOUNT AT 31 DECEMBER	**1,312**	**3,793**	**364**	**4,157**

15.2. Breakdown of Goodwill

(in million euros)	31 Dec. 2009	31 Dec. 2008
Net value		
Faurecia	187	187
Faurecia businesses:		
• Automotive Seating	793	793
• Emissions Control Technologies	151	151
• Automotive Exteriors	96	96
Peugeot Automotiv Pazarlama AS (Popas)	10	10
Crédipar	75	75
TOTAL	**1,312**	**1,312**

Impairment tests on goodwill allocated to the Automotive Equipment CGUs are discussed in note 9. Impairment tests in 2009 and 2008 on the Popas goodwill allocated to a specific Automobile Division CGU and the Crédipar goodwill allocated to a specific Finance Companies CGU confirmed that the goodwill was fairly stated in the balance sheets at 31 December 2009 and 2008.

Note 16 Property, Plant and Equipment

(in million euros)	2009						
	Land and buildings	Plant and Equipment	Leased vehicles (2)	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	TOTAL
Gross value							
At 1 January	6,810	26,905	2,808	330	937	1,245	39,035
Purchases/additions (1)	119	744	-	17	20	808	1,708
Disposals	(127)	(929)	-	(25)	(52)	-	(1,133)
Change in scope of consolidation and other	232	938	10	4	(30)	(1,182)	(28)
Translation adjustment	43	124	39	1	2	19	228
At 31 December	7,077	27,782	2,857	327	877	890	39,810
Depreciation and impairment							
At 1 January	(3,561)	(20,136)	(340)	(244)	(649)	-	(24,930)
Charge for the year	(309)	(1,858)	(86)	(22)	(47)	-	(2,322)
Impairment losses (3)	24	(96)	-	-	-	-	(72)
Disposals	96	899	-	15	47	-	1,057
Change in scope of consolidation and other	(53)	36	6	-	38	-	27
Translation adjustment	(12)	(90)	(5)	-	(3)	-	(110)
At 31 December	(3,815)	(21,245)	(425)	(251)	(614)	-	(26,350)
Carrying amount at 1 January	3,249	6,769	2,468	86	288	1,245	14,105
CARRYING AMOUNT AT 31 DECEMBER	**3,262**	**6,537**	**2,432**	**76**	**263**	**890**	**13,460**

(1) Including assets acquired under finance leases. In accordance with IAS 23 (Revised) – Borrowing Costs, effective from 2009, the carrying amount of qualifying property, plant and equipment includes borrowing costs (see note 1.10). Borrowing costs capitalised in 2009 amounted to €13 million.

(2) "Other" movements in "Leased vehicles" include net changes for the year (additions less disposals) which, for the most part, do not give rise to any cash inflow or outflow.

(3) An impairment loss of €24 million were released following adjustment of the recoverable amounts of assets reclassified as held-for-sale in connection with the reorganisation of the Automobile Division manufacturing facilities in France.

	2008						
(in million euros)	**Land and buildings**	**Plant and Equipment**	**Leased vehicles [2]**	**Vehicles and handling equipment**	**Fixtures, fittings and other**	**Assets under construction**	**TOTAL**
Gross value							
At 1 January	**6,682**	**26,047**	**2,923**	**362**	**980**	**1,377**	**38,371**
Purchases/additions [1]	237	1,685	-	27	33	189	2,171
Disposals	(99)	(846)	-	(30)	(50)	-	(1,025)
Change in scope of consolidation and other	85	216	28	(25)	(18)	(276)	10
Translation adjustment	(95)	(197)	(143)	(4)	(8)	(45)	(492)
At 31 December	**6,810**	**26,905**	**2,808**	**330**	**937**	**1,245**	**39,035**
Depreciation and impairment							
At 1 January	**(3,340)**	**(19,057)**	**(342)**	**(266)**	**(670)**	**-**	**(23,675)**
Charge for the year	(281)	(1,949)	(87)	(24)	(52)	-	(2,393)
Impairment losses	(34)	(89)	-	-	-	-	(123)
Disposals	73	815	-	18	46	-	952
Change in scope of consolidation and other	(15)	(11)	71	26	21	-	92
Translation adjustment	36	155	18	2	6	-	217
At 31 December	**(3,561)**	**(20,136)**	**(340)**	**(244)**	**(649)**	**-**	**(24,930)**
Carrying amount at 1 January	3,342	6,990	2,581	96	310	1,377	14,696
CARRYING AMOUNT AT 31 DECEMBER	**3,249**	**6,769**	**2,468**	**86**	**288**	**1,245**	**14,105**

(1) Including assets acquired under finance leases.

(2) "Other" movements in "Leased vehicles" include net changes for the year (additions less disposals) which, for the most part, do not give rise to any cash inflow or outflow.

Leased vehicles include vehicles leased under short-term leases to retail customers by the Group's leasing companies and vehicles sold with a buyback commitment, which are recognized according to the method described in note 1.5.A.

They can be analysed as follows:

(in million euros)	**31 Dec. 2009**	**31 Dec. 2008**
Vehicles sold with a buyback commitment	2,056	2,210
Vehicles under short-term leases	376	258
TOTAL, NET	**2,432**	**2,468**

Note 17 Investments in Companies at Equity

Most companies accounted for by the equity method are manufacturing and sales companies that manufacture automotive parts and components or complete vehicles.

17.1. Changes in the Carrying Value of Investments in Companies at Equity

(in million euros)	2009	2008
At 1 January	746	737
Dividends and profit transfers	(25)	(20)
Share of net earnings	73	57
Newly consolidated companies	-	7
Capital increase (reduction)	1	(68)
Changes in scope of consolidation and other	3	7
Translation adjustment	1	26
AT 31 DECEMBER	**799**	**746**
o/w Dongfeng Peugeot Citroën Automobile goodwill	61	62

17.2. Share in Net Assets of Companies at Equity

(in million euros)	Latest % interest	31 Dec. 2009	31 Dec. 2008
Renault cooperation agreement			
Française de Mécanique	50%	22	21
Société de Transmissions Automatiques	20%	3	3
Fiat cooperation agreement			
Sevelnord	50%	95	88
Gisevel	50%	26	22
Sevelind	50%	17	19
Sevel SpA	50%	64	94
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	112	85
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile [(1)]	50%	402	347
Dongfeng Peugeot Citroën Automobile Finance Company	25%	14	14
Other			
Other excluding Faurecia		13	13
Faurecia associates		27	40
TOTAL		**795**	**746**

(1) Including Dongfeng Peugeot Citroën Automobile goodwill (see note 17.1).

The €795 million share in net assets includes €799 million for companies with a positive net worth reported in the "Investments in companies at equity" and €-4 million for companies with a negative net worth reported in "Non-current provisions".

17.3. Share in Net Earnings of Companies at Equity

(in million euros)	Latest % interest	2009	2008
Renault cooperation agreement			
Française de Mécanique	50%	1	(2)
Société de Transmissions Automatiques	20%	-	-
Fiat cooperation agreement			
Sevelnord	50%	8	15
Gisevel	50%	4	4
Sevelind	50%	(2)	(1)
Sevel SpA	50%	(29)	(1)
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	22	29
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile	50%	57	8
Dongfeng Peugeot Citroën Automobile Finance Company	25%	-	-
Other			
Other excluding Faurecia		1	(3)
Faurecia associates		11	8
TOTAL		**73**	**57**

17.4. Key Financial Data of Companies at Equity

A. Aggregate Data

(in million euros)	31 Dec. 2009	31 Dec. 2008
Capital employed		
Property, plant and equipment	1,449	1,575
Working capital	(345)	(83)
Other capital employed [(1)]	137	97
TOTAL	**1,241**	**1,589**
Capital expenditure	**156**	**379**
Net financial position		
Long and medium-term debt	(195)	(300)
Other financial items	(251)	(543)
TOTAL	**(446)**	**(843)**

(1) At 31 December 2009, the main balance sheet items included in "Other capital employed" concern intangible assets for €198 million and provisions for €106 million.

The sharp drop in working capital of companies at equity is due to business growth at Dongfeng Peugeot Citroën Automobile and this company's renegotiation of payment terms with some of its suppliers.

B. *Key Financial Data by Company*

(a) Total capital employed

(in million euros)	Latest % interest	31 Dec. 2009	31 Dec. 2008
Renault cooperation agreement			
Française de Mécanique	50%	126	109
Société de Transmissions Automatiques	20%	6	9
Fiat cooperation agreement			
Sevelnord	50%	160	112
Gisevel	50%	22	24
Sevelind	50%	17	18
Sevel SpA	50%	259	340
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	179	209
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile	50%	439	728
Dongfeng Peugeot Citroën Automobile Finance Company	25%	14	14
Other			
Other excluding Faurecia		7	4
Faurecia associates		12	22
TOTAL		**1,241**	**1,589**

The decrease in capital employed by companies at equity mainly reflects lower capital employed by Dongfeng Peugeot Citroën, reflecting a sharp drop in its working capital (see note 17.4.A above).

(b) Net financial position

(in million euros)	Latest % interest	31 Dec. 2009	31 Dec. 2008
Renault cooperation agreement			
Française de Mécanique	50%	(104)	(88)
Société de Transmissions Automatiques	20%	(3)	(6)
Fiat cooperation agreement			
Sevelnord	50%	(65)	(24)
Gisevel	50%	4	(2)
Sevelind	50%	-	1
Sevel SpA	50%	(195)	(246)
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	(67)	(124)
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile	50%	(37)	(381)
Dongfeng Peugeot Citroën Automobile Finance Company	25%	-	-
Other			
Other excluding Faurecia		6	9
Faurecia associates		15	18
TOTAL		**(446)**	**(843)**

The reduction in net debt of companies at equity mainly concerns Dongfeng Peugeot Citroën (see note 17.4.A above).

Note 18 Investments in Non-Consolidated Companies

The recognition and measurement principles applicable to investments in non-consolidated companies are set out in note 1.15.B (a).

18.1. Analysis by Company

(in million euros)	Latest % interest	31 Dec. 2009	31 Dec. 2008
Football Club de Sochaux Montbéliard	100%	14	14
Non consolidated dealers (Automobile)		12	13
Granat (Transportation and logistics)	100%	6	13
PSA Assurance SAS (consolidated from 1 January 2009)	100%	-	9
Bank PSA Finance Rus	98%	7	-
Faurecia group portfolio		11	2
Other investments		5	10
TOTAL		**55**	**61**

18.2. Movements for the Year

(in million euros)	2009	2008
Gross value		
At 1 January	87	**67**
Acquisitions	14	37
Disposals	(3)	-
Change in scope of consolidation and other	(17)	(17)
Translation adjustment	-	-
At 31 December	81	**87**
Provisions		
At 1 January	(26)	**(17)**
Charges	(9)	(12)
Disposals	6	-
Change in scope of consolidation and other	3	3
Translation adjustment	-	-
At 31 December	(26)	**(26)**
Carrying amount at 1 January	61	64
CARRYING AMOUNT AT 31 DECEMBER	**55**	**61**

Note 19 Other Non-Current Financial Assets

The recognition and measurement principles applicable to other non-current financial assets are described in note 1.15.B (b) for loans and receivables, note 1.15.B (c1) for short-term investments classified as “available-for-sale”, note 1.15.B (c2) for short-term investments accounted for using the fair value option, and note 1.15.D for derivatives.

	2009				
		Investments			
(in million euros)	Loans and receivables	Classified as “available for sale”	Accounted for using the fair value option	Derivative instruments	TOTAL
Gross value					
At 1 January	**231**	**104**	**416**	**223**	**974**
Purchases/additions	16	17	50	-	83
Disposals	-	-	(154)	-	(154)
Remeasurement	-	96	28	(22)	102
Transfers to current financial assets [(1)]	(12)	-	(25)	(9)	(46)
Translation adjustment and changes in scope of consolidation	-	-	4	-	4
At 31 December	235	217	319	192	963
Provisions					
At 1 January	(105)	-	-	-	(105)
Net charge for the year	(1)	-	-	-	(1)
At 31 December	(106)	-	-	-	(106)
Carrying amount at 1 January	126	104	416	223	869
CARRYING AMOUNT AT 31 DECEMBER	**129**	**217**	**319**	**192**	**857**
o/w manufacturing and sales companies					*836*

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at 31 December 2009.

The carrying amount of “available-for-sale” securities included an unrealised gain of €136 million at 31 December 2009 (€40 million at 1 January 2009).

	2008				
		Investments			
(in million euros)	Loans and receivables	Classified as "available for sale"	Accounted for using the fair value option	Derivative instruments	TOTAL
Gross value					
At 1 January	**227**	**254**	**724**	**59**	**1,264**
Purchases/additions	18	-	43	-	61
Disposals	-	-	(97)	-	(97)
Remeasurement	-	(150)	(27)	164	(13)
Transfers to current financial assets (1)	(14)	-	(224)	-	(238)
Translation adjustment and changes in scope of consolidation	-	-	(3)	-	(3)
At 31 December	**231**	**104**	**416**	**223**	**974**
Provisions					
At 1 January	**(96)**	**-**	**-**	**-**	**(96)**
Net charge for the year	(9)	-	-	-	(9)
At 31 December	**(105)**	**-**	**-**	**-**	**(105)**
Carrying amount at 1 January	131	254	724	59	1,168
CARRYING AMOUNT AT 31 DECEMBER	**126**	**104**	**416**	**223**	**869**
o/w manufacturing and sales companies					*848*

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at 31 December 2008.

The carrying amount of "available-for-sale" securities included an unrealised gain of €40 million at 31 December 2008 (€191 million at 1 January 2008).

Note 20 Other Non-Current Assets

(in million euros)	31 Dec. 2009	31 Dec. 2008
Excess of payments to external funds over pension obligations (note 30)	13	2
Units in the FMEA fund	57	-
Guarantee deposits and other	199	151
TOTAL	**269**	**153**

At 31 December 2009, the Group held €57 million worth of units in "Fonds de Modernisation des Equipementiers Automobiles" (FMEA). The Group is committed to investing a total of €200 million in this fund, which has been set up to support automotive equipment manufacturers. The units have been classified as "available-for-sale" in accordance with IAS 39 and are therefore measured at fair value (see note 1.15.B). They are reported as non-current assets because of the lock-up applicable to the Group's investment in the fund.

Note 21 Loans and Receivables - Finance Companies

The recognition and measurement principles for the loans and receivables of Group finance companies are defined in note 1.15.B (d).

21.1. Analysis

Following Banque PSA Finance's adoption of IFRS 8 - Operating Segments, loans and receivables are now analysed based on the Bank's new business segments. The 2008 figures have been re-analysed on the same basis.

(in million euros)	31 Dec. 2009	31 Dec. 2008
Retail, Corporate and Equivalent		
Credit sales	9,594	9,564
Long-term leases	4,653	4,480
Leases with a buyback commitment	2,665	2,543
Other receivables	212	223
Ordinary accounts and other	60	130
Total Retail, Corporate and Equivalent	**17,184**	**16,940**
Corporate Dealers		
Wholesale finance receivables	4,359	4,370
Other receivables	592	619
Other	310	354
Total Corporate Dealers	**5,261**	**5,343**
Remeasurement of interest rate hedged portfolios	208	212
Eliminations	(93)	(136)
TOTAL	**22,560**	**22,359**

Retail, Corporate and Equivalent finance receivables represent loans made by finance companies to Peugeot and Citroën customers for the purchase or lease of cars.

Wholesale finance receivables represent amounts due to Peugeot and Citroën by their dealer networks and certain European importers which have been transferred to the Group finance companies, and working capital loans made by the finance companies to the dealer networks.

Retail, Corporate and Equivalent finance receivables include €4,710 million in securitised finance receivables that were still carried on the balance sheet at the year-end (€4,312 million at 31 December 2008). The Banque PSA Finance group carried out several securitization transactions through the French Auto ABS umbrella fund (FCC) set up in June 2001 and the Italian Auto ABS S.r.l. fund set up in July 2007. On 30 July 2008, Banque PSA Finance's German branch sold €1 billion worth of finance receivables to the 2008-1 compartment of Auto ABS. Auto ABS 2008-1 issued €970 million worth of AAA/Aaa-rated preferred bonds and €30 million worth of A/Aa3-rated subordinated bonds. The German branch's retained interest amounts to €10,000.

On 21 April 2009, Banque PSA Finance's Spanish branch sold €1,180 million worth of finance receivables to the 2009-1 compartment of Auto ABS. Auto ABS 2009-1 issued €1,050 million worth of AAA-rated preferred bonds, €83 million worth of A-rated subordinated bonds and €47 million worth of B-rated subordinated bonds, all of which were purchased by Banque PSA Finance. The preferred bonds were subsequently given as collateral for repo transactions with the European Central Bank for €650 million net of discount.

The compartments of both the French and Italian funds qualify as special purpose entities and are fully consolidated insofar as the revenues from the retained interest held by the subsidiaries of the Banque PSA Finance group represent substantially all of the risks and rewards of ownership (respectively, essentially the credit risk and the recurring operating income generated by the SPEs).

Liabilities corresponding to securities issued by securitization funds are shown in note 33.

21.2. Automobile Division Sales of Receivables

The following table shows outstanding Automobile Division receivables sold to the finance companies for which the Automobile Division pays the financing cost:

(in million euros)	31 Dec. 2009	31 Dec. 2008
	2,801	2,347

The corresponding financing costs are included in "Selling, general and administrative expenses" in the accounts of the manufacturing and sales companies, as follows:

(in million euros)	2009	2008
	(151)	(276)

21.3. Maturities of Finance Receivables

	31 Dec. 2009					
(in million euros)	Credit sales	Leases with a buyback commitment	Long-term leases	Wholesale finance receivables	Other (1)	TOTAL
Not analysed	467	127	164	144	240	1,142
Less than 3 months	1,013	216	581	2,155	134	4,099
3 to 6 months	911	206	464	1,066	54	2,701
6 months to 1 year	1,766	413	940	1,058	125	4,302
1 to 5 years	5,570	1,746	2,671	8	408	10,403
Beyond 5 years	200	57	0	0	36	293
Total gross loans and receivables outstanding	9,927	2,765	4,820	4,431	997	22,940
Guarantee deposits on leases	-	-	(55)	(49)	-	(104)
Allowances	(237)	(53)	(57)	(23)	(21)	(391)
TOTAL NET LOANS AND RECEIVABLES OUTSTANDING	**9,690**	**2,712**	**4,708**	**4,359**	**976**	**22,445**

(1) Other receivables including ordinary accounts and items taken into account in amortised cost calculations.

	31 Dec. 2008					
(in million euros)	Credit sales	Leases with a buyback commitment	Long-term leases	Wholesale finance receivables	Other (1)	TOTAL
Not analysed	374	113	179	104	348	1,118
Less than 3 months	954	162	578	2,384	146	4,224
3 to 6 months	1,126	157	451	813	52	2,599
6 months to 1 year	1,959	356	859	718	133	4,025
1 to 5 years	5,230	1,767	2,513	410	437	10,357
Beyond 5 years	195	82	59	17	39	392
Total gross loans and receivables outstanding	9,838	2,637	4,639	4,446	1,155	22,715
Guarantee deposits on leases	-	-	(59)	(57)	-	(116)
Allowances	(192)	(46)	(39)	(19)	(20)	(316)
TOTAL NET LOANS AND RECEIVABLES OUTSTANDING	**9,646**	**2,591**	**4,541**	**4,370**	**1,135**	**22,283**

(1) Other receivables including ordinary accounts and items taken into account in amortised cost calculations.

21.4. Allowances for Credit Losses

Net Retail, Corporate and Equivalent Loans and Receivables Outstanding

(in million euros)	31 Dec. 2009	31 Dec. 2008
Performing loans with no past due balances	16,464	16,246
Performing loans with past due balances	438	448
Non-performing loans	634	481
Total gross Retail, Corporate and Equivalent loans and receivables outstanding	17,536	**17,175**
Items taken into account in amortised cost calculations	59	**105**
Guarantee deposits	(55)	**(59)**
Allowances for performing loans with past due balances	(40)	(43)
Allowances for non-performing loans	(316)	(238)
Allowances	(356)	**(281)**
TOTAL NET RETAIL, CORPORATE AND EQUIVALENT LOANS AND RECEIVABLES OUTSTANDING	**17,184**	**16,940**
Allowances booked during the period	(114)	**(108)**
Allowances utilised during the period (releases)	43	**60**

Net Corporate Dealer Loans and Receivables Outstanding

(in million euros)	31 Dec. 2009	31 Dec. 2008
Performing loans with no past due balances	5,166	5,324
Non-performing loans	183	111
Total gross Corporate Dealer loans and receivables outstanding	5,349	**5,435**
Items taken into account in amortised cost calculations	(4)	-
Guarantee deposits	(49)	(57)
Allowances	(35)	**(35)**
TOTAL NET CORPORATE DEALER LOANS AND RECEIVABLES OUTSTANDING	**5,261**	**5,343**
Allowances booked during the period	(27)	**(29)**
Allowances utilised during the period (releases)	28	**24**

Note 22 Short-Term Investments - Finance Companies

The recognition and measurement principles applicable to short-term investments of the finance companies are described in note 1.15.B (c2).

(in million euros)	31 Dec. 2009	31 Dec. 2008
Mutual fund units and money market securities [(1)]	-	450
Other	786	732
TOTAL	**786**	**1,182**

(1) Until 2008, this caption included part of the Banque PSA Finance liquidity reserve. It now consists solely of cash and cash equivalents, in the amount of €68 million at 31 December 2009 (see note 27.2).

Short-term investments consist primarily of certificates of short-term deposit held by the securitisation funds.

Note 23 Inventories

	31 Dec. 2009			31 Dec. 2008		
(in million euros)	Gross	Allowance	Net	Gross	Allowance	Net
Raw materials and supplies	706	(156)	550	789	(136)	653
Semi-finished products and work-in-progress	651	(48)	603	676	(46)	630
Goods for resale and used vehicles	1,034	(181)	853	2,016	(314)	1,702
Finished products and replacement parts	3,530	(176)	3,354	4,952	(180)	4,772
TOTAL	**5,921**	**(561)**	**5,360**	**8,433**	**(676)**	**7,757**

The year-on-year decline in inventories was mainly attributable to a €2,137 million reduction in Automobile Division inventories.

Note 24 Trade Receivables - Manufacturing and Sales Companies

(in million euros)	31 Dec. 2009	31 Dec. 2008
Trade receivables	2,044	2,153
Allowances for doubtful receivables	(189)	(152)
Total - manufacturing and sales companies	**1,855**	**2,001**
Elimination of transactions with the finance companies	(162)	(146)
TOTAL	**1,693**	**1,855**

This item does not include dealer receivables transferred to the finance companies, which are reported in the consolidated balance sheet under "Loans and receivables - finance companies" (see note 21.2).

Faurecia has entered into an annually renewable agreement with a group of banks to sell trade receivables. Outstanding receivables sold under this agreement and no longer carried on the balance sheet amounted to €99 million at 31 December 2009 (€88 million at 31 December 2008). The subordinated deposit recognised as a deduction from Faurecia's borrowings totalled €41 million at 31 December 2009 (€22 million at 31 December 2008).

Note 25 Other Receivables

25.1. Manufacturing and Sales Companies

(in million euros)	31 Dec. 2009	31 Dec. 2008
State, regional and local taxes, excluding income taxes	1,090	1,031
Employee-related receivables	57	64
Due from suppliers	160	159
Derivative instruments (1)	50	249
Prepaid expenses	95	108
Miscellaneous other receivables	213	286
TOTAL	**1,665**	**1,897**

(1) This item corresponds to the fair value of instruments purchased by the Group to hedge currency risks on current or forecast operating receivables and payables.

25.2. Finance Companies

(in million euros)	31 Dec. 2009	31 Dec. 2008
State, regional and local taxes, excluding income taxes	32	35
Derivative instruments [(1)]	249	526
Deferred income and accrued expenses - finance companies	266	165
Miscellaneous other receivables	303	302
TOTAL	**850**	**1,028**

(1) This item corresponds to the fair value of instruments purchased by the Group essentially to hedge interest rate risks on finance receivables and financing liabilities.

Note 26 Current Financial Assets

The recognition and measurement principles applicable to current financial assets are described in note 1.15.B (b) for loans and receivables, note 1.15.B (c1) for investments classified as available for sale, note 1.15.B (c2) for investments accounted for using the fair value option, and note 1.15.D for derivative instruments.

	2009			
(in million euros)	Loans and receivables	Investments accounted for using the fair value option	Derivative instruments	TOTAL
At 1 January	242	249	24	515
Purchases/additions	132	-	3	135
Disposals	(181)	(249)	(4)	(434)
Remeasurement at fair value	-	-	(2)	(2)
Transfers to current financial assets [(1)]	12	25	9	46
Translation adjustment and changes in scope of consolidation	24	-	-	24
AT 31 DECEMBER	**229**	**25**	**30**	**284**
o/w manufacturing and sales companies				*349*

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at 31 December 2009.

The decline over the year in investments accounted for using the fair value option was due to the redemption of Euro Medium Term notes (EMTNs) held in the portfolio, in the amount of €249 million.

	2008			
(in million euros)	Loans and receivables	Investments accounted for using the fair value option	Derivative instruments	TOTAL
At 1 January	497	948	38	1,483
Purchases/additions	122	-	4	126
Disposals	(399)	(921)	-	(1,320)
Remeasurement at fair value	-	(2)	(18)	(20)
Transfers to current financial assets [(1)]	14	224	-	238
Translation adjustment and changes in scope of consolidation	8	-	-	8
AT 31 DECEMBER	**242**	**249**	**24**	**515**
o/w manufacturing and sales companies				*515*

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at 31 December 2008.

In 2008, the decline in short-term loans and receivables was mainly due to the repayment of loans to GIE PSA Trésorerie for €300 million. The decline in investments in 2008 reflected the sale of €652 million worth of mutual funds and the redemption of Euro Medium Term notes (EMTNs) for €270 million.

Note 27 Cash and Cash Equivalents

Cash and cash equivalents are defined in note 1.15.B (e) and include:

27.1. Manufacturing and Sales Companies

(in million euros)	31 Dec. 2009	31 Dec. 2008
Mutual fund units and money market securities	6,774	1,135
Cash and current account balances	1,069	905
Total - manufacturing and sales companies	7,843	**2,040**
o/w deposits with finance companies	*(115)*	*(90)*
TOTAL	**7,728**	**1,950**

Cash equivalents correspond to the investment of the proceeds from borrowings obtained to meet the Group's future financing needs and of the net cash generated by operating activities.

At 31 December 2009, they include money market mutual funds (€3,205 million), other money market securities (€2,608 million) and overnight money market notes (€800 million).

27.2. Finance Companies

(in million euros)	31 Dec. 2009	31 Dec. 2008
Due from credit institutions (1) (2)	1,190	1,271
Central bank current account balances and items received for collection (2)	99	9
TOTAL	**1,289**	**1,280**

(1) At 31 December 2009, this item included ordinary accounts in debit for €605 million corresponding mainly to the final customer direct debits for the period.

(2) The Banque PSA Finance liquidity reserve, in the amount of €652 million at 31 December 2009, is made up of interbank loans for €562 million and central bank deposits for €90 million.

Note 28 Equity

28.1. Capital Management Policy

The Group's capital management policy concerns equity as defined under IFRS. Managing capital essentially involves deciding the level of capital to be held currently or in the future, in addition to the payment of dividends.

Equity breaks down into portions attributable to minority interests and to equity holders of the parent company.

Minority interests mainly represent non-Group shareholders of Faurecia. Equity attributable to minority interests varies in line with changes in the consolidated equity of the Faurecia group (in particular net earnings and translation reserves) and could change significantly in the event of a sale, purchase or any other equity transaction carried out by Peugeot S.A. in respect of Faurecia. The Group's percentage interest in Faurecia has remained stable since 2001.

However, the agreement related to the planned acquisition of Emcon Technologies (see note 4) is expected to have an impact on the allocation of Faurecia's reserves between equity holders of the parent and minority interests in PSA Peugeot Citroën's consolidated financial statements.

Equity attributable to equity holders of the parent is equal to the share capital of Peugeot S.A. less any treasury stock, plus reserves and retained earnings of the Group's various businesses.

The Group manages its equity with the aim of securing its long-term financing and optimizing the cost of capital. The level of consolidated equity approximates the level of capital employed, as shown in the table below:

(in million euros)	2009	2008
Capital employed (note 39.1)	14,562	16,155
CONSOLIDATED EQUITY	**12,447**	**13,259**

There are no financial covenants based on consolidated equity. Banque PSA Finance complies with the capital adequacy ratio and other capital requirements imposed under banking regulations.

At 31 December 2009, the Peugeot family held 30.3% of the capital and 45.7% of the voting rights (44.7% of potential voting rights assuming exercise of all outstanding stock options).

Until 2008, the Group carried out share buybacks with the aim of acquiring shares:

- for cancellation, in order to reduce the share capital;
- for allocation to employees, Directors and officers of the Company and its subsidiaries and related parties on exercise of stock options; and
- for allocation on conversion, redemption or exercise of share equivalents.

In order to cover its obligations under stock option plans, the Group bought back shares during the period when the exercise price of options was being determined. Purchases of treasury stock are also carried out when market opportunities arise, but only when the Group has surplus cash. Due to the economic environment in 2009, no shares were bought back during the year.

Shares are issued from time to time when holders of Peugeot S.A. OCÉANE bonds present their bonds for conversion (see note 28.2).

28.2. Analysis of Share Capital and Changes in the Year

At 31 December 2009, the share capital amounted to €234,049,142 and was made up of ordinary shares with a par value of €1, all fully paid. The shares may be held in bearer or registered form, at the discretion of shareholders. Shares registered in the name of the same holder for at least four years carry double voting rights (article 11 of the bylaws).

(in euros)	2009	2008
Share capital at 1 January	234,048,798	234,280,298
Shares issued on conversion of OCÉANE bonds	344	N/A
Shares cancelled during the year	-	(231,500)
SHARE CAPITAL AT DECEMBER 31	**234,049,142**	**234,048,798**

28.3. Employee Stock Options

A. Plan characteristics

Each year between 1999 and 2008, the Managing Board of Peugeot S.A. granted options to certain employees, Directors and officers of the Company and its subsidiaries, allowing them to purchase shares at a specified price. Following the 2001 stock split, the current terms of plans expiring after 2008 are as follows:

	Date of Managing Board decision	Vesting date	Last exercise date	Number of initial grantees	Exercise price (in euros)	Number of options granted
2000 Plan	05/10/2000	05/10/2002	04/10/2008	154	35.46	709,200
2001 Plan	20/11/2001	20/11/2004	19/11/2008	147	46.86	798,600
2002 Plan	20/08/2002	20/08/2005	20/08/2009	178	46.28	860,100
2003 Plan	21/08/2003	21/08/2006	20/08/2011	184	39.09	996,500
2004 Plan	24/08/2004	24/08/2007	23/08/2012	182	47.59	1,004,000
2005 Plan	23/08/2005	23/08/2008	22/08/2013	169	52.37	953,000
2006 Plan	23/08/2006	23/08/2009	22/08/2014	92	41.14	983,500
2007 Plan	22/08/2007	22/08/2010	21/08/2015	169	60.43	1,155,000
2008 Plan	22/08/2008	22/08/2011	19/08/2016	194	33.08	1,345,000

No stock options were granted in 2009.

On 31 December 2009, the share price was €23.67.

B. Changes in the number of options outstanding

Changes in the number of options outstanding under these plans (exercisable for €1 par value shares) are shown below:

(number of options)	2009	2008
Total at 1 January	**6,527,907**	**5,866,214**
Options granted	-	1,345,000
Options exercised	-	(23,000)
Cancelled options	(619,000)	(93,200)
Expired options	(516,800)	(567,107)
TOTAL AT 31 DECEMBER	**5,392,107**	**6,527,907**
o/w exercisable options	*3,328,607*	*3,098,907*

Options outstanding at year-end are as follows:

(number of options)	31 Dec. 2009	31 Dec. 2008
2002 Plan	-	525,300
2003 Plan	678,107	689,107
2004 Plan	912,000	963,000
2005 Plan	868,000	919,000
2006 Plan	870,500	945,500
2007 Plan	928,500	1,141,000
2008 Plan	**1,135,000**	**1,345,000**

C. Weighted average value of options and underlying shares

	2009	
(in euros)	Exercise price	Share price
Value at 1 January	45.7	
Options granted	-	-
Options exercised	-	-
Cancelled options	46.6	18.3
Expired options	46.3	20.7
VALUE AT 31 DECEMBER	**45.4**	

D. Valuation

In line with the principles described in note 1.21, stock option plans have been valued as shown in the table below.

No stock options were granted by either Peugeot S.A. or Faurecia in 2009.

(in million euros)	2009 Plan	2008 Plan
Valuation at grant date		
Peugeot S.A.	n/a	13
Faurecia	n/a	2
TOTAL	**n/a**	**15**

Charge for the year *(in million euros)*	2009			2008
	Peugeot S.A.	Faurecia	TOTAL	TOTAL
2004 Plan	-	-	-	1
2005 Plan	-	-	-	3
2006 Plan	1	1	2	3
2007 Plan	4	1	5	10
2008 Plan	4	1	5	3
2009 Plan	n/a	n/a	n/a	n/a
TOTAL	**9**	**3**	**12**	**20**

Assumptions	2009	2008
Peugeot S.A.		
Share price at the grant date *(in euros)*		33.26
Volatility		40%
Interest rate (zero coupon bonds)		4.52%
Exercise price *(in euros)*	N/A	33.08
Option life *(in years)* (1)		6
Dividend payout rate		4.51%
Fair value of the options *(in euros)*		9.54
Faurecia		
Share price at the grant date *(in euros)*		33.10
Volatility		30%
Interest rate (zero coupon bonds)		3.86%
Exercise price *(in euros)*	N/A	33.78
Option life *(in years)* (1)		4
Dividend payout rate		0.00%
Fair value of the options *(in euros)*		12.07

(1) Option life corresponds to the average period from the grant date to the end of the exercise period.

28.4. Treasury Stock

The Group has used the buyback authorisations given at Shareholders' Meetings to purchase Peugeot S.A. shares into treasury.

Changes in treasury stock can be analysed as follows:

A. Number of shares held

(number of shares)	Authorisations	2009 Transactions	2008 Transactions
At 1 January		7,188,214	**6,097,714**
Share buybacks			
AGM of 23 May 2007	16,000,000	-	-
AGM of 28 May 2008	17,000,000	-	1,345,000
AGM of 3 June 2009	16,000,000	-	-
Share cancellations			
AGM of 23 May 2007	10% of capital	-	-
AGM of 28 May 2008	10% of capital	-	(231,500)
AGM of 3 June 2009	10% of capital	-	-
Share sales			
On exercise of stock options		(764)	(23,000)
AT 31 DECEMBER		**7,187,450**	**7,188,214**
Shares held for allocation on exercise of outstanding options (note 28.3.B)		5,392,107	6,527,907
Shares held for allocation on exercise of options to be granted under future plans		1,278,543	660,307
Unallocated shares		516,800	-

B. Change in value

(in million euros)	2009	2008
At 1 January	(303)	**(271)**
Acquired	-	(44)
Cancelled	-	11
Exercised	-	1
AT 31 DECEMBER	**(303)**	**(303)**

28.5. Reserves and Retained Earnings, Excluding Minority Interests

Reserves and retained earnings, including profit for the year, can be analysed as follows:

(in million euros)	31 Dec. 2009	31 Dec. 2008
Peugeot S.A. legal reserve	28	28
Other Peugeot S.A. statutory reserves and retained earnings	7,120	6,583
Retained earnings and profit (loss) for the year, excluding minority interests	5,233	6,583
TOTAL	**12,381**	**13,194**

Other Peugeot S.A. statutory reserves and retained earnings are as follows:

(in million euros)	31 Dec. 2009	31 Dec. 2008
Reserves available for distribution		
Without any additional corporate tax being due	6,052	5,515
Subject to the payment of additional corporate tax [(1)]	1,068	1,068
TOTAL	**7,120**	**6,583**
Tax on distributed earnings	169	**169**

(1) Corresponding to the portion of the long-term capital gains reserve that the Group decided not to transfer to an ordinary reserve account before 31 December 2006 that remains subject to additional tax.

28.6. Minority Interests

Minority interests essentially concern shareholders of Faurecia and of some of its subsidiaries.

Note 29 Current and Non-Current Provisions

29.1. Non-Current Provisions

A. Analysis by type

(in million euros)	31 Dec. 2009	31 Dec. 2008
Pensions (note 30.1)	810	724
Early-termination plan	29	55
Other employee benefit obligations	118	118
End-of-life vehicles	18	17
Other	11	11
TOTAL	**986**	**925**

Pension liabilities reported under non-current provisions include a £ 175 million (€194 million) liability recognised in connection with the minimum funding requirement for UK plans (IFRIC 14 - see note 2.1).

B. Movements for the year

(in million euros)	2009	2008
At 1 January	925	**1,132**
Movements taken to profit or loss		
Additions	310	156
Releases (utilisations)	(204)	(226)
Releases (unused provisions)	(54)	(54)
	52	**(124)**
Other movements		
Translation adjustment	19	(89)
Change in scope of consolidation and other	(10)	6
AT 31 DECEMBER	**986**	**925**

Provision releases mainly concern pensions and result from the implementation of workforce streamlining plans (note 9.4).

29.2. Current Provisions

A. Analysis by type

(in million euros)	31 Dec. 2009	31 Dec. 2008
Warranties [(1)]	841	939
Claims and litigation	373	234
Restructuring plans	359	419
Long-term contract losses [(2)]	157	26
Sales with a buyback commitment	189	112
Other	480	350
TOTAL	**2,399**	**2,080**

(1) The provision for warranties mainly concerns sales of new vehicles, where the contractual obligations generally cover two years. It corresponds to the expected cost of warranty claims. The amount expected to be recovered from suppliers is recognized as an asset, under "Miscellaneous other receivables" (note 25).

(2) In 2009, provisions for long-term contract losses include €94 million to cover the estimated penalties payable for failing to comply with minimum purchase commitments ("take or pay contract " - see note 9.1).

B. Movements for the year

(in million euros)	2009	2008
At 1 January	2,080	**2,161**
Movements taken to profit or loss		
Additions	1,568	1,470
Releases (utilisations)	(1,043)	(1,041)
Releases (unused provisions)	(259)	(424)
	266	**5**
Other movements		
Translation adjustment	45	(88)
Change in scope of consolidation and other	8	2
AT 31 DECEMBER	**2,399**	**2,080**

The observed decline in warranty costs, confirmed by past experience, led to the release of €188 million from warranty provisions in 2009.

Note 30 Pensions and Other Post-Employment Benefits

30.1. Supplementary Pensions and Retirement Bonuses

A. Plan descriptions

Group employees in certain countries are entitled to supplementary pension benefits payable annually to retirees, or retirement bonuses representing one-off payments made at the time of retirement. These benefits are paid under defined contribution and defined benefit plans. Payments under defined contribution plans are in full discharge of the Group's liability and are recognized as an expense for the year in which they are made. Payments under defined benefit plans concern primarily France and the United Kingdom.

In France, the existing defined benefit plans concern (i) the retirement bonuses provided for by collective bargaining agreements, (ii) the portion of the top-hat pension scheme for engineers and management personnel *(cadres)* that was not transferred to an external fund in 2002 and guarantees a defined level of pension benefit in the aggregate from all plans of up to 60% of the employee's final salary (currently covering 20 active employees and 2,750 retired employees), and (iii) the pension plan set up by the former subsidiary of the Chrysler group in France (Talbot), which was closed to new entrants in 1981 and covered 2,450 active employees and 16,000 retired employees at end-2009.

The members of the Group's management bodies are eligible to participate in the supplementary pension plan provided that: (i) they have sat on the Managing Board, Executive Committee, other management body or the Extended Management Committee for a specified minimum period; and (ii) they end their career with the Group. This top hat plan guarantees a defined level of pension benefit in the aggregate for all plans (statutory and supplementary) equal to up to 50% of a benchmark salary, taken to be the three highest annual salaries received over the last five years of employment. Under this plan, benefits may be paid over to the executive's spouse.

In the United Kingdom, the Group has four trustee-administered defined benefit plans. These plans have been closed to new entrants since May 2002. At 31 December 2009, 22,900 people were covered by these plans, including 1,500 active employees, 9,600 former employees and 11,800 retired employees. The plans guarantee a defined level of pension benefit representing up to 66% of the employee's final salary.

The supplementary pension plan for Faurecia group executives in France comprises:

- a defined contribution plan based on salary bands A and B, for which contribution rates vary according to the executive's years of service with Faurecia; and
- a defined benefit plan based on salary band C.

Executives aged over 53 who had completed more than 10 years' service at 31 December 2005 have retained their pension rights under the former defined benefit plan.

B. Assumptions

The assumptions used to calculate the Group's projected benefit obligation for the last two years are as follows:

	Euro zone	United Kingdom
Discount rate		
2009	5.00%	5.85%
2008	5.50%	6.00%
Inflation rate		
2009	2.00%	3.50%
2008	2.00%	3.00%
Expected return on external funds		
2009	5.25%	6.00%
2008	5.25%	7.00%

At each period-end, the discount rate is determined based on the most representative returns on high quality corporate bonds with a life that approximates the duration of the benefit obligation.

Prime corporate bonds are defined as corporate bonds awarded one of the two highest ratings by a recognised rating agency (for example, bonds rated AA or AAA by Moody's or Standard & Poors).

The assumptions regarding future salary increases take into account inflation and forecast individual pay rises in each country. The assumption for French plans is inflation plus 1.0% in 2009, and inflation plus 0.5% for subsequent years. The assumption for UK plans is based on inflation plus 1.5%.

Mortality and staff turnover assumptions are based on the specific economic conditions of each Group company or the country in which they operate.

Sensitivity of assumptions: a 0.25-point increase or decrease in the actuarial rate (discount rate less inflation rate) would lead to an increase or decrease in the projected benefit obligation of 2.3% for French plans and 4.2% for UK plans.

The expected return on external funds is estimated based on asset allocation, the period remaining before the benefits become payable and experience-based yield projections.

A 1-point increase or decrease in the expected return on external funds would have led to an increase or decrease in the investment income recognised in 2009 of €12 million for French plans and €11 million for UK plans.

C. *External funds*

The breakdown of external funds intended to cover these obligations is as follows:

	31 Dec. 2009		31 Dec. 2008	
	Equities	**Bonds**	**Equities**	**Bonds**
France	35%	65%	23%	77%
United Kingdom	54%	46%	53%	47%

The actual return on external funds in 2009 was 9.3% for French plans and 16.3% for UK plans. In France, equity funds consist of tracker funds based on the DJ Eurostoxx index, while bond funds are invested solely in prime European Union government bonds.

In the UK, equity funds generally track the main UK, European, US and Japanese stock market indices. Bond funds in the UK track the main sterling-denominated government and corporate bond indices.

In France, at 31 December 2009, the Group had not decided the amount of contributions to be paid to external funds in 2010.

In 2009, €35 million was contributed to external funds for the top-hat pension plan for Peugeot S.A. senior executives.

In the United Kingdom, new pensions legislation was introduced in 2008 requiring companies to change the method used to calculate annual employer contributions. In line with the new legislation, the Group adjusted its 2008 and 2009 contributions to the main defined benefit plan and its 2009 contributions to the other two defined benefit plans. Adjusted contributions for 2009 amounted to £100 million. Contributions payable in 2010 are estimated at £101 million before taking into account the results of negotiations with the plan trustees concerning the level of financing for that year.

D. Movement for the year

Excluding minimum funding requirement (IFRIC 14)

(in million euros)	2009 France	2009 United Kingdom	2009 Other	2009 TOTAL	2008 France	2008 United Kingdom	2008 Other	2008 TOTAL
Present value of projected benefit obligation								
At 1 January	(1,563)	(1,212)	(453)	(3,228)	(1,622)	(1,688)	(458)	(3,768)
Service cost	(43)	(11)	(10)	(64)	(44)	(16)	(11)	(71)
Interest cost	(85)	(79)	(25)	(189)	(85)	(88)	(24)	(197)
Benefit payments for the year	125	52	25	202	164	106	26	296
Actuarial gains and (losses):								
• amount	(91)	(94)	(16)	(201)	(5)	69	13	77
• *as a % of projected benefit obligation*	*5,8%*	*7,8%*	*3,5%*	*6,2%*	*0,3%*	*4,1%*	*2,8%*	*2,0%*
Translation adjustment	-	(97)	1	(96)	-	405	-	405
Effect of changes in scope of consolidation and other	-	-	(1)	(1)	-	-	-	-
Effect of curtailments and settlements	63	-	-	63	29	-	1	30
AT 31 DECEMBER	**(1,594)**	**(1,441)**	**(479)**	**(3,514)**	**(1,563)**	**(1,212)**	**(453)**	**(3,228)**
External funds								
At 1 January	1,242	943	224	2,409	1,400	1,388	235	3,023
Expected return on external funds	61	64	9	134	69	90	10	169
Actuarial gains and (losses):								
• amount	11	78	(5)	84	(111)	(201)	(19)	(331)
• *as a % of external funds*	*0,9%*	*8,3%*	*2,2%*	*3,5%*	*7,9%*	*14,5%*	*8,1%*	*10,9%*
Translation adjustment	-	74	-	74	-	(320)	-	(320)
Employer contributions	49	115	13	177	37	56	14	107
Benefit payments for the year	(121)	(51)	(15)	(187)	(153)	(70)	(15)	(238)
Effect of changes in scope of consolidation and other	-	-		-	-	-	-	-
Effect of curtailments and settlements	-	-		-	-	-	(1)	(1)
AT 31 DECEMBER	**1,242**	**1,223**	**226**	**2,691**	**1,242**	**943**	**224**	**2,409**
Deferred items								
At 1 January	110	43	(31)	122	(10)	(88)	(39)	(137)
Deferred items arising in the year	80	16	21	117	116	132	6	254
Amortisation of deferred items	(12)	-	(1)	(13)	4	1	2	7
Translation adjustment and other	-	3	-	3	-	(4)	-	(4)
Effect of curtailments and settlements	(9)	-	-	(9)	-	2	-	2
AT 31 DECEMBER	**169**	**62**	**(11)**	**220**	**110**	**43**	**(31)**	**122**

Minimum funding requirement liability (IFRIC 14)

	2009				2008			
(in million euros)	France	United Kingdom	Other	TOTAL	France	United Kingdom	Other	TOTAL
At 1 January	-	(25)	-	(25)	-	-	-	-
Charge for the year	-	(169)	-	(169)	-	(25)	-	(25)
AT 31 DECEMBER	**-**	**(194)**	**-**	**(194)**	**-**	**(25)**	**-**	**(25)**

E. Reconciliation of pension assets and liabilities shown in the balance sheet

	31 Dec. 2009				31 Dec. 2008			
(in million euros)	France	United Kingdom	Other	TOTAL	France	United Kingdom	Other	TOTAL
Projected benefit obligation	(1,594)	(1,441)	(479)	(3,514)	**(1,563)**	**(1,212)**	**(453)**	**(3,228)**
Fair value of external funds	1,242	1,223	226	2,691	1,242	943	224	2,409
Plan surplus (deficit)	(352)	(218)	(253)	(823)	**(321)**	**(269)**	**(229)**	**(819)**
Unrecognized net actuarial (gains) and losses	169	62	(11)	220	110	43	(31)	122
Net (liability) asset before minimum funding requirement	(183)	(156)	(264)	(603)	**(211)**	**(226)**	**(260)**	**(697)**
Minimum funding requirement liability	-	(194)	-	(194)	-	(25)	-	(25)
NET (LIABILITY) ASSET RECOGNISED IN THE BALANCE SHEET	**(183)**	**(350)**	**(264)**	**(797)**	**(211)**	**(251)**	**(260)**	**(722)**
Of which, liability	(196)	(350)	(264)	(810)	(213)	(251)	(260)	(724)
Of which, asset	13	-	-	13	2	-	-	2
Of which, unfunded plans	*1.2%*	*0.0%*	*19.0%*	*3.1%*	*1.3%*	*0.0%*	*18.0%*	*3.2%*

Upon application in 2009 of IFRIC 14 (see note 1.20 for details), as the Group does not have an unconditional right to a refund of any surplus on plans with a minimum funding requirement, it recognized a liability of €194 million at 31 December 2009 (€25 million at 31 December 2008) in respect of the past service costs financing plan agreed with the trustees of its UK defined benefit plans. The trustees imposed the increase in contributions under the funding plan due to the sharp drop in value of the external funds observed in the first half of the year, which was the reference period for the funding negotiations stipulated in the pension plan rules.

The liability was charged to "Non-recurring operating expenses" and "Translation adjustments".

The projected benefit obligation of French companies includes benefit obligations towards members of the managing bodies (described in note 42), in an amount of €18.9 million for supplementary pension benefits and €1.2 million for retirement bonuses. The 2009 service cost for these two plans amounted to €3.2 million.

France's 2010 Social Security Financing Act was published in the Official Journal on December 21, 2009. The main measures affecting the Group's pension obligations concern the top-hat plan for members of the management bodies. Effective from 1 January 2010, the 6% tax on contributions to this plan will rise to 12% and, for pensions claimed on or after 1 January 2010, an additional 30% tax will be payable from the first euro on pension benefits that exceed eight times the ceiling for Social Security contributions. These new measures have been taken into account in the calculation of pension obligations at 31 December 2009. In line with the principle of applying accounting methods consistently from one year to the next, the resulting €7 million increase in the projected benefit obligation has been treated as an actuarial loss in the same way as the effects of all previous pension reforms ("Fillon Acts").

HISTORICAL DATA

(in million euros)	2009	2008	2007
Projected benefit obligation	(3,514)	(3,228)	(3,768)
Fair value of external funds	2,691	2,409	3,023
Plan surplus (deficit)	(823)	(819)	(745)
Experience adjustments to projected benefit obligation			
• France	(18)	(22)	41
• *as a % of projected benefit obligation*	*1,2%*	*1,8%*	*9,1%*
• United Kingdom	4	(6)	29
• *as a % of projected benefit obligation*	*0,3%*	*0,5%*	*6,4%*
• Other	7	3	7
• *as a % of projected benefit obligation*	*0.4%*	*0.2%*	*1.5%*
TOTAL EXPERIENCE ADJUSTMENTS TO PROJECTED BENEFIT OBLIGATIONS	(7)	**(25)**	**77**

F. Pension expense recognized in the income statement

These expenses are recorded as follows:

- Service cost and amortisation of deferred items are recorded under "Selling, general and administrative expenses";
- Interest cost and the expected return on external funds are recorded under "Financial expenses" and "Financial income" respectively;
- The impact of restructuring operations and changes in the minimum funding requirement liability recognised in accordance with IFRIC 14 (see note 1.9) are reported under "Other non-recurring operating income" or "Other non-recurring operating expenses".

Pension expense breaks down as follows:

	2009				2008			
(in million euros)	France	United Kingdom	Other	TOTAL	France	United Kingdom	Other	TOTAL
Service cost	(43)	(11)	(10)	(64)	(44)	(16)	(11)	(71)
Amortisation of deferred items	(12)	-	(1)	(13)	4	1	2	7
Interest cost	(85)	(79)	(25)	(189)	(85)	(88)	(24)	(197)
Expected return on external funds	61	64	9	134	69	90	10	169
Effect of curtailments and settlements (1)	54	-	-	54	29	2	-	31
Total (before minimum funding requirement liability)	(25)	(26)	(27)	(78)	**(27)**	**(11)**	**(23)**	**(61)**
Change in minimum funding requirement liability (IFRIC14)	-	(167)	-	(167)	-	(27)	-	(27)
TOTAL	**(25)**	**(193)**	**(27)**	**(245)**	**(27)**	**(38)**	**(23)**	**(88)**

(1) Effect of curtailments and settlements

The workforce streamlining measures introduced at the end of 2008 and extended in 2009 (see note 9.4) led to pension obligations towards employees who volunteered to leave the Group (to pursue personal projects or retrain in new skills) being reversed for an amount of €49 million.

In addition, based on actual departures, a total of €10 million (of which €6 million provided for at 31 December 2008) was paid to employees who volunteered to leave the Group under the plan (to pursue personal projects or retrain in new skills), to compensate for their loss of certain supplementary pension rights that had been funded in 2002 through the payment of a single premium to an insurance company. The corresponding funding of €10 million, that was no longer required due to the cancellation of these rights, was transferred by the insurance company to a contract covering retirement bonuses payable to Group employees.

An additional €8 million was recorded in respect of the 2009 extension of the workforce streamlining plan.

The Faurecia restructuring plans led to pension obligations of €2 million being reversed.

G. Projected benefit payments in 2010

Pension benefits payable in 2010 are estimated at €183 million.

30.2. Long-Service Awards

The Group estimates its liability for long-service awards payable to employees who fulfil certain seniority criteria, notably in France. The calculations are performed using the same method and assumptions as for supplementary pension benefits and retirement bonuses (note 30.1.B above). The estimated liability is provided for in full in the consolidated financial statements and breaks down as follows:

(in million euros)	31 Dec. 2009	31 Dec. 2008
French companies	44	42
Foreign companies	19	18
TOTAL	**63**	**60**

30.3. Healthcare Benefits

In addition to the pension obligations described above, some Faurecia group companies, mainly in the United States, pay the healthcare costs of retired employees. The related obligation, based on an assumed 9% increase in US healthcare costs in 2009 and 2008, is provided for in full in the consolidated financial statements as follows:

(in million euros)	31 Dec. 2009	31 Dec. 2008
	26	27

Note 31 Current and Non-Current Financial Liabilities - Manufacturing and Sales Companies

The recognition and measurement principles applicable to borrowings and other financial liabilities, excluding derivatives, are described in note 1.15.C. Derivatives are accounted for as set out in note 1.15.D.

	Dec, 31 2009		31 Dec. 2008	
	Amortised cost or fair value		Amortised cost or fair value	
(in million euros)	Non-current	Current	Non-current	Current
Convertible bonds [(1)]	633	13	-	-
Bonds	3,030	71	2,651	-
Employee profit-sharing fund	20	7	23	6
Finance lease liabilities	362	149	347	83
Other long-term borrowings	5,200	223	1,470	183
Other short-term financing and overdraft facilities	-	1,198	-	1,392
Derivative instruments	23	9	-	29
TOTAL FINANCIAL LIABILITIES	**9,268**	**1,670**	**4,491**	**1,693**

(1) The amortised cost of OCÉANE convertible bonds excludes the embedded conversion option which is recognised in equity.

31.1. Refinancing Transactions

In 2009, the Group kept up its proactive refinancing strategy and conservative liquidity policy, in order to meet its general financing needs, particularly the financing of current and future growth projects. The main refinancing transactions carried out during the year are described below.

French State loan

In March 2009, Peugeot S.A. obtained a €3 billion 5-year loan from the French State The funds were released at the end of April. Initially set at a fixed 6%, the interest rate may be increased by the addition of a variable rate indexed to the Group's earnings, but will not exceed 9%.

The loan is repayable in full on the fifth anniversary of the date when the funds are released, but may be repaid in part or in full at the Group's discretion at any time as from the end of April 2011. In the case of early repayment, the interest rate will be recalculated to provide the French State with a minimum yield of 6% for each of the first two years, plus 4 bps on 1 May 2011 and the first day of each subsequent calendar month. The interest rate risk on the loan has not been specifically hedged.

EIB loan

In April 2009, Peugeot Citroën Automobiles S.A. obtained a €400 million 4-year bullet loan from the European Investment Bank (EIB). Interest on the loan is based on the 3-month Euribor plus 179 bps. The interest rate risk on the new EIB loan has not been specifically hedged. Like other EIB loans, this loan is dependent on the Group carrying out the projects being financed and requires the Group to pledge a minimum amount of financial assets. At 31 December 2009, some Faurecia shares and government bonds were used by Peugeot S.A. as collateral for the loan.

This new loan is at a reduced rate of interest. It has therefore been recognised at a market rate estimated at 5.90%, in accordance with the principles presented in note 1.15 C (a). The amortised cost of the loan at inception amounts to €362 million and the subsidy represented by the reduced rate of interest amounts to €38 million.

Peugeot S.A. bond issue

On 10 July 2009, Peugeot S.A. issued €750 million worth of 5-year 8.38% bonds, to strengthen the Group's cash position and extend the average life of its debt.

Peugeot S.A. convertible bond issue (OCÉANE)

On 23 June 2009, Peugeot S.A. issued €575 million worth of OCÉANE bonds convertible or exchangeable for new or existing shares. The 22,908,365 bonds due 1 January 2016 were issued at a price of €25.10 per bond and pay interest at an annual nominal rate of 4.45%. They are convertible at any time from 1 July 2009 at the bond holders' discretion on the basis of one share per bond. At 31 December 2009, 1,108 bonds had been converted. They may be redeemed by Peugeot S.A. on or after 1 January 2013 at par plus accrued interest if the Peugeot S.A. share price exceeds 1.3 times the bonds' face value.

In accordance with the principles presented in note 1.15 C (a), the debt and equity components of the bonds were recorded separately at their respective fair values, as follows:

- the debt component was accounted for at amortised cost for an amount of €441 million, net of the allocated portion of issue costs;
- the conversion option was recorded in equity for an amount of €125 million net of the allocated portion of issue costs, with a net of tax impact on equity of €82 million.

Faurecia convertible bond issue (OCÉANE)

On 26 November 2009, Faurecia issued €211 million worth of OCÉANE bonds convertible or exchangeable for new or existing shares. The 11,306,058 bonds due 1 January 2015 were issued at a price of €18.69 per bond and pay interest at an annual nominal rate of 4.50%. They are convertible at any time from 26 November 2009 at the bond holders' discretion on the basis of one share per bond. At 31 December 2009, no bonds had been converted. The bonds may also be redeemed by Faurecia on or after 15 January, 2013 at par plus accrued interest if the Faurecia share price exceeds 1.3 times the bonds' face value.

In accordance with the principles presented in note 1.15 C (a), the debt and equity components of the bonds were recorded separately at their respective fair values at issuance date, as follows:

- the debt component was accounted for at amortised cost for an amount of €184 million, net of the allocated portion of issue costs;
- the conversion option was recorded in equity for an amount of €23 million net of the allocated portion of issue costs.

The equity component has been allocated between equity holders of the parent and minority interests in line with Peugeot S.A.'s percentage interest in Faurecia.

Faurecia syndicated credit facility

In addition to carrying out the share issue mentioned in note 4, during the first half of 2009 Faurecia renegotiated its €1,170 million syndicated bank loan. The facility is now divided into three tranches, one for €150 million expiring in November 2011, one for €435 million expiring in November 2012 and one for €585 million expiring in November 2013.

The banks have the option of extending the November 2012 tranche by one year and the November 2011 tranche by one or two years.

Other refinancing transactions carried out by Faurecia

Faurecia also signed a credit facility with a syndicate of French banks for an amount of €205 million. Expiring in January 2011, the facility includes the same covenants based on Faurecia's consolidated financial ratios as the syndicated credit facility (see note 37.1.F).

31.2. Characteristics of Bonds and Other Borrowings

	31 Dec. 2009			
(in million euros)	Non-current	Current	Issuing currency	Due
Manufacturing and sales companies (excl. Faurecia)				
2009 convertible bond issue - €575 million	449	13	EUR	Q1/2016
Faurecia				
2009 convertible bond issue - €211 million	184	-	EUR	Q1/2015
TOTAL CONVERTIBLE BOND ISSUES	**633**	**13**		
Manufacturing and sales companies (excl. Faurecia)				
2009 bond issue - €750 million	740	29	EUR	Q3/2014
2003 bond issue - €600 million	702	10	EUR	Q3/2033
2001 bond issue - €1,500 million	1,588	23	EUR	Q3/2011
Faurecia				
2005 bond issue - €300 million (2) (3)	-	9	EUR	Q4/2010
TOTAL BOND ISSUES	**3,030**	**71**		
Manufacturing and sales companies (excl. Faurecia) - euro-denominated loans				
2009 French State loan - €3,000 million	3,064	124	EUR	Q2/2014
EIB loan (1)- €400 million	368	2	EUR	Q2/2013
EIB loan (1) - €125 million	125	-	EUR	Q4/2011
EIB loan (1)- €250 million	250	-	EUR	Q4/2014
FDES zero coupon debt (1)	24	-	EUR	Q1/2020
Borrowings - Spain	99	9	EUR	2011 - 2024
Manufacturing and sales companies (excl. Faurecia) - foreign currency loans				
Other borrowings	401	70	nc	nc
Faurecia				
Syndicated loan - France (3)	87	-	EUR	Q4/2011
Syndicated loan - France (3)	252	-	EUR	Q4/2012
Syndicated loan - France (3)	263	-	EUR	Q4/2013
Club deal	205	-	EUR	Q1/2011
Other borrowings	62	18	EUR	nc
TOTAL OTHER LONG-TERM BORROWINGS	**5,200**	**223**		

(1) EIB: European Investment Bank; FDES: French social and economic development fund.

(2) In 2005, Faurecia issued €300 million worth of bonds due October 2010. As the Company was not in compliance with its covenants at 31 June 2009, the bond holders had the right to require immediate repayment of the bonds. Of the initial amount issued, €291 million was repaid in August 2009.

(3) These contracts contain covenants based on financial ratios (see note 37.1.F).

31.3. Characteristics of other short-term financing and overdraft facilities

(in million euros)	Issuing currency	31 Dec. 2009	31 Dec. 2008
Commercial paper	EUR	199	147
Short-term loans	N/A	582	806
Bank overdrafts	N/A	391	416
Payments issued (1)	N/A	26	23
TOTAL		**1,198**	**1,392**

(1) This item corresponds to payments issued but not yet debited on bank statements as the due date was not a business day for the banks. It is offset by an increase in cash and cash equivalents for the same amount.

31.4. Finance lease liabilities

The present value of future payments under finance leases reported in "Other borrowings" can be analysed as follows by maturity:

(in million euros)	31 Dec. 2009	31 Dec. 2008
2009	-	142
2010	175	131
2011	99	78
2012	76	26
2013	64	16
Subsequent years	146	118
	560	**511**
Less interest portion	(49)	(81)
PRESENT VALUE OF FUTURE LEASE PAYMENTS	**511**	**430**

Note 32 Other Non-Current Liabilities

(in million euros)	31 Dec. 2009	31 Dec. 2008
Liabilities related to vehicles sold with a buyback commitment	2,543	2,782
Other	9	11
TOTAL	**2,552**	**2,793**

Note 33 Financing Liabilities - Finance Companies

Financing liabilities are accounted for as described in note 1.15.C.

33.1. Analysis by Type

(in million euros)	31 Dec. 2009	31 Dec. 2008
Securities issued by securitization funds (note 21)	3,841	4,561
Other bond debt	413	413
Other debt securities	9,105	8,049
Bank borrowings	7,288	8,549
	20,647	**21,572**
Customer deposits	414	292
	21,061	**21,864**
Amounts due to Group manufacturing and sales companies	*(206)*	*(118)*
TOTAL	**20,855**	**21,746**

"Other debt securities" consist mainly of EMTNs for €5,399 million and commercial paper for €3,434 million.

33.2. Refinancing Transactions

Securitization transaction

"Bank borrowings" include an amount of €650 million corresponding to repo transactions with the European Central Bank (ECB) that are secured by bonds issued under a securitization transaction carried out by the Spanish branch of Banque PSA Finance on 21 April 2009 (see note 21).

Fixed-rates EMTN issue by Banque PSA Finance

Banque PSA Finance carried out several fixed-rate EMTN issues in 2009:

- two €750 million issues in May, one at 8.50% due May 2012 and one at 6.375% due November 2010;
- a €500 million issue in September, at 3.75% due March 2011;
- a €750 million issue in October, at 3.625% due October 2011.

SFEF loans

Banque PSA Finance received several long-term loans from "Société de Financement de l'Economie Française" (SFEF) pursuant to the measures to finance the economy introduced in France's amended Finance Act no.2008-1061 of 16 October 2008. The loans total €1,105 million and are for periods ranging from 2 to 5 years. The fixed interest rates have been swapped for variable rates.

ICO loan

The Spanish branch of Banque PSA Finance received a €174 million 5-year loan from "Instituto de Crédito Oficial" (ICO) under the Vehiculo Innovador Vehicule Electrico (VIVE) electrical vehicle development plan.

Other refinancing transactions

On 10 July, Banque PSA Finance obtained a €1,510 syndicated line of credit from a group of banks, expiring in July 2011, and a £420 million 3-year variable rate loan.

To complete the refinancing process, on December 15, 2009, Banque PSA Finance obtained a new €1,755 million syndicated line of credit with a maturity of 3.5 years.

33.3. Analysis by Maturity

	31 Dec. 2009				
(in million euros)	Securities issued by securitization funds	Other bond debt	Other debt securities	Bank borrowings	TOTAL
Less than 3 months	224	-	3,736	2,997	6,957
3 months to 1 year	1,019	-	2,582	1,999	5,600
1 to 5 years	2,598	413	2,787	2,118	7,916
Beyond 5 years	-	-	-	174	174
TOTAL	**3,841**	**413**	**9,105**	**7,288**	**20,647**

	31 Dec. 2008				
(in million euros)	Securities issued by securitization funds	Other bond debt	Other debt securities	Bank borrowings	TOTAL
Less than 3 months	87	-	3,354	3,564	7,005
3 months to 1 year	153	-	1,927	2,166	4,246
1 to 5 years	3,379	413	2,759	2,819	9,370
Beyond 5 years	942	-	9	-	951
TOTAL	**4,561**	**413**	**8,049**	**8,549**	**21,572**

33.4. Analysis by Repayment Currency

All bonds and securities issued by securitization funds are exclusively repayable in euros. Other financial liabilities can be analysed as follows by repayment currency:

	31 Dec. 2009		31 Dec. 2008	
(in million euros)	Other debt securities	Bank borrowings	Other debt securities	Bank borrowings
EUR	8,985	5,769	7,095	7,232
GBP	-	658	157	376
USD	-	-	-	-
JPY	30	-	733	-
BRL	90	665	64	552
CHF	-	76	-	74
CZK	-	2	-	124
Other	-	118	-	191
TOTAL	**9,105**	**7,288**	**8,049**	**8,549**

Note 34 Other Payables

34.1. Manufacturing and Sales Companies

(in million euros)	31 Dec. 2009	31 Dec. 2008
Taxes payable other than corporate income taxes	661	781
Personnel-related payables	860	864
Payroll taxes	476	500
Payable on fixed asset purchases	180	296
Customer prepayments	515	402
Derivative instruments (1)	43	233
Deferred income	348	436
Miscellaneous other payables	411	283
TOTAL	**3,494**	**3,795**

(1) This item corresponds to the fair value of instruments purchased by the Group to hedge currency risks on current or forecast operating receivables and payables. These instruments are analysed by maturity in note 37, "Management of market risks".

34.2. Finance Companies

(in million euros)	31 Dec. 2009	31 Dec. 2008
Personnel-related payables and payroll taxes	76	56
Derivative instruments (1)	426	420
Deferred income and accrued expenses	453	403
Miscellaneous other payables	234	191
TOTAL	**1,189**	**1,070**

(1) This item corresponds to the fair value of instruments purchased by the Group to hedge interest rate risks on finance receivables and financing liabilities. These instruments are analysed by maturity in note 37, "Management of market risks".

Note 35 Notes to the Consolidated Statement of Cash Flows

35.1. Analysis of Net Cash and Cash Equivalents Reported in the Statements of Cash Flows

(in million euros)	31 Dec. 2009	31 Dec. 2008
Cash and cash equivalents (note 27.1)	7,843	2,040
Payments issued (note 31.3)	(26)	(23)
Net cash and cash equivalents - manufacturing and sales companies	**7,817**	**2,017**
Net cash and cash equivalents - finance companies (note 27.2)	**1,289**	**1,280**
Elimination of intragroup transactions (1)	*(115)*	*(90)*
TOTAL	**8,991**	**3,207**

(1) The elimination of intragroup transactions concerns the transfer of Automobile Division receivables to the finance companies on the last day of the month. The corresponding cash flows are recognized by the Automobile Division on the day of transfer and by the finance company on the following day.

35.2. Change in Operating Assets and Liabilities as Reported in the Consolidated Statements of Cash Flows

A. Manufacturing and sales companies

(in million euros)	2009	2008
(Increase) decrease in inventories	2,488	(1,076)
(Increase) decrease in trade receivables	169	804
Increase (decrease) in trade payables	(23)	(2,015)
Change in corporate income taxes	49	(97)
Other changes	(67)	(543)
	2,616	**(2,927)**
Net cash flows with Group finance companies	*210*	*(123)*
TOTAL	**2,826**	**(3,050)**

B. Finance companies

(in million euros)	2009	2008
(Increase) decrease in finance receivables	235	66
(Increase) decrease in short-term investments	410	2,196
Increase (decrease) in financing liabilities	(1,199)	(2,115)
Change in corporate income taxes	11	(28)
Other changes	284	32
	(259)	**151**
Net cash flows with Group manufacturing and sales companies	*(339)*	*139*
TOTAL	**(598)**	**290**

35.3. Detailed Analysis of Change in Operating Assets and Liabilities - Manufacturing and Sales Companies

	2009					
(in million euros)	At 1 Jan.	Cash flows from operating activities	Change in scope of consolidation and other	Translation adjustment	Revaluations taken to equity	At 31 Dec.
Inventories	(7,757)	2,488	3	(94)	-	(5,360)
Trade receivables	(2,001)	169	(27)	4	-	(1,855)
Trade payables	8,428	(23)	(1)	20	-	8,424
Income taxes	(113)	49	-	14	-	(50)
Other receivables	(1,897)	229	41	(30)	(8)	(1,665)
Other payables	3,795	(359)	(2)	60	-	3,494
	455	**2,553**	**14**	**(26)**	**(8)**	**2,988**
Net cash flows with Group finance companies	*(97)*	*186*	*24*	*-*	*-*	*113*
TOTAL	**358**	**2,739**	**38**	**(26)**	**(8)**	**3,101**

	2008					
(in million euros)	At 1 Jan.	Cash flows from operating activities	Change in scope of consolidation and other	Translation adjustment	Revaluations taken to equity	At 31 Dec.
Inventories	(6,913)	(1,076)	(42)	274	-	(7,757)
Trade receivables	(2,857)	804	8	44	-	(2,001)
Trade payables	10,600	(2,015)	-	(157)	-	8,428
Income taxes	(11)	(97)	-	(5)	-	(113)
Other receivables	(1,782)	(145)	(13)	48	(5)	(1,897)
Other payables	4,241	(268)	(79)	(98)	(1)	3,795
	3,278	**(2,797)**	**(126)**	**106**	**(6)**	**455**
Net cash flows with Group finance companies	*26*	*(123)*	*3*	*(3)*	*-*	*(97)*
TOTAL	**3,304**	**(2,920)**	**(123)**	**103**	**(6)**	**358**

35.4. Changes in Other Financial Assets and Liabilities - Manufacturing and Sales Companies

(in million euros)	2009	2008
Increase in borrowings	5,191	982
Repayment of borrowings and conversion of bonds	(681)	(999)
(Increase) decrease in non-current financial assets	56	291
(Increase) decrease in current financial assets	249	921
Increase (decrease) in current financial liabilities	(250)	(266)
	4,565	**929**
Net cash flows with Group finance companies	*105*	*42*
TOTAL	**4,670**	**971**

35.5. Net Charges to Depreciation, Amortisation and Impairment in the Statement of Cash Flows

(in million euros)	2009	2008
Depreciation and amortisation expense (note 7.2)	(3,132)	(3,192)
Goodwill impairment (note 15.1)	-	(248)
Impairment of intangible assets (note 15.1)	(2)	(116)
Impairment of property, plant and equipment (note 16)	(72)	(123)
TOTAL	**(3,206)**	**(3,679)**

Note 36 Financial Instruments

A. Financial instruments reported in the balance sheet

	31 Dec. 2009		Analysis by class of instrument				
(in million euros)	Carrying amount	Fair value	Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Investments in non-consolidated companies	55	55	-	55	-	-	-
Other non-current financial assets	857	857	319	217	129	-	192
Other non-current assets	269	269	33	57	179	-	-
Loans and receivables - finance companies	22,560	22,211	-	-	22,560	-	-
Short-term investments - finance companies	786	786	786	-	-	-	-
Trade receivables - manuf. and sales companies	1,693	1,693	-	-	1,693	-	-
Other receivables	2,414	2,414	-	-	2,137	-	277
Current financial assets	284	284	25	-	229	-	30
Cash and cash equivalents	9,017	9,017	9,017	-	-	-	-
ASSETS	**37,935**	**37,586**	**10,180**	**329**	**26,927**	**-**	**499**
Non-current financial liabilities [(1)]	9,268	9,671	-	-	-	9,245	23
Other non-current liabilities (note 32)	9	9	-	-	9	-	-
Financing liabilities - finance companies	20,855	20,838	-	-	-	20,855	-
Trade payables	8,414	8,414	-	-	8,414	-	-
Other payables	4,421	4,421	-	-	3,968	-	453
Current financial liabilities	1,670	1,670	-	-	-	1,661	9
LIABILITIES	**44,637**	**45,023**	**-**	**-**	**12,391**	**31,761**	**485**

(1) The fair values of the OCÉANE convertible bonds issued by Peugeot S.A. (€726 million) and Faurecia (€214 million) correspond to their quoted market prices at the balance sheet date and therefore include both the debt component measured at amortised cost and the equity component represented by the conversion option.

	31 Dec. 2008		Analysis by class of instrument				
(in million euros)	Carrying amount	Fair value	Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Investments in non-consolidated companies	61	61	-	61	-	-	-
Other non-current financial assets	869	869	416	104	126	-	223
Other non-current assets	153	153	34	-	119	-	-
Loans and receivables - finance companies	22,359	22,003	-	-	22,359	-	-
Short-term investments - finance companies	1,182	1,182	1,182	-	-	-	-
Trade receivables - manuf. and sales companies	1,855	1,855	-	-	1,855	-	-
Other receivables	2,669	2,669	-	-	2,066	-	603
Current financial assets	515	515	249	-	242	-	24
Cash and cash equivalents	3,230	3,230	3,230	-	-	-	-
ASSETS	**32,893**	**32,537**	**5,111**	**165**	**26,767**	**-**	**850**
Non-current financial liabilities	4,491	3,914	-	-	-	4,491	-
Other non-current liabilities (note 32)	11	11	-	-	11	-	-
Financing liabilities - finance companies	21,746	21,755	-	-	-	21,746	-
Trade payables	8,417	8,417	-	-	8,417	-	-
Other payables	4,466	4,466	-	-	4,007	-	459
Current financial liabilities	1,693	1,651	-	-	-	1,664	29
LIABILITIES	**40,824**	**40,214**	**-**	**-**	**12,435**	**27,901**	**488**

The fair value of financial instruments held by the Group is calculated whenever it can be estimated reliably on the basis of market data for assets considering that they are not intended to be sold. The fair value of financial instruments traded on an active market is based on the market price at the balance sheet date. The market price used for financial assets held by the Group is the bid price on the market at the measurement date.

The main valuation methods applied are as follows:

Items recognised at fair value through profit or loss and derivative interest rate and currency hedging instruments are measured by using a valuation technique that benchmarks interbank rates (such as Euribor) and daily foreign exchange rates set by the European Central Bank. Derivative commodity hedging instruments are valued by external experts. All the financial instruments in this class are financial assets and liabilities designated at fair value through profit or loss on initial recognition in accordance with the criteria set out in note 1.15.

Investments in non-consolidated companies and other investments are stated at fair value in the balance sheet, in accordance with IAS 39 (note 1.15.B (a) and (c)).

The fair value of investments in non-consolidated companies not traded in an active market corresponds to their cost.

For listed equities traded on an active market that are classified as "available-for-sale" and reported under "Other non-curent financial assets" fair value corresponds to their quoted market price at the balance sheet date.

"Other non-current assets" classified as "available-for-sale" correspond to units in Fonds de Modernisation des Équipementiers Automobiles (FMEA). FMEA is a fund to support automotive equipment manufacturers set up at the French government's initiative under France's Automobile Industry Pact signed on 9 February 2009. The FMEA units are measured at fair value, which corresponds to their net asset value at the balance sheet date and reflects the fair value of the investments held by the fund. In the first twelve months from the date of acquisition, the fair value of investments held by the fund that are unlisted is considered as being equal to their cost, as adjusted where appropriate for the effects of any unfavourable post-acquisition events. Beyond the first twelve months, their fair value will be estimated by the P/E method.

Financing loans and receivables are stated at amortised cost measured using the effective interest method, and are generally hedged against interest rate risks. The hedged portion is remeasured at fair value in accordance with hedge accounting principles, with the result that the margin is excluded from the remeasurement. The fair value presented above is estimated by discounting future cash flows at the rate applicable to similar loans granted at the balance sheet date.

Borrowings taken out by the manufacturing and sales companies and the financing liabilities of finance companies are stated at amortised cost, determined by the effective interest method. Financial liabilities hedged by interest rate swaps qualify for hedge accounting. The interest-linked portion is remeasured at fair value. The fair value presented above is estimated based on market data and the risk premium paid by the Group on its borrowings at the balance sheet date. Since 2008, the Group no longer has any financial liabilities measured using the fair value option.

The fair value of the manufacturing and sales companies' trade receivables and payables is considered as being equivalent to carrying amount, after deducting accumulated impairment if any (see note 1.17), due to their very short maturities.

The same applies to cash and cash equivalents.

B. Information about financial assets and liabilities recognised at fair value

	Instruments measured at fair value		
(in million euros)	Derivative instruments	Instruments at fair value through profit or loss	Available-for-sale financial assets
Level 1 fair value inputs: quoted market prices			
Investments in non-consolidated companies	-	-	-
Other non-current financial assets	-	192	217
Other non-current assets	-	-	-
Short-term investments - finance companies	-	-	-
Other receivables	-	-	-
Current financial assets	-	-	-
Cash and cash equivalents	-	5,514	-
Level 2 fair value inputs: based on observable market data			
Investments in non-consolidated companies	-	-	-
Other non-current financial assets	192	127	-
Other non-current assets	-	33	-
Short-term investments - finance companies	-	786	-
Other receivables	277	-	-
Current financial assets	30	25	-
Cash and cash equivalents(1)	-	3,503	-
Level 3 fair value inputs: not based on observable market data			
Investments in non-consolidated companies	-	-	55
Other non-current financial assets	-	-	-
Other non-current assets	-	-	57
Short-term investments - finance companies	-	-	-
Other receivables	-	-	-
Current financial assets	-	-	-
Cash and cash equivalents	-	-	-
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**499**	**10,180**	**329**

(1) Corresponding to traditional instruments for investing available cash such as certificates of deposit, commercial paper and money market notes.

(in million euros)	Derivative instruments	Instruments at fair value through profit or loss
Level 1 fair value inputs: quoted market prices		
Other payables	-	-
Current financial liabilities	-	-
Level 2 fair value inputs: based on observable market data		
Other payables	(453)	-
Non-current financial liabilities	(23)	-
Current financial liabilities	(9)	-
Level 3 fair value inputs: not based on observable market data		
Other payables	-	-
Current financial liabilities	-	-
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**(485)**	**-**

ANALYSIS OF FINANCIAL ASSETS MEASURED USING LEVEL 3 FAIR VALUE INPUTS

(in million euros)	2009
Fair value of financial assets at 1 January (level 3 inputs)	61
Gain or loss recorded under "Income and expenses recognised directly in equity"	-
Gain or loss recorded in profit or loss for the period	(4)
Purchases/financial assets consolidated for the first time	55
Sales/financial assets excluded from the scope of consolidation	-
Reclassification to another level in the fair value hierarchy	-
FAIR VALUE OF FINANCIAL ASSETS AT 31 DECEMBER (LEVEL 3 INPUTS)	**112**

C. Effect of financial instruments on profit or loss

(in million euros)	2009	Analysis by class of instrument: Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	12	-	-	12	-	-
Total interest expense	(455)	-	-	-	(455)	-
Remeasurement [(1)]	-	72	-	-	(28)	(44)
Disposal gains and dividends	6		6			
Net impairment	(1)	-	-	(1)	-	-
Total - manufacturing and sales companies	**(438)**	**72**	**6**	**11**	**(483)**	**(44)**
Finance companies						
Total interest income	1,582	-	-	1,582	-	-
Total interest expense	(584)	-	-	-	(584)	-
Remeasurement [(1)]	(213)	12	-	(8)	(26)	(191)
Net impairment	(112)	-	-	(112)	-	-
Total - finance companies	**673**	**12**	**-**	**1,462**	**(610)**	**(191)**
NET GAIN (LOSS)	**235**	**84**	**6**	**1,473**	**(1,093)**	**(235)**

(1) For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.

(in million euros)	2008	Analysis by class of instrument: Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	13	-	-	13	-	-
Total interest expense	(310)	-	-	-	(310)	-
Remeasurement [(1)]	96	233	-	-	(16)	(121)
Disposal gains and dividends	14	-	14	-	-	-
Net impairment	(9)	-	-	(9)	-	-
Total - manufacturing and sales companies	**(196)**	**233**	**14**	**4**	**(326)**	**(121)**
Finance companies						
Total interest income	1,736	-	-	1,736	-	-
Total interest expense	(1,121)	-	-	-	(1,121)	-
Remeasurement [(1)]	157	102	-	276	(52)	(169)
Net impairment	(98)	-	-	(98)	-	-
Total - finance companies	**674**	**102**	**-**	**1,914**	**(1,173)**	**(169)**
NET GAIN (LOSS)	**478**	**335**	**14**	**1,918**	**(1,499)**	**(290)**

(1) For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.

In the case of the finance companies, the total net gain or loss on financial assets and liabilities, as defined in IAS 39, is recognised in recurring operating income.

Note 37 Management of Market Risks

37.1. Risk Management Policy

In the course of its business, the PSA Peugeot Citroën Group is exposed to currency and interest rate risks, as well as to other market risks arising, in particular, from changes in commodity prices and equity prices. The Group is also exposed to counterparty and liquidity risks.

A. Currency Risk

Currency Risk: Manufacturing and Sales Companies

The manufacturing and sales companies manage their foreign exchange positions on transactions denominated in foreign currencies with the objective of hedging the risk of fluctuations in exchange rates. Automobile Division currency risks are managed centrally, for the most part by PSA International S.A. (PSAI) under the supervision of Group management. All products used by PSAI are standard products covered by master agreements (ISDA).

Automobile Division positions are managed primarily by entering into forward foreign exchange contracts, as soon as the foreign currency invoice is accounted for, covering the period to the settlement date.

At Group level, currency risks are managed by requiring manufacturing companies to bill sales companies in the latter's local currency (except in rare cases or where this is not allowed under local regulations). Currency risks on these intragroup billings are systematically hedged by PSAI using forward foreign exchange contracts.

The manufacturing and sales companies' intragroup loans are also hedged by PSAI.

In most cases, the hedging strategy consists of purchasing options which act as an insurance policy that limits the maximum risk to the amount of the premium. These hedges are set up from time to time by PSAI under the supervision of Group management.

In line with this strategy, currency risks on forecast transactions in Japanese yen were hedged by PSAI using purchased options. The options capped the exchange rate for vehicle purchases in 2008 and the first nine months of 2009 under the cooperation agreement with Mitsubishi the Group did not enter into any new yen hedges in 2009. The option represented hedges of highly probable future transactions and therefore qualified for hedge accounting under IAS 39.

The Group does not hedge its net investment in foreign operations.

PSAI also carries out proprietary transactions involving currency instruments. These transactions are subject to very strict exposure limits and are closely monitored on a continuous basis. They are the only non-hedging transactions carried out by companies in the PSA Peugeot Citroën Group and have a very limited impact on consolidated profit.

Risks arising on these transactions are managed by applying simulated changes in market conditions (spot rates and volatility) to the existing portfolio using parameters that draw on (a) historical volatility over a trailing twelve-month period accurate to within ten trading days and (b) changes in implicit volatility. These parameters are verified or revised at least twice a year or in the event of a sharp unexpected shift in the market. Stress tests performed on the portfolio at 31 December 2009 showed that the impact on consolidated profit would not be material.

Currency fluctuation assumptions applied in the stress tests include the following:

	USD	YEN	CZK	GBP	CHF
Hypothetical fluctuation against the euro	10.0%	12.0%	9.0%	9.0%	5.0%

Faurecia manages the currency risks incurred by its subsidiaries on commercial transactions principally through forward purchase and sale contracts or options, and foreign currency financing. Commercial positions are hedged by derivatives or by loans in the same currency as the subsidiary's exposure. Future transactions are hedged on the basis of cash flow forecasts drawn up during the budgeting process and approved by management. The derivative instruments used to hedge these future transactions qualify for cash flow hedge accounting. Subsidiaries located outside the euro zone receive intragroup loans in their functional currency. These loans are refinanced in euros, and the related currency risk is hedged by swaps.

The net position of the manufacturing and sales companies in the main foreign currencies is as follows:

	31 Dec. 2009						
(in million euros)	GBP	YEN	USD	PLN	CHF	RUB	Other
Total assets	291	21	568	50	28	81	345
Total liabilities	(323)	(123)	(191)	(4)	-	-	1
NET POSITION BEFORE HEDGING	**(32)**	**(102)**	**377**	**46**	**28**	**81**	**346**
Derivative financial instruments	37	102	(359)	(50)	(28)	(81)	(361)
NET POSITION AFTER HEDGING	**5**	**-**	**18**	**(4)**	**-**	**-**	**(15)**

	31 Dec. 2008						
(in million euros)	GBP	YEN	USD	PLN	CHF	RUB	Other
Total assets	93	24	432	59	15	215	192
Total liabilities	(228)	(40)	(255)	(84)	-	-	(106)
NET POSITION BEFORE HEDGING	**(135)**	**(16)**	**177**	**(25)**	**15**	**215**	**86**
Derivative financial instruments	129	16	(171)	54	(15)	(215)	(92)
NET POSITION AFTER HEDGING	**(6)**	**-**	**6**	**29**	**-**	**-**	**(6)**

Sensitivity to changes in exchange rates for the main exposures

The Group is mainly exposed, after hedging, to foreign exchange risk through its Automotive Equipment division. As of 31 December 2009, the sensitivity of consolidated profit and equity to a change in exchange rates against the euro was as follows for the Group's main exposures:

(in million euros)	USD	CZK	CAD	MXN	GBP	PLN	Other
Hypothetical fluctuation against the euro	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	N/A
Impact on income before tax	(20)	5	11	3	(8)	6	5
Impact on equity	1	(1)	-	-	(1)	(2)	-

Currency Risk: Finance Companies

Group policy consists of not entering into any operational currency positions. Liabilities are matched with assets in the same currency, entity by entity, using appropriate financial instruments where necessary such as cross currency swaps, currency swaps and forward foreign exchange contracts.

The Group does not hedge its net investment in foreign operations.

The net position of the finance companies in the main foreign currencies is as follows:

	31 Dec. 2009					
(in million euros)	GBP	YEN	MXN	PLN	CHF	Other
Total assets	1,532	-	63	155	253	182
Total liabilities	(474)	(30)	-	-	-	(50)
NET POSITION BEFORE HEDGING	**1,058**	**(30)**	**63**	**155**	**253**	**132**
Derivative financial instruments	(1,056)	30	(63)	(155)	(253)	(132)
NET POSITION AFTER HEDGING	**2**	**-**	**-**	**-**	**-**	**-**

	31 Dec. 2008					
(in million euros)	GBP	YEN	USD	PLN	CHF	Other
Total assets	1,200	3	-	164	277	70
Total liabilities	(163)	(735)	-	-	(7)	(1)
NET POSITION BEFORE HEDGING	**1,037**	**(732)**	**-**	**164**	**270**	**69**
Derivative financial instruments	(1,037)	732	-	(164)	(270)	(69)
NET POSITION AFTER HEDGING	**-**	**-**	**-**	**-**	**-**	**-**

In view of the Group's hedging policy, a change in exchange rates at the level of the finance companies would not have any material impact on consolidated profit or equity.

B. *Interest Rate Risk*

Interest Rate Risk: Manufacturing and Sales Companies

Commercial receivables and payables are short-term assets and liabilities and their value is not affected by the level of interest rates.

Cash surpluses and short-term financing needs of manufacturing and sales companies – except for automotive equipment companies – are mainly centralized at the level of GIE PSA Trésorerie, which invests net cash reserves on the financial markets in short-term instruments indexed to variable rates.

The gross borrowings of manufacturing and sales companies – excluding automotive equipment companies – consist mainly of fixed- and adjustable-rate long-term loans. Until 2008, the debt was converted to variable rate by means of derivatives; however, new borrowings obtained in 2009 were kept at fixed rates in order to retain the benefit of record low fixed interest rates.

Faurecia's interest rate risks are managed on a centralized basis by its Finance and Treasury Department, which reports to executive management. Hedging decisions are made by a Market Risk Committee that meets on a monthly basis. As Faurecia's borrowings are primarily at variable rates, its hedging policy aims to limit the effect on profit of an increase in short-term rates, mainly through the use of caps and other options in euros and dollars and, to a lesser extent, through swaps. Substantially all interest payable in 2010 is hedged, along with part of the interest payable in 2011.

Since 2008, some of Faurecia's derivative instruments have qualified for hedge accounting for the first time under IAS 39. The other derivative instruments purchased by Faurecia represent economic hedges of interest rate risks on borrowings but do not meet the criteria in IAS 39 for the application of hedge accounting.

Faurecia is the only entity that holds cash flow hedges of interest rate risks.

The net interest rate position of manufacturing and sales companies is as follows:

(in million euros)		31 Dec. 2009 Intraday to 1 year	1 to 5 years	Beyond 5 years	TOTAL
Total assets	Fixed rate	862	116	106	1,084
	Variable rate	7,429	-	-	7,429
Total liabilities	Fixed rate	(291)	(5,617)	(1,632)	(7,540)
	Variable rate	(2,920)	-	-	(2,920)
NET POSITION BEFORE HEDGING	**FIXED RATE**	**571**	**(5,501)**	**(1,526)**	**(6,456)**
	VARIABLE RATE	**4,509**	**-**	**-**	**4,509**
Derivative financial instruments	Fixed rate	(658)	1,588	702	1,632
	Variable rate	(1,632)	-	-	(1,632)
NET POSITION AFTER HEDGING	**FIXED RATE**	**(87)**	**(3,913)**	**(824)**	**(4,824)**
	VARIABLE RATE	**2,877**	**-**	**-**	**2,877**

(in million euros)		31 Dec. 2008 Intraday to 1 year	1 to 5 years	Beyond 5 years	TOTAL
Total assets	Fixed rate	153	133	94	380
	Variable rate	2,636	-	-	2,636
Total liabilities	Fixed rate	(121)	(1,961)	(764)	(2,846)
	Variable rate	(3,003)	-	-	(3,003)
NET POSITION BEFORE HEDGING	**FIXED RATE**	**32**	**(1,828)**	**(670)**	**(2,466)**
	VARIABLE RATE	**(367)**	**-**	**-**	**(367)**
Derivative financial instruments	Fixed rate	-	1,611	740	2,351
	Variable rate	(2,351)	-	-	(2,351)
NET POSITION AFTER HEDGING	**FIXED RATE**	**32**	**(217)**	**70**	**(115)**
	VARIABLE RATE	**(2,718)**	**-**	**-**	**(2,718)**

Sensitivity tests show that a 100bps increase or decrease in average interest rates would have a positive or negative impact of approximately €15 million on income before tax in 2009 (€24 million in 2008).

Interest Rate Risk: Finance Companies

Banque PSA Finance's fixed-rate loans to customers of the Automobile Division are refinanced mainly through adjustable rate borrowings. The impact of changes in interest rates is hedged using appropriate instruments to match interest rates on the loans and the related refinancing.

Implementation of this strategy is overseen by the Bank's Refinancing Committee and led by Corporate Treasury. Interest rate risks on outstanding loans are attenuated through an assertive hedging policy, with a 3% ceiling on unhedged exposures (by country and by half-yearly maturity band) arising from the difficulty of precisely matching loan balances with the notional amounts of derivatives.

Concerning assets, fixed rate instalment loans are hedged by interest rate swaps that are purchased on the market as soon as the financing is granted. In practice, the swaps are purchased at ten-day intervals. Wholesale financing is granted at rates based on short-term market rates, while the liquidity reserve is invested at the same rates.

Concerning liabilities, all new interest-bearing debt is converted to a rate based on a 3-month benchmark using appropriate hedging instruments.

Refinancing costs for new retail loans may be capped through the occasional use of swaptions. At 31 December 2009, part of the Bank's forecast loan originations for 2010 was hedged by swaptions on a notional amount of €1,263 million.

The net interest rate position of finance companies is as follows:

(in million euros)		31 Dec. 2009 Intraday to 1 year	1 to 5 years	Beyond 5 years	TOTAL
Total assets	Fixed rate	6,786	10,511	-	**17,297**
	Variable rate	7,279	-	-	**7,279**
Total liabilities	Fixed rate	(2,213)	(2,606)	(9)	**(4,828)**
	Variable rate	(15,946)	-	-	**(15,946)**
NET POSITION BEFORE HEDGING	**FIXED RATE**	**4,573**	**7,905**	**(9)**	**12,469**
	VARIABLE RATE	**(8,667)**	**-**	**-**	**(8,667)**
Derivative financial instruments [(1)]	Fixed rate	(4,017)	(4,281)	9	**(8,289)**
	Variable rate	8,604	-	-	**8,604**
NET POSITION AFTER HEDGING	**FIXED RATE**	**556**	**3,624**	**-**	**4,180**
	VARIABLE RATE	**(63)**	**-**	**-**	**(63)**

(1) Of which two swaps representing isolated open position for a total of €315 million, with no material impact on income.

(in million euros)		31 Dec. 2008 Intraday to 1 year	1 to 5 years	Beyond 5 years	TOTAL
Total assets	Fixed rate	6,799	10,329	-	**17,128**
	Variable rate	7,658	-	-	**7,658**
Total liabilities	Fixed rate	(1,796)	(1,752)	(55)	**(3,603)**
	Variable rate	(18,019)	-	-	**(18,019)**
NET POSITION BEFORE HEDGING	**FIXED RATE**	**5,003**	**8,577**	**(55)**	**13,525**
	VARIABLE RATE	**(10,361)**	**-**	**-**	**(10,361)**
Derivative financial instruments	Fixed rate	(4,181)	(5,435)	55	**(9,561)**
	Variable rate	9,561	-	-	**9,561**
NET POSITION AFTER HEDGING	**FIXED RATE**	**822**	**3,142**	**-**	**3,964**
	VARIABLE RATE	**(800)**	**-**	**-**	**(800)**

C. Equity Risk

Equity risk corresponds to the price risk arising from a fall in the value of equities held by the Group.

Price change assumptions are based on average historical and implicit volatilities observed for the CAC 40 index over the reporting year.

(in million euros)	31 Dec. 2009 Investments classified as "available-for-sale"	Investments accounted for using the fair value option
Balance sheet position (Other non-current financial assets)	217	76
Sensitivity of earnings	-	(15)
Sensitivity of equity	(43)	N/A
Unfavourable change assumption	20%	20%

	31 Dec. 2008	
in million euros)	Investments classified as "available-for-sale"	Investments accounted for using the fair value option
Balance sheet position (Other non-current financial assets)	104	37
Sensitivity of earnings	-	(7)
Sensitivity of equity	(21)	N/A
Unfavourable change assumption	20%	20%

D. Commodity Risk

The Group's exposure to commodity risks is tracked jointly by the Purchasing Department and PSA International S.A. (PSAI) which is responsible for hedging the Group's currency and commodity risks. Commodity risks are reviewed at quarterly intervals by a Metals Committee chaired by the Group's Chief Financial Officer. This Committee monitors hedging gains and losses, reviews each commodity that may have a material impact on the Group's operating income and sets hedging targets in terms of volumes and prices over periods of up to three years. Cash flow hedges are used only when they qualify for hedge accounting under IAS 39 and must be authorised in advance by the Chairman of the Managing Board.

The production costs of the Automobile Division and Faurecia are exposed to the risk of changes in certain raw materials prices, either as a result of their direct purchases or indirectly through the impact of these changes on their suppliers' costs. These raw materials are either industrial products such as steel and plastics whose prices and related adjustments are negotiated between buyers and vendors, or commodities traded on organized markets, such as aluminum, copper, lead or precious metals, for which the transaction price is determined by direct reference to the prices quoted on the commodity market.

In 2008 and 2009, the Group hedged part of its exposure to fluctuations in metals prices by purchasing options, collars and swaps. These instruments cover physical deliveries for the Group's production needs. The Group does not hold any speculative positions in commodities.

In 2009, commodity hedges concerned purchases of aluminium, platinum and palladium. All of these hedges qualified as cash flow hedges under IAS 39.

In the event of a 30% increase (decrease) in aluminium prices and a 35% increse (decrease) in platinum and palladium prices, the impact of the commodity hedges held at 31 December 2009 would have been a €31 million increase (decrease) in consolidated equity at that date. As all commodity hedges qualified as cash flow hedges under IAS 39, changes in the fair value of these instruments resulting from changes in the prices of the hedged commodities would not have had any impact on 2009 profit. The commodity price trend assumptions were determined based on the average historical and implicit volatilities observed on the relevant commodity markets in the reporting year.

E. Counterparty Risk

Counterparty Risk: Manufacturing and Sales Companies

The Group places significant emphasis on guaranteeing the security of payments for the goods and services delivered to customers. Relations with Peugeot and Citroën dealers are managed within the framework of the Banque PSA Finance sales financing system described below. Payments from other Group customers are secured by arrangements with leading counterparties that are validated by the Group Treasury Committee. Intercompany settlements are hedged against political risks whenever necessary.

Other counterparty risks concern investments of available cash and transactions involving currency and interest rate derivatives. These two types of transactions are carried out solely with leading financial partners approved by the Group Treasury Committee. The related counterparty risks are managed through a system of exposure limits by amount and by commitment duration. The limits are determined according to a range of criteria including the results of specific financial analyses by counterparty, the counterparty's credit rating and the amount of its equity capital.

Available cash is invested either in money market securities issued by approved counterparties, or in mutual funds. The bulk of money market securities in the portfolio are issued by banks and the remainder by non-financial sector issuers. Mutual funds are selected according to guidelines specifying minimum fund credit ratings and maximum maturities of underlying assets. In addition, the amount invested in each fund is capped based on the fund's total managed assets.

Derivatives transactions are governed by standard ISDA or FBF agreements and contracts with the most frequently used counterparties provide for weekly margin calls.

Counterparty Risk: Finance Companies

Banque PSA Finance is exposed to the risk of borrower default. Wholesale lending decisions are made internally, following a detailed risk analysis, by local credit committees in each country and are confirmed by a central credit committee when the amount exceeds a certain ceiling. The local committees are assigned clearly defined lending limits and compliance with these limits is checked regularly. Retail financing decisions are made using credit scoring systems, whose reliability is checked regularly. Large retail exposures are managed according to similar procedures as those applied to wholesale exposures.

The Bank responded to the worsening economic situation by tightening up its loan acceptance criteria and bolstering its collections resources. Its tried and tested, structured organization is supported by powerful management systems deployed at all units in Western Europe. In Central Europe and Latin America, the Bank has outsourced counterparty risk management to its strategic partners, while participating in overseeing the processes through its own local units.

Retail loans are written down as soon as one instalment is missed, based on historical loss and recovery data. In the case of wholesale financing, specific provisions are booked for individual loss events when the amount involved is material.

The following table presents the ageing analysis of sound finance company loans with past due installments that have not been written down:

AGEING ANALYSIS OF SOUND LOANS WITH PAST DUE INSTALLMENTS THAT HAVE NOT BEEN WRITTEN DOWN

(in million euros)	31 Dec. 2009	31 Dec. 2008
Up to 90 days past due	121	107
90 to 180 days past due	29	30
180 days to 1 year past due	109	116
More than 1 year past due	1	90
TOTAL	**260**	**343**

Loans to corporate dealers and corporate and equivalent financing for which one or more installments are more than 90 days past due (or 270 days for loans to local administrations) are not classified as non-performing when non-payment is due to an incident or a claim and is not related to the borrower's ability to pay.

Concerning concentration of credit risks, Banque PSA Finance continually monitors its largest exposures to ensure that they remain at reasonable levels and do not exceed the limits set in banking regulations. The Bank's ten largest weighted exposures other than with PSA Peugeot Citroën Group entities amounted to €731 million in 2009 (€766 million in 2008).

As Banque PSA Finance is structurally in a net borrower position, its exposure to other financial counterparties is limited to (i) the investment of funds corresponding to the liquidity reserve and of any excess cash, and (ii) the use of derivatives (swaps and swaptions) to hedge currency and interest rate risks.

Available cash is invested either in money market securities issued by leading banks, or in mutual funds offering a bank guarantee of capital and performance.

Financial analyses are performed to ensure that each counterparty operates on a sustainable basis and has adequate capital resources. The results of the analysis are used to award an internal rating to the counterparty and to set acceptable exposure limits. These limits are defined by type of transaction (investments and derivatives), and cover both amounts and durations. Utilisation of these limits is assessed and checked daily. Derivatives transactions are governed by standard ISDA or FBF agreements and contracts with the most frequently used counterparties provide for weekly margin calls. Derivative contracts are entered into solely with counterparties rated A or higher.

F. *Liquidity Risk*

Liquidity Risk: Manufacturing and Sales Companies

At 31 December 2009, the manufacturing and sales companies had net debt of €1,993 million (note 38). The bulk of this amount consisted of long-term debt, including €3,030 million worth of bonds and €5,200 million in other long-term borrowings due at the end of 2011 and beyond.

The Group plans to refinance the €1,500 million bond issue due in 2011 through one or several new issues. Refinancing of the other main loans maturing in 4 to 5 years' time (€3 billion government loan and €750 million bond issue) will be examined based on the Group's financial position at the time.

Peugeot S.A. and GIE PSA Trésorerie have access to a €2,400 million confirmed line of credit expiring in March 2011 (note 38.2) that was undrawn at 31 December 2009. This facility is not subject to any special drawing restrictions. The Group intends to apply to the lender banks to roll over all or most of this facility.

All of these maturities and refinancing decisions should be considered in light of Manufacturing and Sales companies' substantial cash reserves, which amounted to over €7 billion at 31 December 2009 (see note 27.1).

CONTRACTUAL CASH FLOWS FROM FINANCIAL LIABILITIES AND DERIVATIVE INSTRUMENTS: MANUFACTURING AND SALES COMPANIES

The following table shows undiscounted cash flows from financial liabilities and derivative instruments. They include principal repayments as well as future contractual interest payments. Foreign currency cash flows and variable or indexed cash flows have been determine on the basis of market data at the year-end.

			Undiscounted contractual cash flows				
(in million euros)	**Assets**	**Liabilities**	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**> 5 years**
FINANCIAL LIABILITIES							
Bonds - principal repayments							
Manufacturing and sales Cies - excluding Faurecia		(3,479)	-	-	-	(2,250)	(1,175)
Faurecia		(193)	-	-	(9)	-	(211)
Bond interest							
Manufacturing and sales Cies - excluding Faurecia		(75)	(13)	-	(200)	(585)	(722)
Faurecia		-	(2)	(2)	(4)	(33)	-
Other long-term debt - principal repayments							
Manufacturing and sales Cies - excluding Faurecia		(4,410)	(23)	(9)	(50)	(4,023)	(309)
Faurecia		(887)	(18)	-	-	(869)	-
Interest on other long-term debt							
Manufacturing and sales Cies - excluding Faurecia		(126)	(4)	(185)	(7)	(754)	-
Faurecia		-	(13)	(13)	(26)	(89)	-
Other short-term debt		**(1,281)**	**(1,281)**	-	-	-	-
Finance lease payments		(511)	-	-	(175)	(239)	(146)
Employee profit-sharing fund		(27)	-	-	(7)	(20)	-
DERIVATIVES							
Interest rate derivatives							
• of which fair value hedges	219	-	(16)	(3)	108	168	499
• of which cash flow hedges	-	(15)	-	-	(1)	(10)	-
• of which trading instruments (1)	-	(6)	-	-	(2)	(5)	-
Currency derivatives							
• of which fair value hedges	-	-	-	-	-	-	-
• of which cash flow hedges	1	-	1	-	-	-	-
• of which trading instruments (2)	33	(54)	(14)	(9)	(2)	(1)	-
Commodity derivatives							
• of which cash flow hedges	19	-	3	6	10	-	-
TOTAL	**272**	**(11,064)**	**(1,380)**	**(215)**	**(365)**	**(8,710)**	**(2,064)**

(1) Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

(2) Currency trading instruments: Derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

COVENANTS

The Faurecia syndicated loan and credit facility include certain convenants setting limits on net debt and requiring Faurecia to comply with certain consolidated financial ratios. The ratios are published at half-yearly intervals.

At 31 December 2009, these ratios were as follows:

			New contractual ratios				
Ratio		**31/12/2008**	**31/12/2009**	**30/06/2010**	**31/12/2010**	**≥30/06/2011**
Adjusted net debt*/EBITDA**	maximum	3,50	4,75	4,50	4,00	3,50
Interest cover (EBITDA**/net finance costs)	minimum	4,50	4,00	4,00	4,25	4,50

* *Adjusted net debt: consolidated net debt adjusted for certain commitments defined in the loan agreement (mortgages, debt guarantees).*

** *EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation.*

None of the other manufacturing and sales companies' borrowings are subject to any acceleration clauses based on financial ratios or any ratings triggers. In some cases, the borrower is required to give certain guarantees that are commonly required within the automotive industry, such as:

- Negative pledge clauses, whereby the borrower undertakes not to give any assets as collateral to third parties (generally with certain exceptions);
- Material adverse change clauses;
- Pari passu clauses, requiring the lender to be treated at least as favourably as the borrower's other creditors;
- Cross-default clauses, whereby if one loan goes into default, other loans from the same lender automatically become repayable immediately;
- Clauses whereby the borrower undertakes to provide regular information to the lenders;
- Clauses whereby the borrower undertakes to comply with the applicable legislation;
- Change of control clauses.

In addition, EIB loans are dependent on the Group carrying out the projects being financed and require the Group to pledge a minimum amount of financial assets.

The OCÉANE convertible bonds are subject to standard clauses, such as the requirement to maintain a listing for Peugeot S.A. or Faurecia shares.

All of these clauses were complied with in 2009.

Liquidity Risk: Finance Companies

Banque PSA Finance has a capital base in line with regulatory requirements. Each year, a significant proportion of the year's net income is transferred to reserves, leading to robust regulatory ratios that reflect the quality of the asset base.

Its refinancing strategy consists of diversifying liquidity sources as broadly as possible, matching the maturities of assets and liabilities, and hedging all of its exposure to currency and interest rate risks. The Bank also endeavours to maintain a liquidity cushion in the form of undrawn confirmed syndicated lines of credit (see note 38.2) and to a less or extend, through permanent liquidity reserves. This strategy enabled the Bank to finance its operations during the recent severe turbulence in the financial markets without significantly weakening its liquidity position.

Refinancing is arranged with maturities that comfortably cover the maturities of the retail financing portfolio. In addition to current borrowings, the Bank has €7,262 million worth of undrawn syndicated lines of credit from leading banks expiring at four different dates through 2014, as well as various undrawn bilateral facilities (€653 million).

In all, as in prior years these facilities are sufficient to cover over six months' wholesale and retail loan originations, based on constant outstanding loans at year-end.

CONTRACTUAL CASH FLOWS: FINANCE COMPANIES

Liquidity risk is analysed based on the contractual timing of cash inflows and outflows from detailed asset and liability items, determined by reference to the remaining period to maturity used to calculate Banque PSA Finance's consolidated liquidity ratio. Consequently, the cash flows do not include future contractual interest payments and derivative instruments used to hedge future contractual interest payments are not analysed by period.

	31 Dec. 2009	Not analysed	0-3 months	3-6 months	6-12 months	1-5 years	> 5 years
Assets							
Cash	1,289	-	1,289	-	-	-	-
Short-term investments - finance companies	786	-	709	77	-	-	-
Hedging instruments [1]	249	249	-	-	-	-	-
Other non-current financial assets	46	46	-	-	-	-	-
Loans and receivables - finance companies	22,653	855	4,099	2,701	4,302	10,403	293
TOTAL CASH FLOWS FROM ASSETS	**25,023**	**1,150**	**6,097**	**2,778**	**4,302**	**10,403**	**293**
Liabilities							
Hedging instruments [1]	(426)	(426)	-	-	-	-	-
Financing liabilities	(21,061)	-	(7,349)	(2,295)	(3,325)	(7,916)	(176)
TOTAL CASH FLOWS FROM LIABILITIES	**(21,487)**	**(426)**	**(7,349)**	**(2,295)**	**(3,325)**	**(7,916)**	**(176)**

(1) Intercompany loans and borrowings between manufacturing and sales companies are mainly short-term.

COVENANTS

In addition to the standard covenants also applicable to the manufacturing and sales companies, many of Banque PSA Finance's loan agreements include specific covenants requiring it to maintain a banking licence and to comply with the capital ratios applicable to all French banks.

37.2. Hedging Instruments: Manufacturing and Sales Companies

The various types of hedging instrument used and their accounting treatment are described in note 1.15 D (b).

A. Details of balance sheet values of hedging instruments and notional amounts hedged

	31 Dec. 2009					
	Carrying amount			Maturity		
(in million euros)	Assets	Liabilities	Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
Currency risk						
Fair value hedges:						
• Forward foreign exchange contracts	-	-	19	19	-	-
• Currency options	-	-	-	-	-	-
• Currency swaps	-	-	524	524	-	-
Cash flow hedges:						
• Forward foreign exchange contracts	1	-	136	136	-	-
Trading instruments [(1)]	33	(54)	5,431	5,315	116	-
O/w Intragroup	*21*					
Total currency risk	**34**	**(54)**	**6,110**	**5,994**	**116**	**-**
Interest rate risk						
Fair value hedges:						
• Interest rate swaps	219	-	2,100	-	1,500	600
Cash flow hedges:						
• Interest rate options	-	(11)	1,657	1,137	520	-
Trading instruments [(2)]	-	(10)	2,231	1,758	473	-
O/w Intragroup	-	-				
Total interrest rate risk	**219**	**(21)**	**5,988**	**2,895**	**2,493**	**600**
Commodity risk						
Cash flow hedges:						
• Swaps	19	-	78	78	-	-
• Options	-	-	-	-	-	-
Total commodity risk	**19**	**-**	**78**	**78**	**-**	**-**
TOTAL	**272**	**(75)**	**12,176**	**8,967**	**2,609**	**600**
Thereof:						
Total fair value hedges	219	-	2,643	543	1,500	600
Total cash flow hedges	20	(11)	1,871	1,351	520	-

(1) Currency trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

(2) Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

	31 Dec. 2008					
	Carrying amount			Maturity		
(in million euros)	Assets	Liabilities	Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
Currency risk						
Fair value hedges:						
• Forward foreign exchange contracts	2	-	38	38	-	-
• Currency options	3	-	39	39	-	-
• Currency swaps	5	-	540	540	-	-
Cash flow hedges:						
• Currency options	17	-	433	433	-	-
Trading instruments [(1)]	235	(236)	2,881	2,841	40	-
O/w Intragroup	-	*(190)*				
Total currency risk	**262**	**(236)**	**3,931**	**3,891**	**40**	**-**
Interest rate risk						
Fair value hedges:						
• Interest rate swaps	223	-	2,100		1,500	600
Cash flow hedges:						
• Interest rate options	-	(12)	2,837	1,415	1,422	-
Trading instruments [(2)]	15	(16)	2,393	1,175	1,218	-
O/w Intragroup	-	-				
Total interest rate risk	**238**	**(28)**	**7,330**	**2,590**	**4,140**	**600**
Commodity risk						
Cash flow hedges:						
• Swaps	-	-	-	-	-	-
• Options	-	-	-	-	-	-
Total commodity risk						
TOTAL	**500**	**(264)**	**11,261**	**6,481**	**4,180**	**600**
Thereof:						
Total fair value hedges	**233**	**-**	**2,717**	**617**	**1,500**	**600**
Total cash flow hedges	**17**	**(12)**	**3,270**	**1,848**	**1,422**	**-**

(1) Currency trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

(2) Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

B. Impact of Hedging Instruments on Income and Equity: Manufacturing and Sales Companies

Impact of cash flow hedges

(in million euros)	2009	2008
Change in effective portion recognised in equity	18	(11)
Change in ineffective portion recognised in profit or loss	(13)	(45)
Effective portion reclassified to the income statement under "Cost of goods and services sold"	6	74
Effective portion reclassified to the income statement under "Finance costs"	-	-
Effective portion reclassified to the income statement under "Other financial income and expenses"	-	-

Impact of fair value hedges

(in million euros)	2009	2008
Gains and losses on hedged borrowings recognised in profit or loss	28	(174)
Gains and losses on hedges of borrowings recognised in profit or loss	(22)	167
NET IMPACT ON INCOME	**6**	**(7)**

The "Net gain (loss) on hedges of borrowings" presented in note 11 also includes gains and losses on economic hedges that do not qualify for hedge accounting under IAS 39.

37.3. Hedging Instruments: Finance Companies

The different types of hedges and their accounting treatment are described in note 1.15 D (b).

A. Details of balance sheet values of hedging instruments and notional amounts hedged

Offsetting notional amounts have been netted to make the financial statements easier to read. However, separate disclosures are made at the foot of the page.

	31 Dec. 2009					
	Carrying amount			Maturity		
(in million euros)	Assets	Liabilities	Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
Currency risk						
Fair value hedges:						
• Currency swaps	4	(17)	1,773	1,747	26	-
Interest rate risk						
Fair value hedges:						
• Swaps on borrowings	24	-	888	420	468	-
• Swaps on EMTN/BMTN issues	25	-	3,625	1,516	2,100	9
• Swap on bonds (1)	158	(158)	-	-	-	-
• Swaps on certificates of deposit	-	-	58	58	-	-
• Swaps on other debt securites	2	-	39	39	-	-
• Swaps on retail financing	1	(204)	12,899	6,011	6,888	-
• Accrued income/expenses on swaps	22	(37)	-	-	-	-
Cash flow hedges:						
• Swaptions	3	(1)	1,263	1,263	-	-
Trading (2)	10	(9)	315	-	315	-
TOTAL	**249**	**(426)**	**20,860**	**11,054**	**9,797**	**9**
O/w Intragroup		*(16)*				
Total fair value hedges	236	(416)	19,282	9,791	9,482	9
Total cash flow hedges	3	(1)	1,263	1,263	-	-

(1) This item includes €3,891 million in swaps acquired as hedges that represent closed positions in the consolidated financial statements.

(2) Swaps for a total of €1,240 million cancel each other out within a portfolio of instruments with similar characteristics, mainly symmetrical swaps set up at the time of the securitization transactions. As of 31 December 2009, there were two swaps representing isolated open positions for a total of €315 million, with no material impact on income.

	31 Dec. 2008					
	Carrying amount			Maturity		
(in million euros)	Assets	Liabilities	Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
Currency risk						
Fair value hedges:						
• Currency swaps	329	(1)	2,372	2,318	54	-
Interest rate risk						
Fair value hedges:						
• Swaps on borrowings	11	-	1,176	475	701	-
• Swaps on EMTN/BMTN issues	12	(3)	1,587	712	866	9
• Swap on bonds (1)	130	(130)	-	-	-	-
• Swaps on certificates of deposit	2	-	508	508	-	-
• Swaps on other debt securites	1	-	46	-	-	46
• Swaps on retail financing	2	(209)	12,886	5,882	7,004	-
• Accrued income/expenses on swaps	39	(77)	-	-	-	-
TOTAL	**526**	**(420)**	**18,575**	**9,895**	**8,625**	**55**
O/w Intragroup	*172*	*(4)*				
Total fair value hedges	526	(420)	18,575	9,895	8,625	55
Total cash flow hedges	-	-	-	-	-	-

(1) This item includes €4,251 million in swaps acquired as hedges that represent closed positions in the consolidated financial statements..

The Group does not hold any swaps representing isolated open positions. Swaps for a total of €310 million cancel each other out within a portfolio of instruments with similar characteristics, mainly symmetrical swaps set up at the time of the first securitization transactions.

B. Impact of hedging instruments on income and equity: finance companies

Impact of cash flow hedges

(in million euros)	2009	2008
Change in effective portion recognised in equity	-	12
Change in ineffective portion recognised in profit or loss	(1)	(8)
Effective portion reclassified to the income statement under "Cost of goods and services sold"	20	33

In order to cap the refinancing cost of new financing (installment contracts, buyback contracts and long-term leases) granted in the second and third quarters of 2010, Banque PSA Finance purchased and sold swaptions (options on interest rate swaps) expiring in the second and third quarters of 2010.

Impact of fair value hedges

(in million euros)	2009	2008
Gains and losses on hedged customer loans recognised in profit or loss	(8)	276
Gains and losses on hedges of customer loans recognised in profit or loss	7	(281)
NET IMPACT ON INCOME	**(1)**	**(5)**
Gains and losses on remeasurement of financial liabilities recognised in profit or loss	(27)	(53)
Gains and losses on remeasurement of hedges of financial liabilities recognised in profit or loss	28	53
NET IMPACT ON INCOME	**1**	**-**

Note 38 Net Financial Position of Manufacturing and Sales Companies

38.1. Analysis

(in million euros)	31 Dec. 2009	31 Dec. 2008
Financial assets and liabilities of manufacturing and sales companies		
Cash and cash equivalents	7,843	2,040
Other non-current financial assets	836	848
Current financial assets	349	515
Non-current financial liabilities	(9,268)	(4,491)
Current financial liabilities	(1,753)	(1,818)
(NET DEBT) NET FINANCIAL POSITION OF MANUFACTURING AND SALES COMPANIES	**(1,993)**	**(2,906)**
o/w external loans and borrowings	(2,115)	(2,896)
o/w financial assets and liabilities with finance companies	122	(10)

38.2. Lines of Credit

The PSA Peugeot Citroën Group has access to revolving lines of credit expiring at various dates through 2014. The amounts available under these lines of credit are as follows:

(in million euros)	31 Dec. 2009	31 Dec. 2008
Peugeot S.A. and GIE PSA Trésorerie (1)	2,400	2,400
Faurecia (2)	1,375	1,170
Banque PSA Finance (3)	7,915	6,000
CONFIRMED LINES OF CREDIT	**11,690**	**9,570**

(1) Expiring in March 2011.

(2) In three tranches, expiring November 2011, November 2012 and November 2013 (see note 31.1 - Faurecia Syndicated Credit Facility).

(3) Of which €4,000 million in two equal tranches, expiring in June 2012 and June 2014 respectively, and €653 million expiring beyond these dates. The expiry dates of new lines of credit are discussed in note 33.2.

No draw-downs on these lines have been made by Peugeot S.A., GIE PSA Trésorerie or Banque PSA Finance group.

Faurecia has drawn down the following amounts:

(in million euros)	31 Dec. 2009	31 Dec. 2008
FAURECIA DRAWDOWNS	**807**	**906**

Note 39 Return on Capital Employed

39.1. Capital Employed

Capital employed corresponds to the operating assets or liabilities employed by the Group. The definition of capital employed depends on whether it relates to manufacturing and sales companies or finance companies.

Capital employed is defined as representing:

- All non-financial assets, net of non-financial liabilities, of the manufacturing and sales companies, as reported in the consolidated balance sheet.
- The net assets of the finance companies.

Based on the above definition, capital employed breaks down as follows:

(in million euros)	31 Dec. 2009	31 Dec. 2008
Goodwill	1,237	1,237
Intangible assets	4,440	4,061
Property, plant and equipment	13,425	14,064
Investments in companies at equity	785	732
Investments in non-consolidated companies	46	48
Other non-current assets	268	152
Deferred tax assets	478	475
Inventories	5,360	7,757
Trade receivables - manufacturing and sales companies	1,855	2,001
Current tax assets	153	189
Other receivables	1,665	1,897
Other non-current liabilities	(2,552)	(2,793)
Non-current provisions	(960)	(901)
Deferred tax liabilities	(543)	(1,321)
Current provisions	(2,369)	(2,053)
Trade payables	(8,424)	(8,428)
Current taxes payable	(103)	(76)
Other payables	(3,494)	(3,795)
Net assets of the finance companies	3,173	2,919
Accounts between the manufacturing and sales companies and the finance companies	122	(10)
TOTAL	**14,562**	**16,155**

39.2. Economic Profit

Economic profit consists of profit before finance costs, interest income, net gains and losses on disposals of short-term investments and taxes related to these items.

A tax rate corresponding to the Group's effective rate for each transaction is then applied, to calculate after-tax economic profit used to determine the return on capital employed.

Based on this definition, economic profit is as follows:

(in million euros)	2009	2008
Consolidated profit (loss) for the year	(1,274)	(520)
Interest income	(85)	(247)
Finance costs	491	343
Net gains on disposals of short-term investments	-	-
Tax on financial income and finance costs	(93)	6
ECONOMIC PROFIT (LOSS), AFTER TAX	**(961)**	**(418)**

39.3. Return on Capital Employed

Return on capital employed, corresponding to economic profit (loss) expressed as a percentage of total capital employed at 31 December is as follows:

	31 Dec. 2009	31 Dec. 2008
	(6.6%)	(2.6%)

Note 40 Off-Balance sheet Commitments

40.1. Specific Commitments

Off-balance sheet pension obligations concern actuarial gains and losses not recognized during the year (see note 30.1.E) in accordance with the corridor method (see note 1.20).

40.2. Other Commitments

Other commitments at 31 December 2009 represented the following amounts:

(in million euros)	31 Dec. 2009	31 Dec. 2008
Manufacturing and sales companies		
Capital commitments for the acquisition of fixed assets (1)	983	1,203
Orders for research and development work	9	6
Non-cancellable lease commitments	832	854
Other guarantees given	233	281
Pledged or mortgaged assets (2)	288	148
	2,345	2,492
Finance companies		
Financing commitments to financial institutions	50	-
Financing commitments to customers	1,563	1,356
Guarantees given on behalf of customers and financial institutions (3)	1,897	722
	3,510	**2,078**

(1) Including a €144 million commitment to purchase units in "Fonds de Modernisation des Equipementiers Automobiles" (FMEA).

(2) Including OAT bonds given as collateral to the European Investment Bank (EIB).

(3) The increase in this item corresponds mainly to (i) receivables given as collateral for loans from "Société de Financement de l'Economie Française" (SFEF) that were received under the package of measures introduced in the amended Finance Act of 16 October 2008 (Act no. 2008-1061) to help ease the economic crisis; (ii) receivables given by Banque PSA Finance's German branch as collateral for loans from Bundesbank.

The Group is involved in claims and litigation arising in the normal course of business. Based on the information currently available, the outcome of this litigation is not expected to result in an outflow of economic resources without anything in return.

The Group is committed to investing a total of €200 million in Fonds de Modernisation des Equipementiers Automobiles, a fund set up to support the automotive equipment industry. At 31 December 2009, €57 million had been invested in the fund (see note 20).

In order to speed up its growth and reduce costs, the Group has entered into cooperation agreements with other carmakers for the joint development of mechanical assemblies or vehicles. These joint ventures enable the partners to share project costs, delivering economies of scale that translate into competitive advantage.

To ensure that the partnerships are balanced, each partner commits to taking delivery of a minimum quantity of products manufactured by the joint venture. If they fail to honour this commitment, they are required to pay a penalty designed to cover the related production costs borne by the other partner. Any adverse consequences of these commitments are reflected in the consolidated financial statements as soon as they are considered probable, in the form of asset impairments or, if necessary, provisions for contingencies.

In May 2008, PSA Peugeot Citroën announced the construction of a new plant in Russia to be owned jointly with Mitsubishi Motors Corporation (MMC), which holds a 30% interest in the project. The plant was initially scheduled to have an annual production capacity of 160,000 vehicles but, in light of recent developments in the Russian market, that figure has been lowered to 125,000 vehicles, with a corresponding adjustment in expenditure. Construction work began in June 2008 at the Kaluga facility located 180 kms south-west of Moscow and assembly of SKD (Semi-Knocked-Down) units is scheduled to start in 2010.

40.3. Pledged or Mortgaged Assets

EXPIRY DATES

(in million euros)	Expiry date	31 Dec. 2009	31 Dec. 2008
Property, plant and equipment	Indefinite	12	12
Non-current financial assets			
	2009	-	32
	2010	14	11
	2011	45	33
	2012	-	-
	Beyond 2012	217	60
		276	136
	Total pledged assets	288	148
TOTAL ASSETS		**64,121**	**61,727**
	% of total assets	0.4%	0.2%

Note 41 Related Party Transactions

41.1. Companies at Equity

These are companies that are between 20%- and 50%-owned, in which PSA Peugeot Citroën exercises significant influence. Most are manufacturing and sales companies that manufacture automotive parts and components or complete vehicles.

Transactions with companies at equity are billed on arm's length terms.

Receivables and payables with companies at equity are as follows:

(in million euros)	31 Dec. 2009	31 Dec. 2008
Long-term loans	9	9
Trade receivables	406	257
Trade payables	(913)	(944)
Short-term loans	(10)	(49)

Sale and purchase transactions carried out by the consolidated Group with companies at equity are as follows:

(in million euros)	2009	2008
Purchases	(3,817)	(4,927)
Sales	673	869

41.2. Related Parties that Exercise Significant Influence Over the Group

No material transactions have been carried out with any Directors or officers or any shareholder owning more than 5% of Peugeot S.A.'s capital.

Note 42 Management Compensation

(in million euros)	2009	2008
Compensation paid to:		
• Members of management bodies	5.6	9.3
• Members of the Supervisory Board	0.9	0.9
TOTAL MANAGEMENT COMPENSATION	**6.5**	**10.2**
Stock options expenses (note 1.21)	3.6	7.3
TOTAL	**10.1**	**17.5**

The Group is managed by the Managing Board.

From 6 February 2007 to 16 June 2009, the Group's management bodies corresponded to the Extended Management Committee, which comprised the members of the Managing Board, the other members of executive management and the executives reporting directly to the Chairman of the Managing Board.

Since 17 June 2009, the Group's management bodies correspond to the Executive Committee, which includes the members of the Managing Board and other members of executive management.

The compensation details provided in the table above do not include payroll taxes. No variable bonuses were paid to members of the Managing Board for 2009.

The amounts disclosed above include 2009 and 2008 bonuses, which were accrued in the financial statements for those years.

Stock options on Peugeot S.A. shares granted to members of the Group's management bodies under the plans set up since 1999 are presented below. Stock options held by members of the Group's management bodies at the balance sheet date are as follows:

(number of options)	2009	2008
Stock options granted during the year	-	715,000
Stock options held at 31 December	579,000	2,258,000

Members of the Group's management bodies participate in the supplementary pension plan described in notes 30.1.A and 30.1.F.

Members of the Group's management bodies are not entitled to any long-term benefits apart from pension benefits under the plan referred to above, or any share-based payments or any compensation for loss of office.

Note 43 Subsequent Events

No events occurred between 31 December 2009 and the meeting of the Managing Board to approve the financial statements on 4 February 2010 that could have a material impact on economic decisions made on the basis of these financial statements, with the exception of the following:

Faurecia's acquisition of 100% of Emcon Technologies from Emcon Holdings was approved by Faurecia shareholders at the Extraordinary Meeting of 8 February 2010. The acquisition and the related share issue were completed the same day.

The process of determining the fair values of the Emcon Technologies assets acquired and liabilities assumed is currently underway.

In addition, as of 4 February 2010, PSA Peugeot Citroën and Mitsubishi Motors Corporation were still exploring ways of strengthening ties between the two companies.

Note 44 Fees Paid to the Auditors

	PricewaterhouseCoopers		Mazars		Ernst & Young (Faurecia)	
(in million euros)	2009	2008	2009	2008	2009	2008
Audit						
Statutory and contractual audit services						
• Peugeot S.A.	0.5	0.4	0.2	0.1	-	-
• Fully-consolidated subsidiaries	7.2	7.1	2.5	2.1	3.2	3.0
o/w France	*3.8*	*3.6*	*1.6*	*1.2*	*0.9*	*0.9*
o/w International	*3.4*	*3.5*	*0.9*	*0.9*	*2.3*	*2.1*
Audit-related services						
• Peugeot S.A.	-	-	-	-	-	-
• Fully-consolidated subsidiaries	0.4	0.6	-	-	-	-
o/w France	*0.2*	*0.4*	-	-	-	-
o/w International	*0.2*	*0.2*	-	-	-	-
Sub-total	8.1	8.1	2.7	2.2	3.2	3.0
	100%	*100%*	*100%*	*100%*	*100%*	*100%*
Other services provided to subsidiaries						
Legal and tax services	-	-	-	-	-	-
Other services	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-
	0%	*0%*	*0%*	*0%*	*0%*	*0%*
TOTAL	**8.1**	**8.1**	**2.7**	**2.2**	**3.2**	**3.0**
o/w Faurecia	1.6	1.7	-	-	3.2	3.0
Excluding Faurecia	6.5	6.4	2.7	2.2	-	-

The PSA Peugeot Citroën Group's auditors are PricewaterhouseCoopers and Mazars. The Faurecia group's auditors are PricewaterhouseCoopers and Ernst & Young.

Note 45 Consolidated Companies at 31 December 2009

Company	F/E	% consolidated
HOLDING COMPANY AND OTHER		
Peugeot S.A. Paris – France	F	-
Grande Armée Participations Paris – France	F	100
PSA International S.A. Geneva – Switzerland	F	100
G.I.E. PSA Trésorerie Paris – France	F	100
Financière Pergolese Paris – France	F	100
D.J. 06 Paris – France	F	100
Société Anonyme de Réassurance Luxembourgeoise – Saral Luxembourg – Luxembourg	F	100
Peugeot Motocycles Mandeure – France	F	100
Peugeot Motocycles Italia S.p.A. Milan – Italy	F	100
Peugeot Motocycles Deutschland GmbH Morfelden – Germany	F	100
Jinan Quigqi Peugeot Motorcycles Jinan – China	E	50
AUTOMOBILE DIVISION		
Process Conception Ingenierie S.A. Meudon – France	F	100
PCI Do Brasil Ltda Rio de Janeiro – Brazil	F	100
Société de Construction d'Équipements de Mécanisations et de Machines – SCEMM Saint-Étienne – France	F	100
Peugeot Citroën Automobiles S.A. Vélizy-Villacoublay – France	F	100
Peugeot Citroën Sochaux S.N.C. Sochaux – France	F	100
Peugeot Citroën Mulhouse S.N.C. Sausheim – France	F	100
Peugeot Citroën Aulnay S.N.C. Aulnay-Sous-Bois – France	F	100
Peugeot Citroën Rennes S.N.C. Chartres-de-Bretagne – France	F	100
Peugeot Citroën Poissy S.N.C. Poissy – France	F	100
Peugeot Citroën Mécanique du Nord-Ouest S.N.C. Paris – France	F	100
Peugeot Citroën Mécanique du Grand Est S.N.C. Paris – France	F	100
Société Mécanique Automobile de l'Est Tremery – France	F	100
Mécanique et Environnement Hérimoncourt – France	F	100
Société européenne de Véhicules Légers du Nord – Sevelnord Paris – France	E	50
Societa Europea Veicoli Leggeri – Sevel S.p.A. Atessa – Italy	E	50
SNC PC.PR Paris – France	F	100
G.I.E. PSA Peugeot Citroën Paris – France	F	100

F: Fully consolidated - E: Accounted for by the equity method.

Company	F/E	% consolidated
Gisevel Paris – France	E	50
Sevelind Paris – France	E	50
Française de Mécanique Douvrin – France	E	50
Société de Transmissions Automatiques Barlin – France	E	20
Peugeot Citroën Automoviles España S.A. Pontevedra – Spain	F	100
Peugeot Citroën Logistic Deutschland GmbH Sarrebruck – Germany	F	100
PSA Services Deutschland GmbH Offenbach Am Main – Germany	F	100
PSA Services SRL Milan – Italy	F	100
PCMA Holding Amsterdam – Netherlands	F	70
PCMA Automotiv RUS Kaluga – Russia	F	70
Peugeot Citroën Automobiles UK Coventry – United Kingdom	F	100
Peugeot Citroën Automoveis Mangualde – Portugal	F	98
Toyota Peugeot Citroën Automobiles Czech s.r.o. Kolin – Czech Republic	E	50
PCA Logistika CZ Kolin – Czech Republic	F	100
PCA Slovakia s.r.o. Trnava – Slovakia	F	100
Peugeot Citroën Trnava s.r.o. Trnava – Slovakia	F	100
Peugeot Citroën Do Brasil Automoveis Ltda Rio de Janeiro – Brazil	F	100
Peugeot Citroën Comercial Exportadora Rio de Janeiro – Brazil	F	100
Peugeot Citroën Argentina S.A. Buenos Aires – Argentina	F	100
Cisa Buenos Aires – Argentina	F	100
Dongfeng Peugeot Citroën Automobiles CY Ltd Wuhan – China	E	50
Wuhan Shelong Hongtai Automotive KO Ltd Wuhan – China	E	10
PCA (China) Automotive Drive Co Beijing – China	F	100
Automobiles Peugeot Paris – France	F	100
Peugeot Motor Company PLC Coventry – United Kingdom	F	100
Société Commerciale Automobile Paris – France	F	100
Société Industrielle Automobile de Champagne – Ardennes Cormontreuil – France	F	100
Peugeot Moteur et Systèmes Paris – France	F	100
Société Industrielle Automobile de Provence Marseille – France	F	100
Grands Garages du Limousin Limoges – France	F	100
Peugeot Saint-Denis Automobiles Saint Denis – France	F	100
Peugeot Media Production Bobigny – France	F	100

F: Fully consolidated - E: Accounted for by the equity method.

Company	F/E	% consolidated
Peugeot Belgique Luxembourg S.A. Nivelles – Belgium	F	100
S.A. Peugeot Distribution Service N.V. Schaerbeek – Belgium	F	100
Peugeot Nederland N.V. Utrecht – Netherlands	F	100
Peugeot Deutschland GmbH Saarbruck – Germany	F	100
Peugeot Bayern GmbH Munich – Germany	F	100
Peugeot Berlin Brandenburg GmbH Berlin – Germany	F	100
Peugeot Niederrhein GmbH Dusseldorf – Germany	F	100
Peugeot Main / Taunus GmbH Frankfurt – Germany	F	100
Peugeot Sudbaden GmbH Saarbruck – Germany	F	100
Peugeot Hanse GmbH Hamburg – Germany	F	100
Peugeot Nordhessen GmbH Lohfendel – Germany	F	100
Peugeot Hannover GmbH Hanover – Germany	F	100
Peugeot Rheinland GmbH Cologne – Germany	F	100
Peugeot Rein-Neckar GmbH Rein-Neckar – Germany	F	100
Peugeot Saartal GmbH Saarbruck – Germany	F	100
Peugeot Sachsen GmbH Dresden – Germany	F	100
Peugeot Schwaben GmbH Stuttgart – Germany	F	100
Peugeot Weser-Ems GmbH Bremen – Germany	F	100
Peugeot Mainz Wiesbaden GmbH Wiesbaden – Germany	F	100
Peugeot Automobili Italia S.p.A. Milan – Italy	F	100
Peugeot Milan Milan – Italy	F	100
Peugeot Gianicolo S.p.A. Rome – Italy	F	100
Robins & Day Ltd Coventry – United Kingdom	F	100
Boomcite Ltd Coventry – United Kingdom	F	100
Aston Line Motors Ltd Coventry – United Kingdom	F	100
Melvin Motors (Bishopbriggs) Ltd Coventry – United Kingdom	F	100
Warwick Wright Motors Chiswick Ltd Coventry – United Kingdom	F	100
Rootes Ltd Coventry – United Kingdom	F	100
Economydrive Cars Coventry – United Kingdom	F	100
Peugeot España S.A. Madrid – Spain	F	100
Hispanomocion S.A. Madrid – Spain	F	100
Peugeot Portugal Automoveis S.A. Lisbon – Portugal	F	100

F: Fully consolidated - E: Accounted for by the equity method.

Company	F/E	% consolidated
Peugeot Portugal Automoveis Distribução Lisbon – Portugal	F	99
Peugeot (Suisse) S.A. Berne – Switzerland	F	100
Lowen Garage AG Berne – Switzerland	F	97
Peugeot Austria GmbH Vienna – Austria	F	100
Peugeot Autohaus GmbH Vienna – Austria	F	100
Peugeot Citroën Rus Moscow – Russia	F	100
Peugeot Polska S.p.z.o.o. Warsaw – Poland	F	100
Peugeot Ceska Republica s.r.o. Prague – Czech Republic	F	100
Peugeot Slovakia s.r.o. Bratislava – Slovakia	F	100
Peugeot Bratislava Bratislava – Slovakia	F	100
Peugeot Hungaria Kft Budapest – Hungary	F	100
Peugeot Slovenija d.o.o. P.z.d.a. Ljubljana – Slovenia	F	100
Peugeot Hrvatska d.o.o. Zagreb – Croatia	F	100
Peugeot Otomotiv Pazarlama AS – Popas Istanbul – Turkey	F	100
Tekoto Motorlu Tastlar Istambul Istanbul – Turkey	F	100
Tekoto Motorlu Tastlar Ankara Ankara – Turkey	F	100
Tekoto Motorlu Tastlar Bursa Bursa – Turkey	F	100
Peugeot Algérie S.p.A. Algiers – Algeria	F	100
Stafim Tunis – Tunisa	E	34
Stafim – Gros Tunis – Tunisia	E	34
Peugeot Chile Santiago de Chile – Chile	F	97
Automotores Franco Chilena S.A. Santiago de Chile – Chile	F	100
Peugeot Mexico S.A. de CV Mexico City – Mexico	F	100
Servicios Auto. Franco Mexicana Mexico City – Mexico	F	100
Peugeot Citroën Japan KK Co Ltd Tokyo – Japan	F	100
Peugeot Tokyo Tokyo – Japan	F	100
Peugeot Motors South Africa Ltd Johannesburg – South Africa	F	100
Automobiles Citroën Paris – France	F	100
Société Commerciale Citroën Paris – France	F	100
Citroën Champ de Mars Paris – France	F	100
Citroën Dunkerque Paris – France	F	100
Citer Paris – France	F	98

F: Fully consolidated - E: Accounted for by the equity method.

Company	F/E	% consolidated
Société Nouvelle Armand Escalier Antibes – France	F	100
Centrauto Sarcelles – France	F	100
Prince S.A. Aulnay-sous-Bois – France	F	100
Citroën Argenteuil Bois-Colombes – France	F	100
Citroën Orléans Olivet-la-Source – France	F	100
Cie Picarde de Logistique Automobile Beauvais – France	F	98
Sté Cle Distribution Pièces de Rechanges – SCPR Paris – France	F	100
Citroën Belux S.A. – NV Brussels – Belgium	F	100
Citroën Nederland B.V. Amsterdam – Netherlands	F	100
Citroën Deutschland AG Cologne – Germany	F	100
Citroen Commerce GmbH Cologne – Germany	F	100
Citroën Italia S.p.A. Milan – Italy	F	100
Citroën U.K.Ltd Coventry – United Kingdom	F	100
Citroën Sverige AB Vallingby – Sweden	F	100
Citroën Danmark A/S Copenhagen – Denmark	F	100
Citroën Norge A/S Skaarer – Norway	F	100
Citroën (Suisse) S.A. Geneva – Switzerland	F	100
Citroen Osterreich GmbH Vienna – Austria	F	100
Automoveis Citroën S.A. Lisbon – Portugal	F	100
Automoviles Citroën España Madrid – Spain	F	100
Comercial Citroën S.A. Madrid – Spain	F	97
Autotransporte Turistico Espanol S.A. (Atesa) Madrid – Spain	F	99
Garaje Eloy Granollers S.A. Granollers – Spain	F	99
Motor Talavera Talavera – Spain	F	100
Rafael Ferriol S.A. Alboraya – Spain	F	99
Citroën Hungaria Kft Budapest – Hungary	F	100
Citroën Polska S.p.z.o.o. Warsaw – Poland	F	100
Citroën Slovenija d.o.o. Komer – Slovenia	F	100
Citroën – Hrvatska d.o.o. Zagreb – Croatia	F	100
Citroën Slovakia s.r.o. Brastislava – Slovakia	F	100
Citroën Ceska Republica s.r.o. Prague – Czech republic	F	100

F: Fully consolidated - E: Accounted for by the equity method.

Company	F/E	% consolidated
Citroën Romania srl Bucharest – Romania	F	100
Citroën do Brasil São Paulo – Brazil	F	51
AUTOMOTIVE EQUIPMENT DIVISION		
Faurecia Boulogne-Billancourt – France	F	71
Faurecia Investments Boulogne-Billancourt – France	F	71
Financiere Faurecia Boulogne-Billancourt – France	F	71
Société Foncière pour l'Équipement Automobile SFEA Boulogne-Billancourt – France	F	71
Faurecia Sièges d'Automobile SAS Boulogne-Billancourt – France	F	71
Faurecia Systèmes d'échappement Boulogne-Billancourt – France	F	71
Comingest Nanterre – France	F	71
Faurecia Services Groupe Boulogne-Billancourt – France	F	71
Faurecia Global Purchasing Boulogne-Billancourt – France	F	71
Siemar Sandouville – France	F	71
Faurecia Industries Boulogne-Billancourt – France	F	71
Trecia Etupes – France	F	71
Siebret Redon – France	F	71
Sielest Pulversheim – France	F	71
Siedoubs Montbéliard – France	F	71
Sienor Lieu Saint Amand – France	F	71
Sieto Somain – France	F	71
Société de Textile de l'Ostrevant Sotexo Somain – France	F	71
ECSA – Études et Construction de Sièges pour l'Automobile Crevin – France	F	71
EAK – Composants pour l'Automobile S.A.S Valentigney – France	F	36
EAK – Composants pour l'Automobile SNC Valentigney – France	F	36
Faurecia Automotive Holdings Nanterre – France	F	71
Faurecia Bloc Avant Nanterre – France	F	71
Faurecia Interieur Industrie SNC Nanterre – France	F	71
Faurecia Exhaust International Nanterre – France	F	71
Faurecia Automotive Industrie SNC Nanterre – France	F	71
Automotive Sandouville Nanterre – France	F	71
Cockpit Automotive Systems Douai Douai – France	E	36

F: Fully consolidated - E: Accounted for by the equity method.

Company	F/E	% consolidated
SAS Automotive France Nanterre – France	E	36
Ste Automobile du Cuir de Vesoul Vesoul – France	F	71
Société Internationale de Participations S.I.P. Brussels – Belgium	F	71
Faurecia Industrie NV Ghent – Belgium	F	71
SAS Automotive NV Ghent – Belgium	E	36
Faurecia Ast Luxembourg S.A. Eselborn – Luxembourg	F	71
Faurecia Autositze GmbH & Co KG Stadthagen – Germany	F	71
Faurecia Kunstoffe Automobilsysteme GmbH Ingolstadt – Germany	F	71
Faurecia Abgastechnik GmbH Furth – Germany	F	71
Leistritz Abgastechnik Stollberg GmbH Pfaffenhain – Germany	F	71
Faurecia Automotive GmbH Frankfurt – Germany	F	71
Faurecia Innenraum Systeme GmbH Hagenbach – Germany	F	71
SAS Autosystemtechnik GmbH & Co Kg Karlsrühe – Germany	E	36
SAS Autosystemtechnik Verwaltung GmbH Karlsrühe – Germany	E	36
Faurecia Netherlands Holding BV Roermond – Netherlands	F	71
Faurecia Automotive Seating BV Roermond – Netherlands	F	71
Faurecia Exhaust Systems AB Torsas – Sweden	F	71
Faurecia Interior Systems Sweden AB Torsas – Sweden	F	71
United Parts Exhaust Systems AB Torsas – Sweden	F	71
Faurecia Asientos Para Automovil España S.A. Madrid – Spain	F	71
Asientos de Castilla Leon S.A. Madrid – Spain	F	71
Asientos de Galicia Sl Vigo – Spain	F	71
Asientos Del Norte S.A. Vitoria – Spain	F	71
Industrias Cousin Freres Sl Burlada – Spain	F	36
Tecnoconfort Pamplona – Spain	F	36
Faurecia Sistemas de Escape España S.A. Vigo – Spain	F	71
Faurecia Automotive España Sl Madrid – Spain	F	71
Faurecia Interior Systems España S.A. Valencia – Spain	F	71
Faurecia Interior Systems Salc España Sl Valencia – Spain	F	71
Cartera E Inversiones Enrich S.A. Madrid – Spain	F	71
Componentes de Vehiculos de Galicia Porrino – Spain	E	36

F: Fully consolidated - E: Accounted for by the equity method.

Company	F/E	% consolidated
Copo Iberica Vigo – Spain	E	36
SAS Autosystemtechnick S.A. Pamplona – Spain	E	36
Valencia Modulos de Puerta Sl Valencia – Spain	F	71
Faurecia Assentos de Automovel Limitada Sao Joao Damadeira – Portugal	F	71
Faurecia Sistemas de Escape Portugal Lda Sao Joao Damadeira – Portugal	F	71
Sasal Sao Joao Damadeira – Portugal	F	71
Vanpro Assentos Lda Palmela – Portugal	E	36
Faurecia Sistemas de Interior Portugal Componentes Para Automovel S.A. Palmela – Portugal	F	71
SAS Autosystemtechnik de Portugal Unipessoal Ltda Palmela – Portugal	E	36
Eda – Estofagem de Assentos Lda Palmela – Portugal	F	71
Faurecia Automotiv Seating UK Ltd Coventry – United Kingdom	F	71
Faurecia Midlands Ltd Coventry – United Kingdom	F	71
SAI Automotive Fradley Ltd Fradley – United Kingdom	F	71
SAI Automotive Washington Ltd Washington – United Kingdom	F	71
SAS Automotive Ltd Oxfordshire – United Kingdom	E	36
Faurecia Fotele Samachodowe S.p.z.o.o. Grojec – Poland	F	71
Faurecia Walbrzych S.p.z.o.o. Walbrzych – Poland	F	71
Faurecia Gorzow S.p.z.o.o. Gorzow – Poland	F	71
Faurecia Legnica S.p.z.o.o. Legnicza – Poland	F	71
Faurecia Systemy Kierownicze S.p.z.o.o. Walbrzych – Poland	F	71
Faurecia Seating Talmaciu s.r.o. Talmaciu – Romania	F	71
Euro Auto Plastik Mioveni – Romania	F	71
Faurecia Technoplast Automotive Nijni Novgorod – Russia	F	43
Faurecia Automotiv Development Moscow – Russa	F	71
Arced d.o.o. Novo Mesto – Slovenia	E	36
Faurecia Interior Systems Bratislava s.r.o. Bratislava – Slovakia	F	71
Faurecia Slovakia s.r.o. Bratislava – Slovakia	F	71
Faurecia Leather Kosice s.r.o. Bratislava – Slovakia	F	71
SAS Automotive s.r.o. Bratislava – Slovakia	E	36
Faurecia Magyarorszag Kipufogo – Rendszer Kft Vasvar – Hungary	F	71
Faurecia Exhaust Systems s.r.o. Bakov – Czech Republic	F	71

F: Fully consolidated - E: Accounted for by the equity method.

Company	F/E	% consolidated
Faurecia Lecotex AS Tabor – Czech Republic	F	71
Faurecia Interior Systems Bohemia s.r.o. Mlada Boleslav – Czech Republic	F	71
Sas Autosystemtechnik s.r.o. Mlada Boleslav – Czech Republic	E	36
Faurecia Components Pisek Mlada Boleslav – Czech Republic	F	71
Faurecia Automotive Czech Republic Mlada Boleslav – Czech Republic	F	71
Faurecia Equipement Automobile Maroc Kenitra – Morocco	F	71
Teknik Malzeme Ticaret Ve Sanayi A.S. Bursa – Turkey	E	36
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret A.S. Istanbul – Turkey	F	71
Société Tunisienne D'équipements Automobiles Ben Arous – Tunisia	F	71
Faurecia Azin Pars Kianabane Bronze – Iran	F	71
A I Manufacturers Port Elizabeth – South Africa	F	71
Faurecia Automotive Seatings Canada Ltd Montreal – Canada	F	71
Faurecia USA Holdings Inc. Wilmington – United States	F	71
Faurecia Automotive Seating Inc. Troy – United States	F	71
Faurecia Exhaust Systems Inc. Wilmington – United States	F	71
Faurecia Interior Systems USA Detroit Inc. Detroit – United States	F	71
SAS Automotive USA Inc. Michigan – United States	E	36
Faurecia Automotive do Brasil Ltda Quatro-Barras – Brazil	F	71
Faurecia Sistemas de Escapamento do Brasil Ltda São Paulo – Brazil	F	71
SAS Automotive do Brasil Ltda São Jose Dos Pinhais PR – Brazil	E	36
Faurecia Sistemas de Escape Argentina S.A. Buenos Aires – Argentina	F	71
Faurecia Argentina Buenos Aires – Argentina	F	71
SAS Automotriz Argentina S.A. Buenos Aires – Argentina	E	36
Faurecia Duroplast Mexico S.A. de CV Puebla – Mexico	F	71
Servicios Corporativos de Personal Especializado S.A. de CV Puebla – Mexico	F	36
Faurecia Interior Systems Mexico S.A. de CV Mexico City – Mexico	F	71
Faurecia Exhaust Mexicana S.A. de CV Mexico City – Mexico	F	71
Exhaust Services Mexicana S.A. de CV Mexico City – Mexico	F	71
SAS Auto Systems S.A. de CV Mexico City – Mexico	E	36
SAS Auto Systems & Services Mexico City – Mexico	E	36
Faurecia Japon KK Tokyo – Japan	F	71
Faurecia NHK Co Ltd Tokyo – Japan	E	36

F: Fully consolidated - E: Accounted for by the equity method.

Company	F/E	% consolidated
Cfxas – Changchun Faurecia Xuyang Automotive Seating Co Ltd Changchun – China	F	43
Faurecia (Shanghai) Automotive Systems Shanghai – China	F	71
Shanghai Honghu Ecia Exhaust Systems Company Ltd – Scheesc Shanghai – China	F	36
Faurecia Tongda Exhaust System (Wuhan) Co Ltd Wuhan – China	F	36
Faurecia Exhaust Systems Changchun Changchun – China	F	36
Faurecia (Wuxi) Seating Components Co Ltd Wuxi – China	F	71
Faurecia (Wuhan) GSK Automotive Seating Co Ltd Wuhan – China	F	36
Faurecia (Changchun) Automotive Systems Co Ltd Changchun – China	F	71
Faurecia (Shanghai) Managementy Cy Ltd Shanghai – China	F	71
Faurecia Shanghai Business Consulting Cy Shanghai – China	F	71
Faurecia Exhaust Systems Qingdao Shanghai – China	F	71
Faurecia (Wuhu) Exhaust Systems Wuhu – China	F	71
Faurecia (China) Holding Co Ltd Shanghai – China	F	71
Faurecia (Wuhan) Automotive Seatings Wuhan – China	F	71
Faurecia JIT and Sequencing Korea Busan – South Korea	F	71
Daeki Faurecia Corp Shiheung City – South Korea	F	71
Kwang Jing Faurecia Shiheung City – South Korea	E	36
Fesk – Faurecia Exhaust System Korea Shiheung City – South Korea	F	71
Faurecia Trim Korea Shiheung City – South Korea	F	71
Faurecia Automotive Seating India Private Ltd Bangalore – India	F	71
Peugeot Exhaust Systems Rayong Bangkok – Thailand	F	71
Faurecia Exhaust Systems South Africa (Pty) Ltd Johannesburg – South Africa	F	71
Faurecia Interior Systems South Africa (Pty) Ltd Port Elisabeth – South Africa	F	71
SAS Automotive R.S.A. (Pty) Ltd Port Elisabeth – South Africa	E	36
TRANSPORTATION AND LOGISTICS DIVISION		
Gefco Courbevoie – France	F	100
Gefco Benelux S.A. Ath – Belgium	F	100
Gefco Deutschland GmbH Morfelden – Germany	F	100
Gefco Suisse S.A. Fahy – Switzerland	F	99
Gefco Osterreich GmbH Vienna – Austria	F	100
Gefco Italia S.p.A. Milan – Italy	F	100
Gefco U.K. Ltd London – United Kingdom	F	100

F: Fully consolidated - E: Accounted for by the equity method.

Company	F/E	% consolidated
Gefco España S.A. Madrid – Spain	F	100
Gefco Portugal Transitarios Ltd Lisbon – Portugal	F	100
LLC Gefco (Cis) Moscow – Russia	F	100
Gefco Baltic Riga – Latvia	F	100
Gefco Ukraine Kiev – Ukraine	F	100
Gefco Polska S.p. z.o.o. Warsaw – Poland	F	100
Gefco Ceska Republica s.r.o. Prague – Czech Republic	F	100
Gefco Slovakia s.r.o. Bratislava – Slovakia	F	100
Gefco Romania Bucharest – Romania	F	100
Gefco Hongrie Budapest – Hungary	F	100
Gefco Prevoznistvo In Logistica Koper – Slovenia	F	100
Algai Moscow – Russia	F	51
Gefco Tasimacilik Ve Lojistik AS Istanbul – Turkey	F	100
Gefco Tunisie Tunis – Tunisia	E	50
Gefco Maroc Casablanca – Morocco	F	100
Gefco Participações Ltda Rio de Janeiro – Brazil	F	100
Gefco do Brasil Ltda Rio de Janeiro – Brazil	F	100
Gefco Argentina S.A. Buenos Aires – Argentina	F	100
Gefco Chile Sa Santiago – Chile	F	100
Gefco International Logistics China Co. Ltd Beijing – China	F	100
Gefco Hong Kong Hong Kong – China	F	100
FINANCE AND INSURANCE COMPANIES		
Banque PSA Finance Paris – France	F	100
PSA Assurances SAS Paris – France	F	100
Société Financiere de Banque – Sofib Levallois-Perret – France	F	100
Sofira – Société de Financement des Réseaux Automobiles Levallois-Perret – France	F	100
Société Nouvelle de Développement Automobile – SNDA Paris – France	F	100
SAS Financière Greffhule Paris – France	F	100
Compagnie Générale de Crédit aux Particuliers – Credipar Levallois-Perret – France	F	100
Gie Foncier Credipar Levallois-Perret – France	F	100
Compagnie pour la Location de Véhicules – CLV Levallois-Perret – France	F	100
PSA Finance Belux Brussels – Belgium	F	100

F: Fully consolidated - E: Accounted for by the equity method.

Company	F/E	% consolidated
PSA Finance SCS Luxembourg – Luxembourg	F	100
PSA Finance Nederland B.V. Rotterdam – Netherands	F	100
PSA Financial Holding B.V. Rotterdam – Netherands	F	100
Peugeot Finance International N.V. Rotterdam – Netherands	F	100
FCC Auto ABS – Compartiment 2004.01 Frankfurt – Germany	F	100
FCC Auto ABS – Compartiment Locatif 2006.01 Paris – France	F	100
FCC Auto ABS – Compartiment 2007.01 Paris – France	F	100
FCC Auto ABS – Compartiment 2008.01 Frankfurt – Germany	F	100
FCC Auto ABS – Compartiment 2009.01 Madrid – Spain	F	100
PSA Factor Italia S.p.A. Milan – Italy	F	100
PSA Renting Italia S.p.A. Milan – Italy	F	100
SPV Auto Italy 2007 Milan – Italy	F	100
PSA Wholesale Ltd London – United Kingdom	F	100
Vernon Wholesale Investments Co Ltd London – United Kingdom	F	100
PSA Finance Suisse S.A. Ostermudigen – Switzerland	F	100
PSA Gestao Comercio e Aluger de Veiculos Lisbon – Portugal	F	97
PSA Finance Polska Warsaw – Poland	F	100
PSA Finance Hungaria Rt Budapest – Hungary	F	100
PSA Finance Ceska Republika s.r.o. Prague – Czech Republic	F	100
PSA Finance Slovakia s.r.o. Bratislava – Slovakia	F	100
BPF Financiranje D.o.o. Ljubljana – Slovenia	F	100
PSA Services Ltd Ta'xbiex – Malta	F	100
PSA Life Insurance Ltd Ta'xbiex – Malta	F	100
PSA Insurance Ltd Ta'xbiex – Malta	F	100
BPF Algérie Algiers – Algeria	F	100
BPF Pazarlama A.H.A.S. Istanbul – Turkey	F	100
Banco PSA Finance Brasil S.A. São Paulo – Brazil	F	100
PSA Finance Arrendamiento Comercial São Paulo – Brazil	F	100
PSA Finance Argentina S.A. Buenos Aires – Argentina	F	50
BPF Mexico S.A. de Cv Mexico City – Mexico	F	100
PSA Financial D.o.o Zagreb – Croatia	F	100
Dongfeng Peugeot Citroën Automobile Finance Company Wuhan – China *Of which 12.5% held through Dongfeng Peugeot Citroën Automobile*	E	87,5

F: Fully consolidated - E: Accounted for by the equity method.

20.4. Financial Statements of Peugeot S.A. for the Year ended 31 December 2009

20.4.1. Statutory Auditors' Report on the Financial Statements of Peugeot S.A.

Year ended 31 December 2009

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2009, on:

- the audit of the accompanying financial statements of Peugeot SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Managing Board. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2009 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

Accounting rules, principles and estimates

At each balance sheet date, the Company determines the value in use of its investments using the methods described in notes 1C and 1D to the financial statements, and sets aside a provision for impairment when the carrying amount exceeds value in use, as described in notes 3 and 5 to the financial statements. As part of our assessment of the accounting principles applied and significant estimates made to prepare the financial statements, we verified the appropriateness of the accounting methods described in the financial statements and correct application thereof, as well as the reasonableness of the underlying estimates.

These assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Managing Board, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. On the basis of our work and in view of the clarifications provided by reference to the management report of the listed company Foncière, Financière et de Participations (FFP) on the remuneration and benefits paid by the companies of the Peugeot family group to certain corporate officers of your Company, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, 20 April 2010

The Statutory Auditors

PricewaterhouseCoopers Audit
Pierre Riou

Mazars
Loïc Wallaert

20.4.2. Peugeot S.A. Financial Review

As the holding company of the PSA Peugeot Citroën Group, Peugeot S.A. does not carry out any manufacturing or sales activities. It performs senior management, oversight and supervisory functions for Group companies and provides services for which it receives a flat fee. The fee is invoiced to direct Peugeot S.A. subsidiaries, based on the consolidated revenue of the division concerned.

Peugeot S.A.'s assets correspond to:

- equity investments in direct subsidiaries;
- cash raised on the market and loaned to GIE PSA Trésorerie to meet the borrowing needs of Automotive Division subsidiaries;
- office buildings leased to subsidiaries.

Peugeot S.A. is also head of a tax group set up with its more than 95%-owned subsidiaries in France.

Income statement

Operating income

Revenue – which primarily comprises management fees received from the main subsidiaries as well as rental income – amounted to €145 million in 2009, versus €102 million in 2008.

The management fees – which totalled €120 million in 2009 versus €88 million in 2008 – are calculated as a percentage of the revenue of the operating divisions and cover the operating expenses incurred by the Company for its senior management functions. The year-on-year increase chiefly reflected an additional €35 million in contributions to executive pension funds in 2009. Rental income came to €7 million in 2009, unchanged from 2008.

Operating expenses were €130 million, versus €83 million in 2008, and mainly corresponded to payroll costs and other purchases and external charges.

The Company ended the year with overall operating income of €15 million, compared with €20 million in 2008.

Financial income and expenses

Financial income, which primarily comprises income received from subsidiaries and affiliates, amounted to €531 million in 2009 versus €420 million the previous year. The 2009 figure includes €166 million in interest received on loans granted to GIE PSA Trésorerie (see note 4).

Other financial income decreased to €35 million from €121 million in 2008, due to lower interest rates on investments.

Charges to financial provisions came to €65 million in 2009 (€615 million in 2008) and mainly corresponded to provisions for impairment in value of shares in subsidiaries and affiliates (see note 3 B to the Company financial statements).

Finance costs amounted to €185 million compared with €39 million for 2008, reflecting interest payments on new borrowings (see note 12 to the Company financial statements).

The Company reported total net financial income of €475 million in 2009, versus net financial expense of €89 million in 2008.

Net profit

Taking into account the net income tax benefit of €47 million corresponding to group relief, Peugeot S.A. reported €537 million in net profit for 2009, compared with €48 million for 2008.

Balance sheet

Assets

Shares in and advances to subsidiaries and affiliates, which make up the majority of the Company's fixed assets, amounted to a gross €5,892 million at 31 December 2009 compared with €5,537 million at the previous year-end.

Provisions for impairment in value of shares in subsidiaries and affiliates stood at €891 million at end-December 2009 versus €889 million one year earlier. Movements in these provisions in 2009 are described in note 3 B to the Company financial statements.

After deducting these provisions, the net value of shares in subsidiaries and affiliates was €5,001 million at 31 December 2009 versus €4,648 million at the 2008 year-end.

Advances to subsidiaries and affiliates represented a net amount of €4,619 million, compared with €194 million at 31 December 2008. The increase is attributable to €4,325 million in loans granted to GIE PSA Trésorerie (see note 4).

Current assets primarily correspond to (i) cash equivalents which amounted to €3,167 million at 31 December 2009 against €3,026 million at 31 December 2008 (see note 8 to the Company financial statements) as well as (ii) marketable securities (including treasury shares) which totalled €471 million at 31 December 2009 (see note 7). Of the 7,187,450 shares held in treasury at 31 December 2009, 5,392,107 are for allocation on exercise of stock options, 1,278,543 are being held for subsequent allocation and 516,800 have not yet been allocated for a specific purpose. During the year the Group did not purchase any Peugeot S.A. shares using the authorisation granted by shareholders at the 3 June 2009 Annual Meeting.

Liabilities and shareholders' equity

Before the appropriation of net profit for the year, total shareholders' equity was €7,827 million at end-2009, versus €7,290 million at 31 December 2008. At its meeting on 20 April 2010, the Supervisory Board decided not to recommend the payment of a dividend for 2009.

No stock options were granted during 2009.

Provisions for contingencies and charges totalled €867 million compared with €734 million at end-December 2008 (see note 6 to the Company financial statements). As explained in note 11, these provisions chiefly correspond to tax savings realised by Peugeot S.A. that may have to revert to companies in the tax group if those companies subsequently return to profit.

Long- and short-term debt rose to €4,508 million at 31 December 2009 from €37 million at end-2008, reflecting new borrowings taken out by the Company during the year (see note 12).

Of the €148 million due to suppliers of fixed assets, €143 million corresponds to the uncalled portion of the commitment to the Automotive Industry Investment Fund (FMEA) (see note 5).

Given that Peugeot S.A. is a holding company, trade payables are not material, amounting to just €9 million at year-end.

Peugeot S.A. settles payments to suppliers 30 days end of month from invoice date, in compliance with the provisions of France's LME Act.

Schedule of Payments to Suppliers:

At 31 December 2009, payments due to suppliers represented €1,507 million and broke down as follows in the financial statements:

- Trade payables: €9,291 million;
- Less accrued expenses: €7,784 million;

Total due: €1,507 million.

This amount is payable according to the following schedule:

In € thousands	Currently due	Due in 0 to 30 days	Due in 30 to 60 days	Due in over 60 days*	TOTAL
Supplier invoices					
From third parties	141	105		350	596
From Group companies	212	699			911
TOTAL	**353**	**804**		**350**	**1,507**

* *Under a special payment agreement.*

Other liabilities included €154 million due to the Company's main French subsidiaries under the Group relief agreement. For information on events subsequent to the balance sheet, please refer to note 25 to the Company financial statements.

20.4.3. Income Statements

(in million euros)	2009	2008
Revenue	144.7	102.1
Operating expenses	(129.9)	(82.6)
Operating income (note 16)	**14.8**	**19.5**
Investment income	531.3	419.5
Other financial income	34.8	121.3
Financial provision reversals and expense transfers	158.8	24.4
Financial income	**724.9**	**565.2**
Charges to financial provisions	(65.0)	(615.3)
Other financial expenses	(184.5)	(38.6)
Financial expenses	(249.5)	(653.9)
Net financial income (expense)	**475.4**	**(88.7)**
Recurring income (loss) before tax	**490.2**	**(69.2)**
Non-recurring income	3.6	2.9
Non-recurring expenses	(3.5)	(7.9)
Net non-recurring income (expense)	**0.1**	**(5.0)**
Income tax benefit (expense) (note 18)	46.7	121.7
NET PROFIT FOR THE YEAR	**537.0**	**47.5**

20.4.4. Cash Flow Statements

(in million euros)	2009	2008
Net profit for the year	537.0	**47.5**
Net change in provisions (note 6)	50.9	718.6
Net gains on disposals of fixed assets	-	-
Working capital provided by operations	587.9	**766.1**
Change in working capital requirement	(5.2)	136.5
Net cash from (used in) operating activities	582.7	**902.6**
Acquisitions of intangible assets and property and equipment	-	-
Proceeds from disposals of shares in subsidiaries and affiliates	-	-
Purchases of shares in subsidiaries and affiliates (note 3.A)	(354.3)	(1.5)
Net cash from (used in) investing activities	(354.3)	**(1.5)**
Dividends paid	-	(342.3)
(Purchases) sales of Peugeot SA shares (note 7.A)	-	(43.5)
Increase (decrease) in other long-term debt (note 12)	4.317.6	-
(Increase) decrease in long-term loans and receivables (note 4)	(4,259.0)	(225.1)
Change in other financial assets and liabilities	(141.5)	3.0
Net cash from (used in) financing activities	(82.9)	**(607.9)**
Net increase (decrease) in cash and cash equivalents	145.5	293.2
Cash and cash equivalents at beginning of period	3,020.0	2,726.8
Cash and cash equivalents at end of period	3,165.5	3,020.0
Breakdown of cash and cash equivalents at end of period		
Cash equivalents (note 8)	3,165.6	3,019.7
Cash	(0.1)	0.3
Bank overdrafts	-	-
TOTAL	**3,165.5**	**3,020.0**

20.4.5. Balance Sheets at 31 December 2009

Assets

	2009			2008
(in million euros)	Gross	Depreciation/ amortisation & provisions	Net	Net
Intangible assets	0.1	-	0.1	0.1
Property and equipment	35.0	(26.8)	8.2	8.1
Investments				
Shares in subsidiaries and affiliates (note 3)	5,891.7	(891.1)	5,000.6	4,647.6
Advances to subsidiaries and affiliates (note 4)	4,645.3	(25.9)	4,619.4	194.4
Other investments (note 5)	200.0	-	200.0	-
Long-term loans and receivables	2.2	(1.0)	1.2	1.1
	10,739.2	(918.0)	9,821.2	4,843.1
Total non-current assets (note 2)	**10,774.3**	**(944.8)**	**9,829.5**	**4,851.3**
Current assets				
Trade receivables	27.8	-	27.8	-
Other receivables and prepayments to suppliers	183.1	-	183.1	206.5
Marketable securities (note 7)	470.9	(132.7)	338.2	169.8
Cash equivalents (note 8)	3,166.5	-	3,166.5	3,025.9
Cash	0.2	-	0.2	0.3
Total current assets	3,848.5	(132.7)	3,715.8	**3,402.5**
Prepaid expenses	0.3	-	0.3	0.2
Bond redemption premium (note 12)	7.4	(0.7)	6.7	-
TOTAL ASSETS	**14,630.5**	**(1,078.2)**	**13,552.3**	**8,254.0**

Liabilities and shareholders' equity

(in million euros)	2009	2008
Shareholders' equity		
Share capital (note 9)	234.0	234.0
Revaluation reserve	444.8	444.8
Other reserves		
Reserves and retained earnings	6,610.6	6,563.1
Net profit for the year	537.0	47.5
Untaxed provisions	0.7	0.7
Total shareholders' equity (note 10)	**7,827.1**	**7,290.1**
Provisions for contingencies and charges (note 6)	867.3	734.5
Long- and short-term debt		
Bonds (note 12)	1,337.7	-
Other long- and short-term debt (note 12)	3,170.5	37.3
	4,508.2	37.3
Payables		
Trade payables	9.2	2.2
Accrued taxes and payroll costs	31.8	22.5
	41.0	24.7
Due to suppliers of fixed assets (note 5)	147.9	4.5
Other liabilities	154.1	162.9
Total liabilities	**4,851.2**	**229.4**
Deferred income	6.7	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**13,552.3**	**8,254.0**

20.4.6. Notes to the Financial Statements for the Year ended 31 December 2009

The following disclosures constitute the notes to the balance sheet at 31 December 2009, which shows total assets of €13,552.3 million, and to the income statement for the year then ended, which shows a profit of €537.0 million.

The financial statements cover the twelve-month period from 1 January to 31 December 2009.

Notes 1 to 25 below are an integral part of the financial statements. All amounts are in millions of euros.

The financial statements were approved for publication by the Managing Board of Peugeot S.A. on 4 February 2010 with the exception of note 25, which takes into account events that occurred in the period up to the Supervisory Board meeting on 9 February 2010.

These financial statements are included in the consolidated financial statements of the PSA Peugeot Citroën Group.

Note 1 Summary of significant accounting policies

The financial statements have been prepared on a going concern basis in line with the true and fair value principle, as supported by the fundamental principles of prudence, consistent application of accounting policies and segregation of accounting periods.

They also comply with the preparation and presentation rules set out in France's *Plan Comptable Général* (PCG) 99-03, as amended by the standards issued by the *Comité de la Réglementation Comptable* ("CRC").

Items recorded in the accounts are stated in accordance with the historical cost convention.

The main accounting policies applied are as follows:

A. Intangible assets

This item consists of the Panhard and Panhard & Levassor brands, which are stated at acquisition cost. The brands are not amortised.

B. Property and equipment

Property and equipment are stated at acquisition cost, including incidental expenses but excluding transaction costs. As an exception to this principle, assets acquired before 31 December 1976 that were included in the legal revaluation are stated at valuation.

Depreciation is calculated on a straight-line basis over the assets' estimated useful lives. Depreciation is recorded in the balance sheet as a deduction from the assets' carrying amount and in the income statement under "Depreciation expense".

The main useful lives are as follows:

- buildings 20-30 years
- fixtures and fittings 10 years
- office furniture 10 years

C. Shares in subsidiaries and affiliates

Since 2007, the cost of shares in subsidiaries and affiliates includes transaction costs.

In prior years, these investments were stated at purchase cost excluding transaction costs, except for investments acquired before 31 December 1976 that were included in the legal revaluation.

At each period-end, the value in use of shares in subsidiaries and affiliates is estimated, based generally on the Company's equity in the underlying net assets and the investee's earnings outlook.

For investees that are included in the consolidated financial statements of the PSA Peugeot Citroën Group, net assets correspond to consolidated or restated net assets determined in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

In the case of a prolonged decline in the value in use of an investment to below cost, a provision is recorded for the difference. If an investment has a negative value in use and circumstances warrant it, a provision for contingencies is booked.

D. Other investments

Units in FCPR investment funds are recorded in "Other investments" in full for the amount booked under "Due to suppliers of fixed assets". The liability is gradually cancelled as payments are made. If the units' net asset value is below cost, a provision is recorded.

E. Loans and receivables

Loans and receivables are stated at their nominal amount. A provision is booked to cover any probable losses.

F. Marketable securities

Peugeot S.A. shares held for allocation on exercise of stock options are recorded in "Marketable securities" at acquisition cost.

The shares are allocated to separate sub-categories based on an assessment of the probability of the options being exercised.

When it is probable that the options will be exercised, a provision for expenses is recorded in liabilities if the exercise price is less than the shares' carrying amount. The probability of options being exercised is assessed separately for each individual plan, taking into account the plan's terms and conditions. Any provisions are recorded on a straight-line basis over the option vesting period. The charge is recognised in the income statement under "Payroll costs" by recording an expense transfer.

When it is not probable that the options will be exercised, the Peugeot S.A. shares are measured at the lower of cost and market.

These accounting policies comply with PCG 99-03, as amended by standard CRC 2008-15 of 4 December 2008.

Other marketable securities consist of money market securities purchased under resale agreements. Interest income on these securities is recognised in "Financial income".

G. Untaxed provisions

Untaxed provisions primarily concern reinvested capital gains on sales of shares in subsidiaries and affiliates qualifying for rollover relief under former article 40 of France's General Tax Code.

H. Borrowings

Borrowings are stated at their nominal amount. Issuance costs are not recorded in the balance sheet but recognized as an expense for their full amount in the year of issuance.

When the face value of non-convertible bonds is higher than the amount received by Peugeot SA, the discount is amortized over the life of the bond.

OCÉANE bonds are convertible bonds that give the holder the right to exchange them for Company shares, which may be new issues or existing shares bought from the market, at the issuer's discretion. They are initially recognised under "Bonds" for their face value. The liability is decreased by the face value of bonds converted during the year, with the difference between the face value of the converted bonds and the par value of the corresponding shares recognised under "Conversion premium."

I. Retirement obligations

Company employees are entitled to length-of-service awards payable on retirement and supplementary pension benefits under defined contribution or defined benefit plans.

The Company has not elected to recognise its retirement obligations in the balance sheet. These obligations are measured by independent actuaries and disclosed in the notes to the financial statements (note 20).

J. Income taxes

On 1 January 2005, Peugeot S.A. and its over 95%-owned subsidiaries in France renewed their election to file a consolidated tax return, in accordance with article 223A of France's General Tax Code.

The effects of group relief recorded in the Company's income statement comprise:

- the total income corresponding to the sum of the tax due by profitable subsidiaries;
- the net tax expense or tax benefit resulting from setting off the taxable profits and losses of the companies in the tax group;
- the income corresponding to any repayments from profitable subsidiaries to which tax savings were transferred in prior periods;
- any adjustments of income tax expense for prior periods;
- charges to the provision for tax savings to be transferred to loss-making subsidiaries (note 11);
- charges to provisions for contingencies set up to cover the estimated net income tax expense that may be due following periodic tax audits of subsidiaries in the tax group.

K. Changes of method

There were no changes of method during the year.

Note 2 Non-current assets

A. Intangible assets, property and equipment

	Intangible assets brands	Property and equipment			
			Buildings		
(in million euros)		Land	Freehold buildings	Fixtures and fittings	Other
Cost at 1 January 2009	0.1	8.1	21.0	5.8	0.1
Additions					
Disposals	-	-	-	-	-
Cost at 31 December 2009	**0.1**	**8.1**	**21.0**	**5.8**	**0.1**
Historical cost excluding revaluations (1)	*0.1*	*5.5*	*10.9*	*5.0*	
Depreciation/amortisation & provisions at 1 January 2009	-	-	(21.0)	(5.8)	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation/amortisation & provisions at 31 December 2009	**-**	**-**	**(21.0)**	**(5.8)**	**-**
CARRYING AMOUNT AT 31 DECEMBER 2009	**0.1**	**8.1**	**-**	**-**	**0.1**

(1) 1976 legal revaluation.

B. Investments

	Investments			
(in million euros)	Shares in subsidiaries and affiliates (note 3)	Advances to subsidiaries and affiliates (note 4)	Other Investments (note 5)	Loans
Cost at 1 January 2009	5,537.4	225.4	-	2.1
Additions	*354.3*	*4,650.5*	*200.0*	*0.1*
Disposals	-	*(230.6)*	-	-
Cost at 31 December 2009	**5,891.7**	**4,645.3**	**200.0**	**2.2**
Historical cost excluding revaluations (1)	*5,434.3*	*4,628.8*		*2.1*
Provisions for impairment at 1 January 2009	(889.8)	(31.0)	-	(1.0)
Additions	*(7.3)*	*(25.9)*	-	-
Disposals	*37.0*	-	-	-
Other movements	*(31.0)*	*31.0*	-	-
Provisions for impairment 31 December 2009	**(891.1)**	**(25.9)**	**-**	**(1.0)**
CARRYING AMOUNT AT 31 DECEMBER 2009	**5,000.6**	**4,619.4**	**200.0**	**1.2**

(1) 1976 legal revaluation.

Note 3 Shares in subsidiaries and affiliates

A. Cost

During the year, Peugeot S.A. participated in the following share issues by subsidiaries:

- Peugeot Motocycles for €31 million, paid up by capitalising an advance granted in 2008;
- Faurecia: In the second quarter of 2009, Faurecia carried out a €455 million share issue for cash. Peugeot S.A. took up its share of the issue in the amount of €322 million, with the result that its interest in Faurecia remained unchanged at 70.86%.

B. Fair values

1. Faurecia

After a €300 million impairment provision was recorded at end-2008, the carrying amount of Faurecia shares at 31 December 2009 was €1,286 million, or €20.3 per share versus €55.7 per share at 31 December 2008. The decline in the net per share value reflects the conditions of the share issue carried out in May 2009, when eight new shares were issued for every three existing ones at €7 per share. Peugeot S.A. took up its share of the issue.

The investment in Faurecia was tested for impairment at the 2009 year-end. For impairment testing purposes, the investment's value in use was estimated based on the Company's share in the sum of the values in use of all of the Faurecia sub-group's businesses, after hedging of its debt. These values in use were considered as being equal to the sum of the present values of future cash flows, based on the latest projections and a discount rate of 9.00%. The impairment test confirmed the impairment recognised in the balance sheet.

The Faurecia share price on 31 December 2009 was €15.40, giving Peugeot S.A.'s interest in Faurecia a total market value of €976 million.

A 0.5-point increase in the discount rate or a 0.5-point reduction in the growth rate to perpetuity (compared with the 1.50% rates used at 31 December 2009) would lead to a further write-down of the investment in Faurecia of €91 million and €56 million respectively. A 0.5-point decrease in the recurring income margin used to calculate the terminal value would lead to an additional €175 million write-down.

2. Grande Armée Participations

The fair value of the investment in this subsidiary was estimated based on its net assets adjusted to include potential capital gains on available-for-sale securities, capped at a prudent 80% of the average share price over the last six months to attenuate the impact of market volatility. Including the €10.7 million in dividends received from Grande Armée Participations in 2009, net income before tax was €47.7 million for the year.

3. Peugeot Motocycles

The investment in Peugeot Motocycles was written down in full at 31 December 2009. During the year, €11.9 million was released from the provision for additional losses, following the payment in December 2009 by Peugeot S.A. of a further €25.9 million advance on a future capital increase. At the year-end, the provision for additional losses amounted to €12.3 million, corresponding to the amount of the cash advance received from the Group.

4. Process Conception Ingénierie

At 31 December 2009, the fair value of the investment in this subsidiary was estimated based on the net assets of the PCI subgroup. During the year, the investment was written down by a further €7.3 million, bringing the carrying amount of the investment down to €41.1 million. A t the year-end, the provision for impairment losses amounted to €129.2 million.

C. Pledged securities

Securities are lodged with the European Investment Bank as collateral for loans made to its subsidiaries by the bank.

At 31 December 2009, 4,695,000 Faurecia shares had been pledged.

Note 4 Advances to subsidiaries and affiliates

1. Faurecia

On 26 November 2008, Peugeot S.A. granted a €250 million line of credit to Faurecia. The facility comprises two equal tranches, one due in November 2011 which can be rolled over by Peugeot S.A. for two further one-year periods, and one due in November 2013.

The line's terms and conditions are correlated with Faurecia's €1.17 billion syndicated loan, so that the drawdowns made by Faurecia on the Peugeot S.A. line of credit are proportionate to those made on the syndicated loan, based on the same rates and periods.

At 31 December 2009, €128 million had been drawn down on the Peugeot S.A. line of credit. Interest

for the year amounted to €9.3 million.

2. PMTC

The €31 million advance made to Peugeot Motocycles in December 2008 was used in 2009 to underwrite a share issue by the subsidiary (note 3.A.) Following repayment of the advance in new shares, the €31 million impairment provision carried in the balance sheet at 31 December 2008 was reclassified as a deduction from "Shares in subsidiaries and affiliates" (note 6).

In December 2009, Peugeot S.A. paid a €25.9 million advance to Peugeot Motocycles, to finance a future share issue. The advance was written down in full during the year (note 6).

3. GIE PSA Trésorerie

In 2009, Peugeot S.A. granted the following loans to GIE PSA Trésorerie:

- a €3 billion 5-year loan, corresponding to the line of credit arranged by Peugeot S.A. with the French State for the same amount. Initially set at a fixed 6%, the interest rate may later be increased by a variable portion indexed to the Group's earnings performance, without however exceeding 9.00%.

  If part or all of the loan from the French State is repaid before maturity, GIE PSA Trésorerie must also repay its loan in the same amount.
- a €575 million 6-year loan, corresponding to the issue of OCÉANE convertible bonds by Peugeot S.A. in June 2009. The loan earns interest at a nominal fixed rate of 4.45% a year. If the OCÉANE bonds are bought back or redeemed prior to maturity, GIE PSA Trésorerie must also repay the loan;
- a €750 million 5-year loan, corresponding to the bond issue carried out by Peugeot S.A. in July 2009. The interest rate is intially fixed at 8.38%. If the bonds are bought back or redeemed prior to maturity, GIE PSA Trésorerie must also repay the loan.

At 31 December 2009, accrued interest recognised on these loans amounted to €166.3 million.

Note 5 Other investments

Peugeot S.A. holds units in France's Automobile Industry Investment Fund (FMEA), an FCPR private equity investment fund set up by the French government as part of the Automobile Pact signed on 9 February 2009. The fair value of these units is measured as their market value at the balance sheet date. The market value reflects the fair value of the investments made by the fund. When these are not listed, their fair value is estimated at cost over the first twelve months following their acquisition, adjusted for any unfavourable subsequent events when necessary. After the first twelve months, their fair value will be estimated using revenue multiples.

These units are governed by the tax rules relating to FCPR investment funds and as such benefit from a favourable tax regime on long-term capital gains.

FCPR units not yet called at 31 December 2009 amounted to €143.4 million and were booked under "Due to suppliers of fixed assets" (note 1.D)

Note 6 Provisions

Type of provisions *(in million euros)*	**At 1 January 2009**	**Increases**	**Utilisations**	**Releases**	**Other movements**	**At 31 December 2009**
Untaxed provisions						
Reinvested capital gains	0.7	-	-	-	-	0.7
Provisions for contingencies and charges						
Provision for transferable tax savings (note 11)	677.2	146.9	-	-	-	824.1
Provisions for tax risks	26.5	0.6	-	-	-	27.1
Other provisions for contingencies and charges	30.8	0.6	(3.4)	(11.9)	-	16.1
	734.5	148.1	(3.4)	(11.9)	-	867.3
Provisions for impairment of investments						
Shares in subsidiaries and affiliates (note 3.B)	889.8	7.3	-	(37.0)	31.0	891.1
Advances to subsidiaries and affiliates (note 4)	31.0	25.9	-	-	(31.0)	25.9
Other investments (note 5)	-	-	-	-	-	-
Loans	1.0	-	-	-	-	1.0
	921.8	33.2	-	(37.0)	-	918.0
Provisions for impairment of current assets						
Marketable securities (note 7.A)	211.5	-	-	(78.8)	-	132.7
TOTAL	**1,868.5**	**181.3**	**(3.4)**	**(127.7)**	**-**	**1,918.7**
Movements classified under:						
• Operating income and expenses		-	-	-	-	
• Financial income and expenses		33.9	-	(127.7)	-	
• Non-recurring income and expenses		-	(3.4)	-	-	
• Movements in provisions for taxes (note 18)		147.6	-	-	-	
• Movements on the revaluation (note 3)		-	-	-	-	

«Other provisions for contingencies and charges" correspond primarily to the provision for losses on Peugeot Motocycles, in the amount of €12.3 million at 31 December 2009 (note 3.B).

Note 7 Marketable securities

Marketable securities *(in million euros)*	**Peugeot S.A. shares (note 7.A)**	**Other marketable securities (note 7.B)**
Cost at 1 January 2009	302.9	78.1
Additions	-	*89.9*
Disposals	-	-
Cost at 31 December 2009	**302.9**	**168.0**
Provisions for impairment at 1 January 2009	211.5	-
Additions	-	-
Disposals	*(78.8)*	-
Provisions for impairment at 31 December 2009	**132.7**	**-**
CARRYING AMOUNT AT 31 DECEMBER 2009	**170.2**	**168.0**

A. Peugeot S.A. shares

Movements for the year

Peugeot S.A. shares held for allocation on exercise of stock options have been classified as "Marketable securities" since 2008. At 31 December 2009, they had a net book value €170.2 million.

In 2009, the Company did not purchase any of its own shares or offer any stock option plans.

During the year:

- no stock options were exercised;
- 619,000 options were cancelled following the departure of the option holders from the Group and the corresponding shares have been earmarked for future stock option plans;
- 516,800 options granted under the 2002 plan expired without being exercised.

At 31 December 2009

At 31 December 2009, the Company held 7,187,450 of its own shares, with a carrying value of €302.9 million. The total includes 5,392,107 shares held for allocation under the 2003-2008 plans, 1,278,543 shares held for allocation under future plans and 516,800 shares in excess of the number of options, which were not allocated to any particular purpose.

The exercise of the stock options outstanding at 31 December 2009 was not considered probable, as the average share price for December (€23.68) was less than the options' exercise prices.

The €211.5 million impairment provision recorded at end-2008 was decreased by €78.8 million to €132.7 million at 31 December 2009, to mark the shares to market value at that date.

Stock options

The characteristics of the Company's stock option plans are presented below (after adjustment for the 6-for-1 stock-split carried out in 2001 where applicable):

	Date of the Managing Board decision	Vesting date	Last exercise date	Number of initial grantees	Exercise price (in €)	Number of options granted
2000 plan	05/10/2000	05/10/2002	04/10/2008	154	35.46	709,200
2001 plan	20/11/2001	20/11/2004	19/11/2008	147	46.86	798,600
2002 plan	20/08/2002	20/08/2005	20/08/2009	178	46.28	860,100
2003 plan	21/08/2003	21/08/2006	20/08/2011	184	39.09	996,500
2004 plan	24/08/2004	24/08/2007	23/08/2012	182	47.59	1,004,000
2005 plan	23/08/2005	23/08/2008	22/08/2013	169	52.37	953,000
2006 plan	23/08/2006	23/08/2009	22/08/2014	92	41.14	983,500
2007 plan	22/08/2007	22/08/2010	21/08/2015	169	60.43	1,155,000
2008 plan	20/08/2008	20/08/2011	19/08/2016	194	33.08	1,345,000

One of the vesting conditions of the stock options is generally the grantee's continued presence within the Company at the vesting date.

Changes in the number of outstanding options (exercisable for €1 par value shares) during the year were as follows:

(number of options)	2009	2008
At 1 January	6,527,907	**5,866,214**
Options granted	-	1,345,000
Options exercised	-	(23,000)
Cancelled options	(619,000)	(93,200)
Expired options	(516,800)	(567,107)
AT 31 DECEMBER	**5,392,107**	**6,527,907**
Of which options currently exercisable	3,328,607	3,098,907

Members of the Group's management bodies were not granted any long-term benefits apart from pension benefits (note 20), or any direct share-based payments or any compensation for loss of office.

B. Other marketable securities

All of the OAT debt securities held by Peugeot S.A. under resale agreements are lodged with the European Investment Bank as collateral for loans made by the bank to Group subsidiaries.

These resale agreements (for renewable three-month periods) are recognised in the balance sheet under "Other marketable securities" for €168.0 million at 31 December 2009.

Note 8 Cash equivalents

Cash equivalents correspond to cash advances made to GIE PSA Trésorerie, manager of the cash pool for the Group's manufacturing and sales companies. The funds are immediately available to meet the Company's day-to-day cash needs and, since May 2009, bear interest at an interest rate based on the average monthly EONIA rate.

The cash advances are used by GIE PSA Trésorerie to meet the cash needs of Group subsidiaries. External investments consist of units in money market funds with a capital guarantee and a guaranteed yield, retail certificates of deposit and money market notes at overnight rates.

At 31 December 2009, advances to GIE PSA Trésorerie totalled €3,165.6 million and accrued interest on these advances amounted to €0.9 million.

Note 9 Share capital

(number of shares)	2009	2008
At 1 January	234,048,798	234,280,298
Shares issued/(cancelled) during the year	344	(231,500)
AT 31 DECEMBER	**234,049,142**	**234,048,798**

The 344 shares issued during the year correspond to the conversion of OCÉANE bonds issued by Peugeot S.A. (note 12).

At 31 December 2009, the share capital comprised 234,049,142 shares with a par value of one euro each, all fully paid.

Note 10 Changes in shareholders' equity

(in million euros)	31 December 2008	Appropriation decided at the AGM of 3 June 2009	Share cancellations	Other movements for the year	31 December 2009
Share capital	**234.0**	-	-	-	234.0
Revaluation reserve [(1)]					-
Property and equipment	2.6	-	-	-	2.6
Shares in subsidiaries and affiliates	442.2	-	-	-	442.2
	444.8	-	-	-	444.8
Reserves and retained earnings					
Legal reserve	27.8	-	-	-	27.8
Long-term capital gains reserve	1,068.5	-	-	-	1,068.5
Other reserves	4,751.4	-	-	-	4,751.4
Retained earnings	715,4	47.5	-	-	762.9
	6,563.1	**47.5**	-	-	6,610.6
Net profit for the year	47.5	(47.5)	-	537.0	537.0
Untaxed provisions	**0.7**	-	-	-	0.7
TOTAL	**7,290.1**	-	-	**537.0**	**7,827.1**

(1) 1976 legal revaluation.

Note 11 Provision for transferable tax savings

The €677.2 million provision for transferable tax savings recorded in the balance sheet at end-2008 was increased by €146.9 million to €824.1 million at 31 December 2009. The provision corresponds to tax savings realised by Peugeot S.A. through the utilisation of the tax losses of other companies in the tax group that would be able to use the losses in future periods if they were taxed on a stand-alone basis. Consequently, it does not cover the tax losses of companies that are dormant or are not expected to generate sufficient profit in future periods. The provision will be reversed in future periods as the subsidiaries whose tax losses have been utilised return to profit.

Note 12 Long- and short-term debt

(in million euros)	31 December 2009	31 December 2008
Bonds	1,337,7	-
Other long- and short-term debt	3,170,5	37,3
TOTAL	**4,508,2**	**37,3**

To meets its general financing needs, particularly to fund existing and future development projects, the Group pursued a proactive refinancing strategy and a conservative liquidity management policy in 2009:

Loan from the French State

In March 2009, Peugeot S.A. obtained a €3-billion 5-year loan from the French State at an initial interest rate of 6%. The rate may be increased by a variable portion indexed to the Group's earnings performance, without however exceeding 9.00%.

The funds were released at the end of April and the loan is repayable in full at the end of five years, with the Company having the option of making part of full repayment from the end of April 2011. If all or part of the loan is repaid early, the interest due will be adjusted to provide a guaranteed minimum yield to maturity of 6% for each of the first two years plus 0.04% per calendar month from 1 May 2011. The loan has not been hedged.

OCÉANE convertible bond issue

On 23 June 2009, PSA Peugeot Citroën launched a €575-million OCÉANE convertible bond issue. The 22,908,365 OCÉANE bonds are due on 1 January 2016 and bear interest at a nominal rate of 4.45% a year. The issue price was €25.10 per bond. Bond holders can convert the bonds into shares at any time starting on 1 July 2009 at the rate of one share per bond. At 31 December 2009, 1,108 bonds had been converted. As of 1 January 2013, Peugeot S.A. may redeem the OCÉANE bonds before maturity for their face value plus accrued interest if the share price exceeds 130% of the bonds' face value.

Peugeot S.A. bond issue

On 10 July 2009, Peugeot S.A. placed a €750-million 5-year bond, paying interest of 8.38% a year and with an initial redemption premium of €7.4 million, recorded as an asset in the balance sheet. The premium is amortised over the life of the bond in proportion to the interest accrued. The bond issue is part of the programme to strengthen the Group's liquidity and spread debt maturities over a longer period.

At 31 December 2009, accrued interest recognised on these loans amounted to €166.3 million.

Note 13 Maturities of receivables and payables

Receivables *(in million euros)*	Gross	Due within one year	Due beyond one year
Advances to subsidiaries and affiliates	4,645.3	192.3	4,453.0
Loans	2.2	-	2.2
Non-current assets	**4,647.5**	**192.3**	**4,455.2**
Trade receivables	27.8	27.8	-
Other receivables and prepayments to suppliers			
• Income tax prepayments	122.5	122.5	-
• Other	60.6	60.6	-
Total	**183.1**	**183.1**	**-**
Cash equivalents	3,166.5	3,166.5	-
Current assets	**3,377.4**	**3,377.4**	**-**
Prepaid expenses	0.3	0.3	-
TOTAL	**8,025.2**	**3,570.0**	**4,455.2**

At 31 December 2009, receivables due beyond five years amounted to €575 million, corresponding exclusively to the loan granted to GIE PSA Trésorerie in relation to the OCÉANE convertible bond issue.

Payables *(in million euros)*	Gross	Due within one year	Due beyond one year
Long- and short-term debt	**4,508.2**	**183.7**	**4,324.5**
Payables	**41.0**	**41.0**	**-**
Due to suppliers of fixed assets	**147.9**	**76.0**	**71.9**
Shareholder advances	153.2	153.2	-
Other	0.9	0.9	-
Other liabilities	**154.1**	**154.1**	**-**
TOTAL	**4,851.2**	**454.8**	**4,396.4**
Deferred income	**6.7**	**1.4**	**5.2**

At 31 December 2009, payables due beyond five years amounted to €575 million and consisted entirely of OCÉANE convertible bonds.

The amount in "Due to suppliers of fixed assets" includes €143.4 million in payments to France's Automobile Industry Investment Fund (FMEA), which had not been called at 31 December 2009.

Deferred income corresponds to the €750 million redemption premium on the bond issue, billed over the life of the debt.

Note 14 Accrued income and expenses

Accrued income and expenses included in other balance sheet items are as follows:

(in million euros)	2009	2008
Accrued income		
Advances to subsidiaries and affiliates (note 4)	166.3	0.4
Other receivables	0.1	1.3
Marketable securities	-	0.4
Cash equivalents	1.0	6.2
TOTAL	**167.4**	**8.3**

(in million euros)	2009	2008
Accrued expenses		
Long- and short-term debt (note 12)	166.3	-
Trade payables	7.7	1.5
Accrued taxes and payroll costs	16.7	15.7
Other liabilities	0.3	0.5
TOTAL	**191.0**	**17.7**

Note 15 Related party transactions

(in million euros)	Related party transactions [(1)]
Balance sheet items	
Assets	
Shares in subsidiaries and affiliates	5,891.7
Advances to subsidiaries and affiliates	4,645.3
Trade receivables	27.8
Other receivables	52.7
Cash equivalents	3,166.5
Liabilities	
Long- and short-term debt	16.9
Trade payables	1.1
Due to suppliers of fixed assets	4.5
Other liabilities	153.2
Income statement items	
Financial expenses	16.9
Investment income	365.0
Other financial income	200.3

(1) Companies consolidated or accounted for by the equity method in the consolidated financial statements of the PSA Peugeot Citroën Group.

Transactions with other related parties are not material.

Note 16 Revenue and operating expenses

(in million euros)	2009	2008
Revenue	140.7	97.4
Other income	-	0.1
Expense transfers	4.0	4.6
Total revenue	**144.7**	**102.1**
Other purchases and external charges	(63.6)	(16.3)
Taxes other than on income	(7.2)	(5.1)
Wages and salaries	(42.6)	(43.9)
Payroll taxes	(15.2)	(15.9)
Other expenses	(1.3)	(1.4)
Operating expenses	(129.9)	**(82.6)**
OPERATING INCOME	**14.8**	**19.5**

Note 17 Revenue

Revenue breaks down as follows:

A. By business segment

(in million euros)	2009	2008
Service revenue	133.7	90.8
Property rent	7.0	6.6
TOTAL	**140.7**	**97.4**

Service revenue consists mainly of contributions to research costs and headquarters expenses billed by the Company to subsidiaries, together with management fees.

B. By geographical segment

Substantially all revenue is generated in France.

Note 18 Income tax expense

The effects of the Company's election for group relief (note 1.J) on income tax expense are as follows:

(in million euros)	2009	2008
Tax payable to Peugeot S.A. by profitable members of the tax group	61.5	96.9
Return by profitable members of the tax group of tax savings,		
Previously transferred by Peugeot S.A.	42.0	60.7
Estimated group relief for the period	90.5	86.9
Adjustments of income tax expense for prior periods	(0.3)	2.6
Change in provision for tax savings to be transferred to loss-making subsidiaries (note 11)	(146.9)	(128.7)
Change in provision for tax risks	(0.1)	3.3
NET INCOME TAX BENEFIT	**46.7**	**121.7**

Note 19 Financial commitments

(in million euros)	2009	2008
Commitments received		
Syndicated line of credit (1)	2,400.0	2,400.0
Bank guarantee (2)	52.8	52.8
TOTAL	**2,452.8**	**2,452.8**
Commitments given		
Guarantees for loans obtained by		
• Peugeot S.A. subsidiaries (3)	3,080.0	2,740.4
• Other companies	-	14.3
Other commitments given on behalf of:		
• Peugeot S.A. subsidiaries (4)	388.0	274.0
TOTAL	**3,468.0**	**3,028.7**
Commitments received from and given to related companies are as follows:		
• Commitments received	52.8	52.8
• Commitments given	3,358.2	3,014.4

(1) €2,400 million syndicated line of credit expiring March 2011. This facility has never been drawn down.

(2) Tax bonds issued in connection with tax litigation.

Commitments given include:

(3) • For €2,100 million, guarantees given by Peugeot S.A. in connection with the two bond issues by GIE PSA Trésorerie, one for €1,500 million due 2011 and the other for €600 million due 2033. The other guarantees concern for the most part loans obtained by subsidiaries from the European Investment Bank.

(4) • For €260.0 million, the equivalent of outstanding loans by Banque PSA Finance to Group subsidiaries at 30 November 2009, that Peugeot S.A. is committed to repaying in the event of default by the subsidiaries concerned;

• For €128 million, the undrawn portion of the €250 million line of credit granted to Faurecia by Peugeot S.A. (note 4).

Commitments received

There is no longer an off-balance-sheet commitment from the sale of SCMPL shares. However, a €2.5 million provision for residual risk was recorded at 31 December 2009.

Note 20 Retirement commitments

Peugeot S.A. employees are entitled to supplementary pension benefits, payable annually, or lump sum length-of-service awards payable at the time of retirement. These benefits are paid under defined contribution and defined benefit plans.

Existing defined benefit plans concern the retirement bonuses provided for by collective bargaining agreements and the internally-managed portion of the supplementary pension scheme for engineers and management personnel (cadres) that was not outsourced in 2002, which guarantees a defined level of pension benefit for all plans of up to 60% of the employee's final salary. The members of the Group's management bodies are eligible to participate in the supplementary pension plan provided that: (i) they have sat on the Managing Board, Executive Committee, Expanded Executive Committee or other management body for a specified minimum period; and (ii) they end their career with the Group. This top-hat plan guarantees a defined level of pension benefit in the aggregate for all plans (statutory and supplementary) equal to up to 50% of a benchmark salary, taken to be the three highest annual salaries received over the last five years of employment. Under this plan, benefits may be paid over to the executive's spouse.

At 31 December 2009, the projected benefit obligation amounted to €94.7 million, including €20.1 million under the plan for members of the Group's management bodies.

The obligation is partly funded by external funds in the amount of €77.1 million. No provision has been recorded for the unfunded portion.

France's 2010 Social Security Financing Act was published in the Official Journal on December 21, 2009. The main measures affecting the Group's pension obligations concern the top-hat plan for senior executives. Effective from 1 January 2010, the 6% tax on contributions to this plan will rise to 12% and, for pensions claimed on or after 1 January 2010, an additional 30% tax will be payable from the first euro on pension benefits that exceed eight times the ceiling for Social Security contributions. These new measures have been taken into account in the calculation of pension obligations at 31 December 2009, resulting in a €7 million increase in the projected benefit obligation.

Note 21 Unrecognised deferred taxes

Unrecognised deferred taxes arising from timing differences between the recognition of income and expenses for financial reporting and tax purposes represented a net asset of €52.9 million at 31 December 2009.

Under France's amended 2004 Finance Act (Act no. 2004-1485 dated December 30, 2004) companies were given the option of transferring reinvested long-term capital gains taxed at a reduced rate to distributable reserves without paying the difference between the reduced tax rate and the standard rate, in exchange for a 2.5% exit tax. This option concerned the portion of the long-term capital gains reserve in excess of €200 million, and the transfer had to be carried out before 31 December 2006. Peugeot S.A. decided not to take up this opportunity. At 31 December 2009, the long-term capital gains reserve potentially subject to additional tax amounted to €1,068.5 million (note 10).

Note 22 Management compensation

(in million euros)	2009	2008
Compensation awarded to:		
• Senior executives	5.6	9.3
• Members of the Supervisory Board	0.9	0.9
TOTAL	**6.5**	**10.2**

The Group is managed by the Managing Board.

From 6 February 2007 to 16 June 2009, the Group's senior executives corresponded to the members of the Expanded Executive Committee, which comprised the members of the Managing Board, the other members of executive management and the executives reporting directly to the Chairman of the Managing Board.

Since 17 June 2009, the Group's senior executives correspond to the members of the Executive Committee, which comprises the members of the Managing Board and the other members of executive management.

The compensation details provided in the table above do not include payroll taxes. No bonuses were granted to members of the Managing Board for 2009.

The amounts disclosed above include 2009 and 2008 bonuses, which were accrued in the financial statements for those years.

Stock options on Peugeot S.A. shares granted to members of the Group's management bodies under the plans set up since 1999 are presented below. Stock options held by senior executives at the balance sheet date are as follows:

(number of options)	2009	2008
Stock options granted during the year	-	715,000
Stock options held at 31 December	579,000	2,258,000

Senior executives participate in the supplementary pension plan described in note 20.

Senior executives are not entitled to any long-term benefits apart from pension benefits under the plan referred to above, or any direct share-based payments or any compensation for loss of office.

Note 23 Average number of employees

(number of employees)	2009	2008
Managers	275	291
Other	59	64
TOTAL	**334**	**355**

Note 24 Training entitlements

In line with the Training Act (Act no. 2004-391) of 4 May 2004, employees are entitled to at least 20 hours' personal training per calendar year, which can be carried forward for up to six years. At the end of the six-year period, if the training entitlement is not used it is capped going forward at 120 hours.

On 15 April 2005, the PSA Peugeot Citroën Group signed an agreement with all of its trade unions in France concerning career-long career training opportunities. In line with the law, each employee is awarded an annual training credit equal to 20 hours. The training rights accumulated since 1999 under earlier schemes have been maintained and the cap on the training entitlement that may be carried forward has been raised to 150 hours. Employees may attend training courses during their working hours, provided that this does not disrupt the organization of their unit.

At 31 December 2009, training credits totalling 32,883 hours were available.

No accrual was booked in this respect at 31 December 2009, in line with opinion 2004-F issued on 13 October 2004 by the *Conseil National de la Comptabilité* urgent issues task force.

Note 25 Subsequent events

No events occurred between 31 December 2009 and the meeting of the Supervisory Board to approve the financial statements on 4 February 2010 that could have a material impact on economic decisions made on the basis of these financial statements, with the exception of the following:

Faurecia's acquisition of 100% of Emcon Technologies from Emcon Holdings was approved by shareholders at an Extraordinary General Meeting held on 8 February 2010, the date on which the shares were issued and the acquisition completed. The purchase price is currently being allocated to Emcon's assets and liabilities.

Following the transaction, Peugeot S.A. remains Faurecia's main shareholder, with 57.4% of the Company's share capital.

In addition, when the financial statements were approved, discussions were still underway with Mitsubishi Motors to explore ways of strengthening ties between the two companies.

➜ 20.4.7. Peugeot S.A. Five-Year Financial Summary

(Provided in compliance with Articles D-133, D-135 and D-148 of the French decree of 23 March 1967)

(In €)	2009	2008	2007	2006	2005
I – FINANCIAL POSITION AT 31 DECEMBER					
a – Share capital (1)	234,049,142	234,048,798	234,280,298	234,618,266	234,618,266
b – Shares outstanding	234,049,142	234,048,798	234,280,298	234,618,266	234,618,266
II – RESULTS OF OPERATIONS					
a – Net revenues	706,891,796	638,330,276	837,261,848	777,903,611	957,902,589
b – Income before tax, employee profit-sharing, depreciation, amortisation and provisions	393,686,214	518,965,886	740,999,549	730,770,923	818,698,967
c – Employee profit-sharing (charge for the year)	-	-	-	-	-
d – Income tax (2)	46,841,128	121,708,369	67,780,191	130,753,783	64,458,584
e – Income after tax, employee profit-sharing, depreciation, amortisation and provisions	537,011,853	47,527,964	525,580,339	747,728,148	904,989,653
f – Dividends (4)			351,420,447	316,734,659	316,734,659
III – PER SHARE DATA (3)					
a – Income after tax and employee profit-sharing before depreciation, amortisation and provisions	1.88	2.74	3.45	3.67	3.76
b – Income after tax, employee profit-sharing, depreciation, amortisation and provisions	2.29	0.20	2.24	3.19	3.86
c – Dividend per share (4):					
- Dividend		0	1.50	1.35	1.35
- Tax already paid (tax credit) (3	-	-		-	-
= TOTAL REVENUE	-	-		-	-
IV – EMPLOYEES					
a – Average number of employees	334	355	390	453	480
b – Total payroll	35,889,698	38,514,763	37,018,614	38,983,986	40,292,304
c – Total benefits (national health insurance, retirement pensions, *etc.*)	15,272,699	15,865,706	18,133,174	14,338,277	18,890,052

(1) Movements in share capital from 2004 to 2008 resulted from the cancellation of shares following their purchase on the open market.

(2) Since 1 January 1990, a consolidated tax return has been filed by the Company and its French subsidiaries that are at least 95% owned, in compliance with article 223-A et seq. of the French Tax Code. The income tax charge includes current taxes for the year and movements in provisions for deferred taxes.

(3) Beginning with dividends received in 2005, the tax credit has been replaced with tax relief.

(4) The amounts for 2009 are not yet known.

20.4.8. Subsidiaries and Affiliates at 31 December 2009

Company or Group *(in thousand euros or local currency units)*	**Share capital**	**Reserves and retained earnings**	**% interest**
I – Detailed information about investments representing over 1% of the Company's share capital			
A – Subsidiaries (at least 50%-owned)			
Peugeot Citroën Automobiles route de Gisy, 78 Vélizy	294,816	2,883,285	100.00
Faurecia 2, rue Hennape, 92 Nanterre	626,139	156,059	70.86
Grande Armée Participations 75 avenue de la Grande-Armée, 75016 Paris	60,435	45,912	100.00
Banque PSA Finance 75 avenue de la Grande-Armée, 75016 Paris	177,408	1,613,567	74.93
Automobiles Citroën 12, rue Fructidor, 75017 Paris	16,000	1,667	100.00
Automobiles Peugeot 75 avenue de la Grande-Armée, 75016 Paris	171,285	25,947	100.00
Process Conception Ingénierie 9, ave du Maréchal Juin, 92 Meudon la Forêt	22,954	13,690	84.54
Peugeot Motocycles rue du 17 Novembre – 25 Mandeure	7,142	1,643	100.00
Gefco 77 à 81, rue des Lilas d'Espagne, 92 Courbevoie (Hauts de Seine)	8,000	160,440	99.94
PSA International S.A. 62 quai Gustave Ador, 1207 Geneva (Switzerland)	CHF 5,979 4,030	195,416 131,717	- 99.93
Société Anonyme de Réassurance Luxembourgeoise 6 B Route de Trêves L2633 Senningerberg – Luxembourg	10,500	22	100.00
B – Affiliates (10% to 50%-owned)			
II – Aggregate information about investments representing less than 1% of the Company's share capital			
A – Subsidiaries not listed in I:			
a) French subsidiaries (total)			
b) Foreign subsidiaries (total)			
B – Affiliates not listed in I:			
a) French companies (total)			
b) Foreign companies (total)			

Carrying amount		Outstanding loans and advances	Outstanding guarantees	Last published revenue	Last published profit or loss	Dividends received during the year	Comments
Cost	Net						
2,610,622	2,610,415	-	887,581	51,098,319	(2,996,029)	-	
1,585,955	1,285,547	128,000	-	63,260	233,163	-	
408,923	193,823	-	-	-	4,446	10,705	
380,084	380,084	-	209,442	3,517,223	193,079	107,173	
257,653	257,653	-	1,300	8,253,057	(224,538)	91,000	
180,798	180,745	-	1,300	10,983,533	(296,851)	87,542	
170,304	41,099	-	-	114,063	671	9,299	
246,819	-	25,900	-	146,412	(24,091)	-	
32,198	32,198	-	39,000	1,714,524	42,774	49,970	
-	-	-	-	52,290	36,442		€1 = CHF 1.4836
6,844	6,844	-	-	35,245	24,563	9,332	
11,267	11,267	-	-	NM	-	-	
15	15	-	2,100,000			-	
10	10	-	-			-	
-	-	-	-			-	
219	219	-	-			-	

20.5. Auditing of Historical Annual Financial Information

20.5.1. Statutory Auditors' Assurance Opinion

Please refer to the Statutory Auditors' Reports on the consolidated financial statements and the Company financial statements for the year ended 31 December 2009 in sections 20.3.1 and 20.4.1 above respectively.

20.6. Age of Latest Financial information

31 December 2009.

20.7. Interim and Other Financial Information

Not applicable.

20.8. Dividend Policy

	2005	2006	2007	2008	2009
Dividend per share					
Dividend	€1.35	€1.35	€1.50	-	-
Tax credit	-**	-**	-**	n/a	n/a
Total revenue	-**	-**	-**	n/a	n/a
PAYOUT RATIO	**30.1%**	**168.8%**	**39.7%**	**N/A**	**N/A**

** *Beginning with the 2004 dividend received in 2005, the tax credit has been replaced, under certain conditions, with tax relief.*

Given the results of 2009 and in order to allocate financial resources in priority to the product plan and to the Group's development, it will be proposed to the AGM not to pay a dividend for the fiscal year 2009.

20.9. Legal and Arbitration Proceedings

Please refer to section 4.1.5.1 of this Registration Document.

20.10. Significant Change in the Company's Financial or Trading Position

Please refer to section 12 and 13, to note 43 to the consolidated financial statements concerning subsequent events (see section 20.3.6 above) and to note 25 to the Company financial statements.

On 2 March 2010, Philippe Varin, Chairman of PSA Peugeot Citroën, and Osamu Masuko, Chairman of Mitsubishi Motors Corporation, decided that current circumstances were not conducive to forming an alliance with capital ties. They confirmed their intention to broaden the successful cooperative ventures already in place between the two companies.

21 ADDITIONAL INFORMATION

21.1. Share Capital

21.1.1. Issued Capital as of 31 December 2009

The issued capital amounted to €234,049,142 as of 31 December 2009. It was divided into 234,049,142 shares with a par value of €1.00, all fully paid-up and of the same class. The shares are held in registered or bearer form, at the shareholder's choosing.

As of 31 December 2008, the issued capital amounted to €234,048,798, divided into 234,048,798 shares with a par value of €1.00.

21.1.2. Shares not Representing Capital

Not applicable.

21.1.3. Shares Held by or on Behalf of the Company or by Subsidiaries

A total of 7,187,450 shares with a par value of €1.00 were held in treasury as of 31 December 2009, representing 3.07% of issued capital.

21.1.4. Shares of Common Stock, Share Equivalents, Options to Purchase New Shares of Common Stock and Stock Grants

Share equivalents are options to purchase existing shares, which are granted solely to employees.

These options have been granted to executives and senior managers in 2009 and preceding years.

A total of 5,392,107 options were outstanding at 31 December 2009.

On 29 June 2009, Peugeot S.A. issued 22,908,365 bonds convertible into or exchangeable for new or existing shares of common stock (OCEANEs) in a total amount of €574,999,916.50. Under the terms of the Securities note prepared for the issue and filed with the French securities regulator (AMF) under no. 09-197, the bonds may be converted into or exchanged for shares at any time from 1 July 2009 until the close of business on the seventh day preceding the date of their redemption, early or otherwise, on the basis of one share for one bond, subject to future adjustments.

21.1.5. Authorisations in Effect

The following financial authorisations have been granted by shareholders to the Managing Board.

In accordance with the articles of association, any corporate actions or bond issues must be submitted to the Supervisory Board for prior approval.

FINANCIAL AUTHORISATIONS IN EFFECT AT 31 DECEMBER 2009

	Authorisation	Validity	Granted	Used	Expires
1. Annual Shareholders Meeting					
Buyback of shares *(5th resolution)*	Acquisition of up to 16,000,000 shares Maximum purchase price: €65	18 months	3 June 2009	None	3 December 2010
2. Extraordinary Shareholders Meeting					
Issuance of equity or securities conferring the right to acquire equity directly or indirectly with or without pre-emptive subscription rights *(Roll-over of the authorisations granted in the 6th and 7th resolutions approved at the Annual Meeting of 3 June* 2009)	• Aggregate par value of shares not to exceed €400 million • Aggregate nominal amount of debt securities not to exceed €1500 million	26 months	3 June 2009	None	3 August 2011
Same as above, up to a maximum of 18 months while a takeover bid is in progress *(11th resolution)*	• Aggregate par value of shares not to exceed €400 million • Aggregate nominal amount of debt securities not to exceed €1500 million	18 months	3 June 2009	None	3 December 2010
Authorisation to increase the amount of share issues that are oversubscribed *(8th resolution)*	• Authorisation to increase the number of shares offered under any issues decided pursuant to the 6th and 7th resolutions approved at the Annual Meeting of 3 June 2009, provided that the ceilings specified in the resolutions are not exceeded	26 months	3 June 2009	None	3 August 2011
Issuance of stock warrants while a takeover bid is in progress *(12th resolution)*	• Aggregate par value of shares not to exceed €160 million to be deducted from the €400 million ceiling specified above • Number of warrants issued not to exceed 160 million	18 months	3 June 2009	None	3 December 2010
Cancellation of shares *(10th resolution)*	• 10% of the capital stock per each 24-month period	18 months	3 June 2009	None	3 December 2010
Same as above, up to a maximum of 18 months while a takeover bid is in progress *(11th resolution)*		18 months	3 June 2009	None	3 December 2010

FINANCIAL AUTHORISATIONS THAT EXPIRED IN 2009

	Authorisation	Validity	Granted	Used	Expires
1. Annual Shareholders Meeting					
Buyback of shares *(12th resolution)*	Acquisition of up to 17,000,000 shares Maximum purchase price: €65	18 months	28 May 2008	1,345,000 shares	28 November 2009
2. Extraordinary Shareholders Meeting					
Issuance of equity or securities conferring the right to acquire equity directly or indirectly with or without pre-emptive subscription rights *(Roll-over of the authorisations granted in the 10th and 11th resolutions approved at the Annual Meeting of 23 May 2007)*	• Aggregate par value of shares not to exceed €400 million • Aggregate nominal amount of debt securities not to exceed €600 million	26 months	23 May 2007	None	23 July 2009
Same as above, up to a maximum of 18 months while a takeover bid is in progress *(14th resolution)*	• Aggregate par value of shares not to exceed €400 million • Aggregate nominal amount of debt securities not to exceed €600 million	18 months	28 May 2008	None	28 November 2009
Authorisation to increase the amount of share issues that are oversubscribed *(12th resolution)*	• Authorisation to increase the number of shares offered under any issues decided pursuant to the 10th and 11th resolutions approved at the Annual Meeting of 23 May 2007, provided that the ceilings specified in the resolutions are not exceeded	26 months	23 May 2007	None	23 July 2009
Issuance of stock warrants while a takeover bid is in progress *(15th resolution)*	• Aggregate par value of shares not to exceed €160 million to be deducted from the €400 million ceiling specified above • Number of warrants issued not to exceed 160 million	18 months	28 May 2008	None	28 November 2009
Same as above, up to a maximum of 18 months while a takeover bid is in progress *(14th resolution)*		18 months	28 May 2008	None	28 November 2009

➜ 21.1.6. Share Buybacks

At the Annual Meeting on 3 June 2009, shareholders authorised a share buyback programme for the purpose of:

- reducing the Company's capital stock;
- acquiring shares for attribution on the exercise of stock options granted to employees, executives or officers of the Company or any related entity;
- acquiring shares for attribution on redemption, conversion or exercise of share equivalents;
- to maintain a liquid market in the Company's shares through market-making transactions carried out by an independent investment services provider acting under a liquidity agreement that complies with a Code of Ethics approved by the *Autorité des Marchés Financiers*.

In compliance with the law, the Company may never directly or indirectly own more than 10% of issued capital.

The 18-month authorisation concerned the buyback of up to 16,000,000 shares for a maximum purchase price of €65 per share.

The authorised share buyback programme was in effect at the date of filing and will expire on 3 December 2010 (18 months after the 3 June 2009 Annual Meeting) unless shareholders authorise another share buyback programme at the 2 June 2010 Annual Meeting.

In compliance with article L. 225-209 of the French Commercial Code and articles 241-1 to 242-7 of AMF General Rules and Regulations, a description of the programme is available in the Shareholder/Annual Meeting section of the www.psa-peugeot-citroen.com website, as well as on the www.amf-france.org website.

➜ 21.1.7. Options to Purchase Existing Shares of Common Stock

Every year since 1999, the Managing Board has granted options to certain employees, executives and corporate officers of the Company and its subsidiaries, allowing them to purchase existing shares of common stock at a specified price.

No stock options were granted in 2009.

For a description of these plans, the number of options outstanding and the average weighted value of the options and underlying shares, please refer to note 28.3 to the consolidated financial statements at 31 December 2009 in section 20.3 above.

➜ 21.1.8. History of the Share Capital

(in €)	2009	2008	2007
Share capital at the beginning of the year	234,048,798	234,280,298	234,618,266
Shares issued on conversion of OCEANE bonds	344	n/a	n/a
Shares cancelled	-	(231,500)	(337,968)
SHARE CAPITAL AT THE END OF THE YEAR	**234,049,142**	**234,048,798**	**234,280,298**

No other securities convertible, exchangeable, redeemable or otherwise exercisable for shares were outstanding at 31 December 2009.

➜ 21.1.9. The Market for the Company's Financial Instruments

Listing of the Peugeot S.A. Share

The Peugeot S.A. share is listed on the NYSE Euronext Paris stock exchange, compartment A, where it is eligible for the deferred settlement system. It is also traded in London on the SEAQ International system and in the United States in the form of American Depositary Receipts (ADRs), traded on the New York over-the-counter market. Each share of common stock is represented by one ADR.

The Peugeot S.A. share was delisted from the NYSE Euronext Brussels stock exchange after the close of trading on 28 August 2009.

SHARE DATA

ISIN	FR0000121501
Markets	Eurolist continuous trading – NYSE Euronext Paris, Compartment A. Ticker UGFP (Bloomberg) Other markets: • United States: Traded as American Depositary Receipts *(ADRs),* with one ADR representing one share of common stock on OTCQX. Ticker PEUGY US • Europe: SEAQ International – London
Listed in the major indexes	CAC 40, SBF 120, SBF 250, Euronext 100, Dow Jones Euro Stoxx Auto, Advanced Sustainable Performance Indices (ASPI), FTSE4Good
Eligible for	Deferred settlement under the SDR system and inclusion in French PEA stock savings plans
Par value	€1.00
Shares outstanding at 31 December 2009	234,049,142
Closing price on 31 December 2009	€23.665
Market value at 31 December 2009	€5.54 billion
Weighting in the CAC 40 index at 31 December 2009	0.50%

Share information

(Source: NYSE Euronext)

PRICE DATA

	2009			2008			% change on 2007 closing price
(in €)	High	Low	31 December 2009	High	Low	31 December 2008	
Peugeot S.A. share	25.67	11.43	23.67	53.68	11.30	12.15	94.81%
CAC 40 index	3,976.92	2,465.46	3,936.33	5,665.94	2,838.50	3,217.97	22.23%

TRADING DATA

	2009		2008	
	TOTAL	Daily average	TOTAL	Daily average
Number of shares	663,867,436	2,593,232	666,453,390	2,603,334
Value *(in million euros)*	12,335.9	48.2	22,750.3	88.9

PRICE AND TRADING VOLUME OF THE PEUGEOT S.A. SHARE ON THE NYSE EURONEXT PARIS MARKET (DEFERRED SETTLEMENT SERVICE)

	Share price *(in euros)*				Trading volumes	
	Low	High	Closing	Volume per month	Value per month *(in thousands euros)*	Daily average *(in thousands euros)*
2008						
January	45.10	53.19	49.21	73,766,301	3,550,364	161,380.2
February	44.78	53.68	50.80	54,297,105	2,722,635	129,649.3
March	44.72	52.75	49.11	45,401,074	2,205,571	116,082.7
April	43.60	49.63	44.98	44,636,754	2,061,623	93,710.1
May	39.63	46.93	40.00	47,413,991	2,046,658	97,459.9
June	32.60	40.61	34.49	53,201,912	1,964,781	93,561.0
July	28.48	35.80	31.54	61,107,640	1,957,652	85,115.3
August	30.70	35.98	32.52	36,855,086	1,227,434	58,449.2
September	25.60	35.17	26.37	53,784,848	1,660,552	75,479.6
October	15.11	26.80	20.80	80,530,165	1,658,269	72,098.6
November	12.03	23.00	14.22	56,126,251	912,293	45,614.7
December	11.30	15.24	12.15	59,332,263	782,427	37,258.4
2009						
January	11.43	14.98	13.31	73,301,622	971,949	46,283.3
February	12.29	15.54	13.66	67,131,953	936,450	46,822.5
March	12.25	16.57	14.24	60,684,859	893,821	40,628.2
April	14.08	19.41	17.65	61,189,625	1,066,049	53,302.4
May	15.68	21.95	21.33	47,085,215	864,253	43,212.7
June	18.08	24.75	18.72	55,783,088	1,164,506	52,932.1
July	16.20	21.48	21.28	50,480,554	933,226	40,575.0
August	19.55	22.75	20.20	44,215,582	927,145	44,149.8
September	18.55	22.58	20.84	59,818,438	1,236,719	56,214.5
October	19.32	24.50	22.26	62,451,363	1,396,786	63,490.3
November	22.20	25.67	23.56	47,553,671	1,143,151	54,435.8
December	22.67	25.65	23.67	34,171,466	801,922	36,450.9
2010						
January	22.99	27.49	23.64	44,959,939	1,141,661	57,083.1
February	18.80	24.33	19.39	63,991,350	1,341,404	67,070.2
March	19.04	23.10	21.80	52,069,653	1,124,448	48,889.1

AMERICAN DEPOSITARY RECEIPTS (ADR) OF PEUGEOT SA TRADED ON THE US MARKET

	Share price *(in USD)*		Trading volumes	
	Low	**High**	**Closing**	**Volume per month**
2008				
January	67.99	75.62	73.75	95,613
February	66.25	80.90	77.89	104,285
March	70.95	78.51	77.40	48,009
April	69.45	77.30	69.70	47,117
May	61.95	71.45	61.95	46,112
June	52.70	61.55	54.30	63,086
July	46.40	54.90	48.95	50,347
August	47.95	52.93	47.95	44,232
September	36.05	49.61	37.50	71,421
October	19.90	36.20	26.40	104,237
November	15.25	28.88	18.20	94,21
December	15.80	18.85	17.25	211,815
2009				
January	15.45	19.15	16.99	77,982
February	16.23	19.85	17.45	112,161
March	15.60	22.30	18.94	143,509
April	19.29	25.40	23.43	71,213
May	21.57	29.95	29.90	26,225
June	25.70	33.89	26.18	42,677
July	22.70	30.40	30.31	38,290
August	27.76	32.70	28.90	45,195
September	26.56	32.90	30.40	50,305
October	28.55	36.53	33.07	68,302
November	33.02	38.07	35.50	28,179
December	32.65	37.11	34,00	17,120
2010				
January	32.31	38.70	32.31	15,678
February	26.12	33.51	26.12	19,959
March	26.17	30.67	29.47	77,754

Coupons Eligible for Payment

Dividends

	Shares outstanding	Par value	Coupon number	Payment date	Time barred as from	Dividend paid	Tax credit	Total income per share
Shares	243,109,146	€1.00	42	2 June 2004	2 June 2009	€1.35	€0.675	€2.025
	243,109,146	€1.00	43	1 June 2005	1 June 2010	€1.35	*	*
	234,618,266	€1.00	44	31 May 2006	31 May 2011	€1.35	*	*
	234,618,266	€1.00	45	30 May 2007	30 May 2012	€1.35	*	*
	234,280,298	€1.00	46	4 June 2008	4 June 2013	€1.50	*	*
	234,048,798	€1.00	-	n/a	n/a	-	n/a	n/a
	234,049,142	€1.00	-	n/a	n/a	-	n/a	n/a

* *Beginning with dividends received in 2005, the tax credit has been replaced, under certain conditions, with tax relief.*

Given the results of 2009 and in order to allocate financial resources in priority to the product plan and to the Group's development, it will be proposed to the AGM not to pay a dividend for the fiscal year 2009.

Other rights

	Shares outstanding	Par value	Coupon number	Ex-dividend date	Type of transaction
Share	18,479,370	FRF 70	26	15 July 1987	Bonus share issue (1 new share for 5 existing shares)

21.2. Memorandum and Articles of Association

➜ 21.2.1. Objects and Purposes of the Company

(Summary of article 3 of the articles of association)

The Company's purpose is to participate, directly or indirectly, in any and all industrial, commercial or financial activities, in France or abroad, related to:

- the manufacture, sale or repair of all forms of motor vehicles;
- the manufacture and sale of all steel products, tools and tooling;
- the manufacture and sale of all manufacturing, mechanical and electrical engineering equipment;
- the granting of short, medium and long-term consumer loans, the purchase and sale of all marketable securities and all financial and banking transactions;
- the provision of all transport and other services;
- the acquisition of all real property and property rights, by any appropriate means;

and generally to conduct any and all commercial, industrial, financial, securities or real estate transactions related directly or indirectly to any of the above purposes or any other purpose that contributes to the development of the Company's business.

21.2.2. Provisions of the Articles of Association with Respect to the Members of the Administrative, Management and Supervisory Bodies

The organisation and procedures of the Managing Board and Supervisory Board are described in articles 9 and 10 of the articles of association.

The Company is managed by a Managing Board with at least two and no more than seven members.

21.2.3. Rights, Preferences and Restrictions Attached to Existing Shares

(Article 8 of the articles of association)

In addition to the statutory voting rights attached to the shares, each share entitles its holder to a fractional share of the Company's profits and liquidation surplus equal to the fraction of the issued capital represented by the share.

All shares rank *pari passu* as regards taxation. As a result, they entitle their holders to the same net amount, based on their par value and cum-rights date, for any allocation or return of capital during the Company's life or its liquidation.

21.2.4. Action Necessary to Change the Rights of Shareholders

(Excerpt from article 7 of the articles of association)

In addition to the statutory disclosure thresholds, any individual or corporate shareholder that acquires or increases its direct or indirect interest in the Company's capital to more than 2% or any multiple of 1% of the capital in excess of 2%, is required to disclose the total number of shares held. Said disclosure must be made within five full days of the date when the shares in excess of the relevant disclosure threshold are recorded in the shareholder's account. This requirement continues to apply to shareholders whose interest is in excess of the first statutory disclosure threshold of 5%.

At the request of one or more shareholders together holding at least 5% of the Company's capital, any undisclosed shares in excess of any of the above disclosure thresholds will be stripped of voting rights for a period of two years from the date at which the omission is remedied.

There are no other clauses in the articles of association limiting voting rights.

21.2.5. Shareholders Meetings

(Summary of article 11 of the articles of association)

Shareholders' Meetings are held either at the Company's registered office or at any other location specified in the Notice of Meeting, which is prepared in compliance with the applicable legislation.

Fully-paid up shares registered in the name of the same holder for at least four years shall carry double voting rights at Shareholders Meetings.

➜ 21.2.6. Conditions Imposed by the Articles of Association Governing Changes in the Capital

None.

➜ 21.2.7. Change of Ownership

See section 18.4 above for information concerning change of ownership.

➜ 21.2.8. Disclosure Thresholds

Information regarding disclosure thresholds is provided in sections 18.1 and 21.2.4 above.

➜ 21.2.9. Company Accounts

(Summary of article 12 of the articles of association)

Each financial year shall cover a twelve-month period commencing on 1 January and ending on 31 December.

The Annual Shareholders Meeting has full discretionary powers to decide the appropriation of net income, except for the appropriations required by law.

21.3. Fees Paid to the Statutory Auditors in 2009 and 2008

For information on fees paid to the Statutory Auditors, please refer to note 44 in the notes to the consolidated financial statements at 31 December 2009 in section 20.6 above.

22 MATERIAL CONTRACTS

Loan agreement with the French State

In March 2009, Peugeot S.A. obtained a €3-billion five-year loan from the French State, at an initial interest rate of 6%. A variable rate may subsequently be added depending on the Group's earnings performance, such that the actual rate will range from 6% if the Group's operating margin is negative (or 0%) to 7.75% for operating margin of 3.5% and 9% for operating margin of 5.5% or more. The funds were released at the end of April and the loan is repayable in full at the end of five years, with the Company having the option of making part of full repayment after two years (i.e. from the end of April 2011). If all or part of the loan is repaid early, the interest due will be adjusted to provide a guaranteed minimum yield to maturity of 6% for each of the first two years plus 0.04% per calendar month from 1 May 2011. The commitments given by the Company in respect of the loan are described in note 31.1 to the consolidated financial statements at 31 December 2009.

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THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

Not applicable.

24 PUBLICLY AVAILABLE DOCUMENTS

24.1. Documents Available on the Company's Website

The following documents are available on the website of the Company (www. psa-peugeot-citroen.com):

- the present 2009 reference document filed with the *Autorité des Marchés Financiers* as an Annual Report;
- financial press releases;
- bylaws of Peugeot S.A.

Documents and information concerning the Company can be also requested at PSA Peugeot Citroën's registered office located at 75 Avenue de la Grande Armée, 75116 Paris.

24.2. Annual Documents Created Pursuant to article 222-7 of the General Regulations of the *Autorité des Marchés Financiers*

➜ List of Press Releases

During 2009 and until the publication of the present document, the following press releases have been published on the Company's website (www.psa-peugeot-citroen.com) or in the Legal Information section of the website:

04/21/2010	Agreement signed on the New Jobs and Capabilities
04/21/2010	Supervisory Board Meeting - April 20, 2010
04/21/2010	First-Quarter 2010 Revenue up 27.5% to €14,0 Billion
04/09/2010	PSA Peugeot Citroën to invest €175 million to produce New 3 – Cylinder Turbo Petrol Engin
03/25/2010	PSA Peugeot Citroën to invest €530 million in Brazil
03/25/2010	PSA Peugeot Citroën presents a cleaner car for every customer at the Planète Durable trade show
03/23/2010	PSA Peugeot Citroën registered more patents than any other company in France in 2009
03/03/2010	PSA Peugeot Citroën and Mitsubishi Motors Corporation
02/19/2010	Christophe Bergerand appointed Director of the Peugeot and Citroën retails Olivier Veyrier appointed Director French Sales, Peugeot
02/10/2010	Full year 2009 Results: Free cash flow generation and net debt reduction
02/02/2010	BMW Group and PSA Peugeot Citroën signed an agreement on further development of 4-cylinder petrol engine
02/02/2010	Caroline Mille-Langlois Appointed Vice-President, Corporate Communications
02/01/2010	PSA Peugeot Citroën to launch precautionary recall on selected range of Peugeot 107s & Citroën C1s
01/25/2010	2010 Pay Round in France: In an Uncertain Economic Environment, PSA Peugeot Citroën Enhances Employee Purchasing Power and Preserves the Future – Total average increase: 1,9%.
01/19/2010	Creation of Bank PSA Finance RUS
01/13/2010	Signature of an agreement on retaining and motivating seniors
01/11/2010	3,188,000 vehicles sold in 2009 Worldwide Market Share Rose to 5.1%
01/05/2010	France: All representative unions sign a new agreement on labour union rights
12/21/2009	New Design Directors Appointed at Peugeot and Citroën
12/10/2009	Six Peugeot and Citroën Vehicles Receive Highest Euro NCAP Ratings
12/04/2009	PSA Peugeot Citroën pushes back the limits of electric vehicles with its latest rechargeable fuel cell hybrid demonstrator
12/03/2009	PSA Peugeot Citroën confirms that it has started discussions with Mitsubishi Motors Company concerning the possibility of extending their relationship
11/26/2009	Protocol on the prevention and suppression of marital violence
11/12/2009	PSA Peugeot Citroën presents euros3.3 billion Performance Plan for 2010-2012
11/12/2009	PSA Peugeot Citroën revises its 2009 forecasts significantly upwards
11/02/2009	PSA Peugeot Citroën supports the development of Faurecia
10/21/2009	Third Quarter 2009 Revenues
10/13/2009	Agreement on Assessing and Preventing Psychosocial Risks
10/08/2009	"green" material content by 2011
09/08/2009	New agreement signed with all the unions concerning training and compensation for employees affected by short-time working
09/04/2009	New Step in the Electric Vehicles Cooperative Agreement between Mitsubishi Motors Corporation and PSA Peugeot Citroën
07/29/2009	First Half 2009 Results
07/16/2009	PSA Peugeot Citroën Presents Details of its New Organisation
07/10/2009	Banque PSA Finance announces further liquidity strengthening
07/10/2009	PSA Peugeot Citroën places euros750m bond
07/10/2009	Graduate Recruitment Event: the Group Confirms Its Commitment To Youth Employment

07/07/2009	First Half 2009 vehicle sales
07/01/2009	An ambitious work-study programme for 2009-2010
07/01/2009	Interim results and partial continuation of the jobs and capabilities redeployment plan
06/29/2009	Convertible bonds issue – Full exercise ot the over-allotment option
06/26/2009	Final terms of the offering of convertible bonds
06/26/2009	PSA Peugeot Citroën rationalizes its media buying in Europe
06/23/2009	Offering of bonds convertible
06/18/2009	A new Managing Board at PSA Peugeot Citroën
06/18/2009	Philippe Varin names new executive Team
06/18/2009	Mechanical Compact Gearbox Production Unit Extended – 30 Millionth Gearbox Produced
06/17/2009	PSA Peugeot Citroën Wins Prestigious International Engine of the Year Award for Third Year in a Row
06/03/2009	Annual shareholders meeting of June 2009
05/15/2009	PSA Peugeot Citroën signs a partnership with P&TLuxembourg to increase development of its automotive telematic services in Europe
05/07/2009	Banque PSA Finance issues a further euros750m fixed rate notes
04/29/2009	PSA Peugeot Citroën Launches Pilot Process Engineering Phase For Diesel Hybrid Production at the Mulhouse and Sochaux plants
04/28/2009	PSA Peugeot Citroën Opens Online Media Centre for Journalists
04/23/2009	Banque PSA Finance issues €750m Fixed Rate notes
04/22/2009	Q1 2009 Sales & Revenues
04/21/2009	Supervisory Board Meeting – 21 April 2009
04/10/2009	PSA Peugeot Citroën Awarded French Government's Seal of Diversity
04/02/2009	PSA Peugeot Citroën'S sustainable development policy: a clear and concrete commitment using measurable objectives
03/29/2009	PSA Supervisory Board appoints Philippe Varin as Chairman of the Managing Board
03/25/2009	Fourteen Suppliers Honoured by PSA Peugeot Citroën
03/11/2009	CO2 emissions from PEUGEOT and CITROËN vehicles reduced by 15,000 metric tons a year thanks to one million Michelin Energy Saver tires
03/04/2009	PSA Peugeot Citroën Leader in Patent Filings in France
03/02/2009	Mitsubishi Motors Corporation and PSA Peugeot Citroën: one step further towards electric vehicles for Europe
03/02/2009	PSA Peugeot Citroën's EV Strategy Shifts into High Gear
27/02/2009	Remuneration for Members of the PSA Peugeot Citroën Managing Board
02/12/2009	Jean-Marc Gales appointed Executive Vice-President Citroën brand
02/11/2009	2008 Financial Results
02/09/2009	PSA Peugeot Citroën welcomes the €3 billion loan from the French State
28/01/2009	PSA Peugeot Citroën has sold more than 3 million HDi diesel engines fitted with a Diesel Particulate Filter
14/01/2009	PSA Peugeot Citroën obtains Diversity Label
13/01/2009	2008 market share worldwide maintained at 5%, PSA Peugeot Citroën sales hold up against the sharp drop in automotive markets
07/01/2009	Denis Martin appointed executive Vice-President, Human Resources at PSA Peugeot Citroën
05/01/2009	Mr Vergne, Executive Vice-President, Human Resources leaves the Group

➜ List of Documents Published on BALO *(Bulletin des Annonces Légales Obligatoires)*

17 July 2009	Periodic publication – Annual financial statements
12 June 2009	Avis divers – Voting rights
27 April 2009	Notice of Meeting – Shareholders Meeting (Notice of Meeting)

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INFORMATION ON SHAREHOLDINGS

See note 45 to the consolidated financial statements.

CROSS-REFERENCE TABLES

Cross-references to the Report of the Managing Board

This Registration Document includes all of the information in the Report of the Managing Board of PSA Peugeot Citroën, as provided for in articles L.225-100 and L.225-100-2 of the French Commercial Code.

The following table cross-refers each section of the Report of the Managing Board to the corresponding pages of the Registration Document.

Cross-references to the Annual Financial Report

Photos covers:
PSA Peugeot Citroën Direction de la Communication - Peugeot Communication - Citroën Communication - Communication Chine - Jérôme Lejeune - Patrick Legros - Stéphane Meyer – Patrick Curtet - Nicolas Zwickel - Stéphane Muratet - Laurent Nivalle - Dingo - Giulliaro Ricciardi.

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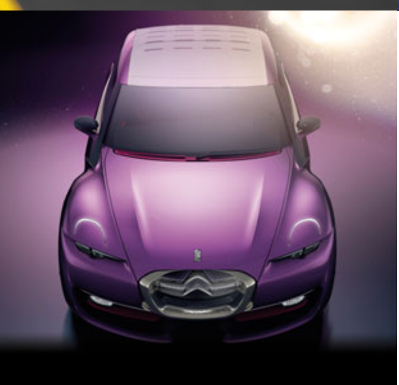

PSA PEUGEOT CITROËN

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