ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY – THE FRENCH PROSPECTUS IS THE ONLY LEGALLY BINDING DOCUMENT IN RESPECT OF THE MATTERS CONTAINED HEREIN

PEUGEOT S.A.

A French public limited company (*société anonyme*) with a Management Board and a Supervisory Board, with share capital of €354,848,992

Registered office: 75 avenue de la Grande Armée, 75116 Paris

Company registration number: 552 100 554 R.C.S. Paris

SECURITIES NOTE

Made available to the public in connection with:

- **the admission to the Euronext regulated market in Paris (Compartment A) of 69,866,666 new shares issued at the unit price of €7.50 in the context of a capital increase without preferential subscription right to the benefit of Dongfeng Motor (Hong Kong) International Co., Limited, for a total amount of €523,999,995, issue premium included;**
- **the admission to the Euronext regulated market in Paris (Compartment A) of 69,866,666new shares issued at the unit price of €7.50 in the context of a capital increase without preferential subscription right to the benefit of SOGEPA, for a total amount of €523,999,995, issue premium included;**
- **the admission to the regulated market of Euronext Paris of 342,060,365 free warrants allocated to shareholders, which could lead to the issuance of 102,618,109 new shares at a price of €7.50 each.**

Said transactions will be submitted for approval to the General Shareholders' Meeting of Peugeot S.A., due to take place on 25 April 2014 on first call.

Approval of the French Financial Markets Authority (AMF).

Pursuant to Articles L. 412-1 and L. 621-8 of the French Monetary and Financial Code and its General Regulation, particularly Articles 211-1 to 216-1 thereof, the AMF approved this prospectus on 2 April 2014 with approval no. 14-121. This prospectus was prepared by the issuer and its signatories are responsible for its content.

In accordance with Article L. 621-8-1-I of the French Monetary and Financial Code, said approval was granted after the AMF had ascertained that "*the information contained in the document is comprehensible, consistent and complete*". It makes no representation as to the advisability of the transaction, nor the authenticity of the financial and accounting documents presented.

The prospectus (the "**Prospectus**") consists of:

- the Registration Document of the company Peugeot S.A., filed with the French Financial Markets Authority (the "**AMF**") on 2 April 2014 under number D.14-0269 (the "**Registration Document**");
- this securities note; and
- a summary of the Prospectus (included in this securities note).

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

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SUMMARY OF THE PROSPECTUS

AMF approval no. 14-121 of 2 April 2014

The summary contains key information known as "Elements", which are presented in five sections, A to F and numbered A.1 to E.7.

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the indication "not applicable".

Section A – Introduction and warnings		
A.1	**Notice to readers**	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities issued in connection with this public offering or for which an application is made for admission to trading on a regulated market should be based on thorough review of the Prospectus by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Union or countries which are parties to the Agreement on the European Economic Area, have to bear the costs of translating the Prospectus before the judicial proceedings are initiated. The persons who have prepared this summary, including its translation, if any, may be liable only if the content of the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	**Issuer's consent**	Not applicable.

Section B – Issuer		
B.1	**Legal and commercial name of the issuer**	Peugeot S.A. (the "**Company**"). The terms "**PSA Peugeot Citroën**" and the "**Group**" refer to the Company together with its consolidated subsidiaries.
B.2	**Registered Office**	75 avenue de la Grande Armée, 75116 Paris
	Legal form	French public limited company (*société anonyme*) with a management board and a supervisory board.
	Applicable law	French law.
	Country of origin of the Company	France.
B.3	**Description**	PSA Peugeot Citroën is an international vehicle manufacturer which unites two innovative and

<table>
<tr><td></td><td>of the issuer's operations and its principal activities</td><td>differentiated brands: Peugeot and Citroën. The Group has a commercial presence in 160 countries, and more than one third of its sales come from outside Western Europe. The Group is currently focusing on expanding its production facilities close to priority markets, with manufacturing plants in Europe, Latin America, China and Russia.

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

• Faurecia, a subsidiary in which the Group has a 51.7% stake, is an automotive parts manufacturer operating worldwide;

• Banque PSA Finance, a wholly-owned subsidiary of the Group, which provides financing to end customers as well as to the Peugeot and Citroën distribution networks; and

• Peugeot Motocycles (PMTC), a wholly-owned subsidiary of the Group, which sells a range of motor scooters, small motorcycles and mopeds.

The business of PSA Peugeot Citroën is described in detail in Chapter 6 of the Registration Document.</td></tr>
<tr><td>B.4a</td><td>Most significant recent trends affecting the issuer and the industries in which it operates</td><td>In 2014, PSA Peugeot Citroën expects growth in the automotive market of around 2% in Europe and around 10% in China, with a 2% decline in Latin America, and a stable market in Russia.</td></tr>
<tr><td>B.5</td><td>Description of the Group and the issuer’s position within the Group</td><td>The Company is the parent company of the Group, which had 415 consolidated subsidiaries as of 31 December 2013 (101 in France and 314 abroad).</td></tr>
<tr><td>B.6</td><td>Major shareholders and control of the issuer</td><td>At 31 December 2013, based on the information disclosed to the Company, the Company's shareholding structure was as follows:
<table>
<tr><th>Shareholders(1)</th><th>Number of shares</th><th>% interest</th><th>% exercisable voting rights</th><th>% theoretical voting rights</th></tr>
<tr><td>Etablissements Peugeot Frères (EPF)(2)</td><td>22,312,608</td><td>6.29</td><td>9.93</td><td>9.63</td></tr>
<tr><td>FFP(3)</td><td>67,372,689</td><td>18.99</td><td>27.96</td><td>27.13</td></tr>
<tr><td>Maillot I(4)</td><td>164</td><td>0.00</td><td>0.00</td><td>0.00</td></tr>
<tr><td>Subtotal of EPF, FFP and Maillot I</td><td>89,685,461</td><td>25.28</td><td>37.89</td><td>36.76</td></tr>
<tr><td>Other individual shareholders(5)</td><td>48,453,904</td><td>13.65</td><td>11.71</td><td>11.36</td></tr>
<tr><td>Employees</td><td>12,664,902</td><td>3.57</td><td>4.50</td><td>4.37</td></tr>
<tr><td>Other French institutions</td><td>46,048,734</td><td>12.98</td><td>11.04</td><td>10.71</td></tr>
<tr><td>Other foreign institutions</td><td>145,207,364</td><td>40.92</td><td>34.86</td><td>33.82</td></tr>
<tr><td>Treasury stock</td><td>12,788,627</td><td>3.60</td><td>-</td><td>2.97</td></tr>
<tr><td>Total</td><td>354,848,992</td><td>100</td><td>100</td><td>100</td></tr>
</table></td></tr>
</table>

(1) Source: Euroclear TPE 31 December 2013 and NASDAQ OMX.

(2) EPF (Etablissements Peugeot Frères) is an investment holding company held at the highest level by natural persons members of the Peugeot family.

(3) FFP is controlled by Etablissements Peugeot Frères.

(4) Maillot I is controlled by EPF.

(5) Individual accounts and others (by deduction)

After the New Shares (as this term is defined below) are issued, EPF/FFP, Dongfeng Motor (Hong Kong) International Co., Limited (wholly-owned by Dongfeng Motor Group Company Limited on the date of completion of the Reserved Capital Increases) ("**DMHK**") and SOGEPA (wholly-owned by the French Republic) will each hold around 14.13% of the Company's share capital.

Following the Reserved Capital Increases (as this term is defined below) and prior to the completion of the Capital Increase with Preferential Subscription Rights (as this term is defined below), based on the Company's shareholding structure as of 31 December 2013, the shareholding structure will be as presented in the table below. This table does not take into account the equalization of the holding of shares at 14.13% and the holding of voting rights by each of EPF/FFP, DMHK and SOGEPA following the Capital Increase with Preferential Subscription Rights resulting from the neutralization commitment detailed in Chapter 22 of the Registration Document and the subscription undertaking of EPF and FFP.

Shareholders	% of capital	% of voting rights
Etablissements Peugeot Frères (EPF)	4.51%	7.44%
FFP	13.62%	20.95%
DMHK	14.13%	12.54%
SOGEPA	14.13%	12.54%
Others	53.61%	46.52%
Total	100%	100%

A shareholder agreement will be entered into on 28 April 2014 by and among Dongfeng Motor Group Company Limited, Dongfeng Motor (Hong Kong) International Co., Limited, the French Republic, SOGEPA, EPF/FFP and the Company and will come into effect on the effective implementation date of the Reserved Capital Increases (as this term is defined below). In any event, Dongfeng Motor Group Company Limited, the French Republic and EPF/FFP will not act in concert with respect to the Company.

B.7 **Selected historical key financial information**

Consolidated income statements:

	2013				2012			
(in million euros)	Manufacturing and sales activities	Finance activities	Eliminations	TOTAL	Manufacturing and sales activities	Finance activities	Eliminations	TOTAL
Sales and revenue	52,627	1,773	(310)	**54,090**	53,860	1,910	(324)	**55,446**
Recurring operating income (loss)	(545)	368	-	**(177)**	(951)	391	-	**(560)**
Non-recurring operating income or(expense)	(1,169)	-	-	**(1,169)**	(4,121)	(1)	-	**(4,122)**
Operating income (loss)	(1,714)	368	-	**(1,346)**	(5,072)	390	-	**(4,682)**
Consolidated result(loss) for the year	*(2,456)*	*238*	-	***(2,218)***	*(5,216)*	*293*	-	***(4,923)***
Attributable to Group's share	(2,546)	223	6	**(2,317)**	(5,294)	281	5	**(5,008)**
Attributable to minority interests	90	15	(6)	**99**	78	12	(5)	**85**

(en euros)		
Basic earnings (loss) per €1 par value share Group's share	**(6.77)**	**(15.59)**

Consolidated balance sheets:

ASSETS	31 December 2013				31 December 2012			
(in million euros)	**Manufacturing and sales activities**	**Finance activities**	**Eliminations**	**TOTAL**	**Manufacturing and sales activities**	**Finance activities**	**Eliminations**	**TOTAL**
Total non-current assets	19,583	389	(1)	19,971	21,208	424	-	21,632
Total current assets	15,550	24,668	(568)	39,650	17,200	26,699	(656)	43,243
Total assets held for sale	43	-	-	43	9	-	-	9
TOTAL ASSETS	**35,176**	**25,057**	**(569)**	**59,664**	**38,417**	**27,123**	**(656)**	**64,884**

LIABILITIES AND SHAREHOLDERS' EQUITY	31 December 2013				31 December 2012			
(in million euros)	**Manufacturing and sales activities**	**Finance activities**	**Eliminations**	**TOTAL**	**Manufacturing and sales activities**	**Finance activities**	**Eliminations**	**TOTAL**
Total equity				7,791				10,167
Total non-current liabilities	12,668	363	(1)	13,030	12,650	345	-	12,995
Total current liabilities	18,006	21,405	(568)	38,843	18,971	23,361	(656)	41,676
Total liabilities held for sale	-	-	-	-	46	-	-	46
TOTAL EQUITY AND LIABILITIES				**59,664**				**64,884**

Consolidated statement of cash flows:

	2013				2012			
(in million euros)	**Manufacturing and sales companies**	**Finance companies**	**Eliminations**	**TOTAL**	**Manufacturing and sales companies**	**Finance companies**	**Eliminations**	**TOTAL**
Consolidated profit (loss) from operations	**(2,453)**	**238**	**-**	**(2,215)**	**(6,019)**	**293**	**-**	**(5,726)**
Funds from operations	**700**	**287**	**-**	**987**	**1,033**	**290**	**-**	**1,323**
Net cash from (used in) operating activities	1,097	469	64	1,630	431	1,050	(64)	1,417
Net cash used in investing activities	(2,431)	(42)	-	(2,473)	(2,450)	(1)	3	(2,448)
Net cash from/(used in) financing activities	2,204	(286)		1,918	2,387	(532)	4	1,859
Effect of changes in exchange rates	(91)	(6)	5	(92)	(6)	(2)	2	(6)
Net increase (decrease) in cash and cash equivalents	**779**	**135**	**69**	**983**	**362**	**515**	**(55)**	**822**
Net cash and cash equivalents at beginning of year	5,399	1,669	(279)	6,789	4,962	1,154	(223)	5,623
Net cash and cash equivalents at end of period	**6,137**	**1,804**	**(210)**	**7,731**	**5,399**	**1,669**	**(279)**	**6,789**

To the Company's knowledge, there has been no significant change in the financial or commercial position of the Group since the publication of the consolidated financial statements for the year

		ended 31 December 2013.
B.8	**Pro forma financial information**	Not applicable.
B.9	**Profit forecasts or estimates**	Not applicable.
B.10	**Qualifications on the historical financial information**	Not applicable.
B.11	**Net working capital**	The Group's net working capital is sufficient to cover its obligations during the 12-month period following the date of approval of the Prospectus.

		Section C – Securities
C.1	**Type, class and identification number**	a) 139,733,332 ordinary shares (the "**New Shares**") of the same class as the Company's existing shares, to be issued at a unit price of €7.50 under the capital increases without preferential subscription rights to the benefit of DMHK (wholly-owned by Dongfeng Motor Group Company Limited on the date of completion of the Reserved Capital Increases) and SOGEPA (company wholly owned by the French Republic), each totalling 69,866,666 shares, (the "**Reserved Capital Increases**"), subject to the approval of the Company's Ordinary and Extraordinary Shareholders' Meeting convened to be held on 25 April 2014. Holders of New Shares will be entitled to receive dividend rights from the date of issue of the New Shares and will be entitled to all distributions declared by the Company following such date. Furthermore, the New Shares will be admitted on the same quotation line as the existing shares. - ISIN code: FR0000121501; - Mnemonic: UG; - ICB sector classification: 3353, Automobiles. b) 342,060,365 warrants (the "**Warrants**") - ISIN code: FR FR0011832237; - Mnemonic: UGBS.
C.2	**Issuing currency**	Euro.
C.3	**Number of issued shares and nominal value of shares**	On the date of approval of the Prospectus, the share capital amounted to €354,848,992, fully paid-up and divided into 354,848,992 ordinary shares with a nominal value of €1 each. Following the issue of the New Shares, for which an application for trading is made, the number of shares forming the Company's share capital shall be increased to 494,582,324 shares with a nominal value of €1 each. In the event of the subsequent exercise of all the Warrants distributed freely to shareholders, the resulting number of shares would represent approximately 28.9% of the shares forming currently the Company's share capital (subject to future adjustments).
C.4	**Rights attached to the securities**	**a) Rights attached to the New Shares** Pursuant to current applicable French law and the Company's articles of association, the main rights attached to the New Shares under the Reserved Capital Increases are as follows:

- dividend rights;
- voting rights;
- preferential subscription rights of securities of the same class;
- right to share in any surplus in the event of liquidation.

Double voting rights, as compared to the voting right for the other shares with regard to the proportionate interest in the share capital that they represent, are allocated to all fully paid-up shares that can be shown to have been registered in the name of the same shareholder for at least four years (Article L. 225-123 of the French Commercial Code and Article 11 of the Company's articles of association).

A proposal will be submitted to the Company's Shareholders' Meeting convened to be held on 25 April 2014 to reduce the number of years the shares need to be held to qualify for double voting rights from four to two years.

Form: in accordance with the agreements between EPF/FFP, Dongfeng Motor Group Company Limited, DMHK, the French Republic and SOGEPA, the New Shares will be in registered form.

Entitlement to dividends and listing of New Shares: holders of New Shares will be entitled to receive dividend rights from their date of issue and will be entitled to all distributions declared by the Company following such date.

The New Shares will be admitted to trading on Euronext Paris from 29 April 2014.

Restrictions on the free negotiability of the New Shares: no provision of the Company's articles of association limits the sale of the New Shares.

b) Rights attached to the Warrants

Free Warrants shall be distributed to the Company's shareholders, with one Warrant granted for an ordinary share registered for accounting purposes at the end of the day on 28 April 2014, it being noted that DMHK and SOGEPA, which will not be registered shareholders on that date, will not be entitled to said Warrants. Ten (10) Warrants will entitle holders to subscribe for three (3) new shares with a nominal value of €1 each ("**Exercise Ratio**"), for an overall exercise price of €22.50 (i.e. €7.50 per share, representing the subscription price for New Shares under the Reserved Capital Increases), from the first anniversary of the date on which the Warrants were distributed and until the third anniversary of their issue date, i.e. from 29 April 2015 to 29 April 2017 (the "**Exercise Period**").

Exercise Ratio may be adjusted following transactions made by the Company after the Warrant issue date, in accordance with statutory provisions in force and pursuant to contractual provisions, in order to conserve the rights of Warrant holders. In particular, it will be adjusted following the Capital Increase with Preferential Subscription Rights for a total maximum amount of €2 billion subject to the vote of the Company's Ordinary and Extraordinary Shareholders' Meeting convened to be held on 25 April 2014 ("**Capital Increase with Preferential Subscription Rights**") without the initial exercise price being changed.

The Warrants related to treasury shares will be cancelled automatically.

Form: the Warrants will be issued in bearer form, except for those issued to holders of shares in registered form administered by the Company, which will be issued in registered form administered by the Company.

Entitlement to dividends and listing of shares issued upon exercise of the Warrants: new shares arising from the exercise of the Warrants will be ordinary Company shares of the same class as the Company's existing shares. Holders of new shares will be entitled, from the date of issue, to all the rights attached to the shares. Application will be made periodically for the new shares to be admitted to trading on Euronext Paris on the same listing line as existing shares (ISIN code FR0000121501).

Changing the equity Warrant characteristics: the Extraordinary Shareholders' Meeting can change the terms of the Warrants subject to approval from the Special Meeting of Warrant Holders acting by a two-thirds majority vote of the Warrant holders present or represented.

C.5	**Restrictions on free negotiability**	Not applicable.
C.6	**Application for the New Shares to be admitted to trading**	An application shall be made for the admission of the New Shares on the regulated market of Euronext Paris ("**Euronext Paris**") upon their issue planned for 29 April2014, on the same listing line as the Company's existing shares (ISIN code FR0000121501).
C.7	**Dividend policy**	The Company distributed a dividend of €1.10 per share in 2011 for 2010 and did not distribute any dividends in 2012 and 2013. Considering the Group's results for 2013 and in order to give priority to the allocation of financial resources to the development of the Group, the Company does not plan to propose the payment of dividends to the next Shareholders' Meeting.
C.8	**Restrictions applicable to the exercise of Warrants**	Warrants may not be exercised in the first year following their date of allocation.
C.11	**Application for the Warrants to be admitted to trading**	An application shall be made for the admission of the Warrants on Euronext Paris, as soon as they have been distributed (planned for 29 April 2014), under the code FR0011832237.
C.15	**Influence of the underlying instrument on the value of the investment**	The value of the Warrants depends primarily on: (i) the special characteristics of the Warrants: Exercise Price, Exercise Ratio, Exercise Period; and (ii) the characteristics of the underlying instrument and market conditions: the underlying share price, volatility of the underlying share and risk-free interest rate.
C.16	**Maturity date of the Warrants**	The Warrants mature on 29 April 2017. Warrants not exercised by the maturity date (included) at the very latest will be null and void and lose all their value.
C.17	**Warrant payment procedure**	Not applicable.
C.18	**Rules regarding proceeds from Warrants**	Given that the Warrants are granted at no cost, their issue will not generate any proceeds. Gross proceeds from the subscription of new shares in the event of exercising all Warrants would amount to €769,635,817.50. Estimated expenses associated with the distribution of Warrants: fees of financial intermediaries and legal and administrative fees: None. Estimated net proceeds from the subscription of new shares in the event of exercising all Warrants would amount to €769,635,817.50.
C.19	**Exercise price of Warrants**	The exercise of ten Warrants allows the subscription for three new shares at a price equal to the subscription price for the New Shares, i.e. €7.50 per share.
C.20	**Underlying instrument of the Warrants**	The Company's ordinary shares entitling holders to the rights described in paragraph C.4 of this summary of the Prospectus.

Section D – Risks		
D.1	**Main risks specific to the Company and its business segment**	The main risk factors specific to the Company, Group and its business segment are listed below. They concern: • the Group's operational risks and in particular the risks associated with the economic and geopolitical environment, the development, launch and sales of new vehicles, customer and dealership risks, commodity risks and supplier risks; • industrial and environmental risks: an incident affecting one of the Group's industrial plants may compromise the production and marketing of several hundreds of thousands of vehicles; • workplace health and safety risks; • cooperation agreement risks; • information system risks; • financial market risks: the Group is exposed to liquidity risks, as well as interest rate risks, counterparty risks, exchange rate risks and other market risks related in particular to fluctuations in commodity prices and in equity markets ; • risks relating to the business of Banque PSA Finance, in particular risks associated with the financing of Banque PSA Finance (and the contemplated partnership with Santander), credit risks and liquidity risks; • legal and contractual risks associated with being an employer, designer and distributor of motor vehicles, purchaser of components and supplier of services (including in particular risks associated with judicial and arbitration proceedings, competition law, credit covenants, pension commitments, intellectual property rights and off-balance sheet commitments); • risks associated with the fact that the implementation of the industrial partnership with Dongfeng Motor Group Company Limited is subject to a set of conditions; • risk associated with the fact that the completion of the financial transactions announced on 19 February 2014 requires the favourable vote of two-thirds of the members voting in the Company's Extraordinary Shareholders' Meeting; • risk associated with the fact that the synergies or objectives expected from the strengthened partnership with Dongfeng Motor Group Company Limited may not be achieved.
D.3	**Main risks specific to the securities offered**	**a) New Shares** The main risk factors associated with New Shares are listed below: • the Company's shareholders will suffer dilution on account of the New Shares being issued; • the market price and the liquidity of the Company's shares may fluctuate significantly. **b) Warrants** The main risk factors associated with Warrants are listed below: • the market for Warrants may only offer limited liquidity and be subject to high volatility; • the Company's share price could fluctuate and decrease below the subscription price for the new shares issued on exercise of the Warrants; • shareholders who do not exercise their Warrants could suffer dilution if other holders of Warrants decide to exercise them; • Company shares or Warrants could be sold on the market during the equity Warrant trading period (in the event of Warrants), or during or after the equity Warrant trading period (in the event of shares), and this could have a negative impact on the market price of the shares or the value of the Warrants;

		• in the event of a decrease in the market price of the Company's shares, the value of the Warrants may decline; • Warrant holders have limited anti-dilution protection; • holders of the Warrants will be responsible for the treatment of fractional lots when exercising their Warrants; • terms and conditions regarding the Warrants may be changed; • the market price of the Warrants may be affected by the launch of the Capital Increase with Preferential Subscription Rights.
D.6	**Risk of impairment losses regarding the investment**	Not applicable.

	Section E – Offer	
E.1	**Total net amount of the proceeds from Reserved Capital Increases** **Estimate of the total expenses related to Reserved Capital Increases**	For information purposes, the gross proceeds and assessment of the net proceeds from the Reserved Capital Increases would each be €1,047,999,990. Estimate of expenses related to the Reserved Capital Increases (fees of financial intermediaries and legal and administrative fees): None. The Company will not charge the shareholders, DMHK or SOGEPA for any expenses.
E.2a	**Reasons for the offer/intended use of the proceeds and estimated net amount of the proceeds from the issue of New Shares**	The issue of New Shares and Warrants, together with the Capital Increase with Preferential Subscription Rights and the renewal of the credit line confirmed for an amount of €2.7 billion, of which a €2.0 billion for five years (subject to the completion of the issue of Warrants, the Reserved Capital Increases and the Capital Increase with Preferential Subscription Rights), is intended to strengthen the Group's balance sheet and liquidity position. The total amount of the Reserved Capital Increases, issue premium included, is €1.048 billion and the total amount of the Capital Increase with Preferential Subscription Rights, issue premium included, is about €1.952 billion. These transactions will enhance PSA Peugeot Citroën's investment capacity, and fund the launch of investments related to its new "Back in the Race" strategic plan, in order to strengthen its competitiveness in Europe and its globalization strategy: • Strengthening financial and balance sheet flexibility; • Development of a portfolio of competitive products and in-depth local integration to restore profitability in Latin America and Russia; • Investment in new technologies, including the next generation of hybrid powertrains; • Investment in production tools: o New Social Contract Commitment in Europe with €1.5 billion in expenditures in France,

<table>
<tr><td></td><td></td><td>o Extension of competitive manufacturing footprint for selected products and markets.</td></tr>
<tr><td>E.2b</td><td>Reasons for the offer of Warrants</td><td>See paragraph E.2a of this summary of the Prospectus. The free distribution of Warrants is also aimed at enabling shareholders to subscribe to new shares on the same terms as the shareholders subscribing to the Reserved Capital Increases, and thus reinforce their exposure to the value-creating potential associated with the proposed transactions.</td></tr>
<tr><td>E.3</td><td>Terms and conditions of the offer</td><td>a) Reserved Capital Increases
Number of New Shares: 139,733,332 ordinary shares of the Company.

Subscription price: the subscription price for New Shares under the Reserved Capital Increases is €7.50 per share, of which €1 represents the nominal value per share and €6.50 represents the issue premium. As mentioned in the independent opinion described below and appended to this Securities Note, the price of the proposed Reserved Capital Increases would result in a discount of approximately 39% as compared to the closing market price and approximately 15% as compared to the weighted average price over one year (both recorded on 14 February 2014). The independent opinion contains all the elements used for evaluating the financial conditions of the transactions. These data do not take into account the theoretical value of the Warrants granted to shareholders, as described in Section 4.2.2.1 (“Theoretical value of the Warrants”) of this Securities Note

The Company's Supervisory Board decided to commission an opinion by an independent expert on the compliance of the financial transactions announced by the Group in its press release of 19 February 2014 (the "Transactions") with the Group's corporate interests, including in particular the Reserved Capital Increases and the distribution of Warrants.

The firm Ricol Lasteyrie Corporate Finance was designated as an independent expert by the Company's Supervisory Board on 19 January 2014. Ricol Lasteyrie Corporate Finance delivered the independent expert's opinion to the Company's Supervisory Board on 18 February 2014 and it appears in the Appendix to this Securities Note. The findings expressed in said expert's opinion are listed below:
“We believe that the Transaction, as it appears in the most recent Framework Agreement drafts and the MoU (Memorandum of Understanding), dated 18 February 2014 and received on 17 February 2014 in the evening, which was presented to the Supervisory Board on 18 February 2014, in order to ensure the Company's longevity, is compliant with the corporate interests of Peugeot S.A., i.e. those of the Company, its employees and its shareholders.”
b) Distribution of Warrants
Offer period: not applicable.
Number of Warrants to be issued and parity of distribution: 342,060,365 Equity Warrants distributed to shareholders registered as at 28 April 2014 (thereby excluding DMHK and SOGEPA), with one (1) equity Warrant granted for one (1) share held. The 12,788,627 Warrants related to treasury shares will be cancelled automatically.

The gross proceeds to be derived from the subscription to new shares in the event of exercising all the Warrants would be €769,635,817.50

Indicative timetable for the free distribution of Warrants and Reserved Capital Increases:
<table><tr><td>24 March 2014</td><td>Publication of a notice in the Bulletin des Annonces Légales Obligatoires with respect to the suspension of the right to exercise stock options and bonds convertible to or exchangeable for new or existing shares issued by the Company (“OCEANE”).</td></tr><tr><td>31 March 2014</td><td>Commencement of the suspension period for the exercise of stock options and OCEANE.</td></tr><tr><td>2 April 2014</td><td>AMF’s approval on the Prospectus, which is placed online on the Company's website.</td></tr><tr><td>2 April 2014</td><td>The Company distributes a press release describing the main characteristics of the free distribution of Warrants and the Reserved</td></tr></table></td></tr>
</table>

		Capital Increases, together with the means for making the Prospectus available. 25 April 2014 — Combined Shareholders' Meeting Decision of the Management Board to authorise the Chairman to issue the Warrants and carry out Reserved Capital Increases Distribution of a press release describing the results of the vote of the Combined Shareholders' Meeting 28 April 2014 — Record date* for distributing Warrants Decision of the Chairman of the Management Board to issue the Warrants and implement (on the next trading day) Reserved Capital Increases 29 April 2014 — Subscription and payment for New Shares by DMHK and SOGEPA and issue of New Shares 29 April 2014 — Delivery of Warrants and admission to trading on Euronext Paris. 1 July 2014 — End of the suspension period for the exercise of stock options and OCEANE. 29 April 2015 — Opening of the Warrant Exercise Period 29 April 2017 — Closing of the Warrant Exercise Period - Warrants not exercised are null and void **Date of registration considered for the distribution of Warrants.* The opening of the subscription period for the Capital Increase with Preferential Subscription Rights should take place within the days following completion of the Reserved Capital Increases and the issuance of Warrants. The public shall be informed of any changes to the indicative timetable below via a press release distributed by the Company and placed online on its website (www.psa-peugeot-citroen.com) and via a notice published by Euronext Paris. The Reserved Capital Increases and the allocation of Warrants are subject to the conditions precedent of the adoption by the Combined Shareholders' Meeting of all of the seventh and eighth, ninth and tenth, eleventh and twelfth, sixteenth, seventeenth, eighteenth, nineteenth, and twentieth resolutions related, respectively, to the nominations of two members to the Supervisory Board representing Dongfeng Motor Group Company Limited, the nominations of two members to the Supervisory Board representing the French Republic, to the nominations of FFP and EFP as members of the Supervisory Board of the Company, to the issue of free Warrants, to the capital increase reserved to DMHK, to the capital increase reserved to SOGEPA, to the Capital Increase with Preferential Subscription Rights, and to the change to the ceiling for issuing OCEANE provided for in the sixth resolution of the Shareholders' Meeting held on 3 June 2009, and to the other conditions detailed in Chapters 4 and 22 of the Registration Document.
E.4	**Interests which may have a significant impact on the offer**	Not applicable.

<table>
<tr>
<td>E.5</td>
<td>Person or entity offering to sell securities / Lock-up agreement</td>
<td>
Person or entity offering to sell securities: not applicable.
Lock-up agreement
a) Warrants
EPF and FFP have made a commitment to Dongfeng Motor Group Company Limited, the French Republic and the Company, under the terms of the Master Agreement dated 26 March 2014, not to sell or otherwise transfer (except to an affiliate) the Warrants distributed to them during a one-year period from their date of distribution. From the next day of the first anniversary (included) of the equity Warrant distribution date, the commitment made by EPF and FFP will only concern half of the Warrants distributed to them. The lock-up agreement of EPF and FFP will terminate from the second anniversary (excluded) of the equity Warrant distribution date.
b) New Shares
(i) Each of EPF/FFP, DMHK and SOGEPA will agree, for a period ending 180 days after the settlement date of the Capital Increase with Preferential Subscription Rights, not to take any of the following actions, except with the prior written consent of the leading financial institutions and joint book runners managing said capital increase: (i) offer, assign, sell, use as collateral or otherwise transfer, directly or indirectly, any shares or any other security giving access to the Company's share capital (subject to certain exceptions, including the transfer by EPF/FFP of a part or all of their preferential subscription rights under the Capital Increase with Preferential Subscription Rights, subject to compliance with the agreement to hold a percentage of the Company's share capital following the Capital Increase with Preferential Subscription Rights, equal to the percentage held individually by SOGEPA and DMHK), (ii) publicly disclose its intention to make such an offer, assignment, sale, use as collateral or transfer.
This commitment applies to all shares held by each of EPF, FFP, DMHK and SOGEPA respectively in the Company and to all new shares for which they will subscribe under the Capital Increase with Preferential Subscription Rights and, where applicable, which they will acquire through any means prior to the settlement delivery of the Capital Increase with Preferential Subscription Rights.
</td>
</tr>
<tr>
<td>E.6</td>
<td>Amount and percentage of the dilution</td>
<td>
Dilution
Theoretical impact of the transaction on shareholders’ equity
For information purposes, the theoretical impact (not taking into account the adjustments of OCEANE related to the issue of Warrants, or the adjustments of Warrants and OCEANE related to the Capital Increase with Preferential Subscription Rights, which cannot be determined at this stage), of the issue of New Shares and Warrants and their exercise in full on the Group’s share in the consolidated shareholders’ equity per share(calculated on the basis of the Group’s share in the consolidated shareholders’ equity as at 31 December 2013 — as reported in the consolidated financial statements of 31 December 2013 — and on the basis of a number of 354,848,992 shares outstanding on such date net of treasury shares) would be as follows:
<table>
<tr><th rowspan="2"></th><th colspan="2">Share of shareholders' equity
per share (in euros)</th></tr>
<tr><th>Non-diluted basis</th><th>Diluted basis(1)</th></tr>
<tr><td>Before the issue of New Shares and distribution of Warrants</td><td>20.12</td><td>20.20</td></tr>
<tr><td>After the issue of 139,733,332 New Shares</td><td>16.46</td><td>16.74</td></tr>
<tr><td>After the issue of 139,733,332 New Shares and exercise of all the Warrants</td><td>14.89</td><td>15.20</td></tr>
</table>
(1)In the event of the exercise of all the 3,259,035 stock options and the conversion or exchange of the 22,907,052 outstanding OCEANE.
Theoretical impact of the transaction on shareholders
For information purposes, the theoretical impact (not taking into account the adjustments of OCEANE related to the issue of Warrants, or the adjustments of Warrants and OCEANE related to the Capital Increase with Preferential Subscription Rights, which cannot be determined at this
</td>
</tr>
</table>

		stage), of the issue of New Shares and Warrants and their exercise in full on the ownership of interest in the Company's share capital by a shareholder holding 1% of the Company's share capital prior to the issues and (i) not subscribing thereto and (ii) exercising the Warrants granted to him/her/it *(calculated on the basis of a number of 354,848,992 shares forming the Company's share capital as at 31 December 2013)* would be as follows:
E.7	**Estimated expenses billed to the investor by the issuer**	Not applicable.

	Shareholder interest (%)	
	Non-diluted basis	**Diluted basis**[(1)]
Before the issue of New Shares and distribution of Warrants	1.00%	0.93%
After the issue of 139,733,332 New Shares	0.72%	0.68%
After the issue of 139,733,332 New Shares and exercise of all the Warrants – Shareholder exercising his/her/its Warrants	0.77%	0.74%
After the issue of 139,733,332 New Shares and exercise of all Warrants - Shareholder not exercising his/her/its Warrants [(2)]	0.59%	0.57%

[(1)]In the event of conversion into new shares of the 22,907,053 outstanding OCEANE bonds.

(2) Assumption of the assignment of his/her/its Warrants by the shareholder and subsequent exercise.

Investors' Contact

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75016 Paris
Tel.: +33 1 40 66 42 59
Fax: +33 1 40 66 51 99
Email: carole.dupont-pietri@mpsa.com

Obtaining the Prospectus

The Prospectus is available free of charge from the registered office of Peugeot S.A. at 75, avenue de la Grande Armée – 75116 Paris, from the Company's website (www.psa-peugeot-citroen.com) and from the AMF website (www.amf-france.org).

1. RESPONSIBLE PERSONS

1.1. Person responsible for the Prospectus

Monsieur Carlos Tavares
Chairman of the Management Board
Peugeot S.A.

1.2. Statement by the person responsible for the Prospectus

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

The Statutory Auditors have given me a completion of work letter in which they advise that they verified the information on the financial condition and the accounts presented in this Prospectus and read the complete Prospectus.

The historical financial information presented in the Prospectus was commented upon in the Statutory Auditors' reports. The consolidated financial statements for the year ended 31 December 2013 presented in the Registration Document were the subject of a Statutory Auditor's report which appears on pages 280 and 281 of said document, and contains an observation. The consolidated financial statements for the year ended 31 December 2012 presented in the Registration Document filed with the AMF (French securities regulator) on 28 March 2013 under number D. 13-0239 were the subject of a report by the Statutory Auditors which appears on pages 274 and 275 of said document and contains an observation. The consolidated financial statements for the year ended 31 December 2011 presented in the Registration Document filed with the AMF (French securities regulator) under number D. 12-0128 on 5 March 2012 were reported on by the Statutory Auditors and that report can be found on pages 224 and 225 of said document."

Carlos Tavares
Chairman of the Management Board

1.3. Person responsible for investor relations

Carole Dupont-Piétri
Director of Financial Communication
75, avenue de la Grande Armée
75016 Paris
Tel : +33 1 40 66 42 59
Fax. : +33 (0)1.40.66.51.99
Email: carole.dupont-pietri@mpsa.com

2. RISK FACTORS

The risk factors related to the Company and its industrial sector and those factors related to the financial transactions announced by the Company in its Press Release on 19 February 2014 (the "**Transactions**") and of the strengthened partnership with Dongfeng Motor Group are described in Chapter 4 of the Registration Document, which is a part of this Prospectus. We draw the attention of the shareholders to the fact that the list of risks contained in the Registration Document is non-exhaustive, and that other risks not yet identified or considered non-significant on the date of approval of the Prospectus may exist. In addition to these risk factors, shareholders are encouraged to refer to the following risk factors associated with the newly issued shares before making a decision on investment.

a) Risk factors linked to the issue of the New Shares

Shareholders of the Company will suffer a dilution due to the issuance of New Shares.

The issuance of the New Shares involves the issuance of 139,733,332new shares, which, on the basis of the share capital and voting rights before the transaction, would result in a dilution of approximately 39.38% of the capital and 33.49% of the voting rights if no Company Warrants are exercised.

The market price and the volatility and liquidity of the Company's shares may fluctuate significantly.

In recent years, stock markets have experienced significant fluctuations, often bearing no relation to the results of the companies whose shares were traded. Market fluctuations and general economic conditions may increase the volatility of the Company's shares. The market price of the Company's shares may fluctuate significantly in response to various factors and events, including the risk factors described in the Registration Document, forming part of this Prospectus, as well as the liquidity of the market for the Company's shares.

b) Risk factors linked to the new Warrants being issued

The market for Warrants may only offer limited liquidity and be subject to high volatility.

No assurance can be given that a market for Warrants will develop. Holders of Warrants who do not want to exercise their rights may not be able to sell them on the market. If such a market for Warrants does develop, it may be subject to greater volatility than the market for the Company's existing shares. The market price of the Warrants will depend, in particular, on the market price of the Company's shares. In the event of a decrease in the market price of the Company's shares, the value of the Warrants may also decline.

The Company share price may fluctuate and fall below the subscription price of the new shares issued upon exercise of the Warrants.

The shares of the Company may be traded, after the exercise of the Warrants, at a price that is lower than the market price in effect when the Warrants were issued. No assurance can be given that the market price of the Company shares will not fall below the exercise price of the Warrants. If this decrease happens after the exercise of the Warrants by their holders, they will suffer a loss in the event of an immediate sale of said shares. No assurance can therefore be given that after exercising their Warrants, investors will be able to sell their shares in the Company at a price equal to or higher than the exercise price of their Warrants.

Shareholders who do not exercise their Warrants could suffer a dilution if other holders of Warrants decide to exercise them.

Shareholders who do not exercise their Warrants could suffer a dilution if other beneficiaries of Warrants decide to exercise them. Warrants not exercised by 29 April 2017 at the latest will become void and lose all value.

Sale of shares in the Company or of Warrants can intervene on the market during the trading period for Warrants, in the event of the Warrants, or during or after the Warrant trading period, in the event of shares, and can have a negative impact on the market price of shares or the value of Warrants.

The sale of Peugeot S.A. shares or Warrants on the market, or the anticipation that such sales could take place, during or after the trading period for Warrants in the event of shares, or during the trading period of Warrants in the event of Warrants, could have a negative impact on the market price of the Peugeot shares or Warrants. The Company cannot foresee possible effects on the market price of shares or Warrants from the sale of shares or Warrants by its shareholders.

In the event of a decrease in the market price of the Company's shares, the value of the Warrants may also decline.

The market price of the Warrants will depend, in particular, on the market price of Peugeot S.A. shares. A decrease in the market price of shares of Peugeot S.A. could have a negative impact on the price of the Warrants.

Warrant holders will have a limited anti-dilution protection.

Exercise Ratio will only be adjusted in the cases described in paragraph 4.2.7.4 "Maintenance of rights of Warrant holders". Thus the Exercise Ratio will not be adjusted in all the cases where an event relating to the Company or any other event which might influence the price of shares of the Company, or, more generally, having a dilution effect, notably in case of issuance without preferential subscription rights of shares or securities which give access to capital, payment of dividends in shares, attribution of free shares to employees (or officers of the Company) or attribution of share options in the Company to employees (or officers of the Company). The events for which no adjustment is foreseen, can have a negative effect on the value of the shares of the Company and therefore on that of the Warrants.

Shareholders will have to make their own calculation of the fractional lots in case of exercising their Warrants.

Subject to later adjustments, any shareholder not holding ten (10) Warrants, after attribution of the free Warrants on the basis of one (1) Warrant for one (1) share registered in the accounts of the Company at the day of issuance on 28 April 2014 will not have the right to exercise all their Warrants. Shareholders will have to make their own calculation on the fractional lots when exercising their Warrants and need to acquire the number of Warrants necessary to acquire a whole number of new shares.

Terms and conditions of the Warrants can be changed.

The Extraordinary General Meeting of Shareholders may change the terms and conditions of the Warrants, if authorised by a special meeting of Warrant holders voting with a two-thirds majority of the Warrant holders is present or represented. Any change to the issuance contract likely to have an impact on the valuation of the Warrants (extension of the Exercise Period, modification of the Exercise Price, of Exercise Ratio, etc.) will require preparation of an independent expert's opinion on the consequences of this change, and in particular on the amount of profit resulting therefrom for Warrant holders, which will be submitted to the General Meeting of Shareholders. Any change so approved will be imposed on all Warrants holders.

The market price for the Warrants might be influenced by the launch of a Capital Increase with Preferential Subscription Rights during the negotiation period for preferential subscription rights.

It is contemplated that the detachment of the Warrants take place a few market days prior to the start of the Capital Increase with Preferential Subscription Rights contemplated in the context of the Transactions. This short listing period for Warrants combined with the launch of a significant transaction that maintains preferential subscription rights can lead to trading decisions and strategies of market participants difficult to foresee and which can affect the volatility and market price of the Warrants.

3. KEY INFORMATION

3.1. Net working capital statement

The Company confirms that from its point of view, the net working capital of the Group is sufficient to cover its obligations during the next 12 months counting from the date of approval of the Prospectus.

3.2. Shareholders' equity and debt

Details of the consolidated shareholders' equity of the Company and of the consolidated net financial indebtedness as of 28 December 2014 are given below:

Summary table of the consolidated shareholders' equity and debt

In accordance with the ESMA recommendations (European Securities and Markets Authority) (ESMA/2011/81/paragraph 127), the table below presents the consolidated shareholders' equity as at 28 February 2014 and the consolidated financial indebtedness as at 28 February 2014.

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

In millions Euros (IFRS)	28 February 2014 *(unaudited)*
1. Shareholders' equity and indebtedness	
Total current debt(*)	**3,665**
Total non-current debt(*)	**8,097**
Total shareholders' equity[1]	**7,588**
Share capital	355
Treasury shares	(351)
Statutory reserve	31
Other reserves and net results– Group's Share	6,560
Minority interests	993
2. Net financial debt	
A - Cash and cash equivalents	5,600
B - Other non-current financial assets	684
C - Current financial assets	111
D - Liquidities (A+B+C)	**6,395**
E - Short-term debt (current financial liabilities)	3,665
F - Medium and long-term debt (non-current financial liabilities)	8,097
G - Net financial debt (E+F-D)(**)	**5,367**

(*) As of the date of this Securities Note, the Company does not have information regarding the portion of debt which is (i) secured or pledged, (ii) guaranteed, and (iii) not guaranteed, secured, or pledged.

(**) The change in total non-current debt between the end of December 2013 and the end of February 2014 is significant but customary, as it is explained by the change in working capital requirements due to the common seasonable nature of the automobile sector.

As of 31 December 2013, non-cancellable lease commitments not reflected in the balance sheet of the Group amounted to €1,462 million.

3.3. Interests of individuals and legal entities participating in the issue

There is no interest (including conflicting interest) of a shareholder or a group of shareholders which can significantly influence the issuance of the Warrants.

[1]Consolidated shareholders' equity

3.4. Purpose of the issue and use of proceeds

The issuance of New Shares and the Warrants combined with the Capital Increase with Preferential Subscription Rights and the renewal of the credit line confirmed for an amount of at least €2.7 billion, of which €2 billion for five years (subject to completion of the Warrant issue, the Reserved Capital Increases and the Capital Increase with Preferential Subscription Rights), is intended to strengthen the Group's balance sheet and its liquidity position.

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

- Strengthening financial and balance sheet flexibility;
- Development of a portfolio of competitive products and in depth local integration to restore profitability in Latin America and Russia;
- Investment in new technologies, including the next generation of hybrid powertrains;
- Investment in production tools:
  - New Social Contract Commitment in Europe, with €1.5 billion investment in France,
  - Extension of competitive manufacturing footprint for selected products and markets.

The free attribution of Warrants is also intended to enable the shareholders to subscribe to new shares under the same terms as the shareholders subscribing to the Reserved Capital Increases and to thus reinforce their exposure to the value-creating potential associated with the proposed transactions.
Refer to section 22 of the Registration Document for a detailed description of the reasons for the Transactions.

4. INFORMATION ON THE SECURITIES TO BE OFFERED AND ADMITTED FOR TRADING ON EURONEXT PARIS

4.1. New Shares

4.1.1. Nature, category and enjoyment of new shares admitted for trading

The 139,733,332 ordinary shares ("**New Shares**") issued within the framework of the Reserved Capital Increases are ordinary shares of the same category of existing shares in the Company. Holders of New Shares will be entitled to receive dividend rights from the date of issue of the New Shares and will be entitled to all distributions declared by the Company following such date.

The New Shares will be admitted to trading on the regulated market of **Euronext Paris** on 29 April 2014.

The shares will be immediately be assimilated with the Company's existing shares already traded on the regulated market of Euronext Paris and, with effect from that date, will be quoted under the same ISIN code (FR0000121501) as the existing shares.

4.1.2. Applicable law and jurisdiction

The new shares will be issued in accordance with French law and the competent courts, in the event of litigation, will be those having jurisdiction over the place where the Company's registered office is located whenever the Company is the defendant. Such courts will be designated according to the nature of the litigation, unless the French Code of Civil Procedure provides otherwise.

4.1.3. Form and method of registration in share accounts

In accordance with the agreements between EPF/FFP, Dongfeng Motor Group Company Limited, Dongfeng Motor (Hong Kong) International Co., Limited (a company wholly-owned by Dongfeng Motor Group Company Limited on the date of completion of the Reserved Capital Increases) **(**"**DMHK**"), the French Republic and SOGEPA (a company wholly-owned by the French Republic), the New Shares will be in registered form.

In accordance with Article L. 211-3 of the French Monetary and Financial Code, they will be registered in the securities accounts maintained by the Company.

As a result, the rights of holders will be evidenced by an entry in a securities account opened in their name on the books of:

- Société Générale Securities Services, 32 rue du Champ-de-tir, BP 81236, 44312 Nantes Cedex 03, France, appointed by the Company, for shares held in registered form administered by the Company (*titres au nominatif pur*);
- an authorised intermediary of their choice and Société Générale Securities Services, BP 81236, 32, rue du Champ-de-tir, 44312 Nantes Cedex 03, France, appointed by the Company, for shares held in nominative form; or

In accordance with Articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code, shares are transferred from account to account and transfer of the ownership of the New Shares will occur from the moment that they are registered in the name of the acquirer.

Application will be made for the New Shares to be admitted to Euroclear France, which will ensure the clearing of the shares between account holders-custodians. The shares will also be the subject of an application for admission to Euroclear Bank S.A./N.V and Clearstream Banking, *société anonyme* (Luxembourg).

According to the indicative timetable, it is contemplated that the New Shares will be registered in named accounts and negotiable accounts as from 29 April 2014.

4.1.4. Currency of the issue

The issuance of New Shares in the framework of the Reserved Capital Increases will be completed in euros.

4.1.5. Rights attached to the New Shares

Upon their creation, the New Shares will be subject to all the provisions of the Company's Articles of association. Pursuant to current applicable French law and the Company's Articles of association, the main rights attached to the New Shares are as follows:

Dividend rights

The New Shares issued will carry rights to dividends under the terms described in section 4.1.1 above.

Shareholders of the Company have the right to benefits under the terms defined under Article L. 232-10 and following of the French Commercial Code.

The Shareholders' Meeting, deciding on the annual accounts, will agree to dividend payments to all shareholders (Article L. 232-12 of the French Commercial Code).

It can also be distributed an interim dividend before approval of the yearly accounts (Article L. 232-12 of the French Commercial Code).

The Shareholders' Meeting may propose to all shareholders, for all or a part of the dividends or interim dividends to be paid, an option between payment of the dividend or interim dividends in cash or in shares issued by the Company (Articles L. 232-18 and following of the French Commercial Code).

The payment of dividends must take place within nine months of the end of the relevant fiscal year. The extension of this term can be agreed upon by a court decision (Article L. 232-13 of the French Commercial Code).

Any action brought against the Company for the payment of dividends owed with respect to the shares will become time-barred upon the expiry of a period of five years from their due date. Furthermore, dividends will also be forfeited to the benefit of the French State upon the expiry of a period of five years from their due date.

Dividends paid to non-residents are generally subject to withholding taxes in France (see section 4.9 below).

The Company's dividend distribution policy is presented in detail in Chapter 20.8 of the Registration Document.

Voting rights

The voting rights attached to shares are proportional to the ownership interest represented by such shares in the Company's share capital. Each share gives right to one vote (Article L. 225-122 French Commercial Code) subject to the following terms.

Double voting rights, as compared to the voting right for other shares with regard to the proportionate interest in the share capital that they represent, are allocated to all fully paid-up shares that can be shown to have been registered in the name of the same shareholder for at least four years (Article L. 225-123 of the French Commercial Code and Article 11 of the Company's Articles of association).

In addition, in the event of capital increase through the capitalisation of reserves, retained profits or issue premiums, a double voting right will be conferred, from the date of issue, on registered shares allocated free of charge to a shareholder in proportion to his existing shares in the Company carrying such rights (Article L. 225-123 of the French Commercial Code).

A proposal will be submitted to the Company's Shareholders' Meeting convened on 25 April 2014 to reduce the number of years the shares need to be held to qualify for double voting rights from four to two years.

Without prejudice to the need to inform the Company and the AMF in the event of surpassing the holding thresholds defined by law and the General Regulations of the AMF, each person or legal entity, acting alone and/or in consent which comes to own, directly or indirectly, and in any manner within the meaning of Articles. 233-7 and following of the French Commercial Code, a number of shares representing either 2% or more of the share capital or the voting rights of the Company, must inform the Company in writing within a delay of four stock market days, of surpassing this threshold, and indicate the total number of shares and voting rights in his possession on the date of the declaration.

Once a shareholder's interest exceeds the above-mentioned 2% threshold, said shareholder must notify the Company each time an additional threshold of 1% of the capital or voting rights is crossed, even when such notification is not required under the disclosure obligations provided for in the applicable laws and regulations.

For the application of the paragraphs above, are assimilated to owned voting rights shares or voting rights enumerated under Article L. 233-9-1 of the French Commercial Code.

In the event of noncompliance with the aforementioned obligation to inform, the non-compliant shareholder will be deprived of voting rights for the share exceeding the amount that should have been declared if, at the time of a Shareholders' Meeting, this failure to inform is noted, and one or more shareholders holding together at least 5% of the capital and request that this be noted in the minutes of the General Shareholders' Meeting. The loss of voting right shall apply to all Shareholders' Meetings held for two years following the date of regularisation of the declaration.

Preferential subscription rights of same class securities

The shares carry a preferential subscription right in case of a capital increase. Shareholders will have, *pro rata* to their existing interest and shares in the Company's share capital, a preferential right to subscribe in cash for shares issued as part of an immediate or future capital increase. During the subscription period, preferential subscription rights may be traded when detached from the underlying shares, which are themselves tradable. If this is not the case, preferential subscription rights may be assigned on the same basis as the shares themselves. Shareholders can also individually waive their right to this preferential subscription right (Articles L. 225-132 and L. 228-91 to L. 228-93 of the French Commercial Code).

The General Meeting of Shareholders that decides upon or authorises an immediate or future capital increase may cancel the preferential subscription rights for the entire capital increase or for one or more tranches thereof and may provide for or authorise a priority subscription period for the benefit of shareholders (Article L. 225-135 of the French Commercial Code).

The issuance with suppression of preferential subscription rights can be carried out either by public offer or within the limit of 20% of the share capital per year, by offer as envisaged under II. of Article L. 411-2 of the French Monetary and Financial Code (offer to qualified investors, limited circle of investors acting for their own account) and the issue price is at least equal to the weighted mean of the share prices of the last three sessions of the stock exchange before it is set, possibly with a reduction by a maximum discount of 5% (Article L. 225-136 1° 1st paragraph and 3° and R. 225-119 of the French Commercial Code). Within the limit of 10% of the share capital of the Company per year, the Shareholder's Meeting can authorise the Management Board to settle an issuance price according to the terms it decides (Article L. 225-136, 1 , 2nd paragraph of the French Commercial Code).

The general meeting may also cancel the preferential subscription rights when the Company conducts a capital increase that is:

- reserved for certain persons identified by their name, or categories of persons satisfying certain criteria that the general meeting may determine. The issue price or the terms governing the setting of such price will be determined by the Extraordinary General Shareholder's Meeting on the basis of a report of the Management Board and a special report of the statutory auditors (Article L. 225-138 of the French Commercial Code);
- for the purpose of allocating newly issued shares as consideration for the securities contributed to a public exchange offer for the securities of a company whose shares are admitted to trading on a regulated market of a State that is a party to the Agreement on the European Economic Area or a member of the Organisation for Economic Cooperation and Development. In this situation, the statutory auditors must address the terms and consequences of the issuance (Article L. 225-148 of the French Commercial Code);

In addition, the general meeting may decide to carry out a capital increase:

- in order to pay for contributions in kind. The value of such contributions will be assessed by one or more special auditors. The General Shareholders' Meeting may delegate to the Management Board the necessary powers to carry out a capital increase, up to a maximum of 10% of the share capital, in order to pay for contributions in kind comprising equity securities or securities giving access to the share capital (Article L. 225-147 of the French Commercial Code).
- reserved to members (employees of the Company or of associated companies in the meaning of Article L. 225-180 of the French Commercial Code)a company saving's plan (Article L. 225-138-1 of the French Commercial Code). The subscription price cannot be more than 20% lower than the average listed price during

the twenty trading days preceding the date of the decision setting the opening date of the subscription (Article L. 3332-19 of the French Labour Code);

- by means of the free allocation of shares to salaried staff of the Company or group companies, to certain categories of such persons or to directors and officers, up to a maximum of 10% of the Company's share capital (Articles L. 225-197-1 and following of the French Commercial Code).

Finally, the Company may allocate stock options to salaried staff of the Company or group companies, to certain categories of such persons or to their directors and officers, up to a maximum of one third of the Company's share capital (Articles L. 225-177 and following of the French Commercial Code).

Right to share in any surplus in the event of liquidation

The distribution of equity after reimbursement of the nominal amount of the shares is carried out in the same proportion as the shareholding by these shareholders (Article L. 237-29 of the French Commercial Code).

Buyback clauses and conversion clauses

The Company's articles of association do not contain any special share buyback or conversion clauses.

Identification of holders of securities

The Company is entitled at any time, upon payment of any relevant fee, to request the central depository holding the Company's securities accounts in respect of its equity securities to provide, as the case may be, the name or company name, nationality, date of birth or year of incorporation and address of the holders of securities granting an immediate or future voting right at the Company's general meetings, as well as the number of equity securities held by each of such persons or entities and, if applicable, any restrictions applicable to such securities.

Based on the list provided by the central depository, the Company has the power, whether through the central depository or directly, and under the same conditions and subject to the same penalties, to request persons or entities appearing on that list, and whom the Company considers may be registered on behalf of third parties, to provide the identity of the owners of the shares and the number of shares owned by each of them.

As long as the Company believes that certain identified holders are acting on behalf of third party owners of the shares, the Company will be entitled to request that such holders disclose the identity of the owners of the shares, and the number of shares owned by each of them (Articles L. 228-2 and following of the French Commercial Code).

4.2. Warrants

4.2.1. Nature, category and enjoyment of Warrants admitted to trading

Warrants issued by the Company and given for free to its shareholders are securities giving access to the share capital in the sense of Article L. 228-91 and following of the French Code of Commerce.

Free Warrants shall be distributed to the Company's shareholders, with one Warrant granted for an ordinary share registered at the end of the day on 28 April 2014, it being noted that DMHK and SOGEPA, which will not be registered shareholders on that date, will not be entitled to said Warrants. The 12,788,627 Warrants for treasury shares will be automatically annulled in accordance with Article L. 225-149-2 of the French Commercial Code.

Settlement and delivery of the Warrants will be handled through the Euroclear France settlement-delivery system which will ensure the compensation of the securities between account holders. The Warrants will also be the subject of an application for admission to Euroclear Bank S.A./N.V and Clearstream Banking, *société anonyme* (Luxembourg).

The Warrants will be admitted to trading on Euronext Paris from 29 April 2014 under the ISIN code FR0011832237. No request to admission for trading on another market has been made nor is it foreseen for the moment.

4.2.2. Theoretical value of the Warrants and parameters influencing the value of the Warrants.

4.2.2.1. Theoretical value of the Warrants

Warrants will be allocated free of charge to the Company's shareholders. However, an indicative theoretical value of the Warrants can be estimated by using the Black-Scholes model, which is the model normally used by market operators to value this type of instrument. This model calculates the potential underlying quote, as applicable, as well as the respective probabilities of occurrence, starting from the hypothesis it is a variable value with a log-normal distribution.

This model relies on a number of simplifying hypotheses, in particular:

- the absence of trading cost;
- an interest rate without constant risk;
- a constant volatility;

The standard valuation model used does not take into account the period during which the Warrants cannot be exercised which, given the expected non-payment of dividends during the Exercise Period and the mechanism for protecting Warrant holders in the event of dividend distribution, is not expected to affect the valuation of the Warrants.

This model, applied to the Warrants issued in the framework of the present transaction and on the basis of the following hypotheses, will lead, depending on the retained volatility and the reference price of the underlying, to a theoretical valuation of the Warrants as follows:

Exercise Price of Warrants: €7.50 per Share;

Exercise Ratio Ten (10) Warrants permit subscription to three (3) shares at the Exercise Price;

Maturity: three years;

Net dividend: none (protection of Warrant holders in the event of distribution of dividends, see Section 4.2.7.4 below ("Maintenance of rights of Warrant holders")).

Risk-free interest rate: 0.627%, on 1 April 2014 in the evening (3-year euro swap rate)

Reference price of the Company's share price (see table infra)

Theoretical value of a Warrant*						
		Underlying reference price (after the distribution of the Warrants)				
		€5	€7.5	€10	€12.5	€15
Retained volatility	30%	€0.12	€0.48	€1.02	€1.66	€2.35
	35%	€0.17	€0.55	€1.09	€1.72	€2.40
	40%	€0.22	€0.63	€1.17	€1.79	€2.46
	45%	€0.27	€0.70	€1.24	€1.86	€2.52
	50%	€0.32	€0.77	€1.32	€1.93	€2.59

*****The calculations below of the theoretical valuation of the Warrants do not predict any calculations which will be made to adjust the securities giving access to capital previously issued by the Company in accordance with the modalities of said securities.

As with the distribution of dividends in cash, a distribution of Warrants may potentially impact the Company's share price on the stock exchange. As an indication, the reference price of €13.7452 for one Company share (weighted average market price for the three stock market sessions preceding 2 April 2014) leads to a theoretical Warrant valuation range of between €1.57 and €1.79 per Warrant for a volatility level of between 30% and 50%, taking into account the adjustment of the stock market price at the moment of distribution of the Warrants.

As an indication, the historical volatility observed on 1 April 2014 in the evening on the Company's share is:

Period	1 month	3 months	1 year	2 years	3 years
Historical volatility	33.9%	45.4%	49.8%	51.0%	51.2%

(Source: Bloomberg)

These levels of historical volatilities do not predict future volatility of the Company's share price, nor the volatility that will be retained by investors to value the Warrants.

4.2.2.2. Parameters affecting the value of the Warrants

The value of the Warrants depends primarily on:

(i) the special characteristics of the Warrants: Exercise Price, Exercise Ratio, Exercise period and residual maturity;

(ii) characteristics of the Company's share and market conditions:

- Company share price: all things being equal, the Warrants increase in value if the share price goes up, and decrease in value when the share price goes down;
- volatility of the Company share: all things being equal, the Warrants increase in value if the share price goes up, and decrease in value when the share price goes down;
- risk-free interest rate: all things being equal, the Warrants increase in value if the interest rate goes up, and decreases in value when the interest rate goes down; and
- transaction costs incurred: *ceteris paribus*, the Warrants increase in value if the transaction costs decrease and, conversely, decrease in value if the transaction costs increase.

4.2.3. Applicable law and jurisdiction

The Warrants will be issued in accordance with French law and the competent courts, in the event of litigation, will be those having jurisdiction over the location of the Company's registered office whenever the Company is the defendant. Such courts will be designated according to the nature of the litigation, unless the French Code of Civil Procedure provides otherwise.

4.2.4. Form and method of registration of the Warrants

The Warrants will be issued in bearer form, except for those issued to holders of shares in registered form administered by the Company, which will be issued in registered form administered by the Company.

In accordance with Article L. 211-3 of the French Monetary and Financial Code, the Warrants will be dematerialized and therefore registered in securities accounts held by the Company or an authorised intermediary.

As a result, the rights of holders will be evidenced by an entry in a securities account opened in their name on the books of:

- Société Générale Securities Services (32 rue du Champ-de-tir, BP 81236, 44312 Nantes Cedex 03, France) appointed by the Company, for Warrants held in registered form administered by the Company (*titres au nominatif pur*);
- an authorised intermediary of their choice for Warrants held in bearer form (*titres au porteur*).

In accordance with Articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code, Warrants are transferred from account to account and transfer the ownership of the Warrants will result from the moment they are registered in the name of the acquirer.

Application will be made for the Warrants to be admitted to Euroclear France, which will ensure the clearing of the Warrants between account holders-custodians. The Warrants will also be the subject of an application for admission to Euroclear Bank S.A./N.V and Clearstream Banking, *société anonyme* (Luxembourg).

According to the indicative timetable, it is foreseen that the Warrants will be registered in named accounts and negotiable as from 29 April 2014.

4.2.5. Currency of the issue

The issuance of the Warrants as well as the issuance of new shares following exercise of the Warrant execution will be done in Euros.

4.2.6. Ranking of the Warrants.

Not applicable

4.2.7. Rights attached to the Warrants

4.2.7.1. Methods for exercising Warrants

Ten (10) Warrants entitle the holder to subscribe to ten (10) new shares each with a nominal value of one Euro("**Exercise Ratio**") through a global exercise price of €22.50 corresponding to a subscription price of €7.50 per new share.

Exercise ratio may be adjusted following transactions implemented by the Company after the Warrant issue date, in accordance with statutory provisions in force and pursuant to contractual provisions, in order to conserve the rights of Warrant holders. It will in particular be adjusted following a Capital Increase with Preferential Subscription Rights without modifying the initial exercise price.

Holders of Warrants have the possibility at any time from 29 April 2015 until 29 April 2017 included (the "**Exercise Period**"), to obtain new shares by exercising their Warrants (Warrants may therefore not be exercised during the first year after they are issued). Warrants not exercised at the latest on 29 April 2017 will become null and void and lose all value.

The subscription price for the new shares of the Company will have to be paid in cash at the time that the Warrant is exercised.

To exercise the Warrant, holders must make the request with the intermediary with which his shares are registered, for the Warrants in bearer form or Société Générale Securities Services (32 rue du Champ-de-tir, BP 81236, 44312 Nantes Cedex 03, France) appointed by the Company, for shares held in registered form administered by the Company (*titres au nominatif pur*) and pay the amount due to the Company as a result of the exercise of the Warrant.

Société Générale Securities Services will ensure the centralization of these transactions.

The date of exercise of the Warrants (the "**Exercise Date**") will be the date the request is received by Société Générale Securities Services acting as centralizing agent. Delivery of shares issued when exercising the Warrants will take place at the latest on the fifth stock exchange day after the Exercise Date.

4.2.7.2. Suspension of the exercise of Warrant

In the event that new equity securities or new securities giving access to the capital of the Company or other financial transactions with a preferential subscription rights are issued, as well as in the case of merger or of spin-off, the Management Board reserves the right to suspend the exercise of Warrants for a maximum period of three months or any other timeframe fixed by the applicable regulation, and such suspension will in no way cause the holders of the Warrants to lose their right to subscribe to new shares in the Company.

In this case, information will be published in the *Bulletin des Annonces Légales Obligatoires* (BALO) at least seven days before the entry into force of the suspension to inform the Warrant holders of the date from which the exercise of Warrants will be suspended and the date on which it will restart. This information will also be the subject of an announcement published by Euronext Paris.

4.2.7.3. Amendment of the rules on distribution of profits and amortisation, legal form or corporate purpose of the Company

After the issuance of Warrants and as per the possibility provided for in Article L. 228-98 of the French Commercial Code, the Company can change its legal form or corporate purpose without having to obtain the prior agreement of the Warrant holders in a special meeting.

Also and in accordance with Article L. 228-98 of the French Commercial Code, the Company may, without asking for authorisation from a special meeting of Warrant holders, initiate a repurchase of its shares, modify the profit distribution and/or the issuance of preference shares provided that, for as long as valid Warrants are in circulation, it must take the measures necessary to preserve the rights of Warrant holders.

In accordance with Article R. 228-92 of the French Commercial Code, if the Company decides to issue whatever the form of the new shares or securities giving access to the capital with preferential subscription rights limited to its shareholders, to distribute reserves (in cash or in kind) and share premiums or to change the distribution of its profits by creating preference shares, it will inform (as long as the current regulation so requires) the Warrant holders *via* an announcement in the *Bulletin des Annonces Légales Obligatoires*.

4.2.7.4. Maintenance of rights of Warrant holders

Upon contemplation of the following transactions:

- Financial transactions with quoted preferential subscriptions rights or by free allotment of listed subscription rights;
- Free allotment of shares to shareholders, regrouping or splitting shares;
- Incorporation into equity of reserves, profits or premiums by increasing the nominal value of the shares;
- Distribution of reserves and of premiums either in cash or in kind;
- Free distribution to the shareholders of the Company, all financial securities in the Company (except shares) for free;
- Absorption, merger, spin-off;
- Buyback of its own shares at a price higher than the stock market price;
- Equity buyback;
- Amortisation of the share capital;
- Modification of the distribution of profits and/or creation of preference shares;
- dividend distribution.

that the Company can effect from the date of issuance of the Warrants and for which the date to which the holding of shares of the Company is established in order to determine the shareholders benefitting from a transaction or who can participate in the transaction and in particular which shareholders, a dividend, a distribution, an attribution or an allocation, announced or voted at this date or previously announced or voted, must be paid, delivered or realized, is before the date of delivery of the new shares issued via the exercise of the Warrant, the maintenance of the rights of Warrant holders will be ensured till the delivery date excluded by proceeding to an adjustment of the Exercise Ratio in accordance to the ways infra. In particular, following implementation of a Capital Increase with Maintenance of Preferential Subscription Right, the Parity of Exercise will be adjusted in accordance with paragraph 1.a) below.

Any adjustment will be made so that it equalizes, up to the next 1/100th of a share, the value of shares that would have been obtained if Warrants had been exercised immediately before the implementation of one of the aforementioned transactions and the value of the shares that would have been obtained in the event of exercising the Warrants immediately after the implementation of that transaction.

In case of adjustments made in accordance with paragraphs 1 to 10 above, the new Exercise Ratio will be determined with two decimals rounded to the next 1/100th (0.005 rounded up to the next 1/100th, *i.e.*0.01). Possible subsequent adjustments will be effected based on the preceding Exercise Ratio as calculated and rounded. The Warrants, however, may only be delivered in a whole number of shares; regulation of fractional lots is described in 4.2.7.5 of this Prospectus.

1.a) for financial transactions having a quoted preferential right to subscription, the new Exercise Ratio will equal the product of the Exercise Ratio applicable before the start of the transaction at issue and the following ratio:

Value of the share after detaching the preferential
subscription rights +Value of the preferential subscription

$$\frac{\text{rights}}{\text{Value of the share after detaching the right of preferential subscription}}$$

To calculate this ratio, the value of the shares after detaching the preferential subscription rights and the value of the preferential subscription rights are equal to the arithmetic mean of the market prices of their first quotes on Euronext Paris (or in the absence of any quote on Euronext Paris, on any regulated market or on a similar market on which the share of the Company or the preferential subscription right is listed) during all sessions of the stock exchange included in the subscription period.

b) for financial transactions effected by free allocation of quoted subscription rights to shareholders with a correlative right of placement of securities to come from subscription rights not used by their holders during the period of subscription which has opened to them, the new Exercise Ratio will be equal to the product of the Exercise Ratio before the start of the transaction considered and of the following ratio:

$$\frac{\text{Value of the share after detaching the subscription right} + \text{Value of the subscription right}}{\text{Value of the share after right detaching the subscription right}}$$

For the calculation of this ratio:

- the value of a share after detaching the subscription right will be equal to the mean weighted by volumes (i) of the market prices of the Company's share on Euronext Paris (or in absence of listing on Euronext Paris, on another regulated market or on a similar market on which the share is listed) during all stock exchange sessions included in the subscription period, and (ii) (a) of the sale price of the financial securities transferred within a placement, if these financial securities that can be assimilated to existing shares in the Company, by multiplying the sale price by the volume of shares sold within the process of placement or (b) of the market prices of the Company's share at Euronext Paris (or in absence of listing on Euronext Paris, on another regulated market or on a similar market on which the share is quoted) the day the transfer price for the financial securities is fixed within the framework of the placement if these last ones are not the shares similar to the existing shares of the Company;
- The value of the share subscription will be equal to the mean weighted by volumes (i) of the market prices of the subscription right on Euronext Paris (or in absence of quotation on Euronext Paris, on another regulated market or on a market on which the right is quoted) during all stock exchange sessions included in the subscription period, and (ii) the implicit value of the subscription right resulting from the sale price of the securities sold within the placement framework, which corresponds to the difference (if positive) adjusted to the Exercise Ratio of the subscription, between the sale price of the securities sold within the framework of a placement and the subscription price of securities by exercising subscription right, by multiplying this last so determined value, the corresponding volume of subscription rights exercised for allocating the securities sold in the framework of this placement.

2. In case of free allotment of shares to shareholders, and also in case of splitting or regrouping of shares, the new Exercise Ratio will be equal to the Exercise Ratio obtained before the start of the transaction considered and of the following ratio:

$$\frac{\text{Number of shares for the capital after the transaction}}{\text{Number of shares forming the capital before the transaction}}$$

3. In case of capital increase by incorporation of reserves, profit or premiums by increase of nominal value of the shares of the Company, the nominal value of the shares the Warrant holders could obtain by exercising their Warrants will be duly increased.

4. In case of distribution of reserves and of premiums either in cash or in kind (securities in portfolio...), the new Parity Exchange will be equal to the product of the Exchange Ratio applicable before the transaction considered and of the following ratio:

$$\frac{\text{Value of the share before distribution}}{\text{Value of the share before distribution - Amount per share of the distribution or value of securities or assets distributed per share.}}$$

For the calculation of the following ratio:

- the value of the share before distribution will be equal to the mean weighted by volumes of the market prices of the Company's share observed on Euronext Paris (or in absence of a quotation on Euronext Paris, on another regulated market or on a similar market on which the share is quoted) during the last three sessions of the stock exchange preceding the day the shares of the Company are quoted ex-distribution;

- if distribution is made in kind:

- In case of delivery of securities already quoted on a regulated market or on a similar market, the value of the securities will be determined as above,

- In case of delivery of securities not yet quoted on a regulated market or on a similar market, the value of securities remitted will be equal, if they should be quoted on a regulated market or a similar market for a period of ten sessions starting from the date on which the shares of the Company are quoted ex-distribution, to the mean weighted by volumes of the market prices observed on said market during the three first sessions of the stock exchange included in this period during which said securities are quoted, and

- In all other cases (securities delivered not quoted on a regulated market or on a similar market or quoted during less than three stock market sessions during a period of ten sessions envisaged supra or distribution of assets), the value of the securities or the assets remitted per share shall be determined by an independent expert of international reputation chosen by the Company.

5. In case of free allocation to shareholders of securities, other than shares in the Company and subject to paragraph 1 b) supra, the new Exercise Ratio will be equal to:

(a) if the right to the free allocation of securities were admitted to negotiation on Euronext Paris (or in the absence of quotation on Euronext Paris, on another regulated market or on a similar market), the product of the Exercise Ratio applicable before the start of the transaction considered and of the ratio:

$$\frac{\text{Share price ex-right to free allocation+ value of the right to free allocation}}{\text{Share price ex-right to free allocation}}$$

For the calculation of this ratio:

- the value of the share ex-right of free allocation will be equal to the mean weighted by volumes of the market prices observed on Euronext Paris (or in absence of quotation on Euronext Paris, on another regulated market or on a similar market on which the share ex-right of free allocation is quoted) of the share ex-right of free allocation during the three first sessions of the stock exchange starting on the date on which the shares of the Company are quoted ex-right of free allocation;

- the value of the right to free allocation will be determined as in the paragraph supra.

If the right to free allocation is not quoted during each of the three sessions of the stock exchange, its value will be determined by an independent expert of international reputation chosen by the Company.

(b) if the right to free allocation of securities were not admitted to negotiation on Euronext Paris (or in the absence of quotation on Euronext Paris, on another regulated market or on a similar market), the product of the Exercise Ratio applicable before the start of the transaction considered and of the following ratio:

$$\frac{\text{Share price ex-right to free allocation of shares + Value of that security(ies) granted per share}}{\text{Share price ex-Right to free allocation}}$$

For the calculation of this ratio:

- the share price ex-Right to allocation will be determined as in paragraph a) above.
- If these financial instruments are quoted or can be quoted on Euronext Paris (or if not on Euronext Paris, on another regulated market or a similar market), within ten sessions of the stock exchange starting from the day shares are quoted ex-distribution, the value of the financial title(s) given by share will be equal to the mean weighted by volumes of the prices of these securities observed on said market during the three first sessions of the stock exchange included in this period during which said securities are quoted. If the attributed financial instruments are not quoted during each of these three market sessions, the value of the securities will be determined by an internationally recognised independent expert chosen by the Company.

6. In case of absorption of the Company by another company or merger with one or more companies in a new company or spin-off, the exercise of the Warrants will allow attribution of shares of the absorbing company or the new one or the companies that benefit from the spin-off.

The new Exercise Ratio will be determined by multiplying the Exercise Ratio applicable before the start of the transaction considered by the Exchange Ratio of the Company's shares against the shares of the absorbing company or the new one or the companies that benefit from the spin-off. These last companies will be fully subrogated in the rights of the Company in its obligations towards the Warrant holders.

7. In case of buyback of the Company of its own shares at a price higher than the stock exchange price, the new Exercise Ratio will be equal to the product of the Exercise Ratio applicable before the buyback and the following ratio:

$$\frac{\text{Share price x (1-Pc\%)}}{\text{Share price – Pc\% x Buyback price}}$$

For the calculation of this ratio:

- Share value means the mean weighted by volumes of the market prices of the Company’s shares on Euronext Paris (or in case of absence of quotation on Euronext Paris, on another regulated market or a similar market on which the share is quoted) during the three last stock exchange sessions preceding the buyback (or the possibility of buyback).

- Pc% means the percentage of total share capital repurchased; and

- Buyback price means the effective buyback price.

8. In case of amortisation of the share capital, the new Exercise Ratio will be equal to the product of the Exercise Ratio on the date before the start of the transaction considered and of the following ratio:

$$\frac{\text{Value of the share before amortisation}}{\text{Value of the share before amortisation - amount of the amortisation per share}}$$

For the calculation of the ratio, the share value before amortisation will be equal to the mean weighted by volumes of the market prices of the Company’s shares on Euronext Paris (or in case of absence on Euronext Paris, on another regulated market or on a similar market on which the share is traded) during the three last sessions of the stock exchange preceding the session the shares of the Company are quoted ex- amortisation.

9. (a) In case of modification, of the distribution of profits and/or creation of new preference shares resulting in such modification by the Company, the new Exercise Ratio will be equal to the Exercise Ratio before the start of the transaction considered and the following ratio:

$$\frac{\text{Share price before modification}}{\text{Share price before modification - reduction per share of the right in profits.}}$$

For the calculation of this ratio:

- The value of the share before modification will be determined after taking into account the weighted mean of the prices of the Company's shares on Euronext Paris (or on another regulated market or another similar market where the shares are quoted) during the three last sessions of the stock exchange preceding the date of modification;

- the reduction by share on the right to profits will be determined by an internationally recognized independent expert chosen by the Company and will be submitted for approval to the General Meeting of the holders of Warrants.

If however these preference shares are issued with preferential subscription rights of shareholders or via free distribution of warrants to subscribe to such preference shares, the new Exercise Ratio will be adjusted in accordance to paragraphs 1 or 5 *supra*.

(b) in case of creation of preference shares without a modification in the distribution of profits, the adjustment of the Exercise Ratio that would be necessary will be decided by an internationally recognized independent expert chosen by the Company.

10. Adjustment in case of dividend distribution.

In case of payment by the Company of any dividend or distribution made in cash or non-cash (value then having been determined in accordance with 4 *supra*) to shareholders (any flat-rate reduction at source not being taken into account, nor the possible tax reduction) (the "Dividend") it being specified that:

- any dividend or distribution (or part of the dividend or distribution) entailing an adjustment of the Exercise Ratio by paragraphs 1 to 9 *supra* will not be taken into account for an adjustment pursuant to this paragraph 10,

The new Exercise Ratio will be calculated as below.

$$NPE = PE \times \frac{CA}{CA - MDD}$$

where:

- NPE means New Exchange Ratio;
- EP means Exchange Parity previously applicable;
- MDD means the amount of dividend distributed by share; and
- CA means the share price, defined as equal to the mean weighted by volumes of the market prices of the Company's shares - observed on Euronext Paris (or, in absence of a quote on Euronext Paris, on another regulated market or a similar market where the share is quoted), during the last three sessions of the stock exchange preceding the session where the shares of the Company are quoted ex-dividend.

If the Company were to carry out transactions where an adjustment had not been completed under paragraphs 1 to 10 supra, and where a later law or regulation would implicate an adjustment, the Company will make this adjustment in accordance with the law or regulations applicable and the market customs in this matter in France.

4.2.7.5. Regulation of the fractional lots.

Each holder of a Warrant using his Warrants can subscribe to a number of new shares in the Company calculated by applying the number of Warrants presented the applicable Exercise Ratio.

In case of adjustment to the Exercise Ratio and if the number of shares so calculated is not a whole number, the holder of the Warrant can request to have delivered to him/her/it:

- either the number of shares immediately lower; in this case he will receive in cash a sum equal to the resulting fractional share, equal to the last quote at the stock exchange session preceding the day of deposition of the request to exercise the Warrant;

- or the number of shares immediately superior, provided that he gives the Company a sum equal to the value of the fraction of the additional share so requested, valued on the basis of the previous paragraph.

Where the holder of the Warrants does not indicate the option he wants to pursue, he will be issued the number of shares immediately inferior plus a payment in cash as described above.

4.2.7.6. Information of Warrant holder in case of adjustment

In case of adjustment, the new terms for exercising them will be communicated to the holders of Warrants from this issue via a publication by the Company on its internet (www.psa-peugeot-citroen.com) at the latest five working days after the new adjustment takes effect. This adjustment will also be published by Euronext Paris within the same timeframe.
Also, the Management Board of the Company will report the elements of the calculation and the results of any adjustment in the yearly report after this adjustment.

4.2.7.7. Representative of the group of Warrant holders.

In accordance with Article L. 228-103 of the French Commercial Code, holders of Warrants will be grouped into a group, which benefits from civil personality and which will be subjected to the same provisions as those provided for in Article L. 228-47, L. 228-66 and L. 228-90 of the French Commercial Code.

Each representative of the group of Warrant holders will, without restriction or qualifications, have the right to fulfil in the name of the group of Warrant holders all management acts to defend the common interest of Warrant holders.

He will fulfil his functions till his resignation, revocation by the General Meeting of Warrant holders or till an incompatibility occurs. His mandate will end by matter of law on the date the Exercise Period for the Warrants ends. This term can be prolonged by law until the definitive resolution of the pending litigation in which the representative would be engaged, and until the execution of the decision or settlements.

The designation of representatives of the group of Warrant holders and determination of their compensation will occur after the shareholder's meeting.

4.3. New shares via of the exercise of Warrant

4.3.1. Nature, category and entitlement of the new shares issued through exercise of Warrants admitted to trading

New shares issued by the exercise of the Warrants will be ordinary shares of the Company of the same category as the existing Company shares. They will have current enjoyment and will give their holders, as from their delivery, all rights conferred to shares and described in paragraph 4.1.5.The new shares issued via the Warrants issue will be subject to periodical application for admission to trading on Euronext Paris on the same quotation lines as existing shares (code ISIN FR0000121501).

4.3.2. Applicable law and jurisdiction

The new shares resulting from the exercise of the Warrants will be issued in accordance with French law and the competent courts, in the event of litigation, will be those that have jurisdiction over where the Company's registered office is located whenever the Company is the defendant. Such courts will be designated according to the nature of the litigation, unless the French Code of Civil Procedure provides otherwise.

4.3.3. Form and method of registration of the new shares accounts issued through the exercise of the Warrants

The new shares issued Warrants in bearer form will have the form of bearer shares. However, the new shares issued through exercise of the Warrants that are held in registered form administered by the Company Warrants will be in registered form administered by the Company.

In accordance with Article L. 211-3 of the French Monetary and Financial Code, they will be compulsorily registered in securities accounts held, as the case maybe, by the Company or an authorised intermediary.

As a result, the rights of holders will be evidenced by an entry in a securities account opened in their name on the books of an authorised intermediary of their choice.

In accordance with Article L. 211-15 and L. 211-17 of the French Monetary and Financial Code, shares are transferred from account to account and transfer of the ownership of the new shares will result from the moment they are registered in the name of the acquirer.

Application will be made for the new shares issued after exercising Warrants to be admitted to Euroclear France, which will ensure the clearing of the shares between account holders-custodians. The shares will also be the subject of an application for admission to Euroclear Bank S.A./N.V and Clearstream Banking, *société anonyme* (Luxembourg).

4.4. Authorisations

a) Authorisation by the Supervisory Board

The Company Supervisory Board, in its meeting on 18 February 2014, authorised a reserved capital increase and issuance of Warrants, in accordance with Article 9 of the articles of association of the Company.

b) Delegation of authority by the Combined Annual And Extraordinary Shareholders' Meeting

Shareholders of the Company, in the Shareholder's Meeting of 25 April 2014, are asked to approve the following resolutions on which basis the described transactions in this note would be authorised:

(i) Free distribution of Warrants

SIXTEENTH RESOLUTION

Delegation of authority to the Management Board, for a term of nine months, for the purpose of issuing and allocating free share subscription Warrants to the Company's shareholders allowing a capital increase in the total maximum nominal amount of one hundred and six million, four hundred and fifty-four thousand, six hundred and ninety eight euros (€106,454,698).

The Shareholders' Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, after having familiarised itself (i) with the Management Board's report and (ii) with the special report of the statutory auditors, and in accordance with the provisions of the French Commercial Code and especially its Articles L. 225-127 to L. 225-129-6, L. 228-91 and L. 228-92:

1. Subject to the condition of approval by the present Shareholders' Meeting of the seventh, eighth, ninth, tenth, eleventh, twelfth, seventeenth, eighteenth, nineteenth and twentieth resolutions, delegate to the Management Board, with the option of sub-delegation under the conditions laid down in law and in the articles of association, authority to proceed, solely on the basis of these deliberations, in the proportions and at the times that it considers appropriate for the issue and free allocation to the Company's shareholders, whether in France or abroad, of Warrants, in the amount of one equity Warrant per Company share;

2. Resolves that the equity Warrant shall give the right to subscribe to a maximum of one hundred and six million, four hundred and fifty-four thousand, six hundred and ninety eight (106,454,698)new ordinary shares in the Company of a nominal unit value of one (1) euro for three (3) new shares for ten (10) Warrants, making a maximum increase in capital for a total nominal amount of one hundred and six million four hundred and fifty-four thousand six hundred and ninety-eight euros (€106,454,698), it being specified that this amount does not take account of the nominal value of the shares to be issued (in accordance with the legislative and regulatory provisions and, where applicable, the contractual stipulations laid down to cover other cases of adjustment) in order to preserve the rights of the holders of securities or other rights providing access to the Company's share capital, issued or to be issued;

3. Resolves that the subscription price per share at a nominal unitary value of one (1) euro resulting from the exercise of a Warrant shall be seven euros and fifty cents (€7.50), corresponding to an issue premium of six euros and fifty cents (€6.50) per share, without prejudice to any subsequent adjustments (in accordance with the legislative and regulatory provisions and contractual terms);

4. Resolves that the Warrants may be exercised at any time from the first anniversary of their issue date through trading on Euronext Paris and at the latest by the third anniversary of their admission to trading on the Euronext Paris market and that subscriptions resulting from the exercise thereof must be paid in cash;

5. Notes that the decision to issue the Warrants constitutes the fully lawful waiver by shareholders of their preferential right to subscription to new shares issued through the exercise of the Warrants;

6. Resolves that new shares issued due to the exercise of the Warrants will be entitled to current enjoyment and shall be subject to all of the provisions of the articles of association and decisions of the Shareholders' Meeting;

7. Confers all powers on the Management Board, with the option of sub-delegation under the conditions laid down in law and in the articles of association, to implement the present delegation, and in particular in order to:

   a) confirm that the conditions covered in paragraph 1 of this resolution have been satisfied,

   b) resolve to issue the Warrants or, where appropriate, defer the issue,

   c) determine, within the abovementioned limits, the amounts, features, methods and conditions of issue of the Warrants,

   d) determine, in view of the legal provisions, the procedures whereby the Company shall have, where applicable, the possibility of suspending the exercise of the Warrants to be issued,

e) make any adjustment required, including those resulting from the implementation of the delegation of authority provided for in the nineteenth resolution, in accordance with the legal and regulatory provisions and, where applicable, any contractual stipulations providing for other cases of adjustment, and to determine the procedures whereby there shall be assured, as applicable, the preservation of rights of the holders of securities or other rights providing in the end access to the share capital,

f) offset, where applicable, the cost of the issue of the Warrants against the amount of the premiums attached thereto,

g) note that each capital increase resulting from the exercise of the Warrants has been achieved and amend the articles of association accordingly, and

h) more generally, to approve any agreement, take any measures and perform any formalities that might be useful for the issue and admission to negotiations and to the financial services of the Warrants and shares issued upon exercise of the Warrants issued under the present delegation, as well as the exercise of the rights attached thereto.

This delegation is granted for a period of nine months as from the date of this Shareholders' Meeting.

(ii) Reserved Capital Increases

SEVENTEENTH RESOLUTION

Delegation of authority to the Management Board, for a period of nine months, for the purpose of issuing ordinary shares, without pre-emption right, to the benefit of the Dongfeng Motor (Hong Kong) International Co., Limited, for a total nominal amount of sixty-nine million, eight hundred and sixty-six thousand, six hundred and sixty-six (69,866,666) euros.

The Shareholders' Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, after having familiarised itself with (i) the report of the Management Board and (ii) the special report of the statutory auditors, and pursuant to the provisions of the French Commercial Code and especially its Articles L. 225-127 to L. 225-129-6 and L. 225-138:

1. Subject to approval by the present Shareholders' Meeting of the seventh, eighth, ninth, tenth, eleventh, twelfth, sixteenth, eighteenth, nineteenth and twentieth resolutions, delegates to the Management Board, with the option of sub-delegation under the conditions laid down in law and the articles of association, the authority to proceed, solely based on its own deliberations, in the proportions and at the times it considers appropriate, to the issue, in France or abroad, ordinary shares in the Company, to which subscription must be paid in cash;

2. Resolves that the total nominal amount of the present increase in capital shall be in the amount of sixty-nine million eight hundred and sixty-six thousand six hundred and sixty-six euros (€69,866,666)through the issue of sixty-nine million eight hundred and sixty-six thousand six hundred sixty-six (69,866,666)new shares each with a nominal value of one (1) euro;

3. Resolves that the new shares with a nominal value of one (1) euro should be issued at the unit price of seven euros and fifty cents (€7.50), *i.e.*, with an issue premium of six euros and fifty cents (€6.50) per share;

4. Resolves to cancel the preferential right of shareholder subscription rights and to reserve the entirety of the present capital increase for Dongfeng Motor (Hong Kong) International Co., Limited, a company limited by shares incorporated under the laws of Hong Kong, whose registered office is situated at 2/F, Kam Chung Comm Bldg., 19-21 Hennessy Road, Wanchai, Hong Kong, controlled by the Dongfeng Motor Group Company Limited;

5. Confers all powers on the Management Board, with the option of sub-delegation under the conditions laid down in law and in the articles of association, to implement the present authority and especially to:

a) confirm that the conditions covered in paragraph 1 of this resolution have been satisfied,

b) resolve to increase the capital and, if appropriate, postpone the increase,

c) determine, within the abovementioned limits, the characteristics, procedures and conditions for the issue and especially the date of ownership of the shares, which may be retroactive, as well as the procedures for paying them,

d) offset, where applicable, the cost of the capital increase against the premium relating thereto and deduct from this amount the necessary amounts to fund the legally required reserve,

e) receive and establish the subscriptions to the new shares and establish the proceeds relating to the capital increase and amend the articles of association accordingly, and

f) more generally, to enter into any agreement, take any measure and perform any formality that might be useful for the issue, admission to negotiation and the financial service of the shares issued by virtue of the present delegation, as well as the exercise of the rights attached thereto.

This delegation is granted for a period of nine months from the date of this Shareholders' Meeting.

EIGHTEENTH RESOLUTION

Delegation of authority to the Management Board, for a term of nine months, for the purpose of proceeding issuing ordinary shares in the Company, without pre-emption rights, to SOGEPA, for a total nominal amount of sixty-nine million, eight hundred and sixty-six thousand, six hundred and sixty-six (69,866,666) euros:

The Shareholders' Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, after having familiarised itself (i) with the report of the Management Board and (ii) with the special report of the statutory auditors, and pursuant to the provisions of the French Commercial Code and especially its Articles L.225-127 to L. 225-129-6 and L. 225-138:

1. Subject to the approval by this Shareholders' Meeting of the seventh, eighth, ninth, tenth, eleventh, twelfth, sixteenth, seventeenth, eighteenth, nineteenth and twentieth resolutions, delegates to the Management Board, with the option of sub-delegation under the conditions laid down in law and the articles of association, the authority to proceed, based solely on its deliberations, in the proportions and at the times it deems appropriate, to the issue, in France or abroad, of ordinary shares in the Company, to which the subscription must be paid in cash;

2. Resolves that the total nominal value of the present share capital increase shall be in the amount of sixty-nine million eight hundred and sixty-six thousand six hundred and sixty-six euros (€69,866,666)per issue of sixty-nine million eight hundred and sixty-six thousand six hundred and sixty-six (69,866,666)new shares each with a nominal value of one (1) euro;

3. Resolves that the new shares with a nominal value of one (1) euro shall be issued at the unit price of seven euros and fifty cents (€7.50), *i.e.*, with an issue premium of six euros and fifty cents (€ 6.50) per share;

4. Decides to cancel the preferential subscription rights and reserves the entirety of the present capital increase for SOGEPA, a joint stock company incorporated under French law and registered under number 318 186 756, in the Paris Register of Commerce and Companies, the company address being 56, rue de Lille, 75007 Paris, and owned by the French Republic;

5. Confers all powers on the Management Board, with the option of sub-delegation under the conditions laid down in law and the articles of association, to implement the present authority, and especially to:

   a) confirm that the conditions covered in paragraph 1 of this resolution have been implemented,

   b) resolve to increase the capital and, if appropriate, postpone the increase,

   c) determine, within the abovementioned limits, the characteristics, procedures and conditions for the issue and especially the date of ownership of the shares, which may be retroactive, as well as the procedures for paying them,

d) offset, where applicable, the cost of the capital increase against the premium relating thereto and deduct from this amount the necessary amounts to fund the legally required reserve,

e) receive and establish the subscriptions to the new shares and establish the proceeds relating to the increase in capital and amend the articles of association accordingly, and

f) more generally, enter into any agreement, taking any measure and performing any formality that might be useful for the issue, admission to negotiation and the financial service of the shares issued by virtue of the present delegation, as well as the exercise of the rights attached thereto.

This delegation is granted for a term of nine months from the date of this Shareholders' Meeting.

4.5. Planned date for share issue

The planned date for the New Share issue is 29 April 2014.

The planned date for the free allocation of Warrants is 29 April 2014.

4.6. Restrictions on the free negotiability of the New Shares and the Warrants

No statutory clause shall restrict the free negotiation of the New Shares or of the Warrants and shares resulting from the exercise of the Warrants.

4.7. French regulations concerning public offerings

The Company shall be subject to the legislative and regulatory provisions in force in France concerning compulsory public offerings, public withdrawal offerings and compulsory withdrawal.

4.7.1. <u>Compulsory Public Offerings</u>

Article L. 433-3 of the French Monetary and Financial Code and Articles 234-1 *ff*. of the General Regulations of the AMF determine the conditions for the compulsory deposit of a draft public offering, containing such terms as may be declared by the AMF to be compliant, covering all capital securities and securities giving access to capital or voting rights (including the Warrants) of a company whose shares are traded on a regulated stock market.

4.7.2. <u>Takeover Bid followed by a Compulsory Buyout</u>

Article L. 433-4 of the French Monetary and Financial Code and Articles 236-1 ff. (Public Buyout Offerings), 237-1 ff. (compulsory buyout following a Takeover Bid) and 237-14 ff. (compulsory buyout following any public offer) of the General Regulations of the AMF determine the conditions for depositing a public buyout offer and the implementation of the procedure for the compulsory buyout of minority shareholders in a company whose shares are traded on a regulated stock market.

4.8. Takeover bids launched by third parties in respect of the share capital of the issuer during the previous financial year and the current financial year

No takeover bid issued by a third party has been launched in respect of the Company's capital during the previous financial year and the current financial year.

4.9. Withholding at source of dividends paid to non-residents for French tax purposes

The information contained in this Prospectus constitutes a mere summary of the French tax implications that may apply under current French tax legislation and subject to the possible application of international tax treaties, to shareholders who are not domiciled in France for tax purposes, and who hold shares in the Company other than through a fixed base in France or a permanent establishment in France and who receive dividends from ownership of such shares. The rules stated hereunder are subject to possible legislative or regulatory change (accompanied, where applicable, by a retroactive effect), or by a change in their interpretation by the French tax administration. In any event, the purpose of this information is not to constitute a complete analysis of all of the taxation effects liable to apply to shareholders who are not resident in France for tax purposes. They should consult their usual tax adviser about the taxation arrangements that apply to their particular situation.

Dividends distributed by the Company are subject, in principle, to a withholding at source, deducted by the establishment that pays the dividends, when the domicile for tax purposes or the registered office of the beneficiary is situated outside France. Subject to what is stated hereunder, the rate of this withholding at source is fixed at (i) 21% where the dividends are eligible to a 40% deduction as provided in section 2 Article 158-3 of the French General Code of Taxation and where the beneficiary is an individual whose residence for tax purposes is in a Member State of the European Union or another state that is party to the European Free Trade Association agreement that has entered into an administrative assistance treaty with France for the purpose of combating fraud and tax evasion, (ii) at 15% where the beneficiary is a body whose registered office is in a member state of the European Union or another state that is party to the European Free Trade Association agreement that has entered into an administrative assistance convention with France for the purpose of combating fraud and tax evasion, and that is taxed pursuant to the terms in Article 206-5 of the French General Code of Taxation (covering bodies that are designated generically as “non-profit organisations”) if their registered office had been situated in France and (iii) at 30% in other cases.

Independently, however, of the location for tax purposes or registered office of the beneficiary, if paid outside France in a state or territory that is non-cooperative within the meaning of Article 238-0 A of the French General Code of Taxation, dividends distributed by the Company shall be subject to withholding at the source at a rate of 75%. The list of non-cooperative states and territories is determined and published by interministerial decree and is updated annually.

Withholding at source may be reduced, or even removed, in particular (i) by virtue of Article 119 *ter* of the French General Code of Taxation applicable under certain conditions to shareholders that are corporate entities whose effective headquarters are in a member state of the European Union and who hold at least 10% of the capital of the French distributing company, (ii) in the cases and under the conditions provided in the *Bulletin officiel des Finances Publiques-Impôts* BOI-RPPM-RCM-30-30-20-40 of 12 September 2012 concerning companies or other bodies that fulfil the conditions to which are subject the application of the parent and subsidiary companies arrangements provided for in Articles 145 and 216 of the General Code of Taxation (*i.e.* these are entities that hold at least 5% of the capital of the French distributing company) whose effective head office is in another member state of the European Union or in another state that is a member of the European Free Trade Association and that has entered into an agreement with France to eliminate double taxation and containing an administrative assistance clause to combat fraud and tax evasion and that cannot transfer French withholding at source to their country of residence or (iii) by virtue of applicable international tax treaties, if applicable, or (iv) by virtue of Article 119 *bis* of the General Code of Taxation applicable under certain conditions to unit trusts constituted on the basis of a foreign law of a member state of the European Union or in another state or territory that has entered into an administrative assistance convention with France for the purpose of combating fraud and tax evasion.

It is up to the shareholders of the Company concerned to consult their usual tax adviser in order to determine whether they are liable (i) to come under the legislation concerning uncooperative States or territories within the meaning of Article 238-0 A of the French General Code of Taxation or (ii) to be entitled to benefit from a reduction or exemption from withholding at source, and in order to check the practical methods of application of international taxation treaties applicable, as appropriate, and in particular as provided in the *Bulletin officiel des Finances Publiques-Impôts* BOI-INT-DG-20-20-20-20 of 9 September 2012 concerning the so-called “normal” or “simplified” procedure for reduction or exemption from withholding at source under international taxation conventions.

Shareholders who are not residents of France for taxation purposes must also comply with the taxation legislation applicable in their country of residence with respect to the dividends distributed by Company, and as may be modified by the international tax treaties signed between France and the country in question.

Dividends paid by the Company to shareholders who own new shares as a result of exercising the Warrants and who are not resident in France for tax purpose shall in principle be subject, as applicable, to withholding at source according to the rules described above.

5. CONDITIONS OF THE TRANSACTION

5.1. Conditions, provisional schedule

5.1.1. Conditions of the transaction

It is contemplated that the settlement-delivery of the Reserved Capital Increases would occur on 29 April 2014, and the New Shares issued under the Reserved Capital Increases will be traded on the Euronext Paris Market as from 29 April 2014.

342,060,365 Warrants will be issued on 29 April 2014 by the Company and will be allocated gratis to the Company's shareholders whose shares have been registered for accounting purposes at the end of the day on 28 April 2014. One (1) equity Warrant shall be allocated to each holder of one (1) share of the Company. The exercise of ten (10) Warrants shall give the right to the allocation of three (3) new shares (subject to the adjustments described in this Prospectus).

Neither DMHK nor SOGEPA shall benefit from the free allocation of Warrants; for the Reserved Capital Increases are implemented after the registration date for accounting purposes considered for the allocation of Warrants.

Suspension of the right to exercise share purchase options and OCEANEs The right to exercise share purchase options for all of the option plans, as well as the right to the allocation of shares of bondholders who will have the option of converting and/or exchanging them for new or existing shares issued by the Company ("**OCEANE**"), were suspended between 31 March 2014 at 00:01 and 30 June 2014 inclusive, as required by law and regulation and respectively according to the stipulations in the rules for option plans and the procedures for issuing OCEANEs. The suspension was the subject of the publication in the *Bulletin des Annonces Légales Obligatoires* (BALO) on 24 March 2014 of the relevant notice pursuant to Article R. 225-133 of the French Commercial Code and came into effect on 31 March 2014.

Preservation of the rights of beneficiaries of the share purchase options for all option plans, bearers of OCEANEs - information for beneficiaries of the allocation of gratis shares plan

The rights of the beneficiaries of options to purchase shares in all the option plans and the rights of bearers of the OCEANEs shall be maintained in accordance with the legal and regulatory provisions and the stipulations in the regulations for option plans and the procedures for issuing the OCEANEs, respectively, in the same way as the free allocation of Warrants to shareholders. The rights of the beneficiaries of the plan for the free allocation of shares shall not be affected.

5.1.2. Amount of the issue

The total amount of the issue of New Shares, including the issue premium, shall be €1,047,999,990 (of which €139,733,332 shall be nominal and €908,266,658 for the issue premium) corresponding to the product of the number of New Shares issued, making 139,733,332 New Shares, multiplied by the price of subscribing to one New Share, *i.e*. €7.50 (constituted by €1 for the nominal share and €6.50 for the issue premium).

In the case of the Warrants that are the subject of free allocation, their issue shall not result in any proceeds.

The gross proceeds to be derived from the subscription to new shares if all the Warrants are exercised will amount to €769,635,817.50.

5.1.3. Indicative timetable for the fulfilment of the free allocation of Warrants and Reserved Capital Increases

24 March 2014	Publication of a notice in the *Bulletin des Annonces Légales Obligatoires* concerning suspension of entitlement to exercise options for the purchase of shares and the OCEANEs.
31 March 2014	Start of the period for suspension of the right to exercise share purchase and OCEANE options.
2 April 2014	AMF approval of the Prospectus and placing it online at the Company's internet site.
2 April 2014	Distribution by the Company of a press release describing the main characteristics of free allocation of Warrants and Reserved Capital Increases and the methods of making the Prospectus available.
25 April 2014	Combined Shareholders' Meeting Resolution by the Management Board to grant authority to the Chairman to perform the

	issue of Warrants and Reserved Capital Increases. Circulation of a press release describing the results of the vote at the Combined Shareholders' Meeting.
28 April 2014	Record Date* for the allocation of Warrants. Decision by the Chairman of the Management Board to issue Warrants and to implement (on the following trading day) of the Reserved Capital Increases.
29 April 2014	Subscription and release of the New Shares by DMHK and SOGEPA and issue of the New Shares.
29 April 2014	Delivery of Warrants and admission to trading on Euronext Paris.
1 July 2014	Resumption of the right to exercise share purchase options and OCEANEs.
29 April 2015	Opening of the Period for Exercising the Warrants.
29 April 2017	Closure of the Period for Exercising the Warrants – Warrants not exercised become null and void.

**Date of registration for accounting purposes to be taken into consideration for the allocation of Warrants.*

The opening of the subscription period for the Capital Increase with Preferential Subscription Rights should take place within the days following completion of the Reserved Capital Increases and the issuance of Warrants.

The public will be informed of any change to the indicative timetable above through an announcement by the Company that will be placed online at its internet site (www.psa-peugeot-citroen.com) and a notice circulated by Euronext Paris.

5.1.4. Revocation/Suspension of the transaction

The Reserved Capital Increases and the allocation of Warrants are subject to the condition of the adoption by the Combined Shareholders' Meeting of the entirety of the seventh and eighth, ninth and tenth, eleventh and twelfth, sixteenth, seventeenth, eighteenth, nineteenth and twentieth resolutions respectively concerning two appointments to membership of the Company's Supervisory Board representing the Dongfeng Motor Group Company Limited, two appointments to membership of the Company's Supervisory Board representing the French Republic, the appointments of FFP and EPF as members of the Company's Supervisory Board, the issue of the free Warrants, the reserved capital increases for the benefit of DMHK, the reserved capital increases for the benefit of SOGEPA, the Capital Increase with maintenance of preferential subscription right, and changing the ceiling for the issue of OCEANEs provided for under the sixth resolution passed by the Shareholders' Meeting of 3 June 2009, as well as the other conditions described in Chapters 4 and 22 of the Registration Document.

5.1.5. Reduction in the subscription

Not applicable.

5.1.6. Minimum and/or maximum amount of subscription

Not applicable, with respect to Reserved Capital Increases.

Not applicable, with respect to the Warrants; these Warrants are allocated gratis in the amount of one (1) equity Warrant allocated per share registered for accounting purposes by the end of the day on 28 April 2014.

5.1.7. Revocation of subscription orders

Not applicable.

5.1.8. Payment of funds and procedures for issuing the shares

The Reserved Capital Increases are planned to take place on 29 April 2014 and, consequently, the funds shall be paid and the New Shares issued on that date.

It is also planned that the Warrants will be issued on 29 April2014 through a decision by the Management Board (according to the indicative timetable), and allocated gratis to those shareholders of the Company who were registered for accounting purposes on 28 April 2014. One (1) equity Warrant shall be allocated to the holder of one (1) share in the Company.

5.1.9. Publication of the results of the offer

The Reserved Capital Increases shall be the subject of a notice of admission to trading on Euronext Paris (compartment A) and a press release issued by the Company.

The allocation of the Warrants, as well as their admission to trading on Euronext Paris, shall be the subject of a notice of admission to trading on Euronext Paris and a Company press release.

5.2. Distribution plan and allocation of securities

5.2.1. Potential investors' category – Restrictions applicable to the free allocation and exercise of the Warrants

The Warrants shall be allocated *gratis* to those shareholders in the Company who were registered for accounting purposes on 28 April 2014 based on the provisional timetable.

Restrictions applicable to the free allocation and exercise of the equity Warrant

The circulation of the present Prospectus, the exercise or sale of the Warrants or new shares resulting from the exercise of the latter may in certain countries, including the United States of America, be subject to specific regulations. Persons in possession of the present Prospectus must inform themselves of any local restrictions and comply with them. Authorised intermediaries are not entitled to accept any exercise of Warrants from clients whose address is in a country that has introduced such restrictions and any corresponding orders in this respect shall be considered as null and void.

Any person (including the trustees and nominees) receiving this Prospectus shall not distribute it or cause it to reach any such country, except in accordance with the laws and regulations applicable thereto.

Any person who, for any reason whatsoever, transmits this Prospectus or allows it to be transmitted in such countries, shall draw the attention of the addressee to the stipulations in this paragraph.

As a general rule, any person exercising the Warrants outside France should assure himself/herself/itself that the exercise thereof does not violate applicable legislation. The Prospectus or any other document concerning the transaction may only be circulated outside France if it complies with the laws and regulations applicable locally, and shall not constitute an offer of subscription in countries in which such an offer would be in breach of applicable local legislation.

a) Restrictions concerning the Member States of the European Free Trade Association (other than France) into which directive 2003/71/EC of 4 November 2003, as amended by directive 2010/73/EU of 24 November 2010 (the "**Prospectus Directive**")has been transposed.

With respect to States that are members of the European Free Trade Association other than France that have transposed the Prospectus Directive (the "**Member States**"), no action has been taken nor shall be taken that has the effect of allowing a public offering of the Warrants or the new shares issued through the exercise of the Warrants that would render necessary the publication of a prospectus in any of the Member States. Consequently, the new shares or Warrants may be allocated within the Member States solely to qualified investors, as defined in the Prospectus Directive, or under circumstances that do not necessitate the publication by the Company of a prospectus pursuant to the terms of Article 3(2) of the Prospectus Directive.

For the purposes of the present paragraph, the expression "public offering" in a given Member State shall mean any communication addressed to persons, in any form and by any means, and presenting sufficient information concerning the conditions of the offering and the securities that are the subject of the offering, that would enable an investor to decide whether to purchase or subscribe to these securities, as such definition shall have been modified, if applicable, in the Member State under consideration.

These restrictions concerning Member States are additional to any other restriction applicable in the Member States that have transposed the Prospectus Directive.

As a general rule, any person exercising their Warrants outside France shall ensure that the exercise thereof is not in breach of the applicable legislation. The Prospectus or any other document concerning the transaction, shall not be distributed outside France, except in compliance with the laws and regulations applicable locally, and shall not constitute an offer of subscription in any country in which such an offer would be in breach of applicable legislation.

(1) Restrictions concerning Italy

No prospectus has been nor shall be registered in Italy with the Italian Securities Commission (*Commissione Nazionale per la Società e la Borsa*, "**CONSOB**") in accordance with Italian stock exchange law. Consequently, no new share or equity Warrant may be allocated, sold or distributed and no copy of the present Prospectus nor any other document concerning the equity Warrant or the new shares issued through the exercise of equity warrants may not and will not be distributed in Italy, except:

(a) to qualified investors (*investitori qualificati*) (the "**Qualified Investors**"), under the terms of Article 100 of Legislative Decree no. 58 of 24 February 1998 as amended (the "**Financial Services Law**") and as defined in Article 34-*ter*, paragraph 1, letter (b) of CONSOB Regulation no. 11971 of 14 May 1999, as amended ("**Regulation no. 11971**"); or

(b) under circumstances that are exempt from application of the regulations covering public offering of financial products under the terms of Article 100 of the Financial Services Law, and Article 34-*ter* of Regulation no. 11971.

Any allocation, assignment or allocation of new shares or Warrants or any distribution in Italy of copies of this Prospectus or any other document concerning Warrants or new shares issued through the exercise of Warrants under the circumstances mentioned in (a) and (b) above should and shall take place:

(i) through an investment company or a financial intermediary approved for exercising such activities in Italy, in accordance with the Financial Services Law and Legislative Decree no. 385 of 1 September 1993, as amended (the "**Banking Law**") and CONSOB Regulation no. 16190 of 29 October 2007, as amended;

(ii) in accordance with Article 129 of the Banking Law and on the basis of the guide to the application thereof published by the Bank of Italy (*Banca d'Italia*) by virtue of which the Bank of Italy may require certain information about the issue or offer of financial securities in Italy; and

(iii) in accordance with any Italian stock exchange or fiscal law and exchange controls regulation and any legal and regulatory provision applicable and any other condition or limitation that may be imposed by the CONSOB or the Bank of Italy.

This Prospectus, any other document concerning the Warrants or new shares issued through the exercise of Warrants and the information they contain may only be used by those originally intended to receive them and may not, under any pretext, be distributed to third parties resident or situated in Italy. Persons resident or situated in Italy other than any of the original addressees of this Prospectus may not rely on it or its contents.

(2) Restrictions concerning the United Kingdom

The Prospectus is distributed and destined solely for those persons who (i) are situated outside the United Kingdom, (ii) are "investment professionals" (namely, persons with professional experience in investment matters) pursuant to Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (iii) are "high net worth entities" or any other person falling within the field of application of Article 49(2) (a) to (d) ("high net worth companies", "unincorporated associations", etc.) of the Order (referred to collectively hereunder as "**Qualified Persons"**).

Any invitation, allocation or agreement to subscribe, purchase or any other acquisition agreement relating to Warrants or the new shares issued through the exercise of Warrants may only be offered to or entered into with Qualified Persons. The new shares issued through the exercise of Warrants may not be allocated or issued to the benefit of persons situated in the United Kingdom other than Qualified Persons. Any person other than a Qualified Person may not act or use this Prospectus or any of the provisions thereof as a basis for action. The persons responsible for circulating this Prospectus shall comply with the legal conditions for the circulation of this Prospectus.

b) Additional restrictions concerning other countries

(1) Restrictions concerning the United States of America

Neither the Warrants nor the new shares issued through exercise of the Warrants have been registered nor shall they be registered within the meaning of the Securities Act of the United States of America, as amended (U.S. Securities Act of 1933, as amended, designated hereinafter as the "**U.S. Securities Act"**). Warrants and the new shares issued through exercise of Warrants may not be allocated, sold, exercised or delivered throughout the territory of the United States of America, as defined by the provisions of the U.S. Securities Act, except to Qualified Institutional Buyers as defined in Rule 144A of the U.S. Securities Act, in the context of an offer made under an exemption from the registration obligations of the U.S. Securities Act. Consequently, in the United

States, investors who are not Qualified Institutional Buyers may not subscribe to the new shares or exercise the equity warrants.

Subject to the exemption provided in Section 4(2) of the U.S. Securities Act, no envelope containing applications to exercise Warrants may be mailed from the United States of America or despatched in any other manner from the United States of America and any persons exercising their Warrants and applying for shares in a registered form must provide an address outside the United States of America.

Each subscription to new shares or any person purchasing and/or exercising Warrants shall be considered to have declared, guaranteed and acknowledged, through acceptance of the delivery of new shares or Warrants, either that they subscribed to the new shares or purchased and/or exercised equity warrants in the context of an "offshore transaction" as defined in Regulation S of the U.S. Securities Act, or that they are a "Qualified Institutional Buyer" as defined in Rule 144A of the U.S. Securities Act and, in the latter case, they shall be required to sign a statement in English signer ("Investor Letter") addressed to the Company on the form available from the Company.

Subject to the exemption provided for in Section 4(2) of the U.S. Securities Act, qualified intermediaries may not accept a subscription to the new shares from clients who have an address in the United States of America and such notifications shall be considered null and void.

(2) Restrictions concerning Australia, Canada and Japan

Equity Warrants and the new shares issued through the exercise of Warrants may not be allocated, sold or acquired in Australia, Japan and, subject to certain exceptions, in Canada.

5.2.2. <u>Commitment to subscription and undertaking for exercising</u>

Issue of Warrants

The Company is not aware of the intentions of its shareholders with respect to the exercise of Warrants attributed to them.

It should be noted, however, that DMHK (and Dongfeng Motor Group Company Limited), SOGEPA (and the French Republic) and EPF/FFP undertake individually, in the context of the shareholders agreement to be entered into between DMHK, Dongfeng Motor Group Company Limited, SOGEPA, the French Republic, EPF/FFP and the Company before the completion of the Transactions (which shall be valid for a ten-year period as from the settlement-delivery of the Reserved Capital Increases), not to acquire, directly or indirectly, alone or in concert with any third party (i.e. any person other than the abovementioned parties and affiliates thereof), securities representing capital in the Company over and above the number of shares that they shall hold respectively once the issue of the Warrants, the Reserved Capital Increases and the Capital Increase with Preferential Subscription Rights, including securities to result from the exercise of Warrants by EPF/FFP (it being specified that the number of equity securities of the Company held by EPF/FFP in respect of this ceiling undertaking shall not include Warrants attributed to them by the Company). This ceiling may be adjusted in the event of subscriptions on an irreducible basis to issues of Company securities with preferential subscription rights or priority right, or in the event of the free allocation of shares or equity securities. This individual ceiling undertaking may be released subject to the approval of each shareholder party to the shareholder agreement and individually representing at least 5% of the Company's capital, as well as that of the Company's Supervisory Board.

In particular, the EPF/FFP will undertake not to exercise all or part of its Warrants, if the exercise of the Warrants could cause it to hold a greater number of shares than those held individually by DMHK and by SOGEPA once the Reserved Capital Increases and the Capital Increase with Maintenance of Preferential Subscription have been achieved.

Subscription Commitments made by DMHK and SOGEPA to the Reserved Capital Increases

Under the terms of the Master Agreement entered into on 26 March 2014 between the Dongfeng Motor Group Company Limited, the French Republic, EPF/FFP and the Company, DMHK and SOGEPA undertook, each to the extent that concerned them, to subscribe in full to the Reserved Capital Increases as presented in this Prospectus, each in the amount of 69,866,666New Shares corresponding to a total amount, including the issue premium, of €523,999,995, subject in particular (i) to the adoption by the Combined Shareholders' Meeting of the resolutions mentioned in paragraph 5.1.4 of this Prospectus, (ii) to the absence of a "material adverse change*”*[2] and (iii) the entry into an underwriting agreement by a banking syndicate concerning the Capital Increase with Maintenance of Preferential Right of Subscription and covering the amount of the issue that was not the subject of subscription commitments by DMHK, SOGEPA, EPF and FFP.

Pursuant to the terms of the subscription commitments to be signed by Dongfeng Motor Group Company Limited, DMHK, the French Republic, SOGEPA and EPF/FFP on 28 April 2014, DMHK and SOGEPA will be subject, from 28 April 2014 to 25 October 2014, to a lock-up undertaking, with certain exceptions described in Section 2.4.3 of this Securities Note.

It is hereby specified that DMHK and SOGEPA and EPF/FFP are not acting in concert vis-à-vis the Company.

5.2.3. Pre-allocation Information

Not applicable.

5.2.4. Notification to Subscribers

Not applicable.

5.2.5. Over-allocation and “green shoe”

Not applicable.

5.3. Subscription Price

5.3.1. Subscription Price for the New Shares

The subscription price for New Shares under the Reserved Capital Increases is €7.50 per share, of which €1 represents the nominal value and a €6.50 represent the issue premium. As mentioned in the independent opinion described below and appended to this Securities Note, the price of the proposed Reserved Capital Increases would result in a discount of approximately 39% as compared to the closing market price and approximately 15% as compared to the weighted average price over one year (both recorded on 14 February 2014). The independent opinion contains all the elements used for evaluating the financial conditions of the transactions. These data do not take into account the theoretical value of the Warrants granted to shareholders, as described in Section 4.2.2.1 (“Theoretical value of the Warrants”) of this Securities Note.

When subscribing, the price of €7.50 per share subscribed to, representing the total nominal value plus the issue premium, must be paid for entirely in cash.

The Company’s Supervisory Board has decided to commission an opinion from an independent expert concerning the compliance of the Group of Transactions with the Group’s corporate interests, including in particular the Reserved Capital Increases and allocation of the Warrants. The firm Ricol Lasteyrie Corporate Finance was appointed as an independent expert by the Company’s Supervisory Board on 19 January 2014. The independent opinion produced by the firm Ricol Lasteyrie Corporate Finance was submitted to the Company’s Supervisory Board on 18 February 2014. The conclusions of this independent opinion are repeated in paragraph 10.3 of this Securities Note.

5.3.2. Cost of exercising the Warrants awarded gratis to shareholders

The Warrants will be allocated *gratis* to the Company’s shareholders registered for accounting purposes on 28 April 2014 according to the indicative timetable.

Ten (10) Warrants give the right to subscribe to three (3) new shares with a nominal value of €1 each for the exercise price of €7.50 per share (including the issue premium of €6.50). The price for subscribing to the Company shares must be paid in cash in full at the time the Warrants are exercised.

[2]The Master Agreement provides that Dongfeng Motor Group Company Limited and the French Republic may end this agreement in the event of a “material adverse change”, i.e., any event, circumstance or change (or series of similar events, circumstances or changes originating from the same de facto circumstances) which would result in a material adverse impact on the financial position, shareholders’ equity or results of operations of PSA and its subsidiaries (taken as a whole), but excluding any event, circumstance or change resulting from the general economic or financial conditions, or from events affecting industry in general, or any event revealed to the public or revealed to the Dongfeng Motor Group Company Limited or to the French Republic prior to 26 March 2014. This clause may only be implemented jointly by the Dongfeng Motor Group Company Limited and the French Republic and in good faith.

5.4. Investments and underwriting

5.4.1. Establishment – Investment Services provider

Not applicable.

5.4.2. Names and addresses of intermediaries entitled to hold subscription funds and share-dealing services
Not applicable.

5.4.3. Warranty – Commitment to exercise/to abstain/to retain

Warranty

Not applicable.

Commitments to exercise and retain

a) With respect to the Warrants

EPF and FFP have undertaken, with respect to Dongfeng Motor Group Company Limited, the French Republic and the Company, under the terms of the Master Agreement dated 26 mars 2014, not to sell or otherwise transfer (except to an affiliate) the Warrants allocated to them for a period of one year from the date of their allocation. As from the date following the first anniversary (inclusive) of the date of allocation of the Warrants, the commitment made by EPF and FFP shall only apply to half of the Warrants allocated to them. The commitment made by EPF and FFP to retain their Warrants shall end on the second anniversary (exclusive) of the date on which they were allocated the Warrants.

b) With respect to the New Shares

- ***Lock-up Undertaking by EPF and FFP***

EPF and FFP undertake, for a period expiring 180 days after the date of settlement-delivery of the Capital Increase with Preferential Right of Subscription, not to carry out the following transactions, unless prior written consent has been received from the leading financial institutions and the associated book-runners responsible for arranging said capital increase except in cases of merger, spin-off, public offerings or similar transactions performed on the Company's shares:

(i) to offer, assign, sell, use as collateral or otherwise transfer (especially through a market transaction, a private placement to institutional investors or in a OTC transaction), directly or indirectly (including through the use of any options product or other derivative instrument), the shares or any other financial instrument providing access, through conversion, exchange, reimbursement, presentation of a warrant, exercise, or in any other manner, immediately or in the future, to the Company's share capital (but excluding the preferential subscription rights granted to EPF and/or FFP in the context of the Capital Increase with Preferential Right of Subscription, that EPF and FFP may freely assign, subject to compliance with the commitment to hold a percentage of the Company's capital once the Capital Increase with Preferential Subscription Rights equal to that held individually by SOGEPA and DMHK) has been implemented. An assignment or transfer of shares or financial instruments allowing access to the capital of an entity affiliated to EPF or FFP, as applicable, is however authorised, on condition that (i) this entity agrees in writing to be bound by the present lock-up undertaking and (ii) this entity undertakes in writing to return the said shares or financial instruments to EPF or FFP, as applicable, before losing, as applicable, the status of an entity affiliated to EPF or FFP, as applicable;

(ii) To publicly disclose its intention to engage in such an offer, assignment, sale, use as collateral or transfer.

This undertaking shall apply to all the shares in the Company held by EPF or FFP and any new shares to which they may subscribe as part of the Increase in Capital with Maintenance of Preferential Right of Subscription or, as applicable, that they may have acquired by any other means prior to the settlement-delivery of the Increase in Capital with Maintenance of Preferential Right of Subscription.

- ***Lock-up Undertaking by DMHK***

DMHK undertakes, for a period expiring 180 days after the date of settlement-delivery of the Capital Increase with Preferential Right of Subscription, not to carry out the following transactions, unless prior written consent has been received from the leading financial institutions and the associated book-runners responsible for arranging the said capital increase except in cases of merger, spin-off, public offerings or similar transactions performed on the Company's shares:

(i) to offer, assign, sell, use as collateral or otherwise transfer (especially through a market transaction, a private placement to institutional investors or in a OTC transaction), directly or indirectly (including through the use of any options product or other derivative instrument), the shares or any other financial instrument providing access, through conversion, exchange, reimbursement, presentation of a Warrant, exercise, or in any other manner, immediately or in the future, to the Company's share capital. Any assignment or transfer of shares or financial instruments providing access to the capital of an entity affiliated with Dongfeng Motor Group Company is however permitted, on condition (i) that this entity agrees in writing to be bound by the present lock-up undertaking and (ii) that this entity undertakes in writing to return the said shares or financial instruments to Dongfeng Motor Group Company, before losing, as applicable, the status of an entity affiliated with Dongfeng Motor Group Company;

(ii) to publicly disclose its intention to engage in such an offer, assignment, sale, use as collateral or transfer.

This undertaking shall apply to all of the shares in the Company held by DMHK, all of the New Shares to which it may subscribe and to all of the New Shares to which it will subscribe under the Capital Increase with Preferential Subscription Rights or, as applicable, that it may acquire by any other means prior to the settlement-delivery of the Capital Increase with Preferential Subscription Rights.

It is also specified that Dongfeng Motor Group Company Limited will undertake to (i) hold 100% of the capital and voting rights of DMHK at all times between the date of signing of the subscription undertaking to be concluded between Dongfeng Motor Group Company Limited, DMHK and the Company and the date of settlement-delivery of the Capital Increase with Preferential Subscription Rights and to (ii) hold more than 50% of the capital and voting rights of DMHK at all times from the date of settlement-delivery of the Capital Increase with Preferential Subscription Rights to the 181st day following such date.

- ***Lock-up Undertaking by SOGEPA***

SOGEPA undertakes, for a period to expire 180 days after the date of settlement-delivery of the Capital Increase with Preferential Subscription Rights, not to carry out the following transactions, unless prior written consent has been received from the leading financial institutions and the associated book-runners responsible for arranging the said capital increase except in cases of merger, spin-off, public offerings or similar transactions performed on the Company's shares:

(i) to offer, assign, sell, use as collateral or otherwise transfer (especially through a market transaction, a private placement to institutional investors or in an OTC transaction), directly or indirectly (including through the use of any options product or other derivative instrument), the shares or any other financial instrument providing access, through conversion, exchange, reimbursement, presentation of a Warrant, exercise, or in any other manner, immediately or in the future, to the Company's share capital. Any assignment or transfer of shares or financial instruments providing access to the capital of an entity affiliated with the French Republic is, however, permitted, on condition (i) that this entity agrees in writing to be bound by the present lock-up undertaking and (ii) that this entity undertakes in writing to return the said shares or financial instruments to the French Republic, before losing, as applicable, the status of an entity affiliated with the French Republic;

(ii) to publicly disclose its intention to engage in such an offer, assignment, sale, use as collateral or transfer.

This undertaking shall apply to all the shares in the Company held by SOGEPA, all of the New Shares to which it may subscribe and to all of the new shares to which it will subscribe under the Capital Increase with Preferential Right of Subscription or, as applicable, that it may acquire by any other means prior to the settlement-delivery of the Capital with Preferential Right of Subscription.

It is also specified that the French Republic will undertake to (i) hold 100% of the capital and voting rights of SOGEPA at all times between the date of signing of the subscription undertaking to be concluded between the French Republic, SOGEPA and the Company and the date of settlement-delivery of the Capital Increase with Preferential Subscription Rights and to (ii) hold more than 50% of the capital and voting rights of SOGEPA at all times at all times from the date of settlement-delivery of the Capital Increase with Preferential Subscription Rights to the 181st day following such date.

6. ADMISSION TO TRADING AND TRADING PROCEDURES

6.1. Admission to trading

The New Shares shall be the subject of an a*pplication for admission to trading on Euronext Paris (Compartment A).*

*They shall be accepted for tr*ading as from 29 April 2014. They shall be immediately assimilated to the Company's existing shares that are already traded on Euronext Paris and shall be negotiable, as from that date, on the same quotation line as the existing shares under the code ISIN FR0000121501.

Equity Warrants allocated *gratis* to shareholders shall be the subject of an application for admission to trading on Euronext Paris. They shall be admitted to trading under code ISIN FR0011832237. Admission to trading on Euronext Paris is planned for 29 April 2014.

The new shares resulting from the exercise of Warrants shall be the subject of regular applications for admission to trading on Euronext Paris (Compartment A) and shall be negotiable on the same quotation line as the existing shares.

6.2. Place of trading

The Company's shares will be accepted for trading on Euronext Paris (Compartment A).

6.3. Simultaneous offers of shares of the Company

Not applicable.

6.4. Liquidity Contract

No liquidity contract concerning the Company's shares had been entered into by the date on which the Prospectus was approved.

No liquidity contract concerning the Company's Warrants had been entered into by the date on which the Prospectus was approved.

6.5. Stabilisation - Interventions on the market

Not applicable.

7. HOLDERS OF SECURITIES WHO WISH TO SELL THEM

Not applicable.

8. EXPENDITURE CONNECTED WITH THE ISSUE

Income and expenditure for the transactions

The gross income from the Reserved Capital Increases corresponds to the proceeds from the number of New Shares to be issued and the subscription price per unit for the New Shares. The gross proceeds from the exercise of the Warrants correspond to the proceeds from the number of new shares to be issued upon exercise of the Warrants and the subscription price per unit for the new shares upon exercise of the Warrants.

The net income from these two transactions corresponds to the sum of the gross proceeds minus the costs stated hereunder.

As an indication, the gross income and estimate of the net income from the Reserved Capital Increases and the exercise of the Warrants should be as follows:

- gross income from the Reserved Capital Increases: €1,047,999,990;
- gross income from the exercise of the Warrants: €769,635,817.50;
    - remuneration for financial intermediaries and legal and administrative costs: None
    - estimated net income from the Reserved Capital Increases: 1,047,999,990;
    - estimated net income from the exercise of the Warrants: about €769,635,817.50.

9. DILUTION

9.1. Incidence of the issue on the share of equity

Theoretical effect of the transaction on the share of equity

As an indication, the theoretical incidence (not taking account of OCEANE adjustments linked to the issue of the Warrants, nor adjustments to the Warrants and OCEANEs linked to the Capital Increase with Preferential Subscription Rights , which cannot be determined at this stage) on the issue of the New Shares and the Warrants and their exercise in full on the share of the Group's share in the consolidated *shareholders'* equity per share *(calculations performed on the basis of the Group's share in the consolidated shareholders' equity per share at 31 December 2013 – as shown in the consolidated accounts as at 31 December 2013 – and of the 354,848,992 shares forming the share capital of the Company consisted at 31 December 2013 after the deduction of treasury shares)* will be as follows:

	Share of equity per share (in €)	
	Undiluted basis	**Diluted basis(1)**
Prior to issue of the New Shares and allocation of the Warrants	20.12	20.20
After issue of 139,733,332 New Shares	16.46	16.74
After issue of 139,733,332 New Shares and exercise of all the Warrants	14.89	15.20

(1)In the event of exercise of the entirety of the 3,259,035 share purchase options and the conversion or exchange into new shares of the 22,907,053 OCEANE in circulation.

Theoretical incidence of the transaction on the shareholder's position

For information purposes, the theoretical impact (not taking account of OCEANE adjustments linked to the issue of the Warrants, nor adjustments to the Warrants and OCEANEs linked to the Capital Increase with Preferential Right of Subscription, which cannot be determined at this stage) on the issue of New Shares and Warrants and their exercise in full on the ownership of interest in the Company's share capital by a shareholder holding 1% of the Company's share capital prior to the issues and (i) not subscribing thereto and (ii) exercising the Warrants allocated to him/her/it *(calculations performed on the basis of 354,848,992 shares forming the Company's issued share capital at 31 December 2013)* shall be as follows:

	Shareholder participation (in %)	
	Undiluted basis	**Diluted basis(1)**
Prior to issue of the New Shares and allocation of the Warrants	1.00%	0.923%
After issue of 139,733,332 New Shares	0.72%	0.68%
After the issue of 139,733,332 New Shares and exercise of all Warrants – Shareholder exercising his/her/its Warrants	0.77%	0.74%
After the issue of 139,733,332 New Shares and exercise of all Warrants - Shareholder not exercising his/her/its Warrants (2)	0.59%	0.57%

(1)In the event of conversion into new shares of the 22,907,053 OCEANE in circulation.

(2) Assumption of the assignment of the Warrants by the shareholder and subsequent exercise.

9.2. Incidence on the shareholding structure of the Company

At 31 December 2013, and on the basis of information brought to the Company's knowledge, the share ownership in the Company was as follows:

Shareholders(1)	**Number of shares**	**% of capital**	**% of exercisable voting rights**	**% of theoretical voting rights**
Etablissements Peugeot Frères (EPF)(2)	22,312,608	6.29	9.93	9.63
FFP(3)	67,372,689	18.99	27.96	27.13
Maillot I(4)	164	0.00	0.00	0.00
Subtotal of EPF, FFP and Maillot I	89,685,461	25.28	37.89	36.76
Other individuals(5)	48,453,904	13.65	11.71	11.36
Employees	12,664,902	3.57	4.50	4.37
Other French institution	46,048,734	12.98	11.04	10.71
Other foreign institution	145,207,364	40.92	34.86	33.82
Treasury stock	12,788,627	3.60	-	2.97
Total	354,848,992	100	100	100

(1) Source: Euroclear TPE 31 December 2013 and NASDAQ OMX.

(2) EPF (Etablissements Peugeot Frères is an investment holding company held at the highest level by natural persons members of the Peugeot family.

(3) FFP is controlled by Etablissements Peugeot Frères.

(4) Maillot I is controlled by EPF.

(5) Individual accounts and others (by deduction)

A Shareholder Agreement will be entered into on 28 April 2014 by and among Dongfeng Motor Group Company Limited, Dongfeng Motor (Hong Kong) International Co., Limited, the French Republic, SOGEPA, EPF/FFP and the Company and will come into effect on the effective implementation date of the Reserved Capital Increases (as that term is defined below). In any event, Dongfeng Motor Group Company Limited, the French Republic and EPF/FFP will not act in concert with respect to the Company.

After the New Share issue, the EPF/FFP, DMHK and SOGEPA shall each hold 14.1% of the Company's issued share capital.

Following the Reserved Capital Increase and prior to the completion of the Capital Increase with Preferential Subscription Rights, based on the distribution of the Company's shareholding structure at 31 December 2013, the allocation of the Company's shareholding will emerge as presented in the table below. This table does not take into account the equalization in holding of shares at 14.13% and the holding of voting rights by each of EPF/FFP, DMHK and SOGEPA following the Capital Increase with Preferential Subscription Rights resulting from the neutralization commitment described in Chapter 22 of the Registration Document and the subscription undertaking of EPF and FFP:

Shareholders	% of the capital	% of voting rights
Etablissements Peugeot Frères (EPF)	4.51%	7.44%
FFP	13.62%	20.95%
DMHK	14.13%	12.54%
SOGEPA	14.13%	12.54%
Others	53.61%	46.52%

Total	100%	100%

10. ADDITIONAL INFORMATION

10.1. Advisers having a link to the offering

Not applicable.

10.2. Those responsible for auditing the accounts

Principal statutory auditors

Ernst & Young et autres
(Member of the Compagnie régionale des Commissaires aux Comptes de Versailles)
Messrs Christian Mouillon and Marc Stoessel
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1

Mazars
(Member of the Compagnie régionale des Commissaires aux Comptes de Versailles)
Loïc Wallaert and Jean Louis Simon
Tour Exaltis
61, rue Henri Regnault
92400 Courbevoie

Deputy statutory auditors

Société Auditex
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1

Patrick de Cambourg
Tour Exaltis
61, rue Henri Regnault
92400 Courbevoie

10.3. Independent opinion

The Company's Supervisory Board decided to ask for the advice of an independent opinion as to the compliance with the Group's corporate interests of the Transactions Group, and especially with respect to the Reserved Capital Increases and allocation of the Warrants.

The firm Ricol Lasteyrie Corporate Finance was appointed as an independent opinion by the Company's Supervisory Board on 19 January 2014.

The independent opinion was submitted by the firm Ricol Lasteyrie Corporate Finance to the Company's Supervisory Board on 18 February 2014.

The report's conclusions are reproduced hereunder. The independent report is reproduced in full in the appendix to this Prospectus.

"The PSA Group is encountering significant problems in the economic crisis which is affecting the automotive sector in Europe with resultant tensions on its financial position.

The Group has had to reduce its investments and research and development expenses and also meet debt repayments in 2014, 2015 2016 and the renewal of its revolving credit before July 2014 (€2.4 billion to date).

At the end of 2012, the Management Board launched an in-depth review to explore all the strategic and financial solutions to consolidate the Group's future. Detailed presentations of the different options envisioned (which we have examined) were regularly supplied to the Supervisory Board and we have verified the large number of contacts made with other carmakers. Although the prospects from benefits of the partnership with General Motors were reviewed downwards, the solution of a reinforced partnership with Dongfeng came to the fore in the summer of 2013 when the position of the markets and Peugeot S.A.'s shares ruled out a public offering.

According to the management the proposed solution satisfies the two challenges the company must overcome: It provides a solution to the financial problem whilst contributing to growing the Group in the Asia zone.

Given the current situation in the automotive market, the overcapacity in Europe and the increased weight of the emerging markets and the PSA Group's specific position, the proposed operation cannot claim to solve all the Group's problems. The question is asked whether there is a credible alternative to give PSA the time and resources to prepare for other changes.

From the information supplied to us, the industrial agreement with Dongfeng appears to be inseparable from the reserved capital increase which also favours the alignment of the interest between the partners which is necessary given the new conditions for accessing the PSA Group's technology. The consequences of waiving this agreement makes the alternative proposals by certain banks for complete recourse to the market totally uncertain

Based on the spot price on 14 February 2014, the Transaction results in a net estimated dilution of 8.8% after taking the equity Warrants allotted to current shareholders into account. This dilution must be assessed with regard to the benefits expected from the Transaction in particular the costs synergies and the estimated additional royalties from the partner for access to PSA technology as estimated by the management.

We believe that the Transaction, as it appears in the most recent Framework Agreement drafts and the MoU (Memorandum of Understanding), dated 18 February 2014 and received on 17 February 2014 in the evening, which was presented to the Supervisory Board on 18 February 2014, in order to ensure the Company's longevity, is compliant with the corporate interests of Peugeot S.A., i.e. those of the Company, its employees and its shareholders."

It is specified that the independent opinion drawn up by Ricol Lasteyrie Corporate Finance and set out in the Appendix to this Securities Note does not constitute a fairness opinion within the meaning of the General Regulations of the AMF.

10.4. ***Information contained in the Prospectus originating from a third party***

Independent opinion of the firm Ricol Lasteyrie Corporate Finance submitted to the Company's Supervisory Board on 18 February 2014.

10.5. ***Equivalence of information***

The information that is the subject of this Prospectus makes it possible to re-establish, in all significant points and as required, equality of access between the various shareholders and investors to information about the Group.

10.6. Updating information about the Company

Information about the Group as well as the principal features of the industrial and commercial partnership with the Dongfeng Motor Group is shown in the Registration Document, available at no charge at the Company's registered office, on the Company's internet site (www.psa-peugeot-citroen.com) and at the AMF internet site (www.amf-france.org).

APPENDIX

Independent opinion of Ricol Lasteyrie Corporate Finance

Peugeot S.A. – Projet W

The Independent Expert's Report

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Disclaimer

Our roles and responsibilities are neither an audit nor a limited examination. Their purpose is not for us to form an opinion on the financial statements or to perform specific verifications concerning their compliance with company law. We did not audit the historical data used but relied on the statutory auditors report for Peugeot S.A., which includes a certification without reservations of the financial statements as of 31 December 2012. A limited review was performed of the financial statements as of 30 June 2013 without any reserves being formed.

Our roles and responsibilities do not correspond to a "due diligence" mission for a lender or purchaser and do not include the works required for this type of intervention.

In general, in accordance with our letter of mission, we considered the documents disclosed to us to be correct and exhaustive and they were not subject to any specific verifications.

Contents

1. Presentation of the operation

1.1 Context of the operation and RLCF's Roles and Responsibilities

1.11 Context of our intervention

The PSA Group has been under pressure for several years due to problems in the European automotive industry in general.

The Management Board therefore launched a global assessment at the end of 2012 to explore all the strategic and financial solutions to guarantee the Group's future. Negotiations have therefore been taking place since the summer of 2013, with the Supervisory Board's approval, with Dongfeng Motor the Group's historic partner in China regarding a possible increase in Peugeot S.A.'s capital, with the participation of the French State.

The amount of the capital increase is €3 billion (excluding equity Warrants).

The planned transaction (the "Transaction") if it is approved by the General Meeting of shareholders, should be structured as follows:

(i) The gratuitous allotment of stock Warrants to existing shareholders;

(ii) A reserved capital increase totalling €1,048 billion, subscribed *pari passu* in equal shares by Dongfeng Motor and the FrenchState at a price of €7.5 per share;

(iii) A capital increase with preferential subscription rights for €1,952 billion which Dongfeng Motor and the FrenchState would subscribe their portion (i.e.: around €250 million each), the balance being guaranteed by a banking syndicate.

Peugeot S.A.'s Supervisory Board asked us to give our opinion, as an independent expert, on the Transaction's conformity with the Group's corporate interests.

Peugeot S.A. also asked us to inform the Supervisory Board of the benefit for the Group of the envisioned partnership agreement between Banque PSA Finance Bank and Santander.

We verified that the value of Banque PSA Finance used for our works corresponded to the value exteriorised by the partnership. However this analysis does not take into account possible synergies created by this new partnership for the benefit of all shareholders.

1.12 The RLCF's role and tasks

Ricol Lasteyrie Corporate Finance does not have a legal or capital connection with the companies affected by the Transaction or their advisers and holds no financial interest in the success of the Transaction or any receivable or debt outstanding with one of the companies affected by the Transaction or any person controlled by these companies within the meaning of Article L. 233-3 of the French Commercial Code.

There is no conflict of interest between Ricol Lasteyrie Corporate Finance and the companies involved in the Transaction and their advisers.

Ricol Lasteyrie Corporate Finance certifies that it knows of no past, present or future connection with the persons affected by the Transaction and their advisers liable to affect its impartiality and the objectivity of its judgement during this mission.

1.13 Work carried out

The principal content of our work:

- Analysing the draft agreements (draft Framework Agreement, draft Memorandum of Understanding "MoU" dated 18 February 2014 and received on 17 February 2014 in the evening) in order to assess the Transaction in its entirety given the Group's specific position;
- Using a multi-criteria approach to valuing Peugeot S.A.

We examined a set of accounting and financial documents during our mission (financial statements, registration document, press releases etc) published by the Company.

The Management supplied us with draft financial statements to 31 December 2013 which were being audited by the statutory auditors.

We examined the legal documentation supplied to us within the strict limits and for the sole purpose of collecting the information we required for our mission.

We had discussions with the Company's senior corporate executives and with each member of the Supervisory Board at different times in order to understand the context of the operation and the outlook for the business activity and the consequential financial estimates. These exchanges mainly involved:

- the changes in the business, the outlook for the company in the medium and long-term and the reasons for a financing requirement of around €3 billion;
- the process which had resulted in favouring the solution of a capital increase reserved for Dongfeng Motor and the French Republic followed by a capital increase with a preferential subscription right;
- Understanding the draft Industrial Partnership Agreement with Dongfeng Motor ("*Framework Agreement*").

Our analogue and stock market assessment processes involved studying the public information available on the company and comparable transactions from our databases (Thomson One, Mergermarket, Bloomberg etc.).

The details of our work are presented in Appendix 1 below.

1.2 Presentation of the companies concerned

1.21 Dongfeng Motor

Dongfeng Motor Group is a Chinese company with a Board of Directors. Its share capital totalled 8,616,120,000 yuan on 30 June 2013 represented by 8,616,120,000 ordinary shares. The company is listed on the Hong Kong stock exchange since 2005 and its market capitalisation was nearly €9.3 billion in February 2014:

Dongfeng's main shareholders on 31 December 2013 are: the Chinese state *via* Dongfeng Motor Corporation the parent company (66.86%), Standard Chartered (8.48%), Matthews International CM (8.05%), Edinburgh Partners (5.38%), T. Rowe Price (4.97%), Schroder IM (4.83%) and BlackRock (3.30%). The public float represents 33% of the capital.

1.211 Business overview

Founded in 1969, the Group is an automotive manufacturing group. It produces and markets private and commercial vehicles as well as parts for the automotive industry.

Its business activities are divided into three product segments:

- **private vehicles**: 41 models (28 sedans, 6 MPV[3] and 7 SUV[1]) solely or in joint-ventures with other companies (PSA, Honda, etc) mainly for the Chinese market;
- **commercial vehicles**: 41 models (34 lorries and 7 buses) mainly for the Chinese market;
- **Equipment and Services**: This category covers the production and sale of machined parts for the automotive industry, die-casting moulds, cutting tools and also import/export activities as well as an insurance agency.

The business is based exclusively in China.

Dongfeng's main revenue generation business is private car production with almost 77% followed by commercial vehicle production (22%) and other products, (1%).

The Group produced almost 2.15 million vehicles in 2012, 58% of which were sedans, 9% MPV, 14% SUV, 17% lorries and 2% buses.

Dongfeng mainly manufactures its vehicles through joint-ventures: Nissan with 773,000 units per year (37%), PSA 440,000 units (19 %), Honda 282,000 units (13%), Luiqi MPV 137,000 units (6%).

The Group's workforce was 109,963 at the end of 2012.

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[3] MPV: Multi Purpose Vehicle / SUV: Sport Utility Vehicle

1.212 Market and competition

The Chinese automotive manufacturing sector is driven by the growth in the middle classes. Cars sales are estimated to grow by around 8% per year on average until 2025[4].

This growth is based on two levers:

- A weak penetration rate of 6.6% for private cars, below that of South Korea (28%) or Japan (45%); and
- a potential increase in household income.

Historically, the luxury car segment has outperformed the compact vehicle segment but the trend now seems to be reversed. The Chinese policy of redistributing revenues will give access to the automotive market for the middle classes. Strong growth is expected in the SUV segment.

The Dongfeng group is the second oldest Chinese automotive maker after First Automotive Division Works (1953). With an 11% market share, Dongfeng is strongly positioned on the compact vehicle segments. It has also announced the development of the SUV range including low cost SUV.

Its main competitors are: First Automotive Division Works SAIC Motor, Chang'an Motor, Beijing Automotive Group, Guangzhou Automotive Division, Chery, BYD Automotive Division, Brilliance (China) Automotive, Jianghuai Automotive Division, Geely and Great Wall Motor.

1.213 Financial information

Dongfeng published revenue of 124 billion yuan on 31 December 2012 i.e. around €14.9 billion down from 131 billion yuan in 2011 (around €15.8 billion at constant exchange rates).

Its operating income is 12.6 billion yuan i.e. around €1.5 billion representing a margin of 10%.

The Group's financial structure is solid. The book value of its shareholders' equity stands at 57.6 billion yuan with a market capitalisation of 78.6 billion (€9.3 billion). Dongfeng's net cash position is 25.3 billion yuan (€3.1 billion).

1.22 Peugeot S.A.

1.221 History

Founded in 1886, 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 1974, Peugeot S.A. took control of 100% of Citroën S.A.'s capital, and both entities merged in 1976.

In 1978, the Chrysler Corporation sold its European manufacturing and sales operations to Peugeot S.A. These companies continued using the Talbot name, before being transferred to Peugeot in 1980.

This was completed in 1979 by the purchase of all of Chrysler Financial Corporation's financial subsidiaries in Europe. This operation was a major step in developing the Group's financial activities.

In 1987, Aciers et Outillages Peugeot and Cycles Peugeot formed Ecia. After the friendly takeover of the equipment maker Bertrand Faure in 1998, the new group Faurecia purchased the automotive division of Sommer Allibert. Peugeot S.A. holds 51.7% of Faurecia today.

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[4] Coverage initiation note on the Chinese Auto market by Jefferies of May 22 2013

In 1992, the Group announced that it was creating a joint-venture with Dongfeng to develop its operations in China.

PSA Finance Holding, whose subsidiaries provide financing for Peugeot and Citroën sales, was transformed into a bank, Banque PSA Finance in 1995.

In 1998 the Group reorganised its automotive division to harmonise the legal structures with its new functional organisation. 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 the company Process Conception Ingénierie.

On 29 February 2012, PSA Peugeot Citroën and General Motors (GM) signed a "Master Agreement" announcing the creation of a worldwide strategic alliance to firstly share vehicle platforms, components and modules and secondly to purchase products and services via a joint-venture.

PSA Peugeot Citroën carried out a €999 million capital increase for this alliance and General Motors acquired 7% of the share capital, becoming Peugeot S.A.'s second largest shareholder behind the Peugeot family group.

This strategic agreement was confirmed on 19 December 2012 with the signing of final agreements for the three vehicle projects and a purchasing joint-venture.

On 20 December 2012, PSA Peugeot Citroën announced that it had sold 75% of the capital and voting rights in its subsidiary GEFCO S.A to JSC Russian Railways (RZD) in accordance with the protocol signed on 5 November 2012 following the start of exclusive negotiations on 20 September 2012. The transaction price was €800 million after the payment of an exceptional dividend of €100 million by GEFCO.

General Motors sold its Peugeot Citroën shares in a private placement on 13 December 2013 and the synergies from the Alliance were adjusted downwards.

Because of its lack of critical size, the Group has been looking for strategic and financial solutions in recent years to guarantee its medium and long-term future.

1.222 Business overview

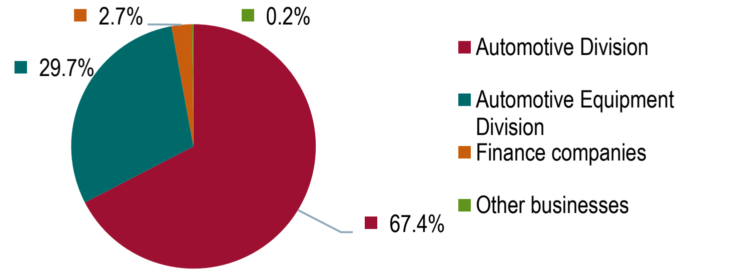
The PSA Group is Europe's second largest automotive manufacturer. It has an international presence notably in Europe, South America and Asia. It employs over 200,000 persons and realised a turnover of €54,090 million in 2013.

The Group’s operations are organised around four main segments:

- **Automotive Division:** The Automotive Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot and Citroën brands;
- **The Automotive Equipment Division:** Comprising of the Faurecia group specialising in car seats, emission control technologies and interior systems and automotive bodywork;
- **The financing division:** with Banque PSA Finance Group, which provides financing for Peugeot and Citroën sales to customers and their distribution networks;
- **Other businesses:** which include the operations of Peugeot S.A., the Group’s holding company, and Peugeot Motorcycles.

The Automotive Division is the main contributor of revenue with 67% in 2013, followed by the Automotive Equipment division with almost 30%, whilst financing and other activities are only small contributors.

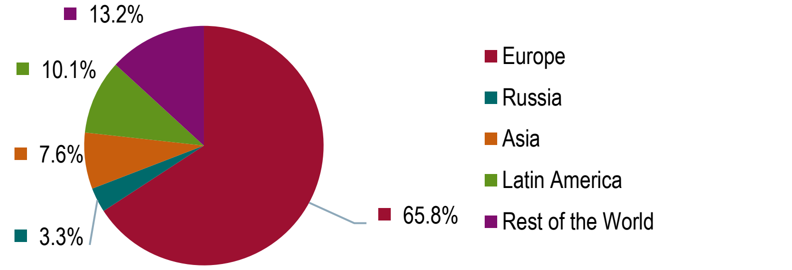
Breakdown of 2013 revenue per business division



Source: Project 2013 AR

The Group's main market is Europe accounting for 66% of 2013 revenue. The developing markets of Asia, South America and Russia account for 21% of 2013 revenue with 13% being realised in the Rest of the World.

Breakdown of 2013 revenue per geographical zone



Source: 2013 AR Project

1.223 Market analysis

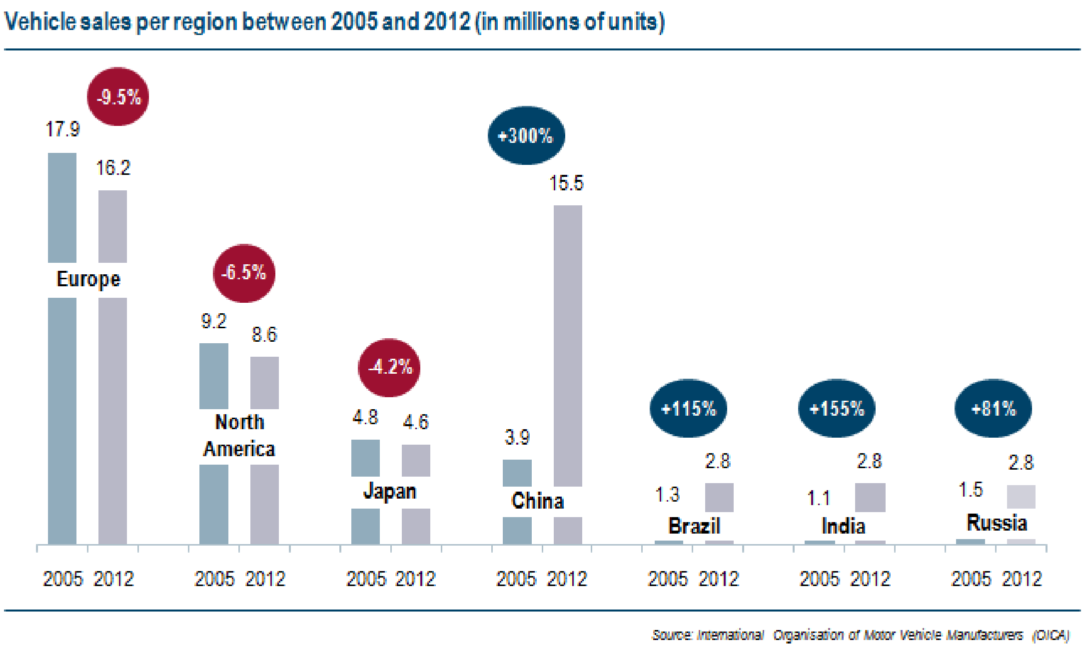
The market's historical development

The automotive industry was severely affected by the 2008 financial crisis. Automobile manufacturers and generalist medium-sized manufacturers in particular had to cope with a slowdown in their sales. However, the position differs depending on the region. Sales fell significantly in the developed countries (Europe, Japan and North America) where the car market is mature. According to the International Organisation of Motor Vehicle Manufacturers, the (OICA) sales of private vehicles collapsed in all developed countries between 2005 and 2012: -9.5 % in Europe, -6.5 % in North America and -4.2 % in Japan.

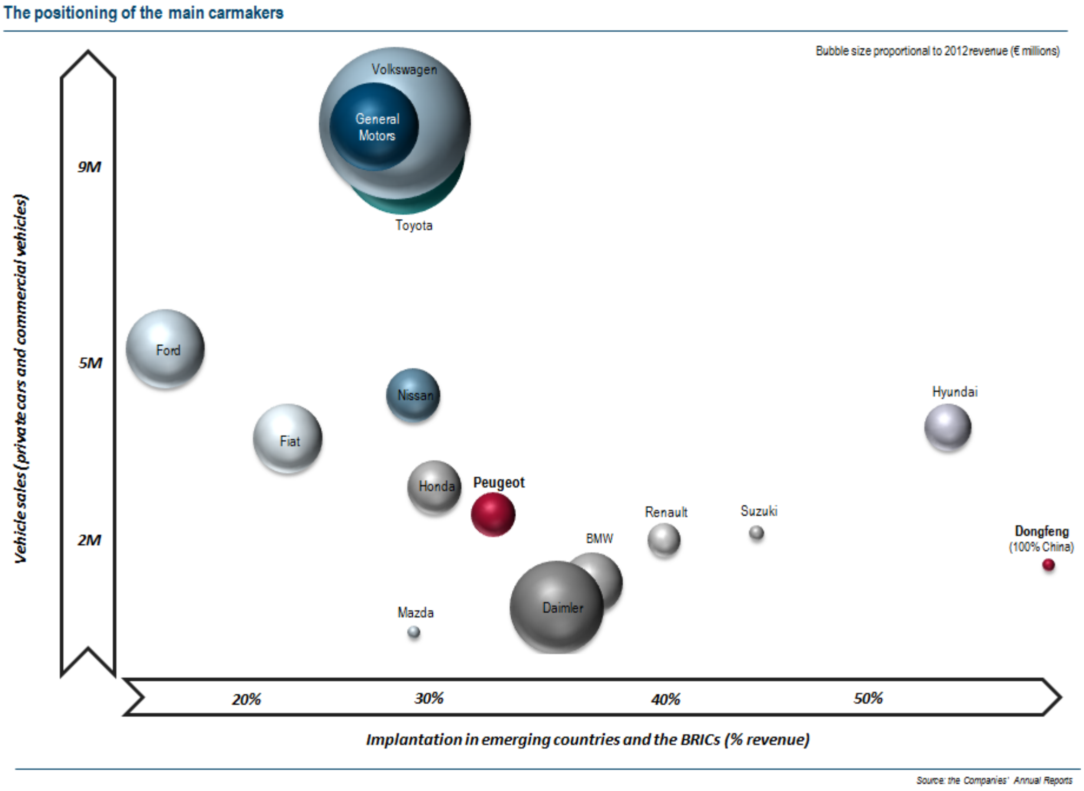
However, certain segments remain very dynamic inside these markets with a good level of profitability especially the "Entry" (or "Low Cost") segment, the "Luxury" and "Premium" segments, innovative products and commercial vehicles.

The dynamism of the market's two end segments contrasts strongly with the lifelessness in the middle of the range placing the pure generalists in an increasingly uncomfortable position.

Along with decline in the mature markets, growth and profitability have moved to the emerging countries and notably to the BRICs (Brazil, Russia, India, China), where sales have grown steadily due to the small number of cars and the increase in the standard of living, especially in China. According to the OICA, private car sales increased strongly in the BRICs over the same period especially in China (+300 %), Brazil (+115 %) and India (+155 %).



European and international automobile manufacturers have adopted different strategies as a response to this new situation. Groups like Fiat, Toyota and Volkswagen have reached critical size and have sufficient sales volume in order to be able to ride out a slowdown in demand. Manufacturers like Renault, Hyundai or Suzuki are strongly implanted in the BRICsand have developed specialised production sites tailored to local demand. Finally there has been an increase in demand on this market for high-end manufacturers like BMW or Daimler.



According to sector analysts, only two positions appear to be sustainable in the future:

- that of a large worldwide manufacturer with sales volume in excess of 5 million vehicles with strong positions on the "Entry" market;
- and that of a specialised manufacturer oriented towards Premium and Luxury.

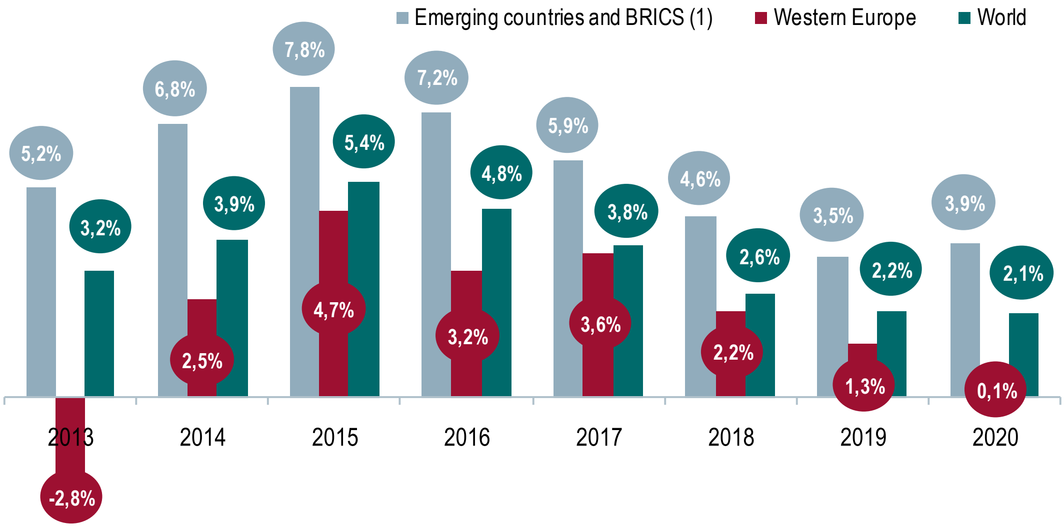
The PSA Group does not have a product in the Entry / LowCost segment. However, it has successfully entered the Premium segment with its DS Brand.

Market outlook

The attraction of the emerging countries and the BRICs should increase between now and 2020. According to Global Insight, the expected average annual growth rate between 2013 and 2020 is 6%.

After slumping in 2013, sales in Europe should increase slightly. Again, according to Global Insight, the average annual growth rate between 2013 and 2020 should be around 1.8%.

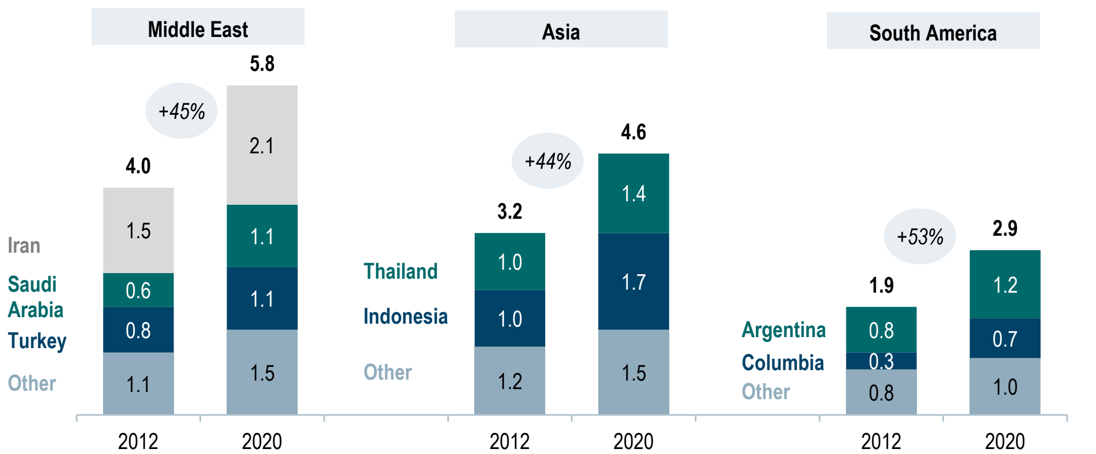
Estimated growth in light vehicle sales per region (in %)



Source: Global Insight (1) covers the countries of the ASEAN zone, India, China, Eastern and Central Europe, and South America

The world's other regions (Middle East, South East Asia, South America) also offer growth opportunities for automobile manufacturers who must not only cope with the stagnation in the mature markets but also with increased competition in the BRICs, where the large international groups have already won large market shares.

Outlook for changes in sales in the emerging countries excluding BRICs (in millions of new vehicles)



Source BCG

1.224 SWOT analysis of the Peugeot Group

Strengths	**Weaknesses**
- Leading French manufacturer and second in Europe - Very strong awareness of the Peugeot and Citroën brands in Europe - Internalisation of its equipment manufacture - Flexible production system Capacity to produce several models of the Group's two brands on common platforms - High level of technical expertise	- Very dependent on the European market - Low internationalisation outside Europe: Lack of awareness regarding emerging markets - Product-mix still strongly concentrated on mid-range vehicles - Low differentiation between the Peugeot and Citroën brands - Surplus production capacities - Deteriorated financial position with high debt and negative free cash flow - Searching for critical size to continue to compete at the worldwide level - Under-investment in R&D
Opportunities	**Threats**
- Creation of partnerships to reduce production and research and development costs - Craze for clean vehicles (hybrids) - Boom in the car market in the emerging countries and the BRICs - Development of a Premium concept around the DSbrand	- Increased European and international competition with pressure on prices - Declining European market - Strains on raw material prices - Increased financing costs

1.225 Financial performances

Performances between 2007-2012

The Group's financial results worsened considerably between 2007–2012.

Consolidated revenue fell from €58.7 billion in 2007 to €48.4 billion in 2009 following the start of the financial and economic crisis, and then improved between 2009 – 2012, reaching €55.4 billion in 31 December 2012 i.e. an annual decline over the period of -1.1%.

The European market segment in manufacturing and sales companies was particularly impacted with an average annual decline of around -5.4%, whilst total average annual growth on the other markets was around 15%.

This slowdown in business combined with an average increase of around 3% in the costs of goods and services sold has severely affected the Group's profitability Thus, current operating income fell from €1.8 billion in 2007 (3% of margin) to €-0.6 billion in 2012 (-1%).

The Group has accumulated losses, culminating in €5 billion in 2012 due to significant asset depreciation (€4 billion). It has seen its equity capital fall drastically from €14.5 billion in 2007 to €10.6 billion in 2012. Its recourse to debt has increased under increasingly unfavourable conditions (with rates of more than 7% for the last debt issues), changing from a positive cash position of €1.4 billion for industrial and commercial activities in 2007 to net financial debt of €-3.2 billion in 2012.

Two plans were set up in 2012 to alleviate the operational and financial difficulties:

- The 2012 Cash Plan at the start of the year enabled €1.1 billion of savings on purchase costs and overheads in 2012. It also included asset disposals. The target was exceeded with €2 billion of sales (Citer, 75% of GEFCO and the Head Office) representing 500 million more than the initial target;
- The 2015 Bounceback plan was launched mid-2012 with a target of €1.5 billion of operational optimisations to: reorganise the industrial base in France, reduce structural costs, reduce investments and optimise production costs (this last part largely based on the alliance with General Motors).

2013

As in previous financial years, the trend continued in the 2013 financial year with a decline in business activity despite the launch of 17 new vehicles.

Consolidated turnover is therefore €54.1 billion, down 2.4% compared to 2012. Business activity weakened considerably in the first six months of 2013 with a fall of -3.8% compared to the first six months of 2012 and a fall of -1% in the last six months compared to the last six months of 2012.

The results of the manufacturing and sales companies contracted again on the European market with a fall of -5.7% in sales, whilst foreign markets grew by over 13% with the main contributors continuing to be the Peoples Republic of China and South America with growth of +20.3% and +2.5% respectively.

The deterioration in operating income was limited to €-177 million (margin of -0.3%) thanks to the restructuring efforts during 2013, notably combining an industrial reorganisation with a redeployment of the workforce.

Impairment tests on the Group's cash generating units led to new write-downs on the Group's plants in Russia and Latin America for €1 billion.

The net result on 31 December 2013 is €-2.2 billion.

The deterioration in business activity has affected the Group's financial structure. The book value of equity capital fell to €7,791 million, i.e. a reduction of over 46% since 2007. The net financial debt of manufacturing and sales activities has risen to €4,148 million, an increase of 32% since the end of 2012.

2. Analysis of the processes which have led to the planned operation

2.1 History of the Group's difficulties

The PSA Group's sales of 3 million vehicles a year does not achieve the critical size required for a general constructor with an international vocation. The alternative to size is the choice of a niche positioning. However the PSA Group's strategic choices have not been oriented in this direction. The Group is therefore trapped between firstly the Premium makers which are enlarging their range on all segments and secondly the players positioned on entry level ranges whose implantation in low labour cost countries or tighter policies regarding their range and optimised production costs allowing more aggressive pricing strategies.

Geographically, the Group is mainly positioned on the European market (especially on the South European markets) although worldwide growth is expected to come from the American or emerging countries market. PSA's activities on these markets have had differing fortunes: satisfactory in China, difficult in Russia (unsuitable range) and in South America (in terms of profitability).

Europe's weight is also felt on the industrial front with nine terminal plants (vehicle assembly plants) in the European Union out of 11 (after the closure of Aulnay), excluding joint-ventures. This impacts the average production cost and the competitiveness of the Group's vehicle brands.

With regards to its commercial positioning, the PSA Group suffers from an over-representation of intermediate segments in its offer. Moreover, the Group's two brands compete on the same market segments. A response to this problem has begun with the launch of the DS line.

The Group's market share in Europe has deteriorated in recent years, falling from 14.2% in 2010 to 11.9% in 2013. In these circumstances, the car division consumes a lot of cash, over €200 million per month in 2012 (negative operational cash flow of €2.5 billion), which fell in 2013 thanks to the cost-cutting measures set up.

The Group has established numerous one-off partnerships with other manufacturers: Renault, Fiat, Ford, Toyota, BMW or Mitsubishi, with reductions in research and development costs and some significant benefits but have never enabled it to solve the problem of critical size. Some of these partnerships (e.g. BMW with hybrid technologies) have seen their scope reduced.

The partnership with General Motors which was very promising when it started in March 2012 has gradually reduced (problems of compatibility with General Motors' Chinese partner, a change of management resulting in a more reserved attitude towards to the developments in Europe). The synergies expected from the partnership have been downsized by around a third.
Moreover, General Motors sold its stake in Peugeot S.A. in December 2013.

In addition, the PSA Group had to suspend its business activity on the Iranian market because of the toughening of sanctions against Iran (the Group's biggest market outside France).

The Group's operational difficulties in a context of the economic crisis which is badly affecting the automotive sector in Europe have been coupled with the tensions in its financial position following downgrades in its ratings by the rating agencies (the Group lost its investment grade status in 2009). As a consequence, the Group has had to sharply reduce its investment and R&D programme, which is reflected by the hole in the 2015-2016 launch programme. The deterioration in the financial position has badly affected the terms for refinancing the credit activities (Banque PSA Finance) impacting its competitiveness, with negative consequences of car sales (especially corporate fleets).

Finally the Group has to make significant loan repayments in the next three financial years: €943 million in 2014, €472 million in 2015 and €2.1 billion in 2016 (including €538 million of convertible bonds).

According to the advisory bank, the envisioned partnership with Santander could release an estimated €1.8 billion. It is important to stress that €1.2 billion of this estimated cash gain comprises the anticipated distribution of theoretically surplus cash and has to be confirmed by the supervisory bodies, creditor banks and rating agencies. The other operational gains expected depend on the management's targets being achieved. Although the operation enables the Group's credit offer, which is an essential support for selling vehicles, to be safeguarded, it is not an immediate solution to the Group's financing problem.

2.2 The search for partners

The Group's structural difficulties and the gradual attrition of the content of the partnership with General Motors led to negotiations in 2013 with all the manufacturers with significant potential synergies with PSA and no major incompatibilities with its existing partners. The timetables of the contacts and the detailed presentations to the Supervisory Board on the various options envisioned have been disclosed to us. The members of the Supervisory Board praised the quality and accuracy of the analyses to them on this plan on several occasions.

No credible alternative could be presented to the Supervisory Board after these contacts.

The management also contacted French investors during road-showsand informal contacts were taken also by an advisory bank without any formal process being implemented

2.3 The Transaction with Dongfeng

Dongfeng Motor is PSA's historical partner in China (since 1992) and this partnership has enabled the Group to acquire a 3.6% market share in this country. Both companies have developed a quality relationship. The Chinese group presented itself as a natural lead when analysing possible partnerships. The conditions for taking an equity stake changed considerably during the negotiations and the market conditions with the scenario of a 100% reserved capital increase giving way to the mixed operation on which we are asked to give our opinion today. We understand that the price of €7.5 (combined with equity Warrants) was negotiated at length, with the first negotiations starting at €6.8 (without equity Warrants).

The operation should enable the PSA Group to consolidate its growth in China and in the other countries in Asia in the future, which are strong growth and high profitability areas (the Framework Agreement concluded by the parties is presented below in paragraph 3.21).

However this agreement does not solve the problem of critical size as Dongfeng is not contributing any presence in Europe or on the American markets and its technological contribution is mainly oriented towards the emerging markets. The answer to the question of critical size therefore remains on the new management's roadmap without the operation reducing the Group's margins of manoeuvre.

2.4 Choice of capital increase method

The market conditions and the position of Peugeot's stock in the summer of 2013 ruled out a capital increase by public offering.

The negotiations with Dongfeng and the French State therefore began on the basis of a capital increase reserved 100% for the two new shareholders, an option which significantly dilutes existing shareholders.

As the market context improved in the second half of 2013, a plan with a reserved part and a part open to the market (DPS) was able to be drawn up.

According to the information from the members the Management Board, the option of a capital increase performed 100% via the market is incompatible with the Chinese partner's position which has clearly stated that it would not approve such a plan and that the industrial aspects, as envisioned and the planned capital increase are conditional on each other.

At the same time, Peugeot S.A. would not have entered into an industrial agreement of this kind with new conditions of access to Peugeot's technology without a capital contribution from the partner guaranteeing an alignment of interests.

One of the three banks proposing to guarantee the capital increase partially or totally via the market for €3 billion describes the partnership with Dongfeng as an essential part of the equity story required for such operation to be successful. The other two consider such a partnership as positive for the equity story, without however considering the impact on the price of a stop to negotiations with Dongfeng, the risks of such an operation on its size and its feasibility under conditions acceptable to the shareholders.

3. Valuation of the share price for the Transaction

3.1 Analysis of Peugeot S.A.'s share value.

3.11 Valuation methods not used

3.111 Net asset value

We examined the draft balance sheet as of 31 December 2013 showing shareholders' equity, Group share totalling €6,882 million with 354 848 992 shares, i.e. €20.12 after cancelling the treasury shares (12,788,627).

The Statutory Auditors drew attention to the impairment tests on the Automotive Division's assets in note No. 9.1[5] of the Appendix to their General Report on the 2013 financial statements which states: "*The tests were based on a medium-term plan, the financing conditions of which had not been definitely decided on 31 December 2013. It emphasises that the Group is confident in its ability to establish the corresponding funding".*

Note 40 of the Statutory Auditors' report also mentions the events after the year-end which show that the Management Board and the Supervisory Board decided on 18 February 2014, to submit a capital increase of €3 billion to the next General Meeting of shareholders and that this will make it possible to finance the Group's current medium-term plan and relaunch its growth.

The reference to the net asset value is not a valuation method as such.

3.112 Adjusted net asset value

The adjusted net asset value values a company's shareholders' equity based on the market value of its assets and liabilities.

The assets are mainly the production tool, intellectual property (technology, trademarks) and expertise in optimising supplies. This method is not considered to be relevant for manufacturing companies, apart from the exception of a very large real estate portfolio. The industry's overcapacity in Europe also rules this method out.

3.113 Dividend yield

The company has not distributed any dividends since 2010. The financial position and outlook presented in the business plan do not suggest that there will be any dividend distributions in the medium term. This method therefore cannot be used.

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5 Draft consolidated statements as of 31 December 2013, dated 6 February 2014

3.12 Valuation methods used

We adopted a multi-criteria approach to valuing the company incorporating the following valuation methods and references:

Principally:

- The stock market price and analysts' stock market price targets;
- Recent transactions onPeugeot S.A. shares;
- An analogical method using multiples from comparable companies.

For information:

- An intrinsic method of the sum of the parts, based on discounting the estimated cash flows for the automotive activity, discounting the Faurecia Group's estimated cash flows and discounting the estimated dividends from PSA Finance Bank's financing activity;
- An analogical method based on the multiples from comparable transactions.

Number of shares

The company's share capital comprises 354,848,992 shares in circulation, including 12,788,627 treasury shares.

We therefore based our valuation on 342,060,365 shares.

Bridgefrom enterprise value to equity value

With respect to analogicalmarket approaches, the adjustment to determine the equity value is calculated from the provisional financial statements as of 31 December 2013. This corresponds to a net adjusted debt (including minority interest) of €4,386 million and incorporates the following:

- Peugeot S.A.'s net consolidated debt as of 31 December 2013 *i.e*. €4,148 million;
- Minority interests with a net book value of €909 million on 31 December 2013;
- Provisions and liabilities (disputes and buyback) with a net book value of €934 million as of 31 December 2013.

Reducing the debt:

- The net book value of equity securities totalling €32 million;
- and the net book value of equity accounted shares of €1,573 million.

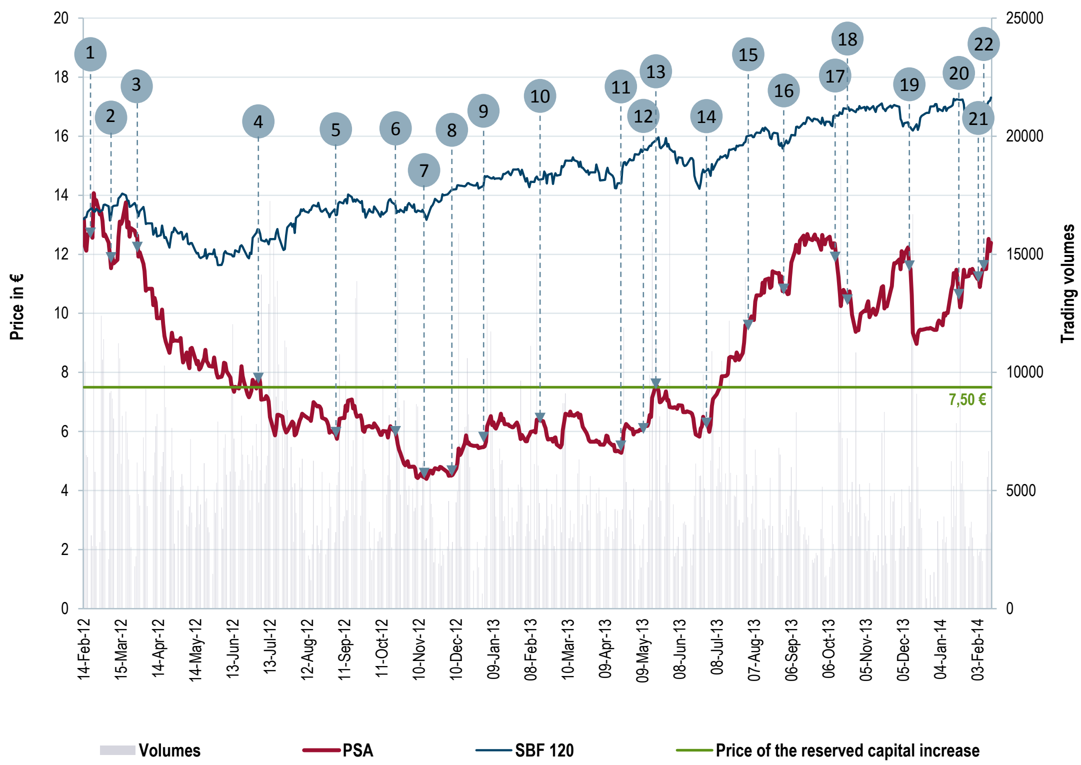
For discounting future cash flows, we included the interest in the Chinese DPCA joint-venture in the flows using a business plan provided by the management and adjusted the minority interests in the value of Faurecia as debt. The adjustment is a net debt of €6,309 million.

3.121 Reference to the stock market price and analysis of financial analysts' target prices

Analysis of the stock market price

Peugeot S.A. stock has been listed since 1925. It is traded in compartment A of NYSE Euronext Paris, under the code ISIN FR0000121501.

Comparative change in PSA price and SBF 120 rebased on 2 years to 14 february 2014



Sources : Datastream, Factiva

Reference	Date	Event
1	22/02/2012	Any negotiations on a possible merger between PSA and GM are covered by La Tribune.
2	06/03/2012	PSA carried out a € 1.0 billion capital increase with a 42% discount, providing an opportunity for GM to buy into the share capital.
3	28/03/2012	The € 1.0 billion capital increase launched on 6 March was a success. GM bought a 7% stake in PSA.
4	29/06/2012	PSA announced the closing of its historic Aulnay facility and the elimination of 5,000 jobs in France.
5	05/09/2012	Rumour that RZD (Russia) made an offer of € 1 billion to buy a 75% share in GEFCO.
6	12/10/2012	A report by the firm Secafi confirmed PSA's financial vulnerability. The French government developed a bail-out plan for Banque PSA Finance.
7	06/11/2012	PSA announced the sale of 75% of its subsidiary GEFCO to Russia's RZD for € 800 million.
8	12/12/2012	Rumour that the Algerian government may buy a share in PSA.
9	08/01/2012	Rumour that the group may sell its parts manufacturer, Faurecia, and that the merger with Germany's Opel will be stepped up.
10	14/02/2013	2012 annual results: historic loss of € 5 billion.
11	24/04/2013	Publication of Q1 2013 revenue marked by an increase in group sales in China.
12	14/05/2013	PSA unveiled its new Peugeot 308.
13	23/05/2013	PSA announced a sharp YTD rise in sales in China (+32% since 1 January).
14	30/06/2013	Rumours of possible talks focused on Dongfeng's potential purchase of a share or the increase of GM's share.
15	31/07/2013	H1 2013 publication marked by the first signs of a recovery (group's losses cut in half).
16	30/08/2013	Investor profit-taking following the sharp rise in the share price (+53%) over the summer.
17	14/10/2013	Rumours of a potential reserved capital increase by PSA of around €3 billion subscribed for in equal shares by Dongfeng and the French government.
18	28/10/2013	Rumours that China's Dongfeng might be hesitant to invest in the group.
19	13/12/2013	GM announced the sale of its 7% stake in the group via private placement with institutional investors.
20	20/01/2014	Rumour of a reserved capital increase of between €7.5 and €8 /Publication of 2013 sales.
	20/01/2014	On closing, the group issued a press release detailing the principles of operation, the share recovered to its level of January 17 after 3 trading days
21	04/02/2014	The ADAM (Association for the protection of minority shareholders) issued an alert on the projected terms of the deal.
22	07/02/2014	The Supervisory Board of PSA announced its full support for the Deal (AOF dispatch).

On the date of our works, the Group's market capitalisation is €4,397 million.

The PSA share has lost 6% of its value in the last two years with an extremely large price fluctuation range between €4.40 and €14.07.

Peugeot S.A.'s share price collapsed in 2012 losing almost 50% of its value over the period and descending to its lowest point in almost 20 years (€4.40 on 16 November 2012). This very steep fall resulted in the company leaving the CAC 40 index in September 2012, where it had been historically present since its creation in 1987.

The price then stabilised during the first six months of 2013 between €5.5 and €6.5 before rising sharply during the summer of 2013 (+105% between 1 July 2013 and 15 September 2013):

- The price increased by 42% between 1 July 2013 and 30 July 2013 from €6.3 to €9 following rumours of industrial partnership with Dongfeng and GM consolidated its position in the capital and secondly, some analysts increasing their recommendations following the good results in the automotive market during May;
- The price then increased by around 40% between 31 July 2013 and 15 September 2013 crossing the €12.5 threshold following the publication of better-than-expected results for the first six months of 2013 notably due to improvements in market conditions and Faurecia's performance.

The second half of 2013 was also marked by two significant falls in the share price in October 2013 (-20% over the month) and in December 2013 (-19% over the month) firstly as a reaction to the possible €3 billion recapitalisation of the Group entirely by the French State and Dongfeng and secondly the announcement of General Motors' sale of its 7% interest in the Group.

The PSA share slid again on 20 January (-11%) following the publication of the 2013 sales and the rumour of a reserved capital increase. A press release the same day after the market had closed, confirmed the principle of the capital increase reserved for Dongfeng and the French State, a Rights Issue, and the allotment of equity Warrants to current shareholders with an exercise price equal to the price of the reserved capital increase.

Following this publication the price which now incorporates the main characteristics of the Transaction rose by 12.5% between January 21st and 24th back to the level of 17 January, i.e. €11.48.

After falling sharply in 2012 (-48% compared to +17 % for the SBF 120) Peugeot S.A.'s share price recovered during 2013 increasing by 73% (compared to 20% for the SBF 120).

Over the entire period (from 14 February 2012 to 14 February 2014) the share lost around 6% of its value although the SBF 120 increased by over 30% during the same period.

After fluctuating at levels below the price planned for the reserved capital increase operation (€7.5) between July 2012 and July 2013, the Peugeot S.A. share price largely exceeded this price during the second half of 2013.

The price increased by 96% between June 30, 2013 and 14 February 2014 compared to 39% for the sector (Indice Euro Stoxx Auto & Parts)

Review of PSA's share price

Price - in €	14/02/2014	Liquidity	in Thousands
Spot	12,39 €	1-month average volume	4 300
Market capitalisation, in €m	4 397	3-month average volume	4 202
1-month weighted average	11,31 €	6-month average volume	4 233
3-month weighted average	10,75 €	Sum Volume 1 year	1 183 696
6-month weighted average	10,92 €	NOSH	354 849
12-month weighted average	8,79 €	Free float 31/12/2012	67,7%
24-month weighted average	8,17 €	1-year capital rotation	334%
12-month high	12,69 €	1-year free float rotation	493%
12-month low	5,28 €		

Source: Datastream

We also examined the recommendations by analysts published in the last year (cf. details in the Appendix). They show strong increases in target prices from under €6 before 30 June 2013 to more than €11 based on recommendations since the publication of Q3 2013 and almost €12 since the operation was announced on 20 January 2014.

Summary of analyst price targets

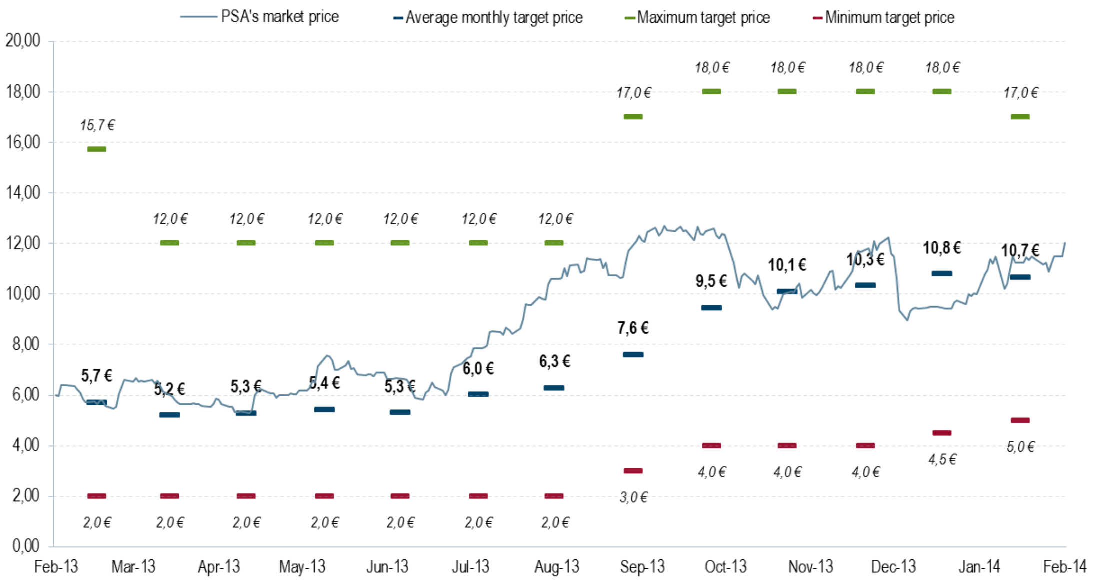
In euros	Price targets
Average price targets before 30 June 2013	5.93 €
Average price targets since the Q3 2013 publication (24/10/2013)	11.45 €
Average price targets since 20 January 2014	11.98 €

Source: Bloomberg

After monitoring the change in average monthly target prices compared to the Peugeot S.A. share price we have established that these target prices have progressed in the same way as the share over a year (+87% compared to +99% for the Peugeot S.A. share).

Analysts' opinions differ greatly: of the 21 analysts who have published since the investor day in November 2013, nine recommend purchasing the share with an average target price of €15.1, nine recommend selling the share with average target price of €8.4 and only four are neutral (average target of €10).

Change in the market price and PSA's target prices over a year



Source: Datastream

The share's great liquidity makes the market price an essential value benchmark. Upwards, it is sensitive to any rumour of consolidating industrial partnerships and downwards to any reference to a reserved capital increase. It has fluctuated between €5.28 and €12.69 over the last 12 months i.e. in average of €8.75 over the year. The spot price was €12.39 on 14 February 2014.

The planned price for the reserved capital increase is a discount of around 39% compared to the spot market price and around 15% compared to the average price weighted over a year.

3.122 Recent trading data on the share

Capital increase in March 2012 at a price of €8.27 per share.

The company carried out a €999 million capital increase on March 27, 2012 performed with preferential subscription rights. It issued 120,799,648 shares at a price of €8.27 i.e. a 42% discount compared to the benchmark market price, with the theoretical value of the preferential subscription right working out at €2.02 based on the closing price on March 5, 2012, *i.e.* a total price of €14.20 per share.

Each holder of preferential rights can irreducibly subscribe to the capital increase at the rate of 16 new shares for 31 existing shares i.e. a value per share of €12.18.

General Motors, participating in this capital increase acquired a 7% interest in the Group's capital.

General Motors sale of its shares in a private placement in December 2013

On 12 December 2013 the American automobile manufacturer, in a private placement, sold the all of its 7% stake in Peugeot S.A.'s capital to institutional investors at price of €10 per share, (i.e. 24.8 million shares) which the Group had acquired in March 2012. The closing market price on the same date was €10.63.

These two valuation benchmarks are relevant, as an investment accompanied by an industrial section is involved.

3.123 The peer trading multiples method

The peer trading multiples method involves determining a company's value by applying the multiples observed for other listed companies in the same business sector with aggregates considered to be relevant.

Determining the sample

Selection criteria

We apply the peer trading multiples method to the PSA group as a whole and we favoured the following criteria when creating our sample:

- listed companies with an activity which is close or similar to the Peugeot Group's activity notably with an integrated banking business dedicated to financing vehicle sales;
- The relevance of the market price: Sufficient liquidity /public float /coverage by analysts

Choice of sample

Our sample comprises the following companies.

Summary of growth and profitability of sample

Local currency	Currency	Market cap.	EV	2012 revenue	Revenue growth				EBITDA margin				EV/EBITDA multiple				EV/EBIT multiple			
					2013e	2014e	2015e	2016e	2013e	2014e	2015e	2016e	2013e	2014e	2015e	2016e	2013e	2014e	2015e	2015e
Europe					**3%**	**5%**	**4%**	**1%**	**12%**	**13%**	**13%**	**14%**	**3.8 x**	**3.5 x**	**3.3 x**	**2.9 x**	**6.9 x**	**6.1 x**	**5.6 x**	**5.2 x**
BMW	€m	**55,161**	**52,645**	76,848	0%	5%	5%	3%	16%	16%	16%	17%	4.3 x	4.2 x	3.9 x	3.5 x	6.7 x	6.6 x	6.3 x	6.3 x
Daimler	€m	**71,685**	**56,410**	117,982	6%	6%	2%	1%	12%	12%	13%	13%	3.9 x	3.5 x	3.2 x	3.3 x	6.0 x	5.1 x	4.8 x	4.8 x
Fiat	€m	**9,146**	**28,715**	86,816	6%	6%	4%	6%	9%	10%	10%	12%	3.3 x	3.0 x	2.8 x	2.2 x	7.3 x	6.2 x	5.9 x	4.5 x
Volkswagen	€m	**92,124**	**86,688**	192,676	1%	5%	4%	-4%	12%	12%	13%	15%	3.8 x	3.4 x	3.2 x	2.8 x	7.4 x	6.5 x	5.6 x	5.4 x
United States					**3%**	**6%**	**4%**	**-1%**	**9%**	**9%**	**10%**	**11%**	**2.7 x**	**2.2 x**	**1.9 x**	**1.8 x**	**4.8 x**	**3.5 x**	**3.0 x**	**3.0 x**
Ford Motor	$m	**60,113**	**41,767**	134,252	4%	7%	3%	-1%	7%	9%	10%	10%	4.2 x	3.1 x	2.8 x	2.8 x	7.5 x	4.7 x	4.3 x	4.4 x
General Motors	$m	**49,124**	**18,566**	152,256	2%	5%	4%	0%	11%	10%	11%	12%	1.1 x	1.2 x	1.0 x	0.9 x	2.2 x	2.2 x	1.7 x	1.6 x
Asia					**13%**	**8%**	**6%**	**11%**	**11%**	**12%**	**12%**	**13%**	**3.9 x**	**3.5 x**	**3.1 x**	**2.5 x**	**5.9 x**	**4.7 x**	**4.1 x**	**3.7 x**
Dongfeng	CNYm	**75,396**	**54,873**	124,036	16%	12%	8%	N/R	11%	11%	11%	N/R	3.4 x	3.0 x	2.8 x	N/R	4.3 x	4.2 x	3.8 x	N/R
Honda Motor	Ybn	**6,726**	**7,123**	9,538	21%	11%	7%	16%	10%	11%	12%	14%	6.0 x	5.0 x	4.4 x	3.3 x	10.4 x	7.3 x	5.4 x	4.6 x
Hyundai Motor	KW bn	**59,955**	**49,889**	84,470	9%	5%	6%	17%	13%	13%	13%	N/R	4.2 x	4.0 x	3.7 x	N/R	5.5 x	5.2 x	4.6 x	4.1 x
Nissan Motor	Ybn	**4,020**	**2,980**	9,466	7%	6%	6%	6%	9%	10%	10%	12%	3.2 x	2.8 x	2.5 x	2.1 x	5.8 x	4.1 x	3.6 x	3.3 x
Suzuki	Ybn	**1,428**	**792**	2,537	11%	6%	6%	8%	10%	11%	11%	12%	2.8 x	2.5 x	2.3 x	2.0 x	4.0 x	3.3 x	3.0 x	2.9 x
Toyoto Motor	Ybn	**20,043**	**12,259**	21,930	13%	7%	5%	5%	13%	14%	14%	16%	3.8 x	3.4 x	3.1 x	2.6 x	5.3 x	4.4 x	4.0 x	3.7 x
Average					**8.6%**	**6.7%**	**5.1%**	**6.1%**	**11.0%**	**11.5%**	**12.0%**	**13.1%**	**3.7 x**	**3.2 x**	**3.0 x**	**2.5 x**	**5.9 x**	**4.9 x**	**4.3 x**	**4.0 x**
Peugeot (business plan)					**-2.4%**	**8.3%**	**6.3%**	**2.7%**	**3.5%**	**3.8%**	**4.9%**	**5.0%**	**4.8 x**	**4.0 x**	**3.0 x**	**2.8 x**	**-15.6 x**	**-50.9 x**	**18.1 x**	**10.9 x**

Source: Datastream, Companies' Annual Reports

The enterprise value (EV) is based on the market capitalisation increased by the last net debt available for the manufacturing and sales activities and minority interests. We used the closing price on 14 February 2014 for the market capitalisation.

We calculated the 2012 multiples based on published information and 2013, 2014, 2015, 2016 multiples on the basis of the IBES consensus (Datastream).

We adopted the multiple of the enterprise value related to the Ebitda and the recurring operating income (Ebit), which are the usual multiples for companies in the automotive sector.

We did not use net income multiples (PER) because of the probable differences in financing policies between the multiple operators and the differences created by different tax systems.

We carried out a calendar adjustment of the relevant metrics for comparable companies whose year-end is not 31 December (Toyota, Nissan, Honda, and Suzuki year-ending 31 March).

We did not include Mazda and Renault in our sample.

Applying the average multiples based on the spot prices to 14 February 2014, the aggregates issued from the PMTD released by the management corrected by the 2013 realised and the reviewed 2014 budget leads to the following values:

- Between €7.3 and €13.5 a share, based on the average multiple 2013, 2014, 2015 Ebitda. These differences are justified by the turnaround expected by the management from 2014, with 2013 being a year at the bottom of the cycle;
- We do not observe a positive value after applying multiple averages of Ebit.

3.124 Discounted Cash Flow Method by the sum of the parts

This method involves calculating the intrinsic value of each of the company's divisions by discounting the cash flows from its business plan at a rate which reflects the market's requirement for profitability for the company by taking an exit value at the end of this plan into account, and additioning the values to determine the value of the consolidated whole.

As the conditions for financing the medium-term plan were not definitely fixed in our works, this method is included only for information purposes.

Analysis of the company's business plan

General Points

The Group establishes and annually revises a five-year Medium-term Strategic and Financial Plan (hereafter "PMT").

The PMT begins with the orientation phase ("PMTO") published in May using a "bottom-up" approach, giving its forecasts based on the principal external assumptions and a product plan.

The main external assumptions (exchange rate, material prices, growth rate etc.) result from an external consensus whilst forecasts of changes in the automobile market are based on the Group's internal models and weighted by exchanges with competitors and external publications.

After the PMTO has been drawn up, the General Management Committee gives redefined targets to each department ("PMTOV2") enabling the teams to establish complimentary action plans which are included in the final PMT ("PMTD"), once they are validated. This is finalised and presented to the Group's Supervisory Board at the start of September.

The validated PMTD also includes a sensitivity analysis based on market assumptions and Global Insight's Europe 30 market share ("PMT GI"). This PMT GI is used for impairment tests.

The Group's management supplied us with three different PMT documents:

- The initial version validated in September 2013, ("PMTD 2013");
- The version based on Global Insight's assumptions and used as the basis for calculating impairment ("PMT GI");
- The 2013 PMTD in its updated January 2014 version ("Updated PMTD") integrating the Group's capital increase of €3 billion, asset disposals of €300 million and the synergies the Dongfeng Motor as well as the review of certain macro-economic assumptions (mainly foreign-exchange impacts) and the synergies which were initially planned with General Motors.

We based our calculations on the most recent version of the PMTD, i.e. the updated PMTD in order to obtain the best estimate of the company's value. As we are valuing the company on a "stand-alone" basis we readjusted this Updated PMTD with the assumptions concerning the capital increase, assets disposals and the tie-up with Dongfeng motor (readjustment of anticipated synergies). We also adjusted the 2013 forecasts based on the realised and updated the 2014 budget with the latest reports disclosed in January 2014.

Main assumptions

The assumptions disclosed to us can be divided into two categories

- Macroeconomic assumptions (changes in the automobile market, exchange rates, price for materials etc) from external consensus and the Group's internal models and exchanges with competitors regarding changes in the automobile market;
- and the internal assumptions of different departments made in agreement with the management.

Macroeconomic assumptions

The business plan is based on the assumption that volumes in the European market (EU 30) will contract by around 5% followed by a gradual recovery of the rest of the plan at an average annual rate of 3.2%. The sales volumes on the European market in 2018 should return to a level slightly above the level recorded in 2010 (15.7 million vehicles).

The expected growth in volumes on the Group's other markets (China, South America and Russia) is higher with average annual growths of 8.2 %, 5.2% and 4.5% respectively between 2013 and 2018.

The exchange rate assumptions which were relatively stable in the September 2013 PMTD (apart from the Argentinian market) were revised downwards in January 2014 following the current crisis in the currencies of emerging countries, negatively impacting the Group's Recurring Operating Profit(“ROI”) over the plan as a whole.

Internal assumptions

With regards to revenue, the Group anticipates an increase in its market share in Europe in 2014 from 12.5% to 12.8% followed by a gradual fall stabilising at 11.5% by 2018.

The Group's growth is mainly driven by its international sales (outside Europe) notably in China and Latin America. By 2018, the Group should be realizing 53% of its car revenue outside the European market compared to 41% in 2012.

The Group is also planning to improve its cost structure mainly through implementing a three-part restructuring plan (the Bounceback plans) which should permit substantial cost savings by 2015:

Automotive Division

The "Automotive Division's" updated PMT anticipates a big increase in revenue in 2014 and 2015 benefiting from the growth in international volumes (especially in China) and increased market share on all zones.

The decline in sales growth in 2016 is explained by the low number of new models launched.

There is renewed growth in 2017 and 2018 thanks to the increase in volumes and market share in Russia and China which more than compensate the decline seen on the European market.

Average annual growth over the plan as a whole works out at 5.4% with a strong international orientation.

The Ebitda margin grows strongly over the plan as a whole (6.8% in 2018 compared to 0.9% in 2013) and is explained by two combined effects: firstly the increased revenue and secondly, the positive impact expected from the restructuring plans.

The Ebitda margin is 6.2% in 2018 after adjustments for synergies with Dongfeng.

The ROI becomes positive from 2017 on, increasing from a margin of -3.1% in 2012 to a margin of 2.0% in 2018.

Free cash flows are negative over the period 2014-2016.

DPCA Operations

We based our assessment on the concise 2014–2017 projections which were supplied to us.

These projections anticipate strong growth in revenue which increases from €7 billion in 2013 to €12.8 billion in 2017.

Profitability improves markedly because of this strong growth with the ROI margin increasing from 6.3% to 10.6%.

As the plan is built on the assumption of sharply reduced investment (the investment assumptions include only the product plan known today) we readjusted it, and made it converge with a rate of 3.5% which is more consistent with maintaining strong growth in the future.

Faurecia's business

Faurecia's business is marked by an overall increase in its revenue (CAGR of 5.9% between 2013 and 2018) notably driven by growth peaking in 2015 and 2017 (14% and 8.1% respectively) and by a very strong improvement in its profitability.

Faurecia's Ebitda margin is forecast to increase from 6.8% in 2013 to 8.9% by the end of the plan with average annual growth of 11.9% in Ebitda over the period.

The ROI margin grows mechanically from 3.4% in 2013 to 6.0% in 2018.

Capex is expected to reduce by more than one point over the period from a 5% of revenue in 2013 to 3.8% in 2018.

Banque PSA Finance's business

The company communicated to us a business plan for the period 2014–2018 This business plan was adjusted following the gradual slowdown as of December 31, 2013 and the revised 2014 budget.

The 2013 slowdown is lower than the budget. Increased financing costs have led to a deterioration of the financial margin on loans outstanding despite higher customer entry rates. The fall in net banking income in 2013 resulted in an increase in the operating coefficient but the bank was able to maintain its cost of risk through the quality of its assets.

The business plan communicated is based on an assumption of the analysed global growth in loans outstanding of 0.70% per year over the period based on a slight fall for the first three years and an increase in the last two years.

The profitability of gross banking income on average loans outstanding is almost stable over the period at 3.7% whilst maintaining an operating coefficient of 44.9% on average and at stable cost of risk of 0.5% of average loans outstanding.

The revenue from insurance activities is stable at 0.4% of average loans outstanding from 2015 (0.2% in 2014).

Valuation works

Normative free cash flow

We built a normative free cash flow for each business division by relying on the historical levels observed over the last ten years for ROI margin (2.1% for the Automotive Division, 3.5% for Faurecia) and the Capex/Revenue ratio (6% for Automotive and 5% for Faurecia).

We adopted a ROI rate of 6.5% for DPCA which corresponds to the average for the constructors in the Asia zone in our sample and a Capex/Revenue ratio of 3.5% corresponding to the average amortisation/revenue rate over the period of the plan.

The normative free cash flow for the bank was built on the basis of an increase in loans outstanding at the end of the period of 1% and the average assumptions in the 2014-2018 plan.

Perpetual growth rate

We adopted a perpetual growth rate of 1% in central value in line with the PSA Group's historical performances over ten years apart from Faurecia where we adopted a 2.5% rate, due to its better exposure on the high-growth markets and DPCA for which we adopted a rate of 3%.

Discount rate

As the majority of comparable companies have a net positive cash position we adopted a cost for equity capital using the following parameters:

- The **Beta Coefficient** of 1.30 adopted corresponds to the average historical betas for comparable companies (source: Datastream);
- The **market risk premium** of 5.73% corresponds to the January 2014 premium (source: *Associés en Finance*);
- The**Risk free Rate** is calculated by the difference between the return hoped for from the market (*Associés en Finance*, January 2014) and the above risk premium,it works out at 2.73 %.

The cost of equity works out at 10.15% rounded down to 10% for the whole of the Peugeot Group.

This rate was adopted for all the divisions apart from DPCA where we are adopted a specific premium of 3 % i.e. a cost of equity of 13%.

We also studied the rates used by the analysts following Peugeot. Since October 2013, only two analyst's reports (Exane on 21 January 2014 and CM-CIC 8 October 2014) include a discount rate for the Peugeot Group. They are 10.5% and 11.1% respectively.

The financial flows were discounted to mid-year from 1 January 2014.

The sensitivity studies

Our works therefore result in a value in a bracket of between €7.3 and €34.2 per share. This abnormally wide bracket is connected to the Company's current position and as stated above the volatility in the value, which is due to the terminal value's determining weight, especially for the Automotive division.

The sensitivities with a variation of:

- +/-1 discounting rate point for all activities and +/-1 terminal Ebit margin point for the manufacturing and sales activities.

are presented below. The following values per share are obtained (in euros):

Sensitivity of value to discount rate and Ebit margin

Normative Ebit margin	WACC				
	8.00%	9.00%	10.00%	11.00%	12.00%
Margin -2%	1.90	0.75	-0.16	-0.91	-1.54
Margin -1%	15.24	11.90	9.32	7.27	5.59
Margin	28.57	23.04	18.80	15.45	12.73
Margin +1%	41.91	34.19	28.29	23.63	19.86
Margin +2%	55.25	45.34	37.77	31.81	26.99

We used this method for information purposes only. The terminal value represents between 120% and 170% of the automotive branch’s value because of the negative cumulative flows in the plan for the branch over the period 2014-2018. The characteristics of the normative year are entirely dependent on the market conditions as they will exist in 2019 and beyond.

In addition the envisioned future cash flows will require the financing conditions to be set up beforehand.

We note that a large majority of the analysts following the PSA share do not use this method.

3.125 The transactions multiple method

The transactions multiple method is based on an analysis of the multiples externalised during operations involving the capital of the companies in the valued entity's business sector. This approach is affected by the problem of obtaining complete information on the target companies and the terms of transactions.

Our research was carried out on the basis of the Thomson One and Mergermarket database.

We examined three international transactions (target located in Europe and in the United States) since 2010. These operations involved the capital of General Motors, Chrysler and Volvo. The General Motors operation is the only one to have been performed under normal market conditions.

Summary of trading multiples

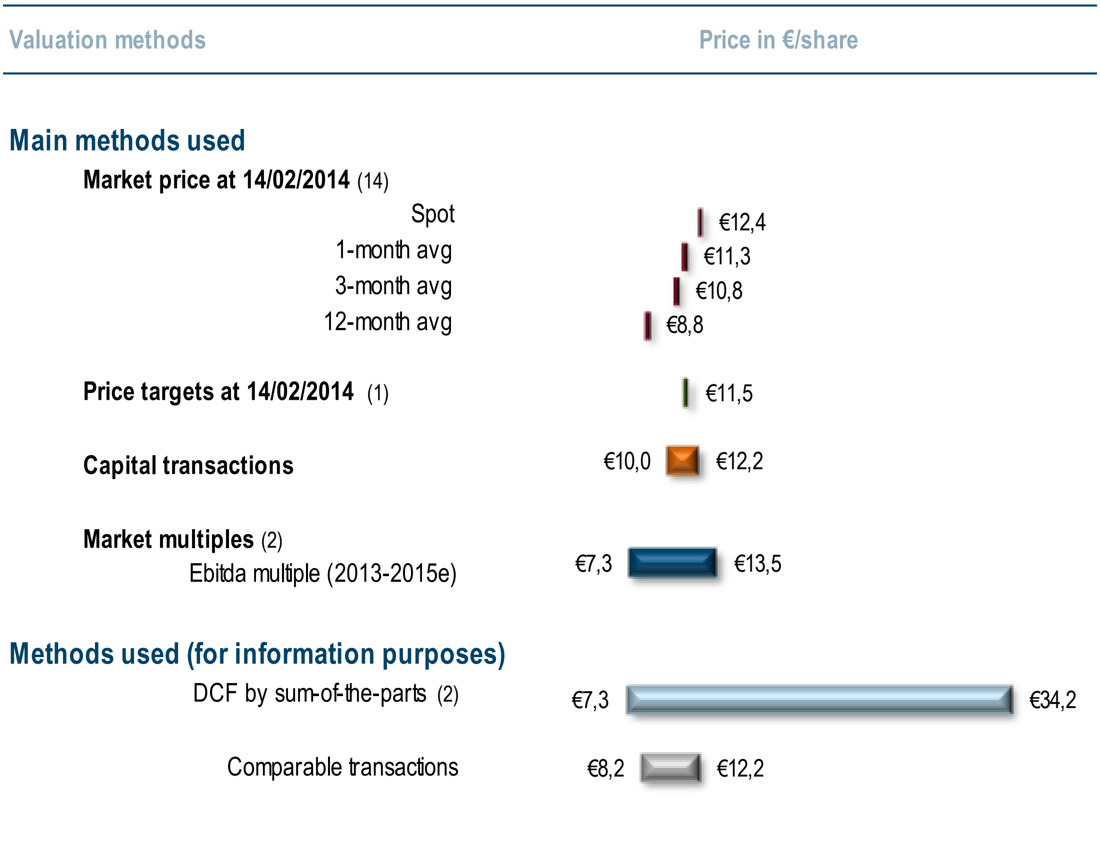
Date	Target	Country	Enterprise value	Multiples x Revenue	x EBITDA	xEBIT
21/01/2014	Chrysler	United States	12,428	0.2x	1.8x	2.8x
02/08/2010	Volvo Personvagnar	Sweden	2,722	0.2x	NA	8.5x
17/11/2010	General Motors	United States	70,799	0.5x	5.9x	13.9x

The application of the average multiple observed leads to the following values:

- Between €8.2 and €12.2 for the 2013 and 2014 Ebitda;
- No positive value for the 2013 and 2013 Ebit can be externalised.

This method is included for information purposes only as the transactions are already old and/or of little comparableness.

3.13 Summary of our valuation work



(1) as from 21 January 2014, notwithstanding the rumours that have already impacted the share price, the market can be considered to have already priced in the main details of the Deal.

(2) provided that the funding conditions are met.

3.2 Analysis of the industrial partnership and synergies

3.21 Analysis of the industrial partnership

[NB: in accordance with article L. 231*19 3° of the General regulations of the AMF *(Financial Markets Authority - Autorité des Marchés Financiers - AMF)* and article 3 of the AMF's Instruction n° 2006-07 of 25 July 2006, the company decided to protect the confidentiality of certain information in this section].

As part of our task, we analysed the draft Framework Agreement dated 18 February 2014, received on 17 February 2014, in the evening, concerning the Industrial agreement between Dongfeng Motor and Peugeot S.A., in order to examine the stakes for a shareholder in Peugeot S.A.

The two groups, Dongfeng Motor and Peugeot S.A. have had industrial and business relations for over 20 years. These relations were initiated in 1992 by the creation of *ajoint-venture*, DPCA, co-held 50%/50%

The PSA Group is in difficulties today and the Group's management is seeking a financial and manufacturing agreement so that it can recapitalise in order to honour several short-term debt repayments and also to consolidate its development in the growth areas in the automotive sector and thus end its dependency on the European market and ensure its long-term commercial and financial survival. This is the framework in which the Group analysed possible strategic partnerships and identified its historic partner Dongfeng as a credible ally capable of assisting it strategically by consolidating the Group's development in Asia and financially thanks to its capacity to mobilise a significant portion of the sum sought to recapitalise the Group (€800 million) in association with the French State.

The terms of the draft industrial agreement which go beyond the existing agreement were negotiated from the outset concomitantly with a capital increase for Peugeot S.A.

This protocol agreement which has a term of ten years and which is renewable for periods of ten years has a triple purpose:

(i) Begin a new phase of development of the DPCA joint-venture by developing new models with a strong objective of producing 1,500,000 vehicles per year in equal shares under the Peugeot, Citroën Dongfeng brands from 2020 (compared to 550,000 vehicles produced in 2013). Enriching the range will enable DPCA to improve its percentage of cover for the demand, estimated at around 60% today. It will notably involve developing vehicles under the Fengshen private brand. DPCA will have total exclusivity for the complete exploitation of Peugeot S.A. vehicles and parts of vehicles for the Chinese market;

(ii) Create a joint R&D centre which would be, depending on the choice of the parties (i) be set up by Peugeot S.A., Dongfeng and DPCA assuming that they would hold 40%, 40% and 20% of the capital respectively. It is specified that the R&D centre must always be directly or indirectly held equally by Peugeot S.A. and Dongfeng, or (ii) the DPCA technology centre. The purpose of this centre based at two sites (Shanghai and Wuhan) will be to create a centre of excellence for specific technologies and platforms for the Chinese markets initially and the ASEAN zone in the future. This R&D centre will merge with the PSA's current R&D centre in Asia and would offer PSA a more competitive solution to develop future models for the emerging markets. It would benefit from Dongfeng's expertise in terms of sourcing materials and suppliers and Peugeot S.A.'s experience in intellectual property.

(iii) Create a new joint-venture to develop vehicle sales and associated services outside China with exclusivity for exporting PSA and DPCA vehicles in ASEAN (apart from restrictions for certain countries) and also non-exclusively to other emerging/growing markets in the Asia/Pacific region (e.g. India, Australia, New Zealand) in addition to Russia. This new joint-venture can also target other regions in the world non-exclusively.

In return for this agreement, the PSA Group must grant Dongfeng and DPCA access to the intellectual property on all its past and future ready for mass productiontechnologies (i.e. a period between six months and one year before the market launch) provided that the PSA Group owns it 100%. This excludes any technology developed in cooperation with another manufacturer. This is a key point because it is essential for PSA to be able to continue to develop partnerships with other manufacturers.

This will be granted in the form of a non-exclusive worldwide license which can in turn be licensed to a limited list of Dongfeng's and DPCA's subsidiaries agreed with PSA in the agreement.

Dongfeng was already able to obtain access to PSA Group's technology, by paying royalties, under agreements which existed before the operation but requests were considered project by project and could be refused by PSA. This limitation is cancelled by this agreement.

In terms of royalties, the agreement is continuing on the bases which already exist within the scope of the cooperation with Dongfeng.

The PSA Group will be able to recapitalise and rebalance its financial structure. The management states that the agreement will enable it to consolidate its position on the world's leading automotive market in terms of growth, supported by a local R&D centre, which is the cornerstone to this development and a joint-venture dedicated to export giving access to the region's markets. In return, Peugeot S.A. agrees to grant its partner access to its own technologies.

3.22 Estimation of potential synergies

The draft Framework Agreement aims to strengthen sales growth and reduce research and development costs.

According to the management, two types of operational synergies are sought:

- Firstly, revenue synergies connected with royalties;
- And secondly, cost synergies, notably relating to research and development and purchases.

The management informed us of the estimated annual amount of synergies which is presented in the updated PMTD.

The potential values of the synergies based on the management's forecasts can be estimated by discounting the annual amounts net of tax with the cost of equity (10%) increased by a 2% premium to reflect the operational risks connected with setting up the synergies; the discount rate used therefore works out at 12%.

As the contractual term of the Industrial Partnership agreement is ten years and is renewable for ten year periods we have extrapolated the above forecasts from 2019 to 2024 to obtain a series of cash flows covering the total period of the agreement.

This extrapolation was performed on the basis of a recurring annual average level of estimated synergies of €171 million for revenue synergies and €263 million for cost synergies, respectively.

The value of synergies, determined on the contractual period of the agreement (ten years) totals €1,031 million i.e. €2.08 per share

Estimated valuation of synergies over the term of the agreement (in millions of Euros)

Probability of synergy realisation	Discount rate				
	11,5%	11,8%	12,0%	12,3%	12,5%
50,0%	530	523	516	508	501
60,0%	636	628	619	610	602
70,0%	743	732	722	712	702
80,0%	849	837	825	814	802
90,0%	955	941	928	915	903
100,0%	1 061	1 046	1 031	1 017	1 003

By taking into account a renewal of the agreement for ten years from 2024, the total value of synergies over the period 2024-2034 would be €1,521 million i.e. €3.07 per share.

Estimated valuation of synergies over twenty years (in millions of Euros)

Probability of synergy realisation	Discount rate				
	11,5%	11,8%	12,0%	12,3%	12,5%
50,0%	792	776	760	745	730
60,0%	951	931	913	894	876
70,0%	1 109	1 087	1 065	1 043	1 022
80,0%	1 268	1 242	1 217	1 192	1 169
90,0%	1 426	1 397	1 369	1 341	1 315
100,0%	1 585	1 552	1 521	1 490	1 461

3.3 Analysis of the financial position for a Peugeot S.A. shareholder after the free allotment of equity Warrants and the reserved capital increase at the price of €7.5 per share

3.31 Valuation of the equity Warrants granted gratuitously to shareholders

3.311 Terms and conditions of the equity Warrants

Characteristics of the Peugeot equity Warrants to be issued

We have it examined a draft *MoU* dated 12 February 2014 setting out the terms and conditions for the Peugeot equity Warrants which will be issued and allotted free of charge to the Group's historic shareholders prior to the reserved capital increase followed by the increase in capital with preferential subscription rights (hereafter "DPS").

The purpose of the equity Warrants issued to the historical shareholders is to enable them, if the Group's capital increase is successful, to subscribe for PSA shares under the same terms as those of the capital increase reserved for Dongfeng and the French State.

The planned exercise parity is ten equity Warrants for three PSA shares which results in the creation of an additional 30% of shares, based on the shares in circulation today.

3.312 Methods used and parameters applied

The nature of the Peugeot S.A. equity Warrants implies that we have adopted the standard methods for valuing this type of product such as Black & Scholes and Binomial models.

We used following parameters:

Spot price

The spot price on our valuation date is €12.39 at the close of trading on 14 February 2014, adjusted by the dilutive effect connected firstly to the reserved capital increase to be performed in parallel and secondly to the issuance of these equity Warrants i.e. an adjusted price of €10.25 per share.

Exercise Price

It is €7.5 i.e. the subscription price for Dongfeng Motor and the French state for entering Peugeot's capital during the reserved capital increase.

Maturity

Equity Warrants are issued for three years and can’t be exercised during the first year.

Risk free interest rate

We adopt the euro vs. Euribor three year maturity risk free interest rate which was 0.59% on 14 February 2014.

Volatility

The volatility of a Warrant of this kind is difficult to determine because of the high historic volatility surrounding the share in recent years.

The call options currently issued on the share are negotiating with very high volatilities of between 60% and 95% (*source: Bloomberg*) which vary depending on the exercise prices and maturities. There are no other call options with equivalent maturity and exercise price characteristics to those of the equity Warrants which are the subject of our study.

The analysis of the historic average annual volatility of the Peugeot S.A. share also shows high levels of between 54% and 58% over periods of between one and three years. The average volatility over ten years is almost 40%.

An analysis of historic average annual volatilities of comparable companies shows more uniform, lower levels of between 30% and 36% for periods of one to ten years.

The level of the Peugeot share's volatility should, as a result of the planned operation, diminish for reaching its historic levels. We therefore adopt the average annual volatility over ten years for the Peugeot share i.e. 40%. A higher volatility would increase the price of the Warrant, and reciprocally, lower volatility would result in a lower price for the Warrant.

Dividend and repo rate (loan-borrowing of securities):

The PSA Group has not paid a dividend since 2010. Although the recapitalisation operation is intended to give the Group the means to develop, it appears premature to us to consider the payment of dividends within three years and we factored in an absence of dividend distribution.

Firstly, we adopted a 2.5% repo rate in line with the average rates for the last public equity Warrant issues. This corresponds to the requirement for a lender banker to perform a repo operation and shares for a holder of Peugeot share Warrants, given the nature of the underlying asset.

3.313 Conclusion on the value attributable to the equity Warrants and sensitivity analyses

The application of the above parameters to the Black Scholes and Binomial models shows a unit value for the Warrants of €1.05.

We performed a sensitivity test of our values with the following parameters:

- +/-1% of volatility;
- +/-1 euro on the spot price.

Analysis of the value of equity warrants to the spot price after dilution and to volatility

		Volatility				
		30.0%	**35.0%**	**40.0%**	**45.0%**	**50.0%**
Spot price of underlying	**8.25**	0.51	0.58	0.66	0.73	0.80
	9.25	0.69	0.77	0.85	0.92	1.00
	10.25	0.90	0.98	1.05	1.13	1.20
	11.25	1.12	1.20	1.27	1.35	1.42
	12.25	1.36	1.43	1.50	1.57	1.65

The same analysis on the one month average weighted price of €11.31 on 14 February 2014, results in a valuation of €0.91 for the equity Warrant.

3.32 Financial position for Peugeot S.A. shareholder

The price of the Peugeot S.A. share was €12.39 at the close of trading on 14 February 2014.

On this basis, the dilution relative firstly to the equity Warrants issued to all current shareholders (106 million potential new shares subscribed at €7.5) before the reserved capital increase and secondly the reserved capital increase (139.8 million shares) reduces the theoretical value of Peugeot S.A.'s share by €2.14, falling from €12.39 to €10.25.

On the same basis, the value of the Warrant can be estimated at €1.05 (cf. above paragraph 3.313).

The combined theoretical value of the share and the Warrant therefore works out at €11.3 i.e. a discount of €1.09 (-8.8%) compared to the spot price on 14 February 2013.

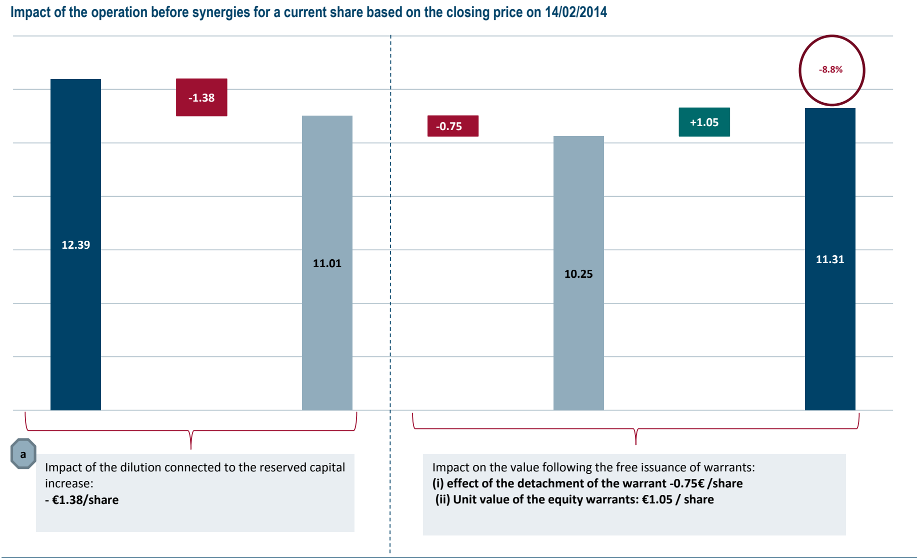
This discount must be compared with the benefits of the Industrial agreement hoped for by the management:

- These synergies which signing the Framework Agreement with Dongfeng should create, are estimated between €2.1 per share and €3.1 per share based on the management's business plan;
- The existence of indirect levers connected with the recovery of the Group;
- The capacity to generate positive cash flow once more with the potential to improve the company's financial rating and therefore have access to less expensive sources of financing. These last financial synergies are not valued in our works because they are conditional on too many uncertainties.

It should be remembered that the Peugeot S.A. share price has increased by €6.07 (i.e. 96%) since June 30, 2013, the date of the start of the rumours about possible negotiations with Dongfeng or a consolidation of the agreements with GM, although the sector has only increased by 39% (Euro Stoxx Auto & Parts index).

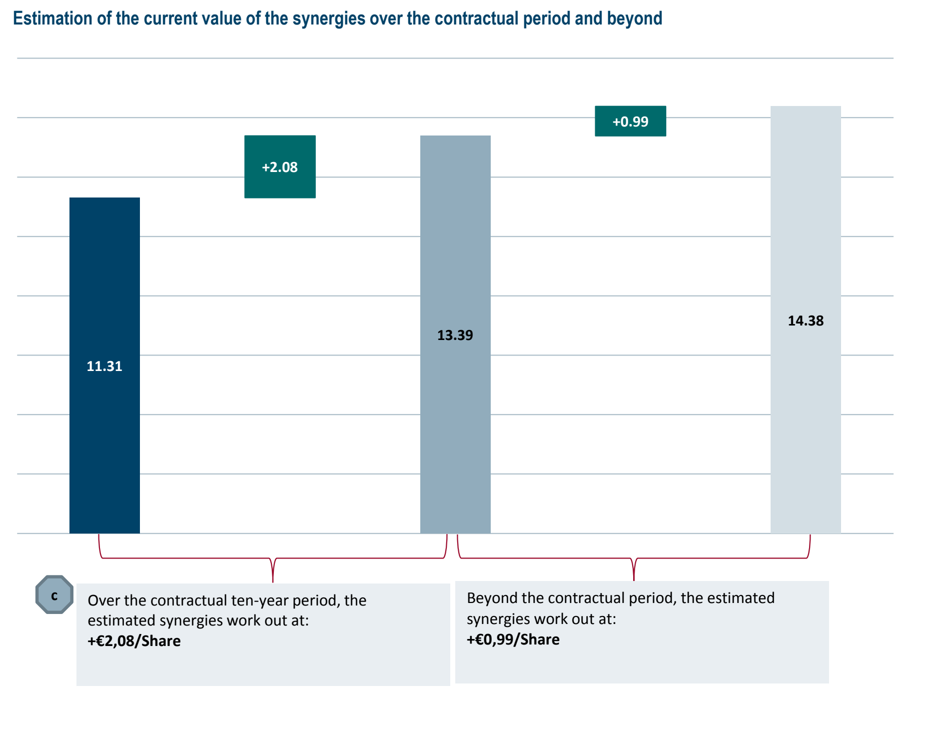
The graph below summarises the impact of the operations for a Peugeot S.A. shareholder based on the closing price on 14 February 2014.

To assist the understanding of this graph, the impact of the reserved capital increase (a) is presented before the distribution of equity Warrants (b), with a value of €11.31 calculated above before the anticipated effect of synergies.



For information, by performing the calculation based on the 1 month average price weighted by volumes (11.3 euros) the combined value of the Warrant and the share works out at €10.5 i.e. a dilution of around 1 euro (-7.2%).

The graph below shows the expected impact from synergies as previously evaluated from the information supplied by the management:



4. Opinion on the financing conditions for the Transaction

The PSA Group is encountering significant problems in the economic crisis which is affecting the automotive sector in Europe with resultant tensions on its financial position.

The Group has had to reduce its investments and research and development expenses and also meet debt repayments in 2014, 2015 2016 and the renewal of its revolving credit before July 2014 (€2.4 billion to date).

At the end of 2012, the Management Board launched an in-depth review to explore all the strategic and financial solutions to consolidate the Group's future. Detailed presentations of the different options envisioned (which we have examined) were regularly supplied to the Supervisory Board and we have verified the large number of contacts made with other carmakers. Although the prospects from benefits of the partnership with General Motors were reviewed downwards, the solution of a reinforced partnership with Dongfeng came to the fore in the summer of 2013 when the position of the markets and Peugeot S.A.'s shares ruled out a public offering.

According to the management the proposed solution satisfies the two challenges the company must overcome: It provides a solution to the financial problem whilst contributing to growing the Group in the Asia zone.

Given the current situation in the automotive market, the overcapacity in Europe and the increased weight of the emerging markets and the PSA Group's specific position, the proposed operation cannot claim to solve all the Group's problems. The question is asked whether there is a credible alternative to give PSA the time and resources to prepare for other changes.

From the information supplied to us, the industrial agreement with Dongfeng appears to be inseparable from the reserved capital increase which also favours the alignment of the interest between the partners which is necessary given the new conditions for accessing the PSA Group's technology. The consequences of waiving this agreement makes the alternative proposals by certain banks for complete recourse to the market totally uncertain

Based on the spot price on 14 February 2014, the Transaction results in a net estimated dilution of 8.8% after taking the equity Warrants allotted to current shareholders into account. This dilution must be assessed with regard to the benefits expected from the Transaction in particular the costs synergies and the estimated additional royalties from the partner for access to PSA technology as estimated by the management.

We believe that the Transaction, as it appears in the most recent Framework Agreement drafts and the MoU, dated 18 February 2014 and received on 17 February 2014 in the evening, which was presented to the Supervisory Board on 18 February 2014, in order to ensure the company's longevity, is compliant with the corporate interests of Peugeot S.A., i.e. those of the company, its employees and its shareholders.

Paris, 17 February 2014
In two (2) copies

Sonia Bonnet-Bernard **René Ricol**

Appendices

APPENDIX 1: DESCRIPTION OF THE WORKS PERFORMED

We carried out the following work programme:

Examination of the transaction and acceptance of the our roles and responsibilities
Identification of the risks and the orientation of our roles and responsibilities
Collection of information and data required to perform our roles and responsibilities: • Examination of the analysis reports on the sector and comparable companies;
• Assessment of the context of the Transaction; • Discussions with members the Supervisory Board, the Management Board, the Statutory auditors; • Analysis of the draft *Framework Agreement* of the *MoU*dated February 18, 2014 and received on October 17, 2014 in the evening.
Examination of Peugeot S.A.'s accounting and financial documentation. Examination of the documentation presented to the members the supervisory board and the various works carried out by the banking advisers.
Analysis of the stock market price: • Analysis the public float and liquidity; • Analysis of the change in the stock market price; • Summary of analyst price targets.
Analysis of recent transactions involving the Company's capital.
Implementing an evaluation approach by the discounted cash flows of the different divisions and the sum of the parts: • Analysis of the business plan prepared by the Company's management; • Valuation works; • Sensitivity analyses.
Implementing analogous methods: • Peers Multiple Methods; • Comparable transactions.
Obtaining letters of affirmation from the company's representatives.
Summarising note.
Independent review.
Writing the report.

APPENDIX 2: LIST OF PEOPLE MET AND/OR CONTACTED

PSA	Philippe Varin
	Carlos Tavares
	Jean-Baptiste de Chatillon
	Pierre Todorov
	Jean-Christophe Quemard
	Yves Bonnefont
	Olivia Larmaraud
	Gilles Comes
	Philippe Michelon
	Jean-François Aurousseau
PSA Conseil de Surveillance	Thierry Peugeot
	Jean-Philippe Peugeot
	Jean-Louis Silvant
	Patricia Barbizet
	Louis Gallois
	Pamela Knapp
	Jean-François Kondratiuk
	Jean-Paul Parayre
	Robert Peugeot
	Thierry Pilenko
	Henri-Philippe Reichstul
	Dominique Reiniche
	Marie-Hélène Roncoroni
	Geoffroy Roux de Bézieux
	Anne Valleron
Bredin Prat	Benjamin Kanovitch
	Olivier Saba
	Florence Haas
Morgan Stanley	René Proglio
	Yves Ayache
	Philippe Neff
	Thomas Contenay
Rothschild	Cyrille Harfouche
Ernst & Young	Christian Mouillon
	Marc Stoessel
Mazars	Loïc Wallaert
HSBC	Jean-Manuel Richier
JP Morgan	Kyril Courboin
Cleary Gottlieb	Pierre-Yves Chabert

Contacts were also made with several of the State's qualified representatives

APPENDIX 3: ANALYSIS OF ANALYST PRICE TARGETS

Average price targets at 30 June 2013

Broker	Date	Price target	Price	Delta vs. market price	Last reco.
Sanford C. Bernstein & Co.	25 June 2013	€4.5	€5.8	-22.7%	Market Perform.
Main First Bank AG	21 June 2013	€7.5	€6.2	21.9%	Underperform.
Exane BNP Paribas	11 June 2013	€5.0	€6.9	-27.3%	Neutral
Kepler Chevreux	5 June 2013	€5.0	€6.8	-26.7%	Reduce
Oddo & Cie	4 June 2013	€7.0	€6.8	2.9%	Neutral
HSBC	29 May 2013	€7.6	€7.4	3.3%	Overweight
Goldman Sachs	29 May 2013	€8.3	€7.4	12.8%	Neutral
Commerzbank Corporates	17 May 2013	€5.0	€6.5	-22.9%	Reduce
Macquarie	25 April 2013	€4.8	€6.0	-20.2%	Underperform.
Landesbank Baden-Wuerttember	24 April 2013	€5.0	€5.4	-8.2%	Sell
JP Morgan	24 April 2013	€4.5	€5.4	-17.4%	Underweight
Société Générale	24 April 2013	€7.0	€5.4	28.5%	Hold
Post-Q1 2013 announcement average		**€5.9**		**-6.3%**	

Source: Bloomberg

Average price targets since the Q3 2013 publication

Broker	Date	Price target	Price	Delta vs. market price	Last reco.	Delta vs. previous market price	Previous price target	Date of target change	Previous reco.
Sanford C. Bernstein & Co.	14 February 2014	€15.0	€12.1	23.9%	Outperform	50.0%	€10.0	13 January 2014	Market Perform.
Oddo & Cie	14 February 2014	€10.0	€12.1	-17.4%	Neutral	42.9%	€7.0	1 August 2013	Neutral
Bankhaus Matzler	14 February 2014	€10.5	€12.1	-13.3%	Sell	-30.0%	€15.0	14 February 2014	Buy
Natixis	13 February 2014	€18.0	€12.5	43.8%	Buy	80.0%	€10.0	12 February 2014	Neutral
ISI Group	12 February 2014	€13.0	€12.0	8.2%	Strong Buy	n/a	N/R	N/R	N/R
Commerzbank Corporates	11 February 2014	€14.3	€11.5	23.9%	Buy	1.8%	€14.0	11 February 2014	Add
Goldman Sachs	11 February 2014	€14.0	€11.5	21.7%	Buy	15.7%	€12.1	11 February 2014	Buy
Credit Suisse	6 February 2014	€9.5	€10.9	-12.8%	Underperform.	N/R	N/R	N/R	N/R
HSBC	4 February 2014	€14.0	€11.2	25.4%	Overweight	40.0%	€10.0	4 February 2014	Overweight
Exane BNP Paribas	31 January 2014	€17.0	€11.5	47.8%	Outperform	41.7%	€12.0	2 December 2013	Neutral
Deutsche Bank	31 January 2014	€10.0	€11.5	-13.1%	Hold	-28.6%	€14.0	11 June 2012	Hold
Landesbank Baden-Wuertt.	31 January 2014	€8.5	€11.5	-26.1%	Sell	30.8%	€6.5	12 December 2013	Sell
UBS	31 January 2014	€14.0	€11.5	21.7%	Buy	-17.6%	€17.0	20 December 2013	Buy
CM-CIC Securities	21 January 2014	€8.0	€10.2	-21.6%	Sell	33.3%	€6.0	26 November 2013	Sell
Nomura	21 January 2014	€8.0	€10.2	-21.6%	Reduce	n/a	N/R	N/R	N/R
Kepler Chevreux	20 January 2014	€8.0	€11.5	-30.3%	Reduce	-11.1%	€9.0	13 December 2013	Reduce
Barclays	16 January 2014	€6.0	€11.4	-47.2%	Underweight	50.0%	€4.0	28 November 2013	Underweight
JP Morgan	14 January 2014	€9.0	€10.8	-16.6%	Neutral	38.5%	€6.5	18 November 2013	Underweight
Macquarie	12 December 2013	€7.5	€11.5	-34.8%	Underperform.	15.4%	€6.5	24 October 2013	Underperform.
S&P Capital IQ	12 December 2013	€9.7	€11.5	-15.7%	Sell	-11.0%	€10.9	12 December 2013	Hold
Main First Bank AG	5 December 2013	€17.0	€12.1	40.4%	Outperform	126.7%	€7.5	24 September 2013	Underperform.
Société Générale	27 November 2013	€11.0	€10.9	0.7%	Hold	10.0%	€10.0	24 October 2013	Hold
Post-Q3 2013 announcement average		**€11.5**		**-0.6%**		**15.7%**	**€9.9**		

Source: Bloomberg

Average price targets since announcement of reserved capital increase

Broker	Date	Price target	Price	Delta vs. market price	Last reco.	Delta vs. previous market price	Previous price target	Date of target change	Previous reco.
Sanford C. Bernstein & Co.	14 February 2014	€15.0	€12.1	23.9%	Outperform	50.0%	€10.0	13 January 2014	Market Perform.
Oddo & Cie	14 February 2014	€10.0	€12.1	-17.4%	Neutral	42.9%	€7.0	1 August 2013	Neutral
Bankhaus Matzler	14 February 2014	€10.5	€12.1	-13.3%	Sell	-30.0%	€15.0	14 February 2014	Buy
Natixis	13 February 2014	€18.0	€12.5	43.8%	Buy	80.0%	€10.0	12 February 2014	Neutral
ISI Group	12 February 2014	€13.0	€12.0	8.2%	Strong Buy	N/R	N/R	N/R	N/R
Commerzbank Corporates	11 February 2014	€14.3	€11.5	23.9%	Buy	1.8%	€14.0	11 February 2014	Add
Goldman Sachs	11 February 2014	€14.0	€11.5	21.7%	Buy	15.7%	€12.1	11 February 2014	Buy
Credit Suisse	6 February 2014	€9.5	€10.9	-12.8%	Underperform.	N/R	N/R	N/R	N/R
HSBC	4 February 2014	€14.0	€11.2	25.4%	Overweight	40.0%	€10.0	4 February 2014	Overweight
Exane BNP Paribas	31 January 2014	€17.0	€11.5	47.8%	Outperform	41.7%	€12.0	2 December 2013	Neutral
Deutsche Bank	31 January 2014	€10.0	€11.5	-13.1%	Hold	-28.6%	€14.0	11 June 2012	Hold
Landesbank Baden-Wuertt.	31 January 2014	€8.5	€11.5	-26.1%	Sell	30.8%	€6.5	12 December 2013	Sell
UBS	31 January 2014	€14.0	€11.5	21.7%	Buy	-17.6%	€17.0	20 December 2013	Buy
CM-CIC Securities	21 January 2014	€8.0	€10.2	-21.6%	Sell	33.3%	€6.0	26 November 2013	Sell
Nomura	21 January 2014	€8.0	€10.2	-21.6%	Reduce	N/R	N/R	N/R	N/R
Kepler Chevreux	20 January 2014	€8.0	€11.5	-30.3%	Reduce	-11.1%	€9.0	13 December 2013	Reduce
Post 20 January 2014 average		**€12.0**		**3.8%**		**19.1%**	**€11.0**		

APPENDIX 4: SOURCES OF THE MAIN INFORMATION USED

- Significant information communicated by Peugeot S.A. and its advisers:
  - Presentation of the company;
  - Business plans;
  - Legal documents.
- Important information communicated by the company's legal advisers
  - Framework Agreement (draft);
  - Memorandum of Understanding (draft).
- Market data
  - Financial and comparable transaction analysis reports: Thomson One Banker, Mergermarket;
  - Market data: Datastream et Associés en Finance.