PSA PEUGEOT CITROËN

2011 REGISTRATION DOCUMENT

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This registration document includes forward-looking statements and information about the objectives of the PSA Peugeot Citroën Group, in particular relating to the implementation of the strategic Alliance with General Motors and to expected synergies. These statements are sometimes identified by the use of the future or conditional tense, as well as terms such as “estimate”, “believe”, “have the objective of”, “intend to”, “expect”, “result in”, “should” and other similar expressions. It should be noted that the realisation of these objectives and forward-looking statements is dependent on the circumstances and facts that arise in the future.

Forward-looking statements and information about objectives may be affected by known and unknown risks, uncertainties and other factors that may significantly alter the future results, performance and accomplishments planned or expected by the Group. These factors may include changes in the economic and geopolitical situation and, as a general manner, the risk factors described in Chapter 4 of this registration document.

Investors should read carefully the risk factors included in Chapter 4 of this registration document before making a decision on whether to invest in the Group. The occurrence of one or more of these risks may adversely affect the Group’s business, financial position or results of operations, or on its ability to achieve its objectives.

AUTORITÉ DES MARCHÉS FINANCIERS AMF

The original French version of this Registration Document was filed with the *Autorité des Marchés Financiers* (AMF) and registered under No. D.12.0128 on 5 March 2012 in accordance with the provisions of Article 212-13 of the General Regulation of the AMF.

It may be used in connection with a financial transaction in conjunction with an Information Memorandum approved by the *Autorité des Marchés Financiers*. It was prepared by the issuer and is the responsibility of the person whose Signature appears therein.

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

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PERSONS RESPONSIBLE

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STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2011 REGISTRATION DOCUMENT 6

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PERSON RESPONSIBLE FOR THE 2011 REGISTRATION DOCUMENT

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

STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2011 REGISTRATION DOCUMENT

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

I hereby declare that, to the best of my knowledge, i) the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Peugeot S.A. and of the companies in the consolidated group, and ii) the Report of the Managing Board, whose contents are described on page 402, presents a true and fair view of the business development, results and financial position of Peugeot S.A. and the companies in the consolidated group, together with a description of the main risks and uncertainties they face.

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

The Statutory Auditors' Reports on the consolidated financial statements and the separate financial statements of Peugeot S.A. for the year ended 31 December 2011 presented in section 20, may be found in sections 20.3.1 and 20.4.1.

The Statutory Auditors' Report on the consolidated financial statements for the year ended 31 December 2010 includes an emphasis of matter. The report may be found on pages 202 and 203 of the Registration Document filed with the French securities regulator (*Autorité des Marchés Financiers*) on 22 April 2011 under no. D.11-0353.

The Statutory Auditors' Report on the consolidated financial statements for the year ended 31 December 2009 includes an emphasis of matter. The report may be found on pages 201 and 202 of the Registration Document filed with the French securities regulator (*Autorité des Marchés Financiers*) on 22 April 2010 under no. D.10-0301.

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

PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Carole Dupont-Pietri
Head of Financial Communication
Phone: +33 (0)1 40 66 42 59

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STATUTORY AUDITORS

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AUDITORS

STATUTORY AUDITORS

ERNST & YOUNG

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

Christian Mouillon & Marc Stoessel
1/2 place des Saisons
92400 Courbevoie – Paris-La Défense 1

First appointed: at the Annual Shareholders' Meeting of 31 May 2011.

Appointment ends: at Annual Shareholders' Meeting called to approve the 2016 financial statements.

MAZARS

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

Loïc Wallaert
61, rue Henri Regnault
92400 Courbevoie

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

Appointment ends: at Annual Shareholders' Meeting called to approve the 2016 financial statements.

SUBSTITUTE AUDITORS

SOCIÉTÉ AUDITEX

1/2 place des Saisons
92400 Courbevoie – Paris-la Défense 1

First appointed: at the Annual Shareholders' Meeting of 31 May 2011.

Appointment ends: at Annual Shareholders' Meeting called to approve the 2016 financial statements.

PATRICK DE CAMBOURG

61, rue Henri Regnault
92400 Courbevoie

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

Appointment ends: at Annual Shareholders' Meeting called to approve the 2016 financial statements.

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SELECTED FINANCIAL INFORMATION

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CONSOLIDATED STATEMENTS OF INCOME

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

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

CONSOLIDATED BALANCE SHEETS

ASSETS

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

* *Versus respectively € 460 and 26,289 million previously reported in 2010, due to reclassification of the units in Brazilian FIDC funds from "non current assets" to "current assets".*

EQUITY & LIABILITIES

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in million euros)	2011 Manufacturing and Sales Companies	2011 Finance Companies	2011 Eliminations	2011 Total	2010 Manufacturing and Sales Companies	2010 Finance Companies	2010 Eliminations	2010 Total
Consolidated profit for the year	**430**	**354**	**-**	**784**	**862**	**394**	**-**	**1,256**
Funds from operations	**2,596**	**339**	**-**	**2,935**	**3,257**	**350**	**-**	**3,607**
Net cash from (used in) operating activities	**1,912**	**17**	**(177)**	**1,752**	**3,774**	**154**	**117**	**4,045**
Net cash from (used in) investing activities	**(3,713)**	**(19)**	**-**	**(3,732)**	**(2,804)**	**(1)**	**3**	**(2,802)**
Net cash from (used in) financing activities	**(2,691)**	**(158)**	**78**	**(2,771)**	**375**	**(137)**	**(132)**	**106**
Effect of changes in exchange rates	3	(2)	2	3	91	11	-	102
Net increase (decrease) in cash and cash equivalents	**(4,489)**	**(162)**	**(97)**	**(4,748)**	**1,436**	**27**	**(12)**	**1,451**
Net cash and cash equivalents at beginning of year	**9,253**	**1,316**	**(127)**	**10,442**	**7,817**	**1,289**	**(115)**	**8,991**
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	**4,764**	**1,154**	**(224)**	**5,694**	**9,253**	**1,316**	**(127)**	**10,442**

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The PSA Peugeot Citroën Group (hereafter referred to as the "Group" or "PSA Peugeot Citroën") pays close attention to ensuring that effective control is maintained over the risks associated with its various businesses. This Chapter describes the main identified risks and the procedures for limiting both their occurrence and their impact. It also presents the Group's insurance programmes.

The various departments identify and assess risks and evaluate the related internal controls on an on-going basis, in France and abroad, within the main units of the Automotive Division and the non-Automotive subsidiaries (except Faurecia and its subsidiaries, which have their own system).

As part of the approach, risk maps are drawn up by each operating unit and at Group level, in order to assess how well the risks are managed and draw up action plans to address any weaknesses.

A monthly reporting system has been set up to keep the Executive Committee informed about the main risks and associated action plans.

4.1. BUSINESS RISKS

4.1.1. RISKS RELATED TO THE GROUP'S ECONOMIC AND GEOPOLITICAL ENVIRONMENT

RISK FACTORS

The Group's operations and earnings can be adversely affected by difficult economic conditions as demand in one or more geographic markets can decline sharply if the economic context turns morose, and particularly in the event of a recession. The impact for the Group can be even greater if the falloff in demand hits the regions where PSA Peugeot Citroën has a strong sales presence.

In areas outside Europe, the Group is, de facto, exposed to various risks, including:

- exchange rate risk, as sharp falls in local currencies against the euro or currency overvaluation may affect the Group's ability to sell its products in certain markets;
- unfavourable changes in tax and/or customs regulations in the countries with which the Group trades;
- geopolitical events: the Group may be exposed to risks such as popular uprisings, diplomatic crises, the overthrow of a regime, arbitrary or discriminatory behaviour, or a war in a foreign country.

This exposure concerns in particular the Group's sales to Iran, a market that accounted for less than 2% of consolidated revenue in 2011.

RISK MANAGEMENT AND CONTROL PROCESSES

The Group has tightened up its management structure so that it can react swiftly to various high-risk situations. As part of this move, against a backdrop of fierce sales competition and a European market that is expected to remain lacklustre for the foreseeable future, the Group has implemented new cost-cutting measures with a view to further strengthening its Performance Plan.

The Group's globalisation strategy – which primarily involves internationalising its business activities – is a of dealing with any negative consequences that could arise in a particular geographic area as a result of a recession or serious geopolitical events.

The Group's exposure to exchange rate risks is managed mostly on a centralised basis by PSA International (PSAI) which sets up the appropriate currency hedges where required. In addition, the impact of negative currency effects is passed on in selling prices wherever possible.

4.1.2. NEW VEHICLE DEVELOPMENT, LAUNCH AND MARKETING RISKS

RISK FACTORS

The decision to develop new vehicle models or subassemblies and to introduce them in the market is backed by marketing and profitability studies. Profitability calculations are based primarily on unit sales forecasts. Any downward adjustment in a unit sales forecast may lead to the recognition of i) an impairment loss on moulds and tooling or capitalised development costs depreciated/amortised over the commercial life of the vehicle models concerned or ii) a provision to cover any contractual penalties that may be imposed in the event of a breach of take-or-pay clauses included in the Group's cooperation agreements with other carmakers.

The development of new vehicles and subassemblies also exposes the Group to risks arising from constant changes in European and global regulations, particularly in the areas of safety and the environment. The overall trend is towards increasingly strict regulations. for example, new standards are in the pipeline covering light commercial vehicles' CO_2 emissions and China is in the process of tightening up its regulations governing new technologies and carbon emissions.

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

RISK MANAGEMENT AND CONTROL PROCESSES

The Automotive Programmes Department is tasked with deploying the Group's strategic vision and enhancing value creation by ensuring the alignment of all of the contributing processes and by leading the implementation of Group programmes. This mission is global in scope. The department is responsible for ensuring that project start-ups, either by the Programme processes (Vehicles, Modules, Services) or by the participating departments (Industrial Operations, HR, etc.), are aligned with the Worldwide Master Plan and that the programmes' financial metrics are consistent with the targets set during the strategic planning process.

To cover the project management risks related to new vehicle development and process engineering, the Group leverages a comprehensive design and development process, known as the operational development plan, which is regularly updated. for each vehicle project, a set of product services, profitability, quality, time-to-market and CO_2 reduction objectives are set. Progress in meeting these objectives is tracked by a system of project milestones, corresponding to the various stages at which senior management reviews all the financial and technical indicators. In addition, the Quality Department authorises the sale of each vehicle that leaves the production line and organises any necessary recalls of faulty vehicles delivered to dealers or customers. It also ensures that vehicles in the marketing or design stage comply with the applicable regulations, particularly those relating to safety and the environment. Responding more effectively to customers' after-sales service requirements during the vehicle design phase (repairability, ease of fault detection, etc.) has also contributed to the steady improvement in the quality of the Group's new models.

The Group works with the regulatory authorities to ensure that effective dates for new regulations are determined based on the results of objective impact studies and that they are realistic, taking into account the time that carmakers will reasonably need to adapt.

Regulatory watch systems and appropriate action plans have been set up in Europe and in the Group's main host countries outside Europe.

4.1.3. CUSTOMER AND DEALER RISK

RISK FACTORS

The Group is exposed to the risk of customer default in the normal course of its distribution and lending activities.

For sales with a buyback commitment, the risk concerns the difference between the vehicle's estimated resale price, as determined at the contract's inception, and the actual resale price.

For used vehicles, the risk concerns the valuation of vehicles in inventory.

RISK MANAGEMENT AND CONTROL PROCESSES

The Group places significant emphasis on guaranteeing the security of payments for the goods and services delivered to customers, and a secure payments policy has been developed to avoid credit risks.

Banque PSA Finance has set up its own system for managing the credit risk associated with financing activities (see section 4.3 below).

For Automotive Division sales not financed by Banque PSA Finance (i.e. direct sales by the carmaker to the customer, dealer or importer), a standard has been issued that specifies (i) the payment and credit terms to be applied to customers according to the type of product (new vehicle, used vehicle, replacement parts, spare parts or subassemblies), and (ii) the level of approval required for granting special dispensation from the rules set out in the standard. Protection mechanisms, such as insurance coverage taken out with Coface, have been set up to fully guarantee the payment of amounts owed by foreign importers.

The Group has put in place a monthly reporting system to ensure that all of these risk management and control processes are properly applied and Management analyses the key indicators used for the reporting system during its regular business reviews.

A system has also been set up for measuring the residual value of vehicles sold with a buyback commitment. An initial valuation is carried out in the contract negotiation phase and subsequent valuations are regularly performed throughout the term of the contract which enables the values to be adjusted for new contracts where required.

4.1.4. RAW MATERIALS RISK

RISK FACTORS

The Group's Automotive Division and Automotive Equipment Division (Faurecia) are exposed to raw materials risk either as a result of their direct purchases of raw materials or indirectly when purchasing components from suppliers. Raw materials purchases represented 24% of total purchases by the Group in 2011. They are either industrial products such as steel and plastics whose prices and related adjustments are negotiated between purchasing officers and vendors, or commodities traded on organised markets, such as aluminium, copper, lead or precious metals, in which case the purchase prices of the raw materials or components concerned are based directly on quoted market prices. Raw materials with the greatest impact on production costs are as follows, in declining order:

- Industrial products: steel (42% of total raw material purchasing costs), thermoplastics (13%) and elastomers (11%);
- Commodities (for which the price risk is hedged, see below): aluminium (8% of total raw material purchasing costs), precious metals (5%) and copper (3%).

The Group has identified two different types of raw materials risk:

1. supply risk related to the availability of raw materials;
2. financial risk related to fluctuations in raw materials prices.

RISK MANAGEMENT AND CONTROL PROCESSES

The Group's Purchasing strategy implemented by the Purchasing Department is aimed at fully leveraging a number of action points, such as optimising global sourcing, using bulk purchases for raw materials (for both direct and indirect transactions), increasing flexibility in terms of substitute materials, using recycled and green materials, recovering and reusing by-products and putting in place financial hedging mechanisms.

The Group's exposure to risks related to commodities traded on organised markets (aluminium, copper, lead, and precious metals such as platinium, palladium and rhodium) is tracked jointly by the Purchasing Department and Corporate Finance, through PSA International (PSAI). In line with the Group's hedging policy for commodity risks (and currency risks), PSAI sets up the necessary hedges based on consumption forecasts for the raw materials concerned. These forecasts are prepared by the Purchasing Department or result from the 3-year business plan. No speculative positions are taken. The hedging policy in periods of rising prices aims to fix the price of at least 50% of forecast purchases for the coming year and 20% of purchases for the coming two years.

Steel and plastics purchases are made under contracts for relatively short-periods (six months for steel). The Group negotiates with suppliers the impact of price rises and falls to be reflected in component prices. Only part of the increase can be passed on in selling prices.

Raw materials risk is also reviewed on a quarterly basis by a Metals Committee chaired by the Chief Financial Officer.

Raw materials risk is reviewed on a day-to-day basis and also at quarterly meetings of a Metals Committee chaired by the Chief Financial Officer. During these meetings, the Purchasing Department presents its updated raw materials consumption forecasts, which are used by PSAI to adjust its commodity hedging positions.

For more details, please refer to note 35.1.D to the Consolidated Financial Statements at 31 December 2011 (see section 20.3.7 of this Registration Document).

4.1.5. SUPPLIER RISK

RISK FACTORS

The parts and components developed and delivered by outside suppliers represent some 70% of vehicle production cost, and these companies' technical and logistical performance and financial strength are critical to the Group's efficient operation and future growth. Temporary or permanent failure by suppliers to fulfil their commitments may have an impact on the Group, the most serious risk being an interruption of parts deliveries leading to production stoppages at the plants and delays in the execution of vehicle, mechanical engineering or industrial projects.

In September 2011, one of the Group's screw suppliers, Agrati, experienced delivery problems due to the reorganisation of its information systems. Production was disrupted at all of the Group's European plants, with a total of 45,000 vehicles affected, and the two brands' sales performance in Europe was severely hit.

RISK MANAGEMENT AND CONTROL PROCESSES

Suppliers are selected according to seven main criteria: price competitiveness, quality, the ability to develop new products and manufacture them in large quantities, supply chain efficiency, research and development capabilities, geographic reach and long-term viability. Risks related to the quality of suppliers, their financial and commercial viability, and the reliability of parts and components that they deliver are closely monitored. The Purchasing Department leverages its extensive expertise in production costing and raw materials price management and its in-depth understanding of global markets, to efficiently manage competitive bidding processes and supplier relationships as part of its purchasing strategy. Close attention is paid to supplier risk, particularly the risk of supply chain disruption or of supplier bankruptcy. A dedicated team has been set up to pro-actively manage supplier bankruptcy risks and deal with the consequences of any bankruptcies.

To strengthen processes designed to prevent the occurrence of supplier risks, purchasing strategies by product family and supplier choices are submitted to the Purchasing Executive Committee for approval. The Committee's decision is based on a sustainability review which takes into account the supplier's financial position, strategy, growth outlook and compliance with the social and environmental standards in PSA Peugeot Citroën's sustainable development guidelines, as well as on an assessment of the extent to which the Group is dependent on the supplier.

Suppliers identified as representing a higher than normal risk are closely monitored by the Purchasing Department's Industrial Strategy and Supplier Risks unit. This unit's responsibilities include analysing the financial results of the Group's main suppliers and compiling information about their industrial strategies, assessing the impact on the supplier base of PSA Peugeot Citroën's make-or-buy policy, analysing the socio-economic impacts of the Group's industrial choices and monitoring that suppliers comply with the Group's social and environmental specifications.

The Industrial Strategy and Supplier Risks unit comprises a 40-strong team made up of analysts and finance, supply chain, legal, labour relations and other specialists. It was originally set up in 2008 to help suppliers withstand the effects of the economic and financial crisis and remained in place in 2010 and 2011 to monitor the Group's fulfilment of the commitments given at the height of the crisis to pay suppliers more quickly and comply with the High-Performance and Best Practices Code. Its members are actively involved in the work of the PFA – a platform set up in France in 2009 to foster on-going discussion and exchange between auto industry stakeholders – and the Group has also maintained its participation in the FMEA fund established to support automotive equipment suppliers. The unit is continuing to closely monitor the situation of suppliers in the still fragile economic environment and to support the Group's international growth projects in India, Russia and China.

In 2011, 68 suppliers were the subject of preventive and remedial action plans, representing approximately 3.1% of the Group's total purchases. This compares with 79 suppliers representing 5.3% of total purchases in 2010 and is a significant improvement on 2009, when there was a peak of 100 such suppliers, representing 15% of total purchases.

During 2011, the Group decided to restructure its supplier base around (i) strategic suppliers, from which it sources on a worldwide basis, and (ii) major suppliers, with which it works on a regional basis in Europe, Latin America and Asia. With this move, the Group intends to create shared value, notably through innovation, and to enhance operational excellence in terms of quality, supply chain and manufacturing efficiency. Managing supplier risk has been identified as a key factor for creating value, in particular by avoiding unnecessary expenditure.

Also during the year, French carmakers and their suppliers kept up their efforts to enhance dialogue across the auto industry in France, mainly through the PFA. In order to lead its contribution, at regional level, to addressing the industrial and social issues arising from the transformation and restructuring of the French automotive industry, in January 2011 the Group appointed four Regional Delegates to support the supplier park transformations. These Regional Delegates work with the team set up within the Purchasing Department, in partnership with the PFA and local, economic, political and social stakeholders.

The reciprocal commitments of PSA Peugeot Citroën and its suppliers concerning the sharing of intellectual property rights are in line with the provisions of France's Loi de Modernisation de l'Économie (LME) Act and the High Performance and Best Practices Code. In particular:

- an agreement is signed with each supplier containing a confidentiality clause applicable to both parties and a reciprocal commitment to respect the intellectual property rights represented by the shared information;
- the information may not be used for any purpose other than the execution of the contracts (unless otherwise agreed between the parties);
- the rules and procedures governing the transfer and/or use of intellectual property rights or know-how are defined in the contract;
- the rules governing the payment of R&D costs and supplier payment terms comply with the LME Act.

The consequences of the earthquake and tsunami that hit Japan on 11 March 2011 affected certain suppliers and consequently caused disruption to a portion of the Group's European production in 2011. In addition, the floods in Thailand in the fourth quarter of 2011 affected the subcontractors of PSA's electronics, rubber and plastics suppliers. However, thanks to the action plans that were swiftly put in place there were no impacts on the Group's production output at the end of the year.

The year 2011 also saw geopolitical uprisings in a number of North African and Middle Eastern countries, which led the Group to draw up a specific strategy to secure a portion of its supplies.

At the same time, an action plan was set up in the course of 2011 to manage Specific Supplier Tooling (PSA Group assets made available to suppliers to enable them to manufacture mass-produced and replacement parts). The plan is aimed at streamlining the way in which these assets are managed as well as securing the assets by performing verifications and controls on those deemed to be the most strategic.

Lastly, as part of the drive to improve supplier and logistics risk management processes, in 2011, PSA decided to put in place a Supplier Development structure in order to guarantee the quality and logistics aspects of its supplies, during both project and production phases, by enhancing the allocation of resources. This new structure is also intended to help suppliers boost their operational effectiveness.

4.1.6. INDUSTRIAL RISKS

RISK FACTORS

A major incident at one of the Group's manufacturing facilities, such as a fire, a natural disaster or damage to strategic equipment, could compromise the production and sale of several hundred thousand vehicles, leading to several hundred million euros of losses.

RISK MANAGEMENT AND CONTROL PROCESSES

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

- prevent the occurrence of major incidents;

- limit high-risk situations to the extent possible and attenuate their effects;
- ensure that the various Group structures are capable of dealing with emergency and crisis situations;
- promote a risk prevention culture and a resilient response to accidents at all levels in the organisation;
- optimise the transfer to the insurance market of high frequency risks.

The Group's network of local risk managers is responsible for managing risks that could affect the Group's property, plant and equipment and, consequently, its ability to continue operating. They are supported in this task by specialists in areas such as fire and natural disaster risks.

This overall policy has considerably reduced the risk factors involved and the number of incidents. Its effectiveness has also been recognised by the Group's insurance companies which have given the majority of the Group's highest risk operations the internationally-recognised "Highly Protected Risk" classification.

Industrial risks arising from the Group's international development strategy, particularly the construction or acquisition of production facilities outside Europe, are limited by performing prior studies that take into account the projected needs of the Business Unit concerned, the availability of shared platforms, mechanical assemblies and subassemblies at Group level (encompassing both design and manufacturing capabilities), any partnerships and the local environment.

In the specific area of manufacturing processes, the risk management system is built on three pillars – the PSA Excellence System, the Global Risk Management System and the Manufacturing Management Control System. These three systems cover all major risks identified within the Manufacturing and Components Division. Risk management processes are integrated into the Manufacturing and Components' operational management process and tracked throughout the year. Audits are regularly performed to verify that the applicable standards are effective and respected, and post-audit recommendations are issued where required.

Lastly, concerning the quality of manufacturing processes, the assembly plants have been ISO 9001/2008-certified by UTAC (except for section 7.3 "Design and Development"), to comply with the requirements of European Directive 2007/46/EC, Appendix X.

4.1.7. ENVIRONMENTAL RISKS

RISK FACTORS

The Group may be exposed to environmental risks arising from its manufacturing, sales and logistics activities. Although these correspond to low frequency risks they still need to be effectively managed.

RISK MANAGEMENT AND CONTROL PROCESSES

The Group pays close attention to managing the environmental impact of its facilities by embedding procedures to prevent disamenities and environmental risks into project specifications and routine operating processes.

A specific environment unit reporting to the Administrative Services Department coordinates the management of the human and financial resources dedicated to managing environmental risks. This unit is responsible for rolling out the Group's environmental procedures, tracking changes in environmental regulations and managing a reporting system for Group management that monitors each facility's environmental performance and helps sustain the process of continuous improvement.

- Human Resources

  At each main facility, a dedicated environmental protection team is responsible for applying the Group's environmental strategy designed to guarantee full operational control over these risks. Environmental experts from the Research and Development Department may lend support in this area.
- Financial Resources

  The ISO certification programme is supported by annual capital expenditure budgets for projects to reduce disamenities and environmental risks and to maintain compliance with the applicable standards.
- Processes

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

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

  In addition, analyses of past events and regular emergency drills help to optimise the facilities' response capabilities and keep to a minimum the environmental impact of any accident or other incident.

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

  Application of environmental strategies at the Automotive Division production plants is based on ISO 14001 requirements. Worldwide, all of the Automotive Division production plants have been ISO 14001-certified since the end of 2010, except for the Kaluga plant in Russia which was opened in 2010 and is expected to be certified in the near future.

  All industrial projects are reviewed by the design department, the plant concerned, technical department experts and Group environmental specialists in order to identify the potential risks and devise appropriate responses to keep their environmental impact to a minimum.

  Hazardous products used at the Group's facilities are recorded and managed in accordance with regulatory requirements. These requirements cover, in particular, the handling, storage, use and elimination of the products.

Procedures have been set up to identify all chemicals brought on site and to approve their use by workstation operators, after due consideration of the health, safety and environmental risks.

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

Under the new EU regulatory framework for the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), which came into effect on 1 June 2007, the Group is qualified as:

- a "producer of articles", and as such has taken the necessary steps to respond to customer queries concerning the possible presence of "substances of concern" in its products,
- a "downstream producer", and as such is working with other European carmakers (within ACEA, the European Automobile Manufacturers' Association) in a joint initiative with suppliers to ensure that they have taken on Board the new regulations and will be able to (i) ensure the uninterrupted supply of substances and compounds required in automobile manufacturing and (ii) provide the necessary information to use these substances and compounds in compliance with REACH legislation.

As part of its commitment to sustainable and responsible development, the Group cooperates with the public authorities on environmental issues. Environmental regulations impose regular reporting of information to stakeholders in a specified format. The government agency responsible for the industrial environment performs periodic audits of the Group's facilities to check compliance with environmental standards and regulations. The Group's regular contacts with the agency, both during these audits and on other occasions, provide opportunities for constructive discussions about changes in the facilities' activities and the presentation of best environmental practices. In compliance with ISO 14001, each facility has developed systems to ensure that all stakeholder requests are duly considered and responded to as effectively as possible.

Lastly, the Group's Annual Report and Sustainable Development Performance Indicators, which can be downloaded from the PSA Peugeot Citroën website, inform stakeholders and the public about the Group's projects concerning the industrial environment, the results obtained and the progress made in improving environmental performance

4.1.8. WORKPLACE HEALTH AND SAFETY RISKS

RISK FACTORS

As an employer, the Group is faced with a wide range of situations that could affect employee health, safety and wellbeing.

Shiftwork, involving repetitive tasks and physical demands, is the main cause of occupational illnesses. In the same way, the use or presence of certain chemicals in production processes or the components of manufactured products may adversely affect air quality, generate pollution or create a risk of explosion. Work schedules and working conditions may be a source of stress or anxiety which, as well as having health implications, directly affects an employee's commitment to his or her job.

Lastly, the Group is exposed to the risk of workplace accidents, due to risky situations or behaviours within or outside the Group's facilities, with the leading cause of employee fatalities being accidents during the daily commute.

RISK MANAGEMENT AND CONTROL PROCESSES

To address these risks, a new Workplace Health and Safety Policy Statement has been signed in line with the Group's ambition to promote Responsible Development. The aim is to eradicate workplace accidents and occupational illnesses through a broad-based approach to assessing and managing risks.

The new policy is supported by the Workplace Health and Safety Management System. Comprising 22 requirements that define areas requiring special attention and management, the health and safety standards are applicable to all Group units and subsidiaries. The new management approach is based on six fundamental principles:

- senior management commitment;
- structured implementation processes;
- standards that are well established and effectively applied;
- clearly defined roles;
- red flag warning systems;
- systems to drive improvement and control performance.

The Group's five priority commitments under the policy are to prevent:

- musculoskeletal disorders, by systematically assessing the physical, cognitive and environmental demands of repetitive tasks, in order to take the necessary action;
- chemical risks, by appointing networks of experts to assess all products and substances and recommend risk management measures, and by implementing air quality monitoring plans in all production shops;
- psychosocial risks, by continuously monitoring stress levels and their professional causes based on 29 factors, in order to implement appropriate action plans at all levels of the organisation;
- road accident risks, based on a road risk prevention manual that provides employees with guidelines on how to use their cars when on business trips or commuting;
- risky behaviour, by deploying STOP™ risk observation procedures that help managers to develop their ability to detect risky situations or behaviours and take the necessary actions.

An assessment covering 18 risk categories is performed for each work unit. This assessment is conducted jointly by managers and the entities' risk prevention professionals. The results are used to develop risk management action plans which are prioritised by level of importance.

All PSA Peugeot Citroën facilities throughout the world are now participating in the Workplace Health and Safety Management System, using a roadmap to guide managers in the system's deployment. The roadmap comprises five increasingly challenging stages, guaranteeing that each entity makes continuous advances in safety. A set of performance indicators has been developed to enable executive management and the management of each division to track performance.

As part of the Workplace Health and Safety Management System deployment plan, all employees including senior management are given training and encouragement in complying with the Group's safety rules.

Audits are performed to check that the system is properly deployed and functions effectively.

4.1.9. RISKS ASSOCIATED WITH THE COOPERATION AGREEMENTS

RISK FACTORS

To speed its development and bring down engineering and production costs, over the past few decades PSA Peugeot Citroën has implemented a policy of entering into cooperation agreements with other carmakers. This policy forms part of the Group's medium- and long-term Worldwide Master Plan and is underpinned by the dual principles of mutual trust and risk sharing. Examples include agreements signed with Fiat, Toyota and Mitsubishi for shared vehicle platforms, with Renault, Ford and B MW for gearboxes and engines, and more recently, with B MW and Mitsubishi for electrical components. In addition, the Group regularly grants manufacturing licenses to industrial partners in countries where these types of agreements are required in order to break into the market.

In the pre-signature negotiation phase for cooperation agreements there is a risk that the partner concerned could use the information provided to it by PSA. Once a cooperation agreement has been signed, the risks faced by PSA are mainly financial, i.e. (i) penalties may be imposed in the event of a breach of take-or-pay clauses under which the Group is committed to taking delivery of an agreed quantity of products manufactured by the cooperative venture, (ii) costs may be incurred to offset the negative impact on component purchase prices caused by reductions in volumes, or (iii) overruns may arise for R&D costs, capital expenditure or the costs for remedying faulty products, when the partner is acting as project manager.

In all circumstances, whenever a project's profitability is jeopardised, a provision for onerous contracts and/or an asset impairment loss is recorded in the consolidated financial statements to reflect the future costs that will be incurred.

Other risks to which the Group is exposed in relation to its cooperation agreements include the risk of a partner granting licenses to a third party without any entitlement for PSA to receive the related royalties, or the risk of a partner manufacturing low-quality products which would require PSA to undertake large-scale remedial action with its customers and would damage the Group's image.

RISK MANAGEMENT AND CONTROL PROCESSES

In order to limit its risk exposure during the pre-signature negotiation phase for cooperation agreements, PSA has put in place a procedure whereby no talks can commence with a potential partner until the parties have signed a non-disclosure agreement.

During the performance phase of a cooperation venture or a partnership, the various underlying contracts – such as the framework agreement, development agreement or supply agreement – are drawn up in as much detail as possible in order to avoid any legal risks.

At operational level, Corporate Finance and the Programmes department have set up a process for verifying that the partners involved in cooperation ventures comply with their contractual commitments. Part of this process entails setting up governance bodies for each venture, with a referral procedure for settling any disputes that may arise. The governance bodies regularly review a wide range of issues and take shared decisions, notably concerning action plans aimed at rectifying any potential situations of contractual non-compliance and therefore eliminating or mitigating the related risks.

For more details, please refer to notes 7 and 37.2 to the Consolidated Financial Statements at 31 December 2011 (see section 20.3.7 of this Registration Document).

4.1.10. INFORMATION SYSTEM RISKS

RISK FACTORS

Risks related to information systems – which are vital to the Group's operations – can be categorised as follows, based on their consequences:

- system downtime, due to hardware or software failures, physical damage, hacking of targeted systems, computer viruses or unauthorised access;
- damage to data integrity, due to hardware or software failures or targeted malicious damage;
- breach of data confidentiality, due to lax data access controls (poorly managed clearances, no data encryption), or misuse of access rights (identity theft, unauthorised clearance upgrading, etc.).

RISK MANAGEMENT AND CONTROL PROCESSES

In order to manage these risks the Group implements a range of measures that concern both the design features of its information systems and their use and maintenance. These measures are focused on the following two areas:

- tightly controlling access to sensitive information – especially as the Group's systems are increasingly being opened up to external parties – through measures such as segregating tasks, periodically reviewing clearances, and restricting the number of authorised users, ensuring traceability and encrypting information;
- guaranteeing that the Group would be able to continue its essential operations if a malfunction or major incident occurred at one of its IT centres, thanks to a Disaster Recovery Plan and a Business Continuity Plan (BCP).

The measures form part of the Group's Information Systems Security Policy, which covers the automotive and finance company divisions and is regularly updated to factor in any technical or regulatory changes. This Policy is overseen by the Group Security Department in conjunction with the Head of Information Systems Security within the Information Systems Department (which liaises with the relevant departments of the Group's operations divisions), as well as managers from the Data Control Department, who are responsible for relaying the applicable rules across the Group. Both internal and external audits are carried out on a regular basis within the Group to ensure that the Policy is properly applied.

4.2. FINANCIAL MARKET RISKS

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

Note 35 to the consolidated financial statements provides information on (i) market risks, which are primarily managed by Corporate Finance and the Strategic Development Department; (ii) identified currency, interest rate, equity, commodity, counterparty and liquidity risks and the Group policies designed to manage them; and (iii) the hedges in place at 31 December 2011, 2010 and 2009.

4.2.1. EXPOSURE TO CHANGES IN EXCHANGE RATES

For more details, please refer to notes 7.1 and 35.1. to the Consolidated Financial Statements at 31 December 2011 (see section 20.3.7 of this Registration Document).

4.2.2. EXPOSURE TO CHANGES IN INTEREST RATES

For more details, please refer to note 35.1.B to the Consolidated Financial Statements at 31 December 2011 (see section 20.3.7 of this Registration Document).

4.2.3. EQUITY RISK

For more details, please refer to note 35.1.C to the Consolidated Financial Statements at 31 December 2011 (see section 20.3.7 of this Registration Document).

4.2.4. COUNTERPARTY RISK

For more details, please refer to note 35.1.E to the Consolidated Financial Statements at 31 December 2011 (see section 20.3.7 of this Registration Document).

4.2.5. LIQUIDITY RISK

For more details, please refer to note 35.1.F to the Consolidated Financial Statements at 31 December 2011 (see section 20.3.7 of this Registration Document).

4.2.6. CREDIT RATING

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

Despite Europe's unfavourable automotive market environment in 2011, which contributed to the decline in the Automotive Division's profits and cash flow, the rating agencies affirmed their ratings for both Peugeot S.A. and Banque PSA Finance. However, in October 2011 Moody's revised its outlook for the two companies to negative from stable. Following the 15 February 2012 publication of the Group's 2011 results on 16 February 2012, Standard & Poor's revised its outlook for Peugeot S.A. to negative from stable, but affirmed the Company's BB+ long-term rating and B short-term rating. On 17 February, Standard & Poor's revised Banque PSA Finance's outlook to negative from stable, while affirming the Bank's BBB long-term rating and A-2 short-term rating. On 1 March 2012, Moody's downgraded Peugeot S.A.'s long-term rating to Ba1 (negative outlook) and its short-term rating to not-prime.

Consequently, Peugeot S.A.'s long- and short-term ratings were respectively Ba1 (negative outlook)/Not-prime assigned by Moody's Investors Service and BB+ (negative outlook)/B assigned by Standard & Poor's. Moody's Investors Service's long- and short-term ratings for Banque PSA Finance were Baa1/P-2 (on review for a possible downgrade) and Standard & Poor's ratings were BBB (negative outlook)/A2.

4.3. BANQUE PSA FINANCE RISK EXPOSURE

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

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

Financing decisions and banking relationships are managed at corporate level. Back-up systems ensure that these activities can continue without any interruption, even in the event of a major incident.

4.3.1. RISKS RELATING TO BANQUE PSA FINANCE'S AUTOMOBILE FINANCING BUSINESS

Demand for the Bank's financing depends on factors that impact the automotive industry.

Substantially all of Banque PSA Finance's business involves providing financing in the automotive industry. Disruptions in the automotive industry have had and could in the future have an adverse impact on demand for the types of financing that it provides. Demand for end-user and corporate dealer financing is linked to demand for new and used vehicles, which in turn is affected by fuel prices, employment levels and household purchasing power, consumer spending trends, government incentives, vehicle tax rates, prevailing interest rates, inflation and technological advances, among other factors. In addition, a depressed automotive market could lower the resale value of vehicles that are repossessed and resold following customer defaults on loan payments, which could negatively affect the Bank's recovery levels.

Banque PSA Finance's results are affected by government programmes that influence the desirability of new car purchases.

Its results of operations can be affected by government programmes that influence consumer behavior through incentives and/or taxes. These plans had a positive effect on Peugeot and Citroën sales and on the number of vehicles that Banque PSA Finance financed, although they tended to reduce the average amount of each financing. Future government initiatives that affect the demand for automobiles and automobile financing, including changes in vehicle taxation, could have an impact on the Bank's results of operations and financial condition.

Banque PSA Finance depends on the PSA Peugeot Citroën group's automobile sales for substantially all of its business.

Almost all of Banque PSA Finance's revenues come from the financing of Peugeot and Citroën vehicles and dealers. Any downturn in the Peugeot or Citroën share of the automobile market in the countries in which the Bank offer's financing, or any decrease in overall volume of sales of Peugeot and Citroën vehicles, would reduce its base of potential customers. Such changes could result, in particular, from changes in consumer demand, changes in the actual or perceived quality, safety or reliability of Peugeot and Citroën vehicles, and/or competition.

In addition, Peugeot and Citroën sometimes sponsor special-rate financing incentive programmes, which reduce the overall cost of financing a vehicle for consumers. Under these programmes, Peugeot and Citroën make support payments to Banque PSA Finance, and Banque PSA Finance provides financing to their customers at rates that are lower than its normal rates. These programmes increase the Bank's financing volume and share of financing of Peugeot and Citroën vehicles, but have the opposite effect when the incentive programmes are terminated. If the manufacturers were to adopt marketing strategies in the future that de-emphasize such programmes in favor of other incentives, the Bank's financing volume could be reduced.

Competition could materially adversely affect Banque PSA Finance's revenues and profitability.

Banque PSA Finance competes for end-user as well as corporate dealer customers in all markets in which it operates. Peugeot and Citroën dealers are not contractually obligated to obtain financing from Banque PSA Finance or to propose the Bank's financing to their customers. Banque PSA Finance competes based on the quality of the services that it offers, as well as the interest rates and terms it is able to offer customers, which are influenced in part by its cost of funds. Its main competitors are commercial banks and consumer finance companies. Some competitors may be able to offer lower rates if they have lower borrowing costs. If Banque PSA Finance is unable to respond to the competitive environment in its major markets with attractive and profitable products and services, it may lose market share in important areas of its business.

Banque PSA Finance may be vulnerable to political, macroeconomic and financial environments or circumstances specific to the countries where it does business.

Banque PSA Finance's large geographical coverage exposes it to country risk, which is the risk that economic, financial, political or social conditions in a foreign country will affect its business or financial interests. The Bank does business throughout the world, including in developing regions of the world commonly known as emerging markets. In the past, many emerging market countries have experienced severe economic and financial disruptions, including devaluations of their currencies and capital and currency exchange controls, as well as low or negative economic growth. Banque PSA Finance's businesses and revenues derived from operations outside the European Union are subject to risk of loss from various unfavourable political, economic and legal developments, including currency fluctuations, social instability, changes in governmental policies, expropriation, nationalization, confiscation of assets and changes in legislation relating to local ownership.

In the European Union Banque PSA Finance is potentially adversely exposed to the current weakness of the Eurozone and euro currency and its consequences on the Eurozone countries.

4.3.2. RISKS RELATING TO FINANCIAL MARKETS AND BANQUE PSA FINANCE'S STATUS AS A FINANCIAL INSTITUTION

Conditions in the financial markets in Europe and in the other markets in which Banque PSA Finance operates have a material effect on its business and financial condition. Global financial markets have experienced severe disruptions in recent years. The European financial markets continue to be highly volatile, as a result of concerns regarding the ability of certain countries in the euro-zone to refinance their debt obligations.

Market disruption and volatility could have a negative impact on Banque PSA Finance's ability to access the global capital markets as it has in the past. Refinancing of the outstanding loan book could become more costly or could be unavailable. If the Bank's cost of funding were to increase significantly, it would have to pass the cost on to its customers, which could harm its competitive position and financial condition. If it were unable to pass on these costs, the Bank's profitability would be adversely affected. If refinancing were unavailable or significantly limited for an extended period, it would not be able to provide the same volume of new loans and its results of operations and financial condition would be negatively affected.

Banque PSA Finance's level of profitability is tied to its access to funds at a reasonable cost in the financial markets and its credit ratings.

Banque PSA Finance's main sources of funds include short term issues under its commercial paper programme, debt issues under its medium-term note programme, medium-term bank borrowings and securitisations. Its financing policy consists for the most part of matching borrowing currencies with the currencies of the financial assets to be financed. Consequently, substantially all financing is denominated in euros. In 2011, the only noteworthy exception to this rule concerned a USD 1,250 million inaugural bond issue carried out in the United States at the end of the March, the proceeds of which were swapped for euros. From time to time, Banque PSA Finance may also carry out bond issues in local currency, as was the case in Argentina. The Bank does not have a base of customer deposits. Reliance on wholesale market funding may make its earnings more susceptible to fluctuations in interest rates and in capital market liquidity in general, than banks with large deposit bases. During the financial crisis, some of the markets on which it depends for funding stopped functioning normally, and banks sharply curtailed their lending activities. While Banque PSA Finance was able to obtain liquidity through government-sponsored programmes during this period, there can be no assurance that such programmes will be available or will provide it with sufficient liquidity in the event of future market disruptions.

The Bank's cost of funding depends to a large extent on its credit ratings. As the rating agencies currently consider that financing companies owned by automobile manufacturers should generally not be rated more than two notches above the parent, and as Banque PSA Finance is currently rated two notches above Peugeot S.A., any downgrading in the rating of Peugeot S.A. could cause Banque PSA Finance's ratings to be downgraded accordingly. Any downgrade in its ratings or adverse change in rating agency methodologies may increase the Bank's cost of funding and affect its competitive position in the automobile financing market.

Banque PSA Finance is exposed to credit risk from its customers.

Credit risk is the risk of loss arising from the failure of a customer to meet the payment or other terms of a contract with Banque PSA Finance. The Bank is exposed to credit risk from individual customers, corporate fleet customers, and Peugeot and Citroën dealers. While it generally has the ability to recover and resell the financed vehicle following a customer default, the resale value of a recovered vehicle may not be adequate to cover the default loss. Although Banque PSA Finance records impairment charges in its financial statements for possible loan losses based on its past lending experience, its volume of financings and general economic conditions, there can be no assurance that its impairment charges will be sufficient to cover actual losses resulting from customer defaults, particularly if the rate of customer default increases significantly.

An increase in the number of defaults of individual customers, for example, could result from a deterioration of the economic situation and a related increase in unemployment. In the past several years, the worldwide financial crisis and related increases in unemployment have increased the rate of default on the Bank's loan portfolio.

Banque PSA Finance is also exposed to credit risk from Peugeot and Citroën corporate dealers for the financing of vehicle and replacement parts inventories, vehicle buyback commitments at the end of leasing contracts and other types of financing. The rate of dealer default is affected by the financial strength of the dealers in the Peugeot-Citroën network, which itself is influenced by the strength of the automotive sector and the strength of the Peugeot and Citroën brands.

Banque PSA Finance is exposed to credit risk from its counterparties on financial instruments.

Banque PSA Finance manages its interest rate risk and its balance sheet ratios as a whole by entering into derivative transactions with credit institutions and very short-term cash investments in short-term paper issued by credit institutions. As a result, it is exposed to the risk of financial loss relating to the failure of its counterparties to honor their contractual obligations.

Counterparty credit ratings are regularly reviewed and updated. Rating adjustments may lead to an adjustment of investment and off-balance sheet position limits for the counterparty concerned. Compliance with these limits is checked daily by dedicated teams within Peugeot S.A.

Volatility in interest rates may negatively affect the Bank's net interest income and have other adverse consequences.

Interest rates are highly sensitive to many factors beyond the Bank's control, including monetary policies and domestic and international economic and political conditions.

As with any bank, changes in market interest rates could affect Banque PSA Finance's net interest income, the largest source of its revenues. An increase in interest rates may reduce the demand for loans and the Bank's ability to originate loans. on the other hand, a decrease in the general level of interest rates may affect it through, among other things, increased prepayments on the loan portfolio. In addition, changes in interest rates could affect the amount of interest paid on the Bank's loan portfolio and the amount of its refinancing costs. Any mismatch between these interest rates could expose to losses for the Bank. In the context of its risk management policies, Banque PSA Finance enters into transactions to hedge exposure to interest rate risk. However, these transactions may not be fully effective to offset the effects of interest rate changes.

Banque PSA Finance is exposed to operational risks in connection with its activities.

Operational risk is the risk of losses due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Internal processes include, but are not limited to, human resources systems, risk management and internal controls (including fraud prevention). Internal processes are subject to risks associated with human error, weaknesses of security and failure of error prevention and detection systems. Operational risks also include possible failures of information technology systems, which are described in more detail below. External events include floods, fires, windstorms, earthquakes or terrorist attacks. If Banque PSA Finance does not successfully manage operational risk, it could suffer significant losses, which could adversely affect its results of operations and financial condition.

Banque PSA Finance's business is subject to consumer protection regulatory regimes in the countries where it operates.

Banque PSA Finance must comply with new and changing consumer credit regulations in the countries in which it operates, including regulations adopted in European countries pursuant to the 2008 European Union Consumer Credit Directive. The Consumer Credit Directive and other consumer protection legislation regulates matters such as advertising to consumers, the information to be provided to borrowers regarding interest rates and loan conditions, pre-financing credit checks, borrowers' ability to cancel financing contracts, and the ability of borrowers to prepay loans. In some countries, regulations affect the maximum amounts that consumers can borrow, maximum interest rates (usury rates) and the definitions of the categories to which these maximums apply. The Bank's efforts to comply with these laws and regulations impose significant costs on it, and affect the smooth conduct of its business. Additional regulation could add significant costs or operational constraints that might affect the profitability of its business.

Banque PSA Finance is subject to bank supervisory and regulatory regimes in France and in other countries.

Banque PSA Finance is subject to a variety of supervisory and regulatory regimes in each of the jurisdictions in which it operates, including with respect to banking, consumer credit and insurance. Non-compliance could lead to significant intervention by regulatory authorities and fines, public reprimand, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate. The financial services industry and the consumer credit industry have experienced increased scrutiny from a variety of regulators in recent years, as well as an increase in the penalties and fines sought by regulatory authorities, a trend that may be accelerated in the current financial context. In addition, Banque PSA Finance's relationship with the PSA Peugeot Citroën group may subject it to a heightened level of regulatory scrutiny. The businesses and earnings of group entities can be materially adversely affected by the policies and actions of various regulatory authorities of France, other European Union or foreign governments and international agencies. Such constraints could limit the ability of group entities to expand their businesses or to pursue certain activities. The nature and impact of future changes in such policies and regulatory action are unpredictable and are beyond the Bank's control. Such changes could include, but are not limited to, the following:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which group entities operate;
- general changes in regulatory requirements, such as prudential rules relating to the capital adequacy framework, and new liquidity ratios, such as those that are being proposed as part of the Basel III process;
- changes in internal control rules and procedures;
- changes in the financial reporting environment;
- the imposition of taxes on banks and credit institutions, financial transactions and/or the compensation provided to employees of banks and credit institutions;
- restrictions on certain types of financial transactions such as derivatives and securitisation transactions;
- restrictions on the ability of automotive networks to promote or sell certain financial services.

Banque PSA Finance's capital adequacy ratio, which stood at 14.44% at 30 June 2011, should not be materially affected by the application of the new capital requirements resulting from the Basel III process. In addition, the Bank is organised to comply with the liquidity ratio requirements that are currently expected to apply as from 2015 for short-term liquidity and from 2018 for medium and long-term liquidity. Compliance will be achieved by leveraging the policy of setting aside a liquidity reserve, by extending debt maturities and by continuing to diversify financing sources.

4.3.3. OTHER RISKS RELATING TO BANQUE PSA FINANCE'S OPERATIONS

Tax laws and their interpretation in France and in the countries in which Banque PSA Finance does business may significantly affect its results.

As a multinational group, Banque PSA Finance is subject to tax legislation in a number of countries. The business is structured globally in order to optimize the Bank's effective tax rate. Modifications to the tax regime by the competent authorities in those countries may have a significant effect on its results. The structures of intragroup transactions and of Banque PSA Finance's international organization are based on its own interpretations of applicable tax laws and regulations, generally relying on opinions received from independent tax counsel, and, to the extent necessary, on rulings or specific guidance from competent tax authorities. There can be no assurance that the tax authorities will not seek to challenge such interpretations, in which case entities in the Banque PSA Finance group could become subject to tax claims.

An interruption in or breach of the Bank's information systems may result in lost business and other losses.

As with most other banks, Banque PSA Finance relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Bank's dealer interface and credit application process, payment systems, general ledger, deposit, servicing and/or loan management systems. If, for example, the Bank's information systems failed, even for a short period of time, it would be unable to timely serve some customers' needs and could thus lose their business. Likewise, a temporary shut-down of information systems, even though the Bank has back-up recovery systems and contingency plans, could result in considerable costs that are required for information retrieval and verification. Banque PSA Finance cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. Maintaining and upgrading its information technology systems requires the Bank to incur significant costs. In addition, reporting requirements pursuant to the Basel III bank regulatory reforms will require it to invest in further development of its information systems.

Banque PSA Finance relies on the PSA Peugeot Citroën group for important functions relating to its business.

Banque PSA Finance relies on the PSA Peugeot Citroën group for a number of support functions required to conduct its business, such as financing, human resources, information technology and legal. It also benefits from centralized purchasing (particularly information technology purchasing) for group entities. If the PSA Peugeot Citroën group in the future were to become unable or unwilling to provide these services to the Bank, its operations could be disrupted if it were not able to handle the relevant functions in-house, and it could incur substantial replacement costs for hiring in-house staff or contracting with other external providers.

4.4. LEGAL AND CONTRACTUAL RISKS

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

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

4.4.1. LEGAL AND ARBITRATION PROCEEDINGS

As of 31 December 2011 no Group company was involved in any claims or litigation that had a material impact on the consolidated financial statements.

During the last twelve months, there have been no governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Group's financial position or profitability, and to the best of the Group's knowledge, no such proceedings are pending or threatened.

Concerning provisions for claims and litigation, please refer to note 27.2 to the Consolidated Financial Statements at 31 December 2011 (see section 20.3.7 of this Registration Document).

4.4.2. FINANCIAL COVENANTS

Faurecia's new syndicated loan signed in December 2011 contains certain covenants setting limits on debt and requiring Faurecia to comply with certain consolidated financial ratios. These covenants are presented in note 35.1.F to the Consolidated Financial Statements at 31 December 2011 (see section 20.3.7 of this Registration Document). As of 31 December 2011, Faurecia was in compliance with all of these covenants.

None of the other manufacturing and sales companies' borrowings are subject to any ratings triggers. However, in certain cases the loan agreements contain guarantee clauses that are standard in the automotive industry, such as:

- negative pledge clauses, whereby the borrower undertakes not to grant collateral to any third party (generally with certain exceptions);
- material adverse change clauses, which apply in the event of a major change in economic conditions
- *pari passu* clauses, requiring the lender to be treated at least as favourably as the borrower's other creditors;
- cross-default clauses, whereby if one loan goes into default, other loans from the same lender automatically become repayable immediately;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- legal and regulatory compliance clauses;
- change of control clauses.

In addition, EIB loans are dependent on the Group carrying out the projects being financed and require the Group to pledge a minimum amount of financial assets.

The OCEANE convertible bonds are subject to standard clauses such as the requirement to maintain a listing for Peugeot S.A. or Faurecia shares.

Many of Banque PSA Finance's loan agreements include specific covenants requiring it to maintain a banking licence and to comply with the capital ratios applicable to all French banks.

The Group is currently in compliance with all of these clauses.

4.4.3. RISKS RELATED TO PENSION AND OTHER POST-RETIREMENT BENEFIT OBLIGATIONS

The Group's employees in certain countries are entitled to supplementary pension benefits under either defined contribution or defined benefit plans, as well as lump-sum length-of-service awards paid at the time of retirement. The Group's only obligation under defined contribution plans is to pay fixed contributions into the fund concerned.

For its defined benefit plans – which primarily concern France and the United Kingdom – the Group is required to record a provision corresponding to the long-term pension benefit obligation, which directly impacts the consolidated income statement.

In addition, the value of the Group's defined benefit pension obligation can be affected by changes in the underlying assumptions used for the calculations, such as the discount rate applied to future cash flows, inflation rates, the estimated rate of return on plan assets, and demographic assumptions (e.g. The rate of future salary increases, mortality tables and staff turnover assumptions).

In order to effectively control the Group's overall defined benefit obligation, independent actuaries perform valuations of the recognised liability every year in each country concerned, and the assumptions used are regularly reviewed so as to best reflect reality. The Group's pension funds (allocation of financial assets, underlying strength of the models used, returns, etc.) are monitored by Corporate Finance.

Lastly, the Group anticipates changes in the applicable accounting standards so that it can identify and effectively deal with their impacts.

For more details, please refer to note 28 to the Consolidated Financial Statements at 31 December 2011 (see section 20.3.7 of this Registration Document).

4.4.4. RISKS RELATED TO INTELLECTUAL PROPERTY RIGHTS

In the course of its business, the Group patents its innovations and grants or receives rights to use patents or other industrial or intellectual property rights, undertaking all of the usual measures to protect them.

The Group pays careful attention to protecting its intellectual property rights and legal action is taken against producers of counterfeit replacement parts and any other parties that breach the Group's rights.

In 2010, for the fourth year in a row, PSA Peugeot Citroën was France's leading patent filer, publishing 1,152 applications according to the country's National intellectual Property Institute (INPI), and the trend is expected to be the same for 2011.

4.4.5. OFF-BALANCE SHEET COMMITMENTS

The main off-balance sheet commitments concern guarantees, bonds and endorsements issued by the Group in the normal course of business, as well as commitments undertaken as part of cooperation agreements.

For more details, please refer to note 37 to the Consolidated Financial Statements at 31 December 2011 (see section 20.3.7 of this Registration Document).

4.5. RISK COVERAGE – INSURANCE

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

- the property & casualty programme, covering damage to Group assets and consequential business interruption risks under five policies providing aggregate cover of €1,500 million with deductibles of up to €10 million per claim;
- the liability insurance programme, which is designed to transfer to the insurance market the financial cost to the Group of any third-party losses. It comprises four policies providing aggregate cover of €250 million, with a maximum deductible of €0.5 million per claim;
- the vehicle transportation and storage insurance programme, comprising three policies providing cover of up to €100 million for damage to vehicles stored on outside parking lots and up to €50 million for damage to vehicles or parts during transportation. The maximum deductible under the programme is €0.3 million per claim;
- the Fraud programme, providing cover of €60 million for financial losses caused by fraud or a malicious attack on information systems.

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

SARAL is involved in insuring the Group's operational risks around the world, such as property risks, consequential business interruption risks, automobile liability risks, risks associated with the transportation of vehicles and their storage on parking lots and fraud risks. Its commitment under the above policies amounts to, respectively, (i) €8 million per claim and per year, (ii) €0.75 million per claim, (iii) €15 million per claim and €25 million per year, and (iv) €0.8 million per claim and €1.6 million per year.

SARAL has purchased stop loss reinsurance on the international reinsurance market, covering aggregate claims by the Group in excess of €30 million.

The Group's insurance policy can be summed up as transferring high-severity risks to the insurance market and retaining low- and average-severity risks through deductibles and the captive reinsurance company. As a result of this policy, combined with assertive risk prevention programmes, premiums paid to external insurers remained stable in 2011, after falling in each of the six previous years.

5

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5.1. HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1. LEGAL AND COMMERCIAL NAME OF THE COMPANY

The name of the Company is Peugeot S.A.

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

5.1.2. PLACE OF REGISTRATION AND REGISTRATION NUMBER

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

5.1.3. DATE OF INCORPORATION AND LENGTH OF LIFE

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

5.1.4. REGISTERED OFFICE – GOVERNING LAW – LEGAL FORM

REGISTERED OFFICE

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

LEGAL FORM

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

GOVERNING LAW

The Company is governed by the laws of France.

5.1.5. IMPORTANT EVENTS IN THE DEVELOPMENT OF THE COMPANY’S BUSINESS

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

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

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

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

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

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

In 2001, Faurecia acquired Sommer Allibert's automotive equipment business.

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

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

In 2011, PSA Peugeot Citroën continued to exercise the same business activities as in previous year; there were no important events in the development of its business.

On 1 February 2012, the Group sold to Entreprise Holdings the car rental business conducted by its citer and Atesa subsidiances in France and Spain. The sale hab been announced on 21 November 2011.

5.2. CAPITAL EXPENDITURE

Please refer to section 10.3.2 concerning the statement of cash flows of manufacturing and sales companies and section 11 concerning research and development and capital expenditure. In 2012, all the Group's programmes will be reviewed with the aim of reducing Automotive Division cepex and R&D sperd.

5.3. SUSTAINABLE DEVELOPMENT

5.3.1. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY INTEGRATED INTO THE GROUP'S STRATEGIC VISION

Faced with the challenges of sustainable development, companies today are rethinking their models in terms not only of social responsibility but also of customer offerings, purchasing and human resources management.

Backed by 200 years of creation and innovation and fully aware of the challenges currently facing the automobile industry, PSA Peugeot Citroën has made responsible development one of the cornerstones of its strategy.

Confirmed as one of the Group's four ambitious objectives, responsible development is based on three other foundations that broaden its scope to include more than just cars.

PSA Peugeot Citroën serves as:

- a sustainable mobility specifier that in particular is committed to reducing its environmental impact;
- a full-fledged partner to its host communities and regions;
- the initiator of an innovative, responsible human resources policy.

Within the Group, the Sustainable Development Department reports to a member of the Executive Committee. Cross-functionally, the Department manages the Corporate Sustainable Responsability (CSR) process, backed in particular by a network of correspondents in each of the Group's major departments.

SETTING THE STANDARD IN SUSTAINABLE MOBILITY

The market leader in numerous technologies or the first volume carmaker to offer them across the model line-up, PSA Peugeot Citroën has focused its R&D strategy for the next five years on three priority objectives: reducing its environmental impact, developing on-Board intelligence systems and responding to the challenges of urban mobility.

DEVELOPING TECHNOLOGIES TO MORE EFFECTIVELY MANAGE ENVIRONMENTAL IMPACT

Every year, the Group allocates considerable sums to reduce the CO_2 emissions of the vehicles it sells. Improvements in engine efficiency, combined with programmes to make vehicles lighter and more aerodynamic, have enabled the Group to reduce average emissions per vehicle produced to 127.9 g/km of CO_2 in 2011, putting it on target to meet the threshold of 95 g/km of CO_2 set by the EU to take effect by 2020.

At the same, since the majority of customers will continue to favour internal combustion engines, the Group is pursuing its initiatives to reduce fuel consumption and thus emissions:

- 2009 and 2010: market launch of a number of diesel-powered vehicles emitting less than 99 g/km of CO_2;
- 2010: wider use of micro-hybrid e-HDi technology, which automatically shuts down the internal combustion engine when the vehicle is at a standstill (at a red light, for example, or in a traffic jam), thereby reducing fuel consumption as well as CO_2 emissions by up to 15% in city use;
- 2011: launch, in a world first, of HYbrid4 technology, which combines a diesel internal combustion engine and an electric motor. This innovation is currently available on the Peugeot 3008 and 508 and the Citroën DS5. These models can operate in full electric mode from start-up and for the first three to four kilometres, up to speeds of 60 km/h. Then the internal combustion engine takes over and recharges the battery, in particular every time the vehicle decelerates;
- 2012: launch of new three-cylinder petrol engines that emit fewer than 95 g/km of CO_2;
- during 2012: presentation of the first prototype of a rechargeable diesel hybrid (<50 g/km of CO_2).

As cities install the necessary infrastructure, electric vehicles will increasingly become a plausible alternative solution, especially for urban use. A pioneer in this sector, PSA Peugeot Citroën was the first European carmaker to bring to market electric utility vehicles with the Citroën Berlingo and Peugeot Partner. In 2010, the Group strengthened its position with the Peugeot iOn and Citroën C-Zero, two EVs for individuals. Then, in 2011, Peugeot launched the fully electric, rechargeable e-Vivacity scooter.

CAREFULLY SELECTING MATERIALS FOR CITROËN AND PEUGEOT VEHICLES, BEGINNING IN THE DESIGN STAGE

To pursue this path, the Group is promoting eco-design techniques. In particular, research and development teams are focused on integrating a maximum of green materials (excluding metallic and mineral materials) into its models, beginning in the design stage. As a result:

- in 2012, the goal is to achieve 25% green material content, initially in the Peugeot 208;
- by 2015, the objective is to have 30% green materials in the Group's models.

At the same time, the Group is committed to optimising the use of natural resources and to limiting the environmental impact of its end-of-life products. To achieve this goal, it conducts life cycle analyses, which measure all of a vehicle's environmental impacts from the drawing Board to end-of-life recovery and recycling, with the goal of choosing the most appropriate technologies and materials for use in new vehicle projects.

A MANUFACTURING SYSTEM COMMITTED TO REDUCING ENVIRONMENTAL IMPACTS

For PSA Peugeot Citroën, the production of low-carbon vehicles requires manufacturing facilities capable of effectively managing their own impacts and addressing key environmental challenges:

- helping to combat climate change;
- reducing pollution, including water pollution;
- protecting the natural environment, its resources and biodiversity;
- reducing and more effectively reusing waste.

To support these efforts, the Group is continuing to deploy lean processes throughout the organisation, extending its environmental management systems on production sites and encouraging its sales networks to pursue similar initiatives. It is also integrating suppliers into its environmental commitment by introducing contractual clauses requiring compliance with social and environmental responsibility criteria.

Lastly, to shrink the supply chain's environmental impact, subsidiary GEFCO is taking measures to reduce energy consumption. These include providing eco-driving training for lorry drivers, modernising its proprietary fleet, limiting engine speed on certain vehicles and optimising shipments.

EFFECTIVE RESPONSE TO EMERGING URBAN MOBILITY CHALLENGES

A carmaker's role is no longer restricted to designing, producing and selling automobiles. Customers are looking for new, convenient mobility solutions that do not systematically involve owning a car. PSA Peugeot Citroën has responded proactively to these new expectations by strengthening its range of existing services and developing offers for the future based on personalised solutions with:

- Mu by Peugeot, which enables the choice of a vehicle for each type of use;
- Citroën Multicity, which connects the automobile to other means of transportation.

In addition, the Group has made road safety an essential component of responsible mobility. What's more, the safety equipment it has developed is offered on all its model ranges and widely accessible. These innovations include the eCall emergency call service, as well as blind spot detection and distance alert systems. In addition, the Group is pursuing its on-Board intelligence research projects to develop tools that provide users with access to a wide range of customised services designed to make traveling easier.

A FULL-FLEDGED PARTNER TO ITS HOST COMMUNITIES AND REGIONS

INTERACTING WITH CIVIL SOCIETY

In recent years, the Group has focused its community commitment on mobility as a means of fostering social ties and helping to get people back into mainstream society.

- to support this commitment, PSA Peugeot Citroën created its World on the Move corporate foundation in May 2011. It provides backing for social, educational, cultural and environmental projects that fall within the scope of mobility. It deploys worldwide initiatives while responding to special local needs. In particular, the Foundation is strongly committed to finding mobility solutions for segments of the population that have been deprived of this right. It also seeks to educate the public with regard to road safety by conducting awareness-building operations around the world, especially in China and Latin America;

- in addition, PSA Peugeot Citroën was a co-founder of the French Road Safety Foundation, which brings together private and public partners to identify, promote and finance research projects in this field;
- lastly, the Group, through the Peugeot brand, joined forces with ONF (France's National Forestry Service) in 1998 to launch a carbon sink project in the Amazon. The project involves reforesting a large plot of degraded land in Brazil, with the goal of sequestering carbon and supporting research work on the greenhouse effect and biodiversity.

SUPPLIER RELATIONS: CREATING LASTING COMPETITIVE ADVANTAGE

Standard parts and components represent around 70% of a vehicle's average production cost. Consequently, PSA Peugeot Citroën's leverages its relations with suppliers with the goal of becoming more competitive in terms of cost-effectiveness, quality, innovation and the creation of shared value.

Initiated in 2009, the Excellence in Supplier Relations project responds very far upstream to challenges involving all aspects of automobile projects, in such areas as R&D, technical issues and production. Deployment of the project is continuing. After selecting 13 strategic suppliers, all multinational companies with global operations, the Group is currently identifying around 100 major suppliers that have the necessary financial solidity and capacity for innovation to support the Group's development, especially in international markets.

For PSA Peugeot Citroën, forging solid, lasting relations with suppliers also requires these partners to comply with the Group's social and environmental standards and continuously improve their performance in this area.

The Group is also pursuing its local integration strategy, choosing suppliers that operate near its production facilities. By increasing the percentage of local purchases, PSA Peugeot Citroën is demonstrating that its operations support the economic development of its host regions and countries.

DEPLOYING AN INNOVATIVE, RESPONSIBLE HUMAN RESOURCES POLICY

HUMAN RESOURCES: A KEY PERFORMANCE DRIVER

To hire, retain and develop the skilled teams it needs, the Group is relying on PSA University, launched in April 2010, to play an ever-greater role in driving its transformation. The University's mission is to transmit – around the world – skills, capabilities and attitudes that comply with PSA Peugeot Citroën's values and strategic objectives.

In 2011, two branches were created outside France – in Sao Paulo, Brazil and Shanghai, China – to share the Group's corporate values and work methods with teams in other regions.

Lastly, PSA Peugeot Citroën has chosen to promote personal and cultural diversity within the organisation and to make equal opportunity and respect for differences key building blocks of its responsible development commitment. The deployment of the Worldwide Diversity Commitment has provided the Group with a Registration Document. It contains seven founding principles designed to enable teams to take into consideration gender balance and diversity issues and the challenges they represent. Already the recipient of various national diversity and equality awards in recent years, the Group in 2011 obtained the first certification granted under the Gender Equality European Standard.

A COMMITMENT TO HEALTH AND SAFETY

PSA Peugeot Citroën's workplace health and safety policy is implemented through the Workplace Health and Safety Management System, All Group facilities are involved in this structured approach, which in two years has amply demonstrated its effectiveness. Considering that an accident-free workplace is the only acceptable target and that employee safety is a prerequisite for responsible development, PSA Peugeot Citroën has organised its actions around five key priorities: the prevention of musculoskeletal disorders, the elimination of chemical-related, psychosocial and road risks, and the detection of situations that put employees at risk.

The improved safety results in all the Group's operations and divisions clearly show that it has embarked on a process of continuous improvement with regard to workplace health and safety. The goal is to pursue this path, focusing its efforts on individual and team behaviour to transform the Group's safety culture over the long term. The objective for 2013 is to reduce the lost-time incident frequency rate (for employees and temporary staff) by one point.

In 2010, personal safety objectives were set up for all managers and safety was included in discretionary profit-sharing plans to give all employees a stake in the Group's safety results.

DEVELOPMENT SUPPORTED BY INTERNATIONAL DIALOGUE

Around the world, PSA Peugeot Citroën's commitment to social dialogue is being pursued through international forums for dialogue and discussion, such as the European Works Council and the Joint Union-Management Strategy Committee. This dialogue is intended to create social cohesion within the Group based on powerful values such as solidarity, tolerance and commitment. It also reflects the Group's determination to extend best human resources practices throughout the organisation and to promote such strong principles as respect for human rights, equal opportunity, team diversity and workplace health and safety.

In 2003, the Group pledged to uphold and promote the ten principles of the United Nations Global Compact, an agreement inspired by the Universal Declaration of Human Rights. This public commitment is the basis for the Group's Global Framework Agreement on Social Responsibility, Signed in 2006 by more than 90 labour unions around the world and applied by all Group subsidiaries in all host countries, the agreement was renewed in 2010 to extend its initial commitments with the addition of a new objective in the area of environmental stewardship.

BEHAVIOUR GOVERNED BY THE GROUP'S ETHICAL STANDARDS:

In line with its history and a corporate culture based on respect and responsibility, PSA Peugeot Citroën asks all employees to comply with its standards of behaviour when carrying out their economic, social and environmental responsibilities. Formally presented in a Group charter, the guidelines apply to all subsidiaries in which PSA Peugeot Citroën holds a majority stake (with the exception of Faurecia, which has its own Code of Ethics) and in all countries.

This ethical commitment is backed by a system has been strengthened since 2010 and gradually extended:

- 2010 creation of a corporate ethical governance structure, the Ethics Committee; deployment of a concrete, up-to-date version of the Code of Ethics in eight languages; pledge by all senior managers worldwide to support the Code of Ethics via an e-questionnaire;
- 2011: creation with ten chief ethics officers of a network to relay the Ethics Committee in the main regions and deployment in 20 countries of the Code of Ethics translated into 15 languages. Overall 11,000 employees in 20 countries took part in an ethics-e-learning module and signed the Code;
- 2012-2013: pledge by all concerned employees to support the Code (including in Russia and China); deployment of supplementary tools: measures to combat fraud strengthened and global alert system introduced.

5.3.2. ENVIRONMENTAL STEWARDSHIP

PSA Peugeot Citroën teams are proficient in the eco-design process, which helps to shrink a vehicle's environmental footprint to a minimum at every stage in its life cycle, by improving fuel efficiency, reducing emissions of carbon and other pollutants, using natural resources reasonably and enhancing recyclability. In addition to ensuring that its vehicles comply with local environmental legislation, eco-design also ensures that the Group will stay ahead of the competition in terms of sustainable mobility.

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

- improving fuel efficiency and reducing carbon emissions;
- making vehicles lighter, which in turn increases fuel efficiency and reduces raw materials content;
- using green materials that are recycled or bio-sourced.

5.3.2.1. GREENHOUSE EFFECT

Looking forward to 2020, the automobile industry will have to become more energy efficient and environmentally friendly.

In Europe, emissions regulations focus mainly on environmental protection, while in China the goal is more to achieve energy independence.

At the same time, tax incentives, the trend toward urbanisation in all markets and the spread of limited-access downtown areas and low-emission zones are speeding the development of more environmentally responsible technologies.

Against this backdrop, PSA Peugeot Citroën aims to consolidate its environmental leadership. PSA Peugeot Citroën is developing a range of increasingly fuel-efficient, low-carbon cars that continue to meet the growing mobility needs of individuals, giving them access to employment, education and healthcare, while complying with regulatory standards.

The Group's current strategy is based on a segmented approach by major market and customer type (passenger car and utility vehicle, depending on type of use, expectations and budget) with a low-carbon vehicle for each need. In 2011 and early 2012, the Group introduced in each European market segment high-volume vehicles that are well positioned in terms of carbon emissions.

HIGHLY FUEL-EFFICIENT VEHICLES LAUNCHED IN 2011 AND EARLY 2012

			G CO_2/KM
Peugeot	207	1.6 HDi	98
Peugeot	208	1.4 e-HDi 68	87
Peugeot	308	1.6 e-HDi 112	98
Peugeot	3008	1.6 e-HDi 112	122
Peugeot	5008	1.6 e-HDi 112	119
Peugeot	508	1.6 e-HDi 112	109
Peugeot	Partner Tepee	1.6 e-HDi 92	125
Citroën	C3	1.4 e-HDi	87
		1.6 e-HDi	93
Citroën	DS3	1.4 e-HDi	87
	DS3	1.6 e-HDi	95
Citroën	C3 Picasso	1.6 e-HDi	109
Citroën	C4	1.6 e-HDi	98
Citroën	C4 Picasso	1.6 e-HDi	125
Citroën	DS5	1.6 e-HDi	114
Citroën	C5	1.6 e-HDi	120
Citroën	Berlingo	1.6 e-HDi	125

Launches of this type of vehicle will continue in the years ahead.

As part of this approach, PSA Peugeot Citroën is planning to deploy a wide array of technological solutions structured around the following main objectives:

- optimising powertrains for petrol and diesel internal combustion engines, including the more widespread use of Stop & Start systems;
- improving the overall fuel efficiency of its vehicles, in particular by optimising vehicle architecture (aerodynamics and mass) and equipment (tyres, etc.);
- deploying hybrid technologies with different size engines and battery capacity to meet a wide range of types of use and budgets. Bi-modal and hybrid plug-in technologies will account for a significant portion of the market in the decade 2020-2030, both for passenger cars and light utility vehicles;
- developing electric vehicles for both fleets and individual customers, as cities install the necessary infrastructure and battery costs decline.

In Europe, the Group has set a target of selling one million vehicles emitting less than 120 g/km of CO_2 a year, beginning in 2012. To consolidate its environmental leadership over the medium term and looking forward to 2020, PSA Peugeot Citroën aims to systematically offer:

- vehicles with very low fuel consumption but that still deliver superior features and equipment;
- best-in-class carbon performance for high-volume vehicles in the main market segments.

In China, where the regulatory environment will be as strict as Europe's in 2020, a comparable effort will be deployed, in particular by activating the same technical levers.

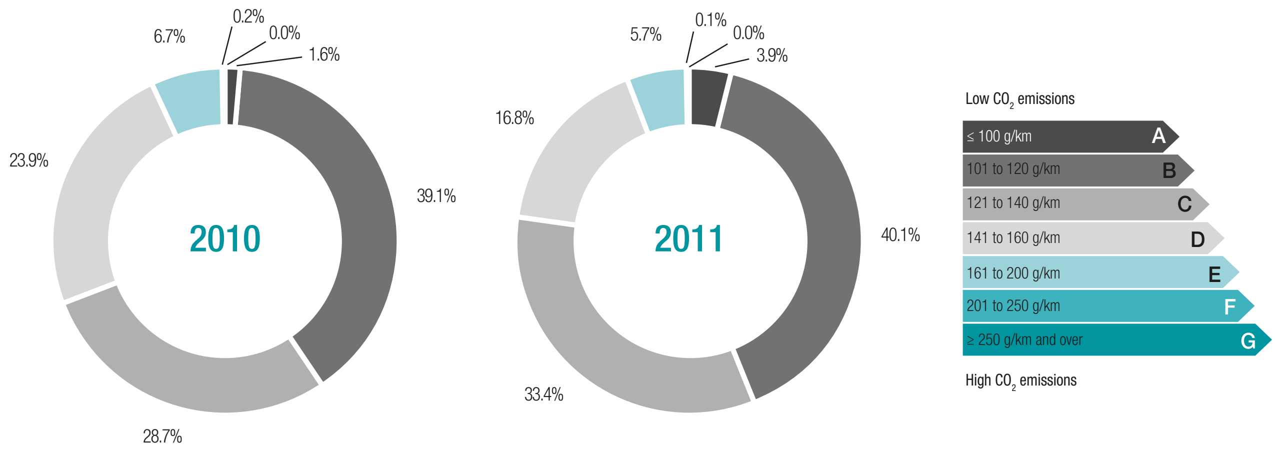
In Brazil, PSA Peugeot Citroën has confirmed its goal of reducing fuel consumption and carbon emissions by applying the same technological levers as in Europe. This will help to position the Group among the market leaders with highly fuel-efficient vehicles in the different segments.

SALES AND MARKET SHARE BY CO_2 EMISSIONS LEVEL

PSA Peugeot Citroën registrations by CO_2 emissions level

(Passenger car 2011 registrations in the 22-country Europe, corresponding to the EU excluding Greece, Cyprus, Malta, Bulgaria and Romania)

Note: the scope of reporting has changed compared with last year's document.



In this chart, the CO_2 emissions bands (in g/km) correspond to the ratings on French energy efficiency labels. A: ≤100, B: 101-120, C: 121-140, D: 141-160 E: 161-200, F: 201-250, G: ≥250.

In 2011, vehicles that emit 110g/Km of CO_2 and less accounted for 29% of Peugeot and Citroën sales in 22-country Europe, versus 22% in 2010.

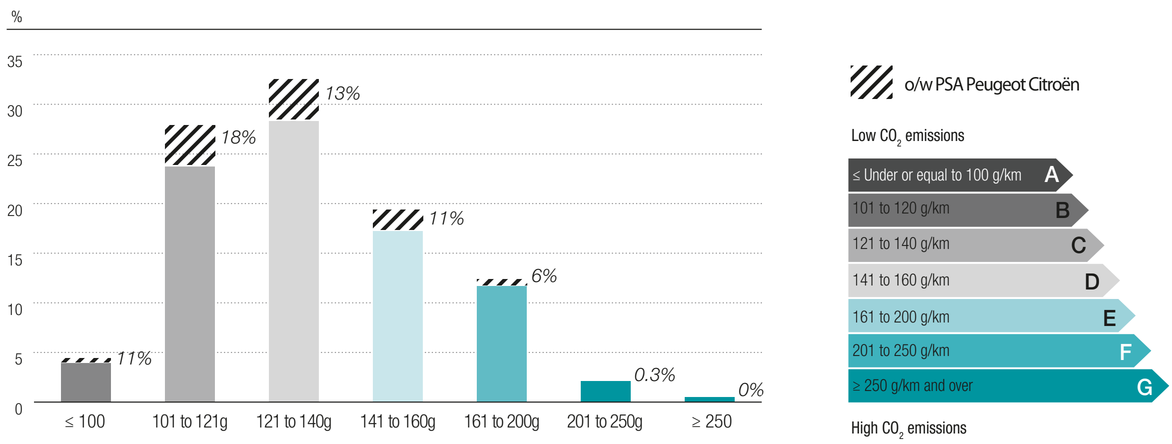
In 2011, vehicles that emit 140g/Km of CO_2 and less accounted for 77% of Peugeot and Citroën sales in 22-country Europe.

Average Group CO_2 emissions in the 22-country Europe stood at 127.9 g/km in 2011, versus 132.0g in 2010. By comparison, average Group CO_2 emissions in the 14-country Europe (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweeden and the United Kingdom). stood at 131.8 g/km in 2010, 135.8 g in 2009 and 140.1 g in 2008.

The results also reflect the Group's decision to focus on affordable technological solutions applicable to mass-produced cars, which is the only way to have a real impact on the environment.

European automobile market by CO_2 emissions level

(Passenger car 2011 registrations in the 22-country Europe, corresponding to the EU excluding Greece, Cyprus, Malta, Bulgaria and Romania)



A comparison of PSA Peugeot Citroën registrations and the total European market by range of CO_2 emissions in 2011 highlights the Group's contribution to reducing new vehicle emissions in Europe.

In 2011, a total of 717,000 PSA Peugeot Citroën passenger cars emitting less than 120 g/km of CO_2 were registered in the 22-country Europe. Moreover, in the segment of vehicles emitting less than 110 g/km of CO_2, the Group is the market leader with a 21.1% share, representing 476,000 passenger vehicles.

FUEL CONSUMPTION AND CO_2 EMISSIONS BY VEHICLE

Fuel Consumption and Co_2 Emissions by Vehicle in 2011

In all, 29 Peugeot and Citroën models are produced in versions that emit less than 130 g/km of CO_2, of which 21 that emit less than 121 g/km. Among them are seven versions with emissions of less than 100 g/km – the Peugeot iOn, 207 and 308 and the Citroën C-Zero, C3, DS3 and C4.

The models below were selected on the basis of two criteria: best sales in France and environmental performance. for each one, the table shows data for the petrol, hybrid and diesel versions offering the lowest CO_2 emissions and fuel consumption. Models in boldface are the best-selling petrol or diesel version in France.

In some cases, the best selling models are also the most fuel efficient.

PEUGEOT (FRANCE 2011)

		Fuel	Displacement	Power	Fuel consumption (litres/100km)			CO_2	Noise
			cm³	kW	City	Highway	Combined	g/km	dB(A)
Peugeot iOn		**Electric**	**-**	**47**	**0**	**0**	**0**	**0**	**66**
Peugeot 107	**1.0 68hp**	**Petrol**	**998**	**50**	**5.4**	**4.0**	**4.3**	**103**	**70.0**
Peugeot 206+	1.1	Petrol	1,124	44	7.8	4.6	5.8	133	71.4
	1.4 75	**Petrol**	**1,360**	**54**	**8.2**	**4.7**	**6.0**	**139**	**71.9**
	1.4 HDi 70	**Diesel**	**1,398**	**50**	**4.9**	**3.5**	**4.0**	**104**	**74.6**
Peugeot 207	**1.4 VTi 95**	**Petrol**	**1,397**	**70**	**7.6**	**4.8**	**5.8**	**135**	**72.0**
	1.6 HDi	Diesel	1,560	66	4.6	3.3	3.8	98	68.5
	1.6 HDi 92	Diesel	**1,560**	**68**	**5.2**	**3.5**	**4.2**	**110**	**74.3**
Peugeot 308	1.4 VTi 98	Petrol	1,397	72	8.4	5.1	6.3	144	73.7
	1.6 VTi 120	**Petrol**	**1,598**	**88**	**9.1**	**4.9**	**6.4**	**147**	**72.8**
	1.6 e-HDi 112	Diesel	1,560	82	4.4	3.7	4.0	98	72.0
	1.6 HDi 112	**Diesel**	**1,560**	**82**	**5.1**	**3.9**	**4.5**	**114**	**72.0**
Peugeot 3008	1.6 VTi 120	Petrol	1,598	88	9.4	5.5	6.9	159	73.3
	1.6 THP 156	**Petrol**	**1,598**	**115**	**9.9**	**5.6**	**7.1**	**167**	**73.1**
	1.6 e-HDi 112	Diesel	1,560	82	5.2	4.4	4.7	122	69.6
	1.6 HDi 112	**Diesel**	**1,560**	**82**	**5.8**	**4.4**	**4.9**	**129**	**69.6**
Peugeot 5008	1.6 VTi 120	Petrol	1,598	88	9.4	5.5	6.9	159	73.8
	1.6 THP 156	**Petrol**	**1,598**	**115**	**9.8**	**5.7**	**7.1**	**167**	**72.9**
	1.6 e-HDi 112	Diesel	1,560	82	5.1	4.3	4.6	119	69.5
	1.6 HDi 112	**Diesel**	**1,560**	**82**	**6.2**	**4.5**	**5.1**	**134**	**69.5**
Peugeot 407 Coupé	**2.0 HDi 163**	**Diesel**	**1,997**	**120**	**6.9**	**4.5**	**5.4**	**140**	**73.6**
Peugeot 508	**1.6 THP 156**	**Petrol**	**1,598**	**115**	**9.0**	**4.7**	**6.2**	**144**	**72.0**
	2.0 HDi 140	**Diesel**	**1,997**	**103**	**6.2**	**3.7**	**4.6**	**119**	**72.6**
	1.6 e-HDi 112	**Diesel**	**1,560**	**82**	**5.1**	**4.0**	**4.2**	**109**	**71.3**
Peugeot 4007	**2.2 HDi 156**	**Diesel**	**2,179**	**115**	**8.6**	**5.6**	**6.7**	**175**	**74.9**
Peugeot 807	**2.9 HDi 136**	**Diesel**	**1,997**	**100**	**7.4**	**5.0**	**5.9**	**155**	**73.9**
Peugeot Bipper Tepee	**1.4 75**	**Petrol**	**1,360**	**54**	**8.2**	**5.6**	**6.6**	**152**	**72.5**
	1.3 HDi 75	**Diesel**	**1,248**	**55**	**4.8**	**3.7**	**4.1**	**107**	**74.0**
Peugeot Partner Tepee	**1.6 VTi 120**	**Petrol**	**1,598**	**88**	**9.6**	**6.0**	**7.3**	**169**	**74.0**
	1.6 e-HDi 92	Diesel	1,560	68	5.1	4.5	4.8	125	69.4
	1.6 HDi 92	**Diesel**	**1,560**	**66**	**6.2**	**4.8**	**5.3**	**139**	**74.5**
Peugeot Expert Tepee	1.6 HDi 90	Diesel	1,560	66	8.0	6.3	6.9	182	74.4
	2.0 HDi 128	**Diesel**	**1,997**	**94**	**8.2**	**6.3**	**7.0**	**183**	**73.6**
Peugeot RCZ	**1.6 THP 156**	**Petrol**	**1,598**	**115**	**8.9**	**5.1**	**6.4**	**149**	**71.0**
	2.0 HDi 163	**Diesel**	**1,997**	**120**	**6.8**	**4.5**	**5.3**	**139**	**73.6**

Launches will continue in 2012:

		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO_2
			cm³	kW	City	Highway	Combined	g/km
Peugeot 107	1.0	Petrol	998	50	5.1	3.8	4.3	99
Peugeot 208	1.0 VTi 68	Petrol	999	50	5.2	3.7	4.3	99
	1.2 VTi 82	Petrol	1,199	60	5.6	3.9	4.5	104
	1.4 VTi 68	Petrol	1,397	70	7.5	4.5	5.6	129
	1.4 e-HDi 68	Diesel	1,398	50	3.6	3.2	3.4	87
Peugeot 3008	HYbrid4	Full Hybrid Diesel	1,997	147	3.9	3.7	3.8	99
Peugeot 508	RXH	Full Hybrid Diesel	1,997	147	4.0	4.2	4.1	107

CITROËN (FRANCE 2011)

		Fuel	Displacement	Power	Fuel consumption (litres/100km)			CO_2	Noise
			cm³	kW	City	Highway	Combined	g/km	dB(A)
Citroën C-Zero		**Electric**	**-**	**47**	**0**	**0**	**0**	**0**	**66**
Citroën C1	**1.0i**	**Petrol**	**998**	**50**	**5.4**	**4.0**	**4.5**	**103**	**70.0**
Citroën C3	**1.1i**	**Petrol**	**1,124**	**44**	**7.9**	**4.9**	**5.9**	**137**	**73.8**
	VTi 95 BMP	Petrol	1,397	70	7.4	4.4	5.5	127	73.9
	HDi 90	**Diesel**	**1,560**	**68**	**4.5**	**3.4**	**3.8**	**99**	**71.4**
	e-HDi 70	Diesel	1,398	50	3.6	3.2	3.4	87	72.1
Citroën DS3	VTi 95 BMP	Petrol	1,397	70	7.4	4.4	5.5	127	73.9
	VTi 120	**Petrol**	**1,598**	**88**	**7.9**	**4.8**	**5.9**	**136**	**73.5**
	e-HDi 90	**Diesel**	**1,560**	**68**	**4.4**	**3.3**	**3.7**	**98**	**71.4**
Citroën C3 Picasso	**VTi 95**	**Petrol**	**1,397**	**70**	**8.4**	**5.1**	**6.3**	**145**	**74.0**
	e-HDi 90	**Diesel**	**1,560**	**68**	**4.7**	**3.8**	**4.2**	**109**	**74.9**
Citroën Nemo Combi	**1.4i**	**Petrol**	**1,360**	**54**	**8.2**	**5.6**	**6.6**	**152**	**72.5**
	HDi 75	**Diesel**	**1,248**	**55**	**4.9**	**3.6**	**4.1**	**107**	**74.0**
Citroën Berlingo	e-HDi 90	Diesel	1,560	68	5.1	4.5	4.8	125	69.4
	VTi 95	**Petrol**	**1,598**	**72**	**9.6**	**5.7**	**7.1**	**164**	**74.0**
	HDi 75	**Diesel**	**1,560**	**55**	**6.2**	**4.8**	**5.3**	**139**	**73.6**
Citroën C4	**VTi 95**	**Petrol**	**1,397**	**70**	**8.2**	**4.9**	**6.1**	**140**	**73.6**
	HDi 110	**Diesel**	**1,560**	**68**	**5.8**	**3.9**	**4.6**	**119**	**74.1**
	e-HDi 110	Diesel	1,560	68	4.2	3.5	3.8	98	71.8
Citroën DS4	**VTi 120**	**Petrol**	**1,598**	**88**	**8.3**	**5.0**	**6.2**	**144**	**67.7**
	e-HDi 110	**Diesel**	**1,560**	**82**	**5.4**	**4.0**	**4.5**	**118**	**70.8**
Citroën C4 Picasso	**VTi 120**	**Petrol**	**1,598**	**88**	**9.3**	**5.4**	**6.9**	**159**	**73.8**
	HDi 110	**Diesel**	**1,560**	**82**	**6.1**	**4.5**	**5.1**	**132**	**70.1**
	e-HDi 110	Diesel	1,560	82	5.1	4.5	4.8	125	72.5
Citroën C5	**THP 155 BVA**	**Petrol**	**1,598**	**110**	**10.5**	**5.6**	**7.3**	**169**	**72.1**
	VTi 120 BMP6	Petrol	1,598	88	8.3	5.0	6.2	144	71.4
	HDi 110	**Diesel**	**1,560**	**82**	**6.0**	**4.4**	**5.0**	**129**	**71.7**
	e-HDi 110	Diesel	1,560	82	5.5	4.1	4.6	120	70.3
Citroën DS5	**THP 200**	**Petrol**	**1,598**	**147**	**8.9**	**5.5**	**6.7**	**155**	**73.8**
	Hybrid4	Diesel hybrid Electric	1,997	120/147	3.9	3.7	3.8	99	74.8
	HDi 160	**Diesel**	**1,997**	**1,206.3**	**6.3**	**4.1**	**4.9**	**129**	**72.4**
Citroën C6	**V6 HDi 240 FAP**	**Diesel**	**2,993**	**177**	**10.0**	**5.8**	**7.3**	**189**	**72.8**
Citroën C8	**HDi 135**	**Diesel**	**1,997**	**88**	**7.4**	**5.0**	**5.9**	**155**	**73.9**
Citroën C-Crosser	**HDi 160 DCS**	**Diesel**	**2,179**	**115**	**9.3**	**6.0**	**7.2**	**189**	**71.8**
	HDi 160	Diesel	2,179	115	8.6	5.6	6.7	175	74.9

Launches will continue in 2012:

		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO_2
			cm³	kW	City	Highway	Combined	g/km
Citroën C1	1.0	Petrol	998	50	5.1	3.8	4.3	99
Citroën DS5	Hybrid4	Diesel hybrid Electric	1,997	120/147	3.9	3.7	3.8	99

In tests by an independent organisation, CO_2 emissions are measured with the vehicle on a chassis dynamometer running the European standard Motor Vehicle Emission Group (MVEG) test procedure, which covers both city and highway driving cycles. The measured emissions are then calculated per kilometre, providing a basis for determining consumption by type of fuel. The resulting data enable consumers to compare the performance of vehicles offered by different brands.

The method used to measure noise levels is described in UN-ECE Regulation no. 51 and is based on the ISO 362 standard, which defines speed and acceleration conditions for test runs. Noise levels are measured by microphones placed along the test track. The dB(A) unit of measurement expresses a level of intensity weighted to reflect the physiological characteristics of the human ear.

PETROL AND DIESEL ENGINES

PSA Peugeot Citroën is continuing to optimise diesel and petrol internal combustion engines in all geographies – Europe, China and Latin America – to improve their fuel efficiency and thus reduce their carbon emissions, by deploying highly innovative technological solutions in engine architecture as well as in fuel intake, injection and emissions-control systems. The main levers for optimising efficiency include:

- downsizing (reducing engine size and the number of cylinders sometimes combined with turbocharging) thereby reducing fuel consumption while maintaining their performance levels;
- increasing torque while reducing maximum power, thereby lengthening the power and torque bands and increasing fuel efficiency;
- reducing mechanical friction (oil, piston rings, oil pump, accessories, permeability, etc.)
- optimising output and combustion technology.

High-performance technical solutions for internal combustion engines are already available on 2012 PSA Peugeot Citroën vehicles or are being deployed for new-generation petrol engines. The medium and long-term strategy is to reinforce this technological edge with new engines and gearboxes, in particular for the 2015-2020 period.

Reducing Diesel Engine Fuel Consumption and Exhaust Emissions

PSA Peugeot Citroën is consolidating its expertise in fuel efficient, high performance, low-carbon diesel engines. Developed in cooperation with Ford, common-rail, direct-injection HDi diesel engines deliver outstanding driving comfort and significantly lower CO_2 emissions.

These benefits have made the HDi one of the best selling engines in Europe, where diesels represented nearly 62% of passenger car and utility vehicle unit sales in 2011. Equipped with particulate filters since 2000, HDi engines are constantly being optimised to deliver greater driving comfort and enhanced emissions-control systems. Some 1.677 million HDi powerplants were produced in 2011, bringing total output to more than 17.5 million units since 1998, of which 5.4 million fitted with additive particulate filters, a PSA Peugeot Citroën invention.

The 1.4-liter diesel versions of the Citroën C3 and Peugeot 208 with CO_2 emission of just 87 g/km were launched, respectively in late 2011 and early 2012. Both feature a particularly efficient technical package that includes optimised engine calibration, Stop & Start technology and semi-automatic gearboxes.

Combined with HYbrid4 technology – a world first – PSA Peugeot Citroën's 2.0-litre diesel engine has enabled the Peugeot 3008 to achieve breakthrough performance: 99 g/km of CO_2 emissions for combined power (internal combustion and electric powertrains) of 200 hp.

In a global market where internal combustion engines will still be predominant in 2020, PSA Peugeot Citroën is continuing to develop its HDi technology. At the same time it is more broadly deploying its e-HDi (Stop & Start) technology and beginning in 2013 will offer new engines that are more fuel efficient and aligned with the forthcoming Euro 6 standard. The Group's future utility vehicle ranges will integrate these new engines, thereby supporting efforts to improve the environmental performance of this type of vehicle. In 2011, 96% of utility vehicles in Europe were diesel-powered.

The emissions-control technology PSA Peugeot Citroën is developing for the Euro 6 standards, which combines additive particulate filters with selective catalytic reduction technology to lower nitrous oxide emissions, will enable the Group's diesel engines to comply with today's most stringent control standards.

The medium-term strategy for the 2015-2020 period calls for further technological advances in diesel powertrains, with new launches of engines and related gearboxes.

Reducing Petrol Engine Fuel Consumption and Exhaust Emissions

In less than ten years, PSA Peugeot Citroën will have revitalised all its petrol engine ranges, in line with its goal of reducing carbon emissions not only in Europe but also in other major markets, including China.

Since 2006, PSA Peugeot Citroën has been offering the 1.4-litre and 1.6-litre, 4-cylinder petrol engines developed jointly with B MW, which deliver a 10 to 15% reduction in CO_2 emissions compared with their predecessors. By the end of 2011, 2,415,000 of these engines had already been produced. The engines have been voted Engine of the Year in their category five times.

PSA Peugeot Citroën and BMW are pursuing their cooperative venture by developing a new generation of Euro 6-compliant four-cylinder petrol engines.

At the same time, the Group is also working on a new high-tech family of 1-litre and 1.2-litre, 3-cylinder petrol engines, which are scheduled for launch in 2012.

This new family will:

- reduce carbon emissions by up to 25% compared with the previous generation, making it possible to offer petrol-powered cars that emit less than 100 g/km of CO_2;
- cover a wide range of power – between 50 kW and 100 kW – depending on the version;
- be available in versions that meet the future Euro 6 standard when they are first launched.

To support and strengthen its international development, especially in China, PSA Peugeot Citroën has begun deploying the new engines in its non-European markets and will step up deployment in the years ahead.

In emerging markets, where mainly petrol engines are being deployed, there are growing trends toward European-style regulations, government incentives and consumer expectations. To support its growth outside Europe, PSA Peugeot Citroën has decided to introduce clean, fuel-efficient, high-performance, high-tech engines in these markets as quickly as possible.

These new developments take into account specific market expectations, such as flex fuel models for Brazil. The deployment of these new engines in China represents a significant step forward, in line with the strategy of reducing CO_2 emissions from PSA Peugeot Citroën vehicles in the market by 2020.

Lastly, hybrid engines are also being introduced with a Stop & Start Petrol offer scheduled for 2013 that will then be extended to all petrol engines and followed by a hybrid offer.

PSA Peugeot Citroën is committed to completely overhauling its petrol engine ranges with the goal of:

- meeting the need to reduce carbon emissions throughout the line-up;
- complying with future regulatory requirements in all regions;
- integrating specific requirements for fast-growing non-European markets and providing them with clean, high-tech engines that appeal to consumers;
- enabling a shift toward hybrid solutions.

GEARBOXES

Petrol and diesel powertrains are continuously improved by focusing on two main areas:

- transmission efficiency, for both manual and automatic gearboxes;
- adapting the power train (i.e., gear ratios, gear ratio change strategies, compatibility with Stop & Start), to take maximum advantage of improvements to engines, and operate under optimum conditions of fuel consumption, in the test cycle and in customer use (with the help of the gear ratio indicator recommended for manual gearboxes).

The six-speed electronic manual gearbox, widely deployed by the Group, combines these two areas for an extended very low fuel consumption offering.

Work on two mid-range and high-end six-speed automatic transmissions should make it possible to deliver excellent drivability as well as fuel consumption similar to that of comparable manual gearbox powertrains (about +5 g/km of CO_2) for automatic petrol and diesel powertrains by around 2013.

The Group is continuing to explore other types of gearboxes that represent the best of these two technologies.

ALTERNATIVE FUELS

Another way to reduce a vehicle's carbon footprint is to use other fuels than petrol and diesel, such as natural gas, LPG and biofuels. PSA Peugeot Citroën has reaffirmed its commitment to the responsible use of biofuels, while emphasising the need to take sustainability criteria into account in developing products and the related industry segments, including changes in how farmland is to be used.

Compressed Natural Gas (CNG)

Compressed natural gas (CNG), which is comprised mainly of methane (CH_4), is also among the energies used by PSA Peugeot Citroën in markets where the gas represents a plausible alternative to petrol, such as Argentina and China. These are markets where local conditions are favourable to its development (secure CNG supply, political commitment to set up a distribution network and tax incentives), such as in Argentina and the Middle East. Using CNG also helps to reduce tank-to-wheel carbon emissions by 20% compared with conventional petrol fuels.

Ethanol and flex-fuel vehicles

PSA Peugeot Citroën billings for assembled vehicles, by region

	Western Europe	o/w France	Latin America	Worldwide TOTAL
2011	0	0	150,900	150,900
2010	395	15	146,790	147,185
2009	950	20	117,500	118,450

Ethanol and its derivative, ethyl tertiary butyl ether (ETBE), which are made from cereals and sugar beets in Europe and sugar cane in Brazil, are biofuels that can be blended with petrol.

SP95-E10, a fuel introduced in France in 2009, is a blend of regular unleaded petrol (SP95) and 10% plant-derived ethanol. All of the Group's petrol-powered models produced since 1 January 2000 can run on SP95-E10.

PSA Peugeot Citroën has also developed flex-fuel engines that can run on ethanol/petrol blends of up to 85% ethanol in Europe (E85) and from 20 to 100% ethanol in Brazil. While the development of E85 is still marginal in France and elsewhere in Europe, Brazil is the world's largest market for ethanol and flex-fuel vehicles.

In the years ahead, flex-fuel models will be brought to market equipped with new families of petrol engines currently being developed. This solution will help to improve the new engines' energy efficiency by optimising consumption while also reducing CO_2 emissions through the use of ethanol.

Biodiesel

Biodiesels are a blend of diesel fuel and vegetable oil ethyl esters or methylesters (VOEEs or VOMEs), which are made from oilseeds such as rapeseed. The biodiesels currently on retail sale (at the pump) in Europe contain up to 7% VOEE/VOMEs.

Higher biofuel blends are more beneficial when used in captive fleets, where more rigorous fuel storage, refuelling and maintenance processes are easier to implement. for example, the Group's service fleet has been running on B30 fuel (a 30% biodiesel/70% diesel blend) for more than a decade and covers over 14 million kilometres a year with this fuel.

All of the Group's diesel vehicles can run on B10 (with up to 10% biodiesel) and B30, provided that the fuel is of high quality and the vehicle is maintained accordingly with high-quality oil, no oil maintenance and a specially serviced diesel fuel filter. This includes the vehicles equipped with the new e-HDi and HYbrid4 technologies.

The Group is participating in various research programmes in Europe, notably in France where it is a member of the Diester Partners association. PSA Peugeot Citroën and the Fédération Nationale des Syndicats d'Exploitants Agricoles (FNSEA), France's largest farmers' union, are committed to jointly developing ethanol and biodiesel-based biofuels in line with the objectives of the European Union directive on renewable energies, which sets a target of sourcing at least 10% of land transport fuel from renewables by 2020.

In a partnership with the Ladetel laboratory in Brazil, the Group is operating a fleet of modern diesel vehicles with local fuels made from Brazilian soybean, castor and palm oils to promote diesel engines for passenger cars.

PSA Peugeot Citroën is also helping to create an advanced laboratory with the Pontifical Catholic University of Rio de Janeiro (PUC) and more recently announced a partnership with Petrobras, the energy company, to reduce carbon emissions by optimising combustion of local biofuels.

The Group is also actively involved in developing biofuel standards to ensure the minimal quality levels required to support efficient engine performance, proper vehicle operation and a satisfying driving experience. It is also a member of the steering committee of the European Biofuels Technology Platform.

Advanced Biofuels

Extending the use of biofuels, without detracting from their positive social and environmental impact, requires the development of so-called "advanced" biofuels, which can be made from biomass feedstocks, such as crop residue, non-food crops, organic waste or even microalgae. PSA Peugeot Citroën is contributing to this process by participating in research projects and real-world trials. Two examples are the Shamash project, which aims to produce a lipid biofuel from microalgae supplied by Alpha Biotech, and the proposed partnership with the administrative authority for the greater Lille region to test the use of biogas in public transit applications. In mid-2011, the Group agreed to take part in a low-carbon energy project being set up for future-generation biofuels made from microalgae (GreenStars platform).

DEPLOYING MICRO-HYBRID, HYBRID AND ELECTRIC VEHICLES

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

Stop & Start and e-HDI Technologies

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

First-generation Stop & Start technology was introduced on the Citroën C2 and C3 in 2004. The second generation, known as e-HDi, delivers superior driveability, faster restart and other premium features. Fitted on an HDi diesel engine, the new reversible starter-alternator is more efficient and enables regenerative braking. Introduced in the second half of 2010 on the Citroën C5, the technology was deployed throughout 2011 and will continue to be deployed in 2012-2013. Deployment of these technologies will continue in 2012-2013. The Group's objective is to have sold one million e-HDi-equipped vehicles by year-end 2013.

Beyond that date, PSA Peugeot Citroën is planning, for the 2015-2020 period, to extend deployment of Stop & Start and e-HDi technologies in Europe, China and other regions by combining recent advances in its diesel and petrol internal combustion engines with innovative technologies for managing vehicle electrical consumption.

Hybrids

PSA Peugeot Citroën's HYbrid4 diesel hybrid technology represents a major breakthrough in terms of fuel efficiency and CO_2 emissions in the European market, offering gains of up to 30% compared with the equivalent HDi diesel model and emitting less than 100 g/km of CO_2. The drivetrain combines the high fuel efficiency of the HDi diesel in highway driving with all the benefits of electric propulsion on city and suburban roads. It also offers all-wheel drive capability, thanks to the electric motor mounted on the rear axle assembly, as well as e-HDi technology and a particulate filter.

The first diesel hybrid on the market, the Peugeot 3008 HYbrid4, was equipped with the technology since 2011, followed by the Citroën DS5 HYbrid4 and the Peugeot 508 RXH and 508 HYbrid4.

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

PSA Peugeot Citroën and BMW are cooperating in hybrid technologies through an equally owned joint venture created in 2011. Known as BMW Peugeot Citroën Electrification, the venture focuses on developing and producing hybrid powertrain components, including battery packs, E-machines, generators, power electronics and chargers, while also developing software for hybrid systems. Joint research and development, production and component purchasing are leveraging significant economies of scale for both groups.

The joint initiative is also aimed at creating an open European platform on those technologies, which will help the European industry to structure itself in the field of hybridisation. The joint venture began operating in late 2011 and the new hybrid components will equip both partners' vehicles from 2014 onwards.

Plug-In Hybrids

PSA Peugeot Citroën is working on a plug-in hybrid, meaning a multi-functional vehicle that can be recharged on an ordinary electric socket. An enhanced battery pack will enable the plug-in to run in all-electric mode for between 15 and 50 kilometres, which corresponds to most motorists' daily needs. It therefore offers all the benefits of an EV for day-to-day use, but can also handle longer distances thanks to its internal combustion engine.

Wide-scale testing will be carried out on an initial fleet of vehicles, ahead of the technology's market launch beginning in 2015.

The long-term objective is to reduce these plug-ins' CO_2 emissions to less than 50 g/km.

Electric Vehicles

January 2011 saw the market launch of the Peugeot Ion and Citroën C-Zero, developed in conjunction with Mitsubishi Motors Corporation. In all, the Group sold 4,000 electric vehicles in Europe, making it the market leader with a 33% share. However, the Group only achieved 50% of the target it had set for the two vehicles' first year on the market.

There are several reasons for this slow start:

- while compatible with city driving, their limited range (150 km) weighed on sales, even if the vehicles can meet 90% of motorists' daily needs;
- their sticker price is high compared with equivalent internal-combustion engine models;
- deployment of recharging infrastructure has been slowed, as standards have not yet been defined at European level;
- reports in the middle of the year questioned the safety of the lithium ion batteries. These questions were resolved in December 2011 following tests carried out by Inéris.

It should be noted that car-sharing services involving a significant number of EVs have been introduced and favourably received. PSA Peugeot Citroën helped to launch these services in the French cities of Nice and La Rochelle.

Fuel Cell Vehicles

Over the longer term, the Group is exploring possible applications of hydrogen fuel cell technology.

After building seven technology demonstrators, the Group remains on active technology watch and is leading fundamental research partnerships with the French Atomic Energy Commission (CEA) and as part of the EU's StorHy programme to store hydrogen at 700 bar. The Genepac fuel cell developed with the CEA offers one of the highest energy-to-size ratios in the world. It can be used as a range extender, with the 20 kW module, or for propulsion, with several 80 kW stacks.

However, fuel cell vehicles do not yet have the technical and economic maturity needed to support mass-market production. As a result, process engineering and mass marketing would not seem foreseeable until 2020. Although considerable progress has been made, hydrogen fuel cell technology must still overcome a number of obstacles, including the cost of the fuel cell system, the fuel cell's lifespan, the size, mass and cost of the hydrogen storage system and the deployment of the necessary infrastructure to market hydrogen to the general public.

OPTIMISING VEHICLE ARCHITECTURE AND EQUIPMENT

In addition to its engine, fuel and hybrid technologies, PSA Peugeot Citroën is optimising vehicle features in order to position itself as a leader in reducing fuel consumption and CO_2 emissions. The technical levers that will reduce carbon emissions are vehicle mass, aerodynamics and architecture, tire rolling resistance and electrical power management as well as comfort, safety and driver assistance systems.

Taking into account how these levers interact, the Group's technical and product development teams are striving to guarantee future vehicles that meet expectations in all host markets – whether in Europe, Asia or Latin America – in terms of cost, consumer appeal and features.

In terms of fuel consumption and CO_2 emissions, the Group has competitive advantage that it aims to develop, with targeted positioning – for all its car ranges, from premium to core models, and for all its utility vehicles – in the low CO_2 emissions bands. This objective will be met through important technological efforts as well as by an on-going search for the right balance of sizes, optimised mass and highly attractive features in terms of spaciousness, comfort, road-holding and equipment.

In 2011, the Group deployed vehicles that were very well positioned in terms of carbon emissions in each segment of the European market. The strategy of extending and strengthening these levers has also been planned for the medium and long term, combined with breakthrough technological innovations, in all regions.

Equipment

Overall vehicle energy efficiency also involves optimising constituent components and sub-assemblies.

Reducing tire rolling resistance by 1 kg/tonne lowers carbon emissions by 2 g/km. PSA Peugeot Citroën systematically looks for tyres that achieve the best trade-off between grip (primary safety), comfort, noise and low rolling resistance, while adapting to the requirements of each country or region (Europe, China, Latin America, etc.). The Group prefers to use very low rolling resistance tyres equipped with pressure sensors.

It also systematically applies a strategy of reducing losses caused by friction on all mechanical parts of the vehicle, including brakes, bearings and bushings.

Improving the control and management of electrically-powered components (sensors, actuators, motors) by 10 amperes also provides a carbon reduction of about 3 g/km. The major levers for improvement are electrifying components, recovering and storing electrical energy, and using innovative electrical/electronic control systems and architectures.

Improvements in fuel efficiency also involve air-conditioning systems, by optimising fluids and components (evaporator, compressor) to reduce the energy needed for their operation, and by developing heat exchangers that recover energy via thermal loops.

Along with gear ratio change indicators, PSA Peugeot Citroën is developing a set of environmentally friendly driving systems, such as the eco-driving interface.

Vehicle Mass and Aerodynamics

Vehicle mass has a direct influence on fuel consumption, and therefore on greenhouse gas emissions: a weight reduction of 110 kg leads to an average 8 or 9 g/km reduction in CO_2, taking into account the induced effects on the vehicle's size and powertrain. At a given power-to-weight ratio, a lighter vehicle will need a less powerful engine and smaller mechanical components (vehicle frame, suspension systems, brakes, etc.).

Already a leader in terms of the average weight of its vehicles, PSA Peugeot Citroën is taking an active approach to further lightening its vehicles, making this a major lever in reducing their environmental footprint. The current technical deployment plans will enable reducing the weight of vehicles now under development by more than 100 kg in relation to current models. for example, the Peugeot 208 introduced in 2012 weighs 110 kg less than the Peugeot 207.

At the same time as the Group is optimising its vehicle architecture, it is also focusing on the choice of materials (high-strength steels, aluminium, composites, plastics) and assembly techniques. In 2011, metals accounted for about 70% of the vehicle's total weight. High-tensile steel is preferred because of its superior rigidity. Whenever technically feasible and cost effective, mass is being reduced by choosing lower density materials, such as the aluminium, composite materials and thermoplastics used instead of steel. Innovative assembly techniques provide further gains (hot stamping and laser welding help lighten the car body, while improving shock resistance).

A vehicle's drag (SCx) also has a direct influence on its greenhouse gas emissions: improving SCx by 5 dm^2 reduces CO_2 emissions by 2 g/km.

However, to reduce drag, all parts of the vehicle must be taken into consideration:

- the upper section of the body, by making the vehicle's projected frontal area more compact, by reducing the vehicle's wake through adjustments to the rear section, and by limiting structures that cause vortices;
- the underbody, by smoothing the underfloor structure using aerodynamic fairings, by limiting the impact of suspension components, and by controlling air intakes in the engine compartment;
- the wheel environment, by limiting the permeability of wheel rims, and avoiding whipstall;

- ground clearance;
- airflow circuits (cooling, engine cooling, brake cooling), by optimising the capture of aerodynamic forces through a reduction of the engine and cooling system thermal requirements, by installing airflow ducts and electronically controlled air inlet systems;
- rear-view mirrors and hubcaps, by optimising their design to avoid aerodynamic turbulence.

PSA Peugeot Citroën is committed to sharply reducing aerodynamic drag on all its model lines. This work is being carried out in conjunction with efforts to optimise vehicle architecture and design.

5.3.2.2. AIR QUALITY

REDUCING VEHICLE EXHAUST EMISSIONS

Meeting European Emissions Standards with a Focus on the Last Three Stages: Euro 4, Euro 5 and Euro 6

These standards set maximum admissible levels of CO, HC, NO_x and particulate matter (weight and number) emissions.

The Euro 5 and Euro 6 stages aim to reduce the maximum admissible levels of particulate matter and NO_x emissions of diesel-powered vehicles to very low levels. The Euro 5 and Euro 6 standards represent a more than 80% reduction in diesel particulate matter weight compared with Euro 4. To meet the standard for the number of particles, a high level of filtering efficiency is required (more than 99%). As for diesel nitrous oxide emissions, Euro 5 represents a 30% reduction and Euro 6 a 70% reduction compared with Euro 4.

EXHAUST EMISSIONS AT 20° C

	Petrol vehicle* - CNG - LPG *(g/km)*			Diesel vehicle *(g/km)*		
	Euro 4	Euro 5	Euro 6	Euro 4	Euro 5	Euro 6
CO	1.00	1.00	1.00	0.50	0.50	0.50
Non-methane HC	-	0.068	0.068	-	-	-
THC	0.10	0.10	0.10		-	-
NO_x	0.08	0.06	0.06	0.25	0.18	0.08
$THC+NO_x$	-			0.30	0.23	0.17
Particle emissions (mass)	-	0.005/0.0045**	0.0045**	0.025	0.005/0.0045**	0.0045**
Particle emissions (number)	-	-	6×10^{12} part/km (1) 6×10^{11} part/km (2)	-	6×10^{11} part/km (3)	6×10^{11} part/km
Durability *(km)*	100,000	160,000	160,000	100,000	160,000	160,000

* *Beginning with Euro 5, applies only to vehicles with direct-injection petrol engines.*

** *On the application dates – 1 September 2011 for new vehicle types and 1 January 2013 for all types – a changeover to a more precise measurement procedure will reduce the maximum admissible level to 0.0045 from 0.005 g/km. on the same dates, particle number (PN) emission limits will also be introduced, initially for diesels.*

(1) Extension of PN limits at the manufacturer's request until 31 August 2017 for new vehicle types and 31 August 2018 for all types (one year later for certain categories).

(2) Stricter PN limits beginning on 1 September 2017 for new vehicle types and 1 September 2018 for all types (one year later for certain categories).

(3) Introduction of PN emission limits for diesels beginning on 1 September 2011 and for new vehicle types and on 1 January 2013 for all types.

EVAPORATION EMISSIONS

	Petrol vehicle (4) - CNG - LPG *(g/test cycle)*			Diesel vehicle *(g/test cycle)*		
	Euro 4	Euro 5	Euro 6	Euro 4	Euro 5	Euro 6
HC	2.00	2.00	2.00	-	-	-

HC: Unburned hydrocarbons; NMHC: Unburned non-methane hydrocarbons (without CH_4): CO: Carbon monoxide; NO_x: Nitrous oxides.

A more stringent procedure for measuring evaporation losses is currently being prepared at European level and will be specified in 2013. It will impose stricter requirements beginning in September 2017 for new vehicle types and in September 2018 for all types.

Current exhaust emissions limits at -7°C concern only vehicles with positive-ignition engines (petrol, natural gas, etc.) and involve only unburned hydrocarbons (THC) and carbon monoxide (CO).

In Europe, the Group's petrol and diesel-powered passenger cars have complied with Euro 5 standards since September 2009 for new models brought to market and since January 2011 for all models currently being sold.

The following stage, Euro 6, will come into effect on 1 September 2014 for new models and in September 2015 for all new car registrations (one year later for certain categories).

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

Eliminating Particulate Emissions with the Particulate Filter

The FAP particulate filter is an after-treatment system that eliminates close to 100% of even the smallest particulate matter in exhaust gases. It has further enhanced the environmental performance of diesel engines and is playing an important role in improving the quality of air in urban environments. Launched by PSA Peugeot Citroën in 2000, the FAP particulate filter has set the new standard for European diesels. for the Euro 5 standards, the European Commission backed by its member states, stipulated that all diesel vehicles must be equipped with the particulate filter. Peugeot and Citroën models equipped with the FAP particulate filter already more than meet particulate emissions standards defined in the Euro 5 and Euro 6 stages.

A pioneer in this field, the Group had sold a total of 5.4 million FAP equipped diesel vehicles by the end of 2011. With the advent of the Euro 5 stage, the FAP particulate filter with additive technology has been extended to all Peugeot and Citroën diesel models, including the Peugeot 207, 308, 3008, 5008, 407, 508, 807, 4007, RCZ, Partner, Expert, Boxer and Bipper and the Citroën DS3, C3, C4, C4 Picasso, C5, C6, C8, C-Crosser, Berlingo, Jumpy, Jumper and Nemo. In 2011, vehicles equipped with FAP particulate filters accounted for more than 65% of total Group diesel vehicle sales worldwide, compared with 47% in 2010 and 37% in 2009.

Reducing NO_X Emissions with Selective Catalytic Reduction (Scr)

To prepare for Euro 6 standards, PSA Peugeot Citroën has decided to deploy Selective Catalytic Reduction (SCR) technology across the diesel model line-up.

This new after-treatment technology, which substantially reduces nitrogen oxide (NO_X) emissions, is based on abating NO_X production by injecting urea into the exhaust stream before it enters a special catalyst chamber.

Integrated into a new emission control architecture including a particulate filter, SCR helps to optimise fuel efficiency and limits CO_2 emissions.

5.3.2.3. RESOURCE MANAGEMENT AND RECYCLING

USE OF MATERIALS

In its commitment to optimising the use of resources and limiting its products' environmental footprint, PSA Peugeot Citroën analyses and selects materials for new projects based on the findings of life cycle assessments, which review every stage in a material's life cycle, along with the related environmental impacts.

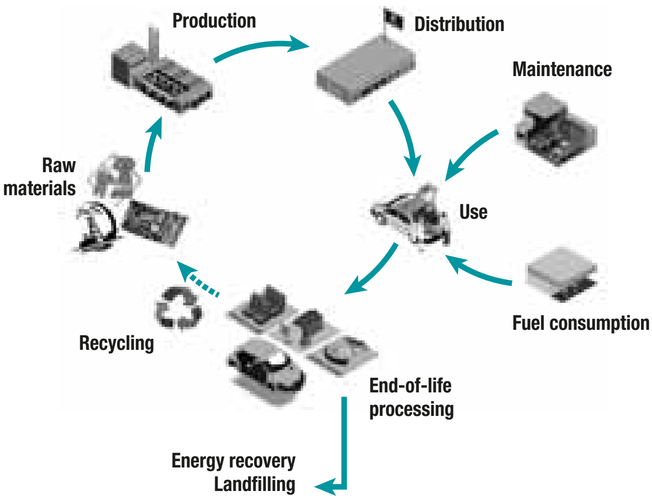
ECO-DESIGN AND LIFE CYCLE ANALYSIS

Beginning in the design phase, PSA Peugeot Citroën teams strive to shrink a vehicle's environmental footprint to a minimum at every stage in its life cycle, by improving fuel efficiency, reducing carbon and other pollutant emissions, using natural resources reasonably and enhancing recyclability. In addition to ensuring that its vehicles comply with local environmental legislation, eco-design also guarantees that the Group will stay ahead of the competition in terms of sustainable mobility and new materials.

Life cycle stage	Major challenges
Product definition	• Define new automobile products and services taking into account the mobility needs of consumers around the world, local legislation and people's expectations with regard to the environment, safety, etc.
Design and engineering	• Design vehicles at an acceptable cost and attenuate their impact: • On the environment, by reducing their CO_2 and other local emissions, using resources responsibly and improving their recyclability. • On society, by improving their safety performance, reducing noise pollution, easing traffic congestion, etc.
Production	• Reduce the environmental impact of automobile manufacturing. • Ensure workplace safety. • Participate in the economic and social life of local communities.
Transport and sale	• Integrate environmental concerns into supply chain and dealership network management. • Responsibly inform customers, in advertising and labelling, and ensure a satisfying ownership experience with effective sales and customer service processes.
Use	• Help to attenuate the impact of using an automobile: by promoting safer, more environmentally responsible driving practices, reducing vehicle consumption and developing ever-more effective exhaust emissions control systems.
End of life	• Facilitate the collection and processing of end-of-life vehicles and components by specialised providers and optimise their recyclability (decontamination, recycling and resource recovery services).

Based on this principle, PSA Peugeot Citroën conducts life cycle analyses of its vehicles and components that comply with the framework defined in the ISO 14040/044 standards. These studies analyse the environmental footprint of a vehicle, its component design or materials. The entire product life cycle is taken into account from raw material extraction, to manufacture, use and end-of-life recycling.

Simplified Diagram of a Vehicle's Life Cycle



These analyses are carried using software linked to environmental databases that makes it possible to calculate a product's environmental impact.

PSA Peugeot Citroën tracks the following indicators, among others:

- climate change or the impact of CO_2 and other greenhouse gas emissions;
- acidification of the air, caused in part by sulphur emissions;
- eutrophication of water, caused by emissions of nitrous compounds;
- depletion of the ozone layer;
- primary energy consumption;
- depletion of oil and other natural resources;
- flows of non-recycled waste to landfill sites.

The results of life cycle analyses help to:

- compare the environmental impact of one innovative solution to another;
- identify possible pollution transfers from one phase of the life cycle to another;
- identify major environmental impacts;
- choose more environmentally responsible materials or technologies.

With regard to this last point, PSA Peugeot Citroën has developed a policy for integrating green materials that in some cases includes environmental assessments of the materials.

For example, a life cycle analysis of a thermoplastic component integrating hemp-fibre instead of fiberglass showed a 14% reduction in the component's climate change impact.

Similarly, a life cycle analysis carried out with Valéo and Rhodia showed that introducing recycled polyamid in the manufacture of a cooling fan significantly reduced the seven chosen environmental impact indicators, and in particular reduced the use of primary resources by around 30% compared with components made with new polyamid.

Generally carried out at the end of the product design phase, life cycle analyses can also be conducted during the innovation phase in order to take environmental impact into account. Consequently, the Group is developing a special methodology so that these criteria can be integrated into the product innovation phase.

An Assertive Commitment To Using Green Materials

PSA Peugeot Citroën is focusing much of its research on polymers (non-metallic and non-mineral materials), which account for 20% of a vehicle's total mass. Most of the other materials, such as metals and fluids, are already recyclable and extensively recycled.

For the Group, green materials include three families of materials: recycled plastics, natural materials (wood, vegetable fibres, etc.) and biomaterials (made from renewable instead of petrochemical feedstocks). Their use offers a number of benefits, such as reducing the use of fossil plastics and fostering the development of plastics recycling processes by increasing demand.

Since 2008, the Group has deployed an ambitious plan to increase the proportion of green materials, by weight, in a vehicle's total polymers (excluding tyres) to 30% by 2015, from an average 6% in 2007.

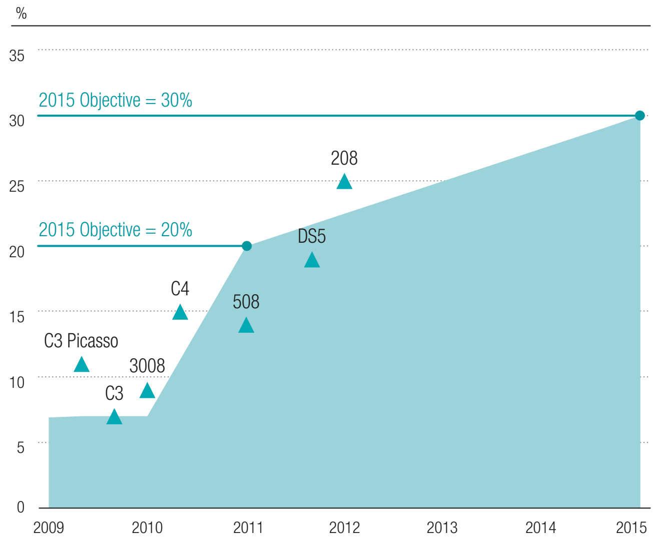
This process is also being applied in Latin America, with a target of 20% in 2015.

The wider application of green materials requires the development of robust supply chains and more research on new materials. To meet its targets, the Group is actively selecting and certifying materials that offer the best cost/technical trade-offs, to create a portfolio of solutions for future vehicle projects. In 2011, this portfolio was expanded to include 19 new green materials, representing 55% of all materials certified during the year.

To spur faster development of the biomaterials industry and expand the use of these materials in automobiles, PSA Peugeot Citroën is involved in a large number of scientific partnerships. In particular, it is leading the MATORIA project to develop new injection plastics made from renewable resources. It is also participating in the BIOCER project to develop thermoplastic composites from natural fibres, which offer improved collision behaviour. Lastly, the Group is helping to financially support the Bioplastics university chair at the Mines ParisTech engineering school, notably by funding five doctoral dissertations on natural fibres, bio-sourced polymers and a variety of other subjects.

Using Green Materials in Vehicles

Each vehicle project has a contractual objective for the use of green materials, in line with the growth curve defined by the Group.



Progress towards fulfilling the green materials plan may be seen in the latest Peugeot and Citroën cars brought to market:

- on the **Citroën C3 Picasso**, green materials make up around **11%** of the car's 170 kg of polymers (excluding tyres). Examples include natural fibres, used to make the rear parcel shelves, boot carpeting and door insets, and recycled automotive plastics, used as raw material for mudguards;
- **on the new Citroën C4, green materials represent 15% of the car's 200 kg of polymers** (excluding tyres). The green component comprises 40% natural materials and 60% recycled materials, which are found in around thirty parts or sub-assemblies, such as the rear bumper, soundproofing, boot carpets, seats and air filters;
- the **230 kg of polymers** used in the **Peugeot 508** (excluding tyres) include **14.3%** green materials. As with the Citroën C4, the green component comprises 40% natural materials and 60% recycled materials.

  They are around in nearly 30 components.

  For example:
  - the rear bumper impact absorption unit is composed entirely of recycled materials,
  - the engine protection shielding, which includes fiberglass felt made from shredded used glass,
  - the seat shells, which are made with recycled materials,
  - the rear parcel shelf, which is made of natural materials (pressed wood) and recycled fibre.
- the **270 kg of polymers** used in the **Citroën DS5** (excluding tyres) include **19% green materials**. The green component comprises 30% natural materials and 70% recycled materials.

  For example, the seat shells are made of polypropylene reinforced with flax fibre, while the headlight housing, instrument panel ducts and air filter housing are made with recycled polypropylene;
- on the **Peugeot 208**, **green materials** (either recycled or of natural origin) account for **25%** of the car's total polymer weight.

  In **a world first**, the rear bumper is made entirely of recycled material. According to a life cycle analysis currently being conducted in the Group, a bumper made entirely of recycled polypropylene reduces fuel consumption by 1,600 tonnes (for production in Europe in one year). While the use of recycled polyamid in the cooling fan system reduces CO_2 emissions by approximately 30%, compared with the same components made with new polyamid.

  Green materials are also used for many other parts and sub-assemblies, including wheel well inner liners, rear bumpers, boot carpeting, steering wheels, seats, engine covers and air filters;
- in Latin America, the Citroën Aircross comprises 20 kg of green materials, in particular in the boot carpeting and door insets.

Reducing Hazardous Substances

For many years, PSA Peugeot Citroën has been attentive to the health and safety of its customers and employees.

Regulatory requirements have been integrated into all phases of vehicle life, from design and manufacture to use and end-of-life. In recycling, in close cooperation with suppliers. PSA Peugeot Citroën is pursuing its efforts in two key areas:

- **Products brought to market**
  - The elimination of four heavy metals (lead, mercury, cadmium and hexavalent chromium) that are regulated by Directive 2000/53/EC on end-of-life vehicles. In 2002, PSA Peugeot Citroën first asked suppliers to provide a compliance certificate for each part delivered. Since 2004, this information has been collected from suppliers using the material composition system information reporting form.
  - Compliance with the REACH regulation. As the final link in the production chain, PSA Peugeot Citroën has set up an organisation and a communication system to monitor its partners and suppliers and ensure that they comply with the REACH regulation. To ensure compliance, the Group uses the automotive industry guideline on REACH (AIG V3.1, http://www.acea.be/news/news_detail/reach_guideline/), which it helped to prepare as a member of the European Automobile Manufacturers' Association (ACEA). PSA Peugeot Citroën has set a goal of limiting as much as possible the use of substances on the REACH candidate list by working as far upsteam as possible in the new material research and innovation phase.
- **Chemical products used in PSA Peugeot Citroën plants**

  In line with the objectives of its Workplace Health and Safety Management System, the Group has implemented a specialised approach to ensure employee health and safety. Specifically, a process for systematically introducing replacement products that meet the Group's prioritisation criteria has been defined and deployed across the organisation.

In addition to monitoring regulatory requirements, PSA Peugeot Citroën has voluntarily introduced technical solutions to ensure the highest levels of customer health and safety. These include filters for air coming into the passenger compartment and limits on volatile organic compounds in materials used. In addition, chemical compounds known for their allergenic properties are closely monitored.

RECYCLING AND RECOVERY OF END-OF-LIFE VEHICLES

Upstream, the impacts of recycling end-of-life vehicles (ELVs) are designed into every new model and component. Vehicle materials are selected according to increasingly strict criteria that are designed to foster the development of recovery and recycling facilities. To ensure that its vehicles are highly recyclable, the Group is committed to:

- **using easily recyclable materials;**
- **reducing the variety of plastics in a car,** to facilitate sorting after shredding, optimise the related recovery processes and ensure their profitability;
- **using a single family of plastics per major function,** so that an entire sub-assembly can be recycled without prior dismantling;
- **marking plastic parts with standardised codes,** to ensure identification, sorting and traceability;
- **introducing green materials,** especially recycled materials, into vehicle design to support the emergence or development of new markets for certain materials;
- **integrating recycling considerations very far upstream,** beginning in the innovation phases, to develop recycling channels in particular for new materials or vehicle parts. As part of this commitment, PSA Peugeot Citroën is involved in research and development projects with partners from the automotive and recycling sectors:
  - along with equipment manufacturer Mecaplast, recycler Galloo Plastics and compounder RTP, the Group is taking part in the Recyclon project, which is supported by the French Environment and Energy Management Agency (ADEME). This four-year project is studying the industrial feasibility of a programme for sorting and recycling ELV polyamides after shredding. This method for extracting polyamides requires the use of special new polymer sorting procedures that will be developed by the recycler. A project will then be launched on compounding the materials and manufacturing automotive parts with the recycled polyamide,
  - PSA Peugeot Citroën is also leading ABattReLife, a European project due to start in early 2012 with the following partners: Germany's Bayerische Motoren Werke AG, Fraunhofer-Gesellschaft and Bayern Innovativ GmbH; France's Pôle Véhicule du Futur, Université de Technologie de Belfort-Montbéliard and Université de Technologie de Troyes and the Netherlands' Nederlandse Organisatie voor Toegepast Natuurwetenschappelijk Onderzoek and KEMA Nederland B.V. The ABattReLife project aims to deepen the Group's understanding of the high voltage battery life cycle. Practically speaking, it will assemble and manage a database on the behaviour and deterioration of high voltage batteries, and develop strategies and technologies for recycling and reusing lithium ion batteries,
  - for EV and hybrid vehicle batteries, PSA Peugeot Citroën has forged partnerships with specialised recyclers to ensure that these end-of-life products are processed using appropriate, effective recycling technologies;
- **designing in vehicle emissions control requirements.** Decontamination, or pretreatment, is the first mandatory step in the processing of end-of-life vehicles. It involves draining all fluids from the vehicle, neutralising pyrotechnical components and dismounting parts considered harmful to the environment. The objective of this step is to avoid transferring pollution to another part of the environment when processing ELVs:
  - PSA Peugeot Citroën has developed an in-house tool for determining how easily a vehicle be pretreated for recycling. This qualitative method evaluates the accessibility of parts that must be decontaminated and the ease at which this can be done. The results of these evaluations have been used to define new design requirements, with the goal of making it easier to decontaminate ELVs. for any component that has to be decontaminated, a datasheet describing the necessary procedure must be prepared during the design stage.
    - For example, in addition to drain plugs, automatic gearbox casings now include a pre-weakened section that is punctured during decontamination, thereby allowing all the oil contained within to be drained. Similarly, low points on fuel tanks are now indicated so that the person in charge of decontamination knows where they should be punctured to allow complete drainage,
  - as a participant in the International Dismantling Information System (IDIS) project, the Group provides scrapyard facilities with disassembly instructions for Peugeot and Citroën vehicles.

French testing laboratory UTAC has certified that PSA Peugeot Citroën is able to implement the processes needed to ensure that all Peugeot and Citroën vehicles are certifiably 95% recoverable by weight, of which 85% is actually reusable or recyclable. Today, all Peugeot and Citroën vehicles have been certified compliant and on 8 December 2011 UTAC certification was renewed for a three-year period.

Downstream, the Group has for more than 20 years been involved in collecting and processing ELVs from its dealership networks through partnerships with vehicle demolition and shredding companies. Demolition companies are in charge of decontaminating and partially or entirely dismantling end-of-life vehicles, while shredding companies extract then process scrap aluminium, copper and other important materials for sale in the international marketplace.

Directive 2000/53/EC on end-of-life vehicles spells out three types of processing: reuse, recycling and energy recovery. It currently requires vehicles to be 85% recoverable by weight, of which at least 80% is actually reusable or recyclable. Beginning in 2015, vehicles will have to be 95% recoverable, of which 85% reusable or recyclable.

To meet these mandatory regulations for ELV processing and ensure profitability, the Group prefers to use shredding technology then sort the shredded materials. The goal is to recover not just metals but a broader range of materials that can be used in two ways:

- recycled materials, which are then used as green materials;
- recovered energy.

A post-shredding sorting system creates an economically viable business in a raw materials market increasingly shaped by price fluctuations.

To ensure full ELV traceability and guarantee that recovery and recycling targets are met, PSA Peugeot Citroën forges partnership with technically skilled, cost-efficient industrial partners.

These partners work with networks of certified demolition companies (474 at year-end 2011) that collect end-of-life vehicles and dismantle them in order to resell certain parts.

In France, between 2009 and 2011, more than 620,000 ELVs were collected – with a recycling and recovery rate of nearly 90% – on economic terms that were profitable both for dealers and for the Group's ELV partners.

This strategy also creates opportunities for developing new materials sourcing channels for the auto industry. These may include integrating recycled plastic in the new vehicles production process through the green materials programmes or by recycling non-ferrous metals in engine manufacture.

The major challenge now is to meet the European Directive's ambitious target of 95% ELV recyclability by 2015 on favourable economic terms.

To achieve this goal, the Group has identified two areas for improvement:

1. the on-going integration of green materials in new vehicle design programmes;
2. identifying industrial partners that can help it meet these objectives. These include complying with regulations and with ELV pick-up and payment schedules in dealership networks, and investing in R&D projects to find new outlets for recycling channels.

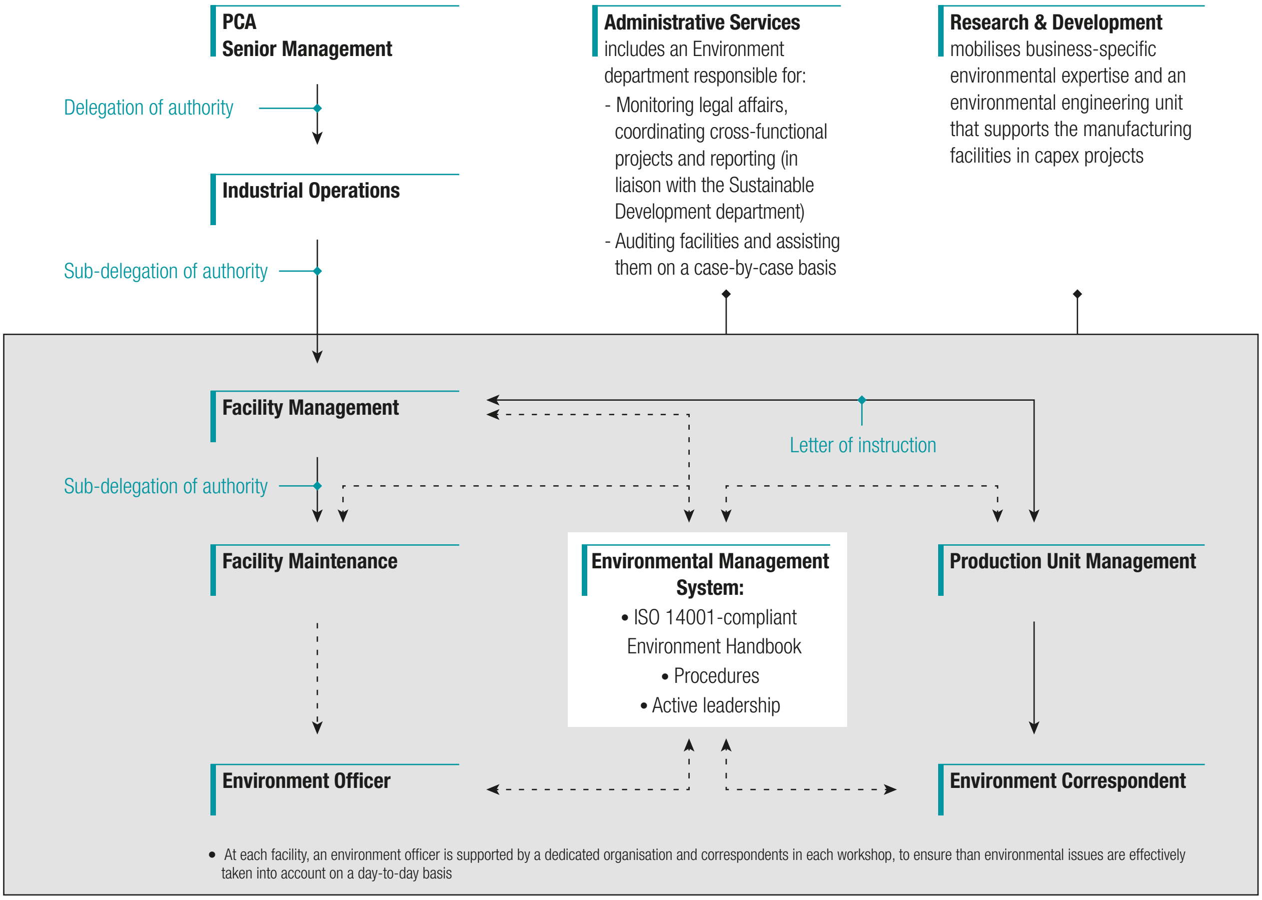
These encouraging results confirm the validity of the Group's strategic choices and this model may now be extended to major countries in Europe. In other countries, PSA Peugeot Citroën's strategy is to support the research of local partners in their efforts to comply with national legislation.

5.3.3. PRODUCTION PLANTS AND THE ENVIRONMENT

A SOLID, TIME-TESTED ORGANISATION

For many years, the Group has been engaged in assertive environmental stewardship at its production and R&D facilities, in a commitment to ensuring that their operations comply not only with local regulations but also safeguard the neighbouring environment and the quality of life in host communities, as part of a continuous improvement process. This initiative is also being gradually deployed in the Peugeot and Citroën dealership networks. To support this commitment, manufacturing strategy integrates environmental protection as part of a continuous improvement process, based on a disciplined organisation, a method structured around ISO 14001 certification, the allocation of substantial funding and an effective reporting system known as the Industrial Environment Observatory, whose database has contained measurements of each facility's environmental performance since 1989. This process efficiently manages the most significant environmental aspects of the Group's operations.

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



AN ACTIVE CERTIFICATION POLICY

Environmental management systems have been introduced at all production facilities worldwide, based on ISO 14001 certification, the internationally recognised standard for environmental management and organisation. The standard enables a company to express an environmental strategy, identify and reduce the Significant Environmental Aspects of each facility's operations, describe the procedures used to deploy and manage the strategy, guarantee compliance and drive continuous improvement, which is the foundation of good environmental management.

The Group is pursuing its programmes to obtain ISO 14001 environmental certification for its production and R&D facilities, with the goal of integrating an environmentally responsible development plan into its operations. This approach involves the deployment of a system for preventing environmental impacts, incidents and damage and for effectively managing natural resource use and waste production. What's more, certification confirms the Group's environmental commitment to local authorities and the stakeholders.

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

Launched more than 10 years ago, the certification process is now fully implemented in the production plants, which are all ISO 14001 certified. Today, the process is being deployed in R&D and replacement parts facilities. ISO 14001 is one of the standards with which all new production plants must comply.

ISO 14001 CERTIFICATION TIMETABLE FOR THE MANUFACTURING PLANTS

1999	2000	2001	2002	2003	2004	2005	2007	2010	2012
Mulhouse	Poissy	Aulnay	Caen	Metz	Saint-Ouen	Hérimoncourt *	La Garenne	Belchamp	Jeppener
Sochaux	Vigo	Rennes	Charleville	Mangualde			Vesoul		
	Trémery	Porto Real	Sept-Fons				Trnava		
	Madrid		Valenciennes						
	Buenos Aires								

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

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

LIMITING ATMOSPHERIC EMISSIONS

VOLATILE ORGANIC COMPOUNDS

Identified as an ozone-producing pollutant by authorities in the late 1980s, emissions of volatile organic compounds (VOC) are closely monitored and an action plan to reduce them has been implemented.

While volatile organic compound (VOC) emissions produced by PSA Peugeot Citroën's paint shops in France represent a marginal amount – less than 1% – of total annual French VOC emissions produced by human activity (837,000 tonnes in 2010, according to CITEPA), they are the Group's main emissions-related environmental challenge on a plant-by-plant basis.

The strategy for reducing these emissions is being deployed in four areas, using Best Available Technologies:

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

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

Continued systematic implementation of the best, most cost-effective technologies is enabling the Group to steadily improve its performance. VOC emissions per vehicle produced have been below 4.0 kg since 2009.

OTHER REGULATED EMISSIONS

Since 1995, the gradual replacement of conventional high-sulphur fuel oil with low-sulphur fuels and natural gas has helped to substantially reduce worldwide sulphur dioxide (SO_2) emissions from the Group's power plants. In 2011, the Group stopped using high-sulphur fuel oils, thereby reducing SO_2 emissions to less than 15 tonnes for the year.

At the same time, nitrous oxide (NO_X) emissions have also declined sharply thanks to improvements in thermal power stations, and the choice of fuels (natural gaz as a substitute for fuel oil).

MANAGING ENERGY CONSUMPTION

Carmaking uses energy for a wide range of production processes, including foundry work, the cooling of machine tools, paint drying and heat treatment. Consequently, the Group has developed an energy management plan for all its plants based on best available techniques that has helped to reduce per-vehicle energy consumption by 30% since 1995.

The plan has also made it possible to map the energy performance of the largest plants in order to identify the necessary interventions to completely overhaul their energy programmes as well as related short-term investments to help reduce energy consumption at various plants.

Today, the Group's commitment to managing energy consumption is producing results. for example, the Sochaux plant has been certified compliant with the new ISO 50001 standard.

PARTICIPATION IN THE CARBON EMISSION ALLOWANCE SCHEME

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

Changes in the allocation rules have led to a 21% reduction in allowances compared with the 2005-2007 period. Thanks to the deployment of energy (and thus carbon emissions) policies, however, the Group remains self-sufficient in terms of allowances despite the reduction.

The Group is monitoring the development of the scheme's third period (2013-2020), which is currently being prepared by European and French authorities. Based on texts published so far, the scheme will extend to four new facilities (three assembly plants and one foundry) and to all operations (casting, foundry work, etc.) in the seven facilities already covered, for their combustion installations.

MANAGING WATER CONSUMPTION AND EFFLUENT

Conserving water is a key objective at every plant. As with energy, each plant has its own water consumption management plan based on the widespread use of metering systems, the display of the least water-intensive operating parameters for each workstation and the deployment of recycling systems. Since 1995, these measures have led to a very sharp 68% reduction in water consumption per vehicle produced, thereby helping to conserve resources.

Whether connected to the public wastewater treatment network or equipped with their own integrated treatment plant, each facility tracks effluent systematically – sometimes on a daily basis – using indicators, defined in the operating permits. The results of the tracking operations are reported to administrative authorities on a frequent basis. This organisation ensures that aqueous releases are not harmful to the surroundings. In particular, given the nature of effluent from the car plants, the risk of eutrophication and acidification is negligible.

In 2011, the Caen production facility, whose out-dated integrated system could no longer ensure compliance with chemical oxygen demand and nitrogen effluent standards, installed a new wastewater system based on Best Available Technologies. The new system uses an evapo-concentrator that separates water from the oil making it easier to recycle the former and process the latter. The installation represents an investment of €1.5 million.

EFFECTIVELY MANAGING WASTE

The Group's waste management policies are designed to reduce the amount of automotive process waste per vehicle produced and to promote the use of recovery and recycling channels to reduce the amount of landfilled waste.

Introduced in 1995, the policies, which exclude metal waste, have demonstrated their effectiveness:

- the weight of waste per vehicle produced has been reduced by 33%;
- analysis and characterisation of waste produced during the different stages of production (casting, foundry work, mechanical parts manufacture, stamping, paint and final assembly) have made it possible to identify processing channels that provide an alternative to landfilling. The gradual deployment of new outlets, depending on locally available treatment solutions, is driving a steady increase in the waste recovery rate, which has now reached 85% excluding metal waste.

In addition, nearly all scrap sheet metal, turnings and other metal waste is recovered and reused in steelmaking or in the Group's foundries.

When metal waste is taken into account, Group plants reclaim or recycle around 95% of their process waste.

OTHER ENVIRONMENTAL ISSUES

PROTECTING THE SOIL

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

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

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

RESPECTING THE BIOLOGICAL BALANCE AND MANAGING ODOURS AND NOISE

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

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

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

Since facilities and the regions in which they are located have very different characteristics, each facility is granted considerable independence in setting up its biodiversity management programme. The plants in Rennes (France) and Madrid (Spain) have conducted flora assessments so that their open space management programmes can be adjusted accordingly. The production facilities in Porto Real (Brazil) and Sochaux (France) have rehabilitated land on which to plant indigenous species. Forests at the Belchamp and La Ferté Vidame sites have earned Pan-European Forest Certification (PEFC) for their sustainable management practices.

THE PEUGEOT CARBON SINK PROJECT IN THE AMAZON: AN ENVIRONMENTAL, SCIENTIFIC AND SOCIO-ECONOMIC COMMITMENT

The Peugeot brand, in partnership with France's National Forestry Office (ONF), is pursuing the carbon sink project it has sponsored in the Amazon since 1998. Scheduled to run through 2038, the project involves reforesting vast areas of deteriorated land and restoring biodiversity in the Brazilian state of Mato Grosso, while studying the relationship between reforestation and the absorption of atmospheric carbon dioxide. The reforestation initiative is helping to revitalise native plant species, with the aim of restoring balance to the ecosystem. More than two million trees representing some 50 species have already been planted, over a total estimated surface area of 2,000 hectares.

The Amazon rainforest is home to more than half of the world's terrestrial biodiversity. In its first decade, the Peugeot carbon sink absorbed an estimated 53,000 tonnes of CO_2, or an average 5.1 tonnes per hectare per year. Depending on tree spacing and the species planted, sequestration may vary from 2 to 12 tonnes per hectare per year from one plot to another. These calculations are based on the AR-ACM001 methodology prepared by the International Panel of

Experts on Climate Change. The sink's long-term success hinges on its seamless integration into the region's economic and social fabric. This has led to the creation of local jobs to help raise awareness about the future of forests and the importance of preserving them. In 2009, Peugeot, the ONF and the Mato Grosso government signed an agreement designating the carbon sink as a Private Natural Heritage Reserve, which serves as a real-world laboratory for the research needs of the Brazilian and international scientific community. Tree felling and logging are prohibited throughout the reserve, which comprises 1,800 hectares of natural forest.

The 12th meeting of the Scientific and Technical Committee of the Peugeot and the ONF (French National Forestry Service) carbon sink project was held in November 2011. At the meeting, which was attended by representatives of dozens of Brazilian and French political, scientific, and academic institutions, Peugeot and the ONF announced they had begun to sell carbon credits generated by the project. This operation should assure additional financing for the project in an amount corresponding to the value of 110,000 tonnes of atmospheric carbon dioxide captured by the reforestation project developed in the Cotriguaçu region of northwest Mato-Grosso State.

The carbon credits have been sold following the VCS (Verified Carbon Standard) protocol methodology in line with international rules and regulations. The carbon credits generated by the carbon sequestration project were certified through two audits, one by Ernst&Young and the other by TUV-SUD. The award of this quality label by recognised, independent observers reflects the project's importance and the partners' disciplined scientific approach.

The Peugeot-ONF carbon sink project is the first reforestation project in Brazil to generate certified carbon credits following the VCS protocol and the second in South America. As such, it supports an independent, sustainable development dynamic that benefits all stakeholders.

AMOUNT OF PROVISIONS FOR ENVIRONMENTAL RISKS

The Group currently has no provisions or guarantees for environmental risks.

AMOUNT OF PENALTIES PAID FOLLOWING A LEGAL RULING CONCERNING THE ENVIRONMENT

The Group did not have to pay any penalties in this regard in 2011.

THE OTHER DIVISIONS AND THE ENVIRONMENT

GEFCO

The social responsibility principles that are an integral part of GEFCO's strategy were first included in contractual annual objectives in 2011.

At the same time, the deployment of a results-oriented environmental management system has created a highly structured working framework at Group level. Team members' determination to improve and extend the system has enhanced the current quality system.

In 2011, GEFCO published its environmental policy statement. Signed by the Chairman and Chief Executive Officer, it reaffirms the Company's commitment to social responsibility by emphasising that environmental stewardship and the fight against climate change are core concerns that require everyone's involvement. Translated into the Company's main working languages, the policy concerns all subsidiaries. Six countries have already been certified – the Czech Republic, France, Germany, Italy, Romania and Slovakia – and four new subsidiaries in Brazil, Portugal, Switzerland and the United Kingdom are working on certification for 2012.

All of GEFCO's logistics and overland, maritime and air transport businesses are ISO 9001:2000-certified. These operations are carried out through an integrated international network comprising more than 250 sites.

Lastly, in its day-to-day operations, GEFCO constantly strives to respond as proactively as possible to its customers' sustainable development needs. In this way, it can not only enhance their productivity and competitiveness, but also deliver real environmental value added.

PEUGEOT AND CITROËN

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

Since 2008, Peugeot and Citroën have had an intranet system for collecting, verifying and consolidating environmental data.

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

Lastly, in line with its commitment to continuously improving customer service, the Group has also involved its dealership network in the sustainable development process by inviting them to launch initiatives in three areas: environmental, social and management-related issues.

The Peugeot Wanact and Citroën's Greenpact programmes demonstrate the Group's determination to:

- reduce the environmental impact of the two brand's sales and after-sales operations;
- deploy best social and managerial practices.

Peugeot Wanact and Greenpact serve as global benchmarks that:

- reaffirm PSA Peugeot Citroën's determination to comply with local regulations;
- present the Group's recommendations, especially the principles of lean management;
- reflect a resolve to deploy best practices.

The programmes are aligned with the Group's environmental and social commitments. They enable the networks to find immediate frontline responses to such challenges as recycling, compliance with codes of ethics, and risk and infrastructure management.

Tangible tools and resources make it easier for dealers to implement this approach. A new logo and a baseline – "The conscience of a network" – provide further proof of their commitment.

The process was launched in 2011 through two pilot projects in France, in Chalon-sur-Saône and Abbeville. In 2012, deployment will be extended outside France, in Poland, Germany, the Czech Republic, Austria, Slovakia and Ukraine.

5.3.4. PRODUCTION PLANT CONSUMPTION AND EMISSIONS

The following environmental indicators are presented in compliance with articles L. 225-102-1 and R. 225-105 of the French Commercial Code and in line with Global Reporting Initiative recommendations. A cross-reference index with GRI indicators may be found at the end of the Group's Corporate Social Responsibility – Strategic Guidelines, Commitments and 2011 Indicators Report. The reported data concern the production plants (PCA, PCI and Peugeot Motocycles), the research and design centres, the main office sites, the Peugeot and Citroën proprietary dealership networks and the logistics platforms of fully consolidated companies.

A listed company 57.4%-owned by Peugeot S.A., Faurecia manages its business independently and therefore prepares and publishes its own indicators in its Annual Report. The company's performance in its main indicators is, however, presented below.

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

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

When used, these resources and process products, such as scrap iron in casting, steel and aluminium sheets in stamping, or surface treatment products, paints, cutting liquids, glues and sealants, generate emissions into the water, air and soil, as well as waste that Group plants are committed to limiting and effectively managing.

Details on the methodology used for the indicators published in this Chapter may be found in the Corporate Social Responsibility – Strategic Guidelines, Commitments and 2011 Indicators Report, which is available for downloading on the Group's website.

Coverage rates presented under the tables for the Peugeot and Citroën brands, as well as for GEFCO and Faurecia, correspond to the percentage of total sites concerned by the given indicators that reported data for the year. Failure to report data may sometimes be due to the inability to calculate the indicator concerned, for example if metering systems are not installed. Unless otherwise mentioned, data concern all sites.

Note that certain 2010 results have been restated to reflect more detailed data reported after the Registration Document was published. The restatements have been explained each time the difference exceeded 1%.

Scope:

PCA: Peugeot Citroën Automobiles operations (production plants, R&D centres, office facilities).

The PCA scope of reporting covered 34 sites.

AP/AC: Operations of the Peugeot and Citroën proprietary networks (Peugeot Citroën Retail dealerships, import subsidiary headquarters, replacement parts warehouses, regional training centres and regional offices).

The Automobiles Peugeot and Automobiles Citroën scope of reporting covered 190 Citroën sites, 249 Peugeot sites and 25 PSA sites, for a total of 464 sites.

PCI: Process Conception Ingénierie operations (1 site).

PMTC: Peugeot Motocycles operations (2 sites).

GEFCO: GEFCO's logistics operations.

GEFCO's scope of reporting covered 25 subsidiaries, for a total of nearly 188 sites.

Faurecia: Faurecia's equipment supply operations.

Faurecia's scope of reporting covered 229 sites, divided into four product groups.

The data presented in the tables below have been audited by Grant Thornton. Information on the methods, procedures, global scope of verification and level of assurance of their audit is presented in the Corporate Social Responsibility – Strategic Guidelines, Commitments and 2011 Indicators Report.

ENERGY CONSUMPTION

DIRECT ENERGY CONSUMPTION

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

(Unit: MWh ncv)		HSFO	LSFO	VLSFO	HHO	NG + LPG	Coal	Coke	Total
PCA	**2011**	**-**	**-**	**4,100**	**5,487**	**1,884,388**	**-**	**110,585**	**2,004,560**
	2010	-	-	3,709	11,830	2,386,220	-	105,646	2,507,405
	2009	-	-	26,789	11,494	2,014,738	-	88,807	2,141,828
AP/AC	**2011**	**-**	**-**	**367**	**20,369**	**180,874**	**-**	**-**	**201,610**
	2010	-	-	889	37,378	196,954	-	-	235,221
	2009	-	-	1,578	36,338	169,486	-	-	207,402
PCI	**2011**	**-**	**-**	**-**	**-**	**3,959**	**-**	**-**	**3,959**
	2010	-	-	-	-	5,123	-	-	5,123
	2009	-	-	-	-	3,420	-	-	3,420
PMTC	**2011**	**-**	**-**	**-**	**0**	**20,346**	**-**	**-**	**20,346**
	2010	-	-	-	10	27,890	-	-	27,900
	2009	-	-	-	16	23,660	-	-	23,676
GEFCO	**2011**	**-**	**-**	**-**	**5,087**	**39,413**	**-**	**-**	**44,500**
	2010	-	-	-	5,644	50,291	-	-	55,935
	2009	-	-	-	3,539	50,999	-	-	54,538
TOTAL	**2011**	**0**	**0**	**4,467**	**30,943**	**2,128,980**	**0**	**110,585**	**2,274,975**
	2010	0	0	4,598	54,862	2,666,478	0	105,646	2,831,584
	2009	0	0	28,367	51,387	2,262,303	0	88,807	2,430,864
Faurecia	**2011**	**23**	**1,603**	**536**	**14,043**	**751,459**	**-**	**-**	**767,664**
	2010	36	747	3,944	18,197	724,479	-	-	747,402
	2009	4	43	2,032	8,467	527,184	-	-	537,730

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

Data from the Peugeot and Citroën brands were reported from an average 98% of their sites in 2011, versus 92% in 2010 and 93% in 2009, for direct energy consumption.

Data from GEFCO were reported from an average 88% of its sites in 2011, versus 78% in 2010 and 93% in 2009, for direct energy consumption.

Data from Faurecia were reported from an average 95% of its sites in 2011, versus 90% in 2010 and 100% in 2009, for direct energy consumption.

The decrease in primary energy consumption reflects management initiatives throughout the Group. Milder winter weather, notably in Europe, also explains the decline in relative consumption from 2010.

The increase at Faurecia in 2011 stems from the larger scope of reporting and a more reliable reporting process.

INDIRECT ENERGY CONSUMPTION

(Unit: MWh)		Electricity	Steam	Total
PCA	**2011**	**2,486,202**	**235,404**	**2,721,606**
	2010	2,546,213	274,550	2,820,756
	2009	2,386,080	262,130	2,648,210
AP/AC	**2011**	**157,083**	**9,403**	**166,486**
	2010	153,775	13,577	167,352
	2009	155,463	12,979	168,442
PCI	**2011**	**2,153**	**-**	**2,153**
	2010	1,837	-	1,837
	2009	1,104	-	1,104
PMTC	**2011**	**12,550**	**-**	**12,550**
	2010	12,869	-	12,869
	2009	10,196	-	10,196
GEFCO	**2011**	**51,773**	**-**	**51,773**
	2010	48,845	-	48,845
	2009	40,760	-	40,760
TOTAL	**2011**	**2,709,761**	**244,807**	**2,954,568**
	2010	2,763,532	288,127	3,051,659
	2009	2,593,603	275,109	2,868,712
Faurecia	**2011**	**1,321,735**	**18,990**	**1,340,725**
	2010	1,216,051	17,372	1,233,423
	2009	870,879	17,459	888,338

PCA's 2010 electricity consumption has been revised downwards by 4% to reflect corrected data from a site included in the scope of reporting.

Data for the Peugeot and Citroën brands were reported from an average 95% of their sites in 2011, versus 88% in 2010 and 94% in 2009, for indirect energy consumption.

Data from GEFCO were reported from an average 90% of its sites in 2011, versus 89% in 2010 and 95% in 2009, for indirect energy consumption.

Data from Faurecia were reported from an average 97% of its sites in 2011, versus 93% in 2010 and 100% in 2009, for indirect energy consumption.

The decrease in indirect energy consumption reflects management initiatives throughout the Group.

The increase at Faurecia in 2011 stems from the larger scope of reporting and a more reliable reporting process.

DIRECT AIR EMISSIONS FROM COMBUSTION PLANTS

Note: Direct emissions are calculated on the basis of energy consumption in compliance with the ruling of 31 March 2008 in the case of carbon dioxide and the circular of 15 April 2002 for all other gases. Changes in emission levels are thus directly related to changes in energy consumption.

DIRECT GREENHOUSE GAS EMISSIONS

(Unit: tonnes)		CO_2	N_2O	CH_4	Total CO_2 equivalent
PCA	**2011**	**426,459**	**17.0**	**27.1**	**428,730**
	2010	529,711	21.6	34.3	537,116
	2009	454,097	18.4	29.3	460,404
AP/AC	**2011**	**42,785**	**1.7**	**2.7**	**43,382**
	2010	50,833	2.0	3.0	51,511
	2009	45,086	1.7	2.7	45,679
PCI	**2011**	**814**	**0.0**	**0.1**	**819**
	2010	1,053	0.1	0.1	1,069
	2009	703	0.0	0.1	714
PMTC	**2011**	**4,182**	**0.2**	**0.3**	**4,207**
	2010	5,736	0.3	0.3	5,822
	2009	4,868	0.2	0.3	4,941
GEFCO	**2011**	**9,585**	**0.4**	**0.6**	**9,715**
	2010	12,028	0.5	0.7	12,192
	2009	11,805	0.5	0.6	11,966
TOTAL	**2011**	**483,825**	**19.4**	**30.7**	**486,853**
	2010	599,361	24.3	38.4	607,710
	2009	516,559	20.8	32.9	523,703
Faurecia	**2011**	**158,590**	**6.8**	**9.9**	**160,891**
	2010	157,955	6.7	9.8	160,238
	2009	112,857	4.8	7.2	115,025

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

Total greenhouse gas emissions expressed in tonnes of CO_2 equivalent were calculated by applying the following global warming coefficients: 310 for N20 and 21 for CH_4 (Source: IPCC Second Assessment Report: Climate Change 1995).

In the above table, data from Peugeot and Citroën brands, as well as for GEFCO and Faurecia, were reported from the same percentage of sites as those reporting direct energy consumption.

OTHER DIRECT EMISSIONS

(Unit: tonnes)		SO_2	NO_2
PCA	**2011**	**13.0**	**411.5**
	2010	15.6	522.0
	2009	56.2	455.7
AP/AC	**2011**	**8.0**	**46.6**
	2010	14.8	56.5
	2009	15.6	50.7
PCI	**2011**	**0.0**	**0.9**
	2010	0.0	1.1
	2009	0.0	0.7
PMTC	**2011**	**0.0**	**4.0**
	2010	0.1	6.0
	2009	0.1	5.1
GEFCO	**2011**	**1.9**	**10.3**
	2010	2.1	12.9
	2009	1.4	12.3
TOTAL	**2011**	**23**	**473.3**
	2010	32.6	598.6
	2009	73.3	524.5
Faurecia	**2011**	**13.3**	**166.4**
	2010	16.9	166.6
	2009	9.0	119.0

SO_2 = Sulphur dioxide;

NO_2 = Nitrogen dioxide.

In the above table, data from Peugeot and Citroën brands, as well as for GEFCO and Faurecia, were reported from the same percentage of sites as those reporting direct energy consumption.

INDIRECT CO_2 EMISSIONS

Note: Indirect emissions are calculated based on applying emissions factors, either obtained from suppliers or published by the International Energy Agency (2009 data), to the purchased electricity and steam.

(Unit: tonnes)		Indirect CO_2
PCA	**2011**	**250,786**
	2010	353,690
	2009	282,653
AP/AC	**2011**	**42,810**
	2010	44,210
	2009	N/A
PCI	**2011**	**76**
	2010	83
	2009	42
PMTC	**2011**	**443**
	2010	579
	2009	388
GEFCO	**2011**	**12,187**
	2010	11,635
	2009	N/A
TOTAL	**2011**	**306,302**
	2010	410,197
	2009	283,083
Faurecia	**2011**	**470,563**
	2010	444,448
	2009	N/A

In the above table, data from Peugeot and Citroën brands, as well as for GEFCO and Faurecia, were reported from the same percentage of sites as those reporting indirect energy consumption.

PAINTSHOP VOC RELEASES

		VOC *(tonnes)*	Ratio *(kg/vehicle produced)*
PCA	**2011**	**8,059**	**3.65**
	2010	8,390	3.75
	2009	7,589	3.76
PMTC	**2011**	**10**	**-**
	2010	4	-
	2009	7	-
TOTAL	**2011**	**8,068**	
	2010	8,394	-
	2009	7,597	-

VOC = Volatile organic compounds.

WATER WITHDRAWALS

(Unit: cu.m)		City water	Surface water	Underground water	Total
PCA	**2011**	**1,942,664**	**4,286,015**	**3,746,222**	**9,974,901**
	2010	2,084,888	4,035,499	4,744,254	10,864,641
	2009	2,232,974	3,632,252	4,465,777	10,331,003
AP/AC	**2011**	**706,343**	**-**	**5,000**	**711,343**
	2010	660,891	5,115	5,431	671,437
	2009	684,335	4,740	5,004	694,079
PCI	**2011**	**2,637**	**-**	**-**	**2,637**
	2010	2,379	-	-	2,379
	2009	1,987	-	-	1,987
PMTC	**2011**	**14,835**	**-**	**-**	**14,835**
	2010	14,977	-	-	14,977
	2009	16,132	-	-	16,132
GEFCO	**2011**	**161,007**	**-**	**18,770**	**179,777**
	2010	221,718	-	29,805	251,523
	2009	128,340	-	26,441	154,781
TOTAL	**2011**	**2,827,486**	**4,286,015**	**3,769,992**	**10,883,493**
	2010	2,984,853	4,040,614	4,779,490	11,804,957
	2009	3,063,768	3,636,992	4,497,222	11,197,982
Faurecia	**2011**	**1,807,235**	**704,038**	**1,016,044**	**3,527,317**
	2010	1,634,306	835,576	878,828	3,348,710
	2009	1,127,576	1,159,318	365,152	2,652,046

Faurecia's withdrawals of underground water in 2010 were revised upwards by 108% to reflect corrected data from a site included in the scope of reporting.

Data for the Peugeot and Citroën brands were reported from 86% of their sites in 2011, versus 83% in 2010 and 90% in 2009.

Data for GEFCO were reported from 64% of the Company's sites in 2011, compared with 78% in 2010 and 76% in 2009.

Data for Faurecia were reported from 97% of its sites, compared with 97% in 2010 and 100% in 2009.

GROSS EFFLUENT DISCHARGE, EX-WORKS

(Unit: kg/year)		COD	DBO_5	SM
PCA	**2011**	**2,152,278**	**831,021**	**491,814**
	2010	2,044,413	708,937	424,608
	2009	2,170,531	766,040	461,662
AP/AC	**2011**	**N/A**	**N/A**	**N/A**
	2010	N/A	N/A	N/A
	2009	N/A	N/A	N/A
PCI	**2011**	**N/A**	**N/A**	**N/A**
	2010	N/A	N/A	N/A
	2009	N/A	N/A	N/A
PMTC	**2011**	**347**	**208**	**36**
	2010	1,110	293	78
	2009	838	288	192
GEFCO	**2011**	**N/A**	**N/A**	**N/A**
	2010	N/A	N/A	N/A
	2009	N/A	N/A	N/A
TOTAL	**2011**	**2,152,625**	**831,229**	**491,850**
	2010	2,045,523	709,230	424,686
	2009	2,171,369	766,328	461,854

COD: Chemical oxygen demand;

BOD_5: Biochemical oxygen demand after 5 days;

SM: Suspended matter;

N/A: Not available.

Less than 10% of the effluent presented above is released into the environment after full treatment in an integrated plant. The reminder is channeled to public waste water plants for further treatment.

RAW AND RECYCLED MATERIALS CONSUMED
(for PCA, standard parts)

Data for 2011 are currently being processed. The Group's 2010 raw materials use was as follows:

- directly: 1,060,000 tonnes of steel and 65,000 tonnes of non-ferrous metals;
- indirectly: 1,650,000 tonnes of steel, 230,000 tonnes of non-ferrous metals and 700,000 tonnes of synthetics (of which 20,000 tonnes of recycled materials).

TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

PCA (EXCLUDING METAL WASTE, NEARLY 100% OF WHICH IS RECYCLED)

(Unit: tonnes)		Landfill	Recovery and recycling	On-site recycling	Other disposal methods	Total
Foundry waste	**2011**	**9,235**	**65,810**	**101,377**	**60**	**176,482**
	2010	10,943	60,783	91,616	86	163,428
	2009	9,705	52,867	95,283	46	157,900
Non-hazardous process waste	**2011**	**11,350**	**81,000**	**1,141**	**1,272**	**94,762**
	2010	13,627	98,450	1,271	1,217	114,565
	2009	13,496	69,062	1,832	1,352	85,743
Hazardous process waste	**2011**	**2,515**	**23,321**	**-**	**22,888**	**48,724**
	2010	2,935	20,761	-	24,221	47,917
	2009	4,788	19,338	-	20,066	44,192
TOTAL	**2011**	**23,100**	**170,131**	**102,517**	**24,220**	**319,968**
	2010	27,505	179,994	92,886	25,524	325,909
	2009	27,989	141,267	97,115	21,464	287,835

The table above does not include the 589,876 tonnes of metal waste produced in 2011, almost all of which was recycled.

The increase in foundry waste from the previous year reflects higher usage rates at the Group's two main foundries. The vast majority of this waste is, however, reused at the site.

AP/AC (EXCLUDING METAL WASTE)

(Unit: tonnes)		Landfill	Recovery and recycling	Other disposal methods	Total
Non-hazardous process waste	**2011**	**4,333**	**8,974**	**70**	**13,378**
	2010	5,539	10,239	156	15,934
	2009	6,988	9,517	607	17,113
Hazardous process waste	**2011**	**850**	**3,595**	**169**	**4,613**
	2010	1,543	3,149	292	4,984
	2009	1,906	3,120	553	5,579
TOTAL	**2011**	**5,183**	**12,568**	**240**	**17,991**
	2010	7,081	13,388	448	20,917
	2009	8,894	12,638	1,160	22,692

Data from the Citroën and Peugeot brands concern on average 87% of their sites in 2011, versus 91% in 2010 and 87% in 2009.

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

The table above does not include the 2,444 tonnes of metal waste produced in 2011, 90% of which was recycled.

PCI AND PMTC (EXCLUDING METAL WASTE, NEARLY 100% OF WHICH IS RECYCLED)

(Unit: tonnes)		Landfill	Recovery and recycling	Other disposal methods	Total
Foundry waste	**2011**	**-**	**-**	**124**	**124**
	2010	-	-	126	126
	2009	-	-	107	107
Non-hazardous process waste	**2011**	**124**	**485**	**-**	**609**
	2010	122	551	-	673
	2009	157	551	1	709
Hazardous process waste	**2011**	**2**	**138**	**515**	**655**
	2010	6	130	482	618
	2009	12	145	469	627
TOTAL	**2011**	**127**	**622**	**639**	**1,389**
	2010	128	681	608	1,417
	2009	168	697	577	1,442

The table above does not include the 374 tonnes of metal waste produced in 2011, almost all of which was recycled.

GEFCO (EXCLUDING METAL WASTE)

(Unit: tonnes)		Landfill	Recovery and recycling	Other disposal methods	Total
Non-hazardous process waste	**2011**	**3,609**	**6,687**	**1,784**	**12,081**
	2010	5,842	5,750	676	12,267
	2009	6,715	3,695	192	10,601
Hazardous process waste	**2011**	**54**	**815**	**108**	**977**
	2010	129	489	38	656
	2009	145	532	1,163	1,839
TOTAL	**2011**	**3,663**	**7,502**	**1,892**	**13,057**
	2010	5,971	6,239	714	12,923
	2009	6,859	4,227	1,354	12,441

Data from GEFCO were reported from an average 74% of its sites in 2011, versus 76% in 2010 and 61% in 2009.

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

The table above does not include the 539 tonnes of metal waste produced in 2011, almost 95% of which was recycled.

FAURECIA (EXCLUDING METAL WASTE, NEARLY 100% OF WHICH IS RECYCLED)

(Unit: tonnes)		Landfill	Recovery and recycling	On-site recycling	Other disposal methods	Total
Non-hazardous process waste	**2011**	**43,542**	**62,896**	**14,258**	**4,529**	**125,225**
	2010	36,874	49,283	22,786	5,736	114,678
	2009	36,902	35,594	9,178	4,074	85,748
Hazardous process waste	**2011**	**2,659**	**7,048**	**-**	**7,337**	**17,044**
	2010	3,290	6,157	-	7,686	17,132
	2009	1,725	4,527	-	6,228	12,480
TOTAL	**2011**	**46,200**	**69,944**	**14,258**	**11,866**	**142,269**
	2010	40,163	55,440	22,786	13,421	131,810
	2009	38,627	40,121	9,178	10,302	98,228

Data for Faurecia were reported from an average 97% of its sites, compared with 98% in 2010 and 100% in 2009.

The table above does not include the 75,196 tonnes of metal waste produced in 2011, almost all of which was recycled.

5.3.5. ROAD SAFETY

PSA Peugeot Citroën has considered the safety of all road users to be a top priority for many years, a position that has enabled it to develop some of the safest vehicles in the world. The Group is focusing on technologies that have shown a proven ability to make automobiles fuel efficient and safe, at an affordable cost for the largest number of motorists.

However, addressing road safety issues involves more than just installing increasingly sophisticated onboard safety systems, which make vehicles heavier and therefore less fuel efficient. Roadway infrastructure must also be upgraded, while motorists and other road users must be effectively educated in safe driving and road use practices. At PSA Peugeot Citroën, corporate social responsibility also means a daily focus on sponsoring and education. In 2011, the Group pursued its efforts to raise awareness about road safety, with campaigns targeted to children, employees and the general public (for more information, please refer to section 5.3.7).

PRIMARY SAFETY: AVOIDING ACCIDENTS

PSA Peugeot Citroën's R&D continues to focus on making vehicles safer, with the goal of delivering cars and light commercial vehicles that contribute even more effectively to overall road safety.

CHASSIS SYSTEMS

Capitalising on its recognised expertise in suspensions, steering, braking and other chassis systems, PSA Peugeot Citroën designs cars that are naturally safe to drive, with technology that compensates, to the extent possible, for bad driving, faulty infrastructure and adverse weather conditions. Their architecture is engineered to deliver handling performance, precision steering and braking power that rank among the best in the market.

Moreover, to attenuate the consequences of certain emergency situations, the Group offers such driver assistance technologies as anti-blocking systems (ABS), which are now standard on every model, electronic brakeforce distribution (EBD), emergency brake assist (EBA), and electronic stability programme (ESP), which corrects a vehicle trajectory if it starts to veer off the road.

The Grip Control system, which is integrated into the electronic stability programme, is available on the Peugeot 3008 and new Partner and on the Citroën C4 Picasso, C5 and new Berlingo.

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

VISIBILITY, SPEED AND SAFE FOLLOWING DISTANCES

To improve driver visibility and alertness, PSA Peugeot Citroën has developed numerous innovations that are available on several model ranges. These include:

- innovative lighting systems: static directional lighting from the compact segment on up, Xenon dual-function directional headlights in the executive segment, automatic activation of emergency flasher lights in the event of sudden deceleration, LED daytime running lights and automatic dipped beam/main beam switching;

- a blind spot information system that indicates the presence of a vehicle in a blind spot zone through a pictogram in the corresponding wing mirror;
- a backup camera system;
- a Visio Park system under development that provides a panoramic bird's eye-view of the vehicle in real time to help drivers manoeuver more effectively. Using data from four cameras on the front and back bumpers and two others on the wing mirrors, a computer produces a single birds-eye view of the vehicle. This can help drivers position their vehicles correctly between two lines, for example in perpendicular parking spaces;
- a Distance Alert system that indicates on the head-up display the time it would take to close with the vehicle in front at the current speed. The alert time point can be set by the driver. Depending on the vehicle speed, the system will adjust the triggering distance between vehicles;
- the AFIL lane departure warning system, which alerts drivers who drift across a lane by vibrating the seat on the side the lane was crossed;
- a speed limiter system that deactivates the accelerator pedal when the driver tries to exceed his or her pre-set speed limit. When necessary, however, pressing strongly on the pedal overrides a hard spot and allows the driver to exceed the set limit. The driver can programme five frequently used speed limits into the system's memory. PSA Peugeot Citroën is the European leader in driver-activated speed limiter equipment;
- intelligent cruise control, a system that makes it easier to use cruise control in semi-dense traffic by aligning vehicle speed with that of the car in front, which is detected by a medium range radar sensor in the front-end. This eliminates the need to make frequent changes in speed and to deactivate and reactivate the system. The cruise control deactivates automatically if the distance between vehicles is too short. Torque, rather than the brakes, is used to reduce the set speed when necessary;
- automatic braking at low speed, currently being developed. When a car is travelling at less than 30 kmh, a short-range (10 metre) laser sensor embedded at the top of the windscreen detects objects that could cause a collision if the driver does not react. The system activates automatic braking to avoid hitting the car in front or, in certain cases, to slow the vehicle down so that a collision would be less serious. The driver can retake control at all times. To optimise braking distance, the system anticipates by pre-filling the braking circuit with fluid.

ERGONOMICS AND HUMAN-MACHINE INTERFACE (HMI)

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

SECONDARY SAFETY: PROTECTING PASSENGERS AND PEDESTRIANS DURING AN ACCIDENT

BODY STRUCTURE

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

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

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

AIRBAGS AND OTHER PYROTECHNIC EQUIPMENT

The body structure's ability to absorb energy and protect the passenger compartment attenuatest the consequences for occupants in the event of a crash, thanks in particular to the use of sophisticated restraint systems. Peugeot and Citroën vehicles are equipped with up to nine airbags:

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

On certain models, an active bonnet rises automatically in the event of a pedestrian impact thanks to an impact sensor and pyrotechnic mechanism, thereby absorbing more energy and limiting the risk of injury to the pedestrian's head.

RESTRAINT SYSTEMS

Restraint systems – which include Isofix attachment points for easy and efficient installation of child seats, seatbelt load-limiting retractors and, on some models, airbags with dual energy levels –

are all carefully calculated to maximise protection for everyone in the vehicle, regardless of their age or where they are seated. Already fitted on front seatbelts, load-limiting retractors are now gradually being installed for back seats as well. These systems adjust occupant restraints while limiting pressure on the chest, thereby reducing the frequency of thoracic and abdominal injuries. Buckle-up reminders sound a warning and light up when someone has not buckled their belt. Rear seat reminders are also gradually being introduced across all the model ranges.

EURO NCAP AND CHINA NCAP SAFETY RATINGS

Every Peugeot and Citroën model from the entry level on up ranks among the world's best in secondary safety, as attested by the results of impact tests conducted by the European New Car Assessment Programme (Euro NCAP), an independent organisation that rates vehicle occupant protection.

As of end-2008, a total of 13 Group vehicles had obtained the maximum 5-star rating for adult protection under the former Euro-NCAP system. Under the new Euro-NCAP protocol introduced in 2009, vehicles tested receive an *overall rating* based on the protection offered to adult and child occupants, as well as pedestrians, and also considers the safety potential of advanced driver assistance technologies.

Eleven Group vehicles have obtained the maximum 5-star overall rating under the stricter new protocol.

EURO NCAP

		Assessment protocol in effect until 2008				Assessment protocol in effect from 2009	
Model	Year launched	Year tested	Adult Occupant Rating*	Pedestrian Test Rating*	Child Protection Rating	Year tested	Overall rating
Citroën DS5	2011					2011	*****
Citroën DS4	2011					2011	*****
Peugeot 508	2011					2011	*****
Citroën C-Zero Peugeot iOn **	2010					2011	****
Citroën C4	2010					2010	*****
Citroën Nemo	2010					2010	***
Citroën C3	2009					2009	****
Citroën DS3	2009					2009	*****
Peugeot 5008	2009					2009	*****
Peugeot 3008	2009					2009	*****
Citroën C3 Picasso	2009					2009	****
Peugeot 308 CC	2008	2008	*****	**	***	2009	*****
Citroën Berlingo Peugeot Partner **	2008	2008	****	**	****		
Citroën C5	2008	2008	*****	**	****	2009	*****
Peugeot 308	2007	2007	*****	***	****	2009	*****
Peugeot 207 CC	2007	2007	*****	**			
Citroën Grand C4 Picasso	2006	2006	*****	**	****	2009	*****
Peugeot 207	2006	2006	*****	***	****		
Citroën C6	2006	2005	*****	****	****		
Peugeot 407 Coupé	2005	2005	*****	**	****		
Citroën C1 Peugeot 107 **	2005	2005	****	**	****		
Peugeot 807 Citroën C8 **	2002	2003	*****	*			

* *Occupant protection rated out of 5 stars / Pedestrian protection rated out of 4 stars.*

** *Vehicles appearing on the same line have the same technical specifications.*

CHINA NCAP

Model	Year launched	Year tested	Overall rating
Peugeot 508	2011	2011	*****
Peugeot 408	2010	2010	*****
Citroën C5	2010	2010	*****
Peugeot 307 Notchback	2009	2009	*****
Citroën C-Quatre	2008	2009	****
Citroën C-Triomphe	2006	2007	*****

LAB

The Laboratoire d'Accidentologie, de Biomécanique et d'Étude du comportement humain (LAB) is a road safety association created jointly by PSA Peugeot Citroën and Renault. A unique organisation, LAB has conducted research projects for 40 years to enhance understanding of accident mechanisms and their related injury mechanisms.

Its areas of expertise are:

- accidentology, meaning the analysis of road accidents. Its database comprises some 15,000 accidents;
- biomechanics, which helps to identify injury mechanisms.

For more than 40 years, LAB's research projects have helped to guide the Group's technological choices and to assess their real-life performance on the road. LAB is behind a number of major advances in automobile safety, from seatbelts to load-limiting retractors, airbags, pre-tensioners and stronger structural components for passenger compartments.

TERTIARY SAFETY: POST-ACCIDENT EMERGENCY RESPONSE

EMERGENCY CALL SYSTEM

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

The new autonomous telematics box (ATB) developed by PSA Peugeot Citroën includes a SIM card and separates the telematics function from the radio, navigation and telephone functions

In the event of an accident or medical emergency in an ATB-equipped vehicle, occupants can alert a dedicated assistance centre simply by pressing the SOS button. In the case of a collision, the same alert is sent automatically.

Calls are routed to operators speaking the occupants' language, as determined by the vehicle registration number, even if the call is made from abroad. If necessary, the assistance centre can call in local first responders.

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

According to the European Commission, equipping every vehicle on the road with such a system would save more than 2,000 lives a year in Europe. The emergency call system is particularly useful when accidents occur in isolated areas with no eyewitnesses.

	Total as of end 2009*	Total as of end 2010*	Total as of end 2011*
Peugeot and Citroën vehicles equipped with the PSA emergency call system**	630,000	643,000	1,016,676
Alerts sent to emergency services	3,300	3,900	5,212
Countries in which the PSA emergency call service is available	France, Germany, Italy, Belgium, Luxembourg, Spain, the Netherlands, Portugal and Austria	France, Germany, Italy, Belgium, Luxembourg, Spain, the Netherlands, Portugal, Austria and Switzerland	France, Germany, Italy, Belgium, Luxembourg, Spain, the Netherlands, Portugal, Austria and Switzerland

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

** *In the countries where the PSA Peugeot Citroën e-call service is available, the vehicle automatically alerts a dedicated call centre (run by Inter Mutuelles Assistance - IMA). After confirmation, the centre forwards the information to the emergency service covering the area. In other European countries, the vehicle dials 112, the European emergency number.*

In countries where the location-aware assistance service is not available, the close to 146,000 Peugeot and Citroën cars equipped with Peugeot Connect SOS or Citroën eTouch dial 112, the European emergency number, directly without transmitting information on the vehicle's location. In all, around 1,160,000 Peugeot and Citroën vehicles equipped with the emergency call system are on the road in Europe.

At the 2010 Paris Motor Show, Euro NCAP awarded the first Euro NCAP Advanced award to carmakers who have deployed technologies that have a meaningful impact on safety. Among the ten innovations recognised, Peugeot and Citroën were singled out in the area of post-accident (or tertiary) safety for their emergency call system. In all, six vehicles won an award: the Peugeot 308, 3008 and 5008 for Peugeot Connect SOS, and the Citroën DS3, C4 and C5 for the Citroën Localised Emergency Call service.

VICTIM REMOVAL INSTRUCTIONS

To facilitate the job of rescue workers after an accident, PSA Peugeot Citroën works with French rescue teams to prepare victim removal instructions for each of its models.

PEUGEOT MOTOCYCLES

SAFETY

A major player in the European market under the Peugeot Scooters banner, Peugeot Motocycles has focused on scooter and motorbike safety for many years. In particular, it was the first manufacturer in the world to apply the anti-lock braking system (ABS) developed for automobiles to its 125 scooters. This approach attests to Peugeot Scooters' long-term commitment to promoting safer and more responsible urban mobility solutions. Other initiatives include:

- the widescale deployment of advanced braking systems;
- the development of an airbag vest.

Advanced braking systems are based on brakeforce distribution, anti-blocking systems or future 3-wheel scooter architecture.

5.3.6. MOBILITY AND ONBOARD INTELLIGENCE

In addition to such traditional services as maintenance, financing and insurance, PSA Peugeot Citroën is developing services that promote a new vision of mobility to support its leadership strategy in intelligent, sustainable mobility solutions.

5.3.6.1. MOBILITY SERVICES

MU BY PEUGEOT

Mu by Peugeot is an innovative à la carte mobility service introduced in 2010. This highly original offering enables anyone – whether or not they are Peugeot customers – to access an array of mobility services online or via a smartphone application. With Mu by Peugeot, customers can rent the Peugeot product or accessory that suits their immediate mobility need, be it for a bicycle, scooter, car, light utility vehicle, replacement vehicle (car or scooter), GPS device or a roof box. In 2011, the offer was extended to include electric bicycles, the Peugeot e-vivacity electric scooter and the Peugeot iOn.

Already available at more than 80 sites in eight countries in Europe, Mu by Peugeot will continue to be deployed, with 75 sites to be added each year, mainly in European cities with more than 300,000 inhabitants.

The programme has received several awards for innovation since it was introduced, including in Germany, Belgium, Spain and the United Kingdom.

PEUGEOT PROFESSIONAL MOBILITY AUDITS AND ECO-CONSULTING

In 2011, Peugeot began offering mobility audits for businesses in nine European countries. After identifying the transportation solutions used by a company's employees for business travel or commuting, the auditors make recommendations to optimise selected solutions by looking at the trade-offs between resources invested in travel, environmental impact and user comfort.

Recommended outcomes may include such things as promoting car-pooling among employees with the same commute or the creation of a vehicle pool for different uses. All the measures are designed to help companies reduce their carbon footprint.

Also for business customers, Peugeot offers an Eco-consulting pack comprising:

- a carbon footprint analysis, which evaluates fleet emissions;
- eco-driving training with an online platform and hands-on road tests that delivers both safety and environmental benefits (around 20% reduction in CO_2 emissions and fuel consumption).

Peugeot extended its eco-driving training to electric vehicle users during the year.

PEUGEOT GREEN CONNECT

In October 2011, Peugeot and eco-driving specialist Mobigreen launched Peugeot Green Connect, a new service for business customers with long-term leases from Peugeot Lease. The service is designed to modify driving behaviour and raise awareness about how changes can save fuel and reduce polluting emissions.

CITROËN MULTICITY

With the new Citroën Multicity mobility offering launched in March 2011, the brand has brought out a solution – available to everyone without subscription – that has positioned Citroën as a travel facilitator.

This innovative service saves time and makes travel easy thanks to:

- **a dedicated Citroën Multicity Internet portal** for planning trips and travel. Taking into account different modes of transportation when calculating itineraries, the service provides customised solutions with information on CO_2 emissions, cost and travel time for suggested itineraries. Solutions cover all modes of transportation, both individual (cars, taxis, etc.) and collective (busses, tramways, subways, trains, aeroplanes and more). With this itinerary calculator, users can see all the possible solutions for getting from Point A to Point B on a single site and in a single request. All itineraries, schedules, rates and reservations are available in just one place;
- **a service for reserving** aeroplane tickets, rental cars, train tickets, hotel rooms and foreign travel online or over the phone. With its exclusive Call Car option, Citroën delivers a rental car in less than three hours to the location of the customer's choice, for one hour or for several days;
- **a specific website for Citroën owners** that features an array of dedicated products and services to help them use their cars more effectively. They can for example, download maps for an onboard navigation system, subscribe to a services contract or download information on road hazards.

5.3.6.2. ONBOARD INTELLIGENCE

PSA Peugeot Citroën's new onboard intelligence services are designed to make mobility safer, more efficient and more environmentally friendly.

Since 2002, Peugeot and Citroën have offered a range of assistance services based on the shared RTx/NaviDrive telematics platform that combines, in a single unit, a radio, CD player, GSM hands-free telephone, GPS navigation system and traffic information.

Leveraging this experience, Peugeot and Citroën introduced a vehicle-integrated autonomous telematics box (ATB) equipped with an embedded SIM card in 2009.

PEUGEOT CONNECT

Peugeot Connect offers a range of innovative services based on information sent directly from the vehicle. These include:

- Peugeot Connect SOS, for location-aware emergency calls;
- Peugeot Connect Assistance, for location-aware repair assistance;
- Peugeot Connect Fleet, for fleet management. This service provides remote access to all the data needed to support fleet use and maintenance, including odometre readings, the number of kilometres before next inspection and diagnostics for mechanical components such as the gearbox and emissions control system. Fleet managers are alerted in real time by e-mail if the system detects safety issues such as low oil, worn brake pads or under-inflated tyres. By promoting regular maintenance, the networked service also helps reduce the fleet's environmental impact.

  Peugeot Connect Fleet also tracks fuel consumption and CO_2 emissions.

CITROËN ETOUCH

Citroën eTouch, a range of services for all types of customers, includes:

- a location-aware emergency call system and assistance service thanks to an embedded SIM card;
- a virtual log and an eco-driving service available via the MyCITROEN web page and smartphone.

These services allow motorists to track their fuel consumption and CO_2 emissions, as well as receive maintenance reminders and real-time vehicle alerts. They are available for free during the vehicle warranty period.

Lastly, Citroën's Send-To-Car service allows users to forward the results of a Google Maps search from their computer to the onboard NaviDrive 3D platform, which then guides them to their destination or connects them to a phone number.

5.3.7. CORPORATE CITIZENSHIP

PSA Peugeot Citroën is firmly convinced that mobility is a global societal challenge and a fundamental right. Mobility influences each individual's life and goes hand in hand with economic development, as well as with discovery, autonomy, progress and innovation. After more than 200 years in the automobile industry, the Group can claim legitimacy in discussing this issue. Backed by its experience, PSA Peugeot Citroën has chosen to focus on projects that are useful to the community and related to its mission as a carmaker.

This translates into ambitious societal initiatives, notably through both global and local sponsorship policies geared towards audiences and local communities worldwide.

THE CITY ON THE MOVE INSTITUTE (IVM)

Created by PSA Peugeot Citroën in 2000, the City on the Move Institute (IVM) has initiated and promoted research and trials aimed at understanding how urban mobility is changing. It supports the emergence of innovative urban mobility solutions that take urban, environmental, social and economic challenges into account while addressing the cultural aspects of mobility in cities around the world. Its projects bring together business people, researchers, academics, architects, urban planners, urban developers, transport providers, local authorities, people involved in society and the arts, and members of associations. Each partner is a stakeholder in a given project, supporting the research or programme with financing, resources or expertise. In 2011, IVM enhanced its ties with corporate partners by signing research agreements with Vinci Group think tank Fabrique de la Cité and Véolia.

PSA Peugeot Citroën allocated a budget of €1,050,000 to IVM in 2011.

In 2011, IVM launched an international, interdisciplinary research programme and conference (to be held in March 2012) entitled “What is it that drives public action on urban mobility issues? the making of movement.” the programme, which got underway at the end of 2010, is headed by the members and staff of IVM's three academic chairs in China, Latin America and Europe. It is designed to deepen understanding about public action on urban mobility, by focusing on both the controversies and crises that arise from this action and on the values, aspirations and representations that influence public opinion and mobility policy decisions. Case studies from Paris, Barcelona, Beijing, Shanghai, Lima, Mexico City, Buenos Aires, Santiago de Chile, Bogota, São Paulo and Rio de Janeiro are being analysed and a collaborative online platform accessible to all the research teams has been created to facilitate the collection of data from each city. These include analyses of the general situation, case studies, fresh eyes reports, student proposals, photographs and videos.

Approaches from urban studies, planning, sociology, engineering and anthropology have been used to uncover the different stages of controversies associated with mobility projects in a situation where traditional evaluation methods based on the concept of general interest are contested. Lastly, university students from around the world have been invited to describe their vision of the future and ideals for urban mobility. Proposals have been submitted from universities in Barcelona, Daegu, Rio de Janeiro, São Paulo, Paris, Bogota, Buenos Aires, Beijing, Santiago de Chile, Eindhoven, Guangzhou, Shanghai and other cities.

With the “City at your Doorstep” mobility and services programme, the IVM wants to enhance understanding of emerging demand and identify new players and innovation potential, especially in the areas of workplace practices and mobility for employees in the personal services sector. In 2011, IVM conducted a field survey on mobility and roving work among the staff at ASSAD Besançon Pontarlier, an association in France that provides in-home services, in collaboration with Laboratoire Ville, Mobilité, Transport (LVMT). The survey showed how daily mobility issues contributed to difficulties in organising work and highlighted the solutions implemented locally. Experiments on new systems will begin in 2012.

Launched in 2007, the IVM's research and action programme on taxis has broadened discussion of the issue, since the taxi represents an excellent intermediary mobility solution between mass transit and individual transport. This international programme is intended to study the taxi's potential resources, role and possible integration in mobility strategies and to open discussions with researchers, public authorities, transport operators and companies, and the public at large, with the goal of supporting the development of this mode of transportation.

Following an international conference on taxis organised by IVM in Lisbon in 2007, the results of the first international survey on how taxis are used were released. At the same time, cultural events, films, a taxi stand design competition and exhibit were organised in the city. Both Citroën and Peugeot presented taxi demonstrators. In 2010, IVM led the initial special session on taxis at the World Conference on Transport Research in Lisbon and announced the creation of an international research network. The initiative was extended in 2011 with the formation of the Taxi Research Network, comparisons among the different countries in northern Europe and a broader look at the role taxis play in rural areas.

Outside France, IVM is continuing to extend its scope of action in regions with fast-growing cities and significant societal and urban challenges. These regions offer great potential for innovation.

- in China, for the second year in a row, IVM organised the Better Mobility, Better Life Award and student contest, which is intended to identify and promote innovative solutions and new services to support urban mobility.

  IVM has also developed new approaches, such as “city workshops” designed to stimulate thinking and discussion on tangible, innovative projects with a city's technical department and decision makers. Topics such as carpooling and integrated management of mobility and parking were addressed in Hanzhou, Wuhan and at Tsinghua University.

- in Argentina, a first field experiment called "Reading the City" was conducted with the city of Buenos Aires in 2010 to provide and test multimodal information systems on the city's transportation networks. The project moved into higher gear in 2011, with a presentation at the Buenos Aires design festival, discussions with city officials to extend the system and the deployment of two bus routes. International experts are collaborating on this innovative concept, which is well suited to emerging cities, as well as on surveys of user needs and representation systems. This should lead to the development of new demonstrators in Salta, Argentina; Lima, Peru; and São Paulo and Rio de Janeiro, Brazil.

In its partnerships with academic institutions, IVM signed a new convention with Université Paris-Est for its University Chair in Europe, and continued to host visiting scientists in China. A University Chair in Latin America has been created with representatives from the universities of Santiago, Monterrey, Mexico City, Buenos Aires, Lima, Rio de Janeiro, Bogota and Sao Paulo.

Lastly, two IVM exhibits – "The Street Belongs to All of Us" and "Dream Cities, Sustainable Cities" – continued to tour in Europe, China, Brazil, Argentina, Spain, Portugal, Uruguay and Peru.

In 2012, "The Street Belongs to All of Us" is scheduled to stop at the UN-Habitat World Urban Forum (1-7 September) in Naples, as well as in Mexico City and Recife. The event attracts the world's main urban stakeholders, including mayors, who approach urbanisation with an interdependent worldview and bring to the international table universally applicable concepts, issues and tools.

IN ADDITION TO IVM, PSA PEUGEOT CITROËN EXPRESSES ITS SOCIETAL COMMITMENT THROUGH:

- its World on the Move Foundation, created in 2011 to support social, educational, cultural and environmental projects in the field of mobility;
- corporate philanthropy;
- local philanthropy plans at manufacturing and office sites. These plans, deployed in 2004, support local development initiatives;
- initiatives supported by the Peugeot and Citroën brands.

THE PSA PEUGEOT CITROËN FOUNDATION: SUPPORTING MOBILITY FOR ALL

Created on 11 July 2011, the PSA Peugeot Citroën Foundation supports social, educational, cultural and environmental projects in the field of mobility, an area in which the Group has been active for more than 100 years. This mission is expressed in the Foundation's "A World on the Move" baseline.

The Foundation supports initiatives submitted by general-interest organisations around the world, with a preference for the Group's growth regions. The initiatives come from associations, NGOs and employees, or grow out of projects supported by Group sites through local philanthropy plans. Projects are submitted online via the Foundation's trilingual website (French, English and Spanish).

To carry out its philanthropic mission, the Foundation is backed by a pluriannual action plan with a five-year budget of €10 million. The Foundation's support, provided in kind, in equipment or in funding, focuses on four main areas:

- mobility and Solidarity, with initiatives to assist individuals in a condition of precarity and projects to bring people back into the workforce (58% of the funds allocated in 2011);
- mobility and Disability (16% of the funds allocated in 2011);
- mobility and Educational and Cultural Action, with programmes to bring cultural events closer to audiences that have difficulty accessing them (24% of the funds allocated in 2011);
- mobility and the Environment (2% of the funds allocated in 2011).

MOBILITY AND SOLIDARITY

- **Emergency outreach:** To give just one example, the Foundation's creation has allowed the Group to strengthen its partnership with the Paris emergency social services agency (Samusocial). This social and societal commitment, initiated in 1996, comes under the Mobility and Solidarity heading, as access to mobility is a factor in fighting social exclusion, maintaining community ties and integrating individuals into society. The Group donates and maintains the agency's roaming fleet of 20 vehicles, and lends additional vehicles on a regular basis as reinforcement during the winter months.

  In October 2011, the Foundation lent its support to the agency's observatory, providing partial funding for a "Head-to-Foot Health" medical survey conducted among 900 homeless people. One-third of the drivers needed to administer the survey were volunteers drawn from PSA Peugeot Citroën's workforce. A Foundation representative currently serves on the agency's Board of Directors.
- **Bringing people back into the workforce:** in its first year of existence, the Foundation has channelled the majority of its support to Mobility and Solidarity projects, with a focus on general interest organisations involved in mobility services.

  These "Mobility platforms" generally rent cars, scooters or electric bicycles or organise small-scale collective transportation on demand for people in workforce re-entry or professional training programmes in rural or suburban areas with insufficient public transportation. The beneficiaries are generally put in contact with the mobility platforms by social workers, the unemployment agency or the local jobs office. In one example, the Foundation donated ten scooters to MOB 60, an association in France's Picardy region, to help young people get to work or to a training programme. The service will also help the participants pass their Road Safety Certificate at a lower cost. The Foundation has also provided funds to help Doctors of the World replace its Lotus Bus in Paris, which carries out prevention initiatives for women with no access to healthcare.

MOBILITY AND DISABILITY

Projects supported in this category include:

- a driving programme developed by the outpatient services of Centre de Réadaptation de Mulhouse, a mainstreaming centre backed by the Group's Mulhouse plant as part of a local philanthropy plan. In 2011, the Foundation donated a vehicle and paid to have it fitted so that individuals with a physical or cognitive disability can test their driving ability in a standard vehicle and determine if they need special equipment;
- an initiative led by the Comme les Autres association to facilitate adventure sports for the disabled. The Foundation has provided financing for this programme, which considers that giving the disabled access to ordinary and extraordinary experiences is a key factor in successful physical therapy and in re-building self-confidence;
- a pilot training programme administered by Avenir Dysphasie France to help young people with dysphasia obtain a driver's license. Because this language disorder often results in learning difficulties with written language, the association organises tailored courses to help the candidates prepare for the tests. In 2011, the Foundation helped finance two courses for some twenty young people.

MOBILITY AND EDUCATIONAL AND CULTURAL ACTION

- The Foundation contributed to the creation of the Mobile Museum, or MuMo, the world's first roving museum designed to take art to places where it has never been before. Contemporary, easy-to-understand creations have been developed specially for the Mobile Museum and will be presented to some 10,000 children age 6 to 10 in primary schools, under the patronage of Unesco in France and Africa.
- Also in this category, the Foundation donated a vehicle to the Compagnie des Contraires association so that it can conduct roving arts workshops and street events in disadvantaged neighbourhoods, notably Chanteloup-les-Vignes near the Poissy plant. The association offers fun educational and cultural events run by professional artists in public areas, with the goal of promoting a community spirit and eliminating imaginary boundaries.
- Similarly, the Foundation supports Le Bal, a venue in Paris for learning about how images speak to us. In particular, the Foundation has focused on an educational project called "My Eye", which is designed to get young people moving both geographically and mentally. Students from 46 schools in disadvantaged neighbourhoods in the Paris area are taken to cultural sites to pursue projects on the language and media of image and to be introduced to the related professions.

CORPORATE PHILANTHROPY

As part of its general philanthropy policy, the Group supports other initiatives alongside those that fall within the Foundation's scope.

VILLETTE-ENTREPRISES FOUNDATION

For the past 25 years, PSA Peugeot Citroën has been a member of the Villette-Entreprises Foundation, which helps to disseminate scientific knowledge by fostering relationships between companies and science or technology museums. Through the foundation, the Group sponsored the renovation of the permanent exhibits at Paris' flagship science museum, the Cité des Sciences et de l'Industrie. As part of this project, PSA Peugeot Citroën has provided funding for the "Transport and Mankind" exhibition that opened for a five-year run in October 2011.

The exhibition addresses the issue of mobility from a sociological and technical viewpoint and offers a comprehensive view of mass mobility at the global level. Driving simulators, videos and interactive tables help visitors discover the mobility challenges of the future. The Group provided €35,000 in funding to the Villette-Entreprises Foundation in 2011.

FRENCH ROAD SAFETY FOUNDATION

Reflecting its deep commitment to improving road safety in cooperation with other road-use stakeholders, PSA Peugeot Citroën was a co-founder of the French Road Safety Foundation, created in 2004 at the initiative of the French Ministry of Research. The Foundation, which was declared in the public interest in 2005, is financed both by the government and by private companies such as PSA Peugeot Citroën, Renault and Plastic Omnium. Like all French research foundations, it brings together public and private organisations, in this case to identify, promote and finance road-safety research projects. It provides a unique forum for all types of road safety stakeholders, including government representatives, carmakers, public transit and road transport specialists, trade federations and public health professionals.

While the first call for projects focused heavily on vulnerable users and alcohol-related issues, the second, launched in 2011, is more concerned with improving understanding of new driving habits and the impact of communication technologies on road safety. Featured topics include:

- accidents, from the causes to the consequences;
- cooperative and interactive driving;
- new vehicles and their impact on safety;
- infrastructure, and how to improve safety in the future.

Preference will be given to multidisciplinary projects and projects backed by organisations with expertise on the issues in question.

THE PEUGEOT INDUSTRIAL HERITAGE ENDOWMENT FUND

Inaugurated in September 2010 and financed by an endowment fund heavily supported by PSA Peugeot Citroën, the Terre Blanche Archives Centre is the new home for archival materials from all of the Group's manufacturing and business facilities. After a top-to-bottom renovation to restore building features typical of 19th century industrial architecture, the Centre now houses a rare collection of historical records, photographs, technical drawings and unusual artefacts that have been brought together for safekeeping. The Centre will also open its doors to historians, researchers and students interested in consulting its materials. The holdings are continuing to expand, thanks to gifts and contributions from automobile enthusiasts, including many former employees, whose invaluable but often fragile documents can be digitised and preserved under optimal conditions. More broadly, the archives offer a compelling perspective on the more than 200-year history of automobiles in Europe.

LOCAL PHILANTHROPY AND SOCIAL RESPONSIBILITY PLANS

The Group's facilities are generally large private employers in their host regions, if not the largest. They are proud of their local roots and demonstrate this through their involvement in the social, economic and industrial fabric of their communities.

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

The newly created PSA Peugeot Citroën Foundation, which supports mobility-related projects, extends and enhances local philanthropy plans. Group sites now focus their initiatives on local development and outreach.

In 2011, the Group's local philanthropy policy focused on four main types of initiatives:

- safe driving, with programmes to inform people, raise their awareness and teach correct practices;
- cultural and educational programmes, from access to culture and participation in a region's economic development to donations of educational supplies;
- volunteerism and skills donations, thanks to the engagement of Group employees;
- educational programmes to raise awareness about environmental issues and biodiversity.

PROMOTING ROAD SAFETY

Raising driver awareness of road safety issues is a major focus of the Group's corporate citizenship commitment. The Group's production and office facilities around the world lead road safety awareness-building programmes for employees and/or their host communities, generally in partnership with academic institutions and organisations such as local fire brigades, the national police, the gendarmerie, the French Motorcycle Federation, the MACIF insurance company, the Centaure network of driver training sites and others.

The sites organise a number of information campaigns during the year on such topics as the dangers of driving while under the influence of alcohol or drugs. They also hold clinics to inspect headlights and tail lights or to raise awareness of safe driving practices among motorcyclists.

Facilities in Argentina and Brazil are particularly active in this area.

In Argentina, a number of notable initiatives have been launched in addition to awareness campaigns for Group employees and their families. In one, high school students were invited to participate in a contest to find the best road-safety radio jingle. In another, a campaign called "Road Safety Guardians" introduced in 2010 and repeated in 2011, was declared a programme of municipal and educational interest by the 3 de Febrero District of Buenos Aires. October is now Road Safety Month in all of the District's schools. PSA Peugeot Citroën participates with special activities and projects. The campaign reached some 4,500 children in 90 schools in 2010 and 2011.

In Brazil, the Group continues to sponsor the Global Road Safety Partnership NGO's participation in a road safety programme in Resende, helping to prepare brochures for local distribution and awareness-building campaigns for the general public, for example at the start of the school year, during Carnival and on a special day organised for two-wheel vehicles.

CULTURAL AND EDUCATIONAL PROGRAMMES

Cultural philanthropy programmes also reflect PSA Peugeot Citroën's commitment to its host communities.

- the Metz and Trémery plants in France have pledged to support the Centre Pompidou-Metz museum for three years as from 2011 and are working with the Lorraine region and city of Metz to promote access to modern and contemporary art. The two plants are also sponsors of an exhibition featuring two French designers, Ronan and Erwan Bouroullec, that runs from October 2011 to August 2012;
- the Group facility in Valenciennes, France is among the corporate sponsors of the Le Phénix national performing arts centre in Valenciennes. The site's financial support enables people from disadvantaged neighbourhoods and in retirement homes to take part in cultural events;
- the facility in Madrid, Spain also supports cultural and educational programmes, such as the 9th Latin American film festival. for more than two years now, the plant has also partnered a radio programme that covers environmental and gender equality issues. The programme is prepared with middle school students from the neighbouring school district and from the Villaverde district. The station has an estimated audience of more than one million listeners;
- in China, PSA Peugeot Citroën's educational initiatives focus on sustainable mobility, in partnership with the All-China Women's Federation. The Federation launched its Care Campaign in 1994. Seventeen years later, the programme has expanded to include seven sub-programmes: Newlyweds Care, Infants Care, Children Care, Elderly Care, Women Care, Students Care and Girls Care.

  In 2011, Infants Care launched a mobility-related project called "Green Life, Low Emissions" designed to teach children aged 3 to 6 what they can do the help protect the environment.

  The programme is being deployed over five years, in three stages:

  - 2011: Initial launch in Beijing, Guangzhou and Shanghai;
  - 2012 and 2013: Extension to medium-sized cities;
  - 2014 and 2015: Extension to smaller cities.

  To administer the programme, educational materials were developed with volunteers from various Chinese Ministries and associations with expertise in education, environmental issues, psychology, healthcare and child safety. To keep it fun, stylists at the Group's China Tech Centre came up with a mascot called Huan Bao Bao, from the Chinese words for "environmental protection" (HuanBao) and "baby" (Bao). Using examples from daily life, Huan Bao Bao shows children how to act in an environmentally responsible way.

  During the first stage of deployment in 2011, 300,000 manuals and 400 teaching packets were distributed in nursery schools in Beijing, Shanghai and Guangzhou.
- as part of PSA Peugeot Citroën's partnership with the Iochpe Foundation in Brazil, the Porto Real plant has provided space since March 2008 for the Formare programme, which offers

vocational training for young people from local low-income families. The Group allows employees to volunteer as teachers for the programme during their working hours. So far, 180 volunteers have participated. In addition to providing professional training, the programme prepares students for the job market by exposing them to real-life work experiences. The plant also provides funds for Fundação Porto Real, which carries out social integration projects in the city of Porto Real;

- in Russia, PSA Peugeot Citroën is pursuing its training programme in cooperation with local schools to promote access to jobs by bringing in young specialists from developing regions. In 2011, more than 700 employees received training.

Lastly, Group sites also promote education by donating computers, vehicles, engines and gearboxes to training centres around the world.

VOLUNTEERISM AND SKILLS DONATION

Group employees are also very active in local volunteer programmes. PSA Peugeot Citroën makes employees available so they can donate skills, promotes volunteerism with local organisations and encourages team members to get involved in local events.

In Argentina, “A Roof for My Country”, an NGO that helps the very poor, notably by building emergency housing, is a perfect example. The association was created in Chile in 1996 and has since formed a solid network in 13 Latin American countries.

It priority focus in areas of urban poverty. Once a neighbourhood has been identified, a building project is presented to residents and interested families come forward. They are asked to save around $160, or 10% of the cost, for their new home. It takes two days for a team of volunteers and family members to put together the prefabricated houses, which are delivered in kits. PSA Peugeot Citroën in Argentina provides financing, donating the equivalent of two wood-frame houses a month. Employees are encouraged to participate through a volunteer programme. In all, six houses were built in 2011 thanks to the Group’s partnership with “A Roof for My Country”.

In France, the Group’s Rennes facility has actively supported the Performance Bretagne network for many years. This network helps local SMEs implement solutions that best meet their needs in the areas of environmental protection, industrial organisation, human resources, information technology and Internet services. The Rennes plant lends the association employees who can advise participating SMEs on how to manage their IT and web systems, with a focus on industrial organisation, implementing visual management, training in lean management, effective web presence and software selection, and IT system security.

Around the world, PSA Peugeot Citroën team members are encouraged to collect bottlecaps for charity associations, as well as toys at Christmastime. They also participate in athletic events for charity in many countries, including France, Spain and Argentina, where a marathon was organised to raise funds for the Italian hospital.

INITIATIVES SUPPORTED BY THE PEUGEOT AND CITROËN BRANDS

INITIATIVES SUPPORTED BY THE PEUGEOT BRAND

During the year, Peugeot continued to lend vehicles to Solidarité Sida, an association that educates the public about AIDS and solicits donations for medical research. Through the partnership, which began in 1994, three vehicles are made available to the association for the entire year, with others made available for special operations such as the Solidays festival.

In China, the brand continued to support the “More Safety for our City” travelling exhibition initiated in 2004 to teach people of all ages about road safety. During the year, the exhibition stopped in four major Chinese cities, allowing 3,500 primary school students and 2,500 teenagers to participate in fun awareness-raising workshops. Around 200 teachers were trained at the workshops. for adults, two i-phone applications were developed and six radio announcements were broadcast on five radio stations over a period of four months.

INITIATIVES SUPPORTED BY THE CITROËN BRAND

In 2011, Citroën pursued its partnership with Action Against Hunger (ACF), which was launched in 2009 in honour of their respective anniversaries, the 90th for Citroën and the 30th for ACF. The brand also continued to participate in a project scheduled to run through 31 December 2011 in Burkina Faso to facilitate access to drinking water in Tapoa Province schools. for the second year in a row, a team of 54 Citroën employees took part in an inter-company foot race organised by ACF in Paris, clocking up a total 755 kilometres to fight hunger. Citroën France also organised a contest for ACF on its Facebook page to win a unique DS3 Kenzo. Citroën donated the equivalent of the car’s sticker price to ACF, which will now be able to build a multi-services water kiosk in Mongolia.

For the third year in a row, the brand distributed Citroën-brand miniature cars, stuffed animals and other items as Christmas presents to some 7,000 hospitalised, needy or orphaned children in France and a number of other countries, including Switzerland, Germany, Belgium, Portugal and Austria.

During the year-end holidays in Brazil, Citroën also conducted an internal campaign among employees to collect gifts, toys and personal care products for three institutions that assist children with cancer, orphans and the elderly.

In China, Citroën supported the Crayon Rouge association and its “Colours of Childhood” campaign. The brand organised activities for children from minority families in western China with the goal of improving learning conditions and stimulating creativity. In addition, Citroën donated a building for educational purposes and dispatched photographers to the region to teach professors and students about photography techniques. Some twenty cameras were donated for the programme. To highlight the region and its children, a filmed report was produced and broadcast with the participation of Citroën's media partners in China.

In 2011, the brand was the exclusive sponsor of the French Pavilion at the 54th Venice Biennale international art exhibition. The pavilion housed a single work by Christian Boltanski entitled “Chance”. This philanthropy strengthened Citroën's decades-old ties to the world of art.

6

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6.1. AUTOMOTIVE DIVISION

6.1.1. SIGNIFICANT EVENTS OF THE YEAR

In 2011, the Automotive Division experienced:

- a 1.5% decline in sales of new vehicles and CKD units to 3,549,000 units [1];
- a sharp increase in the proportion of sales outside Europe [2], to 42% of the total from 39% in 2010;
- an increase in the proportion of premium vehicles in the sales mix to 18% from 13% in 2010, with the success of the Citroën DS line and the Peugeot 3008, 508 and RCZ;
- a further decline in corporate average emissions to 127.9g of CO_2/km vs. 132g in 2010.

In 2011, the world's automotive markets expanded by an aggregate 3% versus 10% in 2010. Growth was led by vibrant emerging markets, with Latin America up 8%, Russia up 39% and China (cars only) up around 3%.

In a European market shaped by a recessionary environment and austerity measures since the summer, overall demand contracted by 0.5%. Performances varied widely by country, with the market up 9.4% in Germany, but down 1.3% in France, 2.4% in the United Kingdom, 16.9% in Spain, 10.5% in Italy and 1.9% in Central and Eastern Europe.

Price pressure has increased sharply since September.

With its strong presence in Europe – particularly Spain, Italy and the United Kingdom – PSA Peugeot Citroën saw a 1.5% decline in global unit sales. Group unit sales contracted by 6.1% in Europe but grew by 10.7% in Latin America, 7.7% in China and 34.8% in Russia. Sales outside Europe accounted for 42% of the 2011 consolidated total, compared with 39% in 2010. Despite this environment, new vehicles and the upmarket strategy had a €678 million positive impact on Group revenue and performance.

For information about the Group's strategy and objectives for 2012, please refer to section 12 below.

6.1.2. MARKETS

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

AN UNFAVOURABLE MARKET MIX IN EUROPE

In a European car and light commercial vehicle market that declined by 0.5% in 2011 (with car sales down 1.4% but light commercial vehicle sales up 7%), registrations of PSA Peugeot Citroën vehicles contracted by 6.8% to 2,045,000 units. As a result, the Group's market share fell by 0.9 points compared with 2010 to 13.3%. This was entirely due to lower sales in the B segment [3], as the Peugeot 207 – which is reaching the end of its model life – came under stiff competition. The 207's replacement, the Peugeot 208, will be introduced in 2012. Despite these negative headwinds, the Group showed resilience in the higher priced segments. Its market share remained stable in the C segment [4], thanks to vibrant demand for the new Citroën C4, and rose in the D [5] and E [6] segments following the successful launch of the Peugeot 508.

SHARP INCREASE IN THE PROPORTION OF SALES OUTSIDE EUROPE, TO 42% OF THE TOTAL

Sales outside Europe accounted for 42% of the 2011 consolidated total, compared with 39% in 2010 and 32% in 2009. Unit sales of assembled vehicles rose by a strong 10.8%, confirming PSA Peugeot Citroën's commitment to its priority growth regions of Latin America, China and Russia, while demonstrating that its ambition of becoming more global is being realized.

LATIN AMERICA: SALES TOP 300,000 UNITS FOR THE FIRST TIME

Despite a sharp slowdown in Brazilian demand in the second half, BtoB sales helped to drive an 8% increase in the Latin American market as a whole, with gains of 3% in Brazil and 29% in Argentina. In this environment, Group sales in the region topped 300,000 units for the first time, rising by 10.7% to 326,000 vehicles. Market share widened to 5.5% in 2011 from 5.4% the previous year. The launch

(1) Vehicles and CKD units.

(2) Europe: European Union + European Free Trade Association + Croatia.

(3) B segment: city cars

(4) C segment: compact cars

(5) D segment: family cars

(6) E segment: executive cars

of two local-manufactured models – the Peugeot 408 and Citroën C3 Picasso – contributed significantly to this performance and reaffirmed the Group's commitment to expanding its presence in the region. In 2012, the Group is planning six new launches in the B and C segments.

CHINA: REAL ADVANCES IN IMPLEMENTING THE GROWTH STRATEGY WITH MORE THAN 400,000 UNITS SOLD

After several years of very fast growth, the Chinese car market appeared to settle at cruising speed in 2011 with volumes up 3.3%. The Group kept pace with market growth by launching two new models, the Peugeot 508 and Peugeot 308. Along with the Citroën C5 introduced in 2010, these new models extend the two brands' product offer in the Chinese market, DPCA made gains in the C and D segments following the launch of the Peugeot 508 and Peugeot 308. Two new models will be introduced in 2012 in the C segment. Supported by the development of the distribution networks, PSA Peugeot Citroën sold a total of 404,000 vehicles in China in 2011, representing a market share of 3.4%.

By the end of the year, Peugeot had 286 dealers and 220 agents, representing 504 outlets in all, while Citroën had 360 dealers and 500 agents, for a total of 860 outlets.

RUSSIA: CONTINUING RAMP-UP

In 2011, the Russian market continued to expand rapidly. A total of 2.66 million vehicles were sold, 39% more than in 2010. The increase reflected underlying growth that was maintained despite the withdrawal of scrappage incentives in July. The 75,000 vehicles sold by PSA Peugeot Citroën represented an increase of 35%, in line with the market. The Group's market share stood at 2.7%. Sales were sustained by the launch of the new Citroën C4 and the restyled Peugeot 308, both assembled at the Kaluga plant. Six product launches are planned for 2012. The distribution network continued to expand, with the two brands' 141 sales outlets now covering 90% of the country.

6.1.3. VEHICLE MODELS

MODEL RANGE MIX SUCCESSFULLY MOVED UP-MARKET WITH A HIGHER PERCENTAGE OF PREMIUM VEHICLES [(1)]

The Group's strategy aims to increase the value of the Peugeot and Citroën brands by accentuating the move upmarket. In 2011, this led to a further increase in the proportion of premium vehicle sales, to 18% of the total versus 13% in 2010.

Examples of the strategy include the launch of the Peugeot 508, and of the successful latest addition to the Citroën DS line, the DS4.

CARBON EMISSIONS REDUCTION STRATEGY

The Group's technological advances ensured that it maintained its environmental leadership in 2011. In the less than 110 g of CO_2/km segment in Europe, it remains the unchallenged leader with a market share of 23.8%. The Group also reduced its new vehicles' average emissions to 127.9 g of CO_2/km from 132g in 2010.

This 4.1g reduction validates the Group's environmental strategy, which is based on three synergistic paths:

- optimising petrol and diesel engines;
- developing micro-hybrid, hybrid and plug-in hybrid technologies, with broader deployment of Stop&Start technology;
- marketing electric vehicles (the Peugeot iOn and the Citroën C-Zero brought to market in December 2010).

The Group's HYbrid4 technology was awarded the Environmental prize at the Goldenes Lenkrad awards organized by Germany's Auto Bild magazine in November 2011.

CONTINUED STRONG PRODUCT DYNAMIC IN 2012

The strong product dynamic is continuing in 2012, with the launch of the latest model in Peugeot's 2 series for the B segment, the Peugeot 208. Representing a breakthrough in interior design and vehicle architecture, the 208 consumes only 3.4 litres of fuel per 100 km, is more compact and 110 kg lighter than its predecessors, and emits just 87g/km of CO2. At Citroën, the year will see the full effect of the distinctive DS line, with the introduction of four diesel hybrids. And, lastly, two compact SUVs – the Peugeot 4008 and the Citroën C4/Aircross – will be brought to market to complete each of the two brands' line-ups.

For more information, particularly on the regions concerned, please refer to section 11.1.1 below.

At the beginning of 2012, the Group announced a separation of responsibilities between Sales & Marketing and Brand Strategy, effective 1 January. From an operational standpoint, this led to the creation of a new Sales & Marketing, Europe unit to lead the day-to-day activities of the dealer networks. The organisation was streamlined by combining all the back offices serving each brand, thereby helping to cut down on selling, general and administrative expense budgets.

The Brands will focus on the product and image plans in each country to support the move upmarket and ensure that a consistent image is projected worldwide.

(1) Premium vehicles offer a level of driving pleasure, safety, quality of finish, connectivity and comfort that serves as a benchmark in their segment. They include distinctive models from the A, B and C segments (Peugeot 207CC, 308CC, RCZ, 3008 and Citroën DS3 and DS4) and models from the D and E segments (Peugeot 508, 407, 4007 and Citroën C5, C6, DS5 and C-Crosser)..

6.1.4. OPERATING STATISTICS

PSA PEUGEOT CITROËN GROUP – CONSOLIDATED WORLDWIDE SALES

Continent	Marque	2011	2010
Europe 30	Peugeot	1,099,200	1,172,100
	Citroën	961,200	1,023,200
	PSA Peugeot Citroën	**2,060,400**	**2,195,300**
Russia	Peugeot	50,700	39,600
	Citroën	32,500	19,900
	PSA Peugeot Citroën	**83,200**	**59,500**
Latin America	Peugeot	190,100	173,800
	Citroën	135,700	120,500
	PSA Peugeot Citroën	**325,800**	**294,300**
Asia	Peugeot	187,700	164,200
	Citroën	234,500	227,600
	PSA Peugeot Citroën	**422,200**	**391,800**
Rest of the World	Peugeot	128,200	120,400
	Citroën	71,900	63,900
	PSA Peugeot Citroën	**200,000**	**184,300**
Total Assembled Vehicles	Peugeot	1,655,900	1,670,000
	Citroën	1,435,700	1,455,100
	PSA Peugeot Citroën	**3,091,600**	**3,125,200**
CKD Units	Peugeot	457,900	471,700
	Citroën		5,300
	PSA Peugeot Citroën	**457,900**	**477,000**
TOTAL ASSEMBLED VEHICLES	Peugeot	2,113,700	2,141,800
	Citroën	1,435,700	1,460,400
	PSA Peugeot Citroën	**3,549,400**	**3,602,200**

PSA PEUGEOT CITROËN GROUP – CONSOLIDATED WORLDWIDE SALES BY MODEL

	2011	2010
Peugeot Marque		
iOn	2,400	1
107	92,100	111,900
1007	0	100
206	445,000	472,800
207	296,700	353,100
208	600	
307	71,499	86,900
308	204,000	226,200
3008	135,000	129,600
405	270,600	299,400
407	2,600	31,300

	2011	2010
408	74,600	42,000
508	124,200	1,400
5008	72,300	73,400
607	0	1,000
807	6,300	5,700
4007	7,400	8,400
RCZ	18,800	16,600
Bipper	34,400	44,500
Partner	165,200	160,200
Expert	32,300	28,500
Boxer	57,600	48,800
TOTAL	**2,113,700**	**2,141,800**
- of which diesel-powered versions	*913,400*	*907,700*
- of which passengers cars	*1,888,200*	*1,937,100*
- of which light commercial vehicles	*225,600*	*204,700*
Citroën Marque		
C-Zero	2,074	0
C1	87,700	105,200
C2	10,500	9,300
DS3	78,400	64,500
C3	255,300	308,300
C3 Picasso	101,600	83,700
ZX	65,500	71,800
Xsara Picasso	8,400	38,200
C4	286,200	235,000
C4 Picasso	117,000	128,800
DS4	29,500	200
Xantia	0	4,000
C5	101,200	116,000
DS5	3,300	200
C6	900	1,400
C8	5,500	5,500
C-Crosser	7,500	8,500
Nemo	34,300	43,500
Berlingo	165,800	169,800
Jumpy	29,000	27,700
Jumper	46,000	38,700
TOTAL	**1,435,700**	**1,460,400**
- of which diesel-powered versions	*798,700*	*769,000*
- of which passengers cars	*1,242,900*	*1,283,200*
- of which light commercial vehicles	*192,700*	*178,000*
TOTAL PSA PEUGEOT CITROËN	**3,549,400**	**3,602,200**
- of which diesel-powered versions	*1,712,100*	*1,676,700*
- of which passengers cars	*3,313,100*	*3,220,300*
- of which light commercial vehicles	*418,300*	*381,900*

PASSENGER CAR REGISTRATIONS IN EUROPE BY COUNTRY

Country	2011 Volume	2010 Volume
France	2,204,200	2,251,700
Germany	3,173,600	2,916,300
Austria	356,100	328,600
Belgium & Luxembourg	622,100	597,100
Denmark	168,900	153,600
Spain	808,100	982,000
Finland	121,200	107,300
Greece	97,700	141,500
Ireland	89,900	88,400
Iceland	5,000	3,100
Italy	1,748,000	1,961,500
Norway	138,300	127,800
Netherlands	555,900	482,600
Portugal	153,400	223,500
United Kingdom	1,941,300	2,030,800
Sweden	305,000	289,700
Switzerland	317,000	292,500
TOTAL WESTERN EUROPE (18 COUNTRIES)	**12,805,800**	**12,977,800**
Croatia	41,600	38,600
Hungary	45,100	43,500
Poland	298,100	333,500
Czech Republic	171,600	168,000
Slovakia	67,900	65,900
Slovnia	60,200	61,100
TOTAL CEEC	**684,400**	**710,600**
Baltic Countries	41,300	24,600
Bulgaria + Romania	113,400	122,000
Malta + Cyprus	20,900	19,400
TOTAL EUROPE 30 COUNTRIES	**13,665,800**	**13,854,400**

LIGHT COMMERCIAL VEHICLE REGISTRATIONS IN EUROPE BY COUNTRY

Country	2011 Volume	2010 Volume
France	429,300	417,600
Germany	239,300	202,400
Austria	32,700	28,100
Belgium & Luxembourg	68,700	59,300
Denmark	24,100	16,900
Spain	105,200	116,800
Finland	15,200	11,600
Greece	6,500	10,900
Ireland	11,400	10,500
Iceland	400	200
Italy	171,300	182,500
Norway	37,000	30,400
Netherlands	59,000	49,900
Portugal	35,000	45,800
United Kingdom	266,900	231,500
Sweden	46,900	38,500
Switzerland	30,900	26,500
TOTAL WESTERN EUROPE (18 COUNTRIES)	**1,579,600**	**1,479,400**
Croatia	3,700	2,800
Hungary	11,600	9,300
Poland	47,100	42,900
Czech Republic	15,100	12,900
Slovakia	6,100	5,100
Slovnia	5,800	4,700
TOTAL CEEC	**89,300**	**77,800**
Baltic Countries	6,300	3,100
Bulgaria + Romania	14,300	13,500
Malta + Cyprus	2,800	3,700
TOTAL EUROPE 30 COUNTRIES	**1,692,400**	**1,577,500**

PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE REGISTRATIONS IN EUROPE BY COUNTRY

Country	2011 Volume	2010 Volume
France	2,633,500	2,669,300
Germany	3,412,900	3,118,700
Austria	388,800	356,700
Belgium & Luxembourg	690,800	656,400
Denmark	193,000	170,400
Spain	913,200	1,098,800
Finland	136,300	118,900
Greece	104,100	152,400
Ireland	101,300	98,900
Iceland	5,400	3,300
Italy	1,919,400	2,144,000
Norway	175,400	158,200
Netherlands	614,900	532,400
Portugal	188,400	269,200
United Kingdom	2,208,200	2,262,400
Sweden	351,900	328,200
Switzerland	347,900	319,000
TOTAL WESTERN EUROPE (18 COUNTRIES)	**14,385,400**	**14,457,200**
Croatia	45,200	41,400
Hungary	56,700	52,800
Poland	345,100	376,300
Czech Republic	186,700	180,900
Slovakia	74,000	71,000
Slovnia	66,000	65,900
TOTAL CEEC	**773,700**	**788,400**
Baltic Countries	47,600	27,700
Bulgaria + Romania	127,700	135,500
Malta + Cyprus	23,700	23,100
TOTAL EUROPE 30 COUNTRIES	**15,358,200**	**15,431,900**

PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE REGISTRATIONS IN EUROPE BY MANUFACTURER (30 COUNTRIES)

		2011		2010	
Rank	Groups	Volume	Market share (%)	Volume	Market share (%)
1	VAG	3,393,500	22.1%	3,133,300	20.3%
2	**PSA Peugeot Citroën**	**2,045,000**	**13.3%**	**2,195,200**	**14.2%**
	• Citroën	952,200	6.2%	1,016,000	6.6%
	• Peugeot	1,092,800	7.1%	1,179,100	7.6%
3	Renault Group	1,582,300	10.3%	1,682,900	10.9%
4	Ford Group	1,281,700	8.3%	1,300,500	8.4%
5	General Motors	1,267,600	8.3%	1,275,000	8.3%
6	Fiat Group	1,161,100	7.6%	1,276,500	8.3%
7	Daimler AG	818,200	5.3%	813,500	5.3%
8	B MW Group	813,200	5.3%	755,800	4.9%
9	Hunday Group	694,000	4.5%	621,900	4.0%
10	Toyota Group	617,400	4.0%	670,700	4.3%
11	Nissan	520,900	3.4%	452,500	2.9%
12	Geely Group	256,200	1.7%	231,700	1.5%
13	Suzuki Group	181,900	1.2%	198,200	1.3%
14	Honda	151,400	1.0%	188,700	1.2%
15	Mazda	140,600	0.9%	186,600	1.2%
16	Mitsubishi	137,200	0.9%	130,700	0.8%
17	Tata	111,800	0.7%	111,600	0.7%
18	Other	100,600	0.7%	108,500	0.7%
19	Subaru	37,400	0.2%	45,400	0.3%
20	Chrysler LLC	33,900	0.2%	39,200	0.3%

PSA PEUGEOT CITROËN GROUP – PASSENGER CAR REGISTRATIONS IN EUROPE BY COUNTRY

	2011		2010	
Country	**Volume**	**Market share (%)**	**Volume**	**Market share (%)**
France	692,800	31.4%	728,800	32.4%
Germany	149,500	4.7%	152,700	5.2%
Austria	29,400	8.3%	28,900	8.8%
Belgium & Luxembourg	100,800	16.2%	107,800	18.1%
Denmark	29,800	17.6%	26,900	17.5%
Spain	123,300	15.3%	163,900	16.7%
Finland	7,400	6.1%	7,300	6.8%
Greece	7,000	7.2%	11,200	7.9%
Ireland	4,000	4.5%	4,100	4.6%
Iceland	100	1.6%	0	0.9%
Italy	159,900	9.1%	211,200	10.8%
Norway	11,100	8.0%	10,600	8.3%
Netherlands	75,400	13.6%	64,600	13.4%
Portugal	22,000	14.3%	31,400	14.1%
United Kingdom	163,500	8.4%	182,700	9.0%
Sweden	15,600	5.1%	16,300	5.6%
Switzerland	28,100	8.9%	28,200	9.6%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**1,619,700**	**12.6%**	**1,776,600**	**13.7%**
Croatia	6,100	14.6%	4,600	12.0%
Hungary	2,800	6.3%	2,500	5.7%
Poland	22,800	7.6%	27,700	8.3%
Czech Republic	12,000	7.0%	13,000	7.7%
Slovakia	6,700	9.9%	7,500	11.4%
Slovnia	8,500	14.1%	8,800	14.4%
TOTAL CEEC	**58,900**	**8.6%**	**64,100**	**9.0%**
Baltic Countries	4,500	10.8%	2,600	10.5%
Bulgaria + Romania	5,400	4.7%	5,600	4.6%
Malta + Cyprus	1,500	6.9%	1,300	6.6%
TOTAL EUROPE 30 COUNTRIES	**1,689,900**	**12.4%**	**1,850,100**	**13.4%**

PSA PEUGEOT CITROËN GROUP – LIGHT COMMERCIAL VEHICLE REGISTRATIONS IN EUROPE BY COUNTRY

	2011		2010	
Country	Volume	Market share (%)	Volume	Market share (%)
France	147,900	34.5%	143,100	34.3%
Germany	23,100	9.7%	21,200	10.5%
Austria	3,800	11.5%	3,500	12.6%
Belgium & Luxembourg	17,300	25.2%	17,000	28.7%
Denmark	3,000	12.3%	2,300	13.7%
Spain	34,800	33.1%	39,100	33.5%
Finland	800	5.2%	900	8.0%
Greece	500	8.0%	600	5.1%
Ireland	1,200	10.2%	1,200	11.4%
Iceland	0	1.3%	0	2.5%
Italy	25,500	14.9%	27,900	15.3%
Norway	6,100	16.6%	5,800	18.9%
Netherlands	7,400	12.6%	5,900	11.9%
Portugal	10,400	29.8%	12,200	26.7%
United Kingdom	37,000	13.9%	34,700	15.0%
Sweden	6,700	14.2%	6,300	16.4%
Switzerland	4,100	13.2%	4,100	15.6%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**329,500**	**20.9%**	**325,900**	**22.0%**
Croatia	1,000	27.0%	700	24.8%
Hungary	2,100	17.9%	1,400	15.3%
Poland	10,700	22.8%	8,000	18.8%
Czech Republic	3,400	22.8%	2,300	17.8%
Slovakia	1,900	31.9%	1,500	30.3%
Slovnia	2,300	39.8%	1,700	36.0%
TOTAL CEEC	**21,500**	**24.1%**	**15,700**	**20.2%**
Baltic Countries	1,300	20.9%	900	29.2%
Bulgaria + Romania	2,400	16.7%	2,100	15.6%
Malta + Cyprus	300	12.2%	400	10.9%
TOTAL EUROPE 30 COUNTRIES	**355,100**	**21.0%**	**345,100**	**21.9%**

PSA PEUGEOT CITROËN GROUP – PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE REGISTRATIONS IN EUROPE BY COUNTRY

	2011		2010	
Country	Volume	Market share (%)	Volume	Market share (%)
France	840,800	31.9%	871,900	32.7%
Germany	172,600	5.1%	173,900	5.6%
Austria	33,100	8.5%	32,400	9.1%
Belgium & Luxembourg	118,100	17.1%	124,800	19.0%
Denmark	32,800	17.0%	29,200	17.1%
Spain	158,000	17.3%	203,000	18.5%
Finland	8,100	6.0%	8,200	6.9%
Greece	7,500	7.2%	11,800	7.7%
Ireland	5,200	5.1%	5,300	5.3%
Iceland	100	1.6%	0	1.0%
Italy	185,400	9.7%	239,200	11.2%
Norway	17,200	9.8%	16,300	10.3%
Netherlands	82,800	13.5%	70,500	13.2%
Portugal	32,400	17.2%	43,600	16.2%
United Kingdom	200,500	9.1%	217,400	9.6%
Sweden	22,300	6.3%	22,600	6.9%
Switzerland	32,200	9.3%	32,300	10.1%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**1,949,200**	**13.6%**	**2,102,500**	**14.5%**
Croatia	7,000	15.6%	5,400	12.9%
Hungary	4,900	8.7%	3,900	7.4%
Poland	33,500	9.7%	35,800	9.5%
Czech Republic	15,500	8.3%	15,300	8.4%
Slovakia	8,700	11.7%	9,100	12.8%
Slovnia	10,800	16.3%	10,500	15.9%
TOTAL CEEC	**80,400**	**10.4%**	**79,800**	**10.1%**
Baltic Countries	5,800	12.2%	3,500	12.6%
Bulgaria + Romania	7,700	6.1%	7,700	5.7%
Malta + Cyprus	1,800	7.6%	1,700	7.3%
TOTAL EUROPE 30 COUNTRIES	**2,045,000**	**13.3%**	**2,195,200**	**14.2%**

PEUGEOT BRAND – PASSENGER CAR AND LIGHT VEHICLE REGISTRATIONS IN EUROPE BY COUNTRY

	2011		2010	
Country	Volume	Market share (%)	Volume	Market share (%)
France	441,800	16.8%	472,900	17.7%
Germany	94,300	2.8%	94,300	3.0%
Austria	18,000	4.6%	17,100	4.8%
Belgium & Luxembourg	60,700	8.8%	64,000	9.8%
Denmark	18,300	9.5%	15,200	8.9%
Spain	79,700	8.7%	99,800	9.1%
Finland	4,300	3.1%	4,300	3.6%
Greece	3,700	3.6%	5,300	3.4%
Ireland	3,400	3.4%	3,800	3.8%
Iceland	100	0.9%	0	0.4%
Italy	91,800	4.8%	120,100	5.6%
Norway	10,700	6.1%	10,200	6.4%
Netherlands	50,700	8.2%	43,000	8.1%
Portugal	17,500	9.3%	23,400	8.7%
United Kingdom	114,700	5.2%	126,000	5.6%
Sweden	12,300	3.5%	13,100	4.0%
Switzerland	16,900	4.9%	16,800	5.3%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**1,038,800**	**7.2%**	**1,129,100**	**7.8%**
Croatia	3,800	8.4%	3,000	7.2%
Hungary	2,600	4.6%	2,200	4.2%
Poland	17,700	5.1%	18,600	4.9%
Czech Republic	8,700	4.7%	8,000	4.4%
Slovakia	5,100	6.9%	4,700	6.7%
Slovnia	5,900	9.0%	5,300	8.0%
TOTAL CEEC	**43,800**	**5.7%**	**41,900**	**5.3%**
Baltic Countries	4,100	8.5%	2,300	8.3%
Bulgaria + Romania	4,600	3.6%	4,500	3.4%
Malta + Cyprus	1,500	6.2%	1,300	5.5%
TOTAL EUROPE 30 COUNTRIES	**1,092,800**	**7.1%**	**1,179,100**	**7.6%**

CITROËN BRAND – PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE REGISTRATIONS IN EUROPE BY COUNTRY

	2011		2010	
Country	Volume	Market share (%)	Volume	Market share (%)
France	399,000	15.1%	399,000	14.9%
Germany	78,300	2.3%	79,600	2.6%
Austria	15,200	3.9%	15,300	4.3%
Belgium & Luxembourg	57,400	8.3%	60,800	9.3%
Denmark	14,500	7.5%	14,000	8.2%
Spain	78,400	8.6%	103,200	9.4%
Finland	3,900	2.8%	3,900	3.3%
Greece	3,800	3.7%	6,500	4.3%
Ireland	1,800	1.7%	1,500	1.5%
Iceland	0	0.6%	0	0.7%
Italy	93,600	4.9%	119,100	5.6%
Norway	6,500	3.7%	6,200	3.9%
Netherlands	32,100	5.2%	27,600	5.2%
Portugal	14,900	7.9%	20,200	7.5%
United Kingdom	85,800	3.9%	91,500	4.0%
Sweden	10,000	2.8%	9,500	2.9%
Switzerland	15,300	4.4%	15,500	4.9%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**910,400**	**6.3%**	**973,300**	**6.7%**
Croatia	3,200	7.1%	2,400	5.7%
Hungary	2,300	4.1%	1,700	3.2%
Poland	15,800	4.6%	17,200	4.6%
Czech Republic	6,800	3.6%	7,200	4.0%
Slovakia	3,600	4.9%	4,300	6.1%
Slovnia	4,900	7.4%	5,200	7.9%
TOTAL CEEC	**36,600**	**4.7%**	**38,000**	**4.8%**
Baltic Countries	1,700	3.6%	1,200	4.3%
Bulgaria + Romania	3,100	2.5%	3,100	2.3%
Malta + Cyprus	300	1.4%	400	1.8%
TOTAL EUROPE 30 COUNTRIES	**952,200**	**6.2%**	**1,016,000**	**6.6%**

PSA PEUGEOT CITROËN GROUP – WORLDWIDE PRODUCTION BY MODEL

	2011	2010
Peugeot Marque		
iOn	**3,300**	350
107	91,300	110,600
206	449,500	477,800
207	293,800	344,900
208	700	
307	67,200	87,700

	2011	2010
308	202,000	226,600
3008	139,800	132,500
405	282,400	302,200
407	700	28,900
408	81,100	43,600
4007	7,000	9,000
4008	100	0
508	131,700	6,400
5008	74,500	69,300
607	0	1,000
807	6,400	5,700
RCZ	19,700	19,100
Bipper	34,800	42,900
Partner	167,400	164,600
Expert	33,300	28,900
Boxer	58,600	50,300
TOTAL	**2,145,000**	**2,152,300**
Citroën Marque		
C-Zero	3,400	300
C1	88,700	102,250
C2	10,400	8,200
DS3	77,200	68,400
C3	353,600	388,300
ZX	66,300	72,000
Xsara Picasso	8,300	34,600
C4	401,400	365,800
DS4	34,600	300
Xantia	0	4,000
C5	100,500	112,400
DS5	4,600	200
C6	1,000	1,100
C8	5,700	5,500
C-Crosser	7,100	8,600
C4 Aircross	200	0
Nemo	33,400	43,200
Berlingo	164,200	170,500
Jumpy	29,600	27,900
Jumper	47,200	39,500
TOTAL	**1,437,400**	**1,453,200**
TOTAL PSA PEUGEOT CITROËN	**3,582,400**	**3,605,500**

6.1.5. EXTENT TO WHICH THE ISSUER IS DEPENDENT ON PATENTS OR LICENSES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS OR NEW MANUFACTURING PROCESSES

Please refer to section 4.1.6 and 4.4.4.

6.2. FAURECIA

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

With 270 production facilities in 33 countries, Faurecia is active on five continents, deploying an industrial strategy designed to meet two objectives: i) to be constantly able to support leading automakers in their global strategy, notably in fast growing emerging markets; and ii) to continuously optimise the global location of its facilities to offer customers superior cost and quality performance.

Faurecia employs 84,300 people worldwide.

Faurecia reported sales of €16,190 million in 2011, versus €13,796 million in 2010 (for more detailed information about Faurecia's sales, please see section 9.2.3.2 below).

Faurecia ended 2011 with recurring operating income of €651 million (representing 4.0% of revenue) as opposed to recurring operating income of €456 million in 2010.

6.2.1. FOUR CORE BUSINESSES

1. AUTOMOTIVE SEATING

Faurecia designs and assembles seats and makes their main components, including frames, adjustment mechanisms, foams and upholstery, and comfort and safety accessories. In 2011, seats accounted for 38.5% of product sales (excluding monoliths).

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

2. INTERIOR SYSTEMS

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

In acoustic packages, the Company delivers products that optimize soundproofing through insulation and sonic absorption.

In January 2011, Faurecia completed the acquisition of Angell-Demmel, the global market leader in decorative metal trim for automobile interiors.

In 2011, interior systems accounted for 24.8% of product sales (excluding monoliths).

3. AUTOMOTIVE EXTERIORS

Faurecia is one of the world's leading suppliers of front-end modules and carriers in composite materials, and ranks among the top suppliers for bumpers and engine cooling systems in Europe. In 2011, automotive exteriors accounted for 13.0% of product sales (excluding monoliths).

In September 2010, Plastal's Spanish operations became part of the Faurecia Automotive Exteriors business, which is now Europe's leading provider of automotive exterior components.

4. EMISSIONS CONTROL TECHNOLOGIES

The world leader in emissions control technologies, Faurecia engineers, manufactures and markets a range of complete exhaust systems corresponding to every market requirement. To meet increasingly exacting international emissions control standards, Faurecia addresses pollution reduction at the design stage, and helps automakers in their search for new engine configurations by pioneering innovative technological solutions like the diesel particulate filter. In 2011, emissions control technologies accounted for 23.7% of product sales (excluding monoliths).

(1) For detailed information about Faurecia, visit the website at www.faurecia.fr

6.2.2. INDUSTRIAL FOOTPRINT

Working with almost all of the world's automakers, Faurecia's production facilities span the globe with 270 plants in 33 countries on five continents. for every customer, it can manufacture a given product on several continents using a pre-defined production process and the same quality standards.

In 2011, the Company generated 63% of its product sales (excluding monoliths) in Europe, 21% in North America, 9% in Asia, 5% in Latin America and 2% in other countries.

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

6.2.3. CUSTOMER BASE

Faurecia continued to diversify its customer portfolio in 2011. Volkswagen is still the Company's largest customer, accounting for 25% of product sales (excluding monoliths), followed by PSA Peugeot Citroën (17%), Renault Nissan (12%), Ford (11%), General Motors (9%) and B MW (8%).

6.3. GEFCO

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

GEFCO has a direct presence in 30 countries and employs 11,097 people worldwide, in Europe, Asia and Latin America.

GEFCO reported revenue of €3,782 million in 2011, versus €3,351 million in 2010 (for more detailed information about GEFCO's revenue, please refer to section 9.2.3.3 below).

On 16 May 2011, GEFCO signed a contract to acquire a 70% interest in Gruppo Mercurio, a leading player in the transport and distribution of vehicles in Italy and worldwide. The acquisition will enable GEFCO to pursue its international expansion and diversify its customer base.

6.3.1. CORE COMPETENCIES

INBOUND AND OUTBOUND OVERLAND TRANSPORT

GEFCO's inbound transport services are based on three areas of expertise: groupage, full/part-load road transport and customized express delivery. The company operates one of Europe's largest private-sector overland transport networks, with 141 depots linked by 414 international lines.

Outbound transport services integrate GEFCO's expertise in organizing the international transport and delivery of new vehicles from the production plants to dealers, via a global network of more than 80 vehicle storage and delivery centres. The vehicles are transported by road and also by rail using GEFCO's 3,600 railway car carriers.

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

SEA AND AIR TRANSPORT

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

INDUSTRIAL LOGISTICS

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

HANDLING SOLUTIONS

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

CUSTOMS AND VAT REPRESENTATION

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

A licensed customs broker since 1970, GEFCO was awarded Authorised Economic Operator (AEO) status in 2010.

6.3.2. CUSTOMER INDUSTRIES

GEFCO delivers its expertise to customers in most of the major industries, such as automobiles, automotive equipment, motorcycles and scooters, aeronautics, electronics, personal care products and fast-moving consumer goods, as well as in the specialized retailing sector and equipment industries. In addition to its largest customer, PSA Peugeot Citroën, GEFCO counts B MW, Toyota, General Motors, Fiat, Ford, Nissan, Renault and Mercedes Benz among its automotive customers. Its diversified portfolio also includes customers in the aeronautics, electronics and other industries.

In 2011, more than 60% of consolidated revenue was generated with PSA Peugeot Citroën, and Group and non-Group revenue rose by 13%.

6.3.3. A GLOBAL PRESENCE

GEFCO operates in more than 150 countries around the world, thanks to a dense global partner network, 28 subsidiaries, 400 profit centres and 58% of its employees posted outside France.

In 2011, sales growth was particularly robust, ranging from 17% to 37% in the rapidly expanding markets of Central Europe, Russia, Latin America and China.

Western Europe nevertheless remained GEFCO's largest market.

During the year, the Company focused on increasing market share among major customers and in the various industrial segments where it is already well established. GEFCO stepped up its strategic positioning thanks to Mercurio, an Italian company with a strong presence in India and the Mercosur countries, while also boosting its margins and free cash flow generation.

Lastly, GEFCO strengthened its international proprietary network by creating an office in Lithuania and a subsidiary in Kazakhstan.

6.4. BANQUE PSA FINANCE

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

Operating in 23 countries around the world, the Bank supports the sale of Peugeot and Citroën vehicles by financing new vehicle and replacement parts inventory for dealers and offering a comprehensive array of financing and related services to carbuyers. It also provides working capital financing and real estate financing for the two carmakers. The Bank's loan approval process is totally independent from the dealer network, and dealers are unable to exert any influence on the approval decision.

Banque PSA Finance has a solid balance sheet, with a Basel II capital adequacy ratio of more than 14%, along with undrawn lines of credit and a liquidity reserve that provide the necessary resources to cover more than six months of lending activity without raising additional funds.

Net banking revenue amounted to €1,032 million in 2011, compared with €1,000 million the previous year. The loan book increased by 3.9% to €24,314 million at 31 December 2011 compared with €23,411 million at year-end 2010.

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

6.4.1. RETAIL FINANCING

Retail financing represented 72% of total loans outstanding, or €17,474 million at 31 December 2011 versus €17,400 million a year earlier.

Banque PSA Finance serves both individuals and corporate fleets with:

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

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

The bank's penetration rate among buyers of new Peugeots and Citroëns rose to 27.8% in 2011, from 27.2% in 2010.

6.4.2. WHOLESALE FINANCING

Wholesale financing represented 28% of total loans outstanding, or €6,840 million, at 31 December 2011.

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

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

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

6.4.3. GEOGRAPHIC PRESENCE

Banque PSA Finance's leading markets are in:

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

In all, France accounted for 36% of total loans outstanding at year-end 2011, Germany 13%, the United Kingdom 10%, Spain 9%, Italy 8%, other European countries 15%, Brazil 6% and the rest of the world 3%.

6.5. PEUGEOT MOTOCYCLES

In a challenging global economy, European demand for scooters fell for the fourth consecutive year. In all, the market contracted by over 35% in the last four years and by 10.7% in 2011 alone. Despite this decline the company's, Peugeot Scooters increased its market share to 9.7%, consolidating its position as Europe's fourth leading scooter manufacturer with 87,000 units sold during the year.

A 50 cc specialist, Peugeot Scooters improved its performance in seven of the eight main European markets, enjoying a 14.9% market share thanks in particular to the Ludix and Kisbee models. In the 125cc segment, the brand held a 4.4% market share and made advances in five of the seven main European markets due to strong sales of the Tweet and new Citystar models.

In 2012, Peugeot Scooters pursued its shift upmarket with the market launch of the new Satelis line of "grand touring" scooters and the three-wheel Peugeot Metropolis Project, which have further enriched one of the market's most comprehensive line-ups, covering 50cc to 500cc models.

7

ORGANISATIONAL STRUCTURE

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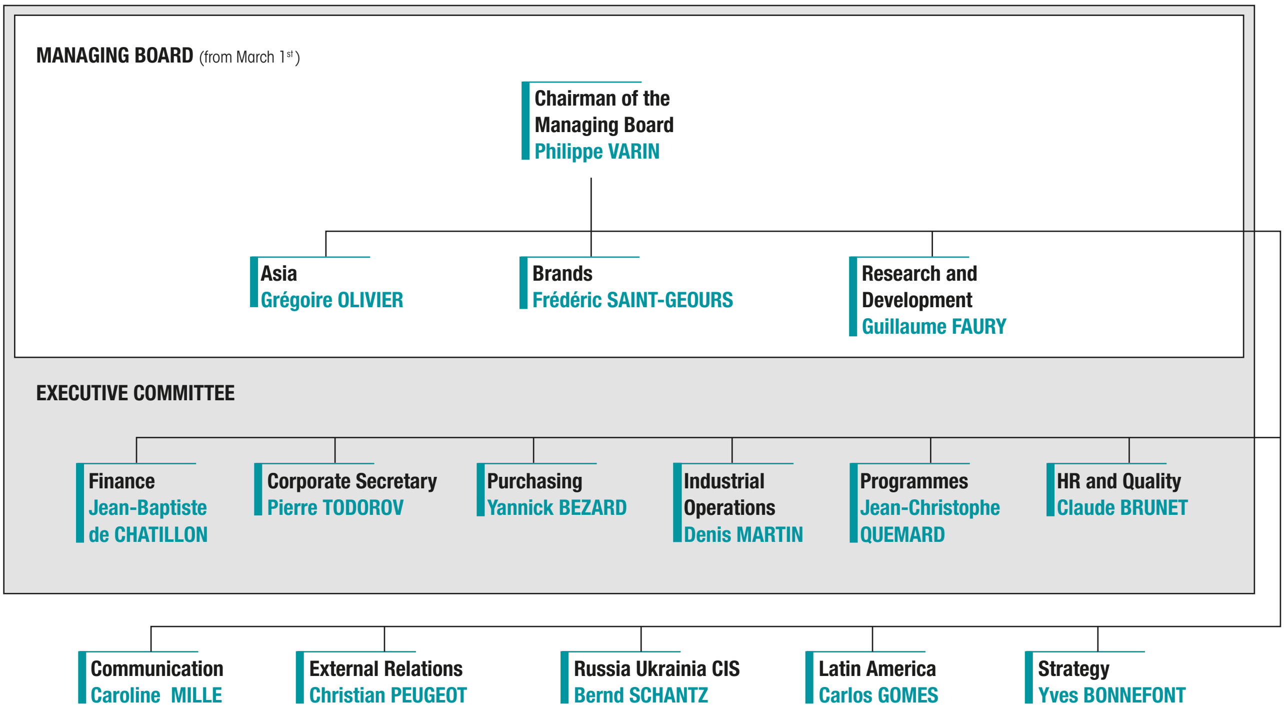
7.1. THE GROUP

7.1.1. CORPORATE MANAGEMENT AS FROM 4 JANUARY 2012

The corporate management organisation chart as from 4 January 2012 is presented below:



7.1.2. MANAGEMENT STRUCTURES

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

The Managing Board is responsible for executive leadership and financial management. It helps to define and implement the Group's strategic vision as developed in accordance with the objectives set and approved by the Supervisory Board. The Managing Board also definies Group policies, decides among the various courses of action and allocates the appropriate resources.

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

In addition to the Executive Committee, the Vice-Presidents in charge of Latin America zone, Russia Ukrainia CIS and Corporate Communication also report to the Chairman of the Managing Board.

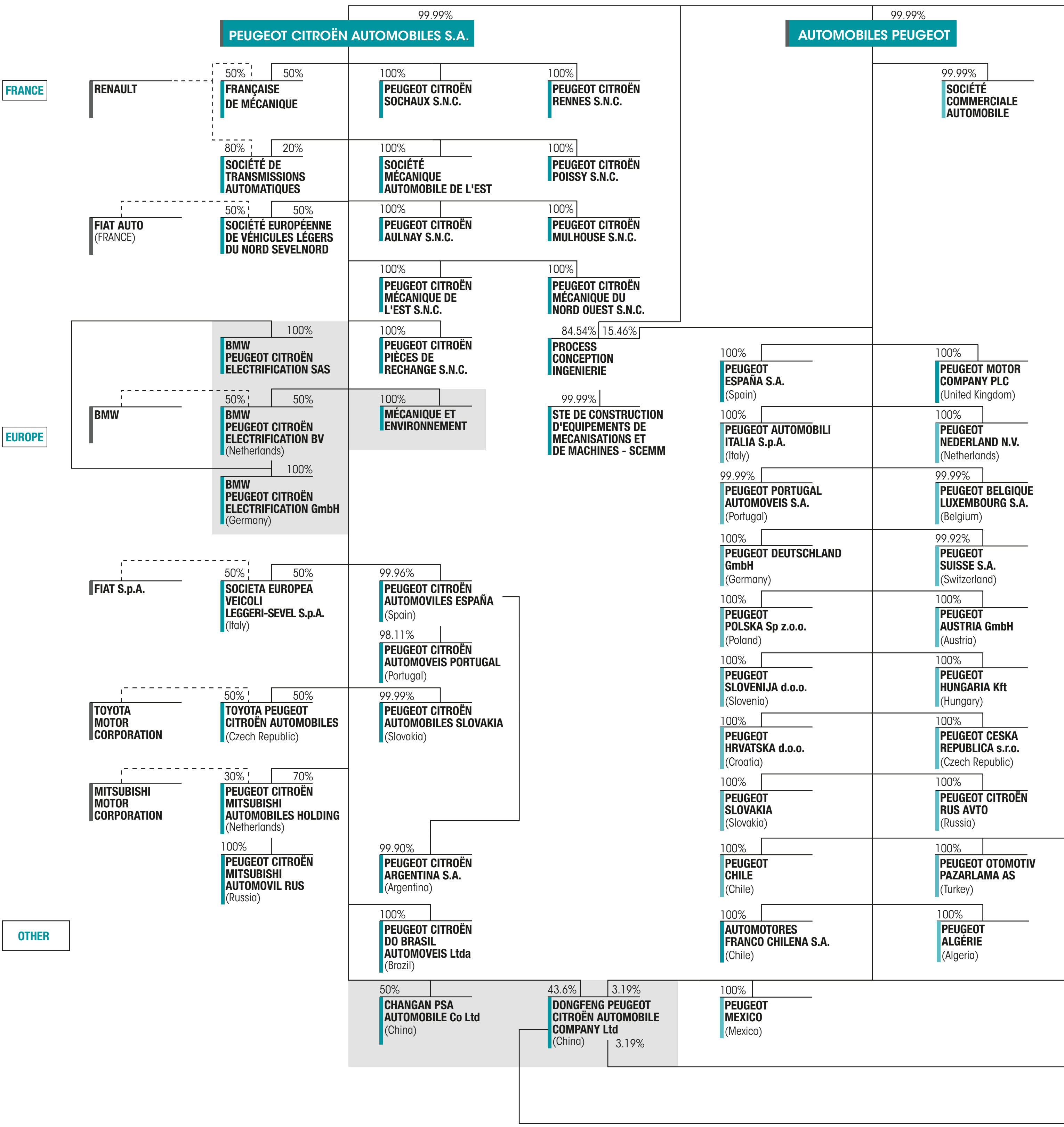
7.1.3. PARENT-SUBSIDIARY RELATIONSHIPS

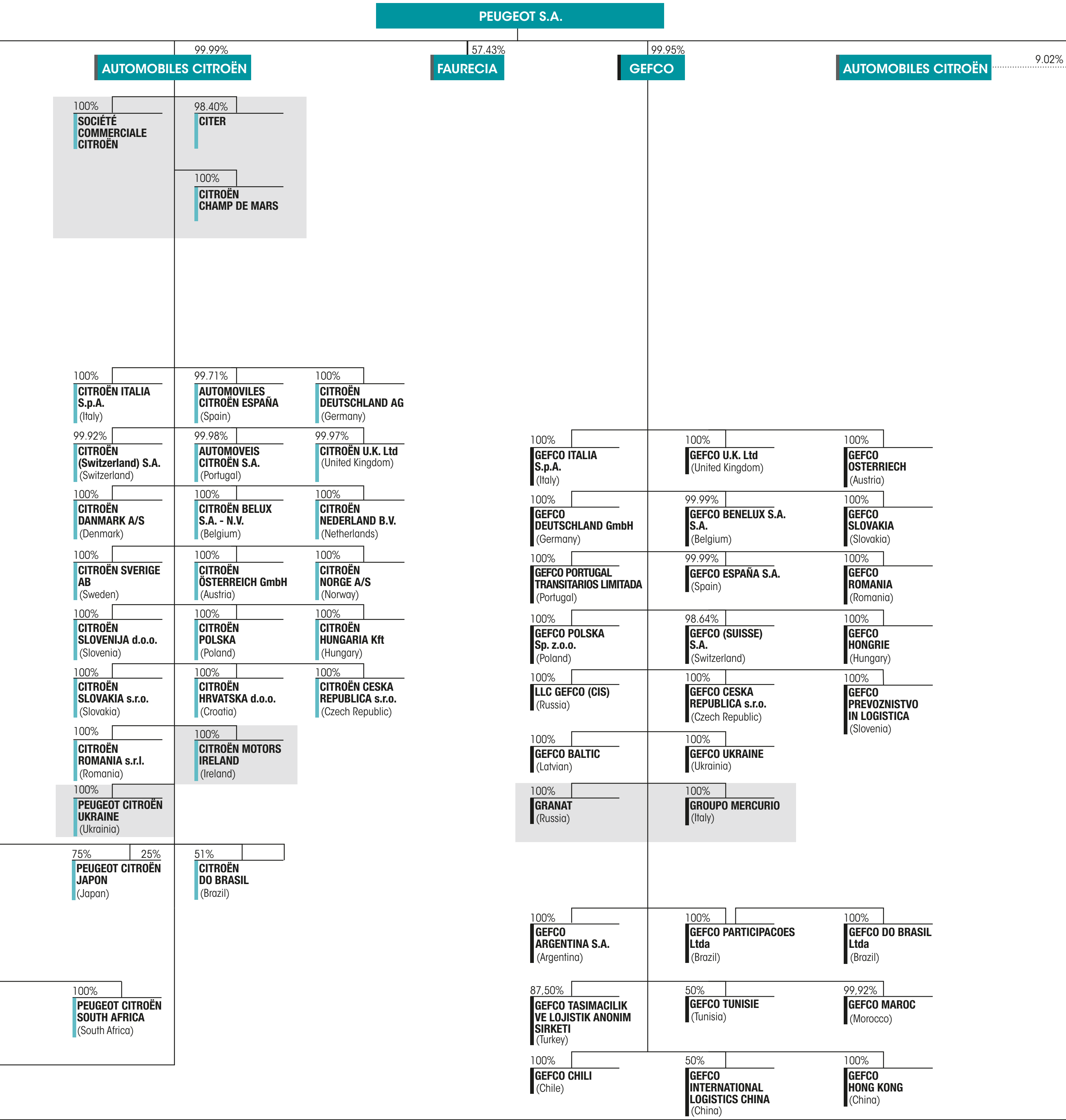
As the Group's holding company, Peugeot S.A. is not directly involved in any material operating activities.

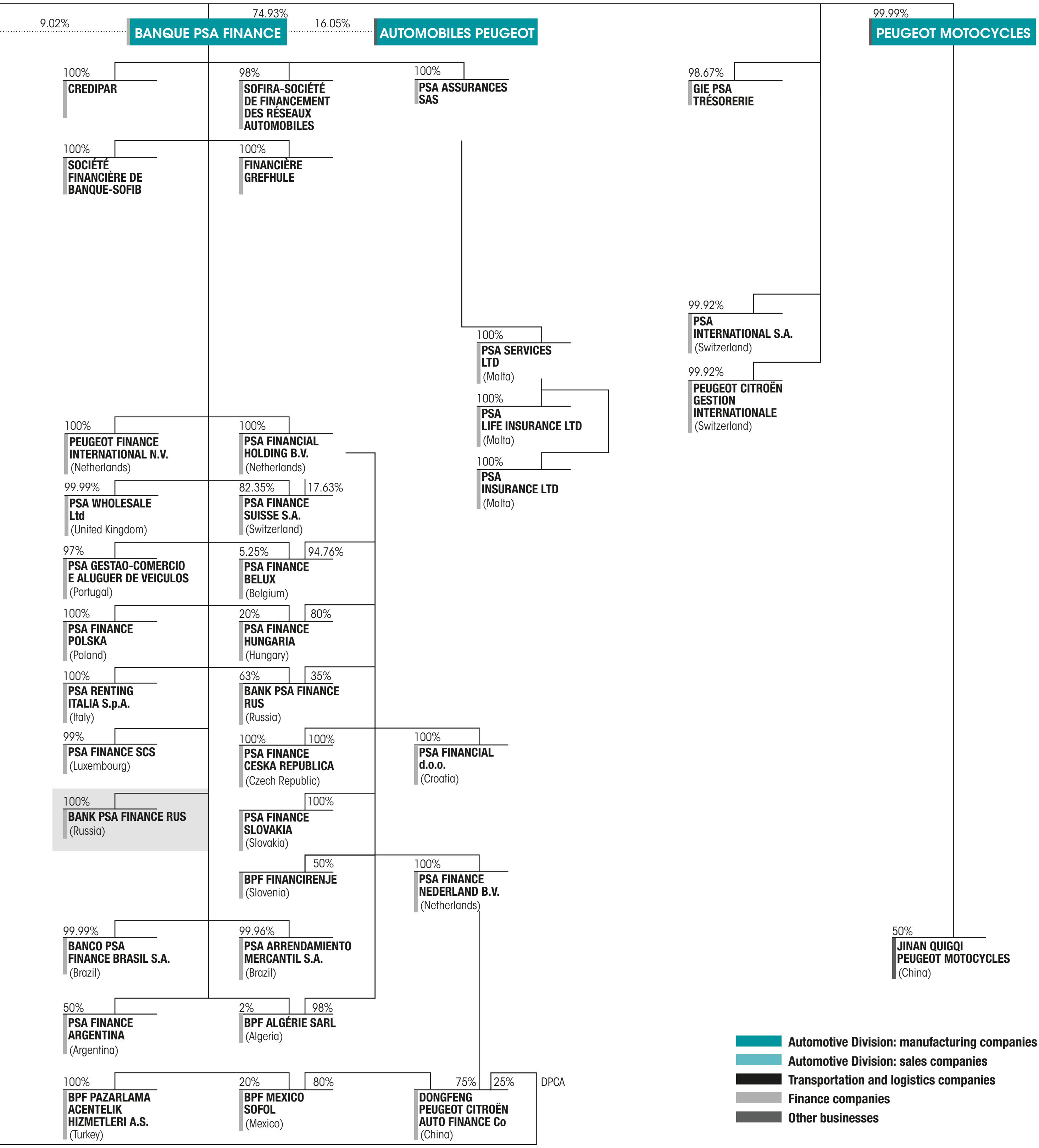
Peugeot S.A. has a normal parent company relationship with its subsidiaries. The main events in this relationship in 2011 are reviewed in the Company's financial statements in section 20.4.

Please refer as well to note 38 to the Consolidated Financial Statements for a detailed description of related party transactions, in particular with associates.

7.2. SUBSIDIARIES AND EQUITY HOLDINGS OF THE COMPANY




PEUGEOT S.A.
99.99%
AUTOMOBILES CITROËN
57.43%
FAURECIA
99.95%
GEFCO
AUTOMOBILES CITROËN
9.02%
100%
SOCIÉTÉ COMMERCIALE CITROËN
98.40%
CITER
100%
CITROËN CHAMP DE MARS
100%
CITROËN ITALIA S.p.A. (Italy)
99.71%
AUTOMOVILES CITROËN ESPAÑA (Spain)
100%
CITROËN DEUTSCHLAND AG (Germany)
99.92%
CITROËN (Switzerland) S.A. (Switzerland)
99.98%
AUTOMOVEIS CITROËN S.A. (Portugal)
99.97%
CITROËN U.K. Ltd (United Kingdom)
100%
CITROËN DANMARK A/S (Denmark)
100%
CITROËN BELUX S.A. - N.V. (Belgium)
100%
CITROËN NEDERLAND B.V. (Netherlands)
100%
CITROËN SVERIGE AB (Sweden)
100%
CITROËN ÖSTERREICH GmbH (Austria)
100%
CITROËN NORGE A/S (Norway)
100%
CITROËN SLOVENIJA d.o.o. (Slovenia)
100%
CITROËN POLSKA (Poland)
100%
CITROËN HUNGARIA Kft (Hungary)
100%
CITROËN SLOVAKIA s.r.o. (Slovakia)
100%
CITROËN HRVATSKA d.o.o. (Croatia)
100%
CITROËN CESKA REPUBLICA s.r.o. (Czech Republic)
100%
CITROËN ROMANIA s.r.l. (Romania)
100%
CITROËN MOTORS IRELAND (Ireland)
100%
PEUGEOT CITROËN UKRAINE (Ukrainia)
75%
25%
PEUGEOT CITROËN JAPON (Japan)
51%
CITROËN DO BRASIL (Brazil)
100%
PEUGEOT CITROËN SOUTH AFRICA (South Africa)
100%
GEFCO ITALIA S.p.A. (Italy)
100%
GEFCO U.K. Ltd (United Kingdom)
100%
GEFCO OSTERRIECH (Austria)
100%
GEFCO DEUTSCHLAND GmbH (Germany)
99.99%
GEFCO BENELUX S.A. S.A. (Belgium)
100%
GEFCO SLOVAKIA (Slovakia)
100%
GEFCO PORTUGAL TRANSITARIOS LIMITADA (Portugal)
99.99%
GEFCO ESPAÑA S.A. (Spain)
100%
GEFCO ROMANIA (Romania)
100%
GEFCO POLSKA Sp. z.o.o. (Poland)
98.64%
GEFCO (SUISSE) S.A. (Switzerland)
100%
GEFCO HONGRIE (Hungary)
100%
LLC GEFCO (CIS) (Russia)
100%
GEFCO CESKA REPUBLICA s.r.o. (Czech Republic)
100%
GEFCO PREVOZNISTVO IN LOGISTICA (Slovenia)
100%
GEFCO BALTIC (Latvian)
100%
GEFCO UKRAINE (Ukrainia)
100%
GRANAT (Russia)
100%
GROUPO MERCURIO (Italy)
100%
GEFCO ARGENTINA S.A. (Argentina)
100%
GEFCO PARTICIPACOES Ltda (Brazil)
100%
GEFCO DO BRASIL Ltda (Brazil)
87.50%
GEFCO TASIMACILIK VE LOJISTIK ANONIM SIRKETI (Turkey)
50%
GEFCO TUNISIE (Tunisia)
99.92%
GEFCO MAROC (Morocco)
100%
GEFCO CHILI (Chile)
50%
GEFCO INTERNATIONAL LOGISTICS CHINA (China)
100%
GEFCO HONG KONG (China)


9.02%
BANQUE PSA FINANCE
74.93%
16.05%
AUTOMOBILES PEUGEOT
99.99%
PEUGEOT MOTOCYCLES
100%
CREDIPAR
98%
SOFIRA-SOCIÉTÉ DE FINANCEMENT DES RÉSEAUX AUTOMOBILES
100%
PSA ASSURANCES SAS
98.67%
GIE PSA TRÉSORERIE
100%
SOCIÉTÉ FINANCIÈRE DE BANQUE-SOFIB
100%
FINANCIÈRE GREFHULE
99.92%
PSA INTERNATIONAL S.A.
(Switzerland)
100%
PSA SERVICES LTD
(Malta)
99.92%
PEUGEOT CITROËN GESTION INTERNATIONALE
(Switzerland)
100%
PSA LIFE INSURANCE LTD
(Malta)
100%
PEUGEOT FINANCE INTERNATIONAL N.V.
(Netherlands)
100%
PSA FINANCIAL HOLDING B.V.
(Netherlands)
100%
PSA INSURANCE LTD
(Malta)
99.99%
PSA WHOLESALE Ltd
(United Kingdom)
82.35%
17.63%
PSA FINANCE SUISSE S.A.
(Switzerland)
97%
PSA GESTAO-COMERCIO E ALUGUER DE VEICULOS
(Portugal)
5.25%
94.76%
PSA FINANCE BELUX
(Belgium)
100%
PSA FINANCE POLSKA
(Poland)
20%
80%
PSA FINANCE HUNGARIA
(Hungary)
100%
PSA RENTING ITALIA S.p.A.
(Italy)
63%
35%
BANK PSA FINANCE RUS
(Russia)
99%
PSA FINANCE SCS
(Luxembourg)
100%
100%
PSA FINANCE CESKA REPUBLICA
(Czech Republic)
100%
PSA FINANCIAL d.o.o.
(Croatia)
100%
BANK PSA FINANCE RUS
(Russia)
100%
PSA FINANCE SLOVAKIA
(Slovakia)
50%
BPF FINANCIRENJE
(Slovenia)
100%
PSA FINANCE NEDERLAND B.V.
(Netherlands)
99.99%
BANCO PSA FINANCE BRASIL S.A.
(Brazil)
99.96%
PSA ARRENDAMIENTO MERCANTIL S.A.
(Brazil)
50%
JINAN QUIGQI PEUGEOT MOTOCYCLES
(China)
50%
PSA FINANCE ARGENTINA
(Argentina)
2%
98%
BPF ALGÉRIE SARL
(Algeria)
100%
BPF PAZARLAMA ACENTELIK HIZMETLERI A.S.
(Turkey)
20%
80%
BPF MEXICO SOFOL
(Mexico)
75%
25%
DPCA
DONGFENG PEUGEOT CITROËN AUTO FINANCE Co
(China)
Automotive Division: manufacturing companies
Automotive Division: sales companies
Transportation and logistics companies
Finance companies
Other businesses

8

PROPERTY, PLANTS AND EQUIPMENT

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8.1. SIGNIFICANT OR PLANNED TANGIBLE ASSETS

In 2011, Europe accounted for 75% of the Group's production (and around 44% in France), South America 10% and Asia 15%.

8.1.1. PSA PEUGEOT CITROËN GROUP – MANUFACTURING FACILITIES

ASSEMBLY PLANTS

Manufacturing centres	Models produced as of 31 December 2011	2011 output	2010 output
Aulnay (France)	C3	135,800	195,500
Madrid (Spain)	207, 207CC, 207SW	95,800	125,300
Mangualde (Portugal)	Partner, Berlingo, Partner Origin, Berlingo First	50,300	47,400
Mulhouse (France)	206+, 308, C4, DS4	320,000	290,100
Buenos Aires (Argentina)	206 Generation, 207, 307, 408 , Partner, C4, Berlingo	141,600	126,500
Poissy (France)	207, 207 SW, C3, DS3	238,000	238,700
Porto Real (Brazil)	207, 207 SW, 207 Passion (tricorps), Hoggar, C3, C3 Aircross, Xsara Picasso	137,900	140,200
Rennes (France)	C5, C5 Tourer, C6, 407 coupé, 508, 508 break	182,300	116,500
Sochaux (France)	308 CC, 308 SW, 308 break, 3008, 5008, DS5	373,200	363,600
Trnava (Slovakia)	207, C3 Picasso	177,800	186,100
Vigo (Spain)	C4 Picasso, Grand C4 Picasso, Berlingo, Partner	355,800	399,300

MANUFACTURING COMPONENT PLAND AND FOUNDRIES

Caen (France)	Wheels, axles suspension systems, transmissions
Charleville (France)	Aluminum and iron castings
Hérimoncourt (France)	Engines, gear boxes
Jeppener (Argentina)	HDi diesel engines, chassis systems
Metz (France)	Gear boxes
Mulhouse components (France)	Wheels, axles, suspension systems
Mulhouse foundry (France)	Pressurised aluminium castings, steel forge, tooling
Porto Real (Brazil)	Flex-fuel *and* gazoline engines
Saint-Ouen (France)	Stamping, body-in-white, tooling
Sept-Fons (France)	Iron castings
Trémery (France)	Gazoline and HDi diesel engines
Valenciennes (France)	Gear boxes

The capacity utilisation rate in Europe stood at 86% in 2011 versus 90% in 2010 (harbour rate, based on two shifts and 235 working days).

8.1.2. PSA PEUGEOT CITROËN GROUP – JOINT PLANTS WITH OTHER MANUFACTURERS

(AS OF 31 DECEMBER)

Facility	Production	2011 Output	2010 Output
France			
Française de Mécanique			
50% Peugeot Citroën Automobiles			
50% Renault	Engibes: TU + TUF	201,161	274,000
	DV	241,969	322,000
	D (Renault)	368,938	380,000
	ES/L	539	400
	EP	341,341	337,000
	TOTAL	**1,153,948**	**1,313,400**
Sevelnord			
50% Peugeot Citroën Automobiles	Peugeot 807	6,400	5,700
50% Fiat	Peugeot Expert	33,300	28,900
	Citroën C8	5,700	5,500
	Citroën Jumpy	29,700	27,900
	TOTAL	**75,000**	**68,100**
Other countries			
Società Europea Veicoli Leggeri (Italy)			
50% Peugeot Citroën Automobiles	Peugeot Boxer	54,400	46,700
50% Fiat	Citroën Jumper	44,300	37,000
	TOTAL	**98,700**	**83,700**
Dongfeng Peugeot Citroën Automobile (China)			
50% Peugeot Citroën Automobiles	Peugeot 307 Sedan	59,500	66,700
50% DongFeng Motors	Peugeot 206	43,600	43,000
	Peugeot 408	52,700	43,600
	Peugeot 508	17,000	-
	Citroën ZX	1,900	2,600
	Citroën Fukang, Citroën Elysée	64,600	69,100
	Citroën C4, C-Triomphe	120,600	109,700
	Citroën C2 Chine	10,400	8,200
	Citroën C5	34,800	33,300
	TOTAL	**405,100**	**376,300**
Toyota Peugeot Citroën Automobiles – TPCA (Czech Republic)			
50% Peugeot Citroën Automobiles	Peugeot 107	91,300	110,600
50% Toyota Motor Corporation	Citroën C1	88,700	102,200
	TOTAL	**180,000**	**212,800**
PCMA Automotiv (Kaluga Russia)			
70% Peugeot Citroën Automobiles	Peugeot 308	18,600	17,100
30% MMC	Citroën C4	10,900	4,700
	Citroën C-Crosser	2,900	900
	Peugeot 4007	3,000	900
	TOTAL	**35,400**	**23,600**

Facility	Production	2011 Output	2010 Output
Other Cooperation ventures			
Okazaki			
	Citroën C-Crosser	7,000	8,600
	Peugeot 4007	6,900	9,000
	Citroën C-Zéro	3,400	400
	Peugeot Ion	3,300	400
	TOTAL	**20,600**	**18,300**
Bursa			
	Citroën Nemo	33,200	43,200
	Peugeot Bipper	34,500	42,900
	TOTAL	**67,700**	**86,100**
Magna Steyr	Peugeot RCZ	19,700	-
	TOTAL	**19,700**	**-**

For more information on property, plant and equipment, please refer to note 14 to the Consolidated Financial Statements at 31 December 2011 (see Chapter 20.3.7, below).

8.1.3. REPLACEMENT PARTS

In all, 12 replacements parts warehouses, totaling nearly a million square meters of storage space, were managing some 300,000 SKUs as of 31 December 2011:

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

8.2. ENVIRONMENTAL RESTRICTIONS THAT COULD INFLUENCE USE OF THESE ASSETS BY PSA PEUGEOT CITROËN

Environmental information is included in Chapter 5.3 above.

9

OPERATING AND FINANCIAL REVIEW

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9.1. FINANCIAL POSITION AND RESULTS

The consolidated financial statements of the PSA Peugeot Citroën Group are presented for the years ended 31 December 2011 and 2010. The 2009 consolidated financial statements are included in the Registration Document that was filed with the French securities regulator (Autorité des Marchés Financiers) on 22 April 2011 under no. D.11-0353.

This section should be read jointly with the notes to the consolidated financial statements at 31 December 2011.

The accounting policies applied by the Group are presented in the notes to the consolidated financial statements at 31 December 2011 (see *note 1 – Accounting Policies*).

9.2. OPERATING RESULTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

9.2.1. REVENUE

The Group's operations are organized around five main business segments:

- the Automotive Division, covering the design, manufacture and sale of cars and light commercial vehicles under the Peugeot and Citroën brands;
- the Automotive Equipment Division, corresponding to the Faurecia group and comprising Interior Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies;
- the Transportation & Logistics Division, corresponding to the GEFCO group and comprising Logistics and Vehicle & Goods Transportation;
- the Finance Division, corresponding to Banque PSA Finance, which provides retail and wholesale financing to Peugeot and Citroën customers and dealers;
- other Businesses, corresponding mainly to the operations of Peugeot S.A., the Group's holding company, and Peugeot Motocycles.

The following table shows consolidated revenue by business segment in 2011 and 2010.

(in million euros)	2011	2010	%
Automotive Division	42,710	41,405	+3.2%
Faurecia	16,190	13,796	+17.4%
GEFCO	3,782	3,351	+12.9%
Banque PSA Finance	1,902	1,852	+2.7%
Other Businesses and intersegment eliminations	(4,672)	(4,343)	-
TOTAL	**59,912**	**56,061**	**+6.9%**

Consolidated revenue does not include the contribution of the Chinese company, Dongfeng Peugeot Citroën Automobile (DPCA), as it is jointly controlled on a 50/50 basis with our local partner and is therefore accounted for by the equity method.

In 2011, consolidated revenue rose by 6.9% to €59,912 million from €56,061 million in 2010.

Based on a comparable scope of consolidation (i.e. including the contributions of Plastal Germany, Plastal Spain, Madison and Mercurio in 2011), the increase was 6%.

All businesses contributed to the increase. Faurecia reported revenue up €2,394 million, while the Automotive Division and GEFCO posted increases of €1,305 million and €431 million respectively. The performances of each business are discussed in section 9.2.3.

The table below shows consolidated revenue by region, based on the location of the customer.

(in million euros)	2011	2010
Consolidated revenue	59,912	56,061
Net contribution to consolidated revenue by region		
Europe	73.2%	76.4%
Russia	2.7%	1.8%
Asia	4.8%	4.0%
Latin America	9.1%	8.5%
Rest of the world	10.2%	9.3%
TOTAL	**100%**	**100%**

For more detailed information refer to the notes to the consolidated financial statements at 31 December 2011 (*note 3.2 – Geographical Segments*).

9.2.2. RECURRING OPERATING INCOME

The following table shows recurring operating income (loss) by business for 2010 and 2011 and for the first and second halves of 2011.

(in million euros)	2011	H1 2011	H2 2011	2010
Automotive Division	(92)	405	(497)	621
Faurecia	651	340	311	456
GEFCO	223	143	80	198
Banque PSA Finance	532	274	258	507
Other Businesses and intersegment eliminations	1	(5)	6	14
TOTAL	**1,315**	**1,157**	**158**	**1,796**

Consolidated recurring operating income for 2011 amounted to €1,315 million, representing 2.2% of revenue. The decline compared with the €1,796 million reported in 2010 was due to the steep drop in demand experienced by the Automotive Division, which ended the year with a recurring operating loss of €92 million despite reporting €405 million in income in the first half. All the other businesses improved on their prior year performance.

9.2.3. ANALYSIS OF REVENUE AND RECURRING OPERATING INCOME BY DIVISION

9.2.3.1. AUTOMOTIVE DIVISION

(in million euros)	2011	2010
Revenue	42,710	41,405
Recurring operating (loss) income	(92)	621
As a % of revenue	*-0.2%*	*1.5%*

REVENUE

In 2011, the world's automotive markets expanded by an aggregate 3% versus 10% in 2010. Growth was led by vibrant emerging markets, with Latin America up 8%, Russia up 39% and China (cars only) up by around 3%.

In a European market shaped by a recessionary environment and austerity measures since the summer, overall demand contracted by 0.5%. Performances varied widely by country, with the market up 9.4% in Germany, but down 1.3% in France, 2.4% in the United Kingdom, 16.9% in Spain, 10.5% in Italy and 1.9% in Central and Eastern Europe.

With its strong presence in Europe – particularly Spain, Italy and the United Kingdom – PSA Peugeot Citroën experienced a 1.5% decline in global unit sales.

Unit sales contracted by 6.1% in Europe but increased in other regions, lifting total sales outside Europe to 42% of the Group total versus 39% in 2010.

Automotive Division revenue rose by 3.2% to €42,710 million in 2011. Revenues from new vehicle sales increased by 2.9% to €31,677 million from €30,790 million in 2010, lifted by the 6.5% favourable impact of changes in the product mix. Unit sales of assembled vehicles were down 2.2% excluding China (operations in China are accounted for by the equity method).

The price effect was a negative 0.4% in a very difficult pricing environment, particularly in the highly competitive B segment. However, despite ever-increasing price pressure in the last four months of the year, the Group decided to focus on maintaining margins rather than volumes.

The currency effect was a negative 0.6%, primarily reflecting the euro's appreciation against the Argentine peso, the British pound, the Turkish lira and the Russian rouble.

Market share in Europe dipped by 0.9 points to 13.3% from 14.2% in 2010. This was primarily due to the stiff competition faced by the Peugeot 207, which is reaching the end of its model life, leading to an erosion of market share in the B segment.

Sales continued to grow outside Europe, helping to limit the overall decline in Automotive volumes.

- In Latin America, despite a sharp slowdown in Brazilian demand in the second half, the region's automotive market expanded by 8% in 2011 (with gains of 3% in Brazil and 29% in Argentina), led by the BtoB segment. Sales by the Group totalled 326,000 units, an increase of 10.9% that lifted its market share to 5.5% from 5.4%. The launch of two local-manufactured models – the Peugeot 408 and Citroën C3 Picasso – contributed significantly to this performance and reaffirmed the Group's commitment to expanding its presence in the region;
- After several years of very fast growth, the Chinese car market rose 3.3%. The Group kept pace with market growth by launching two new models, the Peugeot 508 and Peugeot 308. Along with the Citroën C5 introduced in 2010, these new models complete the two brands' product offer in the Chinese market, particularly in the C and D segments. Supported by expanding distribution networks, the Group sold a total of 404,000 vehicles in China in 2011 versus 375,700 the previous year, representing a market share of 3.4%, unchanged from 2010;
- In 2011, the Russian market continued to expand rapidly. A total of 2.66 million vehicles were sold, 39% more than in 2010. The increase reflected underlying growth that was maintained despite the withdrawal of scrappage incentives in July. The 75,000 vehicles sold by PSA Peugeot Citroën represented an increase of 35%, in line with market growth. As a result, market share was stable at 2.7% versus 2.8% in 2010. Sales were sustained by the launch of the new Citroën C4 and the restyled Peugeot 308, both assembled at the Kaluga plant.

In this environment, the Group maintained the steady pace of new model launches and made further advances in the strategy of moving the model range mix up market. In 2011, this strategy led to a further increase in the proportion of premium vehicle sales, to 18% of the total versus 13% in 2010. Examples of the strategy include the launch of the Peugeot 508, and of the successful latest addition to the Citroën DS line, the DS4.

RECURRING OPERATING INCOME

The Automotive Division posted a recurring operating loss of €92 million for the year, as opposed to recurring operating income of €621 million in 2010, representing a negative 0.2% of revenue versus a positive 1.5% the year before. The negative swing was mainly due to the unfavourable business environment, which had a €1,044 million adverse effect that was only partly offset by the €331 million in recurring operating income generated by the Division's underlying performance (versus a €1.5 billion contribution from the Performance Plan in 2010). In the Automotive Division, first half recurring operating income of €405 million contrasted sharply with the €497 million loss reported in the second half.

The change in the Automotive Division's reported performance was due to the following factors:

Operating Environment

The worsening operating environment had a negative impact of €1,044 million. The €37 million positive impact of increased demand, particularly in markets outside Europe, was offset by the following factors:

- diesel-powered vehicle production was disrupted following the Fukushima earthquake and tsunami in Japan on 11 March 2011 which led to serious disruption of supplies of certain electronic components and automatic gearbox shortages. The negative effect for the year is estimated at €250 million;
- higher external costs had a €743 million negative impact, including approximately €600 million due to increased raw materials costs (with around €366 million in the first half and roughly €235 million in the second) and €83 million attributable to rises in labour costs. Raw materials prices rose faster than expected, for both commodities and industrial raw materials, particularly steel;
- the currency effect was a negative €88 million, explained mainly by the euro's appreciation against the Argentian peso (€63 million), the British pound (€21 million) and also against the Turkish pound and the rouble.

Underlying Automotive Division Performance

The Automotive Division's underlying performance had a positive impact of €331 million.

- The marketing performance impact was a negative €204 million, with the Group's market share in Europe narrowing by 0.9 points. Helped by the latest new models (Peugeot 508 and Citroën DS4), the sharp improvement in the product mix had a positive impact of €678 million which more than offset the €506 million negative price effect. Prices came under very severe pressure in the second half, particularly in the B segment, and average prices were also adversely affected by customer givebacks;
- The Group stepped up its cost-cutting drive during the year, achieving €557 million worth of savings in production and procurement costs through purchasing efficiencies, lower depreciation charges and reductions in technical costs. However, the gains made in this area were partly offset by the costs resulting from disrupted deliveries from our screw supplier Agrati during the second half (August-September 2011);
- Selling, general and administrative expenses and warranty costs increased by €50 million, while R&D spend was €165 million higher, reflecting the Group's globalization drive and its strategy to move the brands further up market;
- Other performance factors had a positive impact of €21 million.

9.2.3.2. FAURECIA

(in million euros)	2011	2010
Revenues	16,190	13,796
Recurring operating income	651	456
As a % of revenues	*+4.0%*	*+3.3%*

REVENUES

Faurecia's consolidated revenue totalled €16,190 million in 2011 versus €13,796 million the previous year, an increase of 17.4%.

- At €12,391 million, product sales (parts and components delivered to carmakers) were up 15.8% as reported and 12.9% like-for-like, calculated at constant exchange rates by including Plastal Germany in 2010 revenue on a 12-month basis, and excluding from 2011 revenue Plastal Spain from January to September, and Angell Demmel and the Madison plant over the full twelve months;
- Sales of catalytic converter monoliths amounted to €2,687 million, up 23.9% as reported and 25.4% like-for-like;
- Sales of R&D, tooling and prototypes were up 19.3% as reported and 16.0% like-for-like, at €1,112 million;
- Total revenue for the year came in at €16,190 million, an increase of 17.4% including like-for-like growth of 15.0%.

Strong Growth Across All Regions

Product sales by region were as follows:

- in Europe, product sales outperformed the market (which was up by an estimated 6%), rising by 11.0% as reported and 6.2% like-for-like to €7,815 million. This performance reflected like-for-like increases of 8.5% in the first half and 3.7% in the second. In a year that saw automobile production in Europe rise by 5%, the region accounted for 63% of Faurecia's total sales versus 66% in 2010;
- in North America, product sales grew 32.6% like-for-like (with gains of 30.1% in the first half and 35.0% in the second) to €2,579 million, representing 20.8% of Faurecia's total sales versus 18% in 2010. Faurecia's medium-term goal is to become the fifth largest automotive equipment supplier in North America. In 2010, it was ranked ninth;

- in Asia, product sales totalled €1,117 million, an increase of 15.4% as reported and 16.1% like-for-like. By period, the increases were 16.1% in the first half and 16.0% in the second. Product sales in China were up 11.6% as reported and 11.8% like-for-like at €881 million. In South Korea, product sales advanced 35% to €163 million. In all, Asia accounted for 9% of Faurecia's total product sales in 2011;
- in South America, product sales rose by 14.8% as reported and 17.2% like-for-like to €639 million, representing 5.2% of the Faurecia total. Growth was 23.6% in the first half and 11.9% in the second;
- in the Rest of the World segment, product sales stood at €240.7 million, an increase of 30.9% as reported and 34.8% like-for-like, and represented 1.9% of the total.

Sustained Growth Across All Business Segments

Product sales can be analysed as follows by business segment:

- *Automotive Seating* product sales totalled €4,770 million, up 8.3% like-for-like over the year including 6.1% growth in the second half;
- *Interior Systems* product sales amounted to €3,075 million, an increase of 14.1% like-for-like over the year led by a second-half gain of 14.5%;
- *Emissions Control Technologies* product sales for the year were up 20.7% like-for-like at €2,935 million, with second-half growth at 18.9%;
- *Automotive Exteriors* product sales came in at €1,611 million, a like-for-like increase of 10.9%. Second-half product sales were up 12.5% like-for-like.

RECURRING OPERATING INCOME

Faurecia's recurring operating income rose by 43% in 2011 to €651 million (4.0% of revenue), from €456 million in 2010.

Second-half recurring operating income was up 30% at €311 million, representing 3.9% of revenue versus 3.4% in the same period of 2010.

Based on revenue excluding monoliths, Interior Systems recurring operating margin for 2011 stood at 4.7% (3.3% in 2010), a rate equivalent to that generated by the Other Modules segment (5.0% in 2011 and 2010).

9.2.3.3. GEFCO

(in million euros)	2011	2010
Revenues	3,782	3,351
Recurring operating income	223	198
As a % of revenues	*5.9%*	*5.9%*

REVENUES

GEFCO's revenue amounted to €3,782 million in 2011, an increase of 12.9% over 2010. Revenue from services performed for other Group companies rose by 9.2% to €2,331 million, while revenue from services sold to external customers was 19.2% higher at €1,451 million. The acquisition of 70% of the Mercurio group in May 2011 helped GEFCO to speed its growth in downstream logistics and move up a gear in its international development. Mercurio contributed €81 million to 2011 revenue.

RECURRING OPERATING INCOME

Confirming the strength of its business model, GEFCO reported a 12.6% increase in recurring operating income which represented a solid 5.9% of revenue for the year.

First-half recurring operating income stood at €143 million or 7.1% of revenue. In the second half, profitability was weakened by the usual fall-off in demand in August and December combined with lower production output by carmakers, driving down recurring operating income to €80 million or 4.5% of revenue.

9.2.3.4. BANQUE PSA FINANCE

(in million euros)	2011	2010
Revenues	1,902	1,852
Net banking revenue	1,032	1,000
Recurring operating income	**532**	**507**
As a % of revenues	*28.0%*	*27.4%*

REVENUES

In a challenging economic environment, Banque PSA Finance delivered a healthy marketing and financial performance thanks to the quality and robustness of its business model.

In terms of marketing performance, the Bank increased its penetration rate and confirmed its role in actively supporting the carmakers' sales by financing 27.8% of all new Peugeot and Citroën vehicles sold in its markets in 2011. Developing synergies with the brands' marketing organizations is an essential factor in the Bank's sales strategy.

A total of 843,811 new and used vehicles were financed in 2011, a decline of 2.4% compared with 2010 that reflected lower registrations in the Bank's markets.

In Europe, 537,921 new vehicles were financed, representing a decline of 5.1% over 2010. The penetration rate nevertheless improved by 0.6 points, although market share performance was uneven, with significant gains in Spain (up 7.5 points), the Netherlands (up 5.6 points) and Italy (up 4.1 points) contrasting with falls in France (down 1.2 points), Belgium (down 2.3 points) and Germany (down 2.7 points).

A growing proportion of the Bank's revenue is generated outside Europe, with 2011 seeing solid contributions from Brazil, Argentina and Russia. In 2011, markets outside Europe accounted for 18% of new vehicle financing volumes versus 16% in 2010.

New retail financing extended in 2011 totalled €8,790 million, an increase of 1.9% from €8,627 million the previous year that was mainly due to the positive effect of changes in vehicle mix.

As of 31 December 2011, the retail loan book stood at €17,474 million, up 0.4% over the year-earlier figure of €17,400 million. Retail loans outside Europe rose by 18.1% over the year to €1,362 million.

The wholesale loan book at end-2011 came to €6,840 million versus €6,011 million a year earlier.

Total outstanding retail and wholesale loans stood at €24,314 million at 31 December 2011 compared with €23,411 million at the previous year-end, an increase of 3.9%.

The penetration rate for services and insurance offerings rose sharply, with 1.61 service/insurance contracts sold for every financing contract in 2011 versus 1.53 in 2010, with credit insurance and auto insurance seeing the strongest growth.

Banque PSA Finance's revenue for the year totalled €1,902 million, up 2.7% compared with €1,852 million in 2010.

(in million euros)	31 December 2011	31 December 2010
Outstanding loans (including securitised loans) by customer segment		
• Corporate Dealers	6,840	6,011
• Retail and Corporate & Equivalent	17,474	17,400
TOTAL BANQUE PSA FINANCE*	**24,314**	**23,411**

(in million euros)	31 December 2011	31 December 2010
Outstanding loans (including securitized loans) by geographical area		
• France	8,868	8,410
• Rest of Europe	13,473	13,379
• Rest of the world	1,973	1,622
TOTAL BANQUE PSA FINANCE	**24,314**	**23,411**

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

RECURRING OPERATING INCOME

Banque PSA Finance reported recurring operating income of €532 million in 2011 versus €507 million the previous year.

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

- net banking revenue rose by 3.2% to a new record high of €1,032 million from €1,000 million in 2010, reflecting the high quality of recent retail loan originations and the resulting solid margins;
- net provision expense ("cost of risk") was €115 million in 2011, representing 0.49% of average net loans outstanding compared with 0.56% in 2010. Net provision expense on retail loans was stable at €107 million versus €108 million in 2010 when impairment rates on non-performing retail loans were adjusted, particularly in Spain. The 2011 figure demonstrates the effectiveness of measures taken during the recession to improve risk selection and collection processes. Net provision expense on Corporate loans amounted to €8 million in 2011 versus €21 million in 2010;
- general operating expenses stood at €385 million in 2011. The increase compared with 2010 was due to the Bank's international expansion (with new operations in Brazil, Russia and Malta), ongoing investment in information systems and the cost of the new tax payable by banking institutions in France. Increases in other general operating expenses were offset by savings and productivity gains.

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

9.3. OTHER INCOME STATEMENT ITEMS

9.3.1. OPERATING INCOME

Non-recurring operating expenses amounted to €463 million in 2011 versus €436 million in 2010. In late 2011, the Group announced a Competitiveness Plan for the Automotive Division, designed to offset the impact of the second-half slowdown in the automobile market.

The plan's measures, which concern both France and Europe, were presented to the European Works Council in October 2011. The plan provides for the redeployment of 1,900 jobs in France and 600 in Europe, based on internal transfers and supported voluntary departures. The net expense recorded in the accounts at 31 December 2011 in respect of the plan amounted to €192 million.

The Faurecia group's restructuring costs for 2011 amounted to €56 million, including €47 million for employee separations covering 1,338 people mainly in North America and Europe.

Other expenses primarily stemmed from exposure to currency risk from yen-denominated contracts.

Non-recurring operating income was €46 million, consisting mainly of gains on disposals of real estate.

For more information, refer to the notes to the consolidated financial statements at 31 December 2011 (*note 7 – Non-recurring Income and (Expenses)*).

After taking into account these items, the Group ended the year with operating income of €898 million compared with €1,736 million in 2010.

(in million euros)	2011	2010
Automotive Division	(439)	563
Faurecia	593	420
GEFCO	223	210
Banque PSA Finance	532	534
Other Businesses and holding company	(11)	9
TOTAL PSA PEUGEOT CITROËN	**898**	**1,736**

Property, plant and equipment and intangible assets are tested for impairment using the method described in *Note 1.14 – Impairment of long-lived assets*. In 2011, due in particular to the unfavourable change in the exchange rate for the Japanese yen, tests performed by the Automotive Division led to the recognition of €84 million in impairment losses, an €89 million increase in onerous contract provisions and a €27 million decrease in these provisions.

9.3.2. NET FINANCIAL INCOME (EXPENSE)

Net financial expense came to €334 million in 2011 compared with €429 million the previous year. This amount includes interest income from loans and on cash and cash equivalents, finance costs and other financial income and expense. The decline was mainly due to the reduction in finance costs to €331 million in 2011 from €455 million in 2010, reflecting the saving in interest costs achieved by paying off the €3 billion loan from the French State that was obtained in March 2009. An initial early repayment of €1 billion was made on 10 September 2010 and the balance was repaid in two instalments on 25 February and 26 April 2011. The repayments were only partly financed on the market, at a lower interest rate than that charged by the French State.

Interest income from loans and on cash and cash equivalents rose by €28 million, lifted by higher average interest rates (due to the increase in the Eonia). The increase partly offset the growth in “Other financial expenses” to €333 million from €289 million in 2010.

For more information, refer to the notes to the consolidated financial statements at 31 December 2011 (*notes 8, 9 and 10*).

9.3.3. INCOME TAXES

Current taxes for the year came to €410 million. After taking into account a deferred tax benefit of €457 million, a net income tax benefit of €47 million was reported in the 2011 statement of income versus net income tax expense of €255 million in 2010.

For more information, refer to the consolidated financial statements at 31 December 2011 (*note 11 – Income Taxes).*

9.3.4. SHARE IN NET EARNINGS OF COMPANIES AT EQUITY

In 2011, the combined contribution of companies at equity was a net profit of €173 million versus €204 million the year before. The main entities concerned are Dongfeng Peugeot Citroën Automobile (DPCA) and joint ventures with other carmakers (Fiat, Toyota, BMW and Renault) that are organized as separate entities.

In 2011, DPCA sold over 404,000 vehicles. After taking into account consolidation entries and adjustments, DPCA contributed €150 million to consolidated net profit, compared with €159 million in 2010.

Toyota Peugeot Citroën Automobiles (TPCA) contributed €8 million to consolidated profit in 2011 compared with €37 million the previous year. The decline was mainly due to the Fact that in 2009 and 2010, TPCA was still billing start-up losses to the joint venture partners, Toyota and PSA Peugeot Citroën, a practice that came to an end in 2011. The joint ventures with Fiat made a negative contribution of €3 million versus a €10 million negative contribution in 2010. The improvement was attributable to the recovery in the European light commercial vehicle market which grew by 7% over the year.

For more information about the Group’s share in the net earnings of companies at equity, refer to the notes to the consolidated financial statements at 31 December 2011 (*note 15 – Investments in Companies at Equity)*.

9.3.5. CONSOLIDATED PROFIT

The Group ended the year with consolidated profit of €784 million compared with €1,256 million in 2010.

9.3.6. CONSOLIDATED PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Profit attributable to equity holders of the parent came to €588 million in 2011 versus €1,134 million in 2010.

9.3.7. EARNINGS PER SHARE

Basic earnings per share amounted to €2.64 compared with €5.00 in 2010.

Diluted earnings per €1 par value share was €2.56 versus €4.97 in 2010.

For more information, refer to the notes to the consolidated financial statements at 31 December 2011 (*note 12 – Earnings per Share)*.

10

CASH AND CAPITAL RESOURCES

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10.1. EQUITY

Consolidated equity amounted to €14,494 million at 31 December 2011. The increase compared with €14,303 million at the previous year-end was primarily due to the inclusion of the €784 million consolidated profit for the year (including minority interests), which more than covered payment of the 2010 dividend of €292 million and €199 million in share buybacks.

Consolidated profit attributable to equity holders of the parent came to €588 million.

At 31 December 2011, the share capital comprised 234,049,344 shares with a par value of one euro each. The slight increase compared with the number of shares outstanding at the end of 2010 resulted from the issuance of shares on conversion of 119 Oceane convertible bonds. At year-end, the Group held 17,187,450 shares in treasury. Most of these shares are being held for allocation (i) to a future liquidity contract, (ii) on conversion of June 2009 Oceane convertible bonds, and (iii) to cover outstanding stock options and performance share rights. A certain number of shares are currently unallocated.

In 2011, 10,000,000 shares were bought back on the market (see *note 26.5* to the consolidated financial statements at 31 December 2011).

10.2. NET FINANCIAL POSITION OF THE MANUFACTURING AND SALES COMPANIES AND NET DEBT-TO-EQUITY RATIO

Consolidated current and non-current financial liabilities of the manufacturing and sales companies amounted to €9,779 million at 31 December 2011 compared with €11,472 million at the previous year-end (see *note 29* to the consolidated financial statements at 31 December 2011). The decrease was due mainly to the early repayment of the €2 billion outstanding balance on the loan from the French State, in two €1 billion instalments, and the repayment at maturity in September 2011 of the €1,255 million worth of 2001 bonds still outstanding at that date. The repayments were only partly financed on the market, through bond issues carried out in January and September 2011 for a total of €1 billion. Financial assets of the manufacturing and sales companies contracted to €6,490 million at 31 December 2011 from €10,380 million at end-2010, reflecting a decline in cash and cash equivalents to €5,190 million from €9,278 million mainly due to the cash used to help finance the repayments made in 2011.

The net financial position of the manufacturing and sales companies at 31 December 2011 represented net debt of €3,359 million versus €1,236 million at 31 December 2010 (see *note 36.1* to the consolidated financial statements at 31 December 2011).

The unfavourable change was due to the fact that free cash flow[1] for the year was a negative €1,646 million as opposed to a positive €1,110 million in 2010. Funds from operations, which declined to €2,596 million from €3,257 million in 2010, were not sufficient to cover both the high level of capital spending and capitalized development costs (€3,713 million) and the negative change in working capital (€684 million) that was mainly due to an increase in inventories.

Net debt was also affected by dividend payments of €287 million, including €250 million (€1.1 per share) paid to Peugeot S.A. shareholders, and by share buybacks (10 million shares purchased at an average price of €19.92 between 12 August and 2 September 2011).

The net debt-to-equity ratio stood at 23% at 31 December 2011 versus 9% a year earlier.

The sale of the car rental business on 1 February 2012 will lead to a roughly €440 million reduction in Group debt. If the sale had been completed at 31 December 2011, net debt at that date would have amounted to €2,919 million, representing a pro forma net debt-to-equity ratio of 20%.

(1) Since 2010, the manufacturing and sales companies' free cash flow includes dividends received from Banque PSA Finance. Free cash flow = net cash from operating activities – net cash used in investing activities + net dividends received from Group companies.

10.3. ORIGIN, AMOUNT AND DESCRIPTION OF CONSOLIDATED CASH FLOWS

10.3.1. CONSOLIDATED CASH FLOWS

For detailed information, refer to the consolidated financial statements – *Consolidated Statements of Cash Flows* for the year ended 31 December 2011.

10.3.2. MANUFACTURING AND SALES COMPANIES

The following table presents the manufacturing and sales companies' cash flows for 2011 and 2010:

	Manufacturing and Sales Companies	
(in million euros)	**2011**	**2010**
Consolidated profit for the period	430	862
Funds from operations	2,596	3,257
Change in working capital	(684)	517
Net cash from operating activities	**1,912**	**3,774**
Net cash used in investing activities	**(3,713)**	**(2,804)**
Net cash (used in) from financing activities	**(2,691)**	**375**
Effect of changes in exchange rates	3	91
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(4,489)**	**1,436**
Cash and cash equivalents at beginning of year	9,253	7,817
Cash and cash equivalents at end of year	4,764	9,253

CASH FLOWS FROM OPERATING ACTIVITIES OF MANUFACTURING AND SALES COMPANIES

Funds from operations of the manufacturing and sales companies came to €2,596 million in 2011 compared with €3,257 million the previous year, representing 4.5% of their revenue versus 6%. The generation of funds from operations was adversely affected by the Automotive Division's weaker recurring operating income in 2011. See section 9.2.3.1 of this report.

The €684 million negative change in working capital – mainly due to a €661 million increase in inventories – also had an unfavourable impact on funds from operations. New model launches drove up inventory levels and the number of used vehicles in stock rose compared with 2010. In addition, the average unit value of the vehicles in inventory was higher than at the previous year-end.

In all, these developments led to a decline in net cash from operating activities of the manufacturing and sales companies to €1,912 million from €3,774 million in 2010.

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

(in thousands of new vehicles)	**31 December 2011**	**31 December 2010**	**31 December 2009**
Group	234	222	234
Independent dealer network	259	223	206
TOTAL	**493**	**445**	**440**

The 493,000 new vehicles in inventory at 31 December 2011 represented the equivalent of 69 days' sales [1]. Inventories were ramped up in the dealer network to meet demand for the recently introduced models (Citroën D35 and Peugeot 3008 Hyb4) and in Latin America in preparation for the extended closure of the Porto Real plant for capacity extension work. In addition, inventory levels were adversely affected by the halt in deliveries from our screw supplier Agrati and by lower-than-expected sales in the fourth quarter of 2011.

The cost of inventories and related impairment provisions at the year-end are presented in *Note 21 - Inventories*. Inventory valuation methods are described in *Note 1.16 – Inventories*. Particular attention is paid to the fact that net realisable value calculations used to determine impairment provisions are based on estimates (see *Note 1.4 – Use of estimates and assumptions*). Provisions for impairment of used vehicle inventories were increased in 2011 to reflect deteriorating market conditions. However, despite the unfavourable headwinds, for new vehicles the selling price to the independent dealer network at end-2011 was higher than the vehicles' carrying amount in the vast majority of cases. Provisions for impairment of new vehicle inventories amounted to €56 million at 31 December 2011. The inventory valuation method takes into account the cost of below-capacity output at several plants.

CASH FLOWS FROM INVESTING ACTIVITIES OF MANUFACTURING AND SALES COMPANIES

As shown in the table below, net cash used in investing activities of manufacturing and sales companies rose to €3,713 million in 2011 from an already high €2,804 million in 2010 representing an increase of nearly €900 million of which €300 million by Faurecia. Capitalised development costs amounted to €1,227 million versus €1,097 million in 2010 (see *note 6* to the consolidated financial statements at 31 December 2011).

(in million euros)	2011	2010
Automotive Division	2,904	2,378
Faurecia	681	382
GEFCO	77	32
Other Businesses	69	12
TOTAL	**3,713**	**2,804**

The following table provides details of capitalised development costs:

(in million euros)	2011	2010
Automotive Division	1,058	963
Faurecia	179	154
Eliminations	(10)	(20)
TOTAL	**1,227**	**1,097**

CASH FLOWS FROM FINANCING ACTIVITIES OF MANUFACTURING AND SALES COMPANIES

The financing activities of the manufacturing and sales companies generated a net cash outflow of €2,691 million in 2011 as opposed to a net inflow of €375 million in 2010. Changes in other financial assets and liabilities represented a net cash outflow of €2,361 million, corresponding mainly to (i) the early repayment of the €2 billion outstanding balance on the March 2009 loan from the French State, in two €1 billion instalments on 25 February and 26 April, and (ii) the repayment at maturity in September 2011 of the €1,255 million worth of 2001 bonds still outstanding at that date, partly offset by two bond issues for a total of €1 billion carried out in January and September 2011. Other cash flows from financing activities included a €199 million outflow in respect of share buybacks and €287 million in dividend payments.

NET CASH AND CASH EQUIVALENTS AT END OF YEAR – MANUFACTURING AND SALES COMPANIES

After taking into account the €3 million positive effect of changes in exchange rates, the cash flows from operating, investing and financing activities discussed above led to a decline in cash and cash equivalents to €4,764 million at 31 December 2011 from €9,253 million at the previous year-end.

10.3.3. NET CASH AND CASH EQUIVALENTS AT END OF YEAR – FINANCE COMPANIES

Banque PSA Finance generated net cash from operating activities of €17 million in 2011 versus €157 million in 2010.

At the year-end, the Bank had cash and cash equivalents of €1,154 million (see *note 33.1* to the consolidated financial statements at 31 December 2011).

(1) Ratio at 31 December calculated on the basis of sales forecasts for the next three months.

10.4. LIQUIDITY AND FUNDING

10.4.1. MANUFACTURING AND SALES COMPANIES

In the prevailing economic environment, the Group kept up its proactive refinancing strategy and conservative liquidity policy in order to meet its general financing needs, particularly the financing of current and future growth projects. This strategy enabled the Group to refinance its 2011 debt maturities on favourable terms. The refinancing transactions strengthened the balance sheet by extending the average life of debt, and also lowered average borrowing costs compared with 2010.

Refinancing transactions carried out during the year were as follows:

- on 20 January 2011, the two €500 million bond issues carried out in October 2010 were increased through two tap issues that added €350 million to the issue due October 2013 and €150 million to the one due October 2016. The yields offered on the tap issues were, respectively, around 40- and 30-basis points below those of the original issues;
- in March 2009, Peugeot S.A. obtained a €3 billion 5-year loan from the French State. In early 2011, the Managing Board decided to repay the €2 billion balance of the loan, carried in the balance sheet under “Other long-term borrowings”. The repayment was made in two €1 billion instalments on 25 February and 26 April. This led to the recognition of interest income of €69 million, corresponding to the difference between the loan’s carrying amount on the date when the early repayment was decided and the actual amount of the early repayment;
- on 27 September 2011, Peugeot S.A. launched a €500 million 6.875% bond issue due March 2016;
- on the same date, PSA Peugeot Citroën repaid at maturity the €1,255 million worth of 2001 bonds still outstanding. After taking into account the redemption premiums, accrued interest and the effect of swaps, the payment to bond holders amounted to €1,268 million;
- on 27 October 2011, Peugeot Citroën Automobiles S.A. repaid the €125 million loan obtained from the European Investment Bank (EIB) on 17 October 2006;
- on 3 November 2011, Faurecia issued €350 million worth of 9.375% bonds due December 2016;
- on 16 November 2011, Peugeot Citroën Automobiles S.A. obtained a new €125 million loan from the EIB that is repayable in equal annual instalments between December 2013 and December 2017;
- in December 2011, Faurecia obtained a new €1,150 million syndicated credit facility. The facility comprises a €690 million tranche expiring in November 2014 with a two-year extension option and a €460 million tranche expiring in November 2016. It was used to repay the previous syndicated credit facility, and an intragroup loan to Peugeot S.A.

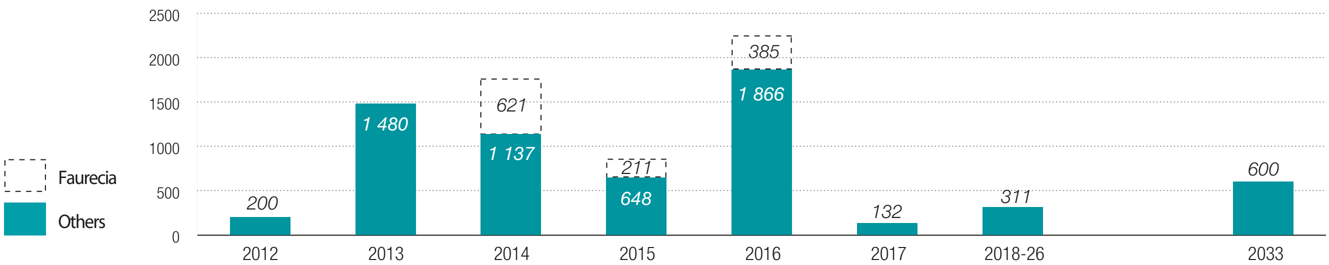
The Group also has undrawn confirmed lines of credit amounting to €2,400 million for Peugeot S.A. and €660 million for Faurecia at 31 December 2011. The expiry date of the €2,400 million line has been pushed back by one year, from July 2013 to July 2014.

At 31 December 2011, the weighted average maturity of debt was 4.9 years.

The graph below shows the repayment schedule of the nominal amounts of debt at 31 December 2011 (excluding Banque PSA Finance, undrawn lines of credit, short-term financial liabilities and other adjustments):

Gross debt* in nominal value at end 31.12.2011

(in million euros)



**Excluding BPF, undrawn credit-line, short term liabilities and other adjustments.*

The table below show the financial security:

(In million euros)	End 2010	End 2011	Proforma*
Cash and cash equivalents	9,278	5,190	
Current & non current financial assets	1,102	1,300	
TOTAL	**10,380**	**6,490**	
Back-up facility (undrawn) – excluding Faurecia	**2,400**	**2,400**	
Back-up facility (undrawn) – Faurecia	**505**	**660**	
TOTAL FINANCIAL SECURITY	**13,285**	**9,550**	
Net debt positio	1,236	3,359	2,919
Total equity	14,303	14,494	14,494
GEARING	**9%**	**23%**	**20%**

** Proforma after Rental car activity disposal*

10.4.2. BANQUE PSA FINANCE

At 31 December 2011, 19% of Banque PSA Finance's funding was provided by bank facilities, 59% by the capital markets, 18% by loan securitisations placed on the financial markets and 4% by public sources (such as SFEF, an institution set up by the French government to inject cash into the economy, and the European Central Bank). At 31 December 2010, the proportions were 22%, 55%, 16% and 7% respectively.

During the year, most of the drawn down and revolving bilateral lines of credit were rolled over on expiry to consolidate Banque PSA Finance's bank financing. At 31 December 2011, drawdowns on the Bank's lines of credit amounted to €4,058 million compared with €4,668 million at the previous year-end.

Borrowings under capital markets programmes increased to €12,926 million at 31 December 2011 from €11,619 million at the previous year-end.

Borrowings under short-term programmes (Sofira commercial paper issues and Banque PSA Finance CD issues) declined to €3,754 million from €4,087 million at 31 December 2010.

Responding to market demand for medium-term paper in the euro zone, Banque PSA Finance carried out three EMTN issues in 2011, raising a total of €2,400 million with an average maturity in excess of four years. In April 2011, the Bank carried out its first bond issue on the US market, raising USD 1,250 million. These issues increased borrowings under the EMTN programme by more than €1.6 billion to €9,172 million while also extending the average life of the borrowings and allowing the Bank to obtain more favourable spreads at issue.

Two new securitisation programmes were set up during the year, backed by French and German auto loans. Total securitisation debt amounted to €3,963 million at 31 December 2011 versus €3,381 million at 31 December 2010.

LIQUIDITY RESERVES

In 2010, Banque PSA Finance continued to seek the right balance between securing liquidity, which is an ongoing priority, and optimising its refinancing costs.

At 31 December 2011, 80% of refinancing had an initial maturity of twelve months or more (versus 71% at end-2010), representing continued solid coverage of maturity mismatch risk.

Refinancing is arranged with maturities that comfortably cover the maturities of the retail financing portfolio.

At 31 December 2011, the Bank held excess liquidity of €724 million and, in addition to its borrowings, it had €7,955 million worth of undrawn lines of credit, including €5,755 million in syndicated facilities expiring in June 2013 (€1,755 million), June 2014 (€2,000 million) and December 2014 (€2,000 million). These backup facilities were obtained from syndicates of leading banks and were not drawn down at 31 December 2011.

In all, Banque PSA Finance has the necessary resources to cover more than six months of lending activity without raising additional funds.

10.5. WARRANTY PROVISIONS

Please refer to note 27.2 to the consolidated financial statements at 31 December 2011.

10.6. PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

Please refer to note 28.1 to the consolidated financial statements at 31 December 2011.

10.7. INFORMATION ABOUT RESTRICTION ON THE USE OF CAPITAL THAT HAVE OR MAY HAVE A SIGNIFICANT IMPACT ON THE COMPANY'S OPERATIONS

Please refer to note 26.1 to the consolidated financial statements at 31 December 2011.

10.8. INFORMATION ABOUT EXPECTED FUNDING SOURCES OR FUNDING THAT WILL BE NEEDED TO FULFIL CERTAIN COMMITMENTS

See section 10.4. above.

11

CAPITAL EXPENDITURE AND RESEARCH & DEVELOPMENT

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AUTOMOTIVE EXPERTISE TO DELIVER USEFUL TECHNOLOGIES

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

A priority for PSA Peugeot Citroën, innovation is a powerful lever for creating competitive advantage by addressing such major auto industry challenges as changing standards and legislation, rising environmental awareness, emerging mobility and networking needs and meeting customer expectations for product appeal. To continue actively preparing for the future, approximately €2 billion, or 5.3% of Automotive Division revenue, is allocated to research and development every year.

After pioneering the FAP diesel particulate filter, which was marketed even before Euro 5 standards made such filters mandatory in September 2009 and has already been fitted on more than 5.4 million vehicles, PSA Peugeot Citroën is blazing new trails in hybrid diesel technology with the e-HDI and HYbrid4 powertrains (see section 11.1.2). In 2011, for example, we introduced the world's first diesel hybrids, the Peugeot 3008 HYbrid 4 and the Peugeot 508 HYbrid4, which emit less than 100 g/km of CO_2.

The Group has six research and development centres worldwide – four in France (Vélizy, Sochaux-Belchamp, La Garenne and Carrières-sous-Poissy), one in Shanghai (China Tech Center) and one in Sao Paulo, Brazil. The Automotive Design Network styling centre is home to the two brands' styling studios, plus all of the innovation and vehicle architecture teams, comprising nearly 1,000 people in all. Lastly, two vehicle test centres are located in Belchamp and La Ferté-Vidame, France.

Each Peugeot or Citroën car is created through a seamless design and development process involving daily input from more than 16,600 R&D engineers and technicians, of whom 14,700 are assigned to the Research & Development Department (DRD), 1,400 to the Latin American Division (DAML) and 500 to the Asia Division (DASI). In France, 1,152 patent applications were published with the French National Intellectual Property Institute (INPI) in 2010, making PSA Peugeot Citroën the country's leading patent filer in 2010 (see section 11.1.1).

To create competitive advantage, we pay careful attention to the needs, whether expressed or implied, of our customers and the wider community. At the same time, we make sure that every automobile project assimilates and integrates the possibilities offered by new technologies, which have grown exponentially in recent years. It is the combination of these two approaches that generates innovative new ideas.

Innovation programmes are guided by five main research avenues:

- clean technologies, with the objective of offering "a clean car for everyone";
- safety, to globalise our European expertise;
- product appeal, by offering carbuyers innovative functionalities and design;
- competitiveness, so we can deliver affordable innovations;
- disruptive process technologies (robotics, new surface treating processes, etc.), to maintain efficient, state-of-the-art manufacturing facilities.

In 2011, programmes focused particularly on clean technologies and product appeal, resulting in:

- significantly faster development of solutions to reduce carbon emissions with measures to lower vehicle weight, make more energy efficient powertrains with a smaller carbon footprint and pave the way for alternative hybrid and electric powertrains;
- a priority focus on human machine interface (HMI), networking and on-Board telematics to support the appeal of our connected products and services in terms of both functionality and design.

To maintain its international presence and detect faint technological signals, PSA Peugeot Citroën pursues a dynamic innovation policy through strengthened cooperation with a wide range of partners, including universities, laboratories, suppliers and other carmakers. More broadly, capital expenditure is designed to support our international expansion and help to make PSA Peugeot Citroën a truly global enterprise.

11.1. BUILDING THE FUTURE

11.1.1. MAINTAINING CAPITAL EXPENDITURE TO SUPPORT DYNAMIC R&D

R&D BUDGET MAINTAINED

To enable PSA Peugeot Citroën to build the future, introduce exciting new concepts and offer a comprehensive range of innovative models, research and development activities were backed by substantial budgets in 2011, totalling slightly over €2 billion for the Automotive Division (including development costs on existing vehicles), €3,033 million for the Group as a whole, and €760 million for Faurecia.

In May 2011, the Group announced a three-year €355 million capital program in France, committing €220 million for the production of a new dual clutch transmission at the Valenciennes plant and €135 million for a new 3-cylinder turbo petrol engine at Française de Mécanique's Douvrin facility.

More generally, total capital expenditure related to automotive operations was increased slightly to €4,035 million in 2011, from €3,496 million in 2010 and €3,764 million in 2009, thereby enabling the Group to continue developing strategic models and exploring innovative technological solutions, while pursuing its international expansion.

Out of the €4,035 million, €1,227 million consisted of evelopment costs capitalized during the year (see section 10.3.2).

AN ACTIVE PATENT POLICY

According to the ranking released by France's National Intellectual Property Institute (INPI) on 22 March 2011, PSA Peugeot Citroën was once again the country's leading patent filer, for the fourth consecutive year, with 1,152 patents applications published in 2010.

Following on from the strong growth in previous years, this sustained high number of patent filings in a lacklustre business environment, attests to our deep commitment to R&D and innovation, which are core components of our strategic vision.

The new patents have strengthened a portfolio of innovations that offer real potential for differentiation in a demanding, constantly changing market and thereby setting us apart from the competition, in particular with a line-up of safer, more environmentally friendly cars.

In a compelling sign of our growing international presence, the Shanghai R&D centre filed its first patents in China in 2011.

11.1.2. NETWORKED INNOVATION AND DEVELOPMENT

PSA Peugeot Citroën is leading a strategy of targeted cooperation agreements, which are a key success factor. for example, with Ford we are the world's leading manufacturer of diesel engines, while the PSA/B MW petrol engines set the industry standard in their category. We are also the European leader in light commercial vehicles thanks to cooperation with Fiat. These highly beneficial cooperative ventures have also enabled us to enter new market segments such as SUVs with Mitsubishi Motors, sub-compacts with Toyota and compact light commercial vehicles with Fiat/Tofas.

In addition, an outward-facing strategy is the key to successful innovation at a time when the automotive industry is facing many technological, environmental and social challenges and the ability to swiftly identify and develop technologies at less cost has become essential to sustaining competitive advantage. It also plays a critical role in identifying the breakthrough technologies that will enable the design of the vehicle of the future.

A year ago, PSA Peugeot Citroën announced the creation of the Science & Technologies Exploratory Lean LABoratory (StelLab) to lead its scientific partnerships. Its mission is to foster interdisciplinary discussion and dialogue, both in-house and with outside partners in academia, by offering a forum where doctoral candidates, research engineers, scientists and Group experts can come together and network. It also hosts students and outside researchers participating in Group-initiated scientific research programmes.

To remain at the forefront in automotive products and services, in 2011 StelLab organised partnerships with leading-edge scientific laboratories in Europe and the rest of the world through joint research facilities known as OpenLabs, which pool the partners' research teams and testing resources. The six OpenLabs announced in 2011 included the Automotive Motion Lab with the Institute of Science and Motion (ISM) in Marseille; Electronics and Systems for Automotive with the Laboratoire de l'Intégration du Matériau au Système (IMS) in Bordeaux; Energetics with the PRISME laboratory in Orléans; the Materials and Processes competency centre in Metz with three academic partners, the Georgia Tech-CNRS Unité Mixte Internationale (UMI), the Ecole Nationale Supérieur d'Arts et Métiers de Metz, and the Centre de Recherche Publique (CRP) Henri Tudor in Luxembourg; Fludics in Poitiers with the Institut Pprime; and Computational Mechanics in the Paris region, with the Ecole Polytechnique Solid Mechanics Laboratory (LMS) and the Materials Centre of the Ecole des Mines. These partnerships, which already account for 10% of the Group's scientific research, will explore major issues concerning the future of the automobile and closely track future scientific discoveries around the world. Some 10% of scientific research is now carried out by OpenLabs.

The OpenLabs programme will be pursued in 2012, with two letters of intent already signed, one with Tongji University, Shanghai on human-machine interfaces and another with Pontifical Catholic University, Rio de Janeiro on biofuels. The StelLab@EPFL innovation unit was also inaugurated at the Ecole Polytechnique Fédérale in Lausanne, Switzerland, providing our research teams with a presence on a top European campus that will enable them to identify the latest scientific discoveries as early as possible and transform them into technological breakthroughs.

In November 2011, StelLab inaugurated the Hub, a dedicated space for managing partnerships, leading scientific projects and hosting demonstration and experimental laboratories, as well as a collaborative online platform to support participative, desiloed research.

11.1.3. BECOMING MORE GLOBAL TO GET CLOSER TO OUR MARKETS

While the heart of PSA Peugeot Citroën's R&D capabilities remain in Europe – and particularly in France, where around 85% of our researchers are based and where we spent €800 million at our ten facilities in 2010 – the deployment and growing expertise of our development centres in São Paulo and Shanghai are helping to drive our expansion in the global marketplace. They play a critical role in helping the Group to:

- address the specific expectations of local customers in terms of body styles, architecture, comfort and other factors;
- align our vehicles with local driving conditions, usage patterns and other needs;
- leverage local content opportunities consistent with our modular strategy.

These international development facilities will also be home to certain advanced research and engineering operations with local units specialised in such areas as biofuels, green materials and flexfuels in São Paulo or human machine interface design for Asian markets in Shanghai.

Among other benefits, this organisation improves the chances of project success, eliminates overlap and optimises management of R&D activities worldwide, while ensuring competitive development costs and *time-to-market* cycles.

More generally, PSA Peugeot Citroën is committed to becoming a global enterprise, generating 50% of sales outside Europe in 2015 and two-thirds in 2020. Meeting this objective requires investing in our priority growth regions of Asia, Latin America and Russia.

ASIA

CHINA

In 2010, PSA Peugeot Citroën and Dongfeng Motors (DFM) announced that their partnership through the Dongfeng Peugeot Citroën Automobiles (DPCA) joint venture was being broadened and that DPCA would finance the investment of more than RMB 11 billion over the next five years.

- A strengthened product plan: the broader partnership plans to launch at least one new vehicle per year and per brand (Dongfeng Citroën and Dongfeng Peugeot). This ambitious product plan will not only extensively refresh the current model line-up, but also expand the Peugeot and Citroën brands' local market coverage. As part of the partnership with Dongfeng Motors, the Wuhan plant began producing the Peugeot 408 and Citroën C5 in 2010. The July 2011 introduction of the Peugeot 508 China now means that Peugeot offers a world-class line of models aligned with local carbuyer expectations in the D segment, which accounts for 20% of the Chinese market. Two new models, including an SUV, will be launched in the C segment in 2012. In 2015, the Wuhan plant will be capable of producing 750,000 units a year.
- **A clean vehicle plan and a revitalized engine line-up,** in line with the Group's strategy of halving its corporate average CO_2 emissions in China by 2020. At the same time, DPCA is moving forward in hybrid technology with its forthcoming Stop & Start-enabled models.
- **New production capacity:** to support the current fast growth in DPCA sales, PSA Peugeot Citroën and DFM are building a third production plant for the joint venture, based in Wuhan, whose cornerstone was laid on 18 May 2011. The plant is being built in two stages, enabling it to produce 150,000 vehicles a year at start-up in 2013 and 300,000 in 2015. It will produce midrange and lower midrange cars alongside the Wuhan 1 plant, which is nearly saturated. Scheduled to come on stream in 2013, the plant will increase DPCA's capacity from 450,000 vehicles a year today to 750,000 in 2015, while complying with best-in-class environmental standards. The installed production base will enable DPCA to keep up with growing demand and increase its share of the Chinese market.
- **Retail:** DPCA is continuing to deploy the Dongfeng Peugeot and Dongfeng Citroën dealerships and enhance their quality, with the goal of providing outstanding, close-to-the-customer service. By 2012, each brand will have dealerships in China's 300 largest cities, backed by an additional network of several hundred agents. Lastly, as part of its strategy of expanding in Asia, PSA Peugeot Citroën is studying the possibility of exporting part of DPCA's assembled vehicles and CKD units to other countries in the region.

Together, these initiatives will help DPCA to meet its goal of serving 5% of the Chinese market by 2015.

Another highlight of 2011 was the approval by Chinese authorities for the creation of the Group's second joint venture in China, with China Changan Automotive Group (CCAG), according to the agreement signed by the two partners in China on 9 July 2010. Authorized by the Chinese authorities on 21 November 2011, the **Changan PSA Automobile (CAPSA)** joint venture is capitalised at RMB 4 billion, with each partner owning a 50% stake (representing on initial investment of RMB 2 billion or around €210 million for PSA Peugeot Citroën). Including this start-up capital, the total initial investment amounts to RMB 8.4 billion (€935 million), making it the largest automotive joint venture created in China in recent years.

CAPSA will enable PSA Peugeot Citroën to develop several light commercial vehicle ranges in China, while allowing Citroën to introduce its DS line. The new company plans to develop its own dealership network, which will begin marketing imported Citroën DS4s and DS5s in the first half of 2012, followed by the DS3, before starting up local production in 2013. Following the renovation of an existing line and the construction of a new one, it will operate two production lines, each dedicated to a specific range of cars. It will also have its own R&D centre.

Lastly, the **Shanghai R&D centre** will count 500 engineers and stylists, recruited from the brightest talent in China. It will support the two joint ventures in designing products fully aligned with the expectations of Chinese customers, while serving as a global centre for the development of technological solutions based on new automotive energies.

INDIA

In September 2011, the Group announced plans to build its first plant for the manufacture of Peugeot vehicles in India. Under the terms of the agreement, the facility will be built on a two square-kilometre site in the growing automotive industry heartland in the State of Gujurat, western India, to serve what looks set to become the world's third largest automobile market by 2020.

LATIN AMERICA

In April 2011, operations in Argentina and Brazil celebrated production of the one-millionth vehicle by the Palomar, Argentina plant, which is specialised in mid-sized vehicles, and the one-millionth engine by the Porto Real, Brazil plant, which produces compact cars and engines. Development of the dealer network continued during the year, with the number of dealerships increasing to 590 from 568 in 2010.

In each country, PSA Peugeot Citroën is reaping the first benefits of the €700 million development plan (€530 million in Brazil and €170 million in Argentina) announced in 2010.

As part of its growth strategy in the Brazilian market, after investing €530 million in 2010-2011, PSA Peugeot Citroën intends to continue spending around €240 million a year over the 2012-2015 period in order to double local production capacity. These outlays are designed to raise capacity at Porto Real to 300,000 vehicles and 400,000 engines per year by 2015 and to fund the development of new Peugeot and Citroën models and new engines.

Under an ambitious product plan, eight locally-manufactured Peugeot and Citroën models will be launched from 2012 to 2015. The two brands will also expand their dealer networks, with the number of local outlets rising from 320 to 480 in 2015.

The objective is for the Group to have a 7% share of the Latin American market by 2015.

Moreover, to support the development of projects in Latin America, a local Research, Development and Styling Design (DRDS) unit was created in 2011, with Brazilian and Argentine teams managing vehicle projects for local markets and for export to Chile and Mexico. The teams are based in three locations:

- two-thirds are based in Brazil, at the Porto Real plant for process engineering and testing, and in São Paulo for design;
- the others work at the Palomar and Jeppener plants in Argentina.

DRDS encompasses every aspect of R&D and design:

- Innovation and styling;
- Vehicle and subassembly projects;
- Technical engineering;
- Platforms;
- Project support (quality, costing, planning).

DRDS is involved in development for five vehicles scheduled for launch by 2013, while working on the naturally aspirated EB family and the EP6 line of Euro 6-compliant engines. Given the Group's greater ambitions in Latin America, DRDS will play an important role in the years ahead. In the year to 30 September 2011, the Group's market share improved by 0.5% in Brazil to 5.45% and by 2.2% in Argentina to 13.8%.

In late 2011, a memorandum of understanding was signed with oil company Petrobras to form a partnership to develop projects in fuels, engine combustion and carbon emissions reduction. The venture will explore a full range of new technologies in these areas, leveraging Petrobras' experience in fuel development and PSA Peugeot Citroën's expertise in internal combustion engines. One of its objectives will be to develop fuels and engines capable of meeting the needs of sustainable mobility with cleaner, more energy-efficient performance.

Lastly, at the awards by publisher AutoData, which honour the best initiatives by automotive companies in Brazil, PSA Peugeot Citroën was recognised for its commitment, in particular in the Sustainable Development category for phase three of the biodiesel project.

RUSSIA

In addition to China and Latin America, another important growth market for PSA Peugeot Citroën is Russia, whose automobile market harbours significant growth potential. In 2011, it expanded by 39%, with the Group holding a 2.7% share – a percentage that is expected to increase as the Kaluga plant ramps up. At end-2011, the Group had 140 Russians dealers versus 128 in 2010. There are 226 vehicles per 1,000 inhabitants in Russia, compared with 510 in Western Europe. The **PCMA Rus** production facility, owned 70% by PSA Peugeot Citroën and 30% by Mitsubishi Motors Corporation, is located in Kaluga, 180 kilometres southwest of Moscow. Representing an initial investment of €470 million, the plant will enable the two partners to become a major presence in the local automotive market, which offers highly promising growth prospects.

The plant will become fully operational in 2012, when production capacity will total 125,000 units a year, of which 85,000 Peugeot and Citroën midrange notchback sedans and 40,000 Peugeot, Citroën and Mitsubishi SUVs.

It will employ around 3,000 people, who will be trained at the local training centre built in cooperation with the Kaluga Regional Government.

A unique industrial project for PSA Peugeot Citroën, PCMA Rus comprises two phases. The first, currently underway now that all of the administrative, supply chain and certain assembly operations are in place, involves the semi-knocked down (SKD) production of five models – the Peugeot 308 and 4007, the Citroën C4 and C-Crosser and the Mitsubishi Outlander. The second phase will shift to the completely knocked down (CKD) production of vehicles, including welding and painting. Construction of the CKD buildings and tooling has been completed and equipment installed, with start-up of final assembly of complete automobiles planned for mid-2012. In parallel, teams in Russia, France and Japan are already preparing for the launch of new CKD models in 2012.

11.2. IMPROVING FUEL EFFICIENCY AND SAFEGUARDING THE ENVIRONMENT

PSA Peugeot Citroën is aware of the transport industry's responsibilities in reducing greenhouse gas emissions. As part of our sustainable development commitment, half of our technological research efforts are dedicated to clean technologies that help to shrink our vehicles' environmental footprint by:

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

This strategy is based on a holistic approach, which is the only way to meet the challenge of reducing automotive CO_2 emissions over the next ten years and develop the broad model line-up allowing every customer the choice of a low-carbon vehicle. As part of this approach, PSA Peugeot Citroën is deploying a wide array of technological solutions, aligned with the ways customers actually use their cars and structured around three main objectives.

Our latest models are all engineered to deliver extremely innovative environmental performance. One example is the Peugeot 208, which will be marketed in 2012. It releases an average 34 g/km less CO_2 than the 207, making it the leader in its segment. In addition to reduced weight and enhanced aerodynamics, it is powered by the latest generation engine technologies, including the e-HDi micro-hybrid system on almost every model. Moreover, the 208 combines a host of environmental technologies, with diesel versions that consistently emit less then 99 g/km of CO_2, new, particularly efficient three-cylinder petrol engines and 25% green materials (recycled or made from organic matter) in its total polymers by weight.

11.2.1. IMPROVING THE EFFICIENCY OF PETROL AND DIESEL POWERTRAINS AND DEVELOPING NEW EMISSIONS CONTROL PROCESSES

PETROL ENGINES

In May 2011, the THP 200, designed in cooperation with BMW, was voted 2011 Engine of the Year at the International Engine Awards, in recognition of its extraordinary performance. The powerplant offers an unmatched combination of state-of-the-art technologies, including a twin-scroll turbocharger and direct petrol injection system with variable valve timing and camshaft phasers, that together deliver 200 horses and keep CO_2 emissions under 160 g/km;

Early 2012 will see the launch of the new EB family of three-cylinder petrol engines that improve engine efficiency while reducing emissions (thanks to the smaller cylinder size) and maintaining power and torque performance. More compact and outputting 68 to 82 horsepower, the new engines will reduce fuel consumption and CO_2 emissions by 25% compared with today's equivalent four-cylinder units. Drivers will see their fuel bill decline by approximately 1.5 litres per 100 kilometres while continuing to enjoy the same great driving experience. The EB will be produced at the Trémery plant, near Metz, which was inaugurated on 1 December 2011 and has potential production capacity of 640,000 engines a year.

The EB will power the future Peugeot 208, to be introduced in the first quarter of 2012, which will emit just 104 g/km of CO_2 in its 1.2-litre VTi 82hp version, compared with 150 g/km for the previous version, and 99 g/km in its 1.0 litre VTi 68hp version. The innovations in this new family of smaller, more compact and more efficient internal combustion engines are the result of a €717 million capital project, which created 500 jobs in the Lorraine region of France.

Work on other petrol powertrains is being pursued, so that by 2013 a complete range of high-performance, energy-efficient petrol engines can be deployed across every geography. Built around the EB, the range will include two other families:

- the EC family, comprising the EC5 1.6-litre/115hp and EC8 1.8-litre/136hp naturally aspirated engines based on the traditional TU units that have been extensively deployed in China, Latin America and overseas markets;
- the EP family, developed in cooperation with B MW, comprising the EP6FDT 1.6-litre/156hp, EPF6DTX 1.6-litre/200hp and EP8 FDT 1.8-litre/200hp turbocharged direct fuel injection engines.

DIESEL ENGINES AND NEW EMISSIONS CONTROL PROCESSES

In 2011 the Group actively prepared for the introduction of the Euro 6 regulations, scheduled for application in September 2014, which impose a steep 56% reduction in diesel-engine nitrogen oxide (NO_x) emissions compared with the Euro 5b standard. Source treatment solutions are no longer sufficient to meet these new emissions standards, making an after-treatment system essential. PSA Peugeot Citroën has therefore decided to introduce a Selective Catalytic Reduction (SCR) system, integrated in the exhaust stream before the additive technology particulate filter. This system efficiently converts NO_x emissions and will be deployed for all the Group's diesel engines when Euro 6 comes into effect.

TRANSMISSIONS

In manual gearboxes, gear ratios have been aligned with new driving styles to help reduce carbon emissions, while in automatics, efforts in 2011 focused on developing the new generation of AT6 III and AM6 III transmissions and on improving their efficiency to increase powertrain fuel economy.

11.2.2. DEPLOYING HYBRID TECHNOLOGIES

MICRO-HYBRIDS

The e-HDI diesel engine with the second generation Stop & Start technology is now available on almost all Peugeot and Citroën models. This latest version not only reduces carbon emissions by up to 15% in city driving, it also offers remarkable driving comfort thanks to a reversible starter-alternator that runs much faster, vibration-free and at lower temperatures than the reinforced starter-alternators used by the competition.

The e-HDI's unrivalled performance reflects the combination of several technologies:

- an HDi engine, one of the market's most efficient powerplants in terms of noise, fuel consumption, emissions and driving comfort;
- a Stop & Start system that instantly turns off a car's engine whenever the car is at rest, for example at a stop light or in a traffic jam. It is equipped with a second-generation reversible starter-alternator developed in cooperation with Valeo and Continental, which runs much faster, vibration free and at lower temperatures than the reinforced starter-alternators used by the competition;
- an e-Booster system that enables immediate engine restart (0.4 second);
- an electronic starter-alternator management system for regenerative braking;
- an optimised gearbox.

e-HDi technology has been deployed on several models made by the two brands. At Citroën, the system is available on the C3, DS3, the new C4, C4 Picasso and Grand Picasso, C5, DS4 and DS5, while at Peugeot, it first equipped the 508 and is now offered on the new 308 and the 3008. The objective is to sell a total of one million e-HDi-equipped vehicles by the end of 2013.

FULL-HYBRID DIESELS

In a market like Europe where diesel vehicles are so prevalent, sales of petrol hybrids remain limited since their fuel and emissions performance are comparable to that of a latest generation diesel engine, but with a significantly higher cost.

Diesel hybrid technology represents a real breakthrough in terms of fuel efficiency and CO_2 emissions in the European market. With the HYbrid4 powertrain, for example, PSA Peugeot Citroën has combined the environmental performance of a diesel IC engine with the advantages of electric propulsion to deliver revolutionary gains in fuel efficiency – of up to 30% compared with a conventional diesel – and carbon emissions of less than 100 g/km. The technology offers the high fuel efficiency of HDi diesels in highway driving and all the benefits of a hybrid electric drivetrain on city and suburban roads. What's more, the innovative HYbrid4 architecture delivers an enhanced driver experience. The electric motor's torque, the vehicle's lighter weight and the efficient transmission make for a comfortable, quiet and nimble ride, creating a whole new universe of driving sensations for our customers. The technology has been inaugurated on the Peugeot 3008 HYbrid4, the world's first hybrid diesel crossover, but will soon be extended to other models, such as the Citroën DS5. .

For more information, please refer to section 5.3.2.1 above.

On 28 February 2011, PSA Peugeot Citroën and B MW announced their intention to invest €100 million in **BMW Peugeot Citroën Electrification (BPCE)**, their proposed joint venture to develop hybrid technologies that was officially launched on 25 October 2011. The Research & Development centre in Munich is now up and running and the Mulhouse production facility is gearing up to start production in 2015, when the venture's new hybrid components will begin to equip the two partners' vehicles.

11.2.3. ELECTRIC VEHICLES AND PLUG-IN HYBRIDS

The third objective of our clean car strategy concerns electric vehicles and plug-in hybrids. By 2020, diesel hybrids and electric vehicles will account for 10 to 15% of the market.

Late 2010 saw the introduction of two new-generation four-seater city EVs, the Peugeot iOn and the Citroën C-Zero, whose lithium ion batteries provide a range of 150 kilometres. They are European versions of the i-MiEV, the new-generation electric vehicle developed by Mitsubishi Motors in cooperation with the two automakers. for fleet use, the Group has also worked with Mitsubishi Motors to develop electric versions of the Peugeot Partner and Citroën Berlingo vans, 250 of which have already been ordered under a pilot tender from the French Post Office.

At the same time, the Group is working on a plug-in hybrid, i.e. a multi-functional EV that can be recharged almost anywhere from a simple electric socket, thereby increasing its all-electric range to between 15 and 50 kilometres thanks to a more powerful battery pack. Wide-scale testing will be carried out on an initial fleet of around a hundred vehicles, ahead of the technology's future market launch. The vehicles are expected to emit less than 50 g/km of CO_2.

For more information, please refer to section 5.3.2.1 above.

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

- mostly-electric hybrid powertrains, capable of pushing carbon emissions down to 30 g/km;
- the use of natural gas in various combustion cycles, which when combined with hybrid technologies may be an effective solution for light commercial vehicles;
- the development of very affordable hybrid solutions to make low-emission cars available to the great majority of customers.

These research programmes and technological advances will enable PSA Peugeot Citroën to deploy a low-carbon vehicle strategy and promote sustainable mobility by offering **"a clean car for everyone"**. In all, the Group hopes to sell one million vehicles emitting less than 120 g/km of CO_2 in Europe in 2012.

The Stop & Start system, the first level in hybrid technology, is especially effective in city driving, where vehicles spend about 30% of their time at rest for an average of 15 seconds, resulting in unneeded waste. for customers who travel short distances or drive in urban areas, EV solutions will be brought to market this year. for motorists who need a more versatile vehicle for city driving during the week as well as longer trips on weekends, the Group offers a full hybrid and will soon propose a plug-in hybrid.

PSA Peugeot Citroën is already a leading European manufacturer of fuel-efficient, low-emission vehicles, in 2011, we sold 811,000 vehicles emitting less than 120 g/km of CO_2 in Europe, on track to meet the target of one million in 2012. During the year, we also remained the leader in the European market for cars emitting less than 110 g/km of CO_2, with a 23.8% share. for new cars, our corporate average CO_2 emissions were reduced to 127.9 g/km in 2011 from 132 g in 2010, while our share of the Western European market stood at 19.1% for cars emitting less than 120 g/km of CO_2 and at 29.6% for cars emitting less than 110 g/km. Corporate average CO_2 emissions in 22 Country Europe amounted to 127.9 g/km in 2011, versus 135.8 g in 2010 and 135.8 g in 2009.

For more information, please refer to Section 5.3. on Sustainable Development.

11.2.4. OTHER PATHWAYS TO REDUCING CARBON EMISSIONS

The development and optimisation of powertrains are not the only pathways to improving the environmental performance of vehicles. Improved aerodynamics, reduced rolling resistance, reduced vehicle weight and use of renewable resources are all factors that contribute to lowering the CO_2 emissions of Peugeot and Citroën vehicles.

AERODYNAMICS AND ROLLING RESISTANCE

The more aerodynamic the vehicle, the less fuel it uses and therefore the less carbon it emits because less engine power is needed to move it. To continue to reduce the aerodynamic resistance of its vehicles and limit their CO_2 emissions, PSA Peugeot Citroën has set the following objectives:

- optimize vehicle dimensions;
- improve the aerodynamics of vehicle underbodies;
- integrate aerodynamic solutions such as spoilers and deflectors while developing attractive styles.

Because rolling resistance also comes from tyres, PSA Peugeot Citroën has launched a joint programme with Michelin to optimise the tyres on its vehicles. Very low rolling resistance (VLRR) tyres save 0.2 litre of fuel per 100 kilometres, reducing CO_2 emissions by 5 grams. In 2012, the Group will introduce ultra low rolling resistance (ULRR) tyres that will further reduce carbon emissions.

VEHICLE MASS

In addition to optimised powertrains and lower rolling resistance, lighter vehicles also reduce the amount of engine power needed to deliver equivalent dynamic performance, providing another opportunity to reduce CO_2 emissions. A 100 kg reduction in vehicle weight, for example, yields a gain of around 10 g/km.

In 2007, PSA Peugeot Citroën launched an ambitious programme to slow the increase in vehicle weights, which rose by an average 20 kg per year between 1990 and 2005. The objective is to introduce vehicles in 2012 that move down in inertia class in relation to the models being replaced, for a gain of around 100 kg, while continuing to meet other project goals. This will be followed by another step down in inertia class by 2015, for a further 100-kg gain. This is the case for the Peugeot 508.

Vehicle weights can be reduced without compromising the customer experience by using materials that offer enhanced performance versus steel, such as aluminium and composites, and by optimising design thanks to digital simulation.

USING GREEN MATERIALS, BIOFUELS AND OTHER RENEWABLE RESOURCES

As a responsible automobile manufacturer, PSA Peugeot Citroën takes into account the gradual depletion of fossil fuels and the environmental impacts of its vehicles throughout their life cycle. This is why green materials (i.e. recycled or made from natural, renewable materials) are used whenever possible to build Peugeot and Citroën vehicles, which are all capable of running on alternative fuels.

For more than 15 years, the Group's diesel engines have been able to run on a 30% biodiesel blend (made from plant oils or animal fat), while all its petrol engines can handle blends containing up to 10% ethanol (made mainly from sugar beets, sugar cane or cereals). Flex-fuel models, developed in Brazil in particular, can run on either conventional petrol or alcohol fuel without any action required by drivers.

11.3. IMPROVING SAFETY IN EVERY WAY

Protecting people both inside and outside its vehicles has long been a priority for PSA Peugeot Citroën, which is committed to helping passengers feel secure in all circumstances by working to improve the three aspects of vehicle safety:

- primary safety involves preventing accidents by ensuring superior performance in roadholding, braking and other vehicle fundamentals and by developing driver assistance systems such as grip control, adaptive lighting, the lane departure warning and speed-limiter systems, blind spot monitoring, emergency braking assist, and a radar-based system for measuring the distance between two cars;
- secondary safety involves protecting occupants and pedestrians in the event of impact by improving airbags, seatbelts, seats and other restraint systems, as well as the vehicle's structural components;
- tertiary safety aims to improve post-accident assistance by fitting cars with innovative telematics that can automatically contact assistance or rescue services, in the driver's language, either when a collision is detected or manually by pressing the SOS button. The Premium location-aware emergency call service is available for an unlimited period without subscription in ten European countries. More than 1,160,000 Peugeot and Citroën vehicles have already been equipped with the emergency call system. A pioneer in this field, the Group remains the European leader in emergency call technology.

Thanks to this holistic approach to automotive safety, PSA Peugeot Citroën ranks among the best in Europe for the safety and handling performance of its cars. Twenty-one Group models have been awarded the maximum five-star rating in Euro NCAP impact tests:

- Citroën: 10 vehicles earned the five-star rating, six prior to introduction of stricter standards in 2009 and six since 2009, including two, the C5 and the C4 Picasso, with a double rating (before and after 2009);
- Peugeot: 11 vehicles earned the five-star rating, eight before 2009 and five since 2009, including a double rating for the 308 and 308 CC.

The more recent models – the Peugeot 508, Citroën DS4 and DS5 – received the maximum five-star rating in 2011.

In addition, ten models – the Citroën C4, DS3, C5, DS4 and DS5 and the Peugeot 308, 308 CC, 3008, 5008 and 508 – have also received the Euro NCAP Advanced award for their emergency call system.

This outstanding performance attests to the on-going commitment of PSA Peugeot Citroën teams to supporting cleaner, safer, more responsible mobility.

For more information, please refer to section 5.3.5 above.

11.4. OFFERING A MORE ENJOYABLE ON-BOARD EXPERIENCE

Motorists are increasingly turning to smaller, more distinctive multi-purpose vehicles like pick-ups, MPVs and coupé cabriolets, while demand for small city cars is also on the rise. In response, PSA Peugeot Citroën plans to offer a growing number of new body styles that are both innovative and bold, as evidenced by the raised four-door coupé DS4 introduced this year.

These powerful stylistic statements reflect PSA Peugeot Citroën's commitment to developing technological solutions that meet continually changing customer needs, vehicle usage requirements and budgets. By making these solutions more widely available and ensuring that they are based on the market's most advanced technologies, the Group is clearly expressing its environmental strategy, which is focused on offering "a clean car for everyone" thanks to a broad array of carbon-free solutions.

To remain competitive, the Group has to make its vehicles attractive by offering appealing design and functionalities, based on:

- improved perceived quality and durability;
- value-added services such as on-Board telematics and driver friendly human machine interfaces;
- an optimised on-board experience, with a focus on comfort, entertainment and convenience.

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

The progress made in this area is particularly evident in the Citroën line-up, with the C3, C4 Picasso and, more recently, the DS3 offering unrivalled visibility from the driver's cockpit. Marketed in the second quarter of 2011, the Citroën DS4 has a panoramic windscreen offering up to 45° of upward vision.

The car of the future will also offer an opportunity to rediscover all the senses, with a rich sensory design that will enhance the emotional relationship with the car and create an environment capable of inspiring profound pleasure and a sense of well-being. The two brands' most recent models, whose on-Board technologies include a colour Head-Up Display system (on the Peugeot 508), massaging front seats with electric control lumbar support, and controls to customise the on-board ambiance (on the Citroën DS4), demonstrate PSA Peugeot Citroën's commitment to offering customers a safe, stress-free driving experience.

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The Group reaffirms its strategy of *globalisation* and moving its brands upmarket.

- *Globalisation:* with 42% of sales generated outside Europe in 2011 (versus 39% in 2010), the Group is well on track to derive 50% of its unit sales from markets outside Europe in 2015.

  In China, the Group has targeted market share of 5% by around 2015 for *Dongfeng* Peugeot Citroën Automobile (DPCA) and of 3% over the medium term for the second local joint venture, CAPSA (Changan PSA Automobiles). In Latin America, the objective is to reach a 7% share of the market by around 2015, with six new product launches, particularly in 2012. In Russia, the *Kaluga* plant is continuing to ramp up, with output expected to reach 125,000 units by the end of 2012.
- Upmarket strategy: premium models represented 18% of total sales in 2011 versus 13% the previous year.

This strategy to move the brands upmarket will be underpinned by a strong product dynamic, with (i) the launch of the Peugeot 208, the latest addition to Peugeot's prestigious 2 series; (ii) the full benefit, with the DS5, of the distinctive DS line, which now comprises three models; and (iii) the introduction of the first diesel hybrids (the Peugeot 3008 HYbrid4, 508 RXH and 508 HYbrid4; the Citroën DS5 diesel hybrid) and two compact SUVs (the Peugeot 4008 and the Citroën C4/*Aircross*) to complete each of the two brands' line-ups.

This strategy, which is more necessary than ever, will be supported by a high level of capital spending and capitalized development costs. At the same time, the Group will maintain its robust financial position through a sustained cash management program to be introduced in 2012 to improve cash generation and help finance strategic projects:

- The target set for the cost reduction *programme* announced in November has been raised to €1 billion from €800 million, with savings of €400 million on purchases and €600 million on fixed costs (of which €300 million to be cut from selling, general and administrative expenses, €100 million from R&D and €200 million from manufacturing operations).
- A new marketing *organisation* came into effect on 1 January, designed to deliver increased efficiency and productivity.
- Energetic action is being taken to reduce inventories to their 2010 levels.
- Capital spending *programmes* have been *prioritised* to reduce Automotive Division *capex* and R&D spend in 2012. The timeline for the Indian project has been revised, certain capacity extension projects have been postponed and the least profitable projects have been halted.
- A €1.5 billion *programme* of asset disposals has been decided, including:
  - Divestment of the CITER car rental business, that was announced in November 2011 and completed on 1 February 2012. The transaction has reduced net debt by €440 million.
  - Sale of certain real estate assets.
  - Sale of an interest in *Gefco*, the strategic partner of our Automotive business.

2012 OUTLOOK FOR THE GROUP

In 2012, the automotive market looks set to contract by around 5% in 30-country Europe and by roughly 10% in France. Outside Europe, the Group is anticipating growth of around 7% in China, roughly 6% in Latin America and around 5% in Russia.

The Group has set as its objective to significantly pay down debt by leveraging the contribution of the cash management plan, the programme of asset disposals and new model launches.

13

PROFIT FORECASTS OR ESTIMATES

The Group has not issued any profit forecasts or estimates. The outlook for 2012 is presented in section 12.

14

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

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Since 1972, Peugeot S.A. has had a two-tier management structure comprising a Managing Board, responsible for strategic and operational management, and a Supervisory Board, responsible for oversight and control. This separation is especially effective in addressing the concern for a balance of power between the executive and oversight functions, as reflected in the principles of good corporate governance.

14.1. INFORMATION ABOUT THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES

14.1.1. THE SUPERVISORY BOARD

MEMBERS

The Supervisory Board has twelve members, of whom seven are independent, plus two non-voting advisors (*censeurs*). The members are elected by shareholders for six-year terms.

The other functions exercised by Supervisory Board members and advisors are listed below, along with the dates when they were elected to the Supervisory Board and when their terms expire.

Each member of the Supervisory Board must own at least 25 shares of Peugeot S.A. stock, pursuant to Article 10 of the Company's bylaws.

First name	Last name	Title	Independent
Thierry	Peugeot	Chairman	
Jean-Philippe	Peugeot	Vice Chairman	
Jean-Louis	Silvant	Vice Chairman	√
Marc	Friedel	Member	
Pamela	Knapp	Member	√
Jean-Paul	Parayre	Member	√
Robert	Peugeot	Member	
Henri Philippe	Reichstul	Member	√
Marie-Hélène	Roncoroni	Member	
Geoffroy	Roux de Bézieux	Member	√
Ernest-Antoine	Seillière	Member	√
Joseph F.	Toot Jr	Member	√
François	Michelin	Non-voting advisor	√
Roland	Peugeot	Non-voting advisor	

INFORMATION ABOUT THE SUPERVISORY BOARD MEMBERS

FUNCTIONS AND DIRECTORSHIPS HELD AS OF 31 DECEMBER 2011

Thierry Peugeot

First elected to the Supervisory Board on 19 December 2002

Current term expires in 2016

French

Born on 19 August 1957

Business address:
PSA Peugeot Citroën
75, avenue de la Grande-Armée
75016 Paris
France

Chairman of the Supervisory Board of Peugeot S.A.
Chairman of the Compensation Committee
Member of the Appointments and Governance Committee
Member of the Strategy Committee

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Vice-Chairman and Chief Operating Officer of Établissements Peugeot Frères		
Director and member of the Equity Holdings Committee of FFP	√	
Director of Société Anonyme de Participations – SAPAR		
Director of Faurecia	√	√
Director of Compagnie Industrielle de Delle – CID		
Director of Air Liquide	√	
Permanent representative of CID on the Board of Directors and member of the Compensation Committee of LISI.	√	

Former functions and Directorships in the past five years:

- Chairman of Immeubles et Participations de l'Est,
- Director of Immeubles et Participations de l'Est,
- Director of La Française de Participations Financières – LFPF.
- Director of AMC Promotion.

Relevant expertise and professional experience:

A graduate of ESSEC Business School, Thierry Peugeot began his career at Groupe Marrel as Export Manager for the Middle East and English-speaking Africa, then as Director of Air Marrel America. In 1988, he joined PSA Peugeot Citroën as head of the Southeast Asia region for Automobiles Peugeot. Subsequently, he served as Chief Executive Officer of Peugeot do Brasil and then of SLICA in Lyon (Peugeot's main marketing subsidiary). In 2000, he was appointed to head Key International Accounts for Automobiles Citroën, after which he was named Vice President of the Replacement Parts unit for the Citroën brand and a member of the Group's Vice-Presidents Committee. He was appointed Chairman of the Supervisory Board of Peugeot S.A. In December 2002.

Number of Peugeot S.A. shares owned as of 31 December 2011: 900

Jean-Philippe Peugeot

First elected to the Supervisory Board on 16 May 2001

Current term expires in 2013

French

Born on 7 May 1953

Business address:
Établissements Peugeot Frères
75, avenue de la Grande-Armée
75016 Paris
France

Vice-Chairman of the Supervisory Board of Peugeot S.A.
Chairman of the Appointments and Governance Committee
Member of the Compensation Committee
Member of the Strategy Committee

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Chairman and Chief Executive Officer, Member of the Ethics, Governance and Appointments Committee and Member of the Equity and Property Holdings Committee of Établissements Peugeot Frères		
Vice-Chairman, Chairman of the Appointments and Compensation Committee, Member of the Investments Committee, Member of the Finance and Audit Committee and Member of the Equity Holdings Committee of FFP	√	
Member of the Supervisory Board and Compensation Committee of Linedata Services	√	
Member of the Supervisory Board and Strategy Committee of Immobilière Dassault	√	
Chairman of Oldscool		

Former functions and Directorships in the past five years:

- Chairman of the Board of Directors of Nutrition et Communication SAS,
- Director of La Française de Participations Financières – LFPF,
- Director of Immeubles et Participations de l'Est,
- Director of SIMANTE SL.

Relevant expertise and professional experience:

Jean-Philippe Peugeot, a graduate of ISG Business School, has spent his entire career with Automobiles Peugeot. In particular, he managed an Automobiles Peugeot sales subsidiary for eight years and Peugeot Parc Alliance for four years.

Number of Peugeot S.A. shares owned as of 31 December 2011: 150.

Jean-Louis Silvant

First elected to the Supervisory Board on 24 May 2006

Current term expires in 2012

French

Born on 7 February 1938

Business address:
La Martinerie
35, rue de la Fontaine
37370 Neuvy-le-Roi
France

Vice-Chairman of the Supervisory Board of Peugeot S.A.
Member of the Appointments and Governance Committee
Member of the Compensation Committee
Member of the Strategy Committee

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Legal Manager of Silvant-Invest		
Director of Peugeot Suisse		√

Former functions and Directorships in the past five years:
- Chairman of Closerie des Tilleuls,
- Director of Résidéal Santé.

Relevant expertise and professional experience:
A graduate of École Nationale Supérieure des Arts et Métiers, Jean-Louis Silvant joined PSA Peugeot Citroën in 1961. He held a large number of executive positions, particularly in production, human resources and research and development, before serving as senior executive Vice-President of Peugeot S.A. from 1992 to 1998. He was a member of the PSA Peugeot Citroën Executive Committee from 1998 to 2002.

Number of Peugeot S.A. shares owned as of 31 December 2011: 1,150 shares

Marc Friedel

First elected to the Supervisory Board on 26 June 1996

Current term expires in 2014

French

Born on 21 July 1948

Business address:
1, rue Ballu
75009 Paris
France

Member of the Supervisory Board of Peugeot S.A.
Member of the Finance and Audit Committee

Former functions and Directorships in the past five years:
- Permanent representative of Sofinaction (CIC Group) on the Board of Société Nancéienne Varin-Bernier (SNVB),
- Member of the Supervisory Board of Presses Universitaires de France.

Relevant expertise and professional experience:
Marc Friedel, a graduate of École Normale Supérieure and Institut d'Etudes Politiques in Paris, spent most of his career at Berger-Levrault, a NYSE Euronext Paris-listed company where he was Chairman from 1989 to 1998.

Number of Peugeot S.A. shares owned as of 31 December 2011: 150.

Pamela Knapp

First elected to the Supervisory Board on 31 May 2011

Current term expires in 2017

German

Born on 8 March 1958

Business address:
GfK SE
Nordwestring 101
90419 Nuremberg
Germany

Member of the Supervisory Board of Peugeot S.A.
Member of the Finance and Audit Committee

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Member of the Management Board of GfK SE	√	
Director of Monier Holdings S.C.A.		

Former functions and Directorships in the past five years: None.

Relevant expertise and professional experience:
Pamela Knapp is a graduate of Harvard Business School's Advanced Management Programme and holds a Masters in Economics from the University of Berlin. She began her career at Deutsche Bank AG, then worked as an M&A consultant before taking on various management roles at Siemens AG, including Chief Financial Officer of the Power Transmission & Distribution division from 2004 to 2009. Since 2009, she has been Chief Financial Officer, responsible for Finances, Financial Controlling and Accounting, Personnel and Administration at GfK SE.

Number of Peugeot S.A. shares owned as of 31 December 2011: 1,000.

Jean-Paul Parayre

First elected to the Supervisory Board on 11 December 1984

Current term expires in 2017

French

Born on 5 July 1937

Business address:
203 Avenue de Molière
1050 Brussels
Belgium

Member of the Supervisory Board of Peugeot S.A.
Chairman of the Finance and Audit Committee
Member of the Strategy Committee

Other functions and Directorships as of December 31, 2011:

Function/Directorship	Listed company	Group company
Chairman of the Supervisory Board of Vallourec	√	
Director of Bolloré S.A.	√	
Director of Société Financière du Planier		
Legal Manager of B Stena International Sarl		
Chairman of the Supervisory Board of Stena Maritime		

Former functions and Directorships in the past five years:
- Director of Stena International B.V.,
- Member of the Steering Committee of V&M do Brasil,
- Director of SNEF.

Relevant expertise and professional experience:
Jean-Paul Parayre, a graduate of École Polytechnique with an engineering degree from Ponts et Chaussées, was successively Technical Advisor to Jacques Chirac during the latter's service as Undersecretary for Social Affairs and to François-Xavier Ortoli, former Minister of the Economy and Finance and Minister of Industrial and Scientific Development. He then held executive positions in a number of manufacturing and service companies, including Chairman of the Managing Board of PSA Peugeot Citroën (1977-1984), Chief Executive Officer and later Chairman of Dumez (1984-1990), Vice-Chairman and Chief Executive Officer of Lyonnaise des Eaux Dumez (1990-1992), Vice-Chairman and Chief Executive Officer of Bolloré Group (1994-1999) and Chairman and Chief Executive Officer of Saga (1996-1999). He has been Chairman of the Supervisory Board of Vallourec since 2000.

Number of Peugeot S.A. shares owned as of 31 December 2011: 83,396.

Robert Peugeot

First elected to the Supervisory Board on 6 February 2007

Current term expires in 2013

French

Born on 25 April 1950

Business address:
FFP
75, Avenue de la Grande-Armee
75016 Paris
France

Member of the Supervisory Board of Peugeot S.A.
Chairman of the Strategy Committee
Member of the Appointments and Governance Committee
Member of the Finance and Audit Committee

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Chairman and Chief Executive Officer of FFP	√	
Member of the Supervisory Board of Hermès International	√	
Member of the Supervisory Board of IDI Emerging Markets S.A.		
Director of SOFINA	√	
Director of Imerys	√	
Director of Établissements Peugeot Frères		
Director of Holding Reinier S.A.		
Director of Sanef	√	
Director of Faurecia	√	√
Director of DKSH AG		
Legal Manager of SCI CHP Gestion		
Legal Manager of SCI Rodom		
Permanent representative of FFP on the Supervisory Board of Zodiac Aerospace	√	
Legal representative of FFP at Financière Guiraud SAS		

Former functions and Directorships in the past five years:

- Member of the Supervisory Board of Citroën Deutschland AG,
- Member of the Supervisory Board of Aviva France,
- Chairman and Chief Executive Officer of Simante, SL,
- Director of La Française de Participations Financières – LFPF,
- Director of Immeubles et Participations de l'Est,
- Director of Citroën Danemark A/S,
- Director of Aviva Participations,
- Director of GIE de Recherche et d'Études PSA Renault,
- Director of Citroën UK Ltd,
- Director of Alpine Holding,
- Director of WRG – Waste Recycling Group Limited,
- Director of B-1998 SL,
- Director of FCC Construccion S.A.,
- Director of FCC S.A.

Relevant expertise and professional experience:

After graduating from Ecole Centrale de Paris and INSEAD, Robert Peugeot held various executive positions within the PSA Peugeot Citroën Group. From 1998 to 2007, he was a member of the Group's Executive Committee and Vice President, Innovation and Quality. He has been a member of the Supervisory Board of Peugeot S.A. since February 2007, serving on the Finance Committee, the Appointments and Governance Committee and the Strategy Committee, which he has chaired since December 2009. He has led the development of FFP since the end of 2002.

Number of Peugeot S.A. shares owned as of 31 December 2011: 150.

Henri Philippe Reichstul

First elected to the Supervisory Board on 23 May 2007

Current term expires in 2013

Brazilian

Born on 12 April 1949

Business address:
Rua dos Pinheiros, 870
20° Andar – cjs. 201 –
CEP 05422-001 São Paolo, SP Brazil

Member of the Supervisory Board of Peugeot S.A.
Member of the Strategy Committee

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Director and member of the "Comision Delegada" of REPSOL YPF S.A.	√	
Director of Gafisa S.A.		
Director of Foster Wheeler AG	√	

Former functions and Directorships in the past five years:

- Director and member of the Compensation Committee of Ashmore Energy International – AEI,
- Director of TAM - Linhas Aereas S.A., Vivo, Pao de Açucar Group,
- Chairman and Chief Executive Officer of Brenco.

Relevant expertise and professional experience:

After earning an economics degree from the University of São Paulo and doing post-graduate work at Oxford University, Henri Philippe Reichstul began his career as a university professor of economics. He then went on to hold various civil servant positions in Brazil, before serving as Chairman and Director of a variety of companies, including Petrobras, of which he was Chairman from 1999-2001.

Number of Peugeot S.A. shares owned as of 31 December 2011: 25.

Marie-Hélène Roncoroni

First elected to the Supervisory Board on 2 June 1999

Current term expires in 2017

French

Born on 17 November 1960

Business address:
FFP
75, avenue de la Grande-Armée
75016 Paris
France

Member of the Supervisory Board of Peugeot S.A.
Member of the Finance and Audit Committee

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Vice-Chairman of FFP	√	
Director of Société Anonyme de Participations – SAPAR		
Director of Établissements Peugeot Frères		
Director of Assurances Mutuelles de France		
Permanent representative of Société Anonyme de Participations – SAPAR on the Board of Directors of Société des Immeubles de Franche-Comté		
Permanent representative of Société Assurances Mutuelles de France on the Board of Directors of Azur – GMF Mutuelles d'Assurances Associées		
Chairman of the Equity Holdings Committee, Member of the Investments Committee and Member of the Appointments and Compensation Committee of FFP	√	

Former functions and Directorships in the past five years:
- Director of Immeubles et Participations de l'Est,
- Director of SIMANTE SL,
- Permanent representative of Covéa Ré on the Board of Directors of MMA IARD Assurances Mutuelles, MMA Vie Assurances Mutuelles, MMA IARD (S.A.), MMA Vie (S.A.) and MMA Coopérations,
- Permanent representative of Immeubles de Franche-Comté on the Board of Directors of S.A. Comtoise de Participation,
- Director of La Française de Participations Financières – LFPF.

Relevant expertise and professional experience:
Marie-Hélène Roncoroni, a graduate of Institut d'Études Politiques in Paris, began her career in an international audit firm before holding positions in corporate finance, industrial relations and human resources within the PSA Peugeot Citroën Group.

Number of Peugeot S.A. shares owned as of 31 December 2011: 150.

Geoffroy Roux de Bézieux

First elected to the Supervisory Board on 23 May 2007

Current term expires in 2013

French

Born on 31 May 1962

Business address:
Omea Telecom
12, rue Belgrand
92300 Levallois
France

Member of the Supervisory Board of Peugeot S.A.
Member of the Appointments and Governance Committee
Member of the Compensation Committee

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Chairman of OmeA Telecom (Virgin Mobile)		
Director of Parrot S.A.	√	

Former functions and Directorships in the past five years:
- Vice-Chairman of the Supervisory Board of SeLoger.com,
- Director of Micromania,
- Director of Budget Telecom,
- Director of IMS – International Metal Service.

Relevant expertise and professional experience:
Geoffroy Roux de Bézieux graduated from the ESSEC Business School and held various positions at L'Oreal from 1986 to 1996. He was the founding Chairman of the Phone House, France's leading independent mobile phone retailer. He later sold the company to the Carphone Warehouse, which appointed him as Managing Director Europe in 2000 and Chief Operating Officer in 2003, a position he held until 2006. Since 2006 he has been the Founder-Chairman of OmeA Telecom (Virgin Mobile).

Number of Peugeot S.A. shares owned as of 31 December 2011: 1,000.

Ernest-Antoine Seillière

First elected to the Supervisory Board on 22 June 1994

Current term expires in 2012

French

Born on 20 December 1937

Business address:
Wendel
89, rue Taitbout
75009 Paris
France

Member of the Supervisory Board of Peugeot S.A.
Member of the Appointments and Governance Committee
Member of the Compensation Committee
Member of the Strategy Committee

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Chairman of the Supervisory Board of Wendel	√	
Member of the Supervisory Board of Hermès International S.A.	√	
Director of Bureau Veritas	√	
Director of Wendel-Participations		
Director of Sofisamc (Switzerland)		

Former functions and Directorships in the past five years:

- Chairman and Chief Executive Officer of CGIP,
- Chairman and Chief Executive Officer of Marine-Wendel,
- Chairman and Chief Executive Officer of Legrand Holding,
- Vice-Chairman of the Board of Cap Gemini,
- Director of Editis,
- Chairman and Chief Executive Officer of Société Lorraine de Participations Sidérurgiques – SLPS,
- Chairman of the Supervisory Board of Oranje – Nassau Groep B.V.,
- Member of the Supervisory Board of Bureau Veritas,
- Member of the Supervisory Board of Editis Holding,
- Member of the Supervisory Board of Gras-Savoye,
- Director of Legrand.

Relevant expertise and professional experience:

Ernest-Antoine Seillière is a graduate of Institut d'Études Politiques in Paris and École Nationale d'Administration with research experience from Harvard's Center for International Affairs and a French law degree. A former Foreign Affairs Advisor and Technical Advisor to several French Ministers, he joined Wendel in 1976, serving notably as Chief Executive Officer and Director (1978-1987), Chairman and Chief Executive Officer of CGIP (1987-2002), and Executive Vice President and Chairman of Marine-Wendel (1992-2002).

Following the merger of Marine-Wendel and CGIP, he became Chairman and Chief Executive Officer, then Chairman of the Supervisory Board of Wendel Investissement in 2005.

Chairman of Medef from 1997 to 2005, he was then Chairman of Businesseurope from 2005 to 2009.

Number of Peugeot S.A. shares owned as of 31 December 2011: 600.

Joseph F. Toot Jr

First elected to the Supervisory Board on 24 May 2000

Current term expires in 2012

American

Born on 13 June 1935

Business address:
2826 Coventry LN.N.W
Canton, Ohio 44708
United States

Member of the Supervisory Board of Peugeot S.A.
Member of the Compensation Committee

Former functions and Directorships in the past five years:

- Director of Rockwell Automation, Inc.,
- Director of Rockwell Collins,
- Director of the Timken Company.

Relevant expertise and professional experience:

Joseph F. Toot Jr holds a Bachelor of Arts degree from Princeton University and an MBA from Harvard Business School. He has served as Chief Executive Officer and President of the Timken Company, Director of Rockwell Automation Inc., Independent Director of Timken Company and Director of Rockwell Collins.

Number of Peugeot S.A. shares owned as of 31 December 2011: 150.

François Michelin

First elected as advisor to the Supervisory Board on 25 July 2006

Current term expires in 2012

French

Born on 15 June 1926

Business address:
Pardevi
23, place des Carmes Déchaux
63040 Clermont-Ferrand
France

Advisor to the Supervisory Board

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Chairman of Participation et Développement Industriels S.A. – Pardevi		
Managing General Partner of Compagnie Financière Michelin (Switzerland)		

Former functions and Directorships in the past five years:

- Managing General Partner of Compagnie Générale des Établissements Michelin (CGEM),
- Managing General Partner of Manufacture Française des Pneumatiques Michelin (MFPM),
- General Partner of Michelin Reifenwerke (MRW).

Relevant expertise and professional experience:

François Michelin, who holds a mathematics degree from Faculté de Sciences de Paris, became co-Managing General Partner of CGEM in 1955, then sole Managing General Partner in 1959. Under François Michelin's leadership, Michelin rose from the world's tenth largest tyre manufacturer to one of the top three.

Number of Peugeot S.A. shares owned as of 31 December 2011: 150.

Roland Peugeot

First elected as advisor to the Supervisory Board on 16 May 2001

Current term expires in 2013

French

Born on 20 March 1926

Business address:
Établissements Peugeot Frères
75, avenue de la Grande-Armée
75016 Paris
France

Advisor to the Supervisory Board

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Honorary Chairman of Établissements Peugeot Frères		
Honorary Chairman of Football Club Sochaux Montbéliard – FCSM		

Former functions and Directorships in the past five years:

- Director of FFP,
- Director of Établissements Peugeot Frères,
- Permanent representative of Établissements Peugeot Frères on the Board of Directors of La Française de Participations Financières – LFPF.

Relevant expertise and professional experience:

Roland Peugeot, a Harvard University graduate, has held several positions as Chairman in the PSA Peugeot Citroën Group. In particular he served as Chairman of the Supervisory Board from 1972 to 1998. He was also a Director of Automobiles Peugeot from 1982 to 1996.

Number of Peugeot S.A. shares owned as of 31 December 2011: 20,041.

PERSON WHOSE TERMS EXPIRED DURING 2011

The terms office of Jean-Louis Masurel as a member of the Supervisory Board and as a member of the Finance and Audit Committee expired at the end of the Annual Shareholders Meeting of 31 May 2011.

Jean-Louis Masurel

First elected to the Supervisory Board on 27 August 1987

Term expired in 2011

French

Born on 18 September 1940

Business address:
Arcos Investissement
13, rue Saint Florentin
75008 Paris
France

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Chairman of Arcos Investissement		
Member of the Supervisory Board of 21 Centrale Partners S.A.		
Managing Director of Société des Bains de Mer (Monaco)		
Director of Compagnie de Transports Financière et Immobilière – Cotrafi		
Director of Gondrand (subsidiary of Cotrafi)		
Director of Banque J. Safra (Monaco)		
Legal Manager of Société des Vins de Fontfroide		
Chairman of Sogetel (subsidiary of SBM)		

Former functions and Directorships in the past five years:

- Member of the Supervisory Board of Peugeot S.A.,
- Member of the Finance and Audit Committee,
- Vice-Chairman of the Supervisory Board of Oudart S.A.,
- Director of Oudart Gestion S.A.

Relevant expertise and professional experience:

Jean-Louis Masurel graduated from the HEC Paris Business School in 1962 and the Harvard Business School MBA programme in 1964. Between 1983 and 1989, he served as Vice-Chairman and Chief Executive Officer of Moët-Hennessy and later LVMH. From 1991 to 1995, he was Chairman and Chief Executive Officer of Hédiard. Since 1995, he has been a Director and Chairman of the Finance Committee of Société des Bains de Mer - Monaco.

Number of Peugeot S.A. shares owned as of 31 December 2011: 1,600.

14.1.2. THE MANAGING BOARD AND EXECUTIVE COMMITTEE

MEMBERS OF THE MANAGING BOARD

Managing Board members are appointed by the Supervisory Board for four-year terms. They may be removed from office by the Supervisory Board pursuant to the Company's bylaws, or by shareholders in a General Meeting, in accordance with French company law.

The current members of the Managing Board, who were appointed on 17 June 2009, are Philippe Varin, Chairman, Guillaume Faury, Jean-Marc Gales, Grégoire Olivier and Frédéric Saint-Geours. Jean-Marc Gales stepped down as a member of the Managing Board on 1 March 2012.

In addition to their collective decision-making role, the Managing Board members also have the following specific areas of responsibility: Guillaume Faury is in charge of research and development, Grégoire Olivier heads the Asia Division and Frédéric Saint-Geours has been in charge of the Brands since 3 January 2012. At that date, Jean-Baptiste Chasseloup de Chatillon, member of the Senior Management Committee, replaced Frédéric Saint-Geours at the head of the Finance Department.

EXECUTIVE COMMITTEE

The Executive Committee comprises the four members of the Managing Board and six Executive Vice-Presidents reporting to the Chairman of the Managing Board: Yannick Bezard (Purchasing), Claude Brunet (Human Resources and Quality), Jean-Baptiste Chasseloup de Chatillon (Finance), Denis Martin (Industrial Operations), Jean-Christophe Quémard (Programmes) and Pierre Todorov (Corporate Secretary).

In addition to the Executive Committee, three Senior Vice-Presidents report to the Chairman of the Managing Board: Carlos Gomez (Latin America), Caroline Mille (Corporate Communications) and Bernd Schantz (Russia, Ukraine and CIS).

INFORMATION ABOUT THE MANAGING BOARD MEMBERS

FUNCTIONS AND DIRECTORSHIPS HELD AS OF 31 DECEMBER 2011

Philippe Varin

First appointed to the Managing Board on 1 June 2009

Current term expires in 2013

French

Born on 8 August 1952

Business address:
PSA Peugeot Citroën
75, avenue de la Grande-Armée
75016 Paris
France

Chairman of the Managing Board of Peugeot S.A.

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Chairman of the Board of Directors of Peugeot Citroën Automobiles S.A.		√
Director of Banque PSA Finance		√
Director of Faurecia	√	√
Director of GEFCO		√
Director of PCMA Holding B.V.		√
Non-executive Director of BG Group PLC	√	

Former functions and Directorships in the past five years:

- Director of Tata Steel Europe Limited,
- Director of Tata Steel Limited,
- Director of Tata Steel UK Limited.

Relevant expertise and professional experience:

Philippe Varin, a graduate of École Polytechnique with an engineering degree from École des Mines de Paris, held a number of different executive positions with the Pechiney Group before being appointed as President of the Rhenalu division in 1995. In 1999, he became senior executive President, Aluminium and a member of the Executive Committee. In 2003, he was named Chief Executive Officer of the Anglo-Dutch steel group Corus, which he left in April 2009 to join Peugeot S.A.

Number of Peugeot S.A. shares owned at December 31, 2011: 50,400.

Guillaume Faury

First appointed to the Managing Board on 17 June 2009

Current term expires in 2013

French

Born on 22 February 1968

Business address:
PSA Peugeot Citroën
Centre technique Vélizy A
Route de Gisy
78140 Vélizy-Villacoublay
France

Member of the Managing Board of Peugeot S.A.
Executive Vice-President, research and development

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Chief Executive Officer of Peugeot Citroën Automobiles S.A.		√
Chairman of the Board of Directors of Peugeot Citroën Automoveis Portugal S.A.		√
Director of Peugeot Citroën Automoviles España S.A.		√
Director of Changan PSA Automobiles Co. Ltd		√

Former functions and Directorships in the past five years:

- Director of APSYS (EADS Group),
- Director of Eurocopter Deutschland GmbH,
- Member of the Supervisory Board of Eurocopter Deutschland GmbH.

Relevant expertise and professional experience:

Guillaume Faury graduated from Ecole Polytechnique and Ecole Nationale Supérieure de l'Aéronautique et de l'Espace and holds a post-graduate degree in Business Administration. He held various managerial positions at Eurocopter, serving on the Executive Committee and as Director of Marketing Programmes from 2006 to 2008. He joined PSA Peugeot Citroën in 2009 and was appointed to the Managing Board in June 2009, then Executive Vice President, research and development.

Number of Peugeot S.A. shares owned at 31 December 2011: 0.

Grégoire Olivier

First appointed to the Managing Board: February 6, 2007

Current term expires in 2013

French

Born on 19 October 1960

Business address:
PSA Peugeot Citroën
3rd Floor, Building 2
1528 Gumei Road
Shanghai Caohejing Hi-Teck Park
200233 Shanghai
China

Member of the Managing Board of Peugeot S.A.
Executive Vice-President, Asia

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Vice-Chairman of Changan PSA Automobiles Co Ltd		√
Chairman of Peugeot Citroën (China) Automotive Trade Co.		√
Director of Dongfeng Peugeot Citroën Automobiles Company Ltd		√

Former functions and Directorships in the past five years:

- Member of the Supervisory Board of Wendel,
- Chairman and Chief Executive Officer of Faurecia,
- Member of the Executive Board of Safran,
- Vice-Chairman of the Club Sagem Executive Committee,
- Director of Snecma, Sagem Défense & Sécurité and Imerys,
- Director of Peugeot Citroën Automobiles S.A.,
- Permanent representative of Peugeot S.A. on the Board of Directors of Automobiles Peugeot,
- Permanent representative of Peugeot S.A. on the Board of Directors of Automobiles Citroën.

Relevant expertise and professional experience:

Grégoire Olivier, a graduate of Ecole Polytechnique, holds an engineering degree from Ecole des Mines de Paris and an MBA from the University of Chicago. After holding various positions, in particular at Pechiney and Alcatel, he was appointed Chairman of the Sagem Management Board in 2001. He was appointed Chairman and Chief Executive Officer of Faurecia in 2006 and then joined PSA Peugeot Citroën in 2007 as Executive Vice President of the Automobile Programmes and Strategy Department and member of the Managing Board. He is currently Vice President, Asia.

Number of Peugeot S.A. shares owned at 31 December 2011: 0.

Frédéric Saint-Geours

Member of the Managing Board

from 1 July 1998 to 1 January 2008 and since 17 June 2009

Current term expires in 2013

French

Born on 20 April 1950

Business address:
PSA Peugeot Citroën
75, avenue de la Grande-Armée
75016 Paris
France

Member of the Managing Board of Peugeot S.A.
Executive Vice President, Brands

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Chairman and Chief Executive Officer of Banque PSA Finance		√
Director of Faurecia	√	√
Chairman of the Supervisory Board of Peugeot Finance International NV		√
Vice-Chairman of Dongfeng Peugeot Citroën Automobiles Company Ltd		√
Vice-Chairman and Managing Director of PSA International S.A.		√
Director of Changan PSA Automobiles Co. Ltd		√
Director of GEFCO		√
Director of Automobiles Citroën		√
Director of Peugeot Citroën Automobiles S.A.		√
Director of PCMA Holding B.V.		√
Permanent representative of Peugeot S.A. on the Board of Directors of Automobiles Peugeot		√
Director of Casino Guichard-Perrachon	√	

Former functions and Directorships in the past five years:

- Member of the Supervisory Board of Peugeot Deutschland GmbH,
- Director of Peugeot España S.A.,
- Director of Automobiles Peugeot,
- Chief Executive Officer of Automobiles Peugeot,
- Permanent representative of Automobiles Peugeot on the Board of Directors of GEFCO,
- Permanent representative of Automobiles Peugeot on the Board of Directors of Banque PSA Finance.

Relevant expertise and professional experience:

Frédéric Saint-Geours is a graduate of Institut d'Etudes Politiques in Paris and Ecole Nationale d'Administration, and holds a degree in Economics. He joined PSA Peugeot Citroën in 1986, holding various positions, including Chief Financial Officer and Executive Vice-President of the Peugeot brand. In June 2009, he was appointed to the Managing Board and named Executive Vice President, Finance and Strategic Development. In January 2012, he became Executive Vice President, Brands.

Number of Peugeot S.A. shares owned as of 31 December 2011: 1,570.

Jean-Marc Gales, a member of the Managing Board at 31 December 2011, stepped down from his position and left the PSA Peugeot Citroën Group on 1 March 2012.

Jean-Marc Gales

First appointed to the Managing Board on 21 April 2009

Current term expires on 1 March 2012

Luxembourger

Born on 16 August 1962

Business address:
PSA Peugeot Citroën
75, avenue de la Grande-Armée
75016 Paris
France

Former member of the Managing Board of Peugeot S.A.
Former Executive Vice President, Brands

Other functions and Directorships as of 31 December 2011:

Function/Directorship	Listed company	Group company
Chairman of the Board of Directors of Automobiles Peugeot		√
Chairman of the Board of Directors of Automobiles Citroën		√
Chairman of the Board of Directors of CITER		√
Chairman of the Board of Directors of Peugeot Motocycles		√
Permanent representative of Automobiles Peugeot on the Board of Directors of Banque PSA Finance		√
Chairman and member of the Supervisory Board of Citroën Nederland B.V.		√
Chairman and member of the Supervisory Board of Peugeot Deutschland		√
Chairman of the Board of Directors of Citroën Italia SpA		√
Chairman of the Board of Directors of Citroën (Suisse) S.A.,		√
Chairman of the Board of Directors of Peugeot (Suisse) S.A.		√
Chairman and member of the Supervisory Board of Citroën Deutschland		√
Chairman of the Board of Directors of Peugeot Automobili Italia		√
Chairman of the Board of Directors of Citroën UK		√
Director of Citroën Belux		√
Director of Automoviles Citroën España S.A.		√
Director of Dongfeng Peugeot Citroën Automobiles Company Ltd.		√
Director of Peugeot España S.A.		√
Director of Peugeot Algeria		√
Director of Peugeot Motor Company Plc		√

Former functions and Directorships in the past five years:

- Vice-Chairman of the Supervisory Board of Citroën Deutschland,
- Director of Citroën Italia SpA,
- Chief Executive Officer of Automobiles Peugeot,
- Chief Executive Officer of Automobiles Citroën,
- Chairman of Citroën UK,
- Permanent representative of Automobiles Citroën on the Board of Banque PSA Finance.

Relevant expertise and professional experience:

Jean-Marc Gales holds a Master of Science in Management from Imperial College in London and a degree in mechanical engineering from the University of Karlsruhe. Since 1990, he has held various executive positions in a number of leading automobile groups. At Daimler Chrysler AG, he served as Executive Vice-President of Global Sales for Mercedes Benz. He joined PSA Peugeot Citroën in April 2009 as Chief Executive Officer of Automobiles Citroën. In June 2009, he was appointed Executive Vice President, Brands, and named to the Managing Board.

Number of Peugeot S.A. shares owned at 31 December 2011: 0.

14.2. INFORMATION ON THE SITUATION OF MEMBERS OF THE SUPERVISORY BOARD AND MANAGING BOARD

MEMBERSHIP STRUCTURE OF THE SUPERVISORY BOARD AND FAMILY RELATIONSHIPS

The membership structure of the Supervisory Board appropriately reflects the percentage of capital held by the Company's main shareholder, the Peugeot family.

The Board comprises five family members: Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot, Marie-Hélène Roncoroni and Marc Friedel. Marie-Helene Roncoroni is Thierry Peugeot's sister. Marie-Hélène Roncoroni and Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marc Friedel are third cousins. There are no family ties among the other Supervisory Board or Managing Board members.

Pamela Knapp, Henri Philippe Reichstul, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière and Joseph F. Toot, Jr. have no ties with the Company, its Group or its management and contribute their international financial and managerial experience to the Board's deliberations. At its meeting on 14 February 2012, the Supervisory Board decided that these members could be qualified as Independent based on the AFEP-MEDEF Corporate Governance Code.

A former member of the Executive Committee, Jean-Louis Silvant contributes his long experience in a large number of executive positions with the Group, particularly in production and human resources management.

Jean-Paul Parayre, former Chairman of the Peugeot S.A. Managing Board and Chairman of the Supervisory Board of Vallourec, contributes his knowledge of the automobile industry and the Group's operation, as well as of British and American corporate governance practices.

CONFLICTS OF INTEREST CONCERNING SUPERVISORY BOARD OR MANAGING BOARD MEMBERS

To the best of the Company's knowledge, there are no conflicts of interest between the duties of Supervisory Board and Managing Board members to Peugeot S.A. and their private interests or other duties.

No loans or guarantees have been granted to or on behalf of any members of the Supervisory Board or Managing Board by the Company or any Group entities.

No assets required for the operation of the business are owned by any members of the Supervisory Board or Managing Board or their families.

In addition, corporate officers pledge to comply with the Stock Market Code of Ethics introduced in February 2010, which states that "corporate officers shall refrain from trading in any stocks or other securities, directly or indirectly, on their own behalf or for a third party, during the 30 calendar days preceding the publication of the annual financial statements, the interim financial statements and the consolidated revenue figures."

SANCTIONS APPLICABLE TO SUPERVISORY BOARD OR MANAGING BOARD MEMBERS

To the best of the Company's knowledge, in the last five years no member of the Supervisory Board or Managing Board has (i) been convicted of any fraudulent offence; (ii) been a member of the administrative, management or supervisory body of a company that has been declared bankrupt, or placed in liquidation or receivership; (iii) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities, or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

15

REMUNERATION AND BENEFITS OF CORPORATE OFFICERS

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15.1. MANAGING BOARD COMPENSATION

BASE SALARY AND INCENTIVE BONUS

COMPENSATION POLICY

The compensation paid to each Managing Board member is determined by the Supervisory Board after reviewing the recommendations of the Compensation and Appointments Committee.

The annual compensation paid to Managing Board members includes a base salary and an incentive bonus based on the achievement of a certain number of qualitative and quantitative objectives.

In 2011, the Supervisory Board decided that the Managing Board members' salaries would be reviewed only at the mid-point in their term.

Their **incentive bonuses** are calculated at the beginning of each year, based on performance in relation to shared and personal objectives. Also at the beginning of the year, the Supervisory Board sets objectives for each Managing Board member for the current year.

2011 COMPENSATION

- For 2011, annual **base salaries** amounted to €1,300,000 for the Chairman of the Managing Board and €618,000 for the other members of the Managing Board, both unchanged from 2010. Grégoire Olivier, who is based in China, also received a distance allowance corresponding to half of his salary on an annualised basis.
- The incentive bonuses of the Managing Board members for 2011 were determined as follows: the Chairman of the Managing Board is entitled to an incentive bonus representing up to 150% of his annual base salary. Of the total, 30% represents an discretionary bonus that may be awarded by the Supervisory Board based on its assessment of the Chairman's performance in heading the Group and the other 120% is awarded based on the attainment of clearly defined objectives. for the other Managing Board members, the incentive bonus represents up to 110% of their annual base salary, of which up to 10% represents a discretionary bonus that may be awarded by the Supervisory Board based on its assessment of their performance and 100% is based on the attainment of clearly defined objectives.

In other words, apart from the discretionary bonus, the incentive bonus is paid only when certain performance targets are met.

The members of the Managing Board are assigned both shared and personal objectives:

- the portion of the incentive bonus corresponding to shared objectives represents a maximum of 90% of base salary for the Chairman of the Managing Board and 75% for the other members. These are quantitative objectives and concern: consolidated recurring operating income, Automotive Division recurring operating income, the manufacturing and sales companies' free cash flow [(1)] workplace safety, vehicle quality and customer service. The achievement level for each of the objectives is calculated based on accounting data or information provided by external organisations. Although the required achievement levels cannot be disclosed, they were determined precisely, in relation to the corresponding budget items.
- the portion of the incentive bonus corresponding to personal objectives represents a maximum of 30% of base salary for the Chairman of the Managing Board and 25% for the other members. These personal objectives – which relate to each member's individual executive responsibilities – include criteria such as strategic development outside the European Union, full implementation of the excellence system, reductions in finance costs, recurring operating income for certain divisions, the performance of vehicle projects, market share gains, and the services strategy.

The Managing Board members all waived their total 2011 incentive bonuses.

The corresponding amounts are shown in table 2 below.

2012 COMPENSATION

For 2012, the base salaries of the Chairman and members of the Managing Board. The Managing Board Chairman's maximum incentive bonus will continue to be set at 150% of base salary and of the other Managing Board members at 110%.

As in 2011, the incentive bonus for 2012 will be based on the achievement of both shared and personal objectives set for the Managing Board members.

The shared Group objectives will be based on the following performance criteria: consolidated recurring operating income, Automotive Division recurring operating income, implementation of the Automotive Division Performance Plan, the manufacturing and

(1) Net cash generated by the operating activities of manufacturing and sales companies (excluding Banque PSA Finance) in 2010, less net cash used in investing activities.

sales companies, free cash flow workplace safety, vehicle quality and customer service. The achievement level for each of the objectives will be calculated based on accounting data or information provided by external organisations.

For the Chairman of the Managing Board, the portion of the incentive bonus determined by reference to shared Group objectives and personal objectives will correspond to a maximum of, respectively, 90% and 40% of his base salary. The exceptional incentive bonus based on the Supervisory Board's assessment of his overall performance in heading the Group may represent a maximum of 20% of his base salary.

For the other Managing Board members, the portions of their incentive bonus corresponding to shared Group objectives and personal objectives will remain unchanged in 2012, at 75% and 25% of their base salary respectively. The Supervisory Board will also be able to allocate each of these Managing Board members an exceptional bonus – representing up to 10% of their base salary – following an overall assessment of their performance.

PENSION BENEFITS UNDER AN INSURED PLAN

In 2002, the Group set up a defined benefit pension plan with Axa France Vie. The plan is a top-hat plan for senior Group executives. The eligibility criteria and the applicable terms and conditions are set out in the plan.

For the Current Members of the Managing Board

For current Managing Board members, the top hat plan guarantees a level of pension benefit in the aggregate for all plans (statutory and supplementary) equal to up to 50% of a benchmark salary, taken to be the average of the three highest gross annual salaries (including incentive bonus) received over the last five years with the Group.

The additional benefits comprise a fixed portion equivalent to 30% of the reference compensation and an additional 2% of the reference compensation per year of service with the Group, up to a maximum 20%. To be entitled to this additional pension benefit, a member must have served as a senior executive of the Group (as defined in the plan) for at least five years and must end his career with the Group.

For Future Members of the Managing Board

The following terms and conditions will apply to future Managing Board members: the reference benchmark salary will correspond to the average of their base salary for the last three years in their position plus a percentage equal to the average of the ratios of their incentive bonus/base salary for the eight years preceding their retirement from the PSA Peugeot Citroën Group.

The additional benefits will comprise a fixed portion equivalent to 20% of the reference compensation and an additional 1.75% of the reference compensation per year of service with the Group, up to a maximum 30%. The overall pension benefits payable under all plans (statutory and supplementary) will be capped at 50% of the benchmark salary and at 29 times the annual ceiling used for social security contributions. To be entitled to this additional pension benefit, a member must have served as a senior executive of the Group (as defined in the plan) for at least eight years and end his or her career with the Group.

This plan complies with the AFEP/MEDEF Code, except for the recommendation that the benefits be taken into account when determining the total compensation package of the executives concerned.

EMPLOYMENT CONTRACTS

None of the members of the Managing Board has an employment contract that would be reinstated after he or she ceased to be a corporate officer. Consequently none of them would be entitled to receive any benefits for the termination of an employment contract.

STOCK OPTIONS/PERFORMANCE SHARE GRANTS

None of the members of the Managing Board was granted any stock options or performance shares in 2011.

The Managing Board members who have received stock options since 2007 are subject to lock-up rules and are prohibited from using hedging instruments.

To the best of the Company's knowledge, none of these options have been covered by a hedging instrument. The Stock Market Code of Ethics introduced in 2010 bans corporate officers from entering into any hedging transactions on the Company's shares, including shares receivable on exercise of stock options.

Details of stock option plans in effect at 31 December 2011 are presented in note 26.3 to the consolidated financial statements in section 20, below. Table 5 below (paragraph 15.3) shows that no options were exercised by Managing Board members during 2011.

OTHER BENEFITS

The only benefit in kind provided to Managing Board members is a company car.

No other commitments have been given to past or present Managing Board members concerning any benefits to be paid when they cease to be a member. Details of the different types of compensation, commitments and benefits granted to Managing Board members in respect of their office in 2011 are presented in tables 1, 2 and 10 below.

15.2. SUPERVISORY BOARD COMPENSATION

Supervisory Board members and advisors are paid annual attendance fees up to an aggregate amount determined in advance by the Annual Shareholders Meeting. Pursuant to the decision of the Annual Shareholders Meeting of 31 May 2011, this amount has been set at €1,000,000 until further notice.

In 2011, €40,000 were allocated to each member of the Supervisory Board and €20,000 to each advisor. The members of the Supervisory Board Committees were paid an additional €15,000, with the Chairmen of the Strategy Committee, the Appointments and Governance Committee and the Compensation Committee receiving an additional €20,000 and the Chairman of the Finance and Audit Committee €30,000.

The Chairman of the Supervisory Board waived the increase in his compensation voted by the Supervisory Board on 8 February 2011 and therefore received compensation of €425,000 for 2011, unchanged since 2002. Each Vice Chairman of the Supervisory Board received €40,000.

No benefits in kind have been awarded to Supervisory Board members, with the exception of a company car provided for the Chairman.

Details of the different types of compensation, commitments and benefits granted to Supervisory Board members in respect of 2011 are presented in the tables below.

Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marie-Hélène Roncoroni also receive compensation for working or holding corporate offices in the Peugeot family's companies. Details regarding this compensation are provided in the Foncière, Financière et de Participations (FFP) management report.

15.3. COMPENSATION AND BENEFITS (IN EUROS)

TABLE 1: COMPENSATION AND STOCK-OPTIONS AWARDED TO MEMBERS OF THE MANAGING BOARD [1]

Philippe VARIN Chairman of the Managing Board	2010	2011
Compensation for the year (details in table 2)	3,253,700	1,302,700
Value of stock-options granted during the year (details in table 4)		
Value of performance shares granted during the year (details in table 6)		
TOTAL	**3,253,700**	**1,302,700**

Jean-Marc GALES Executive Vice-President, Brands	2010	2011
Compensation for the year (details in table 2)	1,266,000	620,700
Value of stock-options granted during the year (details in table 4)		
Value of performance shares granted during the year (details in table 6)		
TOTAL	**1,266,000**	**620,700**

Guillaume FAURY Executive Vice-President, research and development	2010	2011
Compensation for the year (details in table 2)	1,266,000	620,700
Value of stock-options granted during the year (details in table 4)		
Value of performance shares granted during the year (details in table 6)		
TOTAL	**1,266,000**	**620,700**

Grégoire OLIVIER Executive Vice-President, Asia	2010	2011
Compensation for the year (details in table 2)	1,362,820	929,700
Value of stock-options granted during the year (details in table 4)		
Value of performance shares granted during the year (details in table 6)		
TOTAL	**1,362,820**	**929,700**

Frédéric SAINT-GEOURS Executive Vice-President, Finance and Strategic Development	2010	2011
Compensation for the year (details in table 2)	1,266,000	620,700
Value of stock-options granted during the year (details in table 4)		
Value of performance shares granted during the year (details in table 6)		
TOTAL	**1,266,000**	**620,700**

(1) Figures in the table do not take into account any pension benefits funded under the insured plan set up for Group senior management.

15.3. COMPENSATION AND BENEFITS (IN EUROS)

TABLE 2: COMPENSATION AND BENEFITS AWARDED TO MEMBERS OF THE MANAGING BOARD (1)

Philippe Varin Chairman of the Managing Board	2010		2011	
	Earned	Paid	Earned	Paid
Salary	1,300,000	1,300,000	1,300,000	1,300,000
Bonus	1,651,000	-	-	1,651,000
Exceptional compensation	300,000	-	-	300,000
Attendance fees	-	-	-	-
Company car	2,700	2,700	2,700	2,700
TOTAL	**3,253,700**	**1,302,700**	**1,302,700**	**3,253,700**

Jean-Marc Gales Executive Vice-President, Brands	2010		2011	
	Earned	Paid	Earned	Paid
Salary	618,000	618,000	618,000	618,000
Bonus	525,300	-	-	525,300
Exceptional compensation	120,000	-	-	120,000
Attendance fees	-	-	-	-
Company car	2,700	2,700	2,700	2,700
TOTAL	**1,266,000**	**620,700**	**620,700**	**1,266,000**

Guillaume Faury Executive Vice-President, research and development	2010		2011	
	Earned	Paid	Earned	Paid
Salary	618,000	618,000	618,000	618,000
Bonus	525,300	-	-	525,300
Exceptional compensation	120,000	-	-	120,000
Attendance fees	-	-	-	-
Company car	2,700	2,700	2,700	2,700
TOTAL	**1,266,000**	**620,700**	**620,700**	**1,266,000**

Grégoire Olivier Executive Vice-President, Asia	2010		2011	
	Earned	Paid	Earned	Paid
Salary	618,000	618,000	618,000	618,000
Bonus	519,120	-	-	519,120
Exceptional compensation	120,000	-	-	120,000
Distance allowance	103,000	103,000	309,000	309,000
Attendance fees	-	-	-	-
Company car	2,700	2,700	2,700	2,700
TOTAL	**1,362,820**	**723,700**	**929,700**	**1,568,820**

(1) Figures in the table do not take into account any pension benefits funded under the insured plan set up for Group senior management.

15.3. COMPENSATION AND BENEFITS (IN EUROS)

Frédéric Saint-Geours Executive Vice-President, Finance and Strategic Development	2010		2011	
	Earned	Paid	Earned	Paid
Salary	618,000	618,000	618,000	618,000
Bonus	525,300	-	-	525,300
Exceptional compensation	120,000	-	-	120,000
Attendance fees	-	-	-	-
Company car	2,700	2,700	2,700	2,700
TOTAL	**1,266,000**	**620,700**	**620,700**	**1,266,000**

TABLE 3: ATTENDANCE FEES AND OTHER COMPENSATION PAID TO MEMBERS OF THE SUPERVISORY BOARD AND SUPERVISORY BOARD ADVISORS

Supervisory Board members and advisors	Paid in 2010	Paid in 2011
Thierry Peugeot, Chairman of the Supervisory Board		
Attendance fees	30,000	40,000
Attendance fees for members of Board Committees	25,000	50,000
Other compensation	425,000	425,000
Jean-Philippe Peugeot, Vice-Chairman of the Supervisory Board		
Attendance fees	30,000	40,000
Attendance fees for members of Board Committees	25,000	50,000
Other compensation	30,000	40,000
Jean-Louis Silvant, Vice-Chairman of the Supervisory Board		
Attendance fees	30,000	40,000
Attendance fees for members of Board Committees	20,000	45,000
Other compensation	30,000	40,000
Marc Friedel, member of the Supervisory Board		
Attendance fees	30,000	40,000
Attendance fees for members of Board Committees	10,000	15,000
Jean-Louis Masurel, member of the Supervisory Board		
Attendance fees	30,000	20,000
Attendance fees for members of Board Committees	10,000	7,500
Jean-Paul Parayre, member of the Supervisory Board		
Attendance fees	30,000	40,000
Attendance fees for members of Board Committees	30,000	45,000
Robert Peugeot, member of the Supervisory Board		
Attendance fees	30,000	40,000
Attendance fees for members of Board Committees	35,000	50,000
Henri Philippe Reichstul, member of the Supervisory Board		
Attendance fees	30,000	40,000
Attendance fees for members of Board Committees	10,000	15,000
Marie-Hélène Roncoroni, member of the Supervisory Board		
Attendance fees	30,000	40,000
Attendance fees for members of Board Committees	10,000	15,000

(1) Figures in the table do not take into account any pension benefits funded under the insured plan set up for Group senior management.

15.3. COMPENSATION AND BENEFITS (IN EUROS)

Supervisory Board members and advisors	Paid in 2010	Paid in 2011
Geoffroy Roux de Bézieux, member of the Supervisory Board		
Attendance fees	30,000	40,000
Attendance fees for members of Board Committees	10,000	30,000
Ernest-Antoine Seillière, member of the Supervisory Board		
Attendance fees	30,000	40,000
Attendance fees for members of Board Committees	20,000	45,000
Pamela Knapp, member of the Supervisory Board		
Attendance fees		20,000
Attendance fees for members of Board Committees		7,500
Joseph F. Toot, member of the Supervisory Board		
Attendance fees	30,000	40,000
Attendance fees for members of Board Committees		15,000
François Michelin, Advisor		
Attendance fees	17,000	20,000
Roland Peugeot, Advisor		
Attendance fees	17,000	20,000
TOTAL	**1,084,000**	**1,415,000**

Robert Peugeot €24,000 for 2010 and €22,000 for 2011 as director of Faurecia.

TABLE 4: OPTIONS TO PURCHASE EXISTING OR NEW SHARES OF PEUGEOT S.A. STOCK GRANTED TO MEMBERS OF THE MANAGING BOARD DURING THE YEAR

Name	N° and date of plan	Type of shares to be purchased	Value based on the method used in the consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
				NONE		

TABLE 5: OPTIONS TO PURCHASE EXISTING OR NEW SHARES OF PEUGEOT S.A. STOCK EXERCISED BY MEMBERS OF THE MANAGING BOARD DURING THE YEAR

No option exercised by members of the Managing Board in 2011.

TABLE 6: PERFORMANCE SHARES GRANTED TO MEMBERS OF THE MANAGING BOARD

None.

TABLE 7: PERFORMANCE SHARES VESTING DURING THE YEAR FOR MEMBERS OF THE MANAGING BOARD

None.

TABLE 8: OPTIONS GRANTED TO MEMBERS OF THE MANAGING BOARD TO PURCHASE NEW OR EXISTING SHARES OF PEUGEOT S.A. STOCK

Plan	05/10/2000	20/11/2001	20/08/2002	21/08/2003	24/08/2004	23/08/2005	23/08/2006	22/08/2007	20/08/2008
Total number of shares under option of which available for purchase by:	709,200	798,600	860,100	996,500	1,004,000	953,000	983,500	1,155,000	1,345,000
Grégoire Olivier Executive Vice-President, Asia								60,000	60,000
Frédéric Saint-Geours Executive Vice-President, Finance and Strategic Development					40,000	40,000	40,000	60,000	25,000
Earliest exercise date	05/10/2002	20/11/2004	20/08/2005	21/08/2006	24/08/2007	23/08/2008	23/08/2009	22/08/2010	20/08/2011
Last exercise date	05/10/2008	20/11/2008	21/08/2009	21/08/2011	24/08/2012	23/08/2013	23/08/2014	22/08/2015	20/08/2016
Exercise price (in euros)	35.45	46.86	46.28	39.09	47.59	52.37	41.14	60.43	33.08
Exercise terms (applicable to plans comprising several tranches)									
Number of shares issued on exercise of options as at 31 December 2011	526,093	389,400	317,800	289,393	12,000	10,000	15,000	0	0
Number of options cancelled, expired or forfeited	183,107	409,200	542,300	707,107	80,000	68,000	98,000	232,500	217,000
Number of options outstanding at the period-end	0	0	0	0	912,000	865,000	870,500	922,500	1,128,000

TABLE 9: OPTIONS GRANTED TO AND EXERCISED BY THE TOP TEN EMPLOYEE GRANTEES (OTHER THAN CORPORATE OFFICERS) IN 2011

	Total number of options granted/exercised for new or existing shares	Exercise price
Options granted during the year by the Company and any company included in the plan to the ten employees (other than corporate officers) of these companies to whom the most options were granted	0	
Options granted by the Company and any companies included in the plan and exercised during the year by the ten employees (other than corporate officers) of these companies having exercised the most options	0	

15.3. COMPENSATION AND BENEFITS (IN EUROS)

TABLE 10: PENSION OBLIGATIONS CONCERNING MEMBERS OF THE MANAGING BOARD

	Employment contract		Supplementary pension plan		Compensation or benefits due or that may be due on termination or change in position		No-compete indemnity	
Managing Board members	Yes	No	Yes (1)	No	Yes	No (2)	Yes	No
Philippe Varin Chairman of the Managing Board since 1 June 2009		No	Yes			No		No
Jean-Marc Gales Executive Vice-President, Brands since 21 April 2009		No	Yes			No		No
Guillaume Faury Executive Vice-President, research and development since 17 June 2009		No	Yes			No		No
Grégoire Olivier Executive Vice-President, Asia since 16 February 2007		No	Yes			No		No
Frédéric Saint-Geours Executive Vice-President, Finance and Strategic Development since 17 June 2009		No	Yes			No		No

(1) Each of the current members of the Managing Board participates in a top hat pension plan that guarantees a level of pension benefit in the aggregate for all plans (statutory and supplementary) equal to up to 50% of a benchmark salary, taken to be the average of the three highest gross annual salaries (including incentive bonus) received over the last five years with the Group. To be entitled to this additional pension benefit, a member must have served as a senior executive of the Group (as defined in note 39 to the consolidated financial statements) for at least five years and must end his career with the Group.

(2) No such benefits are payable to Managing Board members other than the top hat pension benefits referred to in the previous column.

16

BOARD PRACTICES

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16.1. DIRECTORSHIPS AND SIMILAR OFFICES HELD BY MEMBERS OF THE MANAGING BOARD AND SUPERVISORY BOARD

Please refer to section 14.1 above.

16.2. SERVICE CONTRACTS PROVIDING FOR BENEFITS UPON TERMINATION OF EMPLOYMENT

None of the members of the Supervisory Board or Managing Board have service contracts with Peugeot S.A. or any of its subsidiaries, providing for benefits upon termination of employment.

16.3. SUPERVISORY BOARD COMMITTEES

Please refer to section 16.5.1 below.

16.4. COMPLIANCE WITH BEST CORPORATE GOVERNANCE PRACTICES

At its 16 December 2008 meeting, the Supervisory Board decided to adopt the AFEP-MEDEF Corporate Governance Code, as applicable to French joint-stock companies with a Managing Board and Supervisory Board. Further details on the Company's application of this Code are provided in the report of the Chairman of the Supervisory Board on Board membership and gender balance, preparation and organisation of Supervisory Board meetings, and internal control and risk management.

Please refer to section 16.5.1 below.

16.5. OTHER SIGNIFICANT CORPORATE GOVERNANCE PRACTICES AND INTERNAL CONTROL PROCESSES AND PROCEDURES

The Group's internal controls are implemented based on its operational organisation as well as its legal structure. The applicable internal control processes are described in the report of the Chairman of the Supervisory Board.

16.5.1. REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD ON BOARD MEMBERSHIP AND GENDER BALANCE, PREPARATION AND ORGANISATION OF SUPERVISORY BOARD MEETINGS, AND INTERNAL CONTROL AND RISK MANAGEMENT

The report of the Chairman of the Supervisory Board on corporate governance and internal control was approved by the Board at its meeting on 27 February 2012.

1. CORPORATE GOVERNANCE

1.1. MEMBERSHIP OF THE SUPERVISORY BOARD

The Supervisory Board has twelve members plus two non-voting advisers. The members are elected by shareholders for six-year terms.

1.1.1. Independence of Board Members

No member of the Supervisory Board exercises any executive responsibilities or is a salaried employee of a Group company.

The Supervisory Board comprises five members of the Peugeot family and seven members qualified as independent based on the criteria applied by the Group.

As required by the AFEP-MEDEF Code, the Supervisory Board assesses the independence of its members every year. At its meeting of 14 February 2012, the Board examined the position of each of its members with regard to the independence criteria applied by the Group, based on the work done by the Appointments and Governance Committee.

The independence criteria applied by the Group are those set out in the AFEP-MEDEF Code, with two exceptions:

- not being a Director or Supervisory Board member of the corporation for more than twelve years: the Supervisory Board believes that the substantial automotive experience gained by its members is extremely valuable in a business that requires a medium and long-term vision, especially as regards the Board's key mission of determining the Group's long-term development strategy;
- not holding a directorship or equivalent position in another Group company in the past five years: the Board considers that the fact of having recently been a Director of another Group company does not give rise to any risk of the type of conflict of interest that the AFEP-MEDEF independence rules are designed to avoid. In addition, no member of the Supervisory Board exercises any senior executive responsibilities or is a salaried employee of a Group company. Consequently Jean-Louis Silvant is considered to be independent, even though he sits on the Board of Directors of Peugeot Suisse, a company whose operations only represent a very small proportion of the Group's automotive business.

Based on these criteria, the Supervisory Board considers that the following members qualify as independent:

- Pamela Knapp;
- Jean-Paul Parayre
- Henri Philippe Reichstul;
- Geoffroy Roux de Bézieux;
- Ernest-Antoine Seillière
- Jean-Louis Silvant;
- Joseph F. Toot Jr.

Seven out of the twelve members of the Supervisory Board, i.e. 58%, therefore qualify as independent based on these criteria, which is significantly more than the AFEP-MEDEF recommendation of at least one third for controlled companies.

In addition, when selecting new Supervisory Board candidates based on the recommendations of the Appointments and Governance Committee, the Board seeks to increase the number of independent members and to ensure a smooth rotation of its members by staggering their terms of office.

Please refer to section 14.2 above for information on conflicts of interest of members of the Supervisory Board.

1.1.2. Gender Balance

Two of the twelve members of the Supervisory Board are women and ten are men.

The Appointments and Governance Committee is committed to increasing the percentage of women members, in accordance with new legal requirements on gender balance (Act 2011-103 of 27 January 2011) and based on the guidelines set out in the AFEP-MEDEF Corporate Governance Code.

Pamela Knapp was elected to the Supervisory Board at the Annual Shareholders Meeting of 31 May 2011, bringing the percentage of women members up to 16.6%.

In accordance with the legal requirements and the recommendations of the AFEP-MEDEF Code, the Board will continue to appoint women where possible in 2012 and has set a target of at least 40% female membership by the end of the Annual Shareholders Meeting held in 2017.

The Appointments and Governance Committee also pursues a selection policy aimed at increasing the proportion of non-French members and creating a more diverse Board.

1.2. PREPARATION AND ORGANISATION OF SUPERVISORY BOARD MEETINGS

1.2.1. The Supervisory Board's Roles, Responsibilities and Operating Procedures

Internal Rules

The current version of the Supervisory Board's internal rules, which is dated 9 February 2010, defines the Board's roles and responsibilities as follows:

- The Supervisory Board appoints members of the Managing Board, can remove them from office and determines their compensation packages.
- The Supervisory Board sets the amount of compensation for its Chairman and Vice-Chairman or Chairmen and determines the procedures for allocating attendance fees among its members.
- In accordance with the law, the Supervisory Board acts as the oversight body of the Company, which is administered and managed by the Managing Board.

  The Supervisory Board is therefore responsible for:
  - Overseeing the Managing Board's management of the Company by performing any checks and controls it deems appropriate.
  - Carrying out periodic controls of the Company's management (i) on a quarterly basis by reviewing business reports presented by the Managing Board and (ii) within three months of each year-end, by examining and issuing its opinion and comments on the annual financial statements of the Company and Group, as presented by the Managing Board, and on the management report to the Annual Shareholders' Meeting.
- The Supervisory Board ensures that the strategy proposed and applied by the Managing Board fits with the Group's long-term vision as defined by the Supervisory Board.

  The Board reviews the strategic plan and the various multi-year business plans, as well as the capital expenditure plan and the budget.

The internal rules stipulate that the Board is required to authorise in advance the following actions by the Managing Board as provided for in Article 9 of the Company's bylaws:

- shareholder-approved share issues (whether paid up in cash or by capitalising retained earnings) and capital reductions;
- any and all issues of ordinary or convertible bonds;
- the drafting of any merger agreements or agreements for the sale of a business;
- the signature or termination of any manufacturing or sales agreements representing a future commitment for Peugeot S.A., with companies whose corporate purpose is similar or related to that of Peugeot S.A., and generally the execution of any major transaction which substantially alters the scope of the business or the balance sheet structure of the Company or the Group.

The Managing Board may carry out the following actions only with the unanimous backing of all of its members or, failing that, with the prior authorisation of the Supervisory Board:

- the purchase, sale, exchange or transfer of any and all operating real estate and businesses in transactions representing an amount in excess of the ceiling set by the Supervisory Board (currently €50 million);
- the purchase, acquisition or sale of any equity interest in any and all existing or future enterprises directly or indirectly representing an immediate or future investment, expense, debt guarantee or seller's warranty involving an amount in excess of the ceiling set by the Supervisory Board (currently €50 million);
- the signature of loan agreements, other than for bond issues, for a period or an amount in excess of the limits set by the Supervisory Board (currently €100 million).

Lastly, guarantees given on behalf of subsidiaries are submitted for Supervisory Board approval when the amount exceeds a certain level in accordance with the law. In 2011, such approval was required for individual guarantees exceeding €25 million, or when the cumulative amount of guarantees given during the year exceeded €125 million (excluding customs and tax bonds).

The Supervisory Board's internal rules also set out the following:

- Supervisory Board information procedures, practices and guidelines.
- The minimum number of Board meetings that must be held per year (currently five), as well as the procedures to be applied when holding the meetings and preparing the agenda.
- The roles and responsibilities of Supervisory Board Committees.
- The procedures for assessing the Board's performance.
- The obligations of Board members, particularly the requirement to comply with the Stock Market Code of Ethics introduced in 2010, which each Board member has signed.

Stock Market Code of Ethics

The Stock Market Code of Ethics sets out the rules on dealings by Supervisory Board members, non-voting advisers and Managing Board members in securities issued by Peugeot S.A., Société Foncière Financière et de Participations (FFP) or Faurecia. The Code provides for preventive measures under which Board members and corporate officers may trade in these securities while complying with market integrity rules.

It was updated by the Supervisory Board at its meeting of 14 February 2012, mainly to take account of the changes introduced in Act 2010-1249 of 22 October 2010 on banking and financial regulation. It has also been extended to cover members of the Executive Committee.

In particular, the people concerned by the Code are now prohibited from carrying out any hedging transactions on the Group's securities, including through the use of options.

Operating Procedures

Approximately two weeks before each Supervisory Board meeting all of the Board's members receive the agenda of the forthcoming meeting and the draft minutes of the previous meeting.

In addition, at the end of the week preceding the planned meeting, the Board members are sent an information pack containing a copy of the minutes of the previous meeting, the presentations to be given for each agenda item, the minutes of the meetings of the Board Committees and, where the meeting involves examining a quarterly business review, the Report of the Managing Board. The packs also contain the schedule for the meetings of the Supervisory Board and the Board Committees, an update of the "blackout periods" during which Board members are prohibited from trading in the Company's securities (as specified in the Stock Market Code of Ethics), press articles that have been published about the Group since the last Board meeting, and any external financial analyses that have been released. A copy of the pack is usually also provided in the meeting itself.

Members of the Managing Board attend Supervisory Board meetings and the Statutory Auditors attend the meetings where the annual and interim financial statements are examined.

The schedule for each year's meetings is prepared in April of the preceding year. Ordinary Supervisory Board meetings are systematically preceded by meetings of the Finance and Audit Committee, the Appointments and Governance Committee and the Compensation Committee.

Each ordinary Supervisory Board meeting lasts for a minimum of three and a half hours, but may be longer when required. The Chairman of the Board may call special meetings where necessary.

Assessment of the Board's Performance

The Supervisory Board's internal rules require the Board "*to perform a regular self-assessment of its operating and control procedures".*

In February 2011 the Supervisory Board carried out a formal assessment of its own work and the work performed by its Committees based on an individual questionnaire completed by each Board member. The key issues addressed by the questionnaire were: (i) Board membership, (ii) quality of Board meetings, (iii) Board Committees, (iv) understanding of the Group.

In summary, the Board members agreed that the Board structure should evolve in line with three principles: increasing the number of women members, increasing the number of non-French members and diversifying the Board's expertise. They considered that Board meetings were organised in a way that enabled them to take decisions, communicate and participate effectively.

They expressed a wish to see employment, ethical and social responsibility issues addressed more regularly by the Board. In this respect, the Board decided that these issues would be addressed by the Appointments and Governance Committee and reviewed at least once a year by the Supervisory Board.

Some members also expressed the wish to have greater resources at their disposal to improve their understanding of the Group and its strategic visions, particularly in the various geographical areas of operation.

Assessments of the Board Committees were positive. Two new independant members joined the committees in 2011: Joseph F. Toot Jr. was appointed to the Compensation Committee in April and Pamela Knapp to the Finance and Audit Committee in July.

A new self-assessment was performed in February 2012.

1.2.2. Supervisory Board Meetings in 2011

The Supervisory Board met six times in 2011, with an average attendance rate of 97%.

During five of these meetings - held on 8 February 2011, 19 April 2011, 26 July 2011, 25 October 2011 and 13 December 2011 - the Board reviewed business reports presented by the Managing Board concerning the Group's sales and manufacturing performance, as well as the financial results of its various divisions, and its overall financial situation. During these meetings, the Board was also informed about events affecting employees and quality, and gave its opinion on the Group's strategic growth vision, which it discussed in detail with the Managing Board during the February, April, October and December meetings.

The 8 February meeting was attended by the Statutory Auditors and included presentations of the full-year 2010 financial statements of the Company and the Group. During the meeting, the Board approved the nomination of Pamela Knapp as member of the Supervisory Board to replace Jean-Louis Masurel.

At the 19 April meeting, the Board reviewed the agenda, management report and proposed resolutions for the annual shareholders' meeting due to take place on 31 May 2011 and approved its own report to the meeting. The Board also appointed Joseph Toot Jr. to the Compensation Committee.

At the 26 July meeting, attended by the Statutory Auditors, the Board reviewed the 2011 interim results. It authorised the issuance of a guarantee to the EIB for the €125 million financing package granted to Peugeot Citroën Automobiles SA (PCA). It appointed Pierre Todorov as Group Corporate Secretary, effective 1 September 2011, to replace Jean-Claude Hanus who has retired, and also appointed Pamela Knapp to the Finance and Audit Committee.

At the 16 September meeting, the Board authorised the issuance of notes under Peugeot SA's Euro Medium Term note programme, in accordance with Article 9 of the Company's bylaws.

At the 25 October meeting, the Managing Board presented the Group's draft 2012-2014 medium-term plan. The Supervisory Board renewed the Managing Board's authorisation to give guarantees in an aggregate amount of €125,000,000 and a maximum amount per guarantee of €25,000,000 (except for tax and customs bonds, for which there is no maximum limit). This authorisation is valid from 1 January 2012 to 31 December 2012.

At the December meeting, the Board reviewed the Managing Board's quarterly report, the 2012 budget and Finance and Audit Committee's report. In addition, the Supervisory Board continued to discuss the medium-term plan with the Managing Board.

The Board also authorised the Managing Board to make one or more issues under the Company's Euro Medium Term note programme up to a maximum aggregate amount of €1 billion during the period to 31 December 2012.

1.2.3. Supervisory Board Committees

The Supervisory Board is assisted by four specialised committees:

- the Finance and Audit Committee, which has five members, three of whom are independent:

  Jean-Paul Parayre (Chairman), Marc Friedel, Pamela Knapp, Robert Peugeot and Marie-Hélène Roncoroni.
- the Strategy Committee, which has seven members, four of whom are independent:

  Robert Peugeot (Chairman), Jean-Paul Parayre, Jean-Philippe Peugeot, Thierry Peugeot, Philippe Reichstul, Ernest-Antoine Seillière and Jean-Louis Silvant.
- the Appointments and Governance Committee, which has six members, three of whom are independent:

  Jean-Philippe Peugeot (Chairman), Thierry Peugeot, Robert Peugeot, Ernest-Antoine Seillière, Jean-Louis Silvant and Geoffroy Roux de Bézieux.
- the Compensation Committee, which has six members, four of whom are independent:

  Thierry Peugeot (Chairman), Jean-Philippe Peugeot, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Jean-Louis Silvant and Joseph Toot Jr.

The role of these Committees is to prepare matters to be discussed at Supervisory Board Meetings. They issue proposals, recommendations and opinions on the areas falling within their terms of reference and submit them to the Supervisory Board at its meetings.

1.2.3.1. Finance and Audit Committee

Members

The Finance and Audit Committee comprises five members, who are appointed in their own name and may not be represented by another party.

Three of its members - Jean-Paul Parayre (Chairman), Marc Friedel and Pamela Knapp (appointed in July 2011) - are classified as independent in accordance with the criteria applied by the Group.

Pamela Knapp's appointment was made pursuant to the Report of the Working Group on Audit Committees published by the AMF on 22 July 2010. The Board considers that her experience as Chief Financial Officer first of the Siemens AG Group and then of the GfK SE Group have given her specific expertise in financial and accounting matters.

In addition, the Committee's Chairman, Jean-Paul Parayre, has the accounting and financial expertise required to hold this position, acquired during his service within various French ministries and as a senior executive in major French groups.

Marie-Hélène Roncoroni, who represents the Company's main shareholder, has specific knowledge in financial and accounting matters, and worked for seven years in the Group's Finance Department.

Roles and Responsibilities

In accordance with Article L.823-19 of the French Commercial Code and it's internal rules, the Finance and Audit Committee oversees the following matters:

- preparation of financial information;
- effectiveness of the internal control and risk management systems;
- statutory audit of the Company's annual financial statements and the Group's consolidated financial statements;
- independence of the Statutory Auditors.

It is also responsible for informing the Board of its opinion on off-balance sheet commitments and any project requiring prior approval by the Board, notably corporate actions.

As part of its duty to oversee the effectiveness of internal control systems, the Committee issues an opinion on the Internal Audit plan for the coming year and is informed of the findings of the Internal Audits performed in implementing the plan.

The Committee, which enjoys free access to all the information it needs, can meet with the persons responsible for internal control and with the Statutory Auditors, with or without the presence of Managing Board members.

Finance and Audit Committee Meetings in 2011

The Finance and Audit Committee met six times in 2009, with a 100% attendance rate.

In 2011, it continued the Statutory Auditor rotation process initiated in 2010, issuing a recommendation on the Statutory Auditors to be nominated for election at the Annual Shareholders Meeting of 31 May 2011.

In January 2011, a meeting dedicated to internal audit was held without the presence of the Chief Financial Officer or the members of the Managing Board. During this meeting, the Committee reviewed the results of the internal audits carried out in 2010 along with the internal auditors' recommendations in each case, and also discussed the 2011 audit programme. The Committee requested that it be given a detailed risk management map for the Group, as well as regular reports on the work of Banque PSA Finance's Audit Committee. It also recommended that the coverage provided by the internal auditors should keep pace with the Group's international expansion. The head of Internal Audit updated the Committee on the internal audit programme and the Committee gave its opinion on the organisation of the Internal Audit function.

In February 2011, the Committee met with the Statutory Auditors to review the 2010 statutory and consolidated financial statements. During the meeting the Chief Financial Officer presented a map of the Group's risks and significant off-balance sheet commitments.

In April 2011, the Committee reviewed and approved the proposed financial resolutions to be put to the Annual Shareholders Meeting. It also examined trends in the Group's short and medium-term debt.

In July 2011, the Committee met with the Statutory Auditors and the Chief Financial Officer, without the presence of Managing Board members, to review the consolidated financial statements for the first half of 2011. It also reviewed the Group's financing and strategic outlook for the second half of the year and examined the risk management system, the structure and operating procedures of the Group's Internal Audit function as well as the findings of the assignments performed by the Internal Audit teams as part of the annual audit plan.

In October and December, the Committee reviewed the Group's financing strategy the draft medium-term plan, its real estate policy and issues relating to the Group's credit rating.

1.2.3.2. The Strategy Committee

Members

The Committee comprises seven members, appointed in their own name and not as representatives of corporate Supervisory Board members.

Four of the members - Jean-Paul Parayre, Henri Philippe Reichstul, Ernest-Antoine Seillière and Jean-Louis Silvant - are classified as independent in accordance with the criteria applied by the Group.

Roles and Responsibilities

The role of the Strategy Committee is to examine the Group's long-term future, reflect on potential avenues of growth and give its opinion on the Group's broad strategic vision.

In this respect, it makes recommendations on the long-term strategic plans and the medium-term plan presented by the Managing Board.

The Strategy Committee examines all major projects from their outset and is kept informed of the projects' terms and conditions (particularly their financial structure), as well as of any changes and developments.

In particular, the Committee meets to discuss any project that falls within the scope of Article 9 of the Company's bylaws, whereby the Supervisory Board must approve in advance "*the signature or termination of any manufacturing or sales agreements representing a future commitment for Peugeot S.A., with companies whose corporate purpose is similar or related to that of Peugeot S.A. and generally the execution of any major transaction which substantially alters the scope of the business or the balance sheet structure of the Company or the Group*".

Strategy Committee Meetings in 2011

The Strategy Committee met three times in 2011, with a 100% attendance rate. The meetings were attended by the members of the Managing Board and Group executives involved in the issues discussed.

In March, the Committee mainly reviewed the Group's strategic growth projects and possible cooperation opportunities.

In June, it looked at the Group's long-term ambitions, as expressed by the Peugeot and Citroën brands.

In October, it reviewed the draft medium-term plan and the proposed asset disposals.

In October, the Committee presented its report to the Supervisory Board on the main strategic plans proposed by the Managing Board.

1.2.3.3. The Appointments and Governance Committee

Members

The Committee comprises six members, who are appointed in their own name and may not be represented by another party.

Three of its members - Ernest-Antoine Seillière, Jean-Louis Silvant and Geoffroy Roux de Bézieux - are classified as independent in accordance with the criteria applied by the Group.

Roles and Responsibilities

The Appointments and Governance Committee prepares Supervisory Board discussions concerning the appointment of new members of the Supervisory Board and Managing Board, by proposing selection criteria, organising the selection process, recommending candidates for appointment or re-appointment, and monitoring succession plans for members of the Managing Board.

It tracks changes in French and European legislation concerning the governance of companies whose shares are traded on a regulated market, as well as all of the recommendations issued by market regulators and representatives of listed companies. It also submits opinions or recommendations to the Supervisory Board concerning governance issues.

Appointments and Governance Committee Meetings in 2011

The Appointments and Governance Committee met seven times in 2011, with a roughly 100% attendance rate.

At the beginning of the year, the Committee focused on seeking a new candidate for election to the Supervisory Board to replace Jean-Louis Masurel, who had agreed to stand down. Pamela Knapp was nominated as a result of this process.

The Committee examined the independence of each member of the Board and the way in which the Board membership structure should evolve.

In April, the Committee reviewed the process of succession planning for the Group's key executives. During the meeting, the Committee also discussed the possible creation of a new Ethics Committee, but concluded that there was no immediate need and that social responsibility issues more broadly could be reviewed at least once a year by the Supervisory Board. Note that an Ethics Committee exists within the Group, chaired by the Corporate Secretary (see section 2.4.1 of this report, below).

In July, the Committee continued its work on succession planning for Managing Board members and key executives.

In October, the Committee reviewed the proposed reorganisation of the Brands Department and the proposal to nominate two new independent members for election to the Supervisory Board at the Annual Shareholders Meeting held in 2012.

As each year, the Committee took part in the Board's self-assessment process, finalised the questionnaire given to the members and, in response to the findings, made recommendations on actions designed to meet members' expectations, ensure that the Board continues to function effectively and improve its corporate governance practices.

1.2.3.4. The Compensation Committee

Members

The Compensation Committee comprises six members, who are appointed in their own name and may not be represented by another party:

Four of the members - Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Jean-Louis Silvant and Joseph Toot Jr. - are classified as independent in accordance with the criteria applied by the Group.

Joseph Toot Jr. was appointed to the Committee in April 2011 in order to balance up the Committee compared with the Appointments and Governance Committee and to increase the number of independent members.

Roles and Responsibilities

The Compensation Committee prepares Supervisory Board discussions regarding all aspects of compensation and benefits for the Chairman, Vice-Chairmen and other members of the Supervisory Board and the Board Committees, as well as the Chairman and other members of the Managing Board.

To fulfil these responsibilities, the Committee stays informed of French and European regulations on executive compensation in listed companies, all market recommendations and practices, levels and forms of compensation of senior executives who are not on the Managing Board, as well as the Managing Board policies for reviewing and updating these compensation packages.

Compensation Committee Meetings in 2011

The Compensation Committee met eight times in 2011, with a roughly 100% attendance rate.

At the beginning of the year, the Committee recommended a new rule whereby the base salary of Managing Board members would be reviewed mid-term. It also determined the incentive bonuses for Managing Board members.

The Committee examined, for each member, the maximum percentage of the base salary that the bonus could represent and the applicable Group and personal performance criteria. During the April meeting, the Committee also recommended an increase in the attendance fees paid to the Chairman and Vice-Chairmen of the Board, as well as an increase in the aggregate amount of attendance fees to €1 million.

In July, the Committee made recommendations on the allocation of annual attendance fees to members of the Board and the Committees within the aggregate amount voted at the Annual Shareholders Meeting.

In December, the Committee recommended that, in view of the current climate, the base salary of the Chairman and other members of the Managing Board should not be increased in 2012. It also voted in favour of introducing a requirement for the Managing Board members to hold shares of the Company, effective as of June 2013. The Board agreed to these recommendations.

1.3. ADOPTION OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE

As stated in section 16.4 above, the Company has adopted the AFEP-MEDEF Corporate Governance Code, as applicable to French joint-stock companies with a Managing Board and Supervisory Board.

The table below summarises the recommendations of the AFEP-MEDEF Code which the Company does not apply due to the specific features of its legal structure and operating methods or those of the automotive industry.

Relevant recommendation	Reasons
Independence of Supervisory Board members	The Supervisory Board has elected not to apply two of the AFEP/MEDEF's independence criteria: • Not being a Director or Supervisory Board member of the corporation for more than twelve years: specific features of the automotive industry. Please refer to section 1.1.1. above for more details. • Not holding a directorship or equivalent position in another Group company in the past five years: the Board considers that the fact of having recently been a Director of another Group company does not give rise to any risk of the type of conflict of interest that the AFEP-MEDEF independence rules are designed to avoid. Please refer to section 1.1.1 above for more details.
Proportion of independent members on the Finance and Audit Committee	40% of members are independent compared with the recommendation of at least two thirds: The reason for the shortfall is the presence on the board of representatives of the Group's reference shareholder the Peugeot family.
Term of office of Supervisory Board members	Current members of the Supervisory Board are elected for a term of six years rather than four as recommended in the AFEP-MEDEF Code. However: • a supervisory and oversight body needs to be in place for a certain amount of time in order to be able to effectively perform its duties; • members of the Managing Board are appointed for four-year terms; and • the dates on which the current Supervisory Board members are due to retire by rotation range from 2012 to 2017; and • at the next Shareholders Meeting on 25 April 2012, the term of two candidates proposed for election to the Board will be set at two years.
Variable component of attendance fees for Board and Committee meetings	There is no justification for introducing variable fees based on attendance for the following reason: • the average attendance rate at Supervisory Board meetings was 97% in 2011; • the average attendance rate at the various Committee meetings ranged from was close to 100% in 2011; • the Chairman of the Supervisory Board frequently consults Board members on issues outside of scheduled meetings, and likewise, Board members regularly take the initiative of informing the Chairman of their opinions and recommendations. Attendance at meetings is therefore not a relevant criterion for assessing the members' involvement.

1.4. SUPERVISORY BOARD AND MANAGING BOARD COMPENSATION POLICIES

Supervisory Board

Supervisory Board members and advisers are paid annual attendance fees up to an aggregate amount determined in advance by the Annual Shareholders Meeting. This amount was set at €1,000,000 at the Annual Shareholders Meeting of 31 May 2011.

The Chairman of the Supervisory Board received €425,000 in compensation for 2011, unchanged since 2002. In 2011, the Chairman decided to forego the increase recommended by the Board.

Managing Board

Employment contract/corporate office

No member of the Managing Board is a salaried employee of the PSA Peugeot Citroën Group.

Managing Board Compensation

All Supervisory Board discussions on compensation are prepared by the Compensation Committee.

- In 2011, the Supervisory Board decided that the base salary paid to Managing Board members will be revised mid-term;
- At the beginning of the year, the Supervisory Board determines the amount of the incentive bonus based on how well each member met his or her assigned objectives over the year;
- The incentive bonus payable to the Chairman of the Managing Board may represent up to 150% of his base salary, including 90% based on the achievement of targets set for the Managing Board, 30% for the achievement of personal targets and 30% at the discretion of the Supervisory Board based on his overall performance in managing the Group. The incentive bonus payable to other members of the Managing Board may represent up to 110% of their base salary, including 75% based on targets for the Managing Board as a whole, 25% based on personal targets and 10% at the discretion of the Supervisory Board;
- At the same meeting, the Supervisory Board sets objectives for each Managing Board member for the current year. These objectives – quantified and qualified on the basis of pre-defined criteria – comprise targets set for all members of the Managing Board and specific performance-related targets based on each member's individual executive duties;
- The base salaries set for Managing Board members in 2011 were unchanged from 2010;
- In addition to being covered by government-sponsored basic and supplementary pension plans, Managing Board members are also entitled to pension benefits funded under an insured plan;
- No other commitments have been given to past or present Managing Board members concerning any other benefits to be paid when they cease to be a member;

- The Supervisory Board may also decide to grant stock options and/or performance shares to Managing Board members further to an authorisation granted by shareholders. Where stock options are granted the Supervisory Board determines the lock-up rules that will apply to shares acquired upon the exercise of the options in accordance with the law.

No stock options or performance shares were granted to Managing Board members in 2011. For more information on Managing Board compensation, please refer to section 15 of this Registration Document.

1.5. ATTENDANCE AT PEUGEOT S.A. SHAREHOLDERS MEETINGS

Any Peugeot S.A. shareholder may take part in the Company's Shareholders Meetings irrespective of the number of shares held.

Shareholders are advised to obtain an entrance card before the meeting to facilitate their admission. on the day of the meeting shareholders will be asked to provide evidence that they are shareholders of record during the registration process.

A single mail or proxy voting form will be sent to all holders of registered shares before the meeting. Holders of bearer shares wishing to vote by mail or by proxy may obtain the necessary forms from their bank or broker.

In accordance with article R. 225-79 of the French Commercial Code, shareholders may appoint or revoke a proxy (name, first name and address) online at psa-ag-mandataire@mpsa.com, no less than three days before the date of the meeting.

The formalities for attending the Shareholders Meeting to be held on 25 April 2012 will be set out in the Notice of Meeting published at least thirty five days before the date of the meeting in the *Bulletin d'Annonces Légales Obligatoires* and on the Group's website.

1.6. DISCLOSURE OF INFORMATION THAT MAY HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER FOR THE COMPANY'S SHARES

This information is provided in this Registration Document as part of the disclosures required under article L. 225-100-3 of the French Commercial Code (see pages 402 and 403).

2. RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

2.1. OBJECTIVES OF THE PSA PEUGEOT CITROËN INTERNAL CONTROL SYSTEM

As part of its commitment to preventing and limiting the effect of internal and external risks, the Group has set up risk management and internal control systems designed to provide reasonable assurance concerning the achievement of the following objectives:

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

More generally, these procedures and processes also contribute to the proficient management of the Group's businesses, the effectiveness of its operations and the efficient use of its resources.

2.2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK USED BY PSA PEUGEOT CITROËN

PSA Peugeot Citroën is committed to ensuring that its risk management and internal control system complies with the Reference Framework for Risk Management and Internal Control Systems issued by French securities regulator AMF in 2007 and updated in 2010. Banque PSA Finance has a specific system that complies with CRBF regulation 97-02 concerning the internal control systems of credit institutions. Faurecia, whose shares are traded on a regulated market and that acts under the responsibility of its own Board of Directors, has a separate internal control system which it applies independently.

GEFCO has an internal control and risk management system that complies with PSA Peugeot Citroën recommendations and is aligned with the specific features of its business and its organisation.

2.3. INTERNAL CONTROL PRINCIPLES

PSA Peugeot Citroën's internal control system was designed with five key goals in mind:

- to reflect the Group's strategic objectives, which are to be a global, profitable, independent company that ranks among the world's leading broadline automobile manufacturers:
  - the entire process is designed to proactively identify the risks capable of affecting the Group over the medium to long term,
  - all of the Group's companies are involved in the process, managing risks and ensuring internal control compliance in all of their operations,
  - the process focuses on action plans and outcomes, with a constant view to supporting operating efficiency,
  - the process is underpinned by compliance with applicable laws and regulations, exemplary behaviour and ethical practices, which the Group believes to be essential to responsible growth;
- to integrate a formal system, the Global Risk Management System (GRMS);
- to structure the system in such a way that it enables each department or division to deploy the same risk management and internal control process;
- to deploy the system with the support of dedicated standards and IT resources;
- to make the system auditable based on quality indicators.

2.4. PARTICIPANTS AND PROCESSES

2.4.1. At Group Level and in the Automotive Division

There is an overall set of security processes that contribute to the Group's risk management system.

- The Group's organisation and operating procedures, as defined by Senior Management, are set out in a number of reference handbooks that form a working framework applicable to everyone.

They include the Organisation Handbook and the Operating Procedures Handbook, which are expanded and updated regularly. These handbooks describe the procedures to follow, the division of responsibilities and the rules to be applied by all employee, in all of his or her day-to-day business activities.

In addition to these handbooks, each department has its own operating manual describing its operating procedures and processes as well as interfaces with the other departments.

All these general and department-specific guidelines are posted on an intranet site dedicated to the Group's Excellence System. This system is based on lean management principles and a culture of continuous progress. It sets out the framework for procedures, management and working methods, which results in formal standards being established.

- A general framework, which comprises a formal risk management system deployed Groupwide.

Each Division or Department is responsible for managing and controlling its own risk in accordance with the corresponding risk management and control guidelines. As such, each one applies in its remit the iterative five-step process described in the Global Risk Management System: (i) identify, (ii) analyse, (iii) assess, (iv) address and (v) control risks. Deployment of this process is managed by an Executive Risk Controller and by the Site Risk Managers, backed as needed by a network of specialists capable of managing specific risks, such as financial and legal risks, information system risks, and risks to physical assets.

The Risk Management and Control Department, which reports to the Corporate Secretary, designs and maintains the Global Risk Management System and the dedicated information system. In this capacity, it works in close cooperation with the network of Executive Risk Controllers and Site Risk Managers, who submit the information that the Department consolidates and analyses to prepare an updated risk map. Every month, the updated map is sent to the Executive Committee along with comments on any difficulties encountered in managing the identified risks and the action plans to be implemented or enhanced.

- Specific risk management and control procedures to supplement the general framework.

The Group's Code of Ethics was updated and expanded in 2010. It is directly available to all employees through the Intranet portal. All senior executives are required to formally accept the terms of the Code. An Ethics Committee chaired by the Corporate Secretary meets on a quarterly basis. An international network of Chief Ethics Officers deploys the process in every host country and systematically reports to the Ethics Committee any local ethical issues or breaches of compliance.

The Ethics Committee is responsible for overseeing a fraud prevention system and has tasked the Group's Security Department with managing the system, carrying out investigations, monitoring and reporting incidents.

The Security Department, which reports to the Corporate Secretary, is responsible for defining and coordinating on a global basis all actions intended to protect the employees and tangible and intangible assets of the Group (except for Faurecia) against the risks arising from malicious acts of all kinds.

The Legal Affairs Department, which reports to the Corporate Secretary, is responsible for preparing or verifying the Group's contractual commitments and ensuring their legal and regulatory compliance. It is also in charge of organising the Group's defence in the event of disputes with third parties. In this way, it helps to limit and manage the Group's exposure to legal risks as an employer, a designer and distributor of vehicles, a purchaser of components and a provider of services.

The Management Control Department, which reports to the Chief Financial Officer, is responsible for overseeing the Group's business and financial performance and proposes annual and medium-term targets for growth, operating margin and return on capital employed to Senior Management. It oversees the process of preparing the medium-term plan and the budget guidelines. It prepares annual budgets, updated forecasts and monthly estimates in conjunction with the various business divisions in order to measure and track actual performance against targets. It controls the results of the operating departments and the Group's projects, and produces summary reports. In addition, it carries out other financial tasks, particularly for the automotive business, such as product costings, selling price control, project profitability control, financial monitoring of industrial cooperation with other automakers, negotiations for mergers, acquisitions and disposals, and drawing up formal management rules and standards.

- Internal Audit Department's control over the proper application of these general and specific risk management procedures.

The Internal Audit Department, which reports to the Corporate Secretary, ensures that operating procedures are observed and that all general and specific risk management procedures are applied throughout all the Group's departments. It uses the risk map created from the Global Risk Management System as a base for preparing its annual audit plan, which is defined independently and subsequently submitted to Senior Management and the Finance and Audit Committee for review. Internal Audit is also responsible for assessing the degree of maturity of the risk management system and making recommendations for improving its effectiveness. A total of 91 internal audits were carried out in 2011.

- The Supervisory Board's control and oversight role.

The Finance and Audit Committee of the Supervisory Board ensures that the risk management and internal control system operates effectively. The Corporate Secretary reports to the Supervisory Board on the systems in place and their degree of maturity, as well as the risk map, with particular emphasis on risks capable of having an impact on the Company's financial and accounting information.

The Board also reviews the Internal Audit Department's organisational and operating principles, expresses an opinion on the Internal Audit plan and is informed of the findings of (i) the Internal Audits performed as part of the plan and (ii) the follow-up audits to check that the recommendations have been implemented.

As mentioned in section 1.2.3.1 above, a Finance and Audit Committee meeting dedicated to internal audit was held in January 2011.

The Finance and Audit Committee may also be asked by the Managing Board, the head of Internal Audit, the head of Internal Control or the Statutory Auditors to review any event exposing the Group to significant risk.

2.4.2. Banque PSA Finance

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

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

Recurring Controls

First-tier Controls, the Lynchpin of the Internal Control System

First-tier controls are carried out in the operating units. They are either embedded in procedures and performed by all employees in the normal course of their work, or they are performed by dedicated employees within the operating units. They are supervised by the structures responsible for recurring controls.

Second-tier Controls

Second-tier controls are performed by three departments and include controls concerning (i) compliance, (ii) operational risks of the finance companies, including insurance entities, and headquarters, (iii) accounting processes and procedures and (iv) the finance, treasury and IT services provided by the PSA Peugeot Citroën Group on the Bank's behalf.

The Compliance unit is responsible for preventing, controlling and overseeing compliance risks. In particular, it verifies that the Bank meets its obligations concerning data protection, the prevention of money laundering and compliance of new or substantially modified products. It ensures that the required systems are put in place and organises compliance training. This unit is also responsible for regulatory oversight and ensuring that the Bank effectively incorporates regulatory changes into its business, particularly into its IT systems.

Controls over operational risks for the finance companies and headquarters include (i) recurring assessments of the effectiveness of the operational risk management systems put in place within the Bank, including for outsourced services, and (ii) specific second-tier controls. This unit is responsible for ensuring that operations staff regularly perform key first-tier controls on risks classified as major.

The department in charge of controlling operational risks associated with accounting, IT, refinancing and treasury processes performs recurring controls in all of these areas. In particular, it has developed a control certification system for the accounting department, whereby the finance managers of the Bank's subsidiaries and branches are required to sign a document after each accounts-closing process confirming that key controls over major accounting risks have been performed and providing the results of these controls.

These departments base their work on a risk map that sets out the main risks to which the Bank is exposed. The risk map helps to ensure the underlying strength of Banque PSA Finance's internal control system, by highlighting identified risks, potential losses that may arise from these risks, first-tier controls and the results of these controls, as well as the results of second-tier controls and any residual risk.

Risk Management Function

This regulatory unit, which reports to the Corporate Secretary, was set up in 2010 following a new Autorité de Contrôle Prudentiel requirement. It is responsible for measuring and overseeing all the bank's risks other than compliance risks on a consolidated basis and reports to the Banque PSA Finance's Executive Committee and Audit Committee.

The second pillar of Basel II is currently being incorporated into the Bank's risk management system.

Periodic controls

Periodic - or third-tier - controls consist of periodically checking transaction compliance, risk levels, compliance with procedures and the effectiveness of recurring controls.

They are performed by the Internal Auditors, based on an Internal Audit plan that provides for all of the Bank's units and processes (including those that are outsourced) to be audited at least once every three years.

Oversight by Executive Management and the Board

The internal control system is overseen by executive management and the Board, supported by various committees.

The Board of Directors verifies that the Bank's main risks are properly managed and obtains assurance about the system's reliability, through the Audit Committee. The Audit Committee reviews the lessons to be learned from risk monitoring activities and from recurring and periodic controls. It meets at least four times a year.

Executive management is responsible for defining and implementing the system of internal control. It oversees the system's efficiency and effectiveness, and ensures that adequate resources are assigned to internal control. In carrying out these duties it draws on the minutes of meetings of the Internal Control Committee, which has front-line responsibility for the operational management of the internal control system.

Organisation of Internal Control

The internal control system is built around regular first-tier controls, primarily through delegations of authority applicable to all operating units and Corporate Departments. These delegations of authority determine the levels at which decisions must be made in the areas of banking and financial transactions, loan approvals, lending terms, new products and services and expenditure commitments.

At Group level, committees have been set up to determine and implement Bank policies in the areas of internal control and decision-making processes during regular meetings. These committees are as follows:

- the Credit Risks Committee, which monitors changes in troubled loans and credit losses, analyses the performance of the risk selection systems, and reviews changes in Basel II rules;
- the Lending Margins Committee;
- the Products and Processes Committee;
- the Group Credit Committee, which reviews wholesale and fleet financing applications;

- the Refinancing Committee, which reviews the results of the Bank's refinancing and interest rate risk management policies;
- the IT Security Committee;
- the Compliance Committee.

2.4.3. Faurecia

In performing its duties, Faurecia's Board of Directors is supported by an Audit Committee that plays a key role in the internal control process, particularly by reviewing (a) the process used for preparing and controlling financial information, (b) the effectiveness of internal control and risk management systems, and (c) the statutory audit work on the parent company and consolidated financial statements. The Committee also conducts in-depth analyses of material financial transactions and reviews the Group's financial performance indicators.

Faurecia's internal control system is based on a set of resources, behaviours, procedures (available for consultation by all employees via the Faurecia Intranet) and actions geared to the specific features of each company and the Group as a whole. It is intended to:

- contribute to the proficient management of Faurecia's businesses, the effectiveness of its operations and the efficient use of its resources; and
- enable Faurecia to deal effectively with significant operational, financial or compliance risks.

The internal control system aims to provide reasonable assurance about the achievement of the following objectives:

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

The procedures also concern programme controls designed to track the performance of contracts to supply complex equipment to automakers – in the acquisition, design and production phases – as well as financial and accounting controls intended to ensure that financial and accounting information is properly processed, thereby ensuring the Group's responsiveness.

The Internal Audit Department is responsible for overseeing the internal accounting and financial control systems and their effectiveness. It makes sure that the overall system is complete, consistent and adequate, and that procedures are followed at all times through audit assignments based on random sampling and investigations. In the event of a breach, it ensures that appropriate corrective plans are implemented and reports on the effectiveness of the internal control system. With a view to continuous progress and spreading identified best practices throughout the Group, the Internal Audit Department strengthened its resources by setting up two new non-European units in 2011, one in the United States and one in China.

2.4.4. GEFCO

GEFCO performs appropriate controls at each level of the organisation, covering the financial, accounting and operating aspects of its business.

The basic units in the GEFCO organisation are the agencies, which are structured as profit centres, guaranteeing that each service is properly recorded, invoiced and paid for.

Each subsidiary aggregates the income statement data received from its agencies and ensures that the financial flows comply with prevailing standards. Lastly, headquarters internal control teams check each subsidiary's accounts using the information systems covering most of GEFCO's operations.

Accounting system, financial statement preparation and management review processes are based on the standards and principles used by the PSA Peugeot Citroën Group.

GEFCO's operational internal control system includes a self-assessment process for the business operations aligned with PSA Peugeot Citroën recommendations to identify, analyse and address the main risks involved in GEFCO objectives.

The data reported in 2011 by the Group's 27 subsidiaries and 338 agencies via a dedicated information system were used to define action plans to drive improvements that will contribute to GEFCO's operational excellence. As a result, GEFCO implemented several measures in 2011 designed to reinforce the segregation of tasks and control over payment systems.

The internal control procedures are assessed during audits carried out across the GEFCO group by the PSA Group's Internal Audit team.

2.5. PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The Finance Department is responsible for defining and implementing a specific internal control system for accounting and financial matters, in addition to the Global Risk Management System described above, which also applies to it in the same way as any other department of the PSA Group.

2.5.1. Accounting and Financial Organisation

The Finance Department uses a technical and organisational framework called "Nordic", which covers accounting and consolidation standards, best accounting practices, integrated accounting standards, financial management standards, financing and cash management standards and tax-related standards. The framework is accessible to all Group employees to ensure that standards are applied uniformly. Different managers are responsible for updating specific categories of standards in line with their areas of specialisation.

The Group's accounting standards describe the accounting policies applicable to all subsidiaries, based on International Financial Reporting Standards (IFRSs) as approved by the European Union, and taking into account the accounting options selected by the Group and any standards that have been early adopted. They set out the accounting treatment and accounting entry structures for complex and/or new transactions. Specific standards are applied for Banque PSA Finance and Faurecia to reflect the specific nature of their businesses.

The guidelines on best accounting practices prepared by the Automotive Division Accounting Department are accessible by all Automotive Division employees. They help to ensure consistent application across the Group of best practices identified in terms of accounting quality and internal control.

All the Group's accounting, finance and management control units receive an annual Group reporting timetable drawn up by the Corporate Management Control Department, setting out for each monthly period the various accounting close and reporting dates, as well as the dates of performance review meetings. The Consolidation Department also prepares and sends out a standard setting out the timetable for the submission and processing of subsidiaries' consolidation packages.

The accounting and financial information systems developed and/or implemented in the Group by the Information Systems Department meet the needs expressed by users (accounting, consolidation, management control, finance, treasury). Each application is classified in terms of availability, integrity, confidentiality and traceability of information sent or produced. The classification determines the requirements in terms of access clearance (confidentiality and traceability) and business continuity and recovery plans (availability and integrity). Data archiving and backup procedures have been implemented to comply with legal requirements for keeping data and to create audit trails guaranteeing data traceability.

To uphold and improve the quality of accounting and internal control within the Group's Automotive Division, an Accounting Quality Plan has been implemented at the level of each accounting team in the relevant Departments, under the responsibility of the Chief Financial Officer. This plan comprises all internal actions taken to implement the recommendations of the internal and external auditors, as well as those of the teams themselves. A meeting is held every quarter under the Chairmanship of the Group's Chief Financial Officer to monitor the Accounting Quality Plan.

2.5.2. Procedures Relating to the Preparation and Processing of Accounting and Financial Information

Published financial information comprises the consolidated financial statements of the PSA Group and the statutory financial statements of Peugeot SA, approved by the Managing Board and presented to the Supervisory Board, as well as analyses of the data included in these financial statements and press releases issued by the Group.

Monthly, half-yearly and annual results are validated jointly by the Accounting units, the Consolidation Department, the Corporate Management Control Department and the Management Control units of each division. Senior Management reviews the full set of consolidated financial statements on a monthly basis.

The consolidated financial statements are prepared by the Consolidation Department, which is also responsible for Group accounting policies. The statements are prepared in accordance with IFRSs as adopted by the European Union, and the individual statutory accounts of the Group's subsidiaries are restated to align them with IFRS, apart from Faurecia and the companies that Faurecia consolidates. The subsidiaries' accounts are prepared under the responsibility of the Accounting and Finance Departments within the various divisions (Automotive, Automotive Equipment, Transportation and Logistics, and Finance). These departments, in liaison with the operating units and the Management Control Department, ensure the accuracy of the individual statutory accounts and the consolidation packages and systematically co-validate them. The Consolidation Department produces a full set of consolidated financial statements each month, both for internal management and external reporting purposes for the half-year and full-year closings. It also prepares the individual statutory accounts and restated IFRS accounts for Peugeot S.A.

The accounts are consolidated by separate dedicated teams for (i) the Group as a whole, (ii) Banque PSA Finance and its subsidiaries and (iii) Faurecia. Each month, all consolidated companies send their dedicated team their detailed financial statements, including their income statement, balance sheet, cash flow statement and analyses, prepared in compliance with Group standards, for integration into the consolidated accounts. Each subsidiary is responsible for preparing regular reconciliations between their statutory equity and equity reported in the consolidation package. These reconciliations are checked by the consolidation team in order to check that deferred taxes are properly stated. All consolidation adjustments are controlled and traced. An overall analysis of changes in the main consolidated income statement, balance sheet and cash flow statement items is communicated each month to Senior Management.

The reliability of data reported by the subsidiaries is verified by their own management control teams, the Division-level Accounting and Finance Departments and the Group Consolidation Department.

The subsidiaries' financial statements are reported via the Magnitude system, which has been set up at all consolidated subsidiaries to guarantee data security and traceability.

Off-balance sheet commitments are identified within each Group company and reported to the consolidation team.

Asset control procedures are based on annual inventories of goods held by PSA Peugeot Citroën as well as inventories of property, plant and equipment held at Group sites, based on cycle counts which ensure that each asset is counted at least once every three years. The inventories are governed by strict procedures concerning segregation of tasks and count controls to ensure that the results are reliable.

Investment and financing strategies and strategies for evaluating counterparty risks arising from financial market transactions are approved by the Finance Department.

The Financial Communications Department, which reports to the Finance Department, is responsible for relations with investors and the financial markets authorities. It coordinates the work done by the various Group entities on preparing the annual Registration Document and ensures that the timetable for its preparation and publication is met. The Management Control Department is responsible for drawing up and presenting summary data used to analyse results and provide forecasts.

2.6. PROCEDURES FOR THE PREPARATION OF THIS REPORT

This report was based on the following main procedures:

- identifying all existing practices within the Group operating units and departments concerning procedures, risk analyses and regular updates to those procedures and analyses;
- verifying that Group internal control procedures and processes comply with the general principles of the AMF's Reference Framework for Risk Management and Internal Control Systems;
- obtaining assurance at the level of the Finance Department – with input from the accounting, consolidation, financial communications and management control teams – that processes for the preparation and approval of the consolidated financial statements fulfil the quality criteria defined for each operational category in the application guide included in the above-mentioned Reference Framework.

16.5.2. STATUTORY AUDITORS REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF PEUGEOT S.A.

Year ended December 31, 2011

To the Shareholders,

In our capacity as statutory auditors of FORMTEXT Peugeot S.A., and in accordance with article L. 225-235 of the French commercial code *(Code de commerce)*, we hereby report on the report prepared by the chairman of the supervisory board of your company in accordance with article L. 225-68 of the French commercial code for the year ended FORMTEXT December 31, 2011.

It is the chairman's responsibility to prepare and submit for the supervisory board's approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-68 of the French commercial code *(Code de commerce)* relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by article L. 225-68 of the French commercial code *(Code de commerce)*. It should be noted that our role is not to verify the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the chairman of the supervisory board in accordance with article L. 225-68 of the French Commercial Code *(Code de commerce)*.

OTHER INFORMATION

We confirm that the report prepared by the chairman of the supervisory board also contains the other information required by article L. 225-68 of the French Commercial Code *(Code de commerce)*.

Courbevoie and Paris-La Défense, February 28, 2012

The statutory auditors

French original signed by:

Mazars		**Ernst & Young et Autres**	
Loïc Wallaert	Jean-Louis Simon	Christian Mouillon	Marc Stoessel

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17.1. PEOPLE-DRIVEN PERFORMANCE

PSA Peugeot Citroën has formulated a vision to impel its progress for the coming ten years. Based on four ambitious objectives aligned with the Group's priorities, this vision drives the creation of economic value: move our services and products upmarket, expand internationally, improve operating efficiency, and respect the imperatives of responsible development. This vision is anchored in the values shared by the people of the PSA Peugeot Citroën Group: respect, responsibility, continuous improvement and boldness.

For human resources, this vision shapes four priorities:

- Development of human resources;
- Management and engagement of employees;
- Responsible development of the Group through social cohesion;
- The operating performance of team members.

17.1.1. GLOBAL SOCIAL REPORTING

Knowing the people of the PSA Peugeot Citroën Group is essential to develop, implement and continually enhance the social policy of a Group that counts over 200,000 people around the world.

The Group has for many years consolidated and published human resources management indicators with an emphasis on three aspects: transparency, completeness and quality of information. The PSA Peugeot Citroën social reporting process is now mature and efficient. It involves over 400 contributors from all Group subsidiaries, using interactive applications to compile data, led by a central team dedicated to this process.

PSA Peugeot Citroën is recognised as a benchmark in this area and complies with legal obligations for reporting as well as the recommendations of the international Global Reporting Initiative and requests from stakeholders, particularly employee representatives and SRI rating agencies.

17.1.2. MANAGING JOB LEVELS RESPONSIBLY TO MEET NEW CHALLENGES

Automobile industry professions are changing to meet new economic, technological and environmental challenges. People remain the primary focus of strategies to address these shifts in a context of growing globalisation. PSA Peugeot Citroën is responsible for the women and men who apply their efforts every day to ensure the success of the Company. When tensions arise the Group continues to act responsibly and is committed to taking the measures necessary to keep employees' skills fresh so they remain employable throughout their careers.

EMPLOYMENT POLICY

TARGETED HIRING

In 2011, PSA Peugeot Citroën hired over 8,800 people under permanent contracts in the Automobile Division. These hirings support the Group's strategic projects and growth in new markets, adding skills not available internally.

To attract the best candidates, PSA Peugeot Citroën organised Spring Recruitment Events for young university graduates at its different sites, giving them a chance to discover our diversity of professions and career opportunities and apply for open positions.

The Group also drew on its Campus Partners network of nearly 140 employees who volunteer to promote the PSA Peugeot Citroën employer brand at their alma mater.

From Asia to Latin America and Europe, each hiring complies with the Group's hiring policy and processes.

MAPPING OF PROFESSIONS

THE JOB FAMILIES AND PROFESSIONS APPROACH

The job families and professions approach developed by PSA Peugeot Citroën is central to the Group's human resources development policy. It identifies career itineraries that can take employees from their current position to the jobs of tomorrow.

Job families are cross-functional skills communities that encompass all the professions focused on the same ultimate work objective. The 20 job families provide a mapping of all the Group's professions and serve as the basis for skills development action plans, qualifying career paths and the bridges between professions and job families, mobility, skills guidance, hiring needs, or certification of training by PSA Peugeot Citroën University.

The job family process helps employees establish career objectives and prepare for mobility and enables managers to provide effective support. It allows the Group to foresee strategic changes in the skills base, identify the capabilities it will need in the future and prepare transitions to help avoid dismissals or sudden changes.

The intranet portal dedicated to the job family and professions approach introduced in September was immediately successful, logging 50,000 connections right from the launch. This response confirms that the approach is aligned with the needs of the Group's employees, helping them better understand potential career paths, key skills, bridges and the training curriculum. The portal has become an essential resource for all those interested in the Group's professions and their future with the Company.

WORKING WITH EMPLOYEE REPRESENTATIVES TO PREPARE JOBS AND CAPABILITIES FOR THE FUTURE

Proactively responding to an evolving skills base, accurately predicting the capabilities needed in the future and improving employee visibility of over-the-horizon technologies and manufacturing processes are all critical challenges for PSA Peugeot Citroën. A forward-looking view is needed to initiate effective policies for training, career development, job mobility, hiring, and jobs and skills redeployment. It is the Company's responsibility to take this type of approach so that it can make the necessary adjustments smoothly, without sudden upheavals and last minute retraining.

Forward-looking management involves analysing situations with employee representatives, discussing policies deployed and considering their foreseeable impact on jobs and skills.

A new human resources planning and development agreement signed in France in 2010 provides for a comprehensive system designed to meet three key goals:

- improve the ability to foresee changes in jobs, skills sets and capabilities by enhancing employee visibility of over-the-horizon technologies and manufacturing processes;
- instil a new dynamic for individual career management to encourage personal investment and job mobility in a commitment to developing the Group's skills and capabilities base;
- provide a support system for employees concerned by corporate transformation programmes, such as retraining, collective transfers or developments in less demanded professions.

The Group has oversight committees in its main host countries to discuss future trends in jobs, capabilities and skills sets with employee representatives. This forward-looking approach provides a qualitative and quantitative outlook for managing strategic skills sets, technological or organisational changes, alignment programmes and other issues.

RESPONSIBLY MANAGE THE IMPACT OF THE ECONOMY ON JOBS

The European economy and the difficult situation for the automobile industry required the Group to initiate an ambitious performance plan designed to improve profitability. As a responsible employer, PSA Peugeot Citroën opted to introduce the necessary transformations through innovative employment solutions.

MEASURES TO PRESERVE JOBS

As an alternative to unemployment and redundancies, short-time work enabled the Group to maintain jobs in 2011 despite the recession in the European automobile market while continuing to develop employee skills and prepare for the future.

Company-wide and local agreements signed with the French government guarantee payment of 75% of an employee's gross salary for unworked days (equivalent to around 95% of net salary). Individuals who volunteer for the scheme can take training during the unworked periods to develop their skills and knowledge and receive a training benefit to maintain full pay during these short-time periods.

With the same objective of finding optimal solutions to adjust to swings in customer demand, PSA Peugeot Citroën continued to apply an agreement on job creation and flexibility at manufacturing facilities signed in September 2010. Among other measures the agreement makes it possible to introduce variable night shifts based on shorter night-time hours, with daily worktimes depending on order intake.

SUPPORT MEASURES FOR TRANSFORMATION PROJECTS

PSA Peugeot Citroën systematically deploys measures to support employees through major transformations and changes in both the manufacturing and non-manufacturing sides of the business to maintain social cohesion. A structured approach is applied during each change project to analyse the impacts and consequences and prepare support measures.

PSA Peugeot Citroën carried out a skills redeployment plan in France in 2011, based on voluntary participation within the framework of the agreement on the new jobs and capabilities dynamic signed in 2010. Internal mobility and retraining is proposed for employees in professions where staffing needs will decline due to economic, technological or organisational changes. The employees concerned may also choose voluntary outplacement, with the agreement of both the employee and the Company. Implementation of the measures is supported by transfer opportunity and career development centres which:

- provide employees with information on job families, professions and assessments from oversight committees on trends in professions and capabilities;

- schedule meetings with employees to assess opportunities, guide them and provide information on internal mobility or outplacement measures.

In 2011 the initiative enabled over 700 people in the Group to benefit from a mobility solution.

TOP COMPETENCES, PRIORITY ON EMPLOYABILITY

Prepared in 2011 and scheduled for deployment in 2012, the Top Competences retraining programme is aimed at stepping up internal mobility by facilitating reassignments.

In December 2011, management presented to the Central Works Council the measures designed to support the redeployment of 1,900 jobs in France, which have been built on the following principles:

- the measures are intended, on a voluntary basis, for employees in jobs that seem likely to dwindle for economic, organisational or technological reasons.
- they focus on inplacement and reassignments, but provide for the additional use of outplacement on a voluntary basis, with the agreement of both the employee and the company.
- they include an ambitious training and certification system for a new approach to collective retraining, with 200,000 hours allocated to the 2012 training programme.

Deployment of the measures will be backed by the Agreement on the New Jobs and Capabilities Dynamic signed in 2010. The Mobility and Career Development units will support employees during the reassignment process, as well in the development of their employability.

With Top Competences, the Group is helping to shape an internal mobility policy that is supportive of all employees and offers everyone positive opportunities for the future.

COMMITMENT TO YOUTH EMPLOYMENT DELIVERS RESULTS

PSA Peugeot Citroën continued its programme to bring young people into the workforce, welcoming over 5,800 interns and 4,600 work-study programme participants (including skills-acquisition and apprenticeship contracts) in 2011.

The programme is designed to maintain a well-balanced age pyramid and prepare for a generational transition while ensuring the transfer of knowledge and expertise. This policy also responds to the social and societal challenge of giving young people a real chance to envision their future and enter the workforce by discovering first-hand the jobs and values of a large manufacturer like PSA Peugeot Citroën.

The Group signed on to a French government plan to promote work-study programmes as a priority path to stable employment. Similar initiatives have proved successful in other countries, including the United Kingdom and Italy.

RETAINING AND MOTIVATING SENIORS

PSA Peugeot Citroën does not believe in having a separate policy for older employees, who represent nearly 30% of the total workforce excluding GEFCO and Faurecia. on the contrary, managing older employees is part of the Group’s overall jobs and capabilities policy, which guarantees equal opportunity and treatment and anticipates demographic trends.

In 2005 PSA Peugeot Citroën took initiatives to focus awareness on the importance of retaining and motivating seniors with employee representatives. Agreements to retain and motivate older employees were signed in France in January 2010.

The Group’s policy for older employees identifies six levers – hiring, career development, working conditions, access to job training, managing end-of-career schedules and mentoring – that shape seven priorities:

- prepare generational renewal and ensure effective transfer of knowledge and skills;
- help retain seniors in the workforce by anticipating career changes;
- foster age diversity within teams;
- maintain motivating salary packages and career advancement opportunities;
- adapt working conditions to older employees;
- develop an active occupational health policy;
- manage end-of-career schedules and the transition to retirement.

17.1.3. HUMAN RESOURCES, A STRATEGIC CHALLENGE

PSA Peugeot Citroën employee relations and human resources policies continually adapt to changing external factors and employee expectations. Actions have tangible meaning to foster confidence and initiatives are never considered theoretical concepts, but rather a shared commitment between management and employees.

ATTRACTING TALENTED PEOPLE

REVITALIZING THE EMPLOYER BRAND

Attracting and hiring people with the skills the Group needs is a strategic challenge. The Employer Brand, which expresses the Group’s identity as an attractive employer, plays a decisive role. The Employer Brand reflects employee perceptions of their company and the way external players perceive PSA Peugeot Citroën as an employer.

The Group analyses the different components that inform the Employer Brand, including internal and external perceptions, position in the digital landscape, management vision and competitive positioning. Global surveys and local studies carried out in 2011 led to measures to engage with the populations the Group is interested in hiring.

Russia

The new Kaluga plant deployed an Employer Brand action plan to make the Group more attractive in its employment catchment area. All candidates who attend a hiring interview are asked to complete a questionnaire to identify their expectations towards their future employer. The Kaluga facility used this feedback to define its Employer Value Proposition, leading to numerous actions such as participation in jobs fairs and creation of a pool of candidates.

Latin America

After six months on the job, new hires complete a questionnaire to assess their perception of PSA Peugeot Citroën. This information helps identify opportunities and improvement paths for the Group in its employment catchment area. It constitutes a first step towards a new hire satisfaction survey deployed across the entire Group.

GREATER PRESENCE ON SOCIAL NETWORKS

The Group continued to expand its presence on social networks in 2011 to create closer relations with hiring targets (recent graduates and students). This approach aims to heighten the Group's visibility, spotlight the variety of professions and career opportunities it offers and present ways for young people to gain initial experience at the Company such as internships, apprenticeships or the French government VIE international volunteers programme.

MANAGING TALENT

NURTURING EMPLOYEE COMMITMENT

PSA Peugeot Citroën listens carefully to its employees so that it can stimulate people to give the most of themselves, both individually and collectively. Employee commitment is fostered by a positive workplace environment, simple and proven work methods and capabilities for individual development.

PSA Peugeot Citroën identified employee commitment as a priority in 2011. To drive progress in this area in 2012 the Group will analyse the results of a qualitative survey that assesses the degree of employee commitment. The survey will measure progress in listening to employees and management practices, helping improve the Group's ability to optimise management of its human capital. Managers will receive detailed reports showing results for their teams, enabling them to create concrete, measurable action plans that are tracked over time. The Team Connect survey will measure internal employee perceptions, one of the main components in the Employer Brand image.

In addition, management from different Group departments organise online chat sessions with staff to nurture closer relations and effective explanations of strategy, which are essential to deepening the engagement of teams.

HUMAN RESOURCES DEVELOPMENT POLICY

PSA Peugeot Citroën adopted a new global human resources development policy in June 2010. Expressed and led by executive management, this policy is designed to promote the professional development of all employees and to make managers responsible for their teams' growth.

The policy comprises seven core principles:

- each employee is an active participant in his or her career growth;
- each manager is responsible for developing his or her team;
- all employees are entitled to an annual performance review;
- career paths are defined by job family, through each family's professions;
- training represents a major investment for both the Company and employees;
- professional mobility allows interested employees to expand their career horizons and develop their skills;
- PSA Peugeot Citroën manages jobs responsibly.

The policy is also intended to support the Group's international expansion and enhance its competitiveness by attracting and retaining top talent, providing employees with the necessary training to stay at the top of their game, and helping team members navigate the changes caused by major shifts in the automobile industry.

ANNUAL APPRAISAL INTERVIEWS, THE CORNERSTONE OF PERSONAL DEVELOPMENT

Annual appraisal interviews are an important management process that ensures the alignment of all employees behind the Group's ambitions and continued development of their skills. PSA Peugeot Citroën puts high priority on this special opportunity for each employee to review their performance during the previous year, set goals for the coming year, and discuss in detail their personal and professional development plans.

The structure of the appraisal interviews was improved in 2011, taking into account feedback on the previous year's annual appraisals. The new annual appraisal interview better reflects the overall contributions of each employee through a general assessment of the function broken down into two components, technical competencies and behavioural competencies. Career prospects and mobility opportunities are now better defined and a personal skills development plan formalises areas for improvement and actions needed to achieve objectives.

The Human Resources Department trained managers and helped them prepare for the annual appraisal interviews. A series of resources and documents is available to employees to help them prepare for the interview, such as a user guide, e-learning, FAQs, etc.

PERSONAL DEVELOPMENT THROUGH 360-DEGREE ASSESSMENT

To accentuate management development and the front-line role of managers in developing their own capabilities and those of their teams, PSA Peugeot Citroën introduced 360-degree assessments for executives and senior managers. This method provides feedback from a manager's supervisors, peers and reports to identify strengths and weaknesses and jointly define a personal development plan. Over 500 executives and senior managers completed these assessments in 2011 with a shared conviction that better self-knowledge and knowledge of teams gives management a better understanding of the Group in order to achieve the objectives of its vision plan.

MEASURING AND NURTURING HUMAN RESOURCES PERFORMANCE THROUGH THE PSA EXCELLENCE SYSTEM

The PSA Excellence System is a working method and management style based on Lean principles and continuous improvement that is designed to help the Group achieve its operating efficiency objectives. The system requires implementation of and compliance with a clear framework for simple, understandable and effective operating methods. To succeed, it needs to be backed by an organisation that fosters development of the Group's know-how.

Within the corporate human resources function, deployment of the PSA Excellence System has led to:

- three comprehensive policies on health and safety, human resources development and employee relations that define guidelines and expected outcomes for managers. The related management systems translate the Group's commitments into tangible, everyday actions for each employee;
- processes for coordinating and managing activities so as to improve employee working conditions;
- shared target agreements for teams that formalise priorities, the actions needed to meet them and tracking and monitoring indicators;
- the use of Obeya ("large room" in Japanese) for managing teams and operations. Based on the concept of visual management, Obeya are used to track operations and define priority actions.

All of the components of the PSA Excellence System contribute to the effective implementation of a responsible, sustainable employee relations policy, as well as to its management and continuous improvement.

Human Resources Transformation Projects Continue

In 2011 PSA Peugeot Citroën continued its global project to transform the human resources function with the goal of improving operating efficiency worldwide. The Global HR project adjusts the organisation and divides missions differently between the corporate and front-line Human Resources Departments.

The corporate Human Resources Department is responsible for defining strategy, Group processes and standards and for ensuring that they are applied. It relies on the HR profession skills centres to devise and apply global, operational solutions. The front-line Human Resources Departments in the divisions and regions, which are closer to managers and employees, are responsible for implementing human resources policies and processes within their areas. They focus first and foremost on tasks with high added value, notably with regard to employee development.

The project involves renovating the human resources information systems to provide the Company with effective tools and help make PSA Peugeot Citroën a more global group.

WORLDWIDE MISSIONS FOR PSA PEUGEOT CITROËN CORPORATE UNIVERSITY

NURTURING TALENTS

The corporate university is responsible for transmitting knowledge, working methods and soft skills aligned with the Group's values and strategic objectives. Since it was founded in April 2010, the university has offered a variety of training courses designed to help the Group fulfil its ambitions. The university guarantees that the technical and managerial skills acquired through these courses meet a defined level of excellence.

Basic courses are offered at all Group units to ensure that employees all share the same vision. They include a number of areas, including management, English as a foreign language, the PSA Excellence System, the Workplace Safety Management System, employee well-being, individual performance reviews, work ethics, the new employee onboarding process, economy and finance, as well as globalisation and cultural diversity. Teaching draws on latest-generation digital resources. The university provides training in key skill areas related to the Group's professions and to the personal development of each employee.

To fulfil its mission on a global scale, the corporate university opened two branches outside France in 2011, one in Sao Paulo, Brazil and the other in Shanghai, China. This international coverage helps Group employees everywhere in the world share common values and working methods.

The training catalogue now comprises nearly 5,500 courses. In 2011, employees across the Group received 3.2 million hours of training, representing an average of 23.6 hours per employee.

ENSURING THE GROUP'S MANAGERIAL TRANSFORMATION

Meeting the Group's objectives requires an effective contribution by management to the change process. The training curriculum for PSA Peugeot Citroën managers is aligned with their experience and combines a management dimension with the exercise of operating responsibilities while developing a feeling of belonging. Group executives and senior managers attend an annual Executive Manager training course designed specifically to meet their needs. In 2011 the programme centred mainly on employee commitment. In 2012 the primary topic will be value creation in the Company.

CERTIFICATION OF KNOWLEDGE AND SKILLS

The 113 professions covered by the training catalogue are based on a quality certification process. Certification of each professional's training cluster is awarded for a three-year period following an audit that assesses five key requirements: describe the skills needed and the related training, offer three levels of training (beginner, advanced and senior), deploy the training clusters worldwide, provide a system for embedding skills in the profession at an operational level, and ensure that the teaching system is appropriate. At 31 December 2011 a total of 54 training clusters had been certified, covering over 57% of the Group's global workforce. Managers and staff in these professions benefit from a relevant training programme for each function within their profession. This approach addresses strong expectations and has been actively adopted. It will continue until all Group professions achieve certification by the end of 2013.

FOSTERING STRATEGIC PARTNERSHIPS

The corporate university actively develops partnerships to establish long-term relations with schools and universities and promote the Group's employer brand.

The corporate university's "extended university" approach is based on lasting relations with schools and universities, along with sponsoring of laboratories and teaching or research chairs. Doctoral candidates and post-doctoral researchers at these schools work on research subjects related to technologies important to PSA Peugeot Citroën, aiming for concrete applications within a five to ten-year horizon. These teams, which also include future graduates, contribute to research projects within the scope of chairs and partnerships initiated by the Company.

At 31 December 2011 the corporate university had partnerships with 23 engineering, technology and business schools worldwide, including top institutions in France (École Polytechnique, École Centrale de Paris, Université Paris Orsay, Université de Paris-Dauphine and ESSEC) and other countries (São Paulo and Rio universities in Brazil, Beijing and Shanghai universities in China, ESADE in Barcelona, Spain and the London Business School in the United Kingdom).

These partnerships enjoy added impetus thanks to the direct involvement of the Group Executive Committee and numerous other members of PSA Peugeot Citroën. A senior manager is named as ambassador to each partner school, acting as the Group's official representative, assisted by a "sherpa" to oversee day-to-day affairs.

FAIR AND COMPETITIVE COMPENSATION THAT REWARDS PERFORMANCE

In all host countries, compensation policies are designed to maintain employee purchasing power, while rewarding performance, offering compensation that is fair and competitive with market practices and giving employees a stake in the value they help to create.

En 2011, 30 compensation agreements were signed with employee representatives in France, the United Kingdom, Brazil, Argentina, Sweden, Spain and Germany. These agreements not only maintained purchasing power, but also provided for individual performance-based bonuses.

In addition to across-the-Board raises, merit raises are awarded each year to individual employees in all job categories, based on their performance, job proficiency and career development. Processes are strictly monitored to prevent any discrimination.

ENABLING EMPLOYEES TO SHARE IN THE VALUE THEY CREATE

PSA Peugeot Citroën wants all employees to share in the value they create. In France, an amendment to the discretionary profit-sharing agreement was signed in 2011, defining criteria for discretionary and non-discretionary profit-shares for 2011 and 2012. The amendment doubles the amount of the discretionary profit-share from 1% to 2% of gross taxable salaries if all targets are achieved. It also calls for additional discretionary profit-sharing if non-discretionary profit-sharing is limited under the law. Group employees outside France also benefit from a profit sharing system linked to the non-discretionary profit-share and to possible additional discretionary profit sharing in France. The discretionary profit-sharing scheme encourages employees to embrace the Group's operating and strategic objectives. In 2011 the priority was placed on safety, financial and quality targets.

ENCOURAGING INDIVIDUAL AND COLLECTIVE PERFORMANCE

In addition to collective discretionary and non-discretionary profit-sharing systems, PSA Peugeot Citroën decided in 2011 to increase the number of managers eligible for a variable bonus. This variable bonus is awarded on the basis of annual individual and collective objectives set for each manager. It reflects a commitment to encouraging a results-oriented culture and to recognizing the commitment of employees to achieving their objectives, particularly in terms of social and environmental responsibility performance. In 2011 a specific corporate bonus system was introduced in Latin America and China, consistent with local compensation practices.

EMPLOYEE SHARE OWNERSHIP

Corporate savings plans have been set up to give employees a way to benefit from the Group's growth. In France, employees have the opportunity to invest in a PSA employees' fund, while in Germany, Spain, Portugal and the United Kingdom, they can select from a variety of investment vehicles depending on local legislation. The Group provides a matching contribution.

PREPARING RETIREMENT BENEFITS FOR THE FUTURE OF EMPLOYEES

To help employees prepare for the future, supplemental defined-contribution retirement plans are being set up in all host countries and wherever they are necessary to offset insufficient mandatory pension schemes and market practices. Such plans have already been introduced in Germany, Brazil, Spain, France, Japan, the Netherlands, the Czech Republic, Slovakia and the United Kingdom.

Managed by joint labour-management commissions in line with local practices, these systems are not designed to replace pay-as-you-go schemes in countries where such schemes are available. Rather, they have been created to provide beneficiaries with supplemental retirement income to offset the expected drop in replacement rates, as well as to harmonise retirement benefits across subsidiaries in each country.

A majority agreement signed in France in 2011 enabled application of a new defined contribution pension plan that takes effect in 2012. The new plan provides for optional supplementary contributions.

EXPANDING HEALTH AND INSURANCE COVERAGE

In all host countries, insurance plans are being introduced to provide at least death and disability cover. Employer-funded healthcare plans have also been put in place in several countries.

In 2011 PSA Peugeot Citroën set up a worldwide partnership with an insurance company to improve healthcare, death and disability cover and optimise costs, benefiting both the Group and its employees. for example, this partnership enabled death cover regardless of the cause in Italy.

In France, Group management and labour unions signed a collective bargaining agreement introducing a single top-up cover for healthcare expenses for all employees. The Group funds a significant portion of this plan.

17.1.4. WORKPLACE HEALTH AND SAFETY IS OUR TOP PRIORITY

PSA Peugeot Citroën saw significant improvements in workplace health and safety in 2011. The total lost-time incident frequency rate (including temporary employees) as of 31 December 2011 was 2.42, reflecting a continuous improvement process for workplace health and safety. The 38% improvement in safety performance in 2011 compared with 2010 shows the efficiency of the Workplace Health and Safety Management System introduced two years ago.

SUSTAINABLE PROGRESS

CONTINUOUS IMPROVEMENT

Progress was made in 2011 at all Group departments and in all businesses. The total lost-time incident frequency rate was 2.42 compared with 3.87 in 2010 and 4.63 in 2009. These results are the combination of safe practices by permanent employees and temporary employees. As of 31 December 2011, the lost-time incident frequency rate for Group employees showed continued improvement, standing at 1.99, compared with 2.79 in 2010, and the rate for temporary employees declined from 25.1 in 2010 to 8.6 in 2011.

THE ONLY ACCEPTABLE TARGET IS ZERO ACCIDENTS AND ZERO HIGH-RISK SITUATIONS

PSA Peugeot Citroën believes that the only acceptable goal is an accident-free work environment and that no real progress can be achieved without ensuring employees' safety. By exceeding its 2011 targets the Group confirmed the quality and reliability of its Workplace Health and Safety Management System.

PSA Peugeot Citroën will continue to progress in 2012 to guarantee a robust process and achieve a total lost-time incident frequency rate of 1 in 2013. This target has already been achieved or exceeded at certain facilities. The Madrid unit, for example, recorded no lost-time incidents in 2011.

WORKPLACE HEALTH AND SAFETY MANAGEMENT SYSTEM

A PROCESS THAT DELIVERS RESULTS

PSA Peugeot Citroën's workplace health and safety policy, introduced in January 2010, is defined and promoted at the highest level of the Company. This policy is implemented through the Workplace Health and Safety Management System. The system includes 22 requirements that define areas needing special attention and management.

Applicable to all subsidiaries and units, the Workplace Health and Safety Management System is based on six fundamental principles:

- executive management involvement;
- structured leadership;
- clearly established and applied standards;
- defined roles;
- effective warning systems;
- effective monitoring and improvement resources.

The Workplace Health and Safety and Management System is now operational at all Group units. An extensive programme is under way at all PSA Peugeot Citroën units to help managers apply the approach on a daily basis using a Workplace Health and Safety Management System roadmap. This roadmap includes five steps to establish a mature process and instil lasting change: raise awareness, change mindsets, change behaviours, change habits and align the corporate culture. The roadmap provides a framework for cascading best practices and for measuring results against objectives.

In addition to cross-functional training to help managers acquire the knowledge they need to deploy the Workplace Health and Safety Management System, health and safety audits are carried out to ensure that the principles are effectively applied. In 2011 15 production plants and 7 marketing regions were audited by central teams, in addition to local audits at all subsidiaries.

The first two years of deployment of the Workplace Health and Safety Management System have shown that applying the same system leads to progress at all sites thanks to the commitment and efforts of everyone. PSA Peugeot Citroën will now work extensively to anchor the process and improve the reliability of the standards with a focus on individual and collective behaviour in order to secure a lasting transformation of the Group's safety culture.

STRUCTURED MANAGEMENT OF THE WORKPLACE HEALTH AND SAFETY MANAGEMENT SYSTEM

PSA Peugeot Citroën deploys its Workplace Health and Safety Management System worldwide through a structured approach with the dual objective of listening closely to front-line issues and making sure that all employees are covered by established safety rules.

The first driver to achieve this is extending Health and Safety Committees across the organisation. These committees bring together managers to proactively monitor deployment of health and safety actions and their results. Depending on their needs, managers are assisted by experts in safety, health, prevention and ergonomics.

This structured approach has been implemented at every level of the organisation. It facilitates information feedback from the front lines to management, makes certain that managers are never left isolated to deal with a safety issue, and ensures that problems are addressed at the right level of the organisation.

The second driver is extensive information targeting all employees. Regardless of the frequency, every working situation is covered by a safety rule, with three levels of communication. The first level is the Safety Gates, visible signs and reminders of safety rules to be respected in all work areas. The second level consists of work standards that list the safety rules to be respected at a workstation. The final level is permanent safety instructions that establish cross-entity safety rules or rules specific to a given operation.

Creative Solutions to Enhance Employee Health and Safety

Spain and Portugal stood out with innovative safety initiatives in 2011.

- the Madrid site organised the first safety day, inviting employees at the facility to focus together on workplace safety through a series of fun activities;
- Vigo organized a very successful festival featuring short films about safety. Participating employees from the site spent a day shooting a video to build safety awareness and the best were selected to receive awards. This participative initiative could be replicated at other Group sites in 2012.
- Inspired by an initiative at the Vigo plant, in 2011 Sales & Marketing teams in Spain and Portugal created a mobile Safety Box to encourage awareness of safety among staff at commercial sites. The area features Q&A quizzes and interactive games to get people to think in a fun away about topics such as driving rules and behaviour, individual protective gear and machine and installation safety. The Safety Box was so successful that the Group decided to introduce it at all manufacturing sites in 2011. The mobile version of the Safety Box now lets this safety training resource reach people beyond the manufacturing footprint.

Workplace Alert System

The workplace alert system is designed to prevent occupational illnesses by soliciting employee input on any difficulties they may encounter in their daily work and enabling appropriate actions to be taken before the situation results in pain.

This approach is based on three principles:

- employees should always open up about a workplace health and safety problem;
- all employees have a duty to report problems they encounter in executing their work as soon as possible;
- supervisors and support functions are responsible for analysing the situation and proposing appropriate solutions to resolve the problem.

EXACTING HEALTH AND SAFETY STANDARDS FOR EVERYONE

Safety is a priority for everyone who works at PSA Peugeot Citroën sites, including employees of outside contractors. Without taking on their legal responsibility, the Group ensures that these companies comply with safety practices and requires outside contractors to apply its standards within the scope of the Workplace Safety Management System. A support and management system has been set up with temporary employment agencies. It emphasises coordination between temporary employment agencies and the Group for prevention actions and management of the health and safety of temporary employees. Management from temporary employment agencies visit the Group's facilities, and take part in the risk-observation preventive procedure and analysis of workplace incidents. This approach led to a significant improvement in results in 2011 with a lost-time incident frequency rate for temporary employees of 8.6, compared with 25.1 in 2010.

FIVE PRIORITY COMMITMENTS

PREVENTING MUSCULOSKELETAL DISORDERS

Preventing musculoskeletal disorders (MSDs) is a key workplace health and safety policy priority. MSDs are a leading cause of work-related injuries in the automobile industry. These disorders often stem from physical factors, such as exertion and repetitive movement, as well as from non-physical factors, such as work organisation, mental stress and operators' perception of their work.

The Group has developed a structured approach to prevent MSDs. In 2011, PSA Peugeot Citroën carried out a review of workstations that require repetitive movement at all manufacturing sites. Based on seven factors taken from the Ergonomics Management System (EMaS), this assessment identified the level for each profession and detected factors with the greatest potential to cause MSDs. This analysis phase will be followed by deployment of action plans to address the specific needs of each profession. Currently centred on repetitive workstations, this approach will be extended to non-repetitive workstations in 2012. The process is led by multi-disciplinary teams comprising occupational health physicians, safety engineers and technicians, ergonomists and managers using a structured method to assess working conditions and organisation.

In addition to this initiative, PSA Peugeot Citroën continues to improve its workstations. Manufacturing sites focus on alleviating physical and postural stress by reducing the number of workstations rated as "heavy". Between 2005 and end-2011, the percentage of workstations rated as "heavy" declined to 8% from 18%, while the percentage of "light" workstations rose to 56% from 37%. The Group intends to pursue this trend and has set a target for 2012 of 58% "light" workstations.

All managers at manufacturing sites received training on preventing musculoskeletal disorders in 2011.

PREVENTING CHEMICAL RISKS

Preventing chemical risks is a critical health challenge in light of the risks related to the use of products and the pollution generated by certain processes. All chemical products located at a site or unit are inventoried and recorded. The data is carefully analysed so that the Group can assess risks, determine the type of information necessary, take preventive measures or find an effective substitute. The plan deployed in 2011 to track air quality at manufacturing sites was extended to the European dealership network in 2011. The Group will continue to seek improvements in the use of chemical products in 2012, including the search for substitute products.

Information on the risks and specific measures for preventing chemical risks is available to employees who handle these products.

PREVENTING PSYCHOSOCIAL RISKS

Psychosocial risks are a reality in the workplace. Starting in 2007, PSA Peugeot Citroën decided to look at stress head on and to recognise psychosocial risks as job-related risks.

A company-wide agreement was signed in October 2009 to implement a psychosocial risk prevention plan in all countries and all divisions.

This comprehensive plan calls for:

- close monitoring of identified cases of psychological distress and of collective situations that can create psychosocial risks;
- enhanced measures to help employees voice their problems and receive individualised support;
- a self-evaluation system to raise managerial awareness;
- a shared methodology for evaluating workplace stress that makes it possible to determine employees' stress levels and identify collective job-related factors;
- the development and deployment of collective action plans, prepared according to identified stress factors and risk situations.

PSA Peugeot Citroën continued actions to prevent psychosocial risks in 2011, including a programme to measure and monitor workplace stress. Since the launch of the programme more than 40,000 employees have volunteered to fill out a confidential questionnaire to measure workplace stress and identify job-related causes. The feedback is used for collective analyses that serve as the basis for developing prevention plans and, if necessary, individual monitoring by occupational physicians.

PREVENTING ROAD RISKS

As a carmaker, PSA Peugeot Citroën naturally puts a high priority on road safety. In association with employee representatives, an occupational road risk prevention manual was reissued in 2010 to provide employees with guidelines on how to use their cars when on business trips or commuting. All employees have been made aware of the manual, in part through presentations by their managers.

Campaigns to inform and raise awareness were conducted in 2011, with a focus on commuting accidents. Local units deployed action plans to prevent road risks, including hands-on driver training, including for motorcycles and scooters, and work with public officials to raise employee awareness using such resources as driving and rollover simulators, booths, conferences and free breathalysers.

PROMOTING WORKSTATION SAFETY WITH STOP AUDITS

The STOP preventive observation procedure helps employees develop their ability to detect risky situations or behaviours at workstations. This procedure encourages discussions among employees and managers and facilitates adoption of preventive measures. STOP audits involve observing the working environment to identify factors that might result in an incident. Initially used at production sites, STOP audits were extended to the sales network and support functions in 2011. This participative approach drives progress, supported by a major training plan for managers.

AN ACTIVE COMMITMENT TO HEALTH

KEEPING EMPLOYEES HEALTHY THROUGHOUT THEIR CAREERS

Good health is essential to sustaining the performance of human resources and business operations. For PSA Peugeot Citroën, health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.

The Group's health policy focuses on two priorities: developing well-being in the workplace and keeping employees healthy throughout their careers.

Leveraging social dialogue and structured coordination among occupational physicians, the policy takes an individual and collective approach with five priority objectives:

- maintain a responsive occupational disease tracking system;
- educate and train employees to prevent negative impacts on health;
- correct disease-causing situations in the workplace and promote all types of measures that foster workplace well-being;
- prevent non-work related illnesses when measures in the workplace are possible;
- support employees with health issues inasmuch as is possible.

Plans and programmes developed for all Group employees make use of internal, multi-disciplinary skills and take each region's environment, regulations and healthcare priorities into account.

Managing the Crisis in Japan

Following the accident on 11 March 2011 at the Fukushima nuclear power plant in Japan, the Group took measures to monitor parts and vehicles imported from Japan. The monitoring plan, defined in conjunction with the CERAP radiation protection consultancy (certified by the French nuclear safety authority), was based on an assessment of risks resulting from the combined exposure frequency and probability of occurrence. The preventive measures exclude any risk of contamination and thus ensure the health and safety of the Company's employees and end customers.

The Corporate Human Resources Department set up a crisis team to aid local staff and expatriates, arranging supply of dosimeters and water, repatriation of families and other assistance.

FIVE PRIORITY COMMITMENTS ACTIVATED BY THE GROUP'S OCCUPATIONAL HEALTH SERVICES

PSA Peugeot Citroën's occupational health services play an important role in meeting the Company's priority commitments to workplace health and safety.

They help prevent psychosocial risks by evaluating job-related stress using confidential questionnaires filled out at occupational health offices, followed by an individual appointment with the physician. Occupational health specialists also provide a channel for communication on health issues with all the Company's partners and contribute to action plans designed to address any issues. Personalised strategies are deployed as well to prevent musculoskeletal disorders. Coordinated by medical teams, physical therapists and physical trainers work with employees to prevent problems from appearing, as well as rehabilitation for certain people.

The health services also organise awareness campaigns on road risks, particularly the risks of taking certain drugs while driving or conditions that are not compatible with driving.

ENCOURAGING GOOD HEALTH AND HYGIENE PRACTICES

PSA Peugeot Citroën's health services are actively involved in preventing and diagnosing non-work related diseases or risk factors capable of negatively impacting employees' health. These services provide systematic screening for hepatitis C and certain types of cancer, and manage a number of preventive programmes, such as flu vaccinations and support for employees who want to quit smoking or stop drinking.

Awareness campaigns focusing on good eating habits, obesity and the benefits of physical exercise have also been carried out. In 2011, the Group renewed its dengue fever prevention campaign in Argentina and launched a campaign to help prevent respiratory infections in Turkey.

PROMOTING EMPLOYEE WELL-BEING

ORGANISING WORK WITH A FOCUS ON PEOPLE

For PSA Peugeot Citroën, people are a critical factor in the equation when it comes to how work is organised. Management techniques allow employees to develop their skills in a work environment that is conducive to well-being and high performance. At all levels of the Company, the application of the PSA Excellence System and a culture of continuous improvement are driving efforts to simplify working methods. Discussion, decision making and autonomy are facilitated by the implementation of measures that give each employee a clear mission and define long-term, motivating targets for individuals and teams. This type of organisation is designed to develop employee well-being and to eliminate factors that do not promote an efficient, stress-free workplace. on a daily basis, the approach makes use of resources like visual management, working standards and basic work units.

IMPROVING WORKING CONDITIONS

Employee satisfaction surveys are conducted annually. These surveys cover a variety of topics, including internal communication, corporate culture, working conditions, professional development, training, compensation, employee-manager relations, Group policy and strategy, teamwork and food services. The 2011 surveys show that PSA Peugeot Citroën employees, in their vast majority, are satisfied.

Regardless of their area of activity, all subsidiaries and sites focus on creating a pleasant and safe working environment. The Group pays careful attention to the quality of work areas, break rooms and other facilities with a charter that defines standards for such things as lighting, office layout, washrooms and meeting rooms, as well as traffic flow plans.

ACHIEVING A BETTER WORK-LIFE BALANCE

Over 30% of the Group's employees see achieving a positive work/life balance as a real challenge and sometimes a source of stress. PSA Peugeot Citroën offers individualised working schedules that let employees balance their work and personal lives. Requests for part-time work are approved whenever possible, with individualised solutions that align employee needs with efficient team performance. Part-time schedules also take into account legal and medical considerations. These solutions include working part of a day or half-day, as well as working a reduced number of total hours. Part-time work is chosen by employees and not dictated by the Company. In 2011, 6,010 Group employees worked part-time schedules worldwide.

A study was carried out in 2011 in association with employee representatives to establish the principles for telecommuting, which has emerged as an approach to organising working hours aligned with the expectations of both employees and managers. Following this study, in early 2012 PSA Peugeot Citroën began a six-month trial of telecommuting within two departments in France. This step will be used to observe the impact of this new organisation on working relations, on the well-being of employees and on the operating efficiency of their departments. A review of the trial will enable adjustments and changes in the procedure within the framework of an agreement with employee representatives to prepare for possible extension. The Group carried out trials based on the same principles in other countries, including Belgium and Italy.

A range of local services have been introduced to assist employees in achieving a better work-life balance, such as company concierge services, travel agencies, special bus lines, carpooling sites or help with administrative formalities. By becoming a founding member of the French Labour Ministry's "Businesses and Daycare" initiative, the Group enhanced its commitment to helping employees find good childcare solutions. In 2011, more than 130 openings were offered in French daycare facilities.

Involvement in outside activities is also encouraged, with more than 80 sports, cultural and charity associations active within the Group. The PSA Challenges multi-site sports events in different host countries have become hugely popular. Works Councils supported by the Company also offer a wide variety of social, athletic and cultural activities.

In France, PSA Peugeot Citroën signed an agreement on certification of management of Works Councils in July 2011. Under the terms of the agreement Works Councils can implement an assessment and Internal Audit process to obtain "responsible management" certification. The certification standard covers nearly 70 criteria that assess the internal organisation of Works Councils, the existence of ethics rules, operating budget management, accounting organisation, budget controls and the role of the employer. PSA Peugeot Citroën management and employee representatives clarified criteria for good governance and access for all employees, as well as the resources made available by the Company to heads of associations to support the functioning of sports and cultural associations.

FOSTERING EMPLOYABILITY FOR EVERYONE

The company is responsible for providing employees with positions aligned with their skills and capabilities. As part of its social responsibility commitment, PSA Peugeot Citroën introduced an employability management system in 2010 covering all production facilities. Since keeping employee skills fresh is a management priority, the actions deployed by the Group make managers directly involved in achieving this objective.

PSA Peugeot Citroën enhances employability with a focus on four areas:

- support employees who have restricted abilities;
- identify and monitor positions adapted to people with certain limitations;
- make any necessary adjustments;
- anticipate changes in the structure of the work force.

Multi-Service Platforms Address Specific Needs

Because medical restrictions and other life contingencies can make it more difficult for certain employees to remain on the job, PSA Peugeot Citroën has trialed an innovative socially-responsible approach. The objective is to develop invidual employability and support the transition of employees with restricted abilities. In 2011 the Group introduced "multi-service platforms" at its Sochaux and Aulnay facilties that provide training and new activities designed to build skills and encourage professional development. Participating operators all volunteered for this opportunity to discover new professions and create foundations for a new career path.

17.1.5. EXPRESSING OUR SOCIAL RESPONSIBILITY THROUGH INTERNATIONAL DIALOGUE

Deployed across the world, PSA Peugeot Citroën's employee relations policies are designed to foster a sense of community built on the strong values of mutual support, tolerance and commitment. At the core of these policies is constant, on-going dialogue with employee representatives. In undertaking major transformation projects, we consistently choose to engage in social dialogue, based on employee information and involvement. This process involves the signature of a large number of agreements in every host country, with a Group-wide employee relations management system now enabling each one to strengthen social cohesion within the local organization.

THE GLOBAL FRAMEWORK AGREEMENT ON SOCIAL RESPONSIBILITY

A HISTORIC COMMITMENT

For many years, PSA Peugeot Citroën has been leading programmes to drive responsible growth in its business. In 2003, this commitment to corporate social responsibility was formalised by the pledge to support the United Nations Global Compact, a voluntary initiative designed to align a company's strategy and operations with responsible growth principles. By encouraging fruitful dialogue among all our stakeholders, it represented a critical milestone in the development of our responsible growth process.

Three years later, the Group wanted to demonstrate the full depth of its commitment and decided to get a wide range of stakeholders involved in the process on an international level. on March 1, 2006, the first Global Framework Agreement on Social Responsibility was signed with the International Metalworkers' Federation (IMF), the European Metalworkers' Federation (EMF) and more than 90 unions around the world. After four years of application, the Agreement was renewed in 2010. By opening a new Chapter in our environmental stewardship and strengthening our employee-relations commitments, the amendment has instilled new momentum in our drive to demonstrate social and environmental responsibility.

WORLDWIDE BUY-IN

The Global Framework Agreement is primarily designed to enable every Group unit to improve its social responsibility performance, by encouraging everyone to embrace the social and environmental sensitivity that society increasingly expects of companies.

It engages PSA Peugeot Citroën to respect and promote the fundamental human rights expressed in the Universal Declaration of Human Rights and to apply the best human resources management and development practices. It also commits the Group to sharing its standards with its partners, suppliers and independent dealers.

The Agreement is structured around five main areas of application:

- respecting fundamental human rights;
- managing and developing our human resources;
- sharing social responsibility practices with stakeholders;
- helping to foster economic and social development in our host communities;
- safeguarding the environment.

DILIGENT APPLICATION

The Agreement's five areas of application have been expressed in 15 commitments that are enabling every unit, regardless of size or host country, to implement the underlying principles.

The Global Framework Agreement's 15 Commitments

1. Avoid complicity in human rights abuses
2. Uphold freedom of association and the effective recognition of the right to collective bargaining
3. Effectively abolish child labour
4. Eliminate discrimination in respect of employment and occupation
5. Work against all forms of corruption
6. Focus on safety, working conditions and health
7. Develop the skills of the future through continuing training
8. Provide employees with the means to participate
9. Advance planning for changes to professional and job profiles
10. Apply fair remuneration practices
11. Ensure social protection
12. Negotiate organisation of work and scheduling
13. Share social responsibility practices with suppliers, subcontractors, production partners and dealers
14. Take into account the impact of the Company's business in its host communities
15. Preserve the environment.

Every year, the subsidiaries deploy three action plans to improve their ability to fulfil the Agreement's commitments, with performance self-measured every three years. The next self-assessment is scheduled for 2012. This continuous improvement process is being led jointly with unions or employee representatives, who are directly involved in implementing the action plans and the self-assessment process.

In 2011, more than 400 action plans were defined in subsidiaries based in 35 countries on 4 continents.

INTERNATIONAL SOCIAL DIALOGUE ORGANISATIONS

THE GLOBAL COUNCIL, REPRESENTING ALL EMPLOYEES WORLDWIDE

The European Works Council provides management and employee representatives with a dedicated forum in which to discuss the Group's strategy, results and outlook. During its annual plenary meeting, the European Council is expanded into a Global Council, with delegates from Argentina, Brazil, China and Russia.

In 2011, the European Works Council and its Liaison Committee of officers met four times, during which they reviewed analyses of the business environment and Group's situation, as well as a presentation of the 2012 performance plan. As every year, a review of the Global Framework Agreement's application was prepared for the plenary meeting.

THE JOINT UNION-MANAGEMENT STRATEGY COMMITTEE, SUPPORTING DIALOGUE AND DISCUSSION

A forum for analysis, dialogue and discussion between senior management and our European trade unions, the Joint Union-Management Strategy Committee explores in detail issues related to our short and medium-term situation and developments, including all of the issues and trends that could have an impact on jobs.

The members met four times in 2011 to address such major strategic concerns as the Group's competitiveness in Europe, manufacturing strategy and the cooperation with BMW in hybrid technologies.

RULES OF ETHICAL CONDUCT SHARED BY ALL

A CODE OF ETHICS REFLECTING OUR HIGH STANDARDS

PSA Peugeot Citroën has expressed its commitment to ethical practices in a Code of Ethics, which was expanded in 2010. Available in 15 languages and comprising 16 rules of ethical conduct, the Code is designed to provide employees with updated guidelines that reflect the Company's business, social and environmental responsibilities.

It is supported by an explanatory handbook entitled "Applying the Code of Ethics on a Daily Basis", which may be downloaded from the corporate intranet.

In line with its pledge to support the Global Compact, the Group ensures that its actions are always guided by the principles defined in the Code of Ethics, particularly with respect to not financing political parties, avoiding conflicts of interest and preventing acts of corruption.

STRUCTURED MANAGEMENT LEADERSHIP

The Code of Ethics is being deployed through a process involving managers at every level. In 2010, the Group's executives and senior managers, including the senior executive team, were requested to demonstrate their commitment to these rules by completing an electronic questionnaire and signing the Code. They also agreed to cascade the Code down to their teams and to promote its principles. After being extended to all managers, employees, technicians and supervisors in 20 countries in 2011, the buy-in process will be further deployed in 2012, with 20,000 people expected to have embraced the principles by year-end.

In addition, an Ethics Committee was created in 2010, which reports directly to the Executive Committee and includes the Corporate Secretary, Executive Vice President of Human Resources and the head of Internal Audit. It is supported by an international network of Chief Ethics Officers, who deploy the process in every host country and systematically report to the Ethics Committee any local issues or breaches of compliance.

STRENGTHENING SOCIAL COHESION

A GLOBAL EMPLOYEE RELATIONS MANAGEMENT SYSTEM

Structured around six commitments and 14 standards, PSA Peugeot Citroën's employee relations policies are designed to support a harmonious working environment in every plant and facility. In particular, systems are in place to proactively foresee and manage the employee relations aspects of all of the developments that impact the Group, while strengthening social cohesion within the organisation. Based on an annual self-assessment, each unit measures the progress made on each standard and leads action plans to promote the achievements in the social area.

SUPPORTING ACCREDITATION FOR UNION-RELATED WORK-BASED LEARNING, TO ENSURE HIGH-QUALITY SOCIAL DIALOGUE

In November 2011, at a ceremony held at Institut d'Etudes Politiques de Paris, nine PSA Peugeot Citroën employee representatives received certificates attesting to their successful completion of a continuing education programme in economics and social sciences. The six-month programme enabled the representatives to deepen their understanding of a variety of subjects, including team management, general economics and finance, and communication techniques.

Set up following the December 2009 agreement on the exercise of union rights, the programme supports the validation of skills acquired by employees through trade union work. This enhances the quality of social dialogue with well-trained union representatives, capable of grasping the major changes underway and understanding the underlying challenges. Each year, a new class of 10 to 12 representatives will be organised.

A LARGE NUMBER OF NEW AGREEMENTS

The dynamic social dialogue process has resulted in a large number of innovative, consistently pioneering agreements that reflect and embrace the social changes reshaping our world. They also reflect our commitment to extending best human resources practices to every unit and to promoting such strong values as respect for human rights, equal opportunity, team diversity and workplace health and safety.

Unions and employee representative organisations are consistently informed and consulted before any major changes are undertaken in the Group.

In 2011, more than 140 company agreements were signed, including nearly 100 outside France. They covered a variety of issues, from organisation of the workweek, wages and human resources planning and development to hiring and working conditions, diversity and social cohesion.

WORKING TOGETHER

PROMOTING DIVERSITY

PSA Peugeot Citroën has chosen to celebrate the diversity of its people and their cultures and to make equality and respect for differences a founding principle of its responsible growth. This societal challenge concerns all of our host countries, where we are committed to exceeding local legal requirements in applying and promoting best human resources management practices.

Bringing Together the Best Talents

PSA Peugeot Citroën also fights against all forms of discrimination and intolerance towards difference, considering that capabilities are the key factor in hiring and career development.

Promoting diversity therefore means recruiting, bringing together and nurturing the brightest talent, regardless of national origin, gender, lifestyle, sexual orientation, age, marital status, pregnancy or parenthood, genetic characteristics, real or supposed belonging or not belonging to an ethnic group, nation or race, political opinion, union activity, religious convictions, physical appearance, name, pre-existing health conditions or disability.

Because our business performance benefits from team diversity, we need to hire people from a variety of backgrounds that reflect our host communities and environments. Diversity is a source of synergy, social harmony and economic efficiency. It also stimulates the emergence of different points of view, making it an important source of creativity and innovation.

In April 2009, PSA Peugeot Citroën was one of the first French companies to obtain France's Diversity label in recognition of its human resources policies and best practices to promote diversity and equal opportunity and to prevent discrimination. The label was renewed in 2010.

In France and Spain, joint labour-management diversity and equal opportunity oversight committees have been created to monitor effective application of the agreements. They are responsible for ensuring that commitments are met and for analysing measures taken locally.

In 2011, the French agreement on diversity and social cohesion was renewed in order to step up initiatives by introducing improvements in four areas: continuing to diversify our hiring, guaranteeing every employee equal opportunity in career development, raising employee awareness of diversity issues and preventing harassment.

New programmes to support diversity are deployed every year. In May 2011, for example, the Diversity Commission at the plant in Sochaux, France organised a photography exhibition and testimonials as part of the International Day against Homophobia, the first time such an event has been held in the Group. The highlight was a mobile booth that visited employees to raise their awareness of the risks of discriminating against homosexuals. In December, the Kaluga plant in Russia organised its first day-long open house dedicated to cultural diversity, in which employees were invited to present their home region or country and their children could participate in a variety of events, such as a photography contest.

The Worldwide Diversity Commitment

In 2010, PSA Peugeot Citroën formalised its actions in favour of diversity in the Worldwide Diversity Commitment, which is shared across the Group and applicable in every host country.

Integrated into the PSA Excellence System, the Worldwide Diversity Commitment comprises seven founding principles that provide an overall view of diversity and its challenges. It is designed to improve our initiatives in this area and to help the subsidiaries make progress in implementing and promoting diversity measures.

The global diversity correspondents met for the second time in December 2011 to review the first year of the Commitment's deployment. The review underscored the extensive involvement by the country organisations, which seem to be developing a real awareness of the importance of these issues. It also noted that the first annual self-assessment was carried out in 11 countries and that more than 140 action plans have been defined to help the organisations enhance their ability to manage diversity. In leading the diversity process in their country, the correspondents use a deployment kit and share best practices within the global correspondents' network.

In a spirit of openness, transparency and empowerment, employee representatives participated in the process through the annual self-assessment and the definition of the related action plans. Projects in 2011 primarily concerned the formalisation of the Worldwide Diversity Commitment and keeping employees informed through a variety of communication media, such as Diversity Days, display of the Commitment principles and their distribution to every employee, creation of dedicated intranet pages, articles in employee newspapers and introduction of diversity commissions.

In 2012, projects will focus on employee training and creating a set of diversity indicators with a shared emphasis on gender equality in the workplace.

Training Every Manager in Diversity Issues

Since 2008, managers have been regularly trained in managing diversity, using a module designed to offer practical solutions and effective resources for handling real-life equal opportunity issues within their teams. This will help them to demonstrate the principles underlying respect for difference, prevention, and zero tolerance for any type of discrimination. More than 3,000 managers have been trained in the first four years of deployment, with another 500 scheduled to take the course in 2012.

As part of the deployment of the Worldwide Diversity Commitment, diversity management training is being extended to Spain, Portugal, Italy, Belgium and other host countries.

CONTINUING TO ASSERTIVELY INCREASE THE PERCENTAGE OF WOMEN IN THE WORKFORCE

A Recognised Commitment

For many years, PSA Peugeot Citroën has pursued an assertive policy of promoting gender balance and gender equality in its workforce. Building on an initial agreement signed in 2003 and renewed in 2007, a greatly expanded agreement was signed in France in February 2011 to encourage gender equality and the development of jobs for women. Signed by all of the unions, the new agreement is structured around three main commitments:

supporting the integration of women in a traditionally male-dominated industry, guaranteeing gender equality in the Company and improving women's access to senior management positions. It also includes two Chapters concerning communication and the Company's support for working parents.

PSA Peugeot Citroën was the first company in France to receive the Equal Opportunity Employer label from the Ministry of Social Cohesion and Equality in 2005. Renewal of the label in 2008 and in May 2011 attests to our sustained progress in achieving gender equality and offers an encouragement to pursue efforts in this area.

In 2011, the globalisation of this commitment reached a real milestone when PSA Peugeot Citroën earned the first certification awarded under the Gender Equality European Standard for its operations in France, Spain, Italy and Belgium. The process will be extended outside Europe in 2012.

Hiring More Women and Developing Gender Diversity in the Professions

A diverse workforce promotes synergy, social balance and business efficiency. Although the technical courses that lead to jobs in the automobile industry have traditionally attracted fewer women students, the percentage of women in the Group's workforce has risen, reflecting both trends in the labour market and the various measures taken, notably to improve working conditions.

Since 2002 the percentage of women employees has risen from 17.6% to 22% in 2011. PSA Peugeot Citroën intends to sustain this increase and make its jobs and professions open to women.

Guaranteeing Equal Pay and Career Development

In all job categories, men and women are guaranteed the same job classifications and salary levels when they are hired.

In line with the Company agreement on diversity and social cohesion signed in 2004 and renewed in 2008 and 2011, promotions to a higher coefficient, category or level of responsibility are based solely on demonstrated capabilities and results. This practice ensures equal opportunity and treatment for employees, with the possibility of salary adjustments if variances are identified.

Encouraging Gender Diversity in Management

True gender diversity means that women should have access to the same career paths and opportunities as men, notably as concerns positions of responsibility.

For this reason, the same criteria for detecting high potential individuals are applied to both women and men. These criteria do not take age and seniority into account so that women who take maternity leave are not disadvantaged. They are based solely on capabilities, effectiveness and performance.

As of 31 December 2011, the executive and senior management teams (excluding Faurecia and GEFCO) included 81 women and 773 men, for a rate of 9.5% versus 5% in 2008. Executive management has set an objective of 15% for the senior management teams by 2015.

Created in the spring of 2010, the "Women Engaged for PSA" network now has more than 150 women managers from different departments and divisions.

It is actively helping to increase the number of senior women executives by developing resources to identify and support women to have the ambition, potential and desire one day to serve as senior managers and executives.

SUPPORTING SOCIAL INTEGRATION AND JOB OPPORTUNITIES FOR THE DISABLED

PSA Peugeot Citroën is committed to hiring and retaining disabled employees. In the Automotive Division in France, 8.2% of employees are classified as handicapped (including sheltered workers under contract), above the mandatory national rate of 6%.

In 2011, the Group employed 5,983 disabled people. In addition to these direct hires, we were also the leading manufacturer in France for sourcing from sheltered workshops, with purchases representing value added of €40 million.

In 2011, the Group and five unions signed the fourth agreement on social integration and job opportunities for the disabled, which opens new pathways and identifies new improvement drivers for the 2011-2013 period.

Each year, a variety of communication and sensitivity campaigns are conducted across the Group. In 2011, for example, a number of facilities in France participated in the country's Hire the Handicapped Week by organising events to get employees involved in this issue.

PREVENTING WORKPLACE HARASSMENT, DISCRIMINATION AND VIOLENCE

PSA Peugeot Citroën condemns all infringements of respect for individual rights and dignity, verbal or physical abuse, harassment, workplace violence and discrimination. This type of behaviour is liable to sanctions and specific measures have been prepared in every country to prevent it. Employees are regularly informed about these policies and a large number of managers have participated in sensitivity campaigns.

Employees who are victims of or witness cases of harassment, discrimination or violence in the workplace may contact their Human Resources Department or, in the event of complications in using traditional channels, they may anonymously contact identified managers responsible for diversity and/or harassment issues.

A standard tracking procedure aligned with the local legal framework has been introduced in every host country. When a problem is identified, the information is reported to human resources and a review is conducted. In 2011, 106 complaints alleging workplace harassment, discrimination or violence were reported to the corporate Human Resources Department, clearly demonstrating that the Group will not tolerate this type of behaviour.

Raising Employee Awareness of Moral Harassment Issues

As part of the agreement on diversity and social cohesion, senior management and employee representatives wanted to raise employee awareness of the problem of moral harassment. In 2011, an e-learning module was designed with an eye to meeting three main objectives:

- raise employee awareness of moral harassment issues;
- present the Group procedures for fighting against moral harassment;
- engage stakeholders across the Group in preventing and managing cases of harassment.

The module uses interactive role-playing exercises to help employees define and identify moral harassment, anticipate situations at risk, and prevent and manage harassment situations. In early 2012, it will be deployed to all employees beginning in France and later around the world.

A GLOBAL SOCIAL AUDIT

Deployed worldwide, PSA Peugeot Citroën's employee relations policies are regularly monitored through social audits, which help to drive continuous improvement in processes and ensure the policies' effective application. These audits are designed to ensure compliance with legal and regulatory requirements, contractual commitments and our social responsibility principles.

They are carried out by more than 20 full-time auditors, with support from nearly 120 people around the world. These Internal Audits are supplemented by external compliance audits concerning employee relations information and social responsibility commitments.

The process relies heavily on self-assessments by sites, country organisations, departments and divisions. The auditor's role is therefore to:

- perform targeted audits on the selected priority issues;
- guide senior management and unit managers in the self-assessment process;
- prepare audit grids for this process;
- work with the facilities to ensure rapid implementation of the necessary corrective measures.

In 2011, nearly 30 facilities or units were audited, with a focus on application of the Global Framework Agreement on Social Responsibility, hiring procedures and non-discrimination practices, the use of temporary workers, gender equality, diversity, social cohesion, and workplace health and safety. By recommending remedial actions and regularly tracking their application, social audits help to impel a dynamic of continuous improvement.

As a socially responsible company, PSA Peugeot Citroën shares its social requirements with suppliers. Since 2010, 25 social and environmental audits have been performed at tier 1 to tier 3 suppliers identified as potentially at risk, as part of the deployment of the Purchasing Department's sustainable development action plan. Conducted by an external, independent organisation, these audits lead to corrective action plans whenever cases of non-compliance were detected.

17.1.6. EMPLOYEE RELATIONS INDICATORS (FRENCH NRE LEGISLATION)

PSA Peugeot Citroën's social responsibility policies have been deployed worldwide and are regularly monitored. Data are reported annually by every subsidiary around the world via a dedicated social reporting system, in full compliance with French NRE legislation.

The following employee-relations indicators comply with French decree no. 2002-221of 20 February 2002 and Global Reporting Initiative recommendations. A cross-reference index with GRI indicators may be found at the end of the 2011 Sustainable Development Performance Indicator Report. With the exception of tables concerning headcount and hiring, the indicators have been prepared on the basis of data from all the companies fully consolidated by PSA Peugeot Citroën, other than Faurecia, the Automotive Equipment Division.

Mercurio, a company acquired by Gefco in May 2011, is gradually integrating the social reporting. For the year 2011, Mercurio is consolidated in the scope Gefco for indicators relating to headcount and hiring.

Faurecia, a listed company 57.4%-owned by Peugeot S.A., manages its business independently and therefore prepares and publishes its own business and human resources indicators in its Registration Document.

In 2010, certain subsidiaries were reclassified among the different reporting segments, as follows:

- the "Automotive Division" includes both the Automotive Division and SCEMM (versus the Automotive Division and the Peugeot S.A. holding company until 2009);
- the "Other businesses" comprise the Peugeot S.A. holding company, PMTC France, PMTC Germany and PMTC Italy (versus SCEMM, PMTC France and PMTC Germany, PMTC Italy until 2009).

The scope of reporting does not include employees of joint ventures with Dongfeng Motor Corp. (DPCA), Toyota (TCPA), Fiat (Sevelnord and Sevelsud) and Renault (Française de Mecanique).

Chapter 17.1 "People-driven performance" describes the Group's employee relations policies, with employee relations indicators presented in section 17.1.5. Additional information may be found in the 2011 Sustainable Development Performance Indicators report and on the corporate website.

17.1.6.1. WORKFORCE

EMPLOYEES

Number of Employees under Permanent or Fixed-Term Contracts by Division, 2009-2011

(Consolidated Group, at 31 December)

	2009	2010	2011
Automotive Division	121,365	120,880	122,879
Banque PSA Finance	2,470	2,595	2,679
GEFCO	9,335	9,380	10,253
Faurecia	52,065	64,190	72,030
Other Businesses	985	1,175	1,178
TOTAL	**186,220**	**198,220**	**209,019**

The number of employees under permanent or fixed-term contracts rose by 10,799 people in 2011, with Faurecia accounting for the 73% of the increase.

Number of Employees under Permanent or Fixed-Term Contracts by Region, 2009-2011

(Consolidated Group, at 31 December)

	2009	2010	2011
France	101,330	98,845	100,356
Rest of Europe	59,790	64,105	66,105
Rest of the world	25,100	35,270	42,558
TOTAL	**186,220**	**198,220**	**209,019**

Today, 52% of employees work outside France, of which 32% in other European countries and 20% in the rest of the world.

Number of Employees under Permanent or Fixed-Term Contracts by Category and by Region

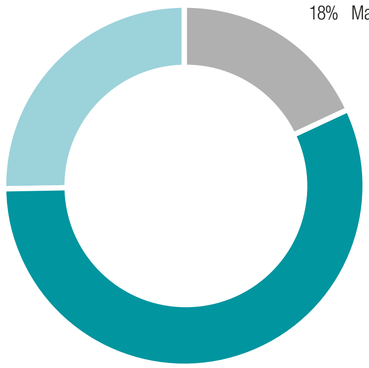
(Consolidated Group, at 31 December 2011)

	France			Rest of Europe			Rest of the world			Total		
	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers
Automotive Division	44,556	19,986	16,782	14,975	9,803	4,044	6,950	3,611	2,172	66,481	33,400	22,998
Banque PSA Finance	0	501	323	0	1,362	325	0	96	72	0	1,959	720
GEFCO	1,489	2,246	780	1,205	2,656	362	763	687	65	3,457	5,589	1,207
Faurecia	6,856	2,510	3,191	21,396	5,562	4,373	19,039	3,821	5,282	47,291	11,893	12,846
Other Businesses	422	280	434	0	34	8	0	0	0	422	314	442
TOTAL	**53,323**	**25,523**	**21,510**	**37,576**	**19,417**	**9,112**	**26,752**	**8,215**	**7,591**	**117,651**	**53,155**	**38,213**

- The manager category includes engineers and managers with a job description similar to managers in France.
- ETAM is the French acronym for administrative employees, technicians and supervisors.

Employees under Permanent or Fixed-Term Contracts by Category

(Consolidated Group, at 31 December 2011)



HIRINGS

Employees Hired under Permanent Contracts

(Consolidated Group, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2011**	**4,739**	**2,050**	**2,087**	**8,876**
	2010	2,660	1,605	2,110	6,375
	2009	975	1,340	1,045	3,360
Banque PSA Finance	**2011**	**60**	**167**	**43**	**270**
	2010	60	180	20	260
	2009	40	105	10	155
GEFCO	**2011**	**223**	**879**	**582**	**1,684**
	2010	100	430	270	800
	2009	30	300	220	550
Faurecia	**2011**	**490**	**3,198**	**9,369**	**13,057**
	2010	195	2,230	6,440	8,865
	2009	80	1,280	4,660	6,020
Other Businesses	**2011**	**38**	**5**	**0**	**43**
	2010	30	0	0	30
	2009	10	0	0	10
TOTAL	**2011**	**5,550**	**6,299**	**12,081**	**23,930**
	2010	3,045	4,445	8,840	16,330
	2009	1,135	3,025	5,935	10,095

Employees Hired under Permanent Contracts by Category

(Consolidated Group, at 31 December 2011)

	France			Rest of Europe			Rest of the world			Total		
	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers
Automotive Division	2,501	1,034	1,204	1,007	793	250	1,083	754	250	4,591	2,581	1,704
Banque PSA Finance	0	54	6	0	140	27	0	29	14	0	223	47
GEFCO	31	110	82	352	488	39	378	196	8	761	794	129
Faurecia	128	34	328	2,117	646	435	6,616	1,178	1,575	8,861	1,858	2,338
Other Businesses	0	2	36	0	4	1	0	0	0	0	6	37
TOTAL	**2,660**	**1,234**	**1,656**	**3,476**	**2,071**	**752**	**8,077**	**2,157**	**1,847**	**14,213**	**5,462**	**4,255**

Employees Hired under Fixed-Term Contracts

(Consolidated Group, at 31 December 2011)

	France	Rest of Europe	Rest of the world	Total
Automotive Division	3,162	2,217	566	5,945
Banque PSA Finance	84	154	41	279
GEFCO	257	1,126	228	1,611
Faurecia	460	4,575	7,257	12,292
Other Businesses	45	0	0	45
TOTAL	**4,008**	**8,072**	**8,092**	**20,172**

SEPARATIONS

Separations of Employees under Permanent Contracts by Region

(Consolidated Group, excluding Faurecia, at 31 December 2011)

	France	Rest of Europe	Rest of the world	Total
Resignations	1,266	1,244	681	3,191
Dismissals	577	629	424	1,630
Redundancies	52	166	87	305
Retirement, death or other	1,302	942	42	2,286
TOTAL	**3,197**	**2,981**	**1,234**	**7,412**
Percentage	**3.8%**	**9.4%**	**9.0%**	5.7%

In 2011, the Groupwide separation rate (excluding Faurecia) was 5.7%.

The separation rate is calculated by dividing the total number of separations during the year involving employees under permanent contracts (through resignations, redundancies, dismissals, retirement, deaths and other attrition) by the total number of employees under permanent contracts (excluding Faurecia) at 31 December.

OVERTIME

Overtime

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2011**	**691,586**	**689,844**	**1,070,666**	**2,452,095**
	2010	873,535	1,016,890	1,430,435	3,320,860
	2009	688,495	977,060	672,835	2,338,390
Banque PSA Finance	**2011**	**19,415**	**37,455**	**27**	**56,897**
	2010	20,785	30,130	0	50,915
	2009	13,040	28,945	5	41,990
GEFCO	**2011**	**290,371**	**188,201**	**209,094**	**687,666**
	2010	249,210	217,815	237,145	704,170
	2009	182,860	205,320	128,335	516,515
Other Businesses	**2011**	**10,643**	**0**	**0**	**10,643**
	2010	7,545	0	0	7,545
	2009	6,300	0	0	6,300
TOTAL	**2011**	**1,012,015**	**915,499**	**1,279,787**	**3,207,301**
	2010	1,151,075	1,264,835	1,667,580	4,083,490
	2009	890,695	1,211,325	801,175	2,903,195

In most countries, working hours are determined on an annual or multi-year basis.

NUMBER OF CONTRACTOR EMPLOYEES WORKING ON GROUP SITES

Number of Contractor Employees Working on Group Sites (Full Time Equivalents)

(Consolidated Group, excluding Faurecia, at 31 December, full-time equivalents)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2011**	**6,231**	**1,148**	**2,872**	**10,251**
	2010	7,310	2,360	2,955	12,625
	2009	5,875	2,185	2,600	10,660
Banque PSA Finance	**2011**	**42**	**47**	**36**	**125**
	2010	30	40	40	110
	2009	30	35	35	100
GEFCO	**2011**	**214**	**16**	**103**	**333**
	2010	145	320	285	750
	2009	245	260	75	580
Other Businesses	**2011**	**29**	**0**	**0**	**29**
	2010	10	0	0	10
	2009	20	0	0	20
TOTAL	**2011**	**6,516**	**1,211**	**3,011**	**10,738**
	2010	7,495	2,720	3,280	13,495
	2009	6,170	2,480	2,710	11,360

17.1.6.2. ORGANISATION OF WORKING HOURS

FULL-TIME EMPLOYEES

In every host country, working hours are consistently equal to or less than the legal workweek or industry practices.

PART-TIME EMPLOYEES

Part-time employees are defined as employees who work fewer hours per week or fewer average hours over a period of up to one year, than a comparable full-time employee. Requests for part-time work are approved whenever possible, with individualised solutions that align employee needs with efficient team performance. These solutions include working part of a day or half-day, working a reduced number of total hours, and working every other week.

Number of Part-Time Employees under Permanent or Fixed-Term Contracts

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2011**	**2,180**	**2,800**	**18**	**4,998**
	2010	2,715	2,760	10	5,485
	2009	2,815	5,335	20	8,170
Banque PSA Finance	**2011**	**44**	**302**	**0**	**346**
	2010	45	190	0	235
	2009	40	285	0	325
GEFCO	**2011**	**401**	**194**	**0**	**595**
	2010	170	170	0	340
	2009	305	175	0	480
Other Businesses	**2011**	**66**	**5**	**0**	**71**
	2010	65	0	0	65
	2009	40	0	0	40
TOTAL	**2011**	**2,691**	**3,301**	**18**	**6,010**
	2010	2,995	3,120	10	6,125
	2009	3,200	5,795	20	9,015

As of 31 December 2011, 6,010 employees worked part-time worldwide (excluding Faurecia), of which 1,162 worked half-time. Of the total, 57% were women and 43% were men.

ABSENTEEISM AND ITS CAUSES

Paid Absences Other Than Vacation

(Consolidated Group, excluding Faurecia, at 31 December)

		France		Rest of Europe		Rest of the World		Total	
		Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave
Automotive Division	**2011**	**3,542,970**	**551,324**	**1,360,849**	**683,650**	**976,272**	**835,882**	**5,880,091**	**2,070,857**
	2010	3,586,680	559,245	1,540,460	830,100	452,235	248,600	5,579,375	1,637,945
	2009	3,949,325	907,960	1,690,580	926,740	417,285	279,075	6,057,190	2,113,775
Banque PSA Finance	**2011**	**24,003**	**7,606**	**72,053**	**55,855**	**246**	**2,039**	**96,302**	**65,499**
	2010	28,775	12,115	85,990	45,395	85	580	114,850	58,090
	2009	28,880	20,020	73,275	54,800	145	150	102,300	74,970
GEFCO	**2011**	**248,398**	**155,978**	**159,114**	**54,016**	**16,395**	**18,875**	**423,907**	**228,869**
	2010	268,740	78,270	161,275	59,940	13,075	14,320	443,090	152,530
	2009	228,855	58,490	228,965	58,030	10,655	8,950	468,475	125,470
Other Businesses	**2011**	**60,482**	**5,649**	**1,978**	**308**	**0**	**0**	**62,460**	**5,957**
	2010	59,400	4,285	1,275	305	0	0	60,675	4,590
	2009	90,690	8,035	2,445	280	0	0	93,135	8,315
TOTAL	**2011**	**3,875,853**	**720,556**	**1,593,993**	**793,829**	**992,913**	**856,796**	**6,462,759**	**2,371,181**
	2010	3,943,595	653,915	1,789,000	935,740	465,395	263,500	6,197,990	1,853,155
	2009	4,297,750	994,505	1,995,265	1,039,850	428,085	288,175	6,721,100	2,322,530

Paid absences other than vacation totalled 8,833,940 hours, of which 6,462,759 for sick leave, 704,461 for maternity leave, 1,034,813 for accident-related absences and 631,907 for other reasons.

Based on the nearly 245 million hours worked, the overall absenteeism rate stood at around 3.6% for the year, versus 3.4% in 2010

17.1.6.3. COMPENSATION

Total Payroll by Region

(Consolidated Group, excluding Faurecia, at 31 December)

In 2011, total payroll costs (excluding Faurecia) came to €4,737,157,000, while related payroll taxes amounted to €1,881,697,000.

(in thousands of euros)	France	Rest of Europe	Rest of the World	Total
2011	**4,756,701**	**1,403,954**	**458,199**	**6,618,854**
2010	4,621,763	1,391,183	368,134	6,381,080
2009	4,619,340	1,419,552	254,242	6,293,134

In all host countries, compensation policies are designed to maintain employee purchasing power, reward performance, offer compensation that is competitive with market practices and give employees a stake in the value they help to create.

Thirty agreements were signed with employee representatives worldwide in 2011 These agreements not only maintain purchasing power, especially for the lowest wage categories, but they also provide for individual performance-based bonuses for the most productive employees.

Group Minimum Wage Versus Local Statutory Minimum Wage, by Country

(Base 100 = Consolidated Group, excluding Faurecia and GEFCO in 2011)

Country	Ratio	Local statutory minimum wage
Germany	133	Regional minimum wage
Argentina	157	Local statutory minimum wage
Austria	100	Regional minimum wage
Belgium	131	Guaranteed average minimum monthly income
Brazil	234	Local statutory minimum wage
China	313	Regional minimum wage (Shanghai)
Spain	137	Local statutory minimum wage
France	128	Local statutory minimum wage
Italy	120	Industry minimum wage
Netherlands	119	Local statutory minimum wage (for people over 23)
Poland	144	Local statutory minimum wage
Portugal	102	Local statutory minimum wage
United Kingdom	100	Local statutory minimum wage
Russia	165	Regional minimum wage
Slovakia	188	Local statutory minimum wage
Switzerland	N/R	No statutory minimum wage; no industry agreements
Turkey	132	Local statutory minimum wage

Information is reported for countries representative of the Group's organisation (excluding Faurecia and GEFCO), where there are more than 300 employees.

The ratio is calculated based on each country's statutory minimum wage (when one exists), without considering any regional variations.

DISCRETIONARY PROFIT-SHARING

All employees are paid a discretionary profit-share out of operating income so that they can share in the value they create.

EMPLOYEE SAVINGS PLANS

In a number of host countries, PSA Peugeot Citroën offers a variety of savings schemes that enable employees to invest their own funds by making voluntary contributions at any time during the year.

GENDER EQUALITY IN THE WORKPLACE

Number of Women Employees under Permanent or Fixed-Term Contracts

(Consolidated Group, at 31 December)

PSA Peugeot Citroën's commitments to gender equality are expressed in the 12 November 2003 agreement on gender equality and employment for women, which was renewed in 2007 and early 2011. As a result, 2002 has been chosen as the reference year.

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	% change year-on-year
Operators	16,235	16,295	19,105	19,060	21,065	22,365	21,635	19,980	21,190	**22,446**	38.26%
ETAM	14,420	15,510	16,655	16,395	16,175	15,650	15,610	14,600	15,285	**16,012**	11.04%
Managers	4,245	4,580	5,325	5,945	6,320	6,255	6,310	6,155	6,650	**7,588**	78.75%
TOTAL	**34,900**	**36,385**	**41,085**	**41,400**	**43,560**	**44,270**	**43,555**	**40,735**	**43,125**	**46,046**	**31.94%**

Percentage of Women Employees under Permanent and Fixed-Term Contracts

(Consolidated Group, at 31 December)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
% women in the workforce	17.6%	18.2%	19.8%	19.8%	20.6%	21.3%	21.6%	21.9%	21.8%	**22.0%**

Women account for 19.9% of engineers and managers, 30.1% of administrative employees, technicians and supervisors (ETAM) and 19.1% of operators.

The number of women employees rose by nearly 7% between 2010 and 2011.

Percentage of Women Managers under Permanent or Fixed-Term Contracts by Age Group

(Consolidated Group, at 31 December 2011)

	<30 years	30-39 years	40-49 years	≥50 years	Total
Number of women managers	1,299	3,299	1,994	996	**7,588**
Total number of managers	4,368	13,592	12,614	7,639	**38,213**
% of women managers	29.7%	24.3%	15.8%	13.0%	**19.9%**

Women accounted for 29.7% of managers under 30 and 13% of managers over 50.

Executive Management

(Automotive Division, at 31 December 2011)

The Group executive management team is comprised of 13 people, including one woman.

Senior Executives

(Consolidated Group, excluding Faurecia and GEFCO, at 31 December 2011)

At PSA, “senior executives” are those executives and senior managers in charge of adapting and implementing the Group’s strategic vision, policies and programmes.

	30-39 years	40-49 years	≥50 years	Total
Men	44	360	369	773
Women	12	46	23	81
Total	**56**	**406**	**392**	**854**

Nationality	Number	%
French	718	84.1%
Spanish	35	4.1%
British	17	2.0%
German	15	1.8%
Belgian	10	1.2%
Argentine	9	1.1%
Italian	8	0.9%
Brazilian	6	0.7%
Chinese	6	0.7%
Swiss	5	0.6%
Portuguese	4	0.5%
Dutch	3	0.4%
American	2	0.2%
Austrian	2	0.2%
Polish	2	0.2%
Russian	2	0.2%
Canadian	1	0.1%
Danish	1	0.1%
Luxembourger	1	0.1%
Moroccan	1	0.1%
Norwegian	1	0.1%
Romanian	1	0.1%
Croatian	1	0.1%
Japanese	1	0.1%
Slovak	1	0.1%
Turk	1	0.1%
TOTAL	**854**	**100.0%**

17.1.6.4. EMPLOYEE RELATIONS AND COLLECTIVE BARGAINING AGREEMENTS

THE EUROPEAN WORKS COUNCIL EXPANDED TO A GLOBAL COUNCIL

Created in 1996, the European Works Council represents all of the Group's employees. During its annual plenary meeting, the European Council is expanded into a Global Council, with delegates from Argentina, Brazil, China and Russia.

THE INTERNATIONAL JOINT UNION MANAGEMENT STRATEGY COMMITTEE

On 19 June 2008, the Committee was extended to the leading unions outside France in an agreement signed with IG Metall, T&GWU, SIT-FSI, UGT and CC-OO. It acts as a forum for analysis, dialogue and discussion to explore in more detail issues related to the Group's situation and development, its policies and its strategic vision, in such areas as products, markets, changing technologies and new business projects outside France.

A LARGE NUMBER OF NEW AGREEMENTS

In 2011, more than 140 company agreements were signed, including nearly 100 outside France. They covered a variety of issues, from organisation of the workweek, wages and human resources planning and development to hiring and working conditions, diversity and social cohesion. All of the agreements were approved by a large majority.

Worldwide, 92% of employees (excluding Faurecia) are covered by a collective bargaining agreement.

17.1.6.5. WORKPLACE HEALTH AND SAFETY

PSA Peugeot Citroën's workplace health and safety policy, signed by the Executive Committee on 12 January 2010, is defined and promoted at the highest level of the Company. Applicable in all Group units, the policy has also been formalized in the Global Framework Agreement on Social Responsibility, which expresses the Group's commitment to implementing the highest standards and best practices in this area and makes health and accident prevention a priority. for further information, please refer to section 17.1.4 "Workplace health and safety is our top priority".

17.1.6.6. TRAINING

Hours of Training by Region

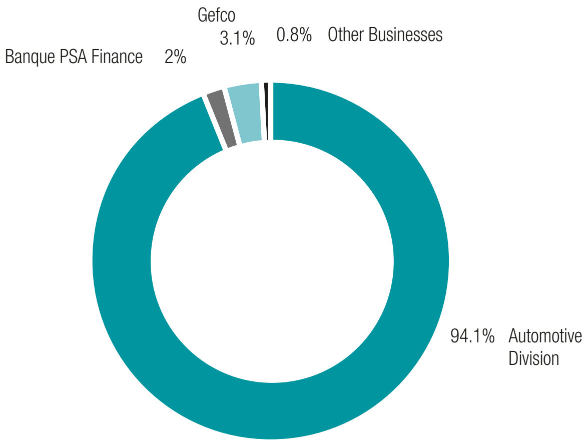
(Consolidated Group, excluding Faurecia, at 31 December)

	Total hours of training *(in thousands)*			Average hours of training per employee		
	2009	2010	2011	2009	2010	2011
France	1,515	2,015	1,819	18.0	24.5	20.7
Rest of Europe	905	825	1,085	27.9	26.3	31.2
Rest of the world	260	260	329	24.9	21.4	22.8
TOTAL	**2,680**	**3,100**	**3,233**	**21.1**	**24.6**	**23.6**

Each employee received an average of 23.6 hours of training in 2011, with 104,366 employees attending at least one training course during the year. More than 3.2 million hours of training conducted throughout the Group represented an outlay of nearly €130 million.

Training Expenditure by Division

(Consolidated Group, excluding Faurecia, at 31 December 2011)



17.1.6.7. HIRING AND INTEGRATING THE DISABLED WORKERS

Disabled Employees

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2011**	**5,096**	**538**	**47**	**5,681**
	2010	5,095	490	40	5,625
	2009	5,260	500	35	5,795
Banque PSA Finance	**2011**	**8**	**23**	**0**	**31**
	2010	10	20	0	30
	2009	10	15	0	25
GEFCO	**2011**	**212**	**48**	**2**	**262**
	2010	185	35	0	220
	2009	140	40	0	180
Other Businesses	**2011**	**8**	**1**	**0**	**9**
	2010	50	0	0	50
	2009	50	0	0	50
TOTAL	**2011**	**5,324**	**610**	**49**	**5,983**
	2010	5,340	545	40	5,925
	2009	5,460	555	35	6,050

Worldwide, the Group (excluding Faurecia) directly employs 5,983 disabled people, as defined by local legislation.

In the Automotive Division in France, 8.2% of employees are classified as handicapped (including sheltered workers under contract), above the mandatory national rate of 6%.

The above table does not include the 1,197 disabled people who work for Faurecia.

17.1.6.8. SOCIAL SERVICES

Depending on the national and local situation, all Group companies and plants contribute to social and cultural activities and help to improve the quality of work life.

In all, the Automobile, Finance and Transportation & Logistics Divisions paid more than €238 million in employee benefits in 2011. Representing 3.6% of payroll, this amount encompasses employer payments for housing, transportation, food services, health and social services, corporate concierge services, daycare centres, health care and personal protection insurance, as well as subsidies paid to Works Councils in France for employee welfare programmes.

17.1.6.9. OUTSOURCING

Please refer to section 17.1.5, in the paragraph “Expressing our social responsibility through international dialogue”.

17.2. STOCK-OPTION PLANS AND FREE ALLOCATION OF SHARES

17.2.1. ALLOCATION POLICY

See Chapter 15.1 above and 21.1.4 after.

17.2.2. SHARE SUBSCRIPTION AND SHARE PURCHASE OPTIONS

See Chapter 15.1 above and 21.1.4 after.

17.2.3. FREE ALLOCATION OF SHARES

See Chapter 15.1 above and 21.1.4 after.

For more information, see note 26.3 and 26.4 in the notes to the consolidated financial statements at 31 December 2011.

17.3. EMPLOYEE SHAREHOLDING

17.3.1. THE GROUP EMPLOYEE SAVINGS PLAN

In many host countries, PSA Peugeot Citroën offers a variety of savings schemes that enable employees to invest their own funds, by making voluntary contributions and investing their discretionary and/or non-discretionary profit shares.

17.3.2. EMPLOYEE OWNERSHIP OF COMPANY STOCK

PERCENTAGE OF CAPITAL HELD BY EMPLOYEES THROUGH EMPLOYEE STOCKHOLDING PLANS WORLDWIDE

(France, Germany, Spain, United Kingdom, Portugal)

	2011	2010	2009
Percentage	3.26	2.79	2.80

More than 46,000 employees or former employees are Peugeot S.A. shareholders.

In December 2011, the Supervisory Board decided to create a Shareholders Consultative Committee in line with the policy toward individual shareholders that had led to the creation of a PSA Peugeot Citroën Shareholders Club in 2010. At the end of 2011, the Shareholders Club already had over 2,800 members.

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MAJOR SHAREHOLDERS

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18.1. CAPITAL AND VOTING RIGHTS STRUCTURE AT 31 DECEMBER 2011

As of 31 December 2011, the Peugeot family group, whose members are presented in the table below, held 31% of the Company's outstanding shares and 48% of exercisable voting rights.

	31 December 2011				31 December 2010				31 December 2009			
Main identified shareholders [1]	Shares outstanding	% interest	% exercisable voting rights	% theoretical voting rights	Shares outstanding	% interest	% exercisable voting rights	% theoretical voting rights	Shares outstanding	% interest	% exercisable voting rights	% theoretical voting rights
Établissements Peugeot Frères [2]	19,115,760	8.17	13.11	12.38	19,115,760	8.17	12.47	12.19	6,923,760	2.96	4.56	4.45
La Française de Participations Financières (LFPF)	-	-	-	-	-	-	-	-	12,156,000	5.19	8.00	7.82
FFP	53,363,574	22.80	35.20	33.24	51,792,738	22.13	33.79	33.02	51,792,738	22.13	33.15	32.39
Comtoise de Participation	-	-	-	-	-	-	-	-	36,000	0.02	0.02	0.02
Maillot I	100	0.0	0.0	0.0	100	0.00	0.00	0.00	-	-	-	-
Société Anonyme de Participations (SAPAR) [3]	148,672	0.06	0.05	0.05	-	-	-	-	-	-	-	-
Peugeot family	**72,628,106**	**31.03**	**48.36**	**45.67**	**70,908,598**	**30.30**	**46.26**	**45.21**	**70,908,498**	**30.30**	**45.73**	**44.68**
Other individual shareholders	16,635,083	7.11	5.92	5.59	18,413,671 [4]	7.87	6.15	6.00	14,908,642	6.37	5.11	4.99
Employees	7,638,100	3.26	4.54	4.29	6,538,348	2.79	3.88	3.80	6,546,866	2.80	4.00	3.90
Other French institutions	43,346,051	18.52	14.86	14.03	43,710,387	18.67	15.08	14.73	50,849,816	21.72	16.75	16.36
Other foreign institutions	76,614,552	32.73	26.32	24.86	87,290,771	37.30	28.63	27.97	81,006,070	34.61	26.67	26.06
Treasury stock	17,187,450	7.34	-	5.56	7,187,450	3.07	-	2.29	7,187,450	3.07	-	2.31
TOTAL	**234,049,344**	**100**	**100**	**100**	**234,049,225**	**100**	**100**	**100**	**234,049,142**	**100**	**100**	**100**

(1) Source Euroclear France – TPI 31 December 2011 and Thomson Reuters.

(2) Comtoise de Participation and LFPF were gathered within EPF starting from December 2010.

(3) Société Anonyme de Participation (SAPAR), a holding company with ties to Thierry Peugeot, Chairman of the Supervisory Board, and Marie Hélène Roncoroni, member of the Supervisory Board. Disclosure made by SAPAR on 6 December 2011 in application of article L.621-18-2 of the French Monetary and Financial Code.

(4) Shares held in individual securities accounts and others (by difference).

POTENTIAL VOTING RIGHTS, BY SHAREHOLDER, AT 31 DECEMBER 2011

In compliance with Article 223-11 of the AMF General Rules and Regulations, the above chart analyses potential voting rights outstanding, which include rights attached to shares held in treasury.

These potential voting rights are the ones used in determining when statutory disclosure thresholds have been exceeded.

IDENTITY OF SHAREHOLDERS (ARTICLE 7 OF THE BYLAWS)

The Company is entitled, under the applicable laws and regulations, to request information on the identity of the holders of securities granting immediate or future voting rights at its Shareholders Meetings and the number of voting rights held.

BUYBACK OF SHARES

Pursuant to the authorisation granted by the Annual Shareholders Meeting of 31 May 2011, the Group bought back 10,000,000 shares between 12 August and 2 September 2011 at an average price of €19.92 per share. The related transaction fees amounted to €119,120,28.

At 31 December 2011, the Group held 17,187,450 shares, or 7.34% of issued capital, in treasury.

At 31 December 2011, these shares were bought back for the following purposes:

- 10,908,807 for allocation on conversion of 23 June 2009 Oceane convertible bonds;
- 4,698,000 to cover outstanding stock options;
- 462,543 to cover future stock option plans;
- 807,900 to cover performance share rights under the 21 September 2010 plan;
- 300,000 for allocation to a future liquidity contract.

The remaining 10,200 shares, that were originally purchased to cover options and rights that are no longer exercisable, were unallocated at the year-end.

For more information, please refer to notes 26.3 and 26.5 to the 2011 consolidated financial statements.

CANCELLATION OF SHARES

No shares were cancelled in 2011.

18.2. DIFFERENT VOTING RIGHTS

Fully-paid up shares registered in the name of the same holder for at least four years shall carry double voting rights at Shareholders Meetings.

The number of years the shares had to be held to qualify for double voting rights was raised from two to four at the Extraordinary Meeting of Shareholders on 29 June 1987. In the event of a capital increase through the capitalization of retained earnings, profits or additional paid-in capital, the resulting bonus shares distributed in respect of registered shares carrying double voting rights will similarly carry double voting rights. In accordance with the law, double voting rights will be lost if the shares are converted into bearer form or transferred to another shareholder, unless the transfer takes place due to an inheritance, the liquidation of a marital estate or a gift to a spouse or heir.

18.3. OWNERSHIP AND CONTROL OF THE COMPANY'S SHARE CAPITAL

OTHER SHAREHOLDERS

There are no shareholders' pacts.

To the best of Peugeot S.A.'s knowledge, no shareholder other than the ones listed in the table below directly or indirectly own more than 5% of the Company's issued capital or voting rights.

The Company's share capital is controlled as described above. However, the Company considers that there is no risk that such control may be abused.

18.4. CHANGE OF OWNERSHIP

There are no shareholders' pacts in force among the companies making up the Peugeot family group. However, these companies have signed a lock-up agreement concerning their Peugeot S.A. shares, in accordance with Articles 787-B and 885-I *bis* of the French General Tax Code.

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See note 38 to the consolidated financial statements in Chapter 20.3.

In addition, the Special Report of Statutory Auditors on related party agreements and commitments is presented below.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Shareholders' Meeting for the approval of the financial statements for the year ended 31 December 2011

This is a free translation into English of the Statutory Auditors' special report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Peugeot S.A., we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the principal terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-58 of the French Commercial Code (Code de commerce), it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is our responsibility to report to the shareholders the information pursuant to Article R.225-58 of the French Commercial Code relating to agreements and commitments previously approved by the Shareholders' Meeting during the year.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS AUTHORISED DURING 2011

In accordance with Article L.225-88 of the French Commercial Code, we were informed of the following agreement authorised by the Supervisory Board of Peugeot S.A.

Surety to the European Investment Bank («EIB») in connection with the €125 million loan granted to Peugeot Citroën Automobiles S.A. («PCA») in November 2011

At its meeting of 26 July 2011, the Supervisory Board of Peugeot S.A. authorised a surety agreement in favour of EIB in connection with the €125 million loan granted by the EIB to PCA.

Under this agreement, Peugeot S.A. granted a joint and several guarantee to the EIB on behalf of its subsidiary PCA, covering all amounts including principal, interest and any ancillary sums due by PCA under the EIB loan.

No fee had been received by Peugeot S.A. in respect of this agreement in 2011.

Messrs Varin, Faury, Olivier and Saint-Geours were involved in authorising these agreements in their capacity as members of the Managing Board of Peugeot S.A. and members of the Board of Directors of PCA.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS YEARS

In accordance with Article R.225-57 of the French Commercial Code, we were informed that the following agreements and commitments approved by your Shareholders' Meeting in previous years remained in force during the past year.

Loan granted by Peugeot S.A. to its subsidiary, Faurecia

At its meeting of 21 October 2008, the Supervisory Board of Peugeot S.A. authorised the granting of a loan to its subsidiary, Faurecia, for a maximum amount of €250 million subject to the same interest rates and periods as Faurecia's syndicated bank loan. This agreement provides for two tranches: tranche A (three-year term) and tranche B (five-year term). Faurecia has the option to extend the term of tranche A from three to four years (this option can be exercised on the first anniversary of the grant date), and from four to five years (on the second anniversary of the grant date). In November 2010, Faurecia exercised this option for the second time, extending the term of tranche A to five years, having already extended its term from three to four years in November 2009.

The five drawdowns made by Faurecia on the loan in 2010 were repaid in 2011. During 2011, Faurecia made 54 drawdowns, which have been repaid in 2011. The last repayment occurred on 20 December 2011. Faurecia ended the loan at this date. Accrued interest recognised within interest income in 2011 amounted to €3,382 thousand.

Surety granted to the European Investment Bank («EIB») in connection with the €400 million loan granted to Peugeot Citroën Automobiles S.A. («PCA») in 2009

At its meeting of 10 February 2009, the Supervisory Board authorised a surety agreement and an agreement to pledge securities with the EIB in connection with the €400 million loan granted by the EIB to PCA for a maximum term of seven years.

Under these agreements, Peugeot S.A. granted a joint and several guarantee to the EIB on behalf of its subsidiary PCA, covering all amounts including principal, interest and any ancillary sums due by PCA under the EIB loan. It also undertook to pledge securities to the EIB as guarantee for PCA's payment and repayment obligations, covering 20% of 110% of the amount outstanding under the loan.

An annual guarantee fee of 0.12% is invoiced by Peugeot S.A. to PCA in consideration for the joint and several guarantee granted. The fee invoiced by Peugeot S.A. in respect of this agreement in 2011 totalled €480 thousand.

Surety granted to the European Investment Bank («EIB») in connection with the €200 million loan granted to Peugeot Citroën Automobiles S.A. ("PCA") in August 2010

At its meeting of 27 July 2010, the Supervisory Board of Peugeot S.A. authorised a surety agreement with the EIB in connection with its €200 million loan granted to PCA for a maximum term of seven years.

Under this agreement, Peugeot S.A. granted a joint and several guarantee to the EIB on behalf of its subsidiary PCA, covering all amounts including principal, interest and any ancillary sums due by PCA under the EIB loan.

An annual guarantee fee of 0.12% is invoiced by Peugeot S.A. to PCA in consideration for the joint and several guarantee granted. The fee invoiced by Peugeot S.A. in respect of this agreement in 2011 totalled €240 thousand.

Share of Group general and administrative expenses

In 2011, a total amount of €81,179,349 was received by Peugeot S.A. in respect of subsidiaries' share of Group general and administrative expenses.

Courbevoie and Neuilly-sur-Seine, 24 February 2012

The Statutory Auditors

Mazars		ERNST & YOUNG et Autres	
Loïc Wallaert	Jean-Louis Simon	Christian Mouillon	Marc Stoessel

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20.1. HISTORICAL FINANCIAL INFORMATION

In compliance with Article 28 of EC regulation no. 809/2004, the following information is incorporated by reference in the Registration Document:

2010 FINANCIAL INFORMATION

The report of the Managing Board, the consolidated financial statements are presented on pages 204 to 310 and the corresponding Auditors' Report is presented on pages 202 and 203 of the 2010 Registration Document filed with the Autorité des Marchés Financiers (No. D. 11-0353) on 22 April 2011.

2009 FINANCIAL INFORMATION

The report of the Managing Board, the consolidated financial statements are presented on pages 204 to 311 and the corresponding Auditors' Report is presented on pages 201 and 202 of the 2009 Registration Document filed with the Autorité des Marchés Financiers (No. D. 10-0301) on 22 April 2010.

CONSOLIDATED STATEMENT OF INCOME

	2009			
(in million euros)	Manufacturing and Sales Companies	Finance Companies	Eliminations	Total
Revenue	**46,885**	**1,823**	**(291)**	**48,417**
Recurring operating (loss) income	(1,187)	498	-	(689)
Non-recurring operating income (expense)	(725)	(2)	-	(727)
Operating Income	**(1,912)**	**496**	**-**	**(1,416)**
Consolidated profit	**(1,627)**	**353**	**-**	**(1,274)**
Attributable to equity holders of the parent	*(1,511)*	*350*	-	*(1,161)*
Attribuable to minority interests	*(116)*	*3*	-	*(113)*
(in euros)				
Basic earnings (loss) per €1 par value share				(5.12)
Diluted earnings (loss) per 1€ par value share				(5.12)

CONSOLIDATED BALANCE SHEET

Assets	31 December 2009			
(in millions euros)	Manufacturing and Sales companies	Finance companies	Eliminations	Total
Total non-current assets	21,515	357	(25)	21,847
Total current assets	17,225	25,605	(556)	42,274
TOTAL ASSETS	**38,740**	**25,962**	**(581)**	**64,121**

Equity and Liabilities	31 December 2009			
(in million euros)	Manufacturing and Sales companies	Finance companies	Eliminations	Total
Total equity				12,447
Total non-current liabilities	13,323	479	-	13,802
Total current liabilities	16,143	22,310	(581)	37,872
TOTAL EQUITY & LIABILITIES				**64,121**

CONSOLIDATED STATEMENT OF CASH FLOWS

	2009			
(in million euros)	Manufacturing and Sales Companies	Finance Companies	Eliminations	Total
Consolidated profit	(1,627)	353	-	(1,274)
Funds from operations	977	365	-	1,342
Net cash from operating activities	**3,593**	**106**	**(129)**	**3,570**
Net cash used in investing activities	**(2,784)**		**(1)**	**(2,785)**
Net cash (used in) from financing activities	**4,979**	**(143)**	**105**	**4,941**
Net increase (decrease) in cash and cash equivalents	5,800	9	(25)	5,784
Net cash and cash equivalents at beginning of year	2,017	1,280	(90)	3,207
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	**7,817**	**1,289**	**(115)**	**8,991**

20.2. *PRO FORMA* FINANCIAL INFORMATION

Not applicable.

20.3. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

20.3.1. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying consolidated financial statements of Peugeot S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Managing Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

Estimates and assumptions, as well as the assessment of the liquidity position, used to prepare the consolidated financial statements as at December 31, 2011, have been made in the context of deep downturn in the global automotive market which has made it more difficult to assess the economic outlook. In this context, in accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters.

- The preparation of the consolidated financial statements requires from your company to make estimates and assumptions regarding the valuation of certain assets, liabilities, income and expenses, the most significant of which are outlined in Note 1.4 to the consolidated financial statements "Accounting principles – Use of Estimates and Assumptions." For all of these matters, we examined the appropriateness of the accounting methods used and their correct application. In addition, we examined the available documentation and the quantitative translation of the assumptions made and concluded that the assumptions were consistent and the estimations reasonable.

- As part of our assessment of the accounting principles and methods applied by your company, we examined the criteria for recognizing development expenditure as an intangible asset and for amortizing said expenditure. We ensured that relevant information was provided in note 1.12.A "Accounting principles – Intangible Assets – Research and Development Expenditure", note 6 "Research and Development Expenses" and note 13.1 "Goodwill and Intangible Assets – Changes in Carrying Amount."
- Note 1.14 to the consolidated financial statements « Accounting Principles – Impairment of Long-Lived Assets » describes the accounting methods and assumptions used for impairment tests. According to the Note 7.1 "Impairment Loss on Automotive Division CGUs and Provisions for Automotive Division Onerous Contracts", impairment tests led to the recognition of a depreciation on assets and additional onerous contract provision. We verified that the impairment tests were carried out correctly and that supporting notes mentioned below provide relevant information. We also reviewed the available documentation, notably relating to cash flow projections applied and other assumptions used, and we verified the reasonableness of the underlying estimates.
- As indicated in note 1.18 « Accounting Principles – Deferred Taxes », deferred tax assets and liabilities are accounted for in the statement of financial position as set forth in note 11.4 "Deferred Tax Assets and Liabilities". We examined the consistency of assumptions to assess the recovery of these deferred tax assets.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Paris-La Défense, February 17, 2012

Courbevoie and Paris-La Défense, February 17, 2012

The statutory auditors French original signed by

Mazars		Ernst & Young et Autres	
Loïc Wallaert	Jean-Louis Simon	Christian Mouillon	Marc Stoessel

20.3.2. CONSOLIDATED STATEMENTS OF INCOME

	2011			
(in million euros)	Manufacturing and Sales companies	Finance companies	Eliminations	Total
Sales and revenue (note 4)	**58,329**	**1,902**	**(319)**	**59,912**
Cost of goods and services sold	(49,018)	(985)	319	(49,684)
Selling, general and administrative expenses	(6,376)	(385)	-	(6,761)
Research and development expenses (note 6)	(2,152)	-	-	(2,152)
Recurring operating income	**783**	**532**	**-**	**1,315**
Non-recurring operating income (note 7)	46	-	-	46
Non-recurring operating expenses (note 7)	(463)	-	-	(463)
Operating income	**366**	**532**	**-**	**898**
Interest income (note 8)	114	-	-	114
Finance costs (note 9)	(331)	-	-	(331)
Other financial income (note 10)	214	2	-	216
Other financial expenses (note 10)	(330)	(3)	-	(333)
Income before tax of fully consolidated companies	**33**	**531**	**-**	**564**
Current taxes	(192)	(218)	-	(410)
Deferred taxes	419	38	-	457
Income taxes (note 11)	**227**	**(180)**	**-**	**47**
Share in net earnings of companies at equity (note 15)	170	3	-	173
CONSOLIDATED PROFIT FOR THE YEAR	**430**	**354**	**-**	**784**
Attributable to equity holders of the parent	*238*	*345*	*5*	*588*
Attributable to minority interests	*192*	*9*	*(5)*	*196*
(in euros)				
Basic earnings per €1 par value share (note 12)				2.64
Diluted earnings per €1 par value share (note 12)				2.56

	2010			
(in million euros)	Manufacturing and Sales companies	Finance companies	Eliminations	Total
Sales and revenue (note 4)	**54,502**	**1,852**	**(293)**	**56,061**
Cost of goods and services sold	(44,900)	(981)	293	(45,588)
Selling, general and administrative expenses	(6,238)	(364)	-	(6,602)
Research and development expenses (note 6)	(2,075)	-	-	(2,075)
Recurring operating income	**1,289**	**507**	**-**	**1,796**
Non-recurring operating income (note 7)	349	27	-	376
Non-recurring operating expenses (note 7)	(436)	-	-	(436)
Operating income	**1,202**	**534**	**-**	**1,736**
Interest income (note 8)	86	-	-	86
Finance costs (note 9)	(455)	-	-	(455)
Other financial income (note 10)	228	1	-	229
Other financial expenses (note 10)	(286)	(3)	-	(289)
Income before tax of fully consolidated companies	**775**	**532**	**-**	**1,307**
Current taxes	(91)	(186)	-	(277)
Deferred taxes	(24)	46	-	22
Income taxes (note 11)	**(115)**	**(140)**	**-**	**(255)**
Share in net earnings of companies at equity (note 15)	202	2	-	204
CONSOLIDATED PROFIT FOR THE YEAR	**862**	**394**	**-**	**1,256**
Attributable to equity holders of the parent	*744*	*388*	*2*	*1,134*
Attributable to minority interests	*118*	*6*	*(2)*	*122*
(in euros)				
Basic earnings per €1 par value share (note 12)				5.00
Diluted earnings per €1 par value share (note 12)				4.97

20.3.3. CONSOLIDATED STATEMENTS OF INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY

	2011		
(in million euros)	Before tax	Income tax benefit (expense)	After tax
Consolidated profit for the year	**737**	**47**	**784**
Fair value adjustments to cash flow hedges	(128)	42	(86)
• of which, reclassified to the income statement	(34)	12	(22)
• of which, recognised in equity during the period	(94)	30	(64)
Gains and losses from remeasurement at fair value of available-for-sale financial assets	(68)	-	(68)
• of which, reclassified to the income statement	-	-	-
• of which, recognised in equity during the period	(68)	-	(68)
Exchange differences on translating foreign operations	10	-	10
Income and expenses recognised directly in equity, net	**(186)**	**42**	**(144)**
• of which, companies at equity	98	-	98
TOTAL RECOGNISED INCOME AND EXPENSES, NET	**551**	**89**	**640**
• of which, attributable to equity holders of the parent			444
• of which, attributable to minority interests			196

Income and expenses recognised directly in equity correspond to all changes in equity resulting from transactions with third parties other than shareholders.

	2010		
(in million euros)	Before tax	Income tax benefit (expense)	After tax
Consolidated profit for the year	**1,511**	**(255)**	**1,256**
Fair value adjustments to cash flow hedges	49	(17)	32
• of which, reclassified to the income statement	(40)	14	(26)
• of which, recognised in equity during the period	89	(31)	58
Gains and losses from remeasurement at fair value of available-for-sale financial assets	(35)	1	(34)
• of which, reclassified to the income statement	-	-	-
• of which, recognised in equity during the period	(35)	1	(34)
Exchange differences on translating foreign operations	280	-	280
Income and expenses recognised directly in equity, net	**294**	**(16)**	**278**
• of which, companies at equity	38	-	38
TOTAL RECOGNISED INCOME AND EXPENSES, NET	**1,805**	**(271)**	**1,534**
• of which, attributable to equity holders of the parent			1,387
• of which, attributable to minority interest			147

20.3.4. CONSOLIDATED BALANCE SHEETS

ASSETS

(in million euros)	31 December 2011			
	Manufacturing and Sales companies	Finance companies	Eliminations	Total
Goodwill (note 13)	1,505	77	-	1,582
Intangible assets (note 13)	5,378	91	-	5,469
Property, plant and equipment (note 14)	14,059	15	-	14,074
Investment in companies at equity (note 15)	1,410	62	-	1,472
Investments in non-consolidated companies (note 16)	84	2	-	86
Other non-current financial assets (note 17)	1,035	51	(25)	1,061
Other non-current assets (note 18)	445	7	-	452
Deferred tax assets (note 11)	1,370	62	-	1,432
Total non-current assets	**25,286**	**367**	**(25)**	**25,628**
Operating assets				
Loans and receivables – finance companies (note 19)	-	24,387	(80)	24,307
Short-term investments – finance companies (note 20)	-	877	-	877
Inventories (note 21)	6,609	-	-	6,609
Trade receivables – manufacturing and sales companies (note 22)	2,387	-	(167)	2,220
Current taxes (note 11)	164	8	(2)	170
Other receivables (note 23)	1,935	1,005	(145)	2,795
	11,095	**26,277**	**(394)**	**36,978**
Current financial assets (note 24)	**265**	**-**	**-**	**265**
Cash and cash equivalents (note 25)	**5,190**	**1,154**	**(224)**	**6,120**
Total current assets	**16,550**	**27,431**	**(618)**	**43,363**
TOTAL ASSETS	**41,836**	**27,798**	**(643)**	**68,991**

EQUITY AND LIABILITIES

(in million euros)	31 December 2011			
	Manufacturing and Sales companies	Finance companies	Eliminations	Total
Equity (note 26)				
Share capital				234
Treasury stock				(502)
Retained earnings and other accumulated equity, excluding minority interests				14,104
Minority interests				658
Total equity				**14,494**
Non-current financial liabilities (note 29)	7,639	-	-	7,639
Other non-current liabilities (note 30)	2,865	-	-	2,865
Non-current provisions (note 27)	696	16	-	712
Deferred tax liabilities (note 11)	984	353	-	1,337
Total non-current liabilities	**12,184**	**369**	**-**	**12,553**
Operating liabilities				
Financing liabilities (note 31)	-	22,543	(257)	22,286
Current provisions (note 27)	2,242	57	-	2,299
Trade payables	9,675	-	(10)	9,665
Current taxes (note 11)	88	34	(2)	120
Other payables (note 32)	4,634	1,104	(304)	5,434
	16,639	**23,738**	**(573)**	**39,804**
Current financial liabilities (note 29)	**2,210**	**-**	**(70)**	**2,140**
Total current liabilities	**18,849**	**23,738**	**(643)**	**41,944**
TOTAL EQUITY AND LIABILITIES				**68,991**

ASSETS

	31 December 2010			
(in million euros)	Manufacturing and Sales companies	Finance companies	Eliminations	Total
Goodwill (note 13)	1,428	77	-	1,505
Intangible assets (note 13)	4,854	92	-	4,946
Property, plant and equipment (note 14)	13,714	14	-	13,728
Investment in companies at equity (note 15)	1,002	54	-	1,056
Investments in non-consolidated companies (note 16)	100	2	-	102
Other non-current financial assets (note 17)	796	59	(25)	830
Other non-current assets (note 18)	333	1	-	334
Deferred tax assets (note 11)	419	63	-	482
Total non-current assets	**22,646**	**362**	**(25)**	**22,983**
Operating assets				
Loans and receivables – finance companies (note 19)	-	23,491	(153)	23,338
Short-term investments – finance companies (note 20)	-	805	-	805
Inventories (note 21)	5,947	-	-	5,947
Trade receivables – manufacturing and sales companies (note 22)	2,051	-	(175)	1,876
Current taxes (note 11)	169	27	(4)	192
Other receivables (note 23)	1,959	748	(130)	2,577
	10,126	**25,071**	**(462)**	**34,735**
Current financial assets (note 24)	**306**	**-**	**-**	**306**
Cash and cash equivalents (note 25)	**9,278**	**1,316**	**(127)**	**10,467**
Total current assets	**19,710**	**26,387**	**(589)**	**45,508**
TOTAL ASSETS	**42,356**	**26,749**	**(614)**	**68,491**

EQUITY AND LIABILITIES

	31 December 2010			
(in million euros)	Manufacturing and Sales companies	Finance companies	Eliminations	Total
Equity (note 26)				
Share capital				234
Treasury stock				(303)
Retained earnings and other accumulated equity, excluding minority interests				13,897
Minority interests				475
Total equity				**14,303**
Non-current financial liabilities (note 29)	8,259	-	-	8,259
Other non-current liabilities (note 30)	2,772	-	-	2,772
Non-current provisions (note 27)	704	23	-	727
Deferred tax liabilities (note 11)	490	389	-	879
Total non-current liabilities	**12,225**	**412**	**-**	**12,637**
Operating liabilities				
Financing liabilities (note 31)	-	21,704	(152)	21,552
Current provisions (note 27)	2,418	46	-	2,464
Trade payables	9,571	-	(10)	9,561
Current taxes (note 11)	59	61	(3)	117
Other payables (note 32)	3,937	1,012	(305)	4,644
	15,985	**22,823**	**(470)**	**38,338**
Current financial liabilities (note 29)	**3,357**	**-**	**(144)**	**3,213**
Total current liabilities	**19,342**	**22,823**	**(614)**	**41,551**
TOTAL EQUITY AND LIABILITIES				**68,491**

20.3.5. CONSOLIDATED STATEMENTS OF CASH FLOWS

	2011			
(in million euros)	Manufacturing and Sales companies	Finance companies	Eliminations	Total
Consolidated profit for the year	**430**	**354**	**-**	**784**
Adjustments for:				
• Depreciation, amortisation and impairment (note 33.5)	3,020	17	-	3,037
• Provisions	(205)	10	-	(195)
• Changes in deferred tax	(419)	(39)	-	(458)
• (Gains) losses on disposals and other	14	-	-	14
Share in net (earnings) losses of companies at equity, net of dividends received	(67)	(3)	-	(70)
Revaluation adjustments taken to equity and hedges of debt	(136)	-	-	(136)
Change in the carrying amount of leased vehicles	(41)	-	-	(41)
Funds from operations [(1)]	**2,596**	**339**	**-**	**2,935**
Change in working capital (note 33.2)	(684)	(322)	(177)	(1,183)
Net cash from (used in) operating activities	**1,912**	**17**	**(177)**	**1,752**
Proceeds from disposals of shares in consolidated companies	1	-	-	1
Proceeds from disposals of investments in non-consolidated companies	1	-	-	1
Acquisitions of shares in consolidated companies	(97)	-	-	(97)
Investments in non-consolidated companies	(36)	-	-	(36)
Proceeds from disposals of property, plant and equipment	84	7	-	91
Proceeds from disposals of intangible assets	9	-	-	9
Investments in property, plant and equipment	(2,239)	(14)	-	(2,253)
Investments in intangible assets	(1,426)	(12)	-	(1,438)
Change in amounts payable on fixed assets	87	-	-	87
Other	(97)	-	-	(97)
Net cash from (used in) investing activities	**(3,713)**	**(19)**	**-**	**(3,732)**
Dividends paid:				
• To Peugeot S.A. shareholders	(250)	-	-	(250)
• Intragroup	155	(155)	-	-
• To minority shareholders of subsidiaries	(37)	(3)	-	(40)
(Purchases) sales of treasury stock	(199)	-	-	(199)
Changes in other financial assets and liabilities (note 33.4)	(2,361)	-	78	(2,283)
Other	1	-	-	1
Net cash from (used in) financing activities	**(2,691)**	**(158)**	**78**	**(2,771)**
Effect of changes in exchange rates	3	(2)	2	3
Net increase (decrease) in cash and cash equivalents	**(4,489)**	**(162)**	**(97)**	**(4,748)**
Net cash and cash equivalents at beginning of year	9,253	1,316	(127)	10,442
NET CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 33.1)	**4,764**	**1,154**	**(224)**	**5,694**

(1) Interest received and paid by the manufacturing and sales companies during the year is presented in note 33.6. Income tax paid (net of refunds) during the year is presented in note 11.3.

	2010			
(in million euros)	Manufacturing and Sales companies	Finance companies	Eliminations	Total
Consolidated profit for the year	**862**	**394**	**-**	**1,256**
Adjustments for:				
• Depreciation, amortisation and impairment (note 33.5)	2,950	16	-	2,966
• Provisions	(410)	12	-	(398)
• Changes in deferred tax	23	(47)	-	(24)
• (Gains) losses on disposals and other	(12)	(23)	-	(35)
Share in net (earnings) losses of companies at equity, net of dividends received	(172)	(2)	-	(174)
Revaluation adjustments taken to equity and hedges of debt	70	-	-	70
Change in the carrying amount of leased vehicles	(54)	-	-	(54)
Funds from operations (1)	**3,257**	**350**	**-**	**3,607**
Change in working capital (note 33.2)	517	(196)	117	438
Net cash from (used in) operating activities	**3,774**	**154**	**117**	**4,045**
Proceeds from disposals of shares in consolidated companies	1	-	-	1
Proceeds from disposals of investments in non-consolidated companies	30	-	-	30
Acquisitions of shares in consolidated companies	(57)	(39)	3	(93)
Investments in non-consolidated companies	(50)	-	-	(50)
Proceeds from disposals of property, plant and equipment	112	57	-	169
Proceeds from disposals of intangible assets	5	-	-	5
Investments in property, plant and equipment	(1,672)	(16)	-	(1,688)
Investments in intangible assets	(1,193)	(8)	-	(1,201)
Change in amounts payable on fixed assets	(4)	-	-	(4)
Other	24	5	-	29
Net cash from (used in) investing activities	**(2,804)**	**(1)**	**3**	**(2,802)**
Dividends paid:				
• To Peugeot S.A. shareholders	-	-	-	-
• Intragroup	140	(140)	-	-
• To minority shareholders of subsidiaries	(6)	-	-	(6)
(Purchases) sales of treasury stock	-	-	-	-
Changes in other financial assets and liabilities (note 33.4)	237	-	(129)	108
Other	4	3	(3)	4
Net cash from (used in) financing activities	**375**	**(137)**	**(132)**	**106**
Effect of changes in exchange rates	91	11	-	102
Net increase (decrease) in cash and cash equivalents	**1,436**	**27**	**(12)**	**1,451**
Net cash and cash equivalents at beginning of year	7,817	1,289	(115)	8,991
NET CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 33.1)	**9,253**	**1,316**	**(127)**	**10,442**

(1) Interest received and paid by the manufacturing and sales companies during the year is presented in note 33.6. Income tax paid (net of refunds) during the year is presented in note 11.3.

20.3.6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in million euros)	Share capital	Treasury stock	Retained earnings	Other accumulated equity – Excluding minority interests: Cash flow hedges	Available-for-sale financial assets	Translation reserve	Equity attributable to equity holders of the parent	Minority interests	Equity
At 31 December 2009	**234**	**(303)**	**12,236**	**12**	**134**	**(1)**	**12,312**	**135**	**12,447**
Income and expenses recognised directly in equity	-	-	1,134	32	(34)	255	1,387	147	1,534
Stock options and performance share grants	-	-	9	-	-	-	9	2	11
Changes in scope of consolidation and other (1)	-	-	120	-	-	-	120	197	317
Treasury stock	-	-	-	-	-	-	-	-	-
Conversion option embedded in convertible bonds (note 29.1)	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(6)	(6)
At 31 December 2010	**234**	**(303)**	**13,499**	**44**	**100**	**254**	**13,828**	**475**	**14,303**
Income and expenses recognised directly in equity	-	-	588	(84)	(68)	8	444	196	640
Stock options and performance share grants	-	-	11	-	-	-	11	4	15
Minority shareholder puts	-	-	-	-	-	-		9	9
Changes in scope of consolidation and other (2)	-	-	(2)	-	-	-	(2)	13	11
Treasury stock	-	(199)	4	-	-	-	(195)	3	(192)
Conversion option embedded in convertible bonds (note 29.1)	-	-	-	-	-	-	-	-	-
Dividends paid by Peugeot S.A. (€1.1 per €1 par value share)	-	-	(250)	-	-	-	(250)	-	(250)
Dividends paid by other Group companies	-	-	-	-	-	-	-	(42)	(42)
AT 31 DECEMBER 2011	**234**	**(502)**	**13,850**	**(40)**	**32**	**262**	**13,836**	**658**	**14,494**

(1) Corresponding mainly to the share issue carried out by Faurecia in connection with the Emcon acquisition (see note 2).

(2) Corresponding mainly to minority interests in the Gruppo Mercurio S.p.A. share issue and in the acquisition of Gruppo Mercurio by GEFCO.

20.3.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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PRELIMINARY NOTE

The consolidated financial statements for 2011 including explanatory notes were approved for issue by the Managing Board of Peugeot S.A. on 9 February 2012, with the note 40 taking into account events that occurred in the period up to the Supervisory Board meeting on 14 February 2012.

NOTE 1 ACCOUNTING POLICIES

The Group's consolidated financial statements for 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union [1] on December 31, 2011, the Group's fiscal year-end.

International Financial Reporting Standards include IFRSs and IASs (International Accounting Standards) and the related interpretations as prepared by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

All the standards and interpretations published by IASB and IFRIC whose application is compulsory in financial years beginning on or after January 1, 2011 have been adopted for use and are mandatory in the European Union, except for IAS 39 which has been only partially adopted for use in the European Union. There are no items in the PSA Peugeot Citroën Group's consolidated financial statements that would be affected by the unadopted provisions of this standard.

Consequently, the Group's consolidated financial statements have been prepared in accordance with all the standards and interpretations published by IASB and IFRIC whose application was compulsory in 2011.

NEW STANDARDS AND INTERPRETATIONS WHOSE APPLICATION WAS COMPULSORY IN 2011

The revised and amended standards and interpretations whose application was compulsory in the European Union and that were applied for the first time by the PSA Peugeot Citroën Group in 2011 were as follows:

- *2010 Annual Improvements to IFRSs*: the changes resulting from these improvements did not have a material impact on the Group's consolidated financial statements. The main change concerned an amendment to IFRS 7 dealing with disclosures about the type of risks associated with financial instruments and the maximum exposure.

The Group is not concerned by the other texts adopted for use in the European Union as of 31 December 2011.

EARLY-ADOPTED STANDARDS AND INTERPRETATIONS

The Group did not early adopt any standards or interpretations that had been adopted for use in the European Union as of 31 December 2011 but whose application was not compulsory until financial years beginning after 1 January 2011.

NEW STANDARDS AND INTERPRETATIONS NOT EARLY ADOPTED

The following amended standard adopted for use in the European Union will be applicable by the Group from 1 January 2012:

- *Amendment to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets* This amendment requires additional disclosures for transfers of financial assets, such as securitisations and sales of receivables.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED FOR USE IN THE EUROPEAN UNION

The potential impact of the main standards and interpretations published by IASB and IFRIC that had not yet been adopted for use in the European Union at the balance sheet date is currently being assessed. The main new standards that may have an impact on the Group's consolidated financial statements are IFRS 11 and IFRS 9 and the amendment to IAS 19.

There are currently no plans to early adopt these standards.

Subject to their adoption for use in the European Union, the following standards and amendments to existing standards may be applicable as from the financial years indicated.

Standards and amendments that may be applicable by the Group from 1 January 2013:

- *Amendment to IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* This amendment will not have a material impact on the presentation of the Group's published financial statements;
- *Amendment to IAS 19 Employee Benefits* This amendment eliminates the option of applying the corridor approach that is currently used by the Group. As a result, all actuarial gains and losses and past service costs will be recognized immediately in liabilities (see note 28 "Pensions and other post-employment benefits"). Actuarial gains and losses for each period will be recorded systematically in "Income and expenses recognised directly in equity" and past service costs will be recorded in the income statement. The amendment also specifies the reference bond yields to be used to determine the discount rate applied for the calculation of the net benefit obligation;

(1) The International Financial Reporting Standards adopted for use in the European Union can be downloaded from the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

- *IFRS 13 Fair Value Measurement,* which specifies how to determine fair value when another IFRS requires or permits fair value measurements. Adoption of this standard will not result in any additional fair value measurements;
- *IFRS 10 Consolidated Financial Statements* and amendment to *IAS 27 Separate Financial Statements,* which together will replace the current *IAS 27 Consolidated and Separate Financial Statements* and *SIC 12 Consolidation – Special Purpose Entities.* These standards define control as being exercised when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee;
- *IFRS 11 Joint arrangements* and amendment to *IAS 28 Investments in Associates and Joint Ventures,* which will replace *IAS 31 Interests in Joint Ventures,* the current *IAS 28 Investments in Associates* and *SIC 13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers. The* new standards mainly prescribe two different accounting treatments:
  - joint arrangements qualifying as joint operations will be recognised based on the proportion of assets, liabilities, revenue and expenses controlled by the Group. A joint operation may be conducted under a contractual arrangement or through a jointly controlled entity,
  - joint arrangements that are qualified as joint ventures because the parties have rights to the net assets of the arrangement will be accounted for using the equity method.
- *IFRS 12 Disclosure of Interests in Other Entities.* This standard specifies the required disclosures concerning subsidiaries, joint arrangements, associates and unconsolidated SPEs/structured entities;
- *Amendment to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities.*

Standards and amendments that may be applicable by the Group from 1 January 2014:

- *Amendment to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* This amendment clarifies the offsetting rules contained in the current IAS 32.

Standards and amendments that may be applicable by the Group from 1 January 2015:

- *IFRS 9 Financial Instruments,* Phase 1 – Classification and Measurement*,* which will replace part of *IAS 39 Financial Instruments: Recognition and Measurement.* This standard is the outcome of the first of three phases in the IASB's financial instruments project, which dealt solely with the classification and measurement of financial instruments;
- *Amendment to IFRS 7 Financial Instruments: Transition Disclosures,* setting out the required disclosures upon first-time adoption of IFRS 9 and about the transition from IAS 39 to IFRS 9.

1.1. CONSOLIDATION

A. CONSOLIDATION METHODS

The generic name PSA Peugeot Citroën refers to the Group of companies of which Peugeot S.A. is the parent.

The financial statements of Peugeot S.A. and companies in which Peugeot S.A. directly or indirectly exercises exclusive control are fully consolidated.

Companies in which Peugeot S.A. directly or indirectly exercises joint control or significant influence over operating and financial policies are included in the consolidated financial statements using the equity method.

Certain companies meeting the above criteria have not been consolidated because they do not meet any of the following minimum requirements:

- revenue in excess of €50 million;
- total assets in excess of €20 million;
- total debt in excess of €5 million.

Investments in these companies are recorded under "Investments in non-consolidated companies" in accordance with the general accounting principles described in note 1.15.B.2(a). Their consolidation would not have a material impact on the consolidated financial statements.

All significant intragroup transactions and internal margins are eliminated in consolidation.

The Group attributes the profit or loss of a subsidiary between the parent and minority interests based on their respective ownership interests. As a result, if there is no agreement committing the parent to absorbing the losses of the subsidiary, minority interests may be negative.

B. CHANGES IN SCOPE OF CONSOLIDATION RESULTING IN EXCLUSIVE CONTROL

Business combinations occurring after 1 January 2010 are accounted for using the acquisition method, in accordance with *IFRS 3 (Revised) – Business Combinations.*

The identifiable assets acquired and liabilities and contingent liabilities assumed are measured at acquisition-date fair value, provided that they meet the accounting criteria in IFRS 3 (Revised). An acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date is measured at fair value less costs to sell. Only the liabilities recognised in the acquiree's balance sheet at the acquisition date are taken into account. Restructuring provisions are therefore not accounted for as a liability of the acquiree unless it has an obligation to undertake such restructuring at the acquisition date. Acquisition-related costs are recognized as expenses in the period in which the costs are incurred.

For each acquisition, the Group has the option of using the full goodwill method, where goodwill is calculated by taking into account the acquisition-date fair value of minority interests, rather than their share of the fair value of the assets and liabilities of the acquiree.

In the case of a bargain purchase, the resulting gain is recognised as non-recurring income, if the amount is material.

Contingent consideration is measured at its acquisition-date fair value and is subsequently adjusted through goodwill only when additional information is obtained after the acquisition date about facts and circumstances that existed at that date. Such adjustments are made only during the 12-month measurement period that follows the acquisition date. All other subsequent adjustments are recorded as a receivable or payable through profit or loss.

In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if material, is recognised as non-recurring income or expense.

C. OTHER CHANGES IN SCOPE OF CONSOLIDATION

Following any change in ownership interest that results in the loss of control of an entity, the initial interest is remeasured at fair value and the gain or loss is recognised in non-recurring operating income or expense (if material).

Changes in ownership interests that do not result in a loss of control of the subsidiary are accounted for as equity transactions (transactions with owners in their capacity as owners) and therefore lead to equity, including transaction costs, being reallocated between the parent and the minority interests.

Puttable financial instruments – corresponding to put options granted to minority shareholders – are recognised as debt in accordance with the principles described in note 1.15.E.

1.2. TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

A. STANDARD METHOD

The Group's functional currency is the euro (€), which is also the presentation currency in the consolidated financial statements. The functional currency of most foreign subsidiaries is their local currency, corresponding to the currency in which the majority of their transactions are denominated. The balance sheets of these subsidiaries are translated at the year-end exchange rate and their income statements are translated on a monthly basis at the average exchange rate for each month. Gains and losses resulting from the translation of financial statements of foreign subsidiaries are recorded in equity under "Translation reserve". Goodwill arising on the acquisition of these subsidiaries is measured in their functional currency.

B. SPECIFIC METHOD

The functional currency of some subsidiaries outside the euro zone is considered to be the euro because the majority of their transactions are denominated in this currency. Non-monetary items in these subsidiaries' accounts are translated at the historical exchange rate and monetary items at the year-end rate. The resulting translation gains and losses are recognised directly in profit or loss.

1.3. TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are measured and recognised in accordance with *IAS 21 – the Effects of Changes in Foreign Exchange Rates*. In compliance with this standard, transactions in foreign currencies are translated into the subsidiary's functional currency at the exchange rate on the transaction date.

At each balance sheet date, monetary items are translated at the closing rate and the resulting exchange difference is recognised in profit or loss, as follows:

- in recurring operating income, for commercial transactions carried out by all Group companies and for financing transactions carried out by the Banque PSA Finance group;
- in interest income or finance costs for financial transactions carried out by the manufacturing and sales companies.

Derivative instruments are measured and recognised in accordance with the general principles described in note 1.15.D. Derivative instruments designated as hedges of currency risks on foreign currency transactions are recognised in the balance sheet and remeasured at fair value at each balance sheet date.

The gain or loss from remeasuring derivative instruments at fair value is recognised as follows:

- in recurring operating income, for commercial transactions carried out by Group companies and for financing transactions carried out by the Banque PSA Finance group;
- in interest income or finance costs for financial transactions carried out by the manufacturing and sales companies;
- directly in equity for hedges of future transactions (for the effective portion of the gain or loss on the hedging instrument). The amount recognised in equity is reclassified into profit or loss when the hedged item affects profit or loss. The ineffective portion is recognised in the income statement under "Other financial income" or "Other financial expenses".

1.4. USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions in order to determine the reported amounts of certain assets, liabilities, income and expense items, as well as certain amounts disclosed in the notes to the financial statements relating to contingent assets and liabilities.

The estimates and assumptions used are those deemed by management to be the most pertinent and accurate in view of the Group's circumstances and past experience. Nevertheless, given the uncertainty inherent in any projections, actual results may differ from initial estimates.

To reduce uncertainty, estimates and assumptions are reviewed periodically and the effects of any changes are recognised immediately.

The main items determined on the basis of estimates and assumptions are as follows:

- pension obligations;
- provisions (particularly vehicle warranty provisions, restructuring provisions and provisions for onerous contracts, claims and litigation);
- the recoverable amount and useful life of property, plant and equipment and intangible assets;
- the recoverable amount of finance receivables, inventories and other receivables;
- the fair value of derivative financial instruments;
- deferred tax assets;
- sales incentives.

1.5. SALES AND REVENUE

A. MANUFACTURING AND SALES COMPANIES

(a) Automotive Division

Sales and revenue of the manufacturing and sales companies include revenues from the sale and leasing of vehicles and the sale of other goods and services.

In accordance with *IAS 18 – Revenue*, new vehicle sales are recognised on the date the risks and rewards of ownership are transferred. This generally corresponds to the date when the vehicles are made available to non-group dealers or the delivery date, in the case of direct sales.

Sales at cost of items purchased on behalf of other parties and sales to subcontractors of raw materials, parts and mechanical sub-assemblies that are intended to be bought back at cost are not included in revenue.

Sales of new vehicles with a buyback commitment are not recognised at the time of delivery but accounted for as operating leases when it is probable that the vehicle will be bought back. This principle applies:

- whatever the duration of the buyback commitment;
- for both direct sales and sales financed by Banque PSA Finance and its subsidiaries.

The difference between the sale price and the buyback price is recognised as rental revenue on a straight-line basis over the duration of the buyback commitment. The vehicle is initially recognised at production cost in property, plant and equipment. Depreciation expense is calculated over the term of the lease by the straight-line method, on the basis of the vehicle's cost less its estimated residual value, representing the anticipated resale price on the used vehicle market. Any additional gain made on the final sale of the vehicle is recognised in the period in which it is sold on the used vehicle market. If the net difference is a loss, an allowance is booked when the buyback contract is signed.

(b) Automotive Equipment Division

The Automotive Equipment Division performs development work and manufactures or purchases specific tooling to produce parts or modules for programmes covered by specific customer orders.

The revenue recognition criteria provided for in IAS 18 are not met in cases where development and tooling costs are paid in proportion to parts delivered to the customer, with their full recovery being subject to an unguaranteed minimum level of orders placed by the customer. Under such circumstances, development work and tooling cannot be considered as having being sold. The development costs are recognised in intangible assets (see note 1.12.A) and tooling in property, plant and equipment (see note 1.13.A).

If the contract includes a payment guarantee, the development and tooling costs are recognised in inventories and work-in-progress. The corresponding revenue is recognised when the customer signs off on each technical phase.

B. FINANCE COMPANIES

The Group's finance companies provide wholesale financing to dealer networks and retail financing to customers. Financing may take the form of conventional loans, finance leases, buyback contracts or long-term leasing. The different forms of financing are treated as lending transactions and are recognised in the balance sheet in the amount of the Banque PSA Finance group's net financial commitment (see note 1.15.A). Sales financing revenues are recorded using the yield-to-maturity method, so as to recognise a constant rate of interest over the life of the loan.

1.6. SALES INCENTIVES

The cost of current and future sales incentive programmes is accrued on the basis of historical costs for the previous three months, determined country by country, and charged against profit for the period in which the corresponding sales are recognised. In cases where the cost of the programme varies according to sales, it is deducted from revenue.

The Group's incentive programmes include retail financing granted at a significant discount to market interest rates. The corresponding cost is recognised at the time of the sale.

1.7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses correspond to general administrative expenses, indirect selling expenses and warranty costs.

General and administrative expenses include the Contribution Economique Territoriale (CET), the business tax in France that replaced the Taxe Professionnelle as of 1 January 2010. The CET comprises a tax on property (Contribution Foncière des Entreprises - CFE) and a tax on value added (Cotisation sur la Valeur Ajoutée des Entreprises - CVAE). The CFE is assessed on the rental value of real estate subject to property tax (Taxe Foncière), while the CVAE is assessed at the rate of 1.5% of value added. The CET is capped at 3% of value added. The Group considers the CET as an operating expense rather than a tax on income. It is therefore classified under general and administrative expenses, in the same way as Taxe Professionnelle until 2009.

PRODUCT WARRANTY COSTS

A provision is recorded to cover the estimated cost of vehicle and spare parts warranties at the time of sale to independent dealer networks or end-customers. Revenues from the sale of extended warranties or maintenance contracts are recognised over the period during which the service is provided.

1.8. RESEARCH AND DEVELOPMENT EXPENDITURE

Under *IAS 38 – Intangible Assets*, research expenditure is recognised as an expense, while development expenditure is recognised as an intangible asset when certain conditions are met (see note 1.12.A).

In accordance with this standard, all research costs and all development expenditure other than that described in note 1.12.A are recognised as an expense for the period in which they are incurred.

1.9. OPERATING INCOME

Operating income corresponds to profit before net financial income or expense, current and deferred taxes and the Group's share in the net earnings of companies at equity.

The Group uses recurring operating income as its main business performance indicator. Recurring operating income corresponds to operating income before other non-recurring income and expenses, defined as material items of income and expense that are unusual in nature or infrequent in occurrence whose inclusion in operating income creates a distorted view of the Group's underlying performance.

In practice, other non-recurring operating income and expenses consist mainly of the following items which are described in the notes to the financial statements where appropriate (see note 7):

- restructuring and early-termination plan costs;
- impairment losses (and subsequent adjustments) recognised on (i) non-current assets following impairment tests performed on the cash-generating units (CGUs) to which they belong, and (ii) the corresponding onerous contracts;
- movements on long-term provisions recorded in application of IFRIC 14 for obligations arising under the minimum funding requirements of certain pension plans to cover an existing shortfall in respect of services already received, as estimated in accordance with IAS 19.

1.10. BORROWING COSTS

Effective from 1 January 2009, borrowing costs that are directly attributable to the acquisition, construction or production of an item of property, plant and equipment or an intangible asset that takes at least twelve months to get ready for its intended use are capitalised as part of the cost of that asset (the "qualifying asset"). Group inventories do not meet the definition of qualifying assets under *IAS 23 – Borrowing Costs* and their carrying amount does not therefore include any borrowing costs.

When funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation corresponds to the actual borrowing costs incurred during the period less any investment income on the temporary investment of any borrowed funds not yet used.

When funds borrowed for general corporate purposes are used to obtain a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate equal to the weighted average borrowing costs for the period of the operating segment that obtains the qualifying asset.

1.11. GOODWILL

When the acquisition of shares results in exclusive control being obtained over the acquiree, the Group can choose between two methods of measuring goodwill, for each specific transaction. Under the full goodwill method, goodwill is measured as the excess of the acquisition cost plus the fair value of any minority interests and any previously held equity interest over the acquisition-date fair value of the net assets acquired. Under the partial goodwill method, minority interests are not measured at fair value but as their share of net assets of the acquiree.

In accordance with *IAS 36 – Impairment of Assets*, goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. For the purposes of impairment testing, goodwill is allocated to cash generating units (CGUs), defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Where goodwill is allocated to a specific geographic area within an operating segment, impairment tests are carried out at this more detailed level. The methods used to measure the recoverable amount of CGUs are described in note 1.14. Any impairment losses are deducted from consolidated profit for the year and, in the case of initial measurement using the full goodwill method, allocated between the parent and minority interests.

Goodwill attributable to acquisitions of associates and joint arrangements is the excess of the cost of shares, including directly attributable acquisition costs, over the Group's equity in the acquisition-date fair value of the identifiable assets and liabilities acquired. It is included in "Investments in companies at equity" and tested for impairment at the level of the associate or joint arrangement concerned.

1.12. INTANGIBLE ASSETS

A. RESEARCH AND DEVELOPMENT EXPENDITURE

Under *IAS 38 – Intangible Assets*, development expenditure is recognised as an intangible asset if the entity can demonstrate in particular:

- its intention to complete the intangible asset and use or sell it, as well as the availability of adequate technical, financial and other resources for this purpose;
- that it is probable that the future economic benefits attributable to the development expenditure will flow to the entity;
- that the cost of the asset can be measured reliably.

Capitalised development costs include related borrowing costs (see note 1.10).

(a) Automotive Division

Development expenditure on vehicles and mechanical sub-assemblies (engines and gearboxes) incurred between the project launch (corresponding to the styling decision for vehicles) and the start-up of pre-series production is recognised in intangible assets. It is amortised from the start-of-production date over the asset's useful life, representing up to seven years for vehicles and ten years for mechanical sub-assemblies. The capitalised amount mainly comprises payroll costs of personnel directly assigned to the project, the cost of prototypes and the cost of external services related to the project. No overheads or indirect costs are included, such as rent, building depreciation and information system utilisation costs. The capitalised amount also includes the portion of qualifying development expenditure incurred by the Group under cooperation agreements that is not billed to the partner. Generally, development costs billed to the Group by its partners under cooperation agreements are also capitalised, unless they relate to a project with milestones and are incurred after the final capitalisation milestone. As from 2007, all development expenditure incurred to develop mechanical sub-assemblies compliant with new emissions standards is monitored on a project-by-project basis and is also capitalised.

(b) Automotive Equipment Division

Development work is undertaken for all programmes covered by specific customer orders. Where development costs are paid in proportion to parts delivered to the customer, with their full recovery being subject to an unguaranteed minimum level of orders placed by the customer, the costs incurred during the period between the customer's acceptance of the commercial offer and the start-of-production date of the parts or modules are recognised in intangible assets. The intangible asset is amortised based on the quantity of parts delivered to the customer, provided that accumulated amortisation at each year-end does not represent less than the amount that would be recognised if the asset were amortised on a straight-line basis over five years. If the contract includes a payment guarantee, the development expenditure is recognised in inventories and work-in-progress.

Other research and development expenditure is recognised as an expense for the period in which it is incurred (see note 1.8).

B. OTHER INTERNALLY-DEVELOPED OR PURCHASED INTANGIBLE ASSETS

The portion of development costs relating to software for internal use that corresponds to directly attributable internal or external costs necessary to create the software or improve its performance is recognised as an intangible asset when it is probable that these costs will generate future economic benefits. Capitalised development costs for software that takes at least twelve months to get ready for its intended use include related borrowing costs (see note 1.10). The capitalised costs are amortised over the estimated useful life of the software, ranging from four to twelve years. Other software acquisition and development costs are expensed as incurred.

Other intangible assets (consisting principally of patents and trademarks) are amortised on a straight-line basis over the estimated period of benefit, not to exceed twenty years.

1.13. PROPERTY, PLANT AND EQUIPMENT

A. COST

In accordance with *IAS 16 - Property, Plant and Equipment*, property, plant and equipment are stated at acquisition or production cost. They are not revalued.

Capitalised costs include the portion of specific tooling expenses incurred by the Group under cooperation agreements that is not billed to its partners. All specific tooling expenditure billed to the Group by its partners under cooperation agreements is also capitalised.

The cost of items of property, plant and equipment that take at least twelve months to get ready for their intended use includes related borrowing costs (see note 1.10).

Government grants are recognised as a reduction in the cost of the corresponding assets.

Maintenance costs are expensed as incurred.

Leased assets include vehicles leased to retail customers by the Group's leasing companies and vehicles sold with a buyback commitment, which are recognised according to the method described in note 1.5.A.

Assets acquired under finance leases, as defined in *IAS 17 - Leases*, are recognised at an amount equal to the present value of the future lease payments, or to the fair value of the leased property, whichever is lower. A financial liability is recognised in the same amount. The assets are depreciated by applying the method and rates indicated below.

B. DEPRECIATION

(a) Standard Method

Depreciation is calculated on a straight-line basis to write off the acquisition or production cost of the assets, less any residual value, over their estimated useful lives. Property, plant and equipment generally have no residual value, except for rental vehicles. The main useful lives of property, plant and equipment are as follows:

(in years)

Buildings	20–30
Plant and equipment	4–16
Computer equipment	3–4
Vehicles and handling equipment	4–7
Fixtures and fittings	10–20

(b) Specific Tooling

In the Automotive Division, specific tooling is depreciated over the estimated lives of the corresponding models, which are generally shorter than the useful lives of the tooling concerned due to the frequency of model changes.

In the Automotive Equipment Division, specific tooling is depreciated based on the quantity of parts delivered to the customer, provided that accumulated depreciation at each year-end does not represent less than the amount that would be recognised if the asset were depreciated on a straight-line basis over three years.

The estimated useful lives of property, plant and equipment are reviewed periodically, particularly whenever a decision is made to halt production of a vehicle or mechanical sub-assembly.

1.14. IMPAIRMENT OF LONG-LIVED ASSETS

In accordance with *IAS 36 – Impairment of Assets*, the recoverable amount of property, plant and equipment and intangible assets is tested for impairment at each balance sheet date, whenever events or changes in circumstances indicate that it might be impaired. The recoverable amount of an asset is the higher of its value in use and its fair value less costs to sell. The impairment test usually consists of estimating the asset's value in use. Value in use is measured as the net present value of estimated future cash flows. Assets with indefinite useful lives, i.e. mainly goodwill, are tested for impairment at least once a year.

The tests are performed at the level of cash generating unit (CGU) to which the assets belong. CGUs are defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If a CGU's recoverable amount is less than its carrying amount, an impairment loss is recognised in profit or loss and, to the extent possible, as an adjustment to the carrying amount of any goodwill allocated to the CGU.

The Automotive Division comprises a number of Vehicle CGUs, each corresponding to a vehicle model. The assets included in a Vehicle CGU consist of tooling and other specific plant and equipment used to manufacture the model, as well as capitalised model development expenditure (see note 1.12.A). The Automotive Division CGU consists of the Vehicle CGUs and all other fixed assets, including goodwill.

In the Automotive Equipment Division, each CGU corresponds to a programme and comprises all customer contract-related intangible assets (corresponding to capitalised development costs) and property, plant and equipment. These CGUs are combined in Business Units (Automotive Seating, Interior Systems, Automotive Exteriors and Emissions Control Technologies) to which support assets and goodwill are allocated. The Automotive Equipment Division CGU comprises the assets of the CGUs in the above four Business Units and the Faurecia goodwill recognised in the PSA Peugeot Citroën Group's consolidated financial statements.

Within the Banque PSA Finance group, fixed assets used in a given country constitute a homogeneous group of assets (CGU).

For GEFCO group companies, property, plant and equipment and intangible assets are allocated to either the Automotive CGU or the Integrated Supply Chain Solutions CGU.

1.15. FINANCIAL ASSETS AND LIABILITIES

A. DEFINITIONS

Under IAS 39, financial assets include loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss (including financial assets designated upon initial recognition as being at fair value through profit or loss). on the balance sheet, these categories correspond to investments in non-consolidated companies (note 16), other non-current financial assets (note 17), other non-current assets (note 18), loans and receivables – finance companies (note 19), short-term investments – finance companies (note 20), trade receivables – manufacturing and sales companies (note 22), other receivables (note 23) current financial assets (note 24), and cash and cash equivalents (note 25).

The Group does not have any financial assets classified as "held-to-maturity", as defined by IAS 39.

Financial liabilities as defined by IAS 39 comprise financial liabilities at amortised cost. On the balance sheet, these categories correspond to current and non-current financial liabilities (note 29), financing liabilities (note 31), other non-current liabilities (note 30) and trade and other payables (note 32).

Since 31 December 2008, no financial liabilities have been accounted for using the fair value option, as defined by IAS 39.

Financial assets and liabilities with maturities of more than one year at the balance sheet date are classified as non-current. All other assets and liabilities are reported as current.

As allowed under IAS 39, the Group has chosen to recognise financial assets and liabilities at the transaction date. Consequently, when the transaction (or commitment) date is different from the settlement date, the securities to be delivered or received are recognised on the transaction date.

IAS 39 – Financial Instruments: Recognition and Measurement was only partially adopted by the European Commission. However, the Group is not affected by the provisions of IAS 39 dealing with fair value hedges of portfolios of interest rate instruments that were rejected by the European Commission.

B. RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS

(1) Financial Assets at Fair Value through Profit or Loss

These assets are recognised in the balance sheet at fair value. Any change in their fair value is recognised in profit or loss for the period.

(a) Cash and Cash equivalents

Cash and cash equivalents include cash at bank, units in money market funds and other money market securities that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value in the case of an increase in interest rates. Bank overdrafts are not included in cash and cash equivalents.

(b) Short-Term Investments – Finance Companies

Assets reported under this caption comprise:

- fixed-income securities hedged by interest rate swaps;
- unhedged variable-income securities.

Any changes in the fair value of these securities are recognised directly in profit or loss for the period, together with the offsetting change in the fair value of the related swaps.

(c) Other Assets at Fair Value through Profit or Loss

This caption comprises items recognised under "other non-current financial assets" and "other non-current assets", primarily money market securities.

(2) Available-for-Sale Financial Assets

Available-for-sale financial assets are securities that are not intended to be held to maturity and that are not classified either as financial assets at fair value through profit or loss or as loans and receivables. They may be held on a lasting basis or sold in the short term.

Available-for-sale financial assets are recognised in the balance sheet at fair value. Gains and losses arising from remeasurement at fair value are generally recognised directly in equity. Only impairment losses reflecting a prolonged or significant decline in fair value are recognised in the income statement.

(a) Investments in Non-Consolidated Companies

These represent shares in companies that are not fully consolidated or accounted for by the equity method. They are shown on the balance sheet at historical cost, which the Group considers is representative of fair value in the absence of an active market for the shares. In practice, an impairment loss is recognised when there is objective evidence of a prolonged decline in value. Fair value is determined by applying the most appropriate financial criteria, considering the specific situation of the Company concerned. The most commonly applied criteria are equity in underlying net assets and earnings outlook.

(b) Other Non-Current Financial Assets Classified as Available-for-Sale

This caption comprises listed securities that the Group intends to hold on a lasting basis or that can be sold in the short term. They are stated at market value, which the Group considers is representative of fair value.

(c) Other Non-Current Assets Classified as Available-for-Sale

This caption comprises unlisted securities that cannot be sold in the short term and that the Group intends to hold on a lasting basis.

(3) Loans and Receivables

(a) Loans and Receivables – Finance Companies

Loans and receivables reported in the balance sheet correspond to Banque PSA Finance's net financial commitment in respect of the loans and receivables. Consequently, their carrying amount includes the outstanding principal and accrued interest plus the following items (before the effect of hedge accounting):

- commissions paid to referral agents as well as directly attributable administrative expenses incurred with third parties on inception of loans and receivables, which are added to the outstanding principal;
- contributions received from the brands, which are deducted from the outstanding principal;
- unamortised loan set-up costs, which are deducted from the outstanding principal;
- deposits received at the inception of finance leases, which are deducted from the amount financed.

Interest income is allocated by the effective interest method, with the effective interest rate being the rate that exactly discounts estimated future cash receipts through the expected life of the loan.

Loans and receivables are generally hedged against interest rate risks, with the hedged portion of the loan remeasured at fair value in accordance with hedge accounting principles. Gains and losses arising from remeasurement at fair value are recognised in profit or loss and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument (see note 1.15.D- Derivative instruments).

Loans and receivables are tested for impairment when a loss event occurs, corresponding in practice to default on a single installment. Impairment is measured by comparing the carrying amount of the loan or receivable to the present value of estimated future cash flows discounted at the effective interest rate.

For retail loans and receivables:

- an impairment loss is recognised on sound loans when the borrower defaults on a single installment. Impairment is assessed based on the probability of the outstanding loan being classified as non-performing and on the discounted average loss ratio;
- impairment losses on non-performing loans are determined based on the average loss ratio discounted at the loans' effective interest rate, which is used to calculate provisions for credit losses on non-performing and doubtful loans.

For other loans and receivables (consisting mainly of wholesale loans), provisions for known credit risks are determined on a case-by-case basis, when the first installment is missed or at the latest when the loan is reclassified as non-performing. Reclassification occurs when at least one installment is over 91 days past due, or within a maximum of 451 days if it can be demonstrated that there is no counterparty risk. In the case of an aggravated risk, the loan may be reclassified as non-performing before the 91-day period has expired.

(b) Trade Receivables – Manufacturing and Sales Companies and other Receivables

This caption comprises trade and other receivables at amortised cost. Provisions for impairment may be recorded if necessary or the receivables may be derecognised, as described in note 1.17.

(c) Other Loans and Receivables

This caption comprises items classified as loans and receivables that are reported under "Other non-current financial assets", "Other non-current assets" and "Other current assets". They include advances to non-consolidated companies, very-long-term loans under the French government housing scheme, and other loans and receivables. They are stated at amortised cost, measured by the effective interest method. Their carrying value includes the outstanding principal plus unamortised transaction costs, premiums and discounts. Their recoverable amount is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment losses are recorded in the income statement.

C. RECOGNITION AND MEASUREMENT OF FINANCIAL LIABILITIES

Borrowings and other financial liabilities are generally stated at amortised cost measured using the effective interest method.

Items hedged by interest rate swaps are accounted for using fair value hedge accounting. The hedged portion of the financial liability is remeasured at fair value, with changes in fair value attributable to the hedged risk taken to profit or loss and offset by the loss or gain arising from remeasurement at fair value of the hedging instrument.

Under IAS 39, borrowings for which the interest rate is indexed to Group-specific indicators are considered as fixed rate borrowings at a rate corresponding to the original effective interest rate. If the underlying indicators are subsequently revised, the effective interest rate remains unchanged and the carrying amount of the debt is adjusted through the income statement by adjusting finance costs.

The Oceane convertible bonds issued by the Group are recognised and measured as follows:

- the debt component is recognised in liabilities at amortised cost, determined using the market interest rate for debt securities with similar characteristics but without the conversion feature. The carrying amount is stated net of a proportionate share of the debt issuance costs;
- the conversion option is recognised in equity for an amount equal to the difference between the total issue proceeds and the value of the debt component. The carrying amount is stated net of a proportionate share of the debt issuance costs and corresponding deferred taxes.

The conversion option is recognised in equity because the conversion ratio is fixed (i.e. bond holders will receive a fixed number of shares in exchange for a fixed number of bonds). It is not subsequently remeasured at fair value, unless there is a change in the bonds' estimated life. It will, however, be adjusted, for all conversions of bonds. A deferred tax liability calculated on the gross value of the conversion option is also recognised in equity.

The government loans at below-market interest rates obtained by the Group since 1 January 2009 are adjusted when the effect is material. The adjustment consists of calculating the loans' amortised cost by multiplying future cash flows on the loans by an effective interest rate based on market rates. The subsidy corresponding to the below-market interest rate is recognised in accordance with IAS 20 as related either to assets (see note 1.13.A) or to income, depending on the purpose for which the funds are used.

D. RECOGNITION AND MEASUREMENT OF DERIVATIVE INSTRUMENTS

(a) Standard Method

Derivative instruments are stated at fair value. Except as explained below, gains and losses arising from remeasurement at fair value are recognised in profit or loss.

(b) Hedging Instruments

Derivative instruments may be designated as hedging instruments in one of two types of hedging relationship:

- fair value hedges, corresponding to hedges of the exposure to changes in fair value of an asset or liability due to movements in interest rates or foreign exchange rates;
- cash flow hedges, corresponding to hedges of the exposure to variability in cash flows from existing or future assets or liabilities.

Derivative instruments qualify for hedge accounting when:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship;
- the effectiveness of the hedge is demonstrated at inception and in each financial reporting period for which the hedge is designated;

The effects of hedge accounting are as follows:

- for fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is recognised in the balance sheet and measured at fair value. Gains and losses arising from remeasurement at fair value are recognised in profit or loss, and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument;
- for cash flow hedges, the effective portion of the gain or loss arising from remeasurement at fair value of the hedging instrument is recognised directly in equity, since the gain or loss arising from remeasurement at fair value of the hedged portion of the underlying future transaction is not recognised in the balance sheet. The ineffective portion is recognised in profit or loss. Cumulative gains and losses recognised in equity are reclassified to profit or loss when the hedged item affects profit or loss. The effective portion of the gain or loss arising from remeasurement at fair value of hedges of raw materials purchases does not affect the value at which the raw materials are recognised in inventory.

E. COMMITMENTS TO PURCHASE MINORITY INTERESTS

In accordance with IAS 32, put options granted to minority shareholders of subsidiaries are recognised in the balance sheet under "Non-current financial liabilities" with an offsetting adjustment to equity. The adjustment is recorded as a deduction from minority interests to the extent possible, with any excess deducted from equity attributable to equity holders of the parent.

The liability is remeasured at the present value of the redemption amount (which is equal to the exercise price of the put) at each period-end by adjusting equity. If the put was contracted within less than twelve months, the liability's value at the balance sheet date is considered as being equal to the amount paid by the minority shareholder.

1.16. INVENTORIES

Inventories are stated at the lower of cost and net realisable value, in accordance with *IAS 2 – Inventories*.

Cost is determined by the first-in-first-out (FIFO) method and includes all direct and indirect variable production expenses, plus fixed production expenses based on the normal capacity of the production facility. As inventories do not take a substantial period of time to get ready for sale, their cost does not include any borrowing costs.

The net realisable value of inventories intended to be sold corresponds to their selling price, as estimated based on market conditions and any relevant external information sources, less the estimated costs necessary to complete the sale (such as variable direct selling expenses, refurbishment costs not billed to customers for used vehicles and other goods).

The Automotive Equipment Division performs development work and manufactures or purchases specific tooling to produce parts or modules for programmes covered by specific customer orders. When the contract includes a payment guarantee, the development costs are recognised in inventories and work-in-progress and the corresponding revenue is recognised when the customer signs off on each technical phase.

1.17. TRADE RECEIVABLES

A provision for impairment is recorded on the manufacturing and sales companies' trade receivables if the Group believes that there is a risk that the receivables will not be recovered. Indications of probable impairment include the existence of unresolved claims or litigation, the age of the receivables and the obligor's significant financial difficulties.

In accordance with IAS 39, the Group derecognises receivables for which the contractual rights to receive the cash flows have been transferred along with substantially all of the risks and rewards of ownership. In analysing the transfer of risks, dilution risk is not included inasmuch as it has been defined and correctly segregated notably from the risk of late payment. Transferred receivables are not derecognised when the default risk is retained by the Group.

Costs incurred in transferring a receivable are recognised in financial expense.

This rule also applies to Automotive Division receivables sold to Group finance companies, in the analyses by operating segment.

1.18. DEFERRED TAXES

In accordance with *IAS 12 – Income Taxes*, deferred taxes are calculated for all temporary differences between the tax base of assets and liabilities and their carrying amount. Deferred tax liabilities are systematically recognised, while deferred tax assets are recognised only when there is a reasonable expectation that they will be recovered.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and companies at equity, except to the extent that both of the following conditions are satisfied:

- the Group is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

In practice:

- for subsidiaries, a deferred tax liability is recognised only in respect of distribution taxes on dividends that will be paid by the subsidiary in the following year by decision of the Group;
- for companies at equity, a deferred tax liability on dividend distributions is recognised for all differences between the tax base of the shares and their carrying amount;
- current tax benefits generated by intragroup provisions and sales are not cancelled by recognising deferred tax liabilities, except when the difference is considered to be temporary, for example, when the Group plans to divest the subsidiary.

1.19. PROVISIONS

In accordance with *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*, a provision is recognised when, at the balance sheet date, the Group has a present obligation towards a third party, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and no inflow of resources of an equivalent amount is expected. Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan.

Provisions are discounted only when the effect is material. In this case, the discount rate is based on a risk-free rate.

1.20. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

In addition to pension benefits paid in accordance with the laws and regulations of the countries in which they operate, Group companies are liable for the payment of supplementary pensions and retirement benefits (see note 28.1). These benefits are paid under defined contribution and defined benefit plans.

The payments made under defined contribution plans are in full discharge of the Group's liability and are recognised as an expense for the period.

In accordance with *IAS 19 – Employee Benefits*, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, which is then discounted to present value. The calculations mainly take into account:

- an assumption concerning the expected retirement date;
- an appropriate discount rate;
- an inflation rate;
- assumptions concerning future salary levels and staff turnover rates.

The projected benefit obligation is measured every year for the main plans and every three years for the other plans, except when more frequent valuations are necessary to take into account changes in actuarial assumptions or significant changes in demographic statistics.

Changes in actuarial assumptions and experience adjustments – corresponding to the effects of differences between previous actuarial assumptions and what has actually occurred – give rise to actuarial gains and losses. These gains and losses are recognised in the income statement of the following period using the corridor method, which consists of recognising over the remaining service lives of plan participants a specified portion of net cumulative actuarial gains and losses that exceed the greater of (i) 10% of the present value of the benefit obligation, and (ii) 10% of the fair value of plan assets.

If the benefits provided by a plan change, the new rights acquired for services already received are recognised immediately, while the rights not yet acquired are recognised in profit or loss on a straight-line basis over the remaining acquisition period.

As a result, for each defined benefit plan, the Group records a provision in an amount equal to the projected benefit obligation less the fair value of the plan assets, the actuarial gains and losses and the unrecognised past service cost.

The purpose of external funds is to cover the total projected benefit obligation, including the portion not recognised due to the deferral of actuarial gains and losses. Because actuarial gains and losses are deferred, in some cases the amount of these external funds exceeds the recognised portion of the projected benefit obligation. This leads to the recognition of a non-current asset in an amount not exceeding the sum of net actuarial losses and unrecognised past service costs.

In the case of plans that are subject to a minimum funding requirement under the law or the plan rules, if the Group does not have an unconditional right to a refund of a surplus within the meaning of IFRIC 14, this affects the asset ceiling. Regardless of whether the plan has a deficit or a surplus, a liability is recognised for the portion of the present value of the minimum funding in respect of services already received that, once paid and after covering the shortfall resulting from applying IAS 19, would generate a surplus in excess of the asset ceiling determined in accordance with IAS 19.

The net cost of defined benefit pension plans for the period therefore corresponds to the sum of the following:

- the service cost (recognised in "Recurring operating income");
- amortisation of actuarial gains and losses and past service cost (recognised in "Recurring operating income");
- the finance cost (recognised in "Other financial expense");
- the expected yield on plan assets (recognised in "Other financial income");
- any adjustment to the IFRIC 14 minimum funding requirement liability (recognised in "Non-recurring operating income or expense").

Other employee benefit obligations recognised in the balance sheet concern:

- long-service awards payable by French and foreign subsidiaries (note 28.2);
- healthcare costs paid by certain subsidiaries in the United States (note 28.3).

1.21. OPTIONS TO PURCHASE EXISTING OR NEWLY ISSUED SHARES AT AN AGREED PRICE AND PERFORMANCE SHARE GRANTS

Stock options and performance shares are granted to Group management and certain employees under equity-settled share-based payment plans. These options and shares are measured at the grant date, i.e. at the date on which the grantees are informed, in accordance with *IFRS 2 – Share-based Payment*, using the Black & Scholes option pricing model. The fair value of stock options depends in part on their expected life, which the Group considers as corresponding to the average option life. Performance shares are valued at the share price on the grant date minus a discount for the lock-up feature and for future dividends that will not be received during the vesting period. Changes in the fair value of options or performance shares after the grant date have no impact on the initial valuation.

To calculate the compensation cost to be recognised for each plan, the value of the option or performance share is multiplied by the estimated number of equity instruments that will eventually vest. This number is recalculated at each balance sheet date, based on expectations of performance against non-market criteria, thereby modifying the compensation cost under the plan.

The compensation cost is recognised on a straight-line basis (in the same way as amortisation) over the period from the grant date to the earliest exercise date (vesting period), with the offsetting adjustment recognised directly in equity.

If the non-market performance criteria are not met, the compensation cost under the performance share plan is cancelled in full.

When an option holder leaves the Group during the vesting period and forfeits his or her options, the related compensation cost recognised in prior periods is cancelled by crediting an equivalent amount to the income statement.

If an option holder leaves the Group earlier than expected, recognition of the compensation cost represented by the options or performance shares is accelerated.

In accordance with IFRS 2, only those stock options granted after 7 November 2002 but not yet vested at 1 January 2005 are measured and recognised in compensation costs. No compensation cost has therefore been recognised for stock options granted prior to 7 November 2002.

1.22. TREASURY STOCK

All Peugeot S.A. shares held by the Group are recorded at cost as a deduction from equity. Proceeds from sales of treasury stock are taken to equity, so that any disposal gains or losses have no impact on profit.

NOTE 2 SCOPE OF CONSOLIDATION

2.1. NUMBER OF CONSOLIDATED COMPANIES

	31 December 2011	31 December 2010
Fully consolidated companies		
Manufacturing and sales companies	358	337
Finance companies	43	42
	401	**379**
Companies at equity		
Manufacturing and sales companies	53	38
Finance companies	1	1
	54	**39**
CONSOLIDATED COMPANIES AT 31 DECEMBER	**455**	**418**

The Group owns 57.43% of Faurecia's capital and 72.87% of the voting rights due to the existence of shares with double voting rights. If all of the dilutive instruments issued by Faurecia were to be exchanged for shares, this would have no impact on the Group's exclusive control.

2.2. CHANGES DURING THE YEAR

	2011
Consolidated companies at 1 January	**418**
Newly consolidated companies:	44
• Automotive companies	14
• Automotive equipment companies	17
• Transportation and logistics companies	10
• Finance and insurance companies	2
• Other companies	1
Companies sold or removed from the scope of consolidation	(1)
Merged companies and other	(6)
CONSOLIDATED COMPANIES AT 31 DECEMBER	**455**

SIGNIFICANT TRANSACTIONS FOR THE YEAR

Transactions with a significant impact on the scope of consolidation that took place during 2011 were as follows:

- creation of BMW Peugeot Citroën Electrification BV, a 50/50 joint arrangement with the BMW Group for the development and manufacture of hybrid components and hybrid drive technology software. The joint arrangement agreement was signed on 25 October 2011. The Group is committed to providing total capital of €63 million, of which €13 million had been paid as of 31 December 2011. Registered in the Netherlands, BMW Peugeot Citroën Electrification BV has two exclusively controlled subsidiaries, BMW Peugeot Citroën Electrification SAS in France and BMW Peugeot Citroën Electrification GmbH in Germany;
- creation in China of Changan PSA Automobiles Co. Ltd (CAPSA), a 50/50 joint arrangement with local partner Changan Automobile Group (CCAG) for the manufacture and sale in China of light commercial vehicles and passenger cars. The joint arrangement will have an initial production capacity of 200,000 vehicles and engines per year. It will also have its own research and development centre. The Group has subscribed CAPSA shares totalling €215 million, which had not yet been called at 31 December 2011. Additional financing is expected to be raised in the form of external loans. The total initial investment amounts to RMB 8.4 billion (approximately €1,030 million);
- acquisition by GEFCO of 70% of the capital of the Mercurio group, with a call option on the other 30%. Completed on 17 May 2011, the transaction will allow GEFCO to speed development of

its downstream logistics business, further diversify its customer base and expand its international operations;

- acquisition by Faurecia of (i) Madison Automotive Seating, a US-based manufacturer of automotive seating for Nissan models, and (ii) the German and Austrian assets of Angell-Demmel, a supplier of decorative aluminium trim to the automotive industry.

NOTE 3 SEGMENT INFORMATION

In accordance with *IFRS 8 – Operating Segments*, segment information is presented in line with the indicators used internally by management to measure the performance of the Group's different business segments. The disclosures below are derived from the internal reporting system and have been prepared in accordance with the IFRSs adopted by the European Union. The Group's main performance indicator is recurring operating income.

3.1. BUSINESS SEGMENTS

The Group's operations are organised around five main segments:

- 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, corresponding to the Faurecia group and comprising Interiors Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies;
- the Transportation and Logistics Division, corresponding to the GEFCO group and comprising Logistics and Vehicle & Goods Transportation;
- the Finance Division, corresponding to the Banque PSA Finance group, which provides retail financing to customers of the Peugeot and Citroën brands and wholesale financing to the two brands' dealer networks;
- other Businesses, which include the activities of the holding company, Peugeot S.A., and Peugeot Motocycles.

The balances for each segment shown in the table below are on a stand-alone basis. Faurecia and Banque PSA Finance publish consolidated financial statements and segment information for these two businesses is therefore presented down to the level of net profit. For the other segments, as cash positions and taxes are managed jointly in some countries, only operating income and share in net earnings of companies at equity are presented by segment. All intersegment balance sheet items and transactions are eliminated and, for the purposes of reconciliation with the Group's financial statements, are shown under the heading "Eliminations and reconciliations" together with unallocated amounts.

All intersegment commercial transactions are carried out on an arm's length basis on the same terms and conditions as those applicable to the supply of goods and services to third parties.

	2011						
(in million euros)	Automotive	Automotive Equipment	Transportation & logistics	Finance Companies	Other	Eliminations & reconciliations	Total
Sales and revenue							
• third parties	42,662	14,092	1,451	1,583	124	-	59,912
• intragroup, intersegment	48	2,098	2,331	319	86	(4,882)	-
Total	**42,710**	**16,190**	**3,782**	**1,902**	**210**	**(4,882)**	**59,912**
Recurring operating income	**(92)**	**651**	**223**	**532**	**7**	**(6)**	**1,315**
Non-recurring operating income	46	-	-	-	-	-	46
Restructuring costs	(247)	(56)	-	-	(7)	-	(310)
Impairment losses on CGUs	(146)	-	-	-	(5)	-	(151)
Other non-recurring operating expenses	-	(2)	-	-	-	-	(2)
Operating income	**(439)**	**593**	**223**	**532**	**(5)**	**(6)**	**898**
Interest income		10		-		104	114
Finance costs		(104)		-		(227)	(331)
Other financial income		7		2		207	216
Other financial expenses		(31)		(3)		(299)	(333)
Net financial expense	**-**	**(118)**	**-**	**(1)**	**-**	**(215)**	**(334)**
Income taxes		(96)		(180)		323	47
Share in net earnings of companies at equity	141	34	1	3	(6)	-	173
Consolidated profit for the year		**413**		**354**			**784**
Capital expenditure (excl. sales with a buyback commitment)	**2,971**	**629**	**59**	**26**	**6**		**3,691**
Depreciation and amortisation	**(2,413)**	**(460)**	**(55)**	**(17)**	**(1)**		**(2,946)**

In 2011, Banque PSA Finance (Finance segment) reported net banking revenue of €1,032 million and net provision expense (cost of risk) of €115 million.

	2010						
(in million euros)	Automotive	Automotive Equipment	Transportation & logistics	Finance Companies	Other	Eliminations & reconciliations	Total
Sales and revenue							
• third parties	41,386	11,760	1,217	1,559	139	-	56,061
• intragroup, intersegment	19	2,036	2,134	293	79	(4,561)	-
Total	**41,405**	**13,796**	**3,351**	**1,852**	**218**	**(4,561)**	**56,061**
Recurring operating income	**621**	**456**	**198**	**507**	**11**	**3**	**1,796**
Non-recurring operating income	249	87	13	27	-	-	376
Restructuring costs	(77)	(117)	(1)	-	(1)	-	(196)
Impairment losses on CGUs	(230)	-	-	-	(4)	-	(234)
Other non-recurring operating expenses	-	(6)	-	-	-	-	(6)
Operating income	**563**	**420**	**210**	**534**	**6**	**3**	**1,736**
Interest income		8		-		78	86
Finance costs		(99)		-		(356)	(455)
Other financial income		5		1		223	229
Other financial expenses		(31)		(3)		(255)	(289)
Net financial expense	**-**	**(117)**	**-**	**(2)**	**-**	**(310)**	**(429)**
Income taxes		(90)		(140)		(25)	(255)
Share in net earnings of companies at equity	184	19	-	2	(1)	-	204
Consolidated profit for the year		**232**		**394**			**1,256**
Capital expenditure (excl. sales with a buyback commitment)	**2,375**	**460**	**26**	**24**	**4**		**2,889**
Depreciation and amortisation	**(2,482)**	**(496)**	**(49)**	**(16)**	**-**		**(3,043)**

In 2010, Banque PSA Finance (Finance segment) reported net banking revenue of €1,000 million and net provision expense (cost of risk) of €129 million.

3.2. GEOGRAPHICAL SEGMENTS

In the table below, revenue are presented by destination of products sold, and investments and assets by geographic location of the subsidiary concerned.

	2011					
(in million euros)	Europe	Russia	Asia	Latin America	Rest of the world	Total
Sales and revenue	43,836	1,608	2,833	5,495	6,140	59,912
Non-current assets (excl. deferred tax assets and financial instruments)	17,464	387	236	1,459	373	19,919

	2010					
(in million euros)	Europe	Russia	Asia	Latin America	Rest of the world	Total
Sales and revenue	42,842	984	2,255	4,770	5,210	56,061
Non-current assets (excl. deferred tax assets and financial instruments)	17,067	200	158	1,244	337	19,006

NOTE 4 SALES AND REVENUE

(in million euros)	2011	2010
Sales of vehicles and other goods	55,211	51,641
Service revenues	3,118	2,861
Financial services revenue	1,583	1,559
TOTAL	**59,912**	**56,061**

Sales of goods consist mainly of sales of vehicles and automobile parts, sub-assemblies and components.

Service revenues primarily comprise vehicle and other goods transportation services, auto repairs and servicing by captive dealers, and vehicle leasing services as described in note 14.2.

Financial services revenue corresponds for the most part to interest income, insurance premiums and other gross revenues.

NOTE 5 RECURRING OPERATING EXPENSES ANALYSED BY NATURE

Details of employee benefits expense and depreciation and amortisation expense are presented below in accordance with IAS 1 (revised). Other recurring operating expenses are analysed by each Division at its own appropriate level with the result that they cannot be presented on a consistent basis at Group level.

PERSONNEL COSTS

Group personnel costs are as follows:

(in million euros)	2011	2010
Automotive Division	(5,921)	(5,750)
Automotive Equipment Division	(2,633)	(2,303)
Transportation and Logistics Division	(454)	(393)
Finance companies	(142)	(135)
Other businesses	(102)	(103)
TOTAL	**(9,252)**	**(8,684)**

Details of stock option and performance share costs are provided in notes 26.3.D and 26.4. Pension and other post-employment benefit costs are presented in note 28.1.F.

DEPRECIATION AND AMORTISATION EXPENSE

Depreciation and amortisation expense included in recurring operating income breaks down as follows:

(in million euros)	2011	2010
Capitalised development expenditure	(844)	(832)
Other intangible assets	(82)	(74)
Specific tooling	(658)	(709)
Other property, plant and equipment	(1,362)	(1,428)
TOTAL	**(2,946)**	**(3,043)**

NOTE 6 RESEARCH AND DEVELOPMENT EXPENSES

(in million euros)	2011	2010
Total expenditure	(2,535)	(2,340)
Capitalised development expenditure [(1)]	1,227	1,097
Non-capitalised expenditure	**(1,308)**	**(1,243)**
Amortisation of capitalised development expenditure (note 13.1)	(844)	(832)
TOTAL	**(2,152)**	**(2,075)**

(1) Capitalised development expenditure shown above does not include borrowing costs capitalised in application of IAS 23 (revised) (see note 13.1).

The amounts presented in the above table are stated net of research funding received by the Group.

NOTE 7 NON-RECURRING OPERATING INCOME AND EXPENSES

(in million euros)	2011	2010
Net gain on disposals of property (note 7.5)	40	58
Reversal of liability in respect of minimum funding requirement for pensions (note 7.6)	-	204
Other non-recurring operating income	6	114
TOTAL NON-RECURRING OPERATING INCOME	**46**	**376**
Impairment loss on Automotive Division CGUs and provisions for Automotive Division onerous contracts (note 7.1)	(146)	(230)
Impairment loss on Other businesses CGUs (note 7.3)	(5)	(4)
Restructuring costs (note 7.4)	(310)	(196)
Other non-recurring operating expenses	(2)	(6)
TOTAL NON-RECURRING OPERATING EXPENSES	**(463)**	**(436)**

In 2010, other non-recurring operating income included the €84 million gain recognised on Faurecia's bargain purchase of Plastal Germany and Plastal Spain.

7.1. IMPAIRMENT LOSS ON AUTOMOTIVE DIVISION CGUS AND PROVISIONS FOR AUTOMOTIVE DIVISION ONEROUS CONTRACTS

In accordance with the principle set out in note 1.14, the carrying amount of each vehicle CGU and the overall Automotive Division CGU was compared with the value in use, defined as the present value of estimated future cash flows expected to be generated by the assets based on the latest projections from the Medium-Term Plan (2012-2016 plan for 2011 impairment tests) or the 10-year strategic plan for vehicles under development.

Future cash flows were discounted based on an average cost of capital of 8.5% after tax (8% in 2010), corresponding to the risk-free interest rate plus a 5.5% risk premium (5% in 2010), in line with recent historical data.

In addition to these impairment tests on the CGUs' assets, onerous contract provisions may be recorded for the vehicle CGUs for which cooperation agreements have been signed and under which manufacturing is carried out by the partner. These provisions cover the total estimated future loss arising from capacity reservation fees under these agreements, in line with the principle set out in note 1.19.

In 2011, due mainly to the unfavourable change in the yen exchange rate, impairment tests led to the recognition of:

- €84 million in impairment losses;
- a €89 million increase and a €27 million decrease in onerous contract provisions.

Sensitivity assessments were performed on the core assumptions used to test the CGUs for impairment, based on a 100-basis point increase in the discount rate, a €200 decrease in margin per vehicle and a 10% decline in unit sales. The reduction in the CGUs' value in use that would result from these changes in assumptions would not affect the amounts at which the assets are carried in the balance sheet.

Specific sensitivity tests were also performed on the CGUs whose value is affected by changes in the yen/euro exchange rate. These tests showed that a 5% increase or decrease in the reference exchange rate (which was estimated based on the consensus of exchange rates at end 2011) would have reduced the charge for the year by €100 million or increased it by €150 million.

7.2. IMPAIRMENT LOSS ON FAURECIA GROUP CGUSs AND OTHER ASSETS

FAURECIA GROUP CGUSs

In accordance with the principle set out in note 1.14, the carrying amount of each group of assets was compared with the higher of its fair value and value in use. Value in use is defined as the present value of estimated future cash flows expected to be generated by each cash-generating unit based on the latest projections from the Medium-Term Plan (2012-2015 plan for 2011 impairment tests, as revised at end-2011 based on the latest 2012 budget assumptions). The volume assumptions used to prepare the 2012-2015 Medium-Term Plan were based on external data.

The main assumption affecting value in use is the level of recurring operating income, particularly for the calculation of terminal value. 2015 margin was projected at 5.6%.

The calculation was performed by extrapolating to perpetuity projected cash flows for the last year of the Medium-Term Plan (2015) using a growth rate of 1.5% based on estimated trends developed by automotive market analysts. This was also the rate applied in the impairment tests carried out in 2010.

An independent expert was consulted to determine the weighted average cost of capital to be used to discount future cash flows. Taking into account a risk premium ranging from 5.5% to 6%, the average cost of capital used to discount future cash flows was set at 9.5% after tax (9% in 2010).

The test performed at end-2011 confirmed that goodwill allocated to the four Faurecia CGUs was fairly stated in the balance sheet. The balance sheet values are presented in note 13.2.

The sensitivity of the impairment test to changes in the assumptions used to determine the value in use of the CGUs accounting for the bulk of goodwill at end-2011 is illustrated in the table below:

(in million euros)	Test margin (1)	Discount rate applied to cash flows +50 bps	Perpetual growth rate -50 bps	Terminal recurring operating margin -50 bps	Previous three factors combined
Automotive Seating	1,583	(193)	(158)	(209)	(513)
Interior Systems	1,480	(140)	(113)	(136)	(357)
Emissions Control Technologies	1,212	(129)	(106)	(206)	(399)
Automotive Exteriors	590	(53)	(43)	(65)	(146)

(1) Test margin = value in use - carrying amount.

The declines in values in use that would result from each of the above simulations and the three factors combined would not affect the amount at which the goodwill allocated to the CGUs is carried in the balance sheet.

FAURECIA CGU IN THE ACCOUNTS OF PSA PEUGEOT CITROËN

Faurecia goodwill was tested for impairment at end-2011 based on the PSA Peugeot Citroën Group's share in the sum of the discounted cash flows, net of capital employed including related goodwill, generated by Faurecia's businesses as determined based on the above assumptions. This amount was greater than the carrying amount of the goodwill and therefore no impairment loss was recognised. The balance sheet value is presented in note 13.2.

The sensitivity of the impairment test to changes in the assumptions used to determine the value in use of Faurecia goodwill at end-2011 is illustrated in the table below:

(in million euros)	Test margin (1)	Discount rate applied to cash flows +50 bps	Perpetual growth rate -50 bps	Terminal recurring operating margin -50 bps	Previous three factors combined
	2,607	(298)	(243)	(354)	(813)

(1) Test margin = value in use - carrying amount.

The declines in values in use that would result from each of the above simulations and the three factors combined would not affect the amount at which the Faurecia goodwill is carried in the balance sheet.

The stock market value of the Faurecia shares held by Peugeot S.A. at 31 December 2011 was €929 million, representing the price that would be paid in a transaction between minority shareholders not leading to the acquisition of control.

The Group's share of Faurecia's net assets was reflected in the consolidated balance sheet for an amount of €719 million at 31 December 2011 (including the goodwill recognised by Peugeot S.A. at that date).

In light of these values no impairment loss was recognised on the Faurecia goodwill at 31 December 2011.

7.3. IMPAIRMENT LOSS ON "OTHER BUSINESSES" CGUSs

Following revised estimates of Peugeot Motocycles' business, an impairment loss of €5 million was recognised on assets of the CGU in 2011 (€4 million in 2010), which was allocated in full to property, plant and equipment. As a result, all of the CGU's assets except for land have now been written down in full. In addition, the shares in the Chinese joint venture, carried in the consolidated balance sheet under "Investments in companies at equity" for €6 million, were also written down in full during the year.

For impairment testing purposes, value in use was defined as being equal to the sum of discounted future cash flows derived from the entity's latest Medium Term Plan (covering the period 2012-2016) projected to perpetuity using a zero growth rate. The discount rate was calculated using a weighted average cost of capital of 9.7% after tax, unchanged from the rate used in 2010.

7.4. RESTRUCTURING COSTS

A. ANALYSIS BY TYPE

(in million euros)	2011	2010
Early-termination plan costs	3	(2)
Workforce reductions	(308)	(178)
End of production and other closure costs	(5)	(16)
TOTAL	**(310)**	**(196)**

B. ANALYSIS BY BUSINESS SEGMENT

(in million euros)	2011	2010
Automotive Division	(247)	(77)
Automotive Equipment Division	(56)	(117)
Transportation and Logistics Division	-	(1)
Finance companies	-	-
Other businesses	(7)	(1)
TOTAL	**(310)**	**(196)**

Automotive Division

Automotive Division restructuring costs amounted to €247 million and are described below:

France

On 26 October 2011, the Group presented to the its European Works Council a competitiveness plan for the Automotive Division in France and Europe.

On 20 December 2011, the Group presented to the Central Works Council the measures to be implemented in France under the plan, pursuant to the Human Resources Planning and Development agreement. They include inplacement measures and support for employees who volunteer to leave the Group, and concern 1,900 employees. The net cost recognised in the 2011 income statement in respect of the plan amounted to €154 million (corresponding to restructuring provisions of €181 million less €27 million released from pension provisions).

The net cost recognised in 2010 in respect of the October 2010 jobs and skills alignment plan amounted to €27 million and concerned the voluntary departure of 605 employees. In 2011, additional costs of €40 million were recorded, following a review of cost estimates, a change in separation terms and the higher-than-expected number of departures (1,306).

Europe

The Automotive Division competitiveness plan presented on 26 October 2011 provides for the inplacement or voluntary separation of 600 employees in Europe. The related provision set aside at 31 December 2011 amounted to €38 million.

In addition, restructuring provisions of €23 million were booked at 31 December 2011 in respect of other plans in progress at the year-end.

Automotive Equipment Division (Faurecia Group)

In 2011, Faurecia group restructuring costs totalled €56 million, including provisions for estimated separation costs of €47 million concerning the departure of 1,338 employees, mainly in North America.

Restructuring costs in 2010 amounted to €117 million.

Transportation and Logistics Division

The Transportation and Logistics Division did not incur any material new restructuring costs in 2011 or 2010.

Other businesses

In 2011, Peugeot Motocycles announced a manufacturing reorganisation plan involving the phased discontinuation of engine production at the Dannemarie plant. As of 31 December 2011, the provisions set aside for the plan amounted to €7 million, including restructuring costs of €4 million, covering an estimated 101 employee departures, as well as site closure costs of €3 million.

C. EMPLOYEES AFFECTED BY THE RESTRUCTURING PLANS

In the following table, the number of employees reported as being affected by the restructuring plans in each period presented corresponds to (i) employees affected by new plans and (ii) additional employees affected by plans launched in prior years, representing the difference between the estimated total number of affected employees and the estimated number taken into account at the previous year-end.

(number of employees)	2011	2010
France	2,844	2,264
Rest of Europe	1,499	2,190
Rest of world (excluding Europe)	1,010	96
TOTAL	**5,353**	**4,550**

7.5. NET GAINS ON DISPOSALS OF PROPERTY

In 2011, net gains on disposals of property amounted to €40 million and concerned the Automotive Division. In 2010, net gains on disposals of property mainly concerned the Automotive Division and the Finance companies for €30 million and €24 million respectively.

7.6. LIABILITY IN RESPECT OF A DEFINED BENEFIT PLAN MINIMUM FUNDING REQUIREMENT

In December 2010, the rules of three of the four UK pension funds were adjusted by their trustees to give the Group an unconditional right to a refund of the amounts paid, within the meaning of IFRIC 14. As a result, the minimum funding requirement liability originally recognised in application of IFRIC 14 was released to profit (see note 28.1.D).

NOTE 8 INTEREST INCOME

Interest income on loans corresponds to interest accrued according to the method set out in note 1.15.B (3) (c).

(in million euros)	2011	2010
Interest income on loans	7	6
Interest income on cash equivalents	105	75
Remeasurement of short-term investments classified as financial assets at fair value through profit or loss	2	5
Net gain (loss) on interest rate instruments designated as hedges of short-term investments	-	-
TOTAL	**114**	**86**

NOTE 9 FINANCE COSTS

Interest on other borrowings corresponds to interest accrued according to the method set out in note 1.15.C.

(in million euros)	2011	2010
Interest on borrowings [1]	(245)	(395)
Interest on bank overdrafts	(32)	(25)
Interest on finance lease liabilities	(20)	(20)
Foreign exchange gain (loss) on financial transactions	(25)	(8)
Other	(9)	(7)
TOTAL	**(331)**	**(455)**

(1) Interest on borrowings does not include €122 million in borrowing costs capitalised in accordance with IAS 23 - Borrowing Costs (€87 million in 2010).

NOTE 10 OTHER FINANCIAL INCOME AND EXPENSES

(in million euros)	2011	2010
Expected return on pension funds	147	149
Other financial income	69	80
FINANCIAL INCOME	**216**	**229**
Interest cost on employee benefit obligations	(181)	(190)
Ineffective portion of the change in fair value of financial instruments	-	4
Other financial expenses	(152)	(103)
FINANCIAL EXPENSES	**(333)**	**(289)**

NOTE 11 INCOME TAXES

11.1. INCOME TAXES OF FULLY-CONSOLIDATED COMPANIES

(in million euros)	2011	2010
Current taxes		
Corporate income taxes	(410)	(277)
Deferred taxes		
Deferred taxes arising in the year	415	81
Unrecognised deferred tax assets and valuation allowances	42	(59)
TOTAL	**47**	**(255)**

A. CURRENT TAXES

Current taxes represent the amounts paid or currently due to the tax authorities for the year, calculated in accordance with the tax regulations and rates in effect in the various countries.

In France, Peugeot S.A. and its French subsidiaries that are at least 95%-owned maintained their election to determine French income taxes on a consolidated basis in accordance with Article 223 A of the French Tax Code.

The Group has also elected to file a consolidated tax return in other countries that have group relief schemes.

B. DEFERRED TAXES

Deferred taxes are determined as described in note 1.18.

The Social Security Financing Act (no. 99-1140) of 29 December 1999 provided for the introduction of a surtax equal to 3.3% of the corporate income tax liability of French companies. This surtax had the effect of raising the French corporate income tax rate by 1.1%.

The French statutory income tax rate is 33.33%.

France's 4th amended Finance Act dated 21 December 2011 introduced an exceptional 5% surtax for 2011 and 2012, lifting the tax rate for those years to 36.10%, and limited the use of tax loss carryforwards to 60% of taxable profit for the year.

At 31 December 2011, deferred tax liabilities falling due in 2012 and deferred tax assets for tax loss carryforwards available for offsetting against these liabilities (subject to the 60% cap) were remeasured at the new rate.

The net effect was an expense of €5 million.

11.2. RECONCILIATION BETWEEN THEORETICAL INCOME TAX AND INCOME TAX IN THE CONSOLIDATED STATEMENT OF INCOME

(in million euros)	2011	2010
Profit before tax of fully consolidated companies	564	1,307
French statutory income tax rate for the year	*36.1%*	*34.4%*
Theoretical tax expense for the year based on the French statutory income tax rate	**(204)**	**(450)**
Tax effect of the following items:		
• Permanent differences	1	76
• Income taxable at reduced rates	61	38
• Tax credits	110	38
• Profit in France not subject to the surtax	(26)	-
• Effect of differences in foreign tax rates and other	63	102
• Unrecognised deferred tax assets and valuation allowances	42	(59)
INCOME TAX BENEFIT (EXPENSE)	**47**	**(255)**
Effective tax rate for the Group	8.3%	-19.5%

Tax credits include research tax credits that do not meet the definition of government grants.

In 2010, permanent differences included the positive tax effect arising from the recognition in the income statement of the gain on the bargain purchase of Plastal, which is not taxable.

Unrecognised deferred tax assets and valuation allowances mainly concern the Faurecia group.

11.3. CHANGES IN BALANCE SHEET ITEMS

	2011					
(in million euros)	At 1 January	Expense	Equity	Payments	Translation adjustments & other changes	At 31 December
Current taxes						
Assets	192					170
Liabilities	(117)					(120)
	75	**(410)**	**-**	**405**	**(20)**	**50**
Deferred taxes						
Assets	482					1,432
Liabilities	(879)					(1,337)
	(397)	**457**	**41**	**-**	**(6)**	**95**

In France, following adoption of the 4th amended Finance Act dated 21 December 2011, deferred tax assets corresponding to tax loss carryforwards have been set off against deferred tax liabilities in the amount of €1,315 million, corresponding to 60% of the liability. The un-offset portion of deferred tax assets corresponding to tax loss carryforwards amounts to €878 million.

	2010					
(in million euros)	At 1 January	Expense	Equity	Payments	Translation adjustments & other changes	At 31 December
Current taxes						
Assets	160					192
Liabilities	(113)					(117)
	47	**(277)**	**-**	**315**	**(10)**	**75**
Deferred taxes						
Assets	560					482
Liabilities	(996)					(879)
	(436)	**22**	**(16)**	**-**	**33**	**(397)**

11.4. DEFERRED TAX ASSETS AND LIABILITIES

(in million euros)	31 December 2011	31 December 2010
Tax credits		
Tax credits before offsetting	10	16
Tax credits offset (French tax group) (1)	-	(7)
Total tax credits	**10**	**9**
Deferred tax assets on tax loss carryforwards		
Value before offsetting (2)	3,260	2,907
Valuation allowances	(78)	(81)
Previously unrecognised deferred tax assets (3)	(764)	(773)
Tax loss carryforwards offset (French tax group) (1)	(1,315)	(1,878)
Other deferred tax assets offset	(71)	(95)
Total deferred tax assets on tax loss carryforwards	**1,032**	**80**
Other deferred tax assets	**390**	**393**
DEFERRED TAX ASSETS	**1,432**	**482**
Deferred tax liabilities before offsetting (4)	(2,652)	(2,764)
Deferred tax assets and tax credits offset within the French tax group (1)	1,315	1,885
DEFERRED TAX LIABILITIES	**(1,337)**	**(879)**

(1) Offsetting consists of presenting on the face of the balance sheet the net deferred tax position of the French tax group, with deferred tax assets covered by deferred tax liabilities, taking into account the restriction on the use of tax loss carryforwards introduced in the Finance Act (see note 11.1).

(2) The recoverable amount of Peugeot S.A.'s deferred tax assets corresponding to tax loss carryforwards was tested based on the Group's Medium-Term Plan and additional assumptions for subsequent years. The test showed that no valuation allowance was required.

Recovery of these assets is assured in particular through their set off against deferred tax liabilities falling due in the next ten years.

(3) Previously unrecognised deferred tax assets concern Faurecia for €794 million.

(4) Before offsetting the French tax group's deferred tax assets on tax loss carryforwards and tax credits. The main taxable temporary differences, that generate deferred tax liabilities, arise from the capitalisation of development costs and differences in amortisation or depreciation methods or periods.

NOTE 12 EARNINGS PER SHARE

Basic earnings per share and diluted earnings per share are presented at the foot of the income statement. They are calculated as follows:

12.1. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the year.

The average number of shares outstanding is calculated by taking into account the number of shares issued and cancelled during the period and changes in the number of shares held in treasury stock.

	2011	2010
Consolidated profit (loss) attributable to equity holders *(in million euros)*	588	1,134
Average number of €1 par value shares outstanding	222,761,913	226,861,714
BASIC EARNINGS PER €1 PAR VALUE SHARE *(IN EUROS)*	**2.64**	**5.00**

12.2. DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by the treasury stock method which consists of taking into account the shares that could be purchased with the proceeds from the exercise of stock options, performance share grants and the conversion of dilutive Oceane convertible bonds. The effects of the calculation are shown in the table below.

There were no dilutive potential shares in 2010 or 2011 resulting from the Peugeot S.A. Oceane convertible bonds, the 2010 performance share plan or the stock option plans.

A. EFFECT ON THE AVERAGE NUMBER OF SHARES

	31 December 2011	31 December 2010
Average number of €1 par value shares outstanding	222,761,913	226,861,714
Dilutive effect, calculated by the treasury stock method, of:		
• Stock option plans (note 26.3)	-	-
• Outstanding Oceane convertible bonds (note 29.1)	-	-
Dilutive effect of Peugeot S.A. performance share grants (note 26.4)	-	-
DILUTED AVERAGE NUMBER OF SHARES	**222,761,913**	**226,861,714**

B. EFFECT OF FAURECIA OCEANE BOND CONVERSIONS AND PERFORMANCE SHARE GRANTS ON CONSOLIDATED PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

	2011	2010
Consolidated profit attributable to equity holders of the parent (in million euros)	588	1,134
Dilutive effect of Faurecia Oceane bond conversions and performance share grants	(17)	(5)
CONSOLIDATED PROFIT AFTER DILUTIVE EFFECT OF FAURECIA OCEANE BOND CONVERSIONS AND PERFORMANCE SHARE GRANTS	**571**	**1,129**
Diluted earnings attributable to equity holders of the parent per €1 par value share *(in euros)*	2.56	4.97

The Faurecia Oceane bonds and performance share grants have a potential impact on the total number of Faurecia shares outstanding without affecting the number of shares held by the PSA Peugeot Citroën Group. Consequently, they have a dilutive effect on consolidated profit attributable to the PSA Peugeot Citroën Group. The Faurecia stock options are anti-dilutive in 2010 and 2011 due to the plans' terms.

NOTE 13 GOODWILL AND INTANGIBLE ASSETS

13.1. CHANGES IN CARRYING AMOUNT

	2011			
(in million euros)	Goodwill	Development expenditure	Software and other intangible assets	Intangible assets
At 1 January	**1,505**	**4,519**	**427**	**4,946**
Purchases/additions [(1)]	-	1,326	126	1,452
Amortisation for the year	-	(844)	(82)	(926)
Disposals	-	(2)	(9)	(11)
Impairment losses	-	(27)	-	(27)
Change in scope of consolidation and other [(2)]	75	(1)	49	48
Translation adjustment	2	(13)	-	(13)
AT 31 DECEMBER	**1,582**	**4,958**	**511**	**5,469**

(1) Including borrowing costs of €81 million capitalised in accordance with IAS 23 (revised) – Borrowings Costs (see note 1.10).

(2) Including €48 million in goodwill and €37 million in intangible assets (contractual customer relationships and brands) recognised on acquisition of the Mercurio group in May 2011 (see note 2).

	2010			
(in million euros)	Goodwill	Development expenditure	Software and other intangible assets	Intangible assets
At 1 January	**1,312**	**4,165**	**370**	**4,535**
Purchases/additions [(1)]	-	1,159	86	1,245
Amortisation for the year	-	(832)	(74)	(906)
Impairment losses	-	-	-	-
Disposals	-	(4)	(2)	(6)
Change in scope of consolidation and other [(2)]	180	11	43	54
Translation adjustment	13	20	4	24
AT 31 DECEMBER	**1,505**	**4,519**	**427**	**4,946**

(1) Including borrowing costs of €62 million capitalised in accordance with IAS 23 (Revised) – Borrowings Costs (see note 1.10).

(2) Including €172 million in goodwill recognised on the February 2010 acquisition of Emcon by Faurecia.

13.2. BREAKDOWN OF GOODWILL

(in million euros)	31 December 2011	31 December 2010
Net value		
Faurecia	187	187
Faurecia businesses:		
• Automotive Seating	793	793
• Emissions Control Technologies [(1)]	340	336
• Automotive Exteriors	96	96
• Interior Systems	32	6
Peugeot Automotiv Pazarlama AS (Popas)	9	10
Crédipar	75	75
Bank PSA Finance Rus	2	2
GEFCO Automotive (Mercurio group)	48	-
TOTAL	**1,582**	**1,505**

(1) Including €172 million in goodwill recognised on the February 2010 acquisition of Emcon by Faurecia.

Concerning GEFCO's acquisition of the Mercurio group, the initial €36 million acquisition cost (excluding transaction costs recognised as an expense) was allocated on a provisional basis to the identifiable assets acquired and liabilities assumed using the full goodwill method. This provisional allocation was adjusted at the end of the year.

The provisional fair values of the main assets are as follows:

- contractual customer relationships and Mercurio brand: €37 million;
- vehicle fleet: €4 million.

The corresponding deferred tax liabilities amount to €13 million.

The cash acquired amounts to €3 million.

Impairment tests on goodwill allocated to the Automotive Equipment CGUs are discussed in note 7. Tests on goodwill allocated to the other CGUs did not result in any impairments being recorded in 2010 or 2011.

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

14.1. BREAKDOWN OF PROPERTY, PLANT AND EQUIPMENT

The carrying amount of property, plant and equipment can be analysed as follows:

	2011						
(in million euros)	Land and buildings	Plant and Equipment	Leased vehicles (2)	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Carrying amount							
At 1 January	**3,185**	**6,549**	**2,640**	**69**	**266**	**1,019**	**13,728**
Purchases/additions (1)	171	443	-	31	29	1,641	2,315
Depreciation for the year	(277)	(1,605)	(64)	(18)	(56)	-	(2,020)
Impairment losses	1	(58)	-	-	-	-	(57)
Disposals	(10)	(14)	-	(11)	(5)	-	(40)
Transfers and reclassifications	11	646	-	7	29	(693)	-
Change in scope of consolidation and other (2)	66	161	107	22	13	(171)	198
Translation adjustment	(14)	(21)	10	(1)	(3)	(21)	(50)
AT 31 DECEMBER	**3,133**	**6,101**	**2,693**	**99**	**273**	**1,775**	**14,074**
Gross value	*7,354*	*29,185*	*3,119*	*348*	*917*	*1,775*	*42,698*
Accumulated depreciation and impairment	*(4,221)*	*(23,084)*	*(426)*	*(249)*	*(644)*	*-*	*(28,624)*

(1) Including assets acquired under finance leases. Borrowing costs capitalised in accordance with IAS 23 (Revised) – Borrowing Costs amounted to €40 million (see note 1.10).

(2) "Change in scope of consolidation and other" movements in "Leased vehicles" include net changes for the year (additions less disposals).

	2010						
(in million euros)	Land and buildings	Plant and Equipment	Leased vehicles (2)	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Carrying amount							
At 1 January	**3,262**	**6,537**	**2,432**	**76**	**263**	**890**	**13,460**
Purchases/additions (1)	116	281	-	23	29	1,359	1,808
Depreciation for the year	(287)	(1,713)	(66)	(19)	(52)	-	(2,137)
Impairment losses	(8)	1	-	-	-	-	(7)
Disposals	(55)	(41)	-	(10)	(7)	-	(113)
Transfers and reclassifications	15	1,092	-	-	21	(1,128)	-
Change in scope of consolidation and other (2)	102	330	249	-	8	(118)	571
Translation adjustment	40	62	25	(1)	4	16	146
AT 31 DECEMBER	**3,185**	**6,549**	**2,640**	**69**	**266**	**1,019**	**13,728**
Gross value	*7,212*	*28,740*	*3,086*	*316*	*893*	*1,019*	*41,266*
Accumulated depreciation and impairment	*(4,027)*	*(22,191)*	*(446)*	*(247)*	*(627)*	*-*	*(27,538)*

(1) Including assets acquired under finance leases. Borrowing costs capitalised in accordance with IAS 23 (Revised) – Borrowing Costs amounted to €25 million (see note 1.10).

(2) "Change in scope of consolidation and other" movements in "Leased vehicles" include net changes for the year (additions less disposals).

14.2. LEASED VEHICLES

Leased vehicles include vehicles leased under short-term leases to retail customers by the Group's leasing companies and vehicles sold with a buyback commitment, which are recognised according to the method described in note 1.5.A.

They can be analysed as follows:

(in million euros)	31 December 2011	31 December 2010
Vehicles sold with a buyback commitment	2,290	2,234
Vehicles under short-term leases	403	406
TOTAL, NET	**2,693**	**2,640**

NOTE 15 INVESTMENTS IN COMPANIES AT EQUITY

Most companies accounted for by the equity method are manufacturing and sales companies that manufacture automotive parts and components or complete vehicles.

15.1.CHANGES IN THE CARRYING AMOUNT OF INVESTMENTS IN COMPANIES AT EQUITY

(in million euros)	31 December 2011	31 December 2010
At 1 January	**1,056**	**799**
Dividends and profit transfers (1)	(103)	(30)
Share of net earnings (2)	173	204
Newly consolidated companies (3)	249	1
Capital increase (reduction)	-	1
Changes in scope of consolidation and other	(1)	43
Translation adjustment	98	38
AT 31 DECEMBER	**1,472**	**1,056**
• o/w Dongfeng Peugeot Citroën Automobile goodwill	73	68
• o/w Dongfeng Peugeot Citroën Automobile Finance Company Ltd goodwill	7	6
• o/w Mercurio group goodwill	2	-

(1) Dividends and profit transfers in 2011 include net dividends paid to the Group by Dongfeng Peugeot Citroën Automobile for €62 million, of which €6 million corresponds to withholding tax.

(2) The Group's investment in Jinan Qinqi Peugeot Motorcycles Co. Ltd was written down in full in 2011, for an amount of €6 million.

(3) The impact of the first-time consolidation of Changan PSA Automobiles Co., Ltd (CAPSA) was €215 million in respect of uncalled capital for which the corresponding liability is recorded under "Other payables" (see note 32).

15.2. SHARE IN NET ASSETS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	31 December 2011	31 December 2010
Renault cooperation agreement			
Française de Mécanique	50%	15	18
Société de Transmissions Automatiques	20%	2	2
Fiat cooperation agreement			
Sevelnord	50%	97	104
Gisevel	50%	-	1
Sevelind	50%	8	12
Sevel SpA	50%	71	71
BMW cooperation agreement			
BMW Peugeot Citroën Electrification BV [1]	50%	13	-
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	132	127
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile [2]	50%	752	610
Dongfeng Peugeot Citroën Automobile Finance Company Ltd [2]	75%	62	54
Changan cooperation agreement			
Changan PSA Automobiles Co., Ltd (CAPSA)	50%	234	-
Other			
Other excluding Faurecia [2]		14	13
Faurecia associates		65	35
TOTAL		**1,465**	**1,047**

(1) See note 2.2.

(2) Including goodwill (see note 15.1).

The share in net assets of companies at equity corresponds to €1,472 million (€1,056 million at 31 December 2010) for companies with a positive net worth, reported under "Investments in companies at equity" less €7 million (€9 million at 31 December 2010) for companies with a negative net worth, reported under "Non-current provisions".

15.3. SHARE IN NET EARNINGS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	31 December 2011	31 December 2010
Renault cooperation agreement			
Française de Mécanique	50%	(3)	(3)
Société de Transmissions Automatiques	20%	-	(1)
Fiat cooperation agreement			
Sevelnord	50%	(1)	8
Gisevel	50%	-	(21)
Sevelind	50%	(2)	(3)
Sevel SpA	50%	-	6
BMW cooperation agreement			
BMW Peugeot Citroën Electrification BV	50%	-	-
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	8	37
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile (1)	50%	150	159
Dongfeng Peugeot Citroën Automobile Finance Company Ltd	75%	3	2
Changan cooperation agreement			
Changan PSA Automobiles Co., Ltd (CAPSA) (2)	50%	(11)	-
Other			
Other excluding Faurecia		(5)	1
Faurecia associates		34	19
TOTAL		**173**	**204**

(1) Dongfeng Peugeot Citroën Automobile is entitled to a tax benefit until 31 December 2012. In 2011, this tax benefit had the effect of reducing the effective tax rate paid by the Company to 10.5% of pre-tax profit (6% in 2010).

(2) Details of the investment in Changan PSA Automobiles Co., Ltd are provided in note 2.2.

15.4. KEY FINANCIAL DATA OF COMPANIES AT EQUITY

A. AGGREGATE DATA

(in million euros)	31 December 2011	31 December 2010
Property, plant and equipment	1,407	1,358
Working capital (1)	(273)	(437)
Other capital employed (2)	378	284
Capital employed	**1,512**	**1,205**
Long and medium-term debt	(174)	(220)
Other financial items	127	62
Net financial position	**(47)**	**(158)**
TOTAL EQUITY (NOTE 15.2)	**1,465**	**1,047**
Capital expenditure	**233**	**371**

(1) Changan PSA Automobiles Co., Ltd's capital had not been called or paid up at 31 December 2011. The uncalled amount (€245 million) is included in working capital.

(2) At 31 December 2011, the main balance sheet items included in "Other capital employed" concern intangible assets for €322 million (€267 million at 31 December 2010) and provisions for €57 million (€70 million at 31 December 2010).

B. KEY FINANCIAL DATA BY COMPANY

(a) Capital Employed

(in million euros)	Latest % interest	31 December 2011	31 December 2010
Renault cooperation agreement			
Française de Mécanique	50%	113	128
Société de Transmissions Automatiques	20%	2	(2)
Fiat cooperation agreement			
Sevelnord	50%	97	113
Gisevel	50%	-	-
Sevelind	50%	8	12
Sevel SpA	50%	261	321
BMW cooperation agreement			
BMW Peugeot Citroën Electrification BV	50%	-	-
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	151	171
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile	50%	497	384
Dongfeng Peugeot Citroën Automobile Finance Company Ltd	75%	62	54
Changan cooperation agreement			
Changan PSA Automobiles Co., Ltd (CAPSA)	50%	260	-
Other			
Other excluding Faurecia		8	11
Faurecia associates		53	13
TOTAL		**1,512**	**1,205**

(b) Net Financial Position

(in million euros)	Latest % interest	31 December 2011	31 December 2010
Renault cooperation agreement			
Française de Mécanique	50%	(98)	(110)
Société de Transmissions Automatiques	20%	-	4
Fiat cooperation agreement			
Sevelnord	50%	-	(9)
Gisevel	50%	-	1
Sevelind	50%	-	-
Sevel SpA	50%	(190)	(250)
BMW cooperation agreement			
BMW Peugeot Citroën Electrification BV	50%	13	-
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	(19)	(44)
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile	50%	255	226
Dongfeng Peugeot Citroën Automobile Finance Company Ltd	75%	-	-
Changan cooperation agreement			
Changan PSA Automobiles Co., Ltd (CAPSA)	50%	(26)	-
Other			
Other excluding Faurecia		6	2
Faurecia associates		12	22
TOTAL		**(47)**	**(158)**

NOTE 16 INVESTMENTS IN NON-CONSOLIDATED COMPANIES

The recognition and measurement principles applicable to investments in non-consolidated companies are set out in note 1.15.B (2) (a).

The main changes in this item in 2011 were as follows:

(in million euros)	Latest % interest	31 December 2011	31 December 2010
Football Club de Sochaux Montbéliard	100 %	19	17
Non consolidated dealers (Automotive)	-	9	27
GEFCO group portfolio	-	11	34
Faurecia group portfolio	-	38	15
Other investments	-	9	9
TOTAL		**86**	**102**
Gross value		120	137
Impairments		(34)	(35)

NOTE 17 OTHER NON-CURRENT FINANCIAL ASSETS

The recognition and measurement principles applicable to loans and receivables, short-term investments classified as "available-for-sale financial assets", short-term investments classified as "financial assets at fair value through profit or loss" and derivatives are described in note 1.15.B.

	2011				
		Financial assets classified as			
(in million euros)	Loans and receivables	"Available for sale"	"At fair value through profit or loss"	Derivatives	Total
Gross value					
At 1 January (1)	**262**	**191**	**312**	**177**	**942**
Purchases/additions	21	-	273	-	294
Disposals	(11)	-	(51)	-	(62)
Remeasurement	-	(69)	9	58	(2)
Transfers to current financial assets	(2)	-	-	-	(2)
Translation adjustment and changes in scope of consolidation	2	-	4	-	6
At 31 December	**272**	**122**	**547**	**235**	**1,176**
Provisions					
At 1 January	**(112)**	**-**	**-**	**-**	**(112)**
Net charge for the year	(2)	-	-	-	(2)
Translation adjustment and changes in scope of consolidation	(1)	-	-	-	(1)
At 31 December	**(115)**	**-**	**-**	**-**	**(115)**
Carrying amount at 1 January	150	191	312	177	830
CARRYING AMOUNT AT 31 DECEMBER	**157**	**122**	**547**	**235**	**1,061**

(1) Non-current assets classified as at fair value through profit or loss reported at 31 December 2010 for €410 million are included in the opening balance sheet for €312 million. The €98 million difference corresponds to units in Brazilian FIDC funds that have been reclassified under "Short-term investments - finance companies" (see note 20).

The carrying amount of available-for-sale financial assets included an unrealised gain of €35 million at 31 December 2011 (€104 million at 1 January 2011).

(in million euros)	2010				
		Financial assets classified as			
	Loans and receivables	"Available for sale"	"At fair value through profit or loss"	Derivatives	Total
Gross value					
At 1 January	**235**	**217**	**319**	**192**	**963**
Purchases/additions	157	6	21	-	184
Disposals	(122)	-	(58)	-	(180)
Remeasurement	-	(32)	9	(15)	(38)
Transfers to current financial assets [1]	(8)	-	-	-	(8)
Translation adjustment and changes in scope of consolidation	-	-	21	-	21
At 31 December	**262**	**191**	**312**	**177**	**942**
Provisions					
At 1 January	**(106)**	**-**	**-**	**-**	**(106)**
Net charge for the year	(6)	-	-	-	(6)
At 31 December	**(112)**	**-**	**-**	**-**	**(112)**
Carrying amount at 1 January	129	217	319	192	857
CARRYING AMOUNT AT 31 DECEMBER	**150**	**191**	**312**	**177**	**830**

(1) Financial assets classified as "at fair value through profit or loss" transferred to current financial assets correspond to money market securities with maturities of less than one year at 31 December 2010.

The carrying amount of available-for-sale financial assets included an unrealised gain of €104 million at 31 December 2010 (€136 million at 1 January 2010).

NOTE 18 OTHER NON-CURRENT ASSETS

(in million euros)	31 December 2011	31 December 2010
Excess of payments to external funds over pension obligations (note 28)	76	2
Units in the FMEA funds	105	59
Derivative instruments [1]	-	21
Guarantee deposits and other	271	252
TOTAL	**452**	**334**

(1) Corresponding to the non-current portion of derivative instruments acquired as hedges of commodity risks.

The Group is committed to investing a total of €204 million in the two "Fonds de Modernisation des Equipementiers Automobiles" (FMEA - tier 1 and tier 2), which have been set up to support automotive equipment manufacturers. The €114 million worth of units purchased to date have been classified as "available-for-sale" in accordance with IAS 39 and are therefore measured at fair value (see note 1.15.B (2) (c)). They are reported as non-current assets because of the lock-up applicable to the Group's investment in the fund.

NOTE 19 LOANS AND RECEIVABLES – FINANCE COMPANIES

The recognition and measurement principles for the loans and receivables of Group finance companies are defined in note 1.15.B (3) (a).

19.1. ANALYSIS

(in million euros)	31 December 2011	31 December 2010
Retail, Corporate and Equivalent		
Credit sales	10,171	9,971
Long-term leases	4,727	4,665
Leases with a buyback commitment	2,301	2,492
Other receivables	183	201
Ordinary accounts and other	92	71
Total net Retail, Corporate and Equivalent	**17,474**	**17,400**
Corporate Dealers		
Wholesale finance receivables	5,879	5,165
Other receivables	627	562
Other	334	284
Total net Corporate Dealers	**6,840**	**6,011**
Remeasurement of interest rate hedged portfolios	73	80
Eliminations	(80)	(153)
TOTAL	**24,307**	**23,338**

Retail, Corporate and Equivalent finance receivables represent loans made by finance companies to Peugeot and Citroën customers for the purchase or lease of cars.

Wholesale finance receivables represent amounts due to Peugeot and Citroën by their dealer networks and certain European importers which have been transferred to the Group finance companies, and working capital loans made by the finance companies to the dealer networks.

Retail, Corporate and Equivalent finance receivables include €4,008 million in securitised finance receivables that were not derecognised at year-end (€3,645 million at 31 December 2010).

The Banque PSA Finance group carried out several securitisation transactions in 2011 through special purpose entities.

On 10 July 2011, Crédipar sold €1,050 million worth of automobile loans to the Auto ABS 2011-1 fund. The fund issued €956 million worth of AAA/Aaa-rated A bonds and €94 million worth of B bonds. All of the B bonds were purchased by Banque PSA Finance. Crédipar's retained interest amounts to €300.

On 25 November 2011, Banque PSA Finance's German branch sold €800 million worth of automobile loans to the Auto ABS German Loans 2011-2 fund. The fund issued €720 million worth of Aaa/AAA-rated A senior bonds and €80 million worth of B junior bonds. All of the B bonds were purchased by Banque PSA Finance. The German branch's retained interest amounts to €300.

The Banque PSA Finance subsidiaries and branches have rights to obtain the majority of benefits of the special purpose entities and are exposed to risks incident to these entities' activities. Therefore, the special purpose entities are fully consolidated.

Liabilities corresponding to securities issued by securitisation funds are shown in note 31 "Financing liabilities - finance companies".

19.2. AUTOMOTIVE DIVISION SALES OF RECEIVABLES

The following table shows outstanding Automotive Division receivables sold to the finance companies for which the Automotive Division pays the financing cost:

(in million euros)	31 December 2011	31 December 2010
	4,467	3,402

19.3. MATURITIES OF LOANS AND RECEIVABLES

(in million euros)	31 December 2011					
	Credit sales	Leases with a buyback commitment	Long-term leases	Wholesale finance receivables	Other (1)	Total
Unallocated	478	140	181	133	306	**1,238**
Less than 3 months	1,010	185	693	3,483	114	**5,485**
3 to 6 months	756	180	665	1,013	49	**2,663**
6 months to 1 year	1,957	360	869	1,328	164	**4,678**
1 to 5 years	6,232	1,520	2,545	12	368	**10,677**
Beyond 5 years	63	19	-	-	69	**151**
Total gross loans and receivables outstanding	**10,496**	**2,404**	**4,953**	**5,969**	**1,070**	**24,892**
Guarantee deposits on leases	-	-	(62)	(70)	-	(132)
Allowances	(266)	(59)	(73)	(20)	(28)	(446)
TOTAL NET LOANS AND RECEIVABLES OUTSTANDING	**10,230**	**2,345**	**4,818**	**5,879**	**1,042**	**24,314**

(1) Other receivables include ordinary accounts and items taken into account in amortised cost calculations.

(in million euros)	31 December 2010					
	Credit sales	Leases with a buyback commitment	Long-term leases	Wholesale finance receivables	Other (1)	Total
Unallocated	477	130	168	157	278	**1,210**
Less than 3 months	931	210	661	3,357	91	**5,250**
3 to 6 months	874	182	566	361	45	**2,028**
6 months to 1 year	1,844	360	927	1,372	103	**4,606**
1 to 5 years	6,038	1,690	2,537	9	403	**10,677**
Beyond 5 years	130	18	-	-	51	**199**
Total gross loans and receivables outstanding	**10,294**	**2,590**	**4,859**	**5,256**	**971**	**23,970**
Guarantee deposits on leases	-	-	(53)	(71)	-	(124)
Allowances	(260)	(59)	(69)	(20)	(27)	(435)
TOTAL NET LOANS AND RECEIVABLES OUTSTANDING	**10,034**	**2,531**	**4,737**	**5,165**	**944**	**23,411**

(1) Other receivables include ordinary accounts and items taken into account in amortised cost calculations.

19.4. ALLOWANCES FOR CREDIT LOSSES

NET RETAIL, CORPORATE AND EQUIVALENT LOANS AND RECEIVABLES OUTSTANDING

(in million euros)	31 December 2011	31 December 2010
Performing loans with no past due balances	16,481	16,414
Performing loans with past due balances	691	700
Non-performing loans	689	668
Total gross Retail, Corporate and Equivalent loans and receivables outstanding	**17,861**	**17,782**
Items taken into account in amortised cost calculations	**86**	**70**
Guarantee deposits	**(60)**	**(52)**
Allowances for performing loans with past due balances	*(48)*	*(44)*
Allowances for non-performing loans	*(365)*	*(356)*
Allowances	**(413)**	**(400)**
TOTAL NET RETAIL, CORPORATE AND EQUIVALENT LOANS AND RECEIVABLES OUTSTANDING	**17,474**	**17,400**
Allowances booked during the period	(155)	(138)
Allowances released during the period (utilisations)	145	94

NET CORPORATE DEALER LOANS AND RECEIVABLES OUTSTANDING

(in million euros)	31 December 2011	31 December 2010
Performing loans with no past due balances	6,772	5,893
Performing loans with past due balances	21	20
Non-performing loans	166	212
Total gross Corporate Dealer loans and receivables outstanding	**6,959**	**6,125**
Items taken into account in amortised cost calculations	**(10)**	**(6)**
Guarantee deposits	**(72)**	**(72)**
Allowances	**(37)**	**(36)**
TOTAL NET CORPORATE DEALER LOANS AND RECEIVABLES OUTSTANDING	**6,840**	**6,011**
Allowances booked during the period	(28)	(19)
Allowances released during the period (utilisations)	27	18

NOTE 20 SHORT-TERM INVESTMENTS – FINANCE COMPANIES

The recognition and measurement principles applicable to short-term investments of the finance companies are described in note 1.15.B (1) (b).

(in million euros)	31 December 2011	31 December 2010
Short-term investments	877	805
TOTAL	**877**	**805**

Short-term investments at 31 December 2010 are shown for an amount of €805 million versus the previously reported €707 million. The €98 million difference corresponds to units in Brazilian FIDC funds previously reported under "Other non-current financial assets" (see note 17).

Short-term investments consist primarily of certificates of deposit held by the securitisation funds.

NOTE 21 INVENTORIES

	31 December 2011			31 December 2010		
(in millions euros)	Gross	Allowance	Net	Gross	Allowance	Net
Raw materials and supplies	875	(168)	707	848	(170)	678
Semi-finished products and work-in-progress	955	(37)	918	865	(40)	825
Goods for resale and used vehicles	1,218	(159)	1,059	970	(125)	845
Finished products and replacement parts	4,145	(220)	3,925	3,766	(167)	3,599
TOTAL	**7,193**	**(584)**	**6,609**	**6,449**	**(502)**	**5,947**

NOTE 22 TRADE RECEIVABLES – MANUFACTURING AND SALES COMPANIES

(in millions euros)	31 December 2011	31 December 2010
Trade receivables	2,557	2,244
Allowances for doubtful accounts	(170)	(193)
Total – manufacturing and sales companies	**2,387**	**2,051**
Elimination of transactions with the finance companies	(167)	(175)
TOTAL	**2,220**	**1,876**

This item does not include dealer receivables transferred to the finance companies, which are reported in the consolidated balance sheet under "Loans and receivables - finance companies" (see note 19.2)

At 31 December 2011, receivables totalling €530 million sold under the programmes described in note 29.5 had been derecognised in line with the principles set out in note 1.17. A further €161 million worth of sold receivables were not derecognised. In cases where financing has been received in respect of the sold receivables, a debt is recognised for an amount equal to the sale proceeds.

(in millions euros)	31 December 2011	31 December 2010
Sold and derecognised receivables	530	302
• *of which Faurecia group*	*261*	*181*
Sold receivables not derecognised	161	162
• *of which Faurecia group*	*102*	*153*

NOTE 23 OTHER RECEIVABLES

23.1. MANUFACTURING AND SALES COMPANIES

(in millions euros)	31 December 2011	31 December 2010
State, regional and local taxes excluding income tax (1)	1,198	1,197
Employee-related receivables	54	56
Due from suppliers	200	168
Derivative instruments (2)	80	108
Prepaid expenses	190	158
Miscellaneous other receivables	213	272
TOTAL	**1,935**	**1,959**

(1) In 2011, the Group sold €96 million worth of 2010 French research tax credits.

(2) This item corresponds to the fair value of instruments purchased by the Group to hedge commodity risks and currency risks on current or forecast operating receivables and payables. It includes €42 million (€31 million at 31 December 2010) in receivables that are matched by payables due to the finance companies.

23.2. FINANCE COMPANIES

(in millions euros)	31 December 2011	31 December 2010
State, regional and local taxes excluding income tax	66	50
Derivative instruments (1)	394	204
Deferred income and accrued expenses – finance companies	223	175
Miscellaneous other receivables	322	319
TOTAL	**1,005**	**748**

(1) This item corresponds to the fair value of instruments purchased by the Group essentially to hedge interest rate risks on finance receivables and financing liabilities.

NOTE 24 CURRENT FINANCIAL ASSETS

The recognition and measurement principles applicable to current financial assets are described in note 1.15.B (3) for loans and receivables, note 1.15.B (1) for financial assets at fair value through profit or loss, and note 1.15.D for derivative instruments.

	2011			
(in millions euros)	Loans and receivables	Financial assets at fair value through profit or loss	Derivative instruments	Total
At 1 January	**282**	**-**	**24**	**306**
Purchases/additions	115	-	-	115
Disposals	(164)	-	-	(164)
Remeasurement at fair value	-	-	3	3
Transfers (note 17)	2	-	-	2
Translation adjustment and changes in scope of consolidation	3	-	-	3
AT 31 DECEMBER	**238**	**-**	**27**	**265**

	2010			
(in millions euros)	Loans and receivables	Financial assets at fair value through profit or loss	Derivative instruments	Total
At 1 January	**229**	**25**	**30**	**284**
Purchases/additions	142	-	-	142
Disposals	(107)	(25)	-	(132)
Remeasurement at fair value	-	-	(6)	(6)
Transfers (note 17)	8	-	-	8
Translation adjustment and changes in scope of consolidation	10	-	-	10
AT 31 DECEMBER	**282**	**-**	**24**	**306**

NOTE 25 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined in note 1.15.B (1) (a). They are analysed below.

25.1. MANUFACTURING AND SALES COMPANIES

(in millions euros)	31 December 2011	31 December 2010
Mutual fund units and money market securities	3,832	7,946
Cash and current account balances	1,358	1,332
Total – manufacturing and sales companies	**5,190**	**9,278**
o/w deposits with finance companies	*(224)*	*(127)*
TOTAL	**4,966**	**9,151**

Cash equivalents correspond to the investment of the proceeds from borrowings obtained to meet the Group's future financing needs and of the net cash generated by operating activities.

At 31 December 2011, cash equivalents included retail certificates of deposit for €797 million, money market funds for €1,998 million, overnight money market notes for €652 million and other money market securities for €50 million.

All of these instruments comply with the Committee of European Securities Regulators' (CESR) definition of Short-Term Money Market Funds.

25.2. FINANCE COMPANIES

(in millions euros)	31 December 2011	31 December 2010
Due from credit institutions (1)	1,131	1,296
Central bank current account balances and items received for collection	23	20
TOTAL	**1,154**	**1,316**

(1) At 31 December 2011, this item included ordinary accounts in debit for €427 million (€927 million at 31 December 2010) corresponding mainly to the final customer direct debits for the period, securities in the process of being delivered for €404 million (€288 million at 31 December 2010) and mutual fund units for €300 million.

Banque PSA Finance's liquidity surplus, which amounted to €724 million at 31 December 2011 (€305 million at 31 December 2010), is invested in mutual funds qualifying as cash equivalents (€300 million), interbank loans (€404 million at 31 December 2011; €288 million at 31 December 2010) and central bank deposits (€20 million at 31 December 2011; €17 million at 31 December 2010).

NOTE 26 EQUITY

26.1. CAPITAL MANAGEMENT POLICY

The Group's capital management policy concerns equity as defined under IFRS and is designed to optimise the Group's cost of capital and ensure that it has secure long-term capital resources. Managing capital essentially involves deciding the level of capital to be held currently or in the future and setting dividend policies.

Equity breaks down into portions attributable to minority interests and to equity holders of the parent company.

Equity attributable to equity holders of the parent is equal to the share capital of Peugeot S.A. less any treasury stock, plus reserves and retained earnings of the Group's various businesses.

Minority interests mainly represent non-Group shareholders of Faurecia. Equity attributable to minority interests varies in line with changes in the Faurecia group's consolidated equity (in particular net earnings and change in translation reserves) and – exceptionally – in the event of a sale, purchase or any other equity transaction carried out by Peugeot S.A. In respect of Faurecia.

There are no financial covenants based on consolidated equity. Banque PSA Finance complies with the capital adequacy ratio and other capital requirements imposed under banking regulations.

Peugeot S.A. shares are held in treasury for the following purposes:

- for cancellation, in order to reduce the Company's capital;
- for allocation to employees, directors and officers of the Company and its subsidiaries and related parties on exercise of stock options, and
- for allocation on conversion, redemption or exercise of share equivalents.

Details of share buybacks carried out in 2011 are provided in note 26.5.

Shares are issued from time to time when holders of Peugeot S.A. Oceane bonds present their bonds for conversion (see note 26.2).

26.2. ANALYSIS OF SHARE CAPITAL AND CHANGES IN THE YEAR

At 31 December 2011, the share capital amounted to €234,049,344 and was made up of ordinary shares with a par value of €1, all fully paid. The shares may be held in bearer or registered form, at the discretion of shareholders. Shares registered in the name of the same holder for at least four years carry double voting rights (Article 11 of the bylaws).

(in euros)	2011	2010
Share capital at 1 January	234,049,225	234,049,142
Shares issued on conversion of Oceane bonds	119	83
SHARE CAPITAL AT 31 DECEMBER	**234,049,344**	**234,049,225**

At 31 December 2011, the Peugeot family group held 31% of Peugeot S.A.'s shares and 48.3% of the voting rights at Shareholders Meetings. After taking account of the dilutive effect of potential shares represented by stock options, the family group's share of voting rights stands at 45.6%.

26.3. EMPLOYEE STOCK OPTIONS

A. PLAN CHARACTERISTICS

Each year between 1999 and 2008, the Managing Board of Peugeot S.A. granted options to certain employees, directors and officers of the Company and its subsidiaries, allowing them to purchase shares at a specified price. The current terms of the plans are as follows:

	Date of Managing Board decision	Vesting date	Last exercise date	Number of initial grantees	Exercise price *(in euros)*	Number of options granted
2003 Plan	21/08/2003	21/08/2006	20/08/2011	184	39.09	996,500
2004 Plan	24/08/2004	24/08/2007	23/08/2012	182	47.59	1,004,000
2005 Plan	23/08/2005	23/08/2008	22/08/2013	169	52.37	953,000
2006 Plan	23/08/2006	23/08/2009	22/08/2014	92	41.14	983,500
2007 Plan	22/08/2007	22/08/2010	21/08/2015	169	60.43	1,155,000
2008 Plan	22/08/2008	22/08/2011	19/08/2016	194	33.08	1,345,000

No stock options were granted between 2009 and 2011.

On 31 December 2011, the share price was €12.11.

B. CHANGES IN THE NUMBER OF OPTIONS OUTSTANDING

Changes in the number of options outstanding under these plans (exercisable for €1 par value shares) are shown below:

(number of options)	2011	2010
Total at 1 January	**5,392,107**	**5,392,107**
Options granted	-	-
Options exercised	-	-
Cancelled options	(16,000)	-
Expired options	(678,107)	-
TOTAL AT 31 DECEMBER	**4,698,000**	**5,392,107**
o/w exercisable options	4,698,000	4,257,107

Options outstanding at the year-end are as follows:

(number of options)	31 December 2011	31 December 2010
2003 Plan	-	678,107
2004 Plan	912,000	912,000
2005 Plan	865,000	868,000
2006 Plan	870,500	870,500
2007 Plan	922,500	928,500
2008 Plan	1,128,000	1,135,000
TOTAL AT 31 DECEMBER	**4,698,000**	**5,392,107**

C. WEIGHTED AVERAGE VALUE OF OPTIONS AND UNDERLYING SHARES

	2011		2010	
(in euros)	Exercise price	Share price	Exercise price	Share price
Value at 1 January	**45.4**		**45.4**	
Options granted	-	-	-	-
Options exercised	-	-	-	-
Cancelled options	47.0	13.8	-	-
Expired options	39.1	20.8	-	-
VALUE AT 31 DECEMBER	**46.3**		**45.4**	

D. PERSONNEL COSTS ARISING FROM STOCK OPTION PLANS

In line with the principles described in note 1.21, personnel costs related to the Peugeot S.A. and Faurecia stock option plans are shown in the table below:

CHARGE FOR THE YEAR

	2011			2010
(in millions euros)	Peugeot S.A.	Faurecia	Total	Total
2007 Plan	-	1	1	4
2008 Plan	2	1	3	4
TOTAL	**2**	**2**	**4**	**8**

26.4. PERFORMANCE SHARE PLANS

PEUGEOT S.A. PERFORMANCE SHARE PLAN

The first performance share plan was set up in 2010.

A. Plan Characteristics

In 2010, the Peugeot S.A. Managing Board decided to use the authorisation given at the Extraordinary Shareholders' Meeting of 2 June 2010 to set up a performance share plan based on cumulative performance targets for the years 2010, 2011 and 2012. Grantees who leave the Group before the end of the vesting period will forfeit their performance shares, except in case of death, invalidity or retirement.

No performance shares were granted to members of the Managing Board under the plan.

B. Personnel Costs Arising from the Performance Share Plan

Up to 816,000 shares may be allocated under the plan, if the vesting conditions are met.

The fair value of the performance share grants has been estimated at €20.63 for the purpose of calculating the cost for shares granted to French tax residents and at €16.44 for other grantees. These fair values are based on the share price at the grant date, less the present value of dividends that will not be received by grantees during the vesting period and less a 3% discount to reflect the 2-year lock-up period.

The total cost of the plan, excluding the 10% employer contribution, is being recognised in the income statement over the vesting period, in accordance with IFRS 2, and is re-estimated annually. The cost recognised in 2011 amounted to €3 million (€1.2 million in 2010).

The cost of the share-based payment plan takes into account:

- the fair value of the performance shares, as estimated on the grant date, and
- the estimated number of shares to be allocated at the end of the vesting period. This estimate is updated each year based on the latest assessment of actual performance in relation to the targets.

FAURECIA PERFORMANCE SHARE PLAN

In 2010, Faurecia used the authorisation given at the Extraordinary Shareholders' Meeting of 8 February 2010 to implement performance share plan for executives of group companies. These shares are subject to service and performance conditions.

The fair value of this plan has been measured by reference to the market price of Faurecia's shares at the grant date, less an amount corresponding to the expected dividends due on the shares but not paid during the vesting period and an amount reflecting the cost of the shares being subject to a lock-up period. The corresponding expense will be deferred and recognised over the share vesting period. The amount recognised in expenses for the period is €9.6 million (€2.6 million in 2010).

In 2010, the Faurecia Board of Directors made 860,600 performance share grants on 23 June and 887,250 performance share grants on 21 July.

In 2011, the Faurecia Board of Directors made 933,400 performance share grants on 25 July.

26.5. TREASURY STOCK

From time to time, the Group uses the buyback authorisations given at Shareholders' Meetings to purchase Peugeot S.A. shares into treasury. In 2011, 10,000,000 shares were bought back between 12 August and 2 September at an average price of €19.92.

Changes in treasury stock can be analysed as follows:

A. NUMBER OF SHARES HELD

		2011	2010
(number of shares)	Authorisations	Transactions	Transactions
At 1 January		**7,187,450**	**7,187,450**
Share buybacks			
AGM of 2 June 2010	16,000,000	-	-
AGM of 31 May 2011	16,000,000	10,000,000	
Share cancellations			
AGM of 2 June 2010	10% of capital	-	-
AGM of 31 May 2011	10% of capital	-	
Share sales			
On exercise of stock options		-	-
AT 31 DECEMBER		**17,187,450**	**7,187,450**
Allocation			
• Shares held for a future liquidity contract		300,000	-
• Shares held for allocation on conversion of 23 June 2009 Oceane bonds		10,908,807	-
• Shares held for allocation on exercise of outstanding stock options (note 26.3.B)		4,698,000	5,392,107
• Shares held for allocation on exercise of stock options to be granted in the future		462,543	462,543
• Shares held for allocation under the performance share plan		807,900	816,000
• Unallocated shares		10,200	516,800
		17,187,450	**7,187,450**

B. CHANGE IN VALUE

(in millions euros)	2011	2010
At 1 January	(303)	(303)
Acquired	(199)	-
Cancelled	-	-
Allocated on exercise of stock options	-	-
AT 31 DECEMBER	**(502)**	**(303)**
Average price per share (in euros)	-29.21	

The share price on 31 December 2011 was €12.11.

26.6. RESERVES AND RETAINED EARNINGS, EXCLUDING MINORITY INTERESTS

Reserves and retained earnings, including profit for the year, can be analysed as follows:

(in millions euros)	31 December 2011	31 December 2010
Peugeot S.A. legal reserve	28	28
Other Peugeot S.A. statutory reserves and retained earnings	7,962	7,767
Reserves and retained earnings of subsidiaries, excluding minority interests	6,114	6,102
TOTAL	**14,104**	**13,897**

Other Peugeot S.A. statutory reserves and retained earnings are as follows:

(in millions euros)	31 December 2011	31 December 2010
Reserves available for distribution		
Without any additional corporate tax being due	6,894	6,699
Subject to the payment of additional corporate tax [(1)]	1,068	1,068
TOTAL	**7,962**	**7,767**
Tax on distributed earnings	**169**	**169**

(1) Corresponding to the portion of the long-term capital gains reserve that remains subject to additional tax.

26.7. MINORITY INTERESTS

Minority interests correspond mainly to the interests of shareholders of Faurecia and of some of its subsidiaries.

NOTE 27 CURRENT AND NON-CURRENT PROVISIONS

27.1. NON-CURRENT PROVISIONS

A. ANALYSIS BY TYPE

(in millions euros)	31 December 2011	31 December 2010
Pensions (note 28.1)	557	564
Early-termination plan	5	15
Other employee benefit obligations	126	125
Other	24	23
TOTAL	**712**	**727**

B. MOVEMENTS FOR THE YEAR

(in millions euros)	2011	2010
At 1 January	**727**	**986**
Movements taken to profit or loss		
Additions	180	138
Releases (utilisations)	(78)	(196)
Releases (unused provisions)	(45)	(253)
	57	**(311)**
Other movements		
Translation adjustment	(1)	23
Change in scope of consolidation and other	(71)	29
AT 31 DECEMBER	**712**	**727**

Provision releases mainly concern pensions and result from the workforce streamlining plans (see note 7.4).

The amount released in 2010 also includes reversal of the minimum funding requirement liability in the United Kingdom for €204 million (see note 7.6).

27.2. CURRENT PROVISIONS

A. ANALYSIS BY TYPE

(in millions euros)	31 December 2011	31 December 2010
Warranties [1]	698	804
Commercial and tax claims and litigation [2]	460	446
Restructuring plans	448	249
Long-term contract losses	322	366
Sales with a buyback commitment	133	117
Other	238	482
TOTAL	**2,299**	**2,464**

(1) The provision for warranties mainly concerns sales of new vehicles, where the contractual obligations generally cover two years.
It corresponds to the expected cost of warranty claims related to vehicles and replacement parts. The amount expected to be recovered from suppliers is recognised as an asset, under "Miscellaneous other receivables" (note 23).

(2) Provisions for tax claims concern a number of claims in various countries outside France.

B. MOVEMENTS FOR THE YEAR

(in millions euros)	2011	2010
At 1 January	**2,464**	**2,399**
Movements taken to profit or loss		
Additions	1,369	1,434
Releases (utilisations)	(1,071)	(1,250)
Releases (unused provisions)	(457)	(295)
	(159)	**(111)**
Other movements		
Translation adjustment	(19)	53
Change in scope of consolidation and other	13	123
AT 31 DECEMBER	**2,299**	**2,464**

Movements in provisions for retructuring plans in 2011 are discussed in note 7.4.

The observed decline in warranty costs resulting from improvements to vehicle quality led to a €210 million reduction in the related provisions in 2011 (€214 million reduction in 2010).

NOTE 28 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

28.1. SUPPLEMENTARY PENSIONS AND RETIREMENT BONUSES

A. PLAN DESCRIPTIONS

Group employees in certain countries are entitled to supplementary pension benefits payable annually to retirees, or retirement bonuses representing one-off payments made at the time of retirement. These benefits are paid under defined contribution and defined benefit plans. Payments under defined contribution plans are in full discharge of the Group's liability and are recognised as an expense for the year in which they are made. Payments under defined benefit plans concern primarily France and the United Kingdom.

In France, the existing defined benefit plans concern (i) the retirement bonuses provided for by collective bargaining agreements, (ii) the portion of the top-hat pension scheme for engineers and management personnel (*cadres*) that was not transferred to an external fund in 2002 and guarantees an aggregate replacement rate from all plans of up to 60% of the employee's final salary (currently covering 2,780 retired employees), and (iii) the pension plan set up by the former subsidiary of the Chrysler group in France (Talbot), which was closed to new entrants in 1981 and covered 16,000 retired employees, as well as 2,300 former employees who were not receiving benefits at end-2011.

The members of the Group's management bodies are eligible to participate in the supplementary pension plan provided that: (i) they have sat on the Managing Board, Executive Committee, other management body or the Extended Management Committee for a specified minimum period; and (ii) they end their career with the Group. This top-hat plan guarantees an aggregate replacement rate for all plans (statutory and supplementary) of up to 50% of a benchmark salary, taken to be the three highest annual salaries received over the last five years of employment. Under this plan, benefits may be paid over to the executive's spouse or partner.

In the United Kingdom, the Group has four trustee-administered defined benefit plans. These plans have been closed to new entrants since May 2002. At 31 December 2011, 22,000 people were covered by these plans, including 1,300 active employees, 8,900 former employees not retired yet and 11,800 retired employees. The plans guarantee a replacement rate of up to 66% of the employee's final salary.

The supplementary pension plan for Faurecia group executives in France comprises:

- a non-contributory defined contribution plan for which contribution rates are based on salary bands A and B; and
- a supplementary defined benefit plan based on salary band C.

B. ASSUMPTIONS

The assumptions used to calculate the Group's projected benefit obligation for the last two years are as follows:

	Euro zone	United Kingdom
Discount rate		
2011	**4.50%**	**4.90%**
2010	4.70%	5.50%
Inflation rate		
2011	**1.80%**	**2.90%**
2010	2.00%	3.35%
Expected return on external funds		
2011	**4.80%**	**5.50%**
2010	5.25%	5.50%

At each period-end, the discount rate is determined based on the most representative returns on prime corporate bonds with a life that approximates the duration of the benefit obligation.

Prime corporate bonds are defined as corporate bonds awarded one of the two highest ratings by a recognised rating agency (for example, bonds rated AA or AAA by Moody's or Standard & Poor's).

The assumptions regarding future salary increases take into account inflation and forecast individual pay rises in each country. The assumption for French plans is inflation plus 1.0% in 2011, and inflation plus 0.5% for subsequent years. The assumption for UK plans is inflation plus 1.0%.

Mortality and staff turnover assumptions are based on the specific economic conditions of each host country.

Sensitivity of assumptions: a 0.25-point increase or decrease in the actuarial rate (discount rate less inflation rate) would lead to the following increases or decreases in projected benefit obligations:

	Discount rate +0.25 pt	Inflation rate +0.25 pt
France	-2.37%	3.06%
United Kingdom	-3.83%	3.32%

The expected return on external funds is estimated based on asset allocation, the period remaining before the benefits become payable and experience-based yield projections.

A 1-point increase or decrease in the expected return on external funds would have led to an increase or decrease in the investment income recognised in 2011 of €12 million for French plans and €15 million for UK plans.

C. EXTERNAL FUNDS

The projected benefit obligation is partially covered by dedicated external funds.

The breakdown of external funds is as follows:

	31 December 2011		31 December 2010	
	Equities	Bonds	Equities	Bonds
France	31%	69%	34%	66%
United Kingdom	38%	62%	48%	52%

In 2011, the actual return on external funds managed by the Group in France and by the fund trustees in the United Kingdom was -2.3% for French plans and +7.9% for UK plans.

In France, equity funds consist of DJ Eurostoxx index tracker funds, while bond funds are invested in prime European government bonds and, to a lesser extent, in European corporate bonds rated A- or higher.

In the United Kingdom, two-thirds of the equity portfolio is invested in funds that track the main UK, European, US and Japanese stock market indices and one-third is invested in actively managed UK stocks . Bond funds in the UK track the main inflation-indexed gilts indices and corporate bond indices.

In France, the Group is free to decide the amount of its contributions to the external funds. At 31 December 2011, no decision had been made as to the amount of contributions to be paid in 2012.

In 2011, no contribution was paid to the external fund for the top-hat pension plan for Peugeot S.A. senior executives.

In the United Kingdom, the Group's annual contribution amounted to £104 million (€120 million) in 2011. Contributions payable in 2012 are estimated at £69 million (€83 million) before taking into account the results of current negotiations with the trustees concerning the level of financing for that year.

D. MOVEMENT FOR THE YEAR

Excluding minimum funding requirement (IFRIC 14)

	2011				2010			
(in millions euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Projected benefit obligation At 1 January: Present Value	**(1,649)**	**(1,478)**	**(483)**	**(3,610)**	**(1,594)**	**(1,441)**	**(479)**	**(3,514)**
Service cost	(48)	(15)	(15)	(78)	(44)	(13)	(10)	(67)
Interest cost	(77)	(80)	(24)	(181)	(80)	(88)	(22)	(190)
Benefit payments for the year	94	63	29	186	112	56	28	196
Unrecognised actuarial gains and (losses):								
• amount	53	(62)	(1)	(10)	12	81	(26)	67
• as a % of projected benefit obligation	3.2%	4.2%	0.2%	0.3%	0.8%	5.6%	5.4%	1.9%
Past service cost	-	-	-	-	(71)	-	-	(71)
Translation adjustment	-	(49)	(3)	(52)	-	(73)	1	(72)
Effect of changes in scope of consolidation and other	-	-	(82)	(82)	-	-	(27)	(27)
Effect of curtailments and settlements	40	-	-	40	16	-	52	68
AT 31 DECEMBER: PRESENT VALUE	**(1,587)**	**(1,621)**	**(579)**	**(3,787)**	**(1,649)**	**(1,478)**	**(483)**	**(3,610)**
External fund At 1 January: Fair Value	**1,173**	**1,533**	**196**	**2,902**	**1,242**	**1,223**	**226**	**2,691**
Expected return on external funds	51	86	10	147	61	73	15	149
Unrecognised actuarial gains and (losses):								
• amount	(32)	6	(11)	(37)	(28)	99	(3)	68
• as a % of external funds	2.7%	0.4%	5.6%	1.3%	2.3%	8.1%	1.3%	2.5%
Translation adjustment	-	53	2	55	-	62	(4)	58
Employer contributions	4	120	19	143	9	132	18	159
Benefit payments for the year	(95)	(63)	(23)	(181)	(111)	(56)	(23)	(190)
Effect of changes in scope of consolidation and other	-	-	108	108	-	-	9	9
Effect of curtailments and settlements	-	-	-	-	-	-	(42)	(42)
AT 31 DECEMBER: FAIR VALUE	**1,101**	**1,735**	**301**	**3,137**	**1,173**	**1,533**	**196**	**2,902**
Deferred items At 1 January	**243**	**(115)**	**18**	**146**	**169**	**62**	**(11)**	**220**
Deferred items arising in the year	(21)	56	12	47	87	(180)	29	(64)
Amortisation of unrecognised deferred items	(21)	2	(2)	(21)	(6)	-	(2)	(8)
• actuarial gains and losses	(13)	2	(2)	(13)	(4)	-	(2)	(6)
• past service cost	(8)	-	-	(8)	(2)	-	-	(2)
Translation adjustments and other	-	(1)	-	(1)	-	3	(1)	2
Effect of curtailments and settlements	(2)	-	-	(2)	(7)	-	3	(4)
AT 31 DECEMBER	**199**	**(58)**	**28**	**169**	**243**	**(115)**	**18**	**146**

Minimum funding requirement liability (IFRIC 14)

	2011				2010			
(in millions euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
At 1 January	**-**	**-**	**-**	**-**	**-**	**(194)**	**-**	**(194)**
Charge for the year	-	-	-	-	-	-	-	-
Reversal for the year	-	-	-	-	-	204	-	204
Translation adjustment	-	-	-	-	-	(10)	-	(10)
AT 31 DECEMBER	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The minimum funding requirement liability recognised in accordance with IFRIC 14 was released to the income statement in 2010 (see note 7.6).

E. RECONCILIATION OF PENSION ASSETS AND LIABILITIES SHOWN IN THE BALANCE SHEET

	31 December 2011				31 December 2010			
(in millions euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Projected benefit obligation	**(1,587)**	**(1,621)**	**(579)**	**(3,787)**	**(1,649)**	**(1,478)**	**(483)**	**(3,610)**
Fair value of external funds	1,101	1,735	301	3,137	1,173	1,533	196	2,902
Plan surplus (deficit)	**(486)**	**114**	**(278)**	**(650)**	**(476)**	**55**	**(287)**	**(708)**
Unrecognised deferred items								
• actuarial gains and losses	132	(58)	28	102	168	(115)	18	71
• past service cost	67	-	-	67	75	-	-	75
NET (LIABILITY) ASSET RECOGNISED IN THE BALANCE SHEET	**(287)**	**56**	**(250)**	**(481)**	**(233)**	**(60)**	**(269)**	**(562)**
Of which, liability	(287)	(19)	(251)	(557)	(235)	(60)	(269)	(564)
Of which, asset	1	75	-	76	2	-	-	2
Of which, unfunded plans	*0.9%*	*0.0%*	*9.4%*	*1.7%*	*1.2%*	*0.0%*	*20.8%*	*3.3%*

The projected benefit obligation of French companies includes benefit obligations towards members of the managing bodies (described in note 39), in an amount of €39 million for supplementary pension benefits and €1 million for retirement bonuses. The service cost related to these two plans amounted to €6 million for 2011.

Unrecognised past service cost arose mainly from the French metalworking industry agreements dated 21 June 2010.

The €71 million increase in the projected benefit obligation at 31 December 2010 resulting from these agreements was treated as the effect of a plan amendment and reported under "past service cost". The portion of the increase corresponding to additional rights that vested on the amendment date was recognised immediately in 2010, while the portion corresponding to unvested rights is being recognised in profit or loss on a straight-line basis over the remaining vesting period.

In Germany, a Contractual Trust Agreement (CTA) was set up at the end of 2011. This type of contract allows assets to be transferred to a trustee-administered external fund and to qualify as "plan assets" as defined in IAS 19. The CTA assets amounted to €49 million at 31 December 2011. They were previously recorded for the most part in "Other non-current assets".

Historical data

(in millions euros)	2011	2010	2009	2008	2007
Projected benefit obligation	**(3,787)**	**(3,610)**	**(3,514)**	**(3,228)**	**(3,768)**
Fair value of external funds	**3,137**	**2,902**	**2,691**	**2,409**	**3,023**
Plan surplus (deficit)	**(650)**	**(708)**	**(823)**	**(819)**	**(745)**
Experience adjustments					
• France	29	50	(18)	(22)	41
• United Kingdom	(22)	13	4	(6)	29
• Other countries	(2)	1	7	3	7
TOTAL EXPERIENCE ADJUSTMENTS TO PROJECTED BENEFIT OBLIGATIONS	**5**	**64**	**(7)**	**(25)**	**77**

F. PENSION EXPENSE RECOGNISED IN THE INCOME STATEMENT

These expenses are recorded as follows:

- service cost and amortisation of deferred items are recorded under "Selling, general and administrative expenses";
- interest cost and the expected return on external funds are recorded under "Financial expenses" and "Financial income" respectively;
- the impact of restructuring operations and changes in the minimum funding requirement liability recognised in accordance with IFRIC 14 (see note 1.9) are reported under "Other non-recurring operating income" or "Other non-recurring operating expenses".

Pension expense breaks down as follows:

	2011				2010			
(in millions euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Service cost	(48)	(15)	(15)	(78)	(44)	(13)	(10)	(67)
Amortisation of deferred items	(21)	2	(2)	(21)	(6)	-	(2)	(8)
• actuarial gains and losses	(13)	2	(2)	(13)	(4)	-	(2)	(6)
• past service cost	(8)	-	-	(8)	(2)	-	-	(2)
Interest cost	(77)	(80)	(24)	(181)	(80)	(88)	(22)	(190)
Expected return on external funds	51	86	10	147	61	73	15	149
Effect of curtailments and settlements [(1)]	38	-	-	38	9	-	13	22
Total (before minimum funding requirement liability)	**(57)**	**(7)**	**(31)**	**(95)**	**(60)**	**(28)**	**(6)**	**(94)**
Change in minimum funding requirement liability (IFRIC14)	-	-	-	-	-	204	-	204
TOTAL	**(57)**	**(7)**	**(31)**	**(95)**	**(60)**	**176**	**(6)**	**110**

(1) Effect of curtailments and settlements.

The workforce streamlining measures led to further pension obligations towards employees who volunteered to leave the Group (to pursue personal projects or retrain in new skills) being reversed for an amount of €38 million (€15 million in 2010) (see note 7.5).

During 2011, a €15 million liability was recognised to cover the payments due to employees concerned by the Automotive Division competitiveness plan to compensate for the loss of certain supplementary pension rights. The pension obligations had been funded under an insured plan since 2002 and the liability was therefore covered by the insurance company.

G. PROJECTED BENEFIT PAYMENTS IN 2012

Pension benefits payable in 2012 are estimated at €182 million.

28.2. LONG-SERVICE AWARDS

The Group estimates its liability for long-service awards payable to employees who fulfil certain seniority criteria, notably in France. The calculations are performed using the same method and assumptions as for supplementary pension benefits and retirement bonuses (see note 28.1.B above). The estimated liability is provided for in full in the consolidated financial statements and breaks down as follows:

(in millions euros)	31 December 2011	31 December 2010
French companies	43	58
Foreign companies	26	10
TOTAL	**69**	**68**

28.3. HEALTHCARE BENEFITS

In addition to the pension obligations described above, some Faurecia group companies, mainly in the United States, pay the healthcare costs of their employees. The related obligation is provided for in full in the consolidated financial statements as follows:

(in millions euros)	31 December 2011	31 December 2010
	33	33

NOTE 29 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES – MANUFACTURING AND SALES COMPANIES

The recognition and measurement principles applicable to borrowings and other financial liabilities, excluding derivatives, are described in note 1.15.C. Derivatives are accounted for as set out in note 1.15.D.

	31 December 2011		31 December 2010	
	Amortised cost or fair value		Amortised cost or fair value	
(in millions euros)	Non-current	Current	Non-current	Current
Convertible bonds (1)	679	13	657	23
Bonds	4,413	79	2,967	1,373
Employee profit-sharing fund	17	4	17	5
Finance lease liabilities	242	155	295	254
Other long-term borrowings	2,282	228	4,311	421
Other short-term financing and overdraft facilities	-	1,655	-	1,130
Derivative instruments	6	6	12	7
TOTAL FINANCIAL LIABILITIES	**7,639**	**2,140**	**8,259**	**3,213**

(1) The amortised cost of Oceane convertible bonds excludes the embedded conversion option which is recognised in equity.

29.1. REFINANCING TRANSACTIONS

In 2011, the Group kept up its proactive refinancing strategy and conservative liquidity policy, in order to meet its general financing needs, particularly the financing of current and future growth projects. This strategy enabled the Group to refinance its 2011 debt maturities on favourable terms. The refinancing transactions have extended the average life of Group debt while also lowering average borrowing costs compared with 2010.

The expiry date of the €2,400 million syndicated line of credit was pushed back by one year, from July 2013 to July 2014.

A. MAIN REFINANCING TRANSACTIONS CARRIED OUT IN 2010 AND 2011

Peugeot S.A. bond issues

On 21 June 2010, Peugeot S.A. launched a €500 million 5.625% bond issue due June 2015.

On 21 October 2010, Peugeot S.A. placed €500 million worth of 4% 3-year bonds due October 2013 and €500 million worth of 5% 6-year bonds due October 2016.

On 20 January 2011, two tap issues were carried out, increasing the October 2013 issue by €350 million and the October 2016 issue by €150 million. The yields offered on the tap issues were, respectively, around 40-basis points and 30-basis points below those of the original issues.

On 27 September 2011, Peugeot S.A. launched a €500 million 6.875% bond issue due March 2016.

Faurecia bond issues

On 3 November 2011, Faurecia issued €350 million worth of 9.375% bonds due December 2016.

2001 bond buybacks

On 6 July 2010, GIE PSA Trésorerie bought back €245 million worth of bonds issued in 2001 and maturing in September 2011. The total payment to bondholders amounted to €264 million, including accrued interest and a redemption premium.

On 27 September 2011, PSA Peugeot Citroën repaid at maturity the €1,255 million worth of 2001 bonds still outstanding. After taking into account the redemption premiums, accrued interest and the effect of swaps, the payent to bond holders amounted to €1,268 million.

Fully early repayment of the State loan

In March 2009, Peugeot S.A. obtained a €3 billion 5-year loan from the French State at an initial interest rate of 6% that could be increased to a maximum of 9% by the addition of a variable rate indexed to the Group's earnings.

€1 billion were repaid early on 10 September 2010.

In early 2011, the Managing Board decided to repay the €2 billion balance of the loan, carried in the balance sheet under "Other long-term borrowings". The repayment was made in two €1 billion instalments on 25 February and 26 April. This led to the recognition of interest income of €69 million, corresponding to the difference between the loan's carrying amount on the date when the early repayment was decided and the actual amount of the early repayment.

European Investment Bank (EIB) loans

On 15 July 2010, Peugeot Citroën Automotives S.A. obtained a €200 million loan to finance part of the Group's research and development expenditure for a new vehicle project. The loan is due July 2017 with partial repayment starting from July 2013. It is at a reduced rate of interest and was therefore recognised at an estimated market rate of 4.51%. The amortised cost of the loan at inception amounted to €188 million and the investment subsidy represented by the reduced rate of interest amounted to €12 million.

On 27 October 2011, Peugeot Citroën Automobiles S.A. repaid the €125 million EIB loan obtained on 17 October 2006.

On 16 November 2011, Peugeot Citroën Automobiles S.A. obtained a new €125 million loan from the EIB that is repayable in equal annual installments between December 2013 and December 2017. The loan is at a reduced rate of interest and was therefore recognized at an estimated market interest rate of 7%. The amortised cost of the loan at inception amounted to €108 million and the subsidy represented by the reduced rate of interest amounted to €17 million.

Peugeot S.A. syndicated credit facility

On 9 July 2010, Peugeot S.A rolled over in advance a €2,400 million 3-year syndicated revolving credit facility (with two extensions of one year at the banks' option) with a group of 21 banks.

In July 2011, a first one-year extension was accepted by the banks, to July 2014.

Faurecia syndicated credit facility

In December 2011, Faurecia obtained a new €1,150 million syndicated credit facility. The facility comprises a €690 million tranche expiring in November 2014 with a two-year extension option and a €460 million tranche expiring in November 2016.

It was used to repay the previous syndicated credit facility.

B. CHARACTERISTICS OF THE PEUGEOT S.A. AND FAURECIA CONVERTIBLE BOND ISSUES (OCEANES)

Peugeot S.A. Oceanes

On 23 June 2009, Peugeot S.A. issued €575 million worth of Oceane bonds convertible or exchangeable for new or existing shares. The 22,908,365 bonds are due 1 January 2016 and pay interest at an annual nominal rate of 4.45%.

At 31 December 2011, 1,310 bonds had been converted. The debt component of the issue at that date amounted to €484 million.

Faurecia Oceanes

On 26 November 2009, Faurecia issued €211 million worth of Oceane bonds convertible or exchangeable for new or existing shares. The 11,306,058 bonds are due 1 January 2015 and pay interest at an annual nominal rate of 4.50%.

At 31 December 2011, 1,615 bonds had been converted into 1,617 new Faurecia shares. The debt component of the issue at that date amounted to €195 million.

29.2. CHARACTERISTICS OF BONDS AND OTHER BORROWINGS

	Carrying amount at 31 December 2011			
(in millions euros)	Non-current	Current	Issuing currency	Due
Manufacturing and sales companies (excl. Faurecia)				
2009 convertible bond issue – €575m	484	13	EUR	T1/2016
Faurecia				
2009 convertible bond issue – €211m	195	-	EUR	T1/2015
TOTAL CONVERTIBLE BOND ISSUES	**679**	**13**		
Manufacturing and sales companies (excl. Faurecia)				
2003 bond issue – €600m	834	10	EUR	T3/2033
2009 bond issue – €750m	744	29	EUR	T3/2014
2010 bond issue – €500m	497	14	EUR	T2/2015
2010 bond issue – €500m	498	4	EUR	T4/2013
2010 bond issue – €500m	495	4	EUR	T4/2016
2011 bond issue – €350m	351	3	EUR	T4/2013
2011 bond issue – €150m	150	1	EUR	T4/2016
2011 bond issue – €500m	496	9	EUR	T1/2016
Faurecia				
2011 bond issue – €350m	348	5	EUR	T4/2016
TOTAL BOND ISSUES	**4,413**	**79**		
Manufacturing and sales companies (excl. Faurecia) – euro-denominated loans				
EIB loan (1) – €400m	387	3	EUR	T2/2013
EIB loan (1) – €250m	250	-	EUR	T4/2014
EIB loan (1) – €200m	192	3	EUR	T3/2017
EIB loan (1) – €125m	109	-	EUR	T4/2017
FDES zero coupon loan (1)	24	-	EUR	T1/2020
Borrowings – Spain	133	3	EUR	2012 to 2026
Other borrowings	-	79	EUR	T1/2012
Manufacturing and sales companies (excl. Faurecia) – foreign currency loans				
Other borrowings	531	124	nc	nc
Faurecia				
Syndicated loan – France (2)	490	-	EUR	T4/2014
Syndicated loan – France (2)	-	-	EUR	T4/2016
Other borrowings	166	16	EUR	nc
TOTAL OTHER LONG-TERM BORROWINGS	**2,282**	**228**		

(1) EIB: European Investment Bank; FDES: French social and economic development fund.

(2) These contracts contain covenants based on financial ratios (see note 35.1.F).

29.3. CHARACTERISTICS OF OTHER SHORT-TERM FINANCING AND OVERDRAFT FACILITIES

(in millions euros)	Issuing currency	Carrying amount at 31 December 2011	Carrying amount at 31 December 2010
Commercial paper	EUR	269	252
Short-term loans	N/A	694	535
Bank overdrafts	N/A	266	318
Payments issued (1)	N/A	426	25
TOTAL		**1,655**	**1,130**

(1) This item corresponds to payments issued but not yet debited on bank statements as the due date was not a business day for the banks.

29.4. FINANCE LEASE LIABILITIES

The present value of future payments under finance leases reported in "Other borrowings" can be analysed as follows by maturity:

(in millions euros)	31 December 2011	31 December 2010
2011	-	274
2012	167	68
2013	58	45
2014	43	32
2015	38	33
2016	11	22
Subsequent years	106	133
	423	**607**
Less interest portion	(26)	(58)
PRESENT VALUE OF FUTURE LEASE PAYMENTS	**397**	**549**
Of which short-term	155	254
Of which long-term	242	295

29.5. SALES OF RECEIVABLES

Faurecia meets part of its financing needs by selling receivables to non-Group financial institutions (see note 22). The Automotive Division subsidiaries also use this financing method. At 31 December 2011, the financial resource corresponding to the proceeds from these receivables sales amounted to €640 million (€413 million at 31 December 2010).

The sold receivables are derecognised when they meet the criteria specified in IFRS (see note 1.17). The financed portion of the receivables corresponds to the portion that gives rise to a cash inflow.

(in millions euros)	31 December 2011			31 December 2010		
	Total receivables sold to non-Group financial institutions	Portion not derecognised	Portion derecognised	Total receivables sold to non-Group financial institutions	Portion not derecognised	Portion derecognised
Maximum authorised facilities	**1,215**			**1,117**		
• of which Faurecia group	749			747		
Receivables sold to non-Group financial institutions	**691**	161	530	**464**	162	302
• of which Faurecia group	363	102	261	334	153	181
Financed portion	640	110	530	413	111	302
• of which Faurecia group	327	66	261	292	111	181
Portion not financed (including guarantee deposit)	51	51		51	51	
• of which Faurecia group	36	36		42	42	

In 2011, Peugeot S.A. and Faurecia sold and derecognised €96 million worth of 2010 French research tax credits. The sale proceeds received at 31 December 2011 amounted to €88 million.

NOTE 30 OTHER NON-CURRENT LIABILITIES

(in millions euros)	31 December 2011	31 December 2010
Liabilities related to vehicles sold with a buyback commitment	2,842	2,766
Derivative instruments (1)	15	-
Other	8	6
TOTAL	**2,865**	**2,772**

(1) Since 2009, this item includes the non-current portion of currency and commodity derivatives.

NOTE 31 FINANCING LIABILITIES – FINANCE COMPANIES

Financing liabilities are accounted for as described in note 1.15.C.

(in millions euros)	31 December 2011	31 December 2010
Bonds issued by securitisation funds (note 31.1)	3,963	3,381
Other bond debt	413	413
Other debt securities (note 31.2)	12,690	11,238
Bank borrowings (note 31.3)	4,995	6,280
	22,061	**21,312**
Customer deposits	482	392
	22,543	**21,704**
Amounts due to Group manufacturing and sales companies	*(257)*	*(152)*
TOTAL	**22,286**	**21,552**

31.1. BONDS ISSUED BY SECURITISATION FUNDS

Banque PSA Finance derives part of its financing from securitisation transactions, mainly involving pools of automobile loans. The new securitisation transactions carried out in 2011 with external investors are described in note 19 "Loans and receivables - Finance companies".

The transactions are reported under "Bonds issued by securitisation funds" for €3,963 million at 31 December 2011 (€3,381 million at 31 December 2010).

31.2. OTHER DEBT SECURITIES

"Other debt securities" consist mainly of EMTN/BMTNs for €8,425 million (€6,828 million at 31 December 2010) and retail certificates of deposit and commercial paper for €3,754 million (€4,086 million at 31 December 2010).

In 2011, Banque PSA Finance continued to diversify its financing sources, in line with the strategy followed in prior years.

It took advantage of strong investor demand in the fixed income markets to carry out the following EMTN issues:

- in January 2011, €750 million 3.875% issue due January 2015;
- in February 2011, €1,000 million 4.25% issue due February 2016;
- in April 2011, USD 1,250 million (€878 million at the issue date) on the US market:
  - USD 450 million at 3-month Libor + 190 bps, due April 2014,
  - USD 300 million at 3.375% due April 2014,
  - USD 250 million at 4.375% due April 2016,
  - USD 250 million at 5.75% due April 2021;
- in June 2011, €650 million 4.00% issue due June 2015.

In all, Banque PSA Finance raised over €3,278 million (based on issue date values) on the EMTN market during 2011.

31.3. BANK BORROWINGS

In 2011, Banque PSA Finance obtained two syndicated bank lines of credit. The first, obtained in January, is a €923 million two-year facility replacing the €1,510 million facility that was due to expire in July 2011. The second, obtained in December, is a €2,000 million 3-year facility (with two extensions of one year at the banks' option) replacing a previous facility for the same amount that was due to expire in June 2012.

Banque PSA Finance also obtained in 2011 bilateral confirmed lines of credit for a total of some €2 billion including back-up facilities of €1,865 million at 31 December 2011, of which €469 million had been drawn down at that date. The undrawn portion corresponds to long-term financing commitments received from banks.

31.4. ANALYSIS BY MATURITY

	31 December 2011				
(in millions euros)	Bonds issued by securitisation funds	Other bond debt	Other debt securities	Bank borrowings	Total
Less than 3 months	410	-	4,258	1,115	5,783
3 months to 1 year	761	-	1,940	1,519	4,220
1 to 5 years	2,758	413	6,299	2,361	11,831
Beyond 5 years	34	-	193	-	227
TOTAL	**3,963**	**413**	**12,690**	**4,995**	**22,061**

	31 December 2010				
(in millions euros)	Bonds issued by securitisation funds	Other bond debt	Other debt securities	Bank borrowings	Total
Less than 3 months	402	-	4,353	3,181	7,936
3 months to 1 year	893	-	1,789	829	3,511
1 to 5 years	1,811	413	5,096	2,270	9,590
Beyond 5 years	275	-	-	-	275
TOTAL	**3,381**	**413**	**11,238**	**6,280**	**21,312**

31.5. ANALYSIS BY REPAYMENT CURRENCY

All bonds are repayable in euros. Other financial liabilities can be analysed as follows by repayment currency:

	31 December 2011		31 December 2010	
(in millions euros)	Other debt securities	Bank borrowings	Other debt securities	Bank borrowings
EUR	15,203	3,499	14,324	4,900
GBP	-	712	-	775
USD	966	-	-	-
JPY	100	-	46	-
BRL	777	381	649	336
CHF	-	17	-	12
CZK	-	78	-	83
Other	20	308	13	174
TOTAL	**17,066**	**4,995**	**15,032**	**6,280**

NOTE 32 OTHER PAYABLES

32.1. MANUFACTURING AND SALES COMPANIES

(in millions euros)	31 December 2011	31 December 2010
Taxes payable other than income taxes	837	878
Personnel-related payables	1,051	1,010
Payroll taxes	468	469
Payable on fixed asset purchases	284	185
Customer prepayments	704	564
Derivative instruments (1)	164	66
Deferred income	446	356
Miscellaneous other payables (2)	680	409
TOTAL	**4,634**	**3,937**

(1) This item corresponds to the fair value of instruments purchased by the Group to hedge currency risks on current or forecast operating receivables and payables. These instruments are analysed by maturity in note 35, "Management of market risks".

(2) Including the €245 million due on the shares in Changan PSA Automobiles Co., Ltd which has not yet been called.

32.2. FINANCE COMPANIES

(in millions euros)	31 December 2011	31 December 2010
Personnel-related payables and payroll taxes	101	91
Derivative instruments (1)	186	235
Deferred income and accrued expenses	415	358
Miscellaneous other payables	402	328
TOTAL	**1,104**	**1,012**

(1) This item corresponds to the fair value of instruments purchased by the Group to hedge interest rate risks on finance receivables and financing liabilities. These instruments are analysed by maturity in note 35, "Management of market risks".

NOTE 33 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

33.1. ANALYSIS OF NET CASH AND CASH EQUIVALENTS REPORTED IN THE STATEMENTS OF CASH FLOWS

(in millions euros)	2011	2010
Cash and cash equivalents (note 25.1)	5,190	9,278
Payments issued (note 29.3)	(426)	(25)
Net cash and cash equivalents – manufacturing and sales companies	**4,764**	**9,253**
Net cash and cash equivalents – finance companies (note 25.2)	**1,154**	**1,316**
Elimination of intragroup transactions	*(224)*	*(127)*
TOTAL	**5,694**	**10,442**

33.2. ANALYSIS OF THE CHANGE IN WORKING CAPITAL

A. MANUFACTURING AND SALES COMPANIES

(in millions euros)	2011	2010
(Increase) decrease in inventories	(661)	(281)
(Increase) decrease in trade receivables [(1)]	(319)	138
Increase (decrease) in trade payables	97	677
Change in income taxes	12	(68)
Other changes	187	51
	(684)	**517**
Net cash flows with Group finance companies	*(3)*	*(11)*
TOTAL	**(687)**	**506**

(1) Including a €228 million decrease in receivables related to sales of receivables to non-Group financial institutions (€186 million decrease in 2010) (see note 22).

B. FINANCE COMPANIES

(in millions euros)	2011	2010
(Increase) decrease in finance receivables	(976)	(527)
(Increase) decrease in short-term investments	(85)	(14)
Increase (decrease) in financing liabilities	915	401
Change in income taxes	(8)	30
Other changes	(168)	(86)
	(322)	**(196)**
Net cash flows with Group manufacturing and sales companies	*(174)*	*128*
TOTAL	**(496)**	**(68)**

33.3. ANALYSIS OF THE CHANGE IN WORKING CAPITAL ITEMS – MANUFACTURING AND SALES COMPANIES

	2011						
(in millions euros)	At 1 January	Cash flows from operating activities	Cash flows from investing activities	Change in scope of consolidation and other	Translation adjustment	Revaluations taken to equity	At 31 December
Inventories	(5,947)	(661)	-	(50)	49	-	(6,609)
Trade receivables (1)	(2,051)	(319)	-	(24)	7	-	(2,387)
Trade payables	9,571	97	-	11	(4)	-	9,675
Income taxes	(110)	12	-	10	12	-	(76)
Other receivables	(1,959)	(61)	15	11	16	43	(1,935)
Other payables	3,937	518	87	56	(9)	45	4,634
	3,441	**(414)**	**102**	**14**	**71**	**88**	**3,302**
Net cash flows with Group finance companies	*108*	*(13)*	-	*10*	*1*	-	*106*
TOTAL	**3,549**	**(427)**	**102**	**24**	**72**	**88**	**3,408**

(1) Including a €228 million decrease in receivables related to sales of receivables to non-Group financial institutions (see note 22).

The 2011 negative change in working capital in the consolidated statement of cash flows (€684 million) corresponds to cash flows from operating activities (€414 million negative effect), exchange differences (€51 million negative effect) and other movements (€219 million negative effect) including the impact of the first time consolidation of Changan PSA Automobiles Co. Ltd., that do not have any impact on the statement of cash flows.

Cash flows from operating activities of the manufacturing and sales companies	**(414)**
Exchange differences	(51)
Other movements	(219)
CHANGE IN WORKING CAPITAL IN THE STATEMENT OF CASH FLOWS	**(684)**

	2010						
(in millions euros)	At 1 January	Cash flows from operating activities	Cash flows from investing activities	Change in scope of consolidation and other	Translation adjustment	Revaluations taken to equity	At 31 December
Inventories	(5,360)	(281)	-	(192)	(114)	-	(5,947)
Trade receivables (1)	(1,855)	138	-	(272)	(62)	-	(2,051)
Trade payables	8,424	677	-	315	155	-	9,571
Income taxes	(50)	(68)	-	14	(6)	-	(110)
Other receivables	(1,665)	(186)	(15)	(22)	(50)	(21)	(1,959)
Other payables	3,494	282	(4)	115	56	(6)	3,937
	2,988	**562**	**(19)**	**(42)**	**(21)**	**(27)**	**3,441**
Net cash flows with Group finance companies	*113*	*(77)*	-	*66*	*6*	-	*108*
TOTAL	**3,101**	**485**	**(19)**	**24**	**(15)**	**(27)**	**3,549**

(1) Including a €186 million decrease in receivables related to sales of receivables to non-Group financial institutions.

The 2010 positive change in working capital in the consolidated statement of cash flows (€517 million) corresponds to cash flows from operating activities (€562 million positive effect) less exchange differences (€45 million negative effect) that do not have any impact on the statement of cash flows.

Cash flows from operating activities of the manufacturing and sales companies	562
Exchange differences	*(45)*
CHANGE IN WORKING CAPITAL IN THE STATEMENT OF CASH FLOWS	**517**

33.4. ANALYSIS OF THE CHANGE IN OTHER FINANCIAL ASSETS AND LIABILITIES -MANUFACTURING AND SALES COMPANIES

(in millions euros)	2011	2010
Increase in borrowings	2,223	1,978
Repayment of borrowings and conversion of bonds	(4,439)	(1,673)
(Increase) decrease in non-current financial assets	(237)	18
(Increase) decrease in current financial assets	35	25
Increase (decrease) in current financial liabilities	57	(111)
	(2,361)	**237**
Net cash flows with Group finance companies	*78*	*(129)*
TOTAL	**(2,283)**	**108**

33.5. NET CHARGES TO DEPRECIATION, AMORTISATION AND IMPAIRMENT IN THE STATEMENT OF CASH FLOWS

(in millions euros)	2011	2010
Depreciation and amortisation expense (note 5)	(2,946)	(3,043)
Impairment of capitalised development costs (note 13.1)	(27)	-
Impairment of property, plant and equipment (note 14)	(57)	(7)
Negative goodwil recognised on a bargain purchase (note 7)	-	84
Other	(7)	-
TOTAL	**(3,037)**	**(2,966)**

33.6. INTEREST RECEIVED AND PAID BY THE MANUFACTURING AND SALES COMPANIES

(in millions euros)	2011	2010
Interest received	106	81
Interest paid	(536)	(451)
NET INTEREST RECEIVED (PAID)	**(430)**	**(370)**

NOTE 34 FINANCIAL INSTRUMENTS

A. FINANCIAL INSTRUMENTS REPORTED IN THE BALANCE SHEET

(in millions euros)	31 December 2011		Analysis by class of instrument				
	Carrying amount	Fair value	Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Investments in non-consolidated companies	86	86	-	86	-	-	-
Other non-current financial assets	1,061	1,061	547	122	157	-	235
Other non-current assets	452	452	1	109	342	-	-
Loans and receivables – finance companies	24,307	24,132	-	-	24,307	-	-
Short-term investments – finance companies	877	877	877	-	-	-	-
Trade receivables – manufacturing and sales companies	2,220	2,220	-	-	2,220	-	-
Other receivables	2,795	2,795	-	-	2,364	-	431
Current financial assets	265	265	-	-	238	-	27
Cash and cash equivalents	6,120	6,120	6,120	-	-	-	-
ASSETS	**38,183**	**38,008**	**7,545**	**317**	**29,628**	**-**	**693**
Non-current financial liabilities (1)	7,639	7,310	-	-	22	7,611	6
Other non-current liabilities (note 30)	23	23	-	-	8	-	15
Financing liabilities – finance companies	22,286	22,854	-	-	-	22,286	-
Trade payables	9,665	9,665	-	-	9,665	-	-
Other payables	5,434	5,434	-	-	5,126	-	308
Current financial liabilities	2,140	2,140	-	-	-	2,134	6
LIABILITIES	**47,187**	**47,426**	**-**	**-**	**14,821**	**32,031**	**335**

(1) The fair values of the Oceane convertible bonds issued by Peugeot S.A. (€573 million) and Faurecia (€227 million) correspond to their quoted market prices at the balance sheet date and therefore include both the debt component measured at amortised cost and the equity component represented by the conversion option.

(in millions euros)	31 December 2010 Carrying amount	Fair value	Analysis by class of instrument: Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Investments in non-consolidated companies	102	102	-	102	-	-	-
Other non-current financial assets	928	928	410	191	150	-	177
Other non-current assets	334	334	35	59	219	-	21
Loans and receivables – finance companies	23,338	23,154	-	-	23,338	-	-
Short-term investments – finance companies	707	707	707	-	-	-	-
Trade receivables – manufacturing and sales companies	1,876	1,876	-	-	1,876	-	-
Other receivables	2,577	2,577	-	-	2,296	-	281
Current financial assets	306	306	-	-	282	-	24
Cash and cash equivalents	10,467	10,467	10,467	-	-	-	-
ASSETS	**40,635**	**40,451**	**11,619**	**352**	**28,161**	**-**	**503**
Non-current financial liabilities (1)	8,259	8,747	-	-	31	8,216	12
Other non-current liabilities (note 30)	6	6	-	-	6	-	-
Financing liabilities – finance companies	21,552	21,623	-	-	-	21,552	-
Trade payables	9,561	9,561	-	-	9,561	-	-
Other payables	4,644	4,644	-	-	4,370	-	274
Current financial liabilities	3,213	3,190	-	-	-	3,206	7
LIABILITIES	**47,235**	**47,771**	**-**	**-**	**13,968**	**32,974**	**293**

(1) The fair values of the Oceane convertible bonds issued by Peugeot S.A. (€760 million) and Faurecia (€274 million) correspond to their quoted market prices at the balance sheet date and therefore include both the debt component measured at amortised cost and the equity component represented by the conversion option.

The fair value of financial instruments held by the Group is calculated whenever it can be estimated reliably on the basis of market data for assets considering that they are not intended to be sold. The fair value of financial instruments traded on an active market is based on the market price at the balance sheet date. The market price used for financial assets held by the Group is the bid price on the market at the measurement date.

The main valuation methods applied are as follows:

FINANCIAL ASSETS CLASSIFIED AS "AT FAIR VALUE THROUGH PROFIT OR LOSS" AND "DERIVATIVE INSTRUMENTS"

- The fair value of cash and cash equivalents is equivalent to their carrying amount, in view of their short maturities.
- Other items recognised at fair value through profit or loss and derivative interest rate and currency hedging instruments are measured by using a valuation technique that benchmarks interbank rates (such as Euribor) and daily foreign exchange rates set by the European Central Bank. Derivative commodity hedging instruments are valued by external experts. All the financial instruments in this category are financial assets and liabilities designated at fair value through profit or loss on initial recognition in accordance with the criteria set out in note 1.15.

FINANCIAL ASSETS CLASSIFIED AS "AVAILABLE FOR SALE"

- Investments in non-consolidated companies are stated at fair value in the balance sheet, in accordance with IAS 39 (note 1.15.B (2) (a)).
- For Other non-current financial assets classified as available-for-sale, fair value corresponds to their quoted market price at the balance sheet date (note 1.15.B (2) (b)).
- Other non-current assets classified as available-for-sale correspond to units in Fonds de Modernisation des Equipementiers Automobiles (FMEA). FMEA is a fund to support automotive equipment manufacturers set up at the French government's initiative under France's Automotive Industry Pact signed on 9 February 2009. The FMEA units are measured at fair value. This corresponds to their net asset value at the balance sheet date (note 1.15.B (2) (c)) which reflects the fair value of the investments held by the fund. In the first twelve months from the date of acquisition, the fair value of unlisted investments held by the fund is considered as being equal to their cost, as adjusted where appropriate for the effects of any unfavourable post-acquisition events. Beyond the first twelve months, their fair value will be adjusted where appropriate based on a valuation performed using the P/E method, and whenever any unfavourable events occur subsequent to the date of the fund manager's most recent estimate.

FINANCIAL ASSETS AND LIABILITIES CLASSIFIED AS "LOANS AND RECEIVABLES" AND "OTHER PAYABLES"

- "Loans and receivables - finance companies" are stated at amortised cost measured using the effective interest method, and are generally hedged against interest rate risks. The hedged portion is remeasured at fair value in accordance with hedge accounting principles, with the result that the margin is excluded from the remeasurement. The fair value presented above is estimated by discounting future cash flows at the rate applicable to similar loans granted at the balance sheet date.
- The fair value of "Trade receivables - manufacturing and sales companies", "Other receivables", "Trade payables" and "Other payables" is considered as being equivalent to carrying amount, after deducting accumulated impairment if any (note 1.17), due to their very short maturities.
- The fair value of other financial assets and liabilities classified in "Loans and receivables" and "Other receivables" also corresponds to carrying amount.

FINANCIAL LIABILITIES CLASSIFIED AS "AT AMORTISED COST"

- "Non-current financial liabilities", "Current financial liabilities" and "Financing liabilities" are stated at amortised cost measured using the effective interest method. Financial liabilities hedged by interest rate swaps are accounted for in accordance with hedge accounting principles, by remeasuring at fair value the portion affected by changes in interest rates. The fair value of financial liabilities presented above is determined by taking into account market data and the Group's estimated credit risk at the balance sheet date.

B. INFORMATION ABOUT FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

	31 December 2011		
	Instruments recognised at fair value		
(in millions euros)	Derivative instruments	Instruments at fair value through profit or loss	Available-for-sale financial assets
Level 1 fair value inputs: quoted market prices			
Investments in non-consolidated companies	-	-	-
Other non-current financial assets	-	238	122
Other non-current assets	-	-	-
Short-term investments – finance companies	-	-	-
Other receivables	-	-	-
Current financial assets	-	-	-
Cash and cash equivalents	-	4,352	-
Level 2 fair value inputs: based on observable market data			
Investments in non-consolidated companies	-	-	-
Other non-current financial assets	235	309	-
Other non-current assets	-	1	-
Short-term investments – finance companies	-	877	-
Other receivables	431	-	-
Current financial assets	27	-	-
Cash and cash equivalents [(1)]	-	1,768	-
Level 3 fair value inputs: not based on observable market data			
Investments in non-consolidated companies	-	-	86
Other non-current financial assets	-	-	-
Other non-current assets	-	-	109
Short-term investments – finance companies	-	-	-
Other receivables	-	-	-
Current financial assets	-	-	-
Cash and cash equivalents	-	-	-
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**693**	**7,545**	**317**

(1) Corresponding to traditional instruments for investing available cash such as certificates of deposit, commercial paper and money market notes.

	31 December 2010		
	Instruments recognised at fair value		
(in millions euros)	Derivative instruments	Instruments at fair value through profit or loss	Available-for-sale financial assets
Level 1 fair value inputs: quoted market prices			
Investments in non-consolidated companies	-	-	-
Other non-current financial assets	-	237	191
Other non-current assets	-	-	-
Short-term investments – finance companies	-	-	-
Other receivables	-	-	-
Current financial assets	-	-	-
Cash and cash equivalents	-	5,796	-
Level 2 fair value inputs: based on observable market data			
Investments in non-consolidated companies	-	-	-
Other non-current financial assets	177	173	-
Other non-current assets	21	35	-
Short-term investments – finance companies	-	707	-
Other receivables	281	-	-
Current financial assets	24	-	-
Cash and cash equivalents [(1)]	-	4,671	-
Level 3 fair value inputs: not based on observable market data			
Investments in non-consolidated companies	-	-	102
Other non-current financial assets	-	-	-
Other non-current assets	-	-	59
Short-term investments – finance companies	-	-	-
Other receivables	-	-	-
Current financial assets	-	-	-
Cash and cash equivalents	-	-	-
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**503**	**11,619**	**352**

(1) Corresponding to traditional instruments for investing available cash such as certificates of deposit, commercial paper and money market notes.

(in millions euros)	31 December 2011 Derivative instruments	Instruments at fair value through profit or loss	Other payables
Level 1 fair value inputs: quoted market prices			
Non-current financial liabilities	-	-	-
Other non-current liabilities	-	-	-
Other payables	-	-	-
Current financial liabilities	-	-	-
Level 2 fair value inputs: based on observable market data			
Non-current financial liabilities	(6)	-	-
Other non-current liabilities	(15)	-	-
Other payables	(308)	-	-
Current financial liabilities	(6)	-	-
Level 3 fair value inputs: not based on observable market data			
Non-current financial liabilities (1)	-	-	(22)
Other non-current liabilities	-	-	-
Other payables	-	-	-
Current financial liabilities	-	-	-
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**(335)**	**-**	**(22)**

(1) *The change in "Non-current financial assets" as measured based on Level 3 fair value imputs is recognised in "Income and expenses recognised directly in equity, net".*

(in millions euros)	31 December 2010 Derivative instruments	Instruments at fair value through profit or loss	Other payables
Level 1 fair value inputs: quoted market prices			
Non-current financial liabilities	-	-	-
Other non-current liabilities	-	-	-
Other payables	-	-	-
Current financial liabilities	-	-	-
Level 2 fair value inputs: based on observable market data			
Non-current financial liabilities	(12)	-	-
Other non-current liabilities	-	-	-
Other payables	(274)	-	-
Current financial liabilities	(7)	-	-
Level 3 fair value inputs: not based on observable market data			
Non-current financial liabilities (1)	-	-	(31)
Other non-current liabilities	-	-	-
Other payables	-	-	-
Current financial liabilities	-	-	-
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**(293)**	**-**	**(31)**

(1) *The change in "Non-current financial assets" as measured based on Level 3 fair value imputs is recognised in "Income and expenses recognised directly in equity, net".*

ANALYSIS OF FINANCIAL ASSETS MEASURED USING LEVEL 3 FAIR VALUE INPUTS

(in millions euros)	2011	2010
Fair value of financial assets at 1 January (level 3 inputs)	161	112
Gain or loss recorded under "Income and expenses recognised directly in equity"	1	(4)
Gain or loss recorded in profit or loss for the period	-	(9)
Purchases/financial assets consolidated for the first time	31	89
Sales/financial assets excluded from the scope of consolidation	-	(30)
Reclassification to another level in the fair value hierarchy	-	-
Translation reserve	2	3
FAIR VALUE OF FINANCIAL ASSETS AT 31 DECEMBER (LEVEL 3 INPUTS)	**195**	**161**

C. EFFECT OF FINANCIAL INSTRUMENTS ON PROFIT OR LOSS

	2011	Analysis by class of instrument				
(in millions euros)	Income Statement Impact	Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	7	-	-	7	-	-
Total interest expense	(297)	-	-	(2)	(295)	-
Remeasurement [1]	32	108	-	5	(17)	(64)
Disposal gains and dividends	(213)	-	8	(221)	-	-
Net impairment	26	-	-	26	-	-
Total – manufacturing and sales companies	**(445)**	**108**	**8**	**(185)**	**(312)**	**(64)**
Finance companies						
Total interest income	1,619	-	-	1,619	-	-
Total interest expense	(722)	-	-	-	(722)	-
Remeasurement [1]	6	25	-	(7)	(139)	127
Net impairment	(115)	-	-	(115)	-	-
TOTAL – FINANCE COMPANIES	**788**	**25**	**-**	**1,497**	**(861)**	**127**
Net gain (loss)	**343**	**133**	**8**	**1,312**	**(1,173)**	**63**

(1) For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.

	2010	Analysis by class of instrument				
(in millions euros)	Income Statement Impact	Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	6	-	-	6	-	-
Total interest expense	(440)	-	-	-	(440)	-
Remeasurement [(1)]	31	80	-	(3)	-	(46)
Disposal gains and dividends	(163)	-	6	(169)	-	-
Net impairment	(23)	-	(9)	(14)	-	-
Total – manufacturing and sales companies	**(589)**	**80**	**(3)**	**(180)**	**(440)**	**(46)**
Finance companies						
Total interest income	1,591	-	-	1,591	-	-
Total interest expense	(541)	-	-	-	(541)	-
Remeasurement [(1)]	(171)	8	-	(128)	5	(56)
Net impairment	(129)	-	-	(129)	-	-
Total – finance companies	**750**	**8**	**-**	**1,334**	**(536)**	**(56)**
NET GAIN (LOSS)	**161**	**88**	**(3)**	**1,154**	**(976)**	**(102)**

(1) For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.

In the case of the finance companies, the total net gain or loss on financial assets and liabilities, as defined in IAS 39, is recognised in recurring operating income.

NOTE 35 MANAGEMENT OF MARKET RISKS

35.1. RISK MANAGEMENT POLICY

In the course of its business, the PSA Peugeot Citroën Group is exposed to currency and interest rate risks, as well as to other market risks arising, in particular, from changes in commodity prices and equity prices. The Group is also exposed to counterparty and liquidity risks.

A. CURRENCY RISK

Currency risk: manufacturing and sales companies

The manufacturing and sales companies manage their foreign exchange positions on transactions denominated in foreign currencies with the objective of hedging the risk of fluctuations in exchange rates. Automotive Division currency risks are managed centrally, for the most part by PSA International S.A. (PSAI) under the supervision of Group management. All products used by PSAI are standard products covered by International Swaps and Derivatives Association (ISDA) master agreements.

Automotive Division positions are managed primarily by entering into forward foreign exchange contracts, as soon as the foreign currency invoice is accounted for, covering the period to the settlement date.

At Group level, currency risks are managed by requiring manufacturing companies to bill sales companies in the latter's local currency (except in rare cases or where this is not allowed under local regulations). Currency risks on these intragroup billings are systematically hedged using forward foreign exchange contracts. The Automotive Division companies' intragroup loans are generally also hedged.

In most cases, the hedging strategy consists of purchasing options which act as an insurance policy that limits the maximum risk to the amount of the premium. These hedges are set up from time to time by PSAI under the supervision of Group management.

At 31 December 2011, the Automotive Division had no material hedges of forecast transactions.

The Group does not hedge its net investment in foreign operations.

PSAI also carries out proprietary transactions involving currency instruments. These transactions are subject to very strict exposure limits and are closely monitored on a continuous basis. They are the only non-hedging transactions carried out by companies in the PSA Peugeot Citroën Group and have a very limited impact on consolidated profit.

Market risks are detected and managed using the historical Value at Risk (VaR) method based on observed volatilities and exchange rates for the various currencies since the beginning of 2008. VaR represents the maximum possible loss on the portfolio, based on 95% and 99% confidence levels. for both of these confidence levels, applying historical VaR to the portfolio at 31 December 2011 would not have a material impact on Group earnings. This method assumes that future VaR will follow the same trend as historical VaR. It does not provide an indication of the losses that would be incurred under an extreme stress scenario.

Faurecia manages the currency risks incurred by its subsidiaries on commercial transactions principally through forward purchase and sale contracts or options, and foreign currency financing. Future transactions are hedged on the basis of cash flow forecasts drawn up during the budgeting process and approved by management. The derivative instruments used to hedge these future transactions qualify for cash flow hedge accounting. Subsidiaries located outside the euro zone receive intragroup loans in their functional currency. These loans are refinanced in euros, and the related currency risk is hedged by swaps.

Net position of the manufacturing and sales companies in the main currencies (open positions at 31 December)

The net position of the manufacturing and sales companies in the main foreign currencies is as follows:

	31 December 2011								
(in millions euros)	GBP	JPY	USD	PLN	CHF	ARS	RUB	CZK	Other
Total assets	242	81	417	50	34	173	312	195	209
Total liabilities	(517)	(123)	(3)	(11)	(1)	(5)	(161)	(125)	(191)
Forecast transactions (1)	(5)	-	146	(114)	-	-	-	(118)	(70)
NET POSITION BEFORE HEDGING	**(280)**	**(42)**	**560**	**(75)**	**33**	**168**	**151**	**(48)**	**(52)**
Derivative financial instruments	285	42	(533)	52	(27)	(167)	(277)	12	(17)
NET POSITION AFTER HEDGING	**5**	**-**	**27**	**(23)**	**6**	**1**	**(126)**	**(36)**	**(69)**

(1) This item mainly includes hedges of Faurecia's exposure to currency risk on forecast transactions for the next six months.

	31 December 2010								
(in millions euros)	GBP	JPY	USD	PLN	CHF	ARS	RUB	HRK	Other
Total assets	191	23	443	74	32	151	238	10	184
Total liabilities	(656)	(211)	-	(10)	-	(5)	(125)	-	(2)
Forecast transactions (1)	(9)	-	28	(72)	-	-	-	-	(97)
NET POSITION BEFORE HEDGING	**(474)**	**(188)**	**471**	**(8)**	**32**	**146**	**113**	**10**	**85**
Derivative financial instruments	468	188	(475)	(8)	(32)	(147)	(221)	(10)	(124)
NET POSITION AFTER HEDGING	**(6)**	**-**	**(4)**	**(16)**	**-**	**(1)**	**(108)**	**-**	**(39)**

(1) This item mainly includes hedges of Faurecia's exposure to currency risk on forecast transactions for the next six months.

A 5% increase or decrease in the year-end exchange rate of the main currencies in which the manufacturing and sales companies had open balance sheet positions at 31 December 2011 (see table below) would have the following direct impact on income before tax and equity:

(in millions euros)	GBP/EUR	CZK/EUR	PLN/EUR	RUB/EUR	USD/EUR	USD/DZD	USD/MXN	Other
Hypothetical fluctuation against the euro	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Impact on income before tax	-	4	1	6	1	3	-	5
Impact on equity	-	1	5	-	4	-	-	-

The following table shows the net position of the manufacturing and sales companies in the main foreign currencies versus the other currencies:

	31 December 2011					
(in millions euros)	TRY/USD	USD/CAD	USD/MXN	USD/BRL	USD/ARS	USD/DZD
Total assets	1	60	19	48	73	-
Total liabilities	-	-	-	(13)	(109)	(62)
Forecast transactions (1)	-	(25)	(71)	-	-	-
NET POSITION BEFORE HEDGING	**1**	**35**	**(52)**	**35**	**(36)**	**(62)**
Derivative financial instruments	-	(41)	42	(31)	32	-
NET POSITION AFTER HEDGING	**1**	**(6)**	**(10)**	**4**	**(4)**	**(62)**

(1) This item mainly includes hedges of Faurecia's exposure to currency risk on forecast transactions for the next six months.

	31 December 2010					
(in millions euros)	USD/CAD	USD/MXN	USD/BRL	USD/ARS	USD/DZD	JPY/RUB
Total assets	35	34	67	49	-	-
Total liabilities	-	-	(37)	(115)	(78)	(3)
Forecast transactions (1)	(8)	(26)	-	-	-	-
NET POSITION BEFORE HEDGING	**27**	**8**	**30**	**(66)**	**(78)**	**(3)**
Derivative financial instruments	(24)	(40)	(30)	67	-	-
NET POSITION AFTER HEDGING	**3**	**(32)**	**-**	**1**	**(78)**	**(3)**

(1) This item mainly includes hedges of Faurecia's exposure to currency risk on forecast transactions for the next six months.

Currency risk: finance companies

Group policy consists of not entering into any operational currency positions. Liabilities are matched with assets in the same currency, entity by entity, using appropriate financial instruments where necessary such as cross currency swaps, currency swaps and forward foreign exchange contracts.

The Group does not hedge its net investment in foreign operations.

The net position of the finance companies in the main foreign currencies is as follows:

	31 December 2011							
(in millions euros)	GBP	JPY	PLN	CHF	RUB	CZK	USD	Other
Total assets	1,877	-	99	375	130	88	-	233
Total liabilities	(504)	(100)	-	-	-	(77)	(966)	(134)
NET POSITION BEFORE HEDGING	**1,373**	**(100)**	**99**	**375**	**130**	**11**	**(966)**	**99**
Derivative financial instruments	(1,371)	100	(99)	(375)	(130)	(11)	966	(96)
NET POSITION AFTER HEDGING	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**3**

	31 December 2010							
(in millions euros)	GBP	JPY	MXN	PLN	CHF	RUB	CZK	Other
Total assets	1,599	-	41	181	380	116	22	139
Total liabilities	(489)	(46)	-	-	-	-	(1)	(63)
NET POSITION BEFORE HEDGING	**1,110**	**(46)**	**41**	**181**	**380**	**116**	**21**	**76**
Derivative financial instruments	(1,108)	46	(41)	(181)	(380)	(116)	(21)	(75)
NET POSITION AFTER HEDGING	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**1**

In view of the Group's hedging policy, a change in exchange rates at the level of the finance companies would not have any material impact on consolidated profit or equity.

B. INTEREST RATE RISK

Interest Rate Risk: Manufacturing and Sales Companies

Trade receivables and payables are due within one year and their value is not affected by the level of interest rates.

Cash surpluses and short-term financing needs of manufacturing and sales companies – except for Automotive Equipment companies – are mainly centralised at the level of GIE PSA Trésorerie, which invests net cash reserves on the financial markets in short-term instruments indexed to variable rates.

The gross borrowings of manufacturing and sales companies – excluding Automotive Equipment companies – consist mainly of fixed- and adjustable-rate long-term loans. Until 2008, the debt was converted to variable rate by means of derivatives qualifying for hedge accounting under IFRS; however, new borrowings obtained since 2009 have been kept at fixed rates in order to retain the benefit of record low fixed interest rates.

The 2001 bonds for which the fixed interest rate was swapped for a variable rate were repaid in full on 27 September 2011. This had the effect of reducing the proportion of the manufacturing and sales companies' borrowings (excluding Automotive Equipment companies) at variable rates of interest to 24%, based on the borrowings' nominal amounts.

Faurecia's interest rate risks are managed on a centralized basis by its Finance and Treasury Department, which reports to executive management. Hedging decisions are made by a Market Risk Committee that meets on a monthly basis. As Faurecia's borrowings are primarily at variable rates, its hedging policy aims to limit the effect on profit of an increase in short-term rates, mainly through the use of swaps, caps and other options in euros and dollars. Substantially all interest payable in 2011 and 2012 is hedged, along with part of the interest payable in 2013.

Some of Faurecia's derivative instruments have qualified for hedge accounting under IAS 39 since 2008. The other derivative instruments purchased by Faurecia represent economic hedges of interest rate risks on borrowings but do not meet the criteria in IAS 39 for the application of hedge accounting.

Faurecia is the only entity that holds cash flow hedges of interest rate risks.

The net interest rate position of manufacturing and sales companies is as follows:

		31 December 2011			
(in millions euros)		Intraday to 1 year	1 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	1,645	30	168	1,843
	Variable rate	4,080	-	-	4,080
Total liabilities	Fixed rate	(317)	(4,837)	(1,238)	(6,392)
	Variable rate	(3,026)	-	-	(3,026)
NET POSITION BEFORE HEDGING	**FIXED RATE**	**1,328**	**(4,807)**	**(1,070)**	**(4,549)**
	VARIABLE RATE	**1,054**	**-**	**-**	**1,054**
Derivative financial instruments	Fixed rate	(145)	-	834	689
	Variable rate	(689)	-	-	(689)
NET POSITION AFTER HEDGING	**FIXED RATE**	**1,183**	**(4,807)**	**(236)**	**(3,860)**
	VARIABLE RATE	**365**	**-**	**-**	**365**

		31 December 2010			
(in millions euros)		Intraday to 1 year	1 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	1,520	22	157	1,699
	Variable rate	8,103	-	-	8,103
Total liabilities	Fixed rate	(1,642)	(4,471)	(2,094)	(8,207)
	Variable rate	(2,810)	-	-	(2,810)
NET POSITION BEFORE HEDGING	**FIXED RATE**	**(122)**	**(4,449)**	**(1,937)**	**(6,508)**
	VARIABLE RATE	**5,293**	**-**	**-**	**5,293**
Derivative financial instruments	Fixed rate	(194)	-	738	544
	Variable rate	(544)	-	-	(544)
NET POSITION AFTER HEDGING	**FIXED RATE**	**(316)**	**(4,449)**	**(1,199)**	**(5,964)**
	VARIABLE RATE	**4,749**	**-**	**-**	**4,749**

Sensitivity tests show that a 100bps increase or decrease in average interest rates would have a negative or positive impact of approximately €9 million on income before tax in 2011 (€14 million in 2010).

Interest Rate Risk: Finance Companies

Banque PSA Finance's fixed-rate loans to customers of the Automotive Division are refinanced mainly through adjustable rate borrowings. The impact of changes in interest rates is hedged using appropriate instruments to match interest rates on the loans and the related refinancing.

Implementation of this strategy is overseen by the Bank's Refinancing Committee and led by Corporate Treasury. Interest rate risks on outstanding loans are attenuated through an assertive hedging policy, with a 3% ceiling on unhedged exposures (by country and by half-yearly maturity band) arising from the difficulty of precisely matching loan balances with the notional amounts of derivatives.

Concerning assets, fixed rate instalment loans are hedged by interest rate swaps that are purchased on the market as soon as the financing is granted. In practice, the swaps are purchased at ten-day intervals. Wholesale financing is granted at rates based on short-term market rates, while the liquidity reserve is invested at the same rates.

Concerning liabilities, all new interest-bearing debt is converted to a rate based on a 3-month benchmark using appropriate hedging instruments.

Refinancing costs for new retail loans may be capped through the occasional use of options.

The net interest rate position of finance companies is as follows:

		31 December 2011			
(in millions euros)		Intraday to 1 year	1 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	7,392	10,569	-	17,961
	Variable rate	8,434	-	-	8,434
Total liabilities	Fixed rate	(2,095)	(6,203)	(178)	(8,476)
	Variable rate	(13,288)	(13)	-	(13,301)
NET POSITION BEFORE HEDGING	**FIXED RATE**	**5,297**	**4,366**	**(178)**	**9,485**
	VARIABLE RATE	**(4,854)**	**(13)**	**-**	**(4,867)**
Derivative financial instruments (1)	Fixed rate	(4,027)	579	178	(3,270)
	Variable rate	3,994	-	-	3,994
NET POSITION AFTER HEDGING	**FIXED RATE**	**1,270**	**4,945**	**-**	**6,215**
	VARIABLE RATE	**(860)**	**(13)**	**-**	**(873)**

(1) Including five swaps representing isolated open positions for €655 million and five swaps reclassified as trading securities for €69 million. These swaps do not have a material impact on the income statement.

		31 December 2010			
(in millions euros)		Intraday to 1 year	1 to 5 years	Beyond 5 years	Total
Total assets	Tx Fixe	7,500	10,305	-	17,805
	Tx Variable	7,785	-	-	7,785
Total liabilities	Tx Fixe	(1,552)	(5,231)	-	(6,783)
	Tx Variable	(14,543)	-	-	(14,543)
NET POSITION BEFORE HEDGING	**TX FIXE**	**5,948**	**5,074**	**-**	**11,022**
	TX VARIABLE	**(6,758)**	**-**	**-**	**(6,758)**
Derivative financial instruments (1)	Tx Fixe	(4,641)	(958)	-	(5,599)
	Tx Variable	5,924	-	-	5,924
NET POSITION AFTER HEDGING	**TX FIXE**	**1,307**	**4,116**	**-**	**5,423**
	TX VARIABLE	**(834)**	**-**	**-**	**(834)**

(1) Including two swaps representing isolated open positions for €325 million. These swaps do not have a material impact on the income statement.

Sensitivity tests show that a 100 bps increase or decrease in average interest rates would have an impact on income before tax of less than €5 million in 2011 (€7 million in 2010).

C. EQUITY RISK

Equity risk corresponds to the price risk arising from a fall in the value of equities held by the Group.

Price change assumptions are based on average historical and implicit volatilities observed for the CAC 40 index over the reporting year.

(in millions euros)	31 December 2011 Available-for-sale financial assets	31 December 2011 Financial assets at fair value through profit or loss
Balance sheet position (Other non-current financial assets)	122	84
Sensitivity of earnings	-	(25)
Sensitivity of equity	(37)	N/A
Unfavourable change assumption	30%	30%

(in millions euros)	31 December 2010 Available-for-sale financial assets	31 December 2010 Financial assets at fair value through profit or loss
Balance sheet position (Other non-current financial assets)	191	88
Sensitivity of earnings	-	(18)
Sensitivity of equity	(38)	N/A
Unfavourable change assumption	20%	20%

D. COMMODITY RISK

The Automotive Division's exposure to commodity risks is tracked jointly by the Purchasing Department and PSA International S.A. (PSAI) which is responsible for hedging the Group's currency and commodity risks, while Faurecia's commodity risks are managed independently. The Automotive Division's commodity risks are reviewed at quarterly intervals by a Metals Committee chaired by the Group's Chief Financial Officer. This Committee monitors hedging gains and losses, reviews each commodity that may have a material impact on the Group's operating income and sets hedging targets in terms of volumes and prices over periods of up to three years. Cash flow hedges are used only when they qualify for hedge accounting under IAS 39.

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

In 2011 and 2010, part of the Automotive Division's exposure to fluctuations in commodity prices was hedged using derivative instruments traded on regulated markets. The aim of these hedges was to minimize the impact of changes in commodity prices on physical deliveries for the Group's production needs. In 2011, hedging volumes were relatively stable, with hedges covering certain future purchases through 2014.

In 2011, commodity hedges concerned purchases of aluminium, copper, lead, platinum, palladium and rhodium.

For the Automobile Division, in the event of a 32% rise (fall) in base metal prices (aluminium, copper and lead) and a 27% rise (fall) in precious metal prices (platinum, palladium and rhodium), the impact of the commodity hedges held at 31 December 2011 would have been a €139 million increase (decrease) in consolidated equity at that date (versus €152 million at 31 December 2010). As all commodity hedges qualified as cash flow hedges under IAS 39, changes in the fair value of these instruments resulting from changes in the prices of the hedged commodities would not have had any impact on 2011 profit.

The commodity price trend assumptions were determined based on the average historical and implicit volatilities observed on the relevant commodity markets in the reporting year.

Faurecia's sales contracts with customers do not include any indexation clause based on commodity prices. The risk of an unfavourable change in commodity prices is attenuated through a policy of regular price negotiations with customers and tight inventory management. Faurecia does not use derivative instruments to hedge its raw materials and energy purchases.

E. COUNTERPARTY AND CREDIT RISK

Counterparty Risk: Manufacturing and Sales Companies

The Automotive Division places significant emphasis on guaranteeing the security of payments for the goods and services delivered to customers. Relations with Peugeot and Citroën dealers are managed within the framework of the Banque PSA Finance sales financing system described below. Payments from other Group customers are secured by arrangements with leading counterparties that are validated by the Group Treasury Committee.

At Faurecia, the main counterparties are leading carmakers whose creditworthiness is tracked customer-by-customer.

Other counterparty risks concern investments of available cash and transactions involving currency, interest rate and commodity derivatives. These two types of transactions are carried out solely with leading financial partners approved by the Group Treasury Committee. The related counterparty risks are managed through a system of exposure limits by amount and by commitment duration. The limits are determined according to a range of criteria including the results of specific financial analyses by counterparty, the counterparty's credit rating and the amount of its equity capital.

Available cash is invested either in money market securities issued by approved counterparties, or in mutual funds or deposit accounts. The bulk of money market securities in the portfolio are issued by leading banks and the remainder by non-financial sector issuers. Mutual funds are selected according to guidelines specifying minimum fund credit ratings and maximum maturities of underlying assets. In addition, the amount invested in each fund is capped based on the fund's total managed assets.

Derivatives transactions are governed by standard ISDA or Fédération Bancaire Française (FBF) agreements and contracts with the most frequently used counterparties provide for weekly margin calls.

Counterparty risk: finance companies

Banque PSA Finance's exposure to credit risk corresponds to the risk of losses due to borrower default or borrower failure to fulfil their contractual obligations. The counterparties concerned are Peugeot and Citroën dealers and the dealers' retail customers. In the event of default, Banque PSA Finance generally has the right to repossess the vehicle and sell it on the used vehicle market. The risk that the vehicle's selling price on the used vehicle market will be less than the outstanding debt is taken into account in determining the amount of the related impairment (see note 1.15.B)

Wholesale lending decisions for fleet customers and dealers are made internally by the local Credit Committees based on a detailed risk assessment. Depending on the amount involved, the decision may require the approval of a central Credit Committee. The local committees are assigned clearly defined lending limits and compliance with these limits is checked regularly.

The Corporate Lending department is responsible for controlling wholesale financing credit risks throughout the credit cycle, using Basel II-compliant credit scoring systems. The systems are tested regularly to ensure that they are reliable. They contribute to determining commitment levels and lending limits, and to defining detailed management and control rules. Their effectiveness is underpinned by high quality credit analyses performed by local units and headquarters teams, as well as by warning systems designed to ensure that incurred risks are identified and dealt with on a timely basis.

Retail loan acceptance processes are based on a credit scoring system that is managed and overseen by a dedicated expert unit at the Bank's headquarters. To enhance its effectiveness, the scoring system is adapted according to the specific characteristics of each local market. The headquarters-based credit risk control unit regularly assesses the credit scoring system's effectiveness, working closely with the French and international operating units that perform regular file reviews.

In 2010, particular emphasis was placed on improving recovery rates for troubled retail loans. A dedicated headquarters-based collections unit leads the activities of all the finance companies in this area, manages their shared collection systems and oversees the two collection call centres.

The following table presents the ageing analysis of sound finance company loans with past due installments that have not been written down:

AGEING ANALYSIS OF SOUND LOANS WITH PAST DUE INSTALLMENTS THAT HAVE NOT BEEN WRITTEN DOWN

(in millions euros)	31 December 2011	31 December 2010
Up to 90 days past due	156	107
90 to 180 days past due	62	45
180 days to 1 year past due	19	119
More than 1 year past due	130	11
TOTAL	**367**	**282**

Loans to corporate dealers and corporate and equivalent financing for which one or more installments are more than 90 days past due (or 270 days for loans to local administrations) are not classified as non-performing when non-payment is due to an incident or a claim and is not related to the borrower's ability to pay.

Concerning concentration of credit risks, Banque PSA Finance continually monitors its largest exposures to ensure that they remain at reasonable levels and do not exceed the limits set in banking regulations. The Bank's ten largest weighted exposures other than with PSA Peugeot Citroën Group entities amounted to €1,609 million in 2011 (€1,451 million in 2010).

As Banque PSA Finance is structurally in a net borrower position, its exposure to other financial counterparties is limited to (i) the investment of funds corresponding to the liquidity reserve and of any excess cash, and (ii) the use of derivatives (swaps and options) to hedge currency and interest rate risks.

Available cash is invested in money market securities issued by leading banks, in deposit accounts with leading banks or in mutual funds offering a capital guarantee and a guaranteed yield.

Financial analyses are performed to ensure that each counterparty operates on a sustainable basis and has adequate capital resources. The results of the analysis are used to award an internal rating to the counterparty and to set acceptable exposure limits. These limits are defined by type of transaction (investments and derivatives), and cover both amounts and durations. Utilisation of these limits is assessed and checked daily. Derivatives transactions are governed by standard ISDA or FBF agreements and contracts with the most frequently used counterparties provide for weekly margin calls. Derivative contracts are entered into solely with counterparties rated A or higher.

F. LIQUIDITY RISK

Liquidity Risk: Manufacturing and Sales Companies

In the prevailing economic environment, the Group kept up its proactive refinancing strategy and conservative liquidity policy, in order to meet its general financing needs, particularly the financing of current and future growth projects. The strategy is defined by the Chief Financial Officer with the Finance & Treasury Department and submitted to the Supervisory Board's Finance and Audit Committee. The Group's cash forecasts, financing needs and interest income and expenses are reviewed at monthly meetings of the Treasury and Foreign Exchange Committee chaired by the Chief Financial Officer.

The Committee also performs checks to ensure that the Group has access to secure sources of financing at all times. The financing plan is implemented by the Finance & Treasury Department.

At 31 December 2011, the manufacturing and sales companies had net debt of €3,359 million (see note 36). Their long-term debt at that date amounted to €7,639 million, including €4,413 million worth of bonds and €2,282 million in other long-term borrowings, while their cash and cash equivalents totalled €5,190 million (see note 25.1).

Peugeot S.A. and GIE PSA Trésorerie also have access to a €2,400 million confirmed line of credit originally expiring in July 2013 that was extended in July 2011 by one year to July 2014. This facility is not subject to any special drawing restrictions. It was undrawn at 31 December 2011 (see note 36.2).

Faurecia has a €1,150 million confirmed line of credit, including a €690 million tranche expiring in November 2014 that had been drawn down in the amount of €490 million at 31 December 2011, and a €460 million tranche expiring in November 2016.

Contractual cash flows from financial liabilities and derivative instruments: manufacturing and sales companies

The following table shows undiscounted cash flows from financial liabilities and derivative instruments. They include principal repayments as well as future contractual interest payments. Foreign currency cash flows and variable or indexed cash flows have been determined on the basis of market data at the year-end.

(in millions euros)	Assets	Liabilities	Undiscounted contractual cash flows				
			0-3 months	3-6 months	6-12 months	1-5 years	> 5 years
FINANCIAL LIABILITIES							
Bonds – principal repayments							
Manufacturing and sales companies – excluding Faurecia		(4,549)	-	-	-	(3,825)	(600)
Faurecia		(543)	-	-	-	(561)	-
Bond interest							
Manufacturing and sales companies – excluding Faurecia		(87)	(30)	(28)	(171)	(745)	(612)
Faurecia		(5)	-	(17)	(27)	(150)	-
Other long-term debt – principal repayments							
Manufacturing and sales companies – excluding Faurecia		(1,832)	(103)	(13)	(103)	(1,340)	(453)
Faurecia		(656)	-	-	-	(656)	-
Interest on other long-term debt							
Manufacturing and sales companies – excluding Faurecia		(6)	(4)	(4)	(19)	(42)	(2)
Faurecia		(16)	(6)	(5)	(11)	(43)	-
Other short-term debt		(1,725)	(1,725)	-	-	-	-
Finance lease payments		(397)	-	-	(167)	(150)	(106)
Employee profit-sharing fund		(21)	-	-	(4)	(17)	-
DERIVATIVE INSTRUMENTS							
Interest rate derivatives							
• of which fair value hedges	244	-	4	3	7	53	225
• of which cash flow hedges	-	(6)	(1)	(1)	(1)	(1)	-
• of which trading instruments (1)	-	(1)	-	-	(1)	-	-
Currency derivatives							
• of which fair value hedges	2	(6)	(4)	-	-	-	-
• of which cash flow hedges	2	(13)	(6)	(6)	(2)	-	-
• of which trading instruments (2)	92	(105)	-	-	1	2	-
Commodity derivatives							
• of which cash flow hedges	2	(60)	(1)	(11)	(19)	(19)	-
TOTAL	**342**	**(10,028)**	**(1,876)**	**(82)**	**(517)**	**(7,494)**	**(1,548)**

(1) Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

(2) Currency trading instruments: Derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

Covenants

In November and December 2011, Faurecia implemented a new long-term financing plan by carrying out a €350 million bond issue and rolling over its €1,150 million syndicated bank line of credit ahead of the expiry date. The bonds and the syndicated line of credit are subject to certain covenants setting limits on debt and requiring Faurecia to comply with certain financial ratios, calculated at half-yearly intervals. All of the covenants were complied with at 31 December 2011.

The ratios are as follows:

Ratio		
Net debt*/EBITDA**	maximum	2.50
Interest cover (EBITDA**/net finance costs)	minimum	4.50

* *Consolidated net debt.*

** *EBITDA: Faurecia's Earnings Before Interest, Tax, Depreciation and Amortisation for the last twelve months.*

None of the other manufacturing and sales companies' borrowings are subject to any ratings triggers. In some cases, the borrower is required to give certain guarantees that are commonly required within the automotive industry, such as:

- negative pledge clauses, whereby the borrower undertakes not to give any assets as collateral to third parties (generally with certain exceptions);
- material adverse change clauses;
- *pari passu* clauses, requiring the lender to be treated at least as favourably as the borrower's other creditors;
- cross-default clauses, whereby if one loan goes into default, other loans from the same lender automatically become repayable immediately;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with the applicable legislation;
- change of control clauses.

In addition, EIB loans are dependent on the Group carrying out the projects being financed and, in some cases, require the Group to pledge a minimum amount of financial assets.

The Oceane convertible bonds are subject to standard clauses, such as the requirement to maintain a listing for Peugeot S.A. or Faurecia shares.

All of these clauses were complied with in 2011.

Liquidity Risk: Finance Companies

Banque PSA Finance has a capital base in line with regulatory requirements. Each year, a significant proportion of the year's net income is transferred to reserves, leading to robust regulatory ratios that reflect the quality of the asset base.

Its refinancing strategy consists of diversifying liquidity sources as broadly as possible, matching the maturities of assets and liabilities, and hedging all of its exposure to currency and interest rate risks. The Bank also endeavours to maintain a liquidity cushion in the form of undrawn confirmed syndicated lines of credit (see note 36.2) and, to a lesser extent, through permanent liquidity reserves. This strategy enabled the Bank to finance its operations during the recent severe turbulence in the financial markets without significantly weakening its liquidity position.

Refinancing is arranged with maturities that comfortably cover the maturities of the retail financing portfolio. In addition to current borrowings, the Bank has €6,678 million worth of undrawn syndicated lines of credit from leading banks expiring at four different dates through 2014, as well as various undrawn bilateral facilities for a total of €1,396 million.

In all, as in prior years these facilities are sufficient to cover over six months' wholesale and retail loan originations, based on constant outstanding loans at year-end.

Contractual Cash Flows: Finance Companies

Liquidity risk is analysed based on the contractual timing of cash inflows and outflows from detailed asset and liability items, determined by reference to the remaining period to maturity used to calculate Banque PSA Finance's consolidated liquidity ratio. Consequently, the cash flows do not include future contractual interest payments and derivative instruments used to hedge future contractual interest payments are not analysed by period.

Banque PSA Finance *(in millions euros)*	**31 December 2011**	**Not analysed**	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**> 5 years**
Assets							
Cash	1,154	-	1,154	-	-	-	-
Short-term investments – finance companies	877	10	857	3	7	-	-
Hedging instruments (1)	394	394	-	-	-	-	-
Other non-current financial assets	51	47	-	-	-	4	-
Loans and receivables – finance companies	24,387	734	5,484	2,663	4,679	10,676	151
TOTAL CASH FLOWS FROM ASSETS	**26,863**	**1,185**	**7,495**	**2,666**	**4,686**	**10,680**	**151**
Liabilities							
Hedging instruments (1)	(186)	(186)	-	-	-	-	-
Financing liabilities	(22,543)	-	(6,262)	(1,936)	(2,285)	(11,832)	(228)
TOTAL CASH FLOWS FROM LIABILITIES	**(22,729)**	**(186)**	**(6,262)**	**(1,936)**	**(2,285)**	**(11,832)**	**(228)**

(1) Intercompany loans and borrowings with manufacturing and sales companies are mainly short-term.

Covenants

The loan agreements signed by Banque PSA Finance, mainly in connection with issues of debt securities, include the customary acceleration clauses requiring the Group to give certain covenants to lenders. They include:

- negative pledge clauses whereby the borrower undertakes not to grant any collateral to any third parties. In the case of Banque PSA Finance, these clauses nevertheless comprise exceptions allowing the Group to carry out securitisation programmes or to give assets as collateral;
- material adverse change clauses;
- *pari passu* clauses which ensure that lenders enjoy at least the same treatment as the borrower's other creditors;
- cross-default clauses whereby if one loan goes into default, all other loans from the same lender automatically become repayable immediately;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with the applicable legislation;
- change of control clauses.

Besides, many of Banque PSA Finance's loan agreements include specific covenants requiring it to maintain a banking licence and to comply with the capital ratios applicable to all French banks.

35.2. HEDGING INSTRUMENTS: MANUFACTURING AND SALES COMPANIES

The various types of hedging instrument used and their accounting treatment are described in note 1.15 D (b).

A. DETAILS OF BALANCE SHEET VALUES OF HEDGING INSTRUMENTS AND NOTIONAL AMOUNTS HEDGED

	31 December 2011					
	Carrying amount			Maturity		
(in millions euros)	Assets	Liabilities	Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
Currency risk						
Fair value hedges:						
• Forward foreign exchange contracts	-	(1)	37	37	-	-
• Currency options	-	-	-	-	-	-
• Currency swaps	2	(5)	678	678	-	-
Cash flow hedges:						
• Forward foreign exchange contracts	2	(13)	334	334	-	-
Trading instruments [(1)]	92	(105)	6,217	6,162	55	-
Of which intragroup	*42*	-				
Total currency risks	**96**	**(124)**	**7,266**	**7,211**	**55**	**-**
Interest rate risk						
Fair value hedges:						
• Interest rate swaps	244	-	600	-	-	600
Cash flow hedges:						
• Interest rate options	-	(6)	435	250	185	-
Trading instruments [(2)]	-	(1)	252	213	39	-
Of which intragroup	-	-				
Total interest rate risks	**244**	**(7)**	**1,287**	**463**	**224**	**600**
Commodity risk						
Cash flow hedges:						
• Swaps	2	(60)	451	306	145	-
• Options	-	-	-	-	-	-
Total commodity risks	**2**	**(60)**	**451**	**306**	**145**	**-**
TOTAL	**342**	**(191)**	**9,004**	**7,980**	**424**	**600**
Of which:						
Total fair value hedges	**246**	**(6)**	**1,315**	**715**	**-**	**600**
Total cash flow hedges	**4**	**(79)**	**1,220**	**890**	**330**	**-**

(1) Currency trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

(2) Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

	31 December 2010					
	Carrying amount			Maturity		
(in millions euros)	Assets	Liabilities	Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
Currency risk						
Fair value hedges:						
• Forward foreign exchange contracts	-	(1)	70	70	-	-
• Currency options	-	-	-	-	-	-
• Currency swaps	-	-	728	728	-	-
Cash flow hedges:						
• Forward foreign exchange contracts	-	(2)	234	234	-	-
Trading instruments (1)	65	(69)	7,104	6,948	156	-
Of which intragroup	*31*	-				
Total currency risks	**65**	**(72)**	**8,136**	**7,980**	**156**	**-**
Interest rate risk						
Fair value hedges:						
• Interest rate swaps	199	-	1,855	1,255	-	600
Cash flow hedges:						
• Interest rate options	-	(13)	2,186	1,757	429	-
Trading instruments (2)	-	-	1,486	1,486	-	-
Of which intragroup	-	-				
Total interest rate risks	**199**	**(13)**	**5,527**	**4,498**	**429**	**600**
Commodity risk						
Cash flow hedges:						
• Swaps	66	-	489	299	190	-
• Options	-	-	-	-	-	-
Total commodity risks	**66**	**-**	**489**	**299**	**190**	**-**
TOTAL	**330**	**(85)**	**14,152**	**12,777**	**775**	**600**
Of which:						
Total fair value hedges	**199**	**(1)**	**2,653**	**2,053**	**-**	**600**
Total cash flow hedges	**66**	**(15)**	**2,909**	**2,290**	**619**	**-**

(1) Currency trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

(2) Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

B. IMPACT OF HEDGING INSTRUMENTS ON INCOME AND EQUITY: MANUFACTURING AND SALES COMPANIES

Impact of Cash Flow Hedges

(in millions euros)	2011	2010
Change in effective portion recognised in equity	(106)	80
Change in ineffective portion recognised in profit or loss	-	3
Effective portion reclassified to the income statement under "Cost of goods and services sold"	23	34
Effective portion reclassified to the income statement under "Finance costs"	-	-
Effective portion reclassified to the income statement under "Other financial income and expenses"	-	-

Impact of Fair Value Hedges

(in millions euros)	2011	2010
Gains and losses on hedged borrowings recognised in profit or loss	(58)	17
Gains and losses on hedges of borrowings recognised in profit or loss	58	(16)
NET IMPACT ON INCOME	**-**	**1**

The "Net gain (loss) on hedges of borrowings" presented in note 9 also includes gains and losses on economic hedges that do not qualify for hedge accounting under IAS 39.

35.3. HEDGING INSTRUMENTS: FINANCE COMPANIES

The different types of hedges and their accounting treatment are described in note 1.15 D (b).

A. DETAILS OF BALANCE SHEET VALUES OF HEDGING INSTRUMENTS AND NOTIONAL AMOUNTS HEDGED

Offsetting notional amounts have been netted to make the financial statements easier to read. However, separate disclosures are made at the foot of the page.

	31 December 2011					
	Carrying amount			Maturity		
(in millions euros)	Assets	Liabilities	Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
Currency risk						
Fair value hedges:						
• Currency swaps	99	(36)	3,272	3,272	-	-
Interest rate risk						
Fair value hedges:						
• Swaps on borrowings	15	-	592	337	255	-
• Swaps on EMTN/BMTN issues	175	(7)	7,666	1,540	5,948	178
• Swaps on bonds (1)	44	(44)	-	-	-	-
• Swaps on certificates of deposit	-	-	147	147	-	-
• Swaps on other debt securities	1	-	71	71	-	-
• Swaps on retail financing	7	(72)	11,759	6,122	5,637	-
• Accrued income/expenses on swaps	48	(22)	-	-	-	-
Cash flow hedges:						
• Swaptions	-	-	13	-	13	-
Trading instruments (2)	5	(5)	724	724	-	-
TOTAL	**394**	**(186)**	**24,244**	**12,213**	**11,853**	**178**
Of which Intragroup	*1*	*(42)*				
Total fair value hedges	**389**	**(181)**	**23,507**	**11,489**	**11,840**	**178**
Total cash flow hedges	**-**	**-**	**13**	**-**	**13**	**-**

(1) This item includes €3,162 million in swaps acquired as hedges that represent closed positions in the consolidated financial statements.

(2) Including five swaps representing isolated open positions for €655 million and five swaps reclassified as trading securities for €69 million. These swaps do not have a material impact on the income statement.

	31 December 2010					
	Carrying amount			Maturity		
(in millions euros)	Assets	Liabilities	Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
Currency risk						
Fair value hedges:						
• Currency swaps	3	(22)	2,052	2,052	-	-
Interest rate risk						
Fair value hedges:						
• Swaps on borrowings	25	(4)	624	82	542	-
• Swaps on EMTN/BMTN issues	28	(6)	6,008	1,350	4,658	-
• Swaps on bonds [1]	74	(74)	-	-	-	-
• Swaps on certificates of deposit	-	-	78	78	-	-
• Swaps on other debt securities	1	-	93	62	31	-
• Swaps on retail financing	3	(76)	12,402	6,213	6,189	-
• Accrued income/expenses on swaps	38	(29)	-	-	-	-
Cash flow hedges:						
• Swaptions	11	(3)	2,378	2,378	-	-
Trading instruments [2]	21	(21)	325	325	-	-
TOTAL	**204**	**(235)**	**23,960**	**12,540**	**11,420**	**-**
Of which Intragroup		*(27)*				
Total fair value hedges	**172**	**(211)**	**21,257**	**9,837**	**11,420**	**-**
Total cash flow hedges	**11**	**(3)**	**2,378**	**2,378**	**-**	**-**

(1) This item includes €2,811 million in swaps acquired as hedges that represent closed positions in the consolidated financial statements.

(2) Swaps representing a total notional amount of €1,053 million cancel each other out within portfolios of instruments with similar characteristics, mainly symmetrical swaps set up at the time of the securitisation transactions. At 31 December 2010, there were two swaps representing isolated open positions, for a total of €325 million.

B. IMPACT OF HEDGING INSTRUMENTS ON INCOME AND EQUITY: FINANCE COMPANIES

Impact of Cash Flow Hedges

(in millions euros)	2011	2010
Change in effective portion recognised in equity	12	9
Change in ineffective portion recognised in profit or loss	(7)	(10)
Effective portion reclassified to the income statement under "Cost of goods and services sold"	9	7

In order to cap the refinancing cost of mainly euro-denominated retail financing (installment contracts, buyback contracts and long-term leases) granted in 2011, Banque PSA Finance purchased and sold swaptions (options on interest rate swaps) expiring in the four quarters of 2011.

Impact of Fair Value Hedges

(in millions euros)	2011	2010
Gains and losses on hedged customer loans recognised in profit or loss	(7)	(129)
Gains and losses on hedges of customer loans recognised in profit or loss	8	132
NET IMPACT ON INCOME	**1**	**3**
Gains and losses on remeasurement of financial liabilities recognised in profit or loss	(139)	6
Gains and losses on remeasurement of hedges of financial liabilities recognised in profit or loss	139	(7)
NET IMPACT ON INCOME	**-**	**(1)**

NOTE 36 NET FINANCIAL POSITION OF MANUFACTURING AND SALES COMPANIES

36.1. ANALYSIS

(in millions euros)	31 December 2011	31 December 2010
Financial assets and liabilities of manufacturing and sales companies		
Cash and cash equivalents	5,190	9,278
Other non-current financial assets	1,035	796
Current financial assets	265	306
Non-current financial liabilities	(7,639)	(8,259)
Current financial liabilities	(2,210)	(3,357)
(NET DEBT) NET FINANCIAL POSITION OF MANUFACTURING AND SALES COMPANIES	**(3,359)**	**(1,236)**
o/w external loans and borrowings	(3,538)	(1,244)
o/w financial assets and liabilities with finance companies	179	8

36.2. LINES OF CREDIT

The Group now has the following additional borrowing capacity under revolving lines of credit expiring at various dates through to 2016:

(in millions euros)	31 December 2011	31 December 2010
Peugeot S.A. and GIE PSA Trésorerie (1)	2,400	2,400
Faurecia (2)	660	505
Banque PSA Finance group (3)	7,955	8,375
CONFIRMED UNDRAWN LINES OF CREDIT	**11,015**	**11,280**

(1) This €2,400 million facility that was due to expire in July 2013 was rolled over in July 2011 to extend its expiry date until July 2014 (see note 29.1).

(2) Faurecia's additional borrowing capacity is represented by a €1,150 million syndicated line of credit that was not fully drawn down at 31 December 2011:

- *€200 million were undrawn on a €690 million tranche expiring in November 2014,*
- *A €460 million tranche expiring in 2016 was also undrawn.*

(3) Of which, the following loans or facilities, with bilateral credit lines and a €923 million loan to be drawn down first:

- *€1,396 million undrawn on long-term bilateral back-up facilities, out of a total available amount of €1,865 million,*
- *€723 million undrawn on a €923 million line of credit expiring in January 2013,*
- *€1,755 million expiring in July 2013,*
- *€2,000 million expiring in June 2014,*
- *€2,000 million expiring in December 2014.*

NOTE 37 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Off-balance sheet commitments given in the normal course of business were as follows at 31 December 2011:

(in millions euros)	31 December 2011	31 December 2010
Manufacturing and sales companies		
• Commitments to invest in subsidiaries, associates or joint ventures	-	227
• Financing commitments (note 37.1)		
Guarantees given	168	170
Pledged or mortgaged assets [(1)]	716	758
• Operating commitments (note 37.2)		
Capital commitments for the acquisition of non-current assets	1,361	1,138
Orders for research and development work	71	46
Financing commitments	162	280
Minimum purchase commitments	880	840
Non-cancellable lease commitments [(1)]	1,107	1,102
Retirement obligations not recognised in the balance sheet	169	146
	4,634	**4,707**
Finance companies		
Financing commitments to financial institutions	-	-
Financing commitments to customers [(2)]	1,465	1,652
Guarantees given on behalf of customers and financial institutions [(3)]	1,239	1,335
	2,704	**2,987**

(1) The amounts reported in 2010 have been corrected as follows:

- *pledged or mortgaged assets are shown for €758 million, versus an originally reported €290 million; this amount corresponds to assets pledged as collateral by Peugeot Citroën do Brasil for a 1999 loan from the Rio de Janeiro state authorities;*
- *non-cancellable lease commitments are shown for €1,102 million, versus an originally reported €814 million;*
- *minimum purchase commitments are shown for €840 million, versus an originally reported €509 million.*

(2) Financing commitments to customers are given for periods of 0 to 3 months.

(3) This item includes receivables given as collateral to Société de Financement de l'Economie Française (SFEF), pursuant to France's amended 2008 Finance Act (Act no. 2008-1061 of 16 October 2008) and to the Bundesbank by Banque PSA Finance's German branch.

37.1. FINANCING-RELATED COMMITMENTS

PLEDGED OR MORTGAGED ASSETS

This item includes the French government bonds (OATs) given as collateral for loans from the European Investment Bank (EIB).

The following table analyses pledged and mortgaged assets by commitment period.

PLEDGES OR MORTGAGES EXPIRING IN THE YEARS INDICATED

(in millions euros)	31 December 2011	31 December 2010
2011	-	63
2012	2	1
2013	97	95
2014	82	101
2015	2	-
2016	1	
Subsequent years	532	498
TOTAL PLEDGED OR MORTGAGED ASSETS	**716**	**758**
Total assets	68,991	68,491
Percentage of total assets	1.0%	1.1%

37.2. OPERATIONS-RELATED COMMITMENTS

The Group is involved in claims and litigation arising in the normal course of business. Based on the information currently available, the outcome of this litigation is not expected to result in an outflow of economic resources without anything in return.

MINIMUM PURCHASE COMMITMENTS

In order to speed up its growth and reduce costs, the Group has entered into cooperation agreements with other carmakers for the joint development and/or manufacture of mechanical sub-assemblies or vehicles. These joint arrangements enable the partners to share project costs, delivering economies of scale that translate into competitive advantage.

Under the terms of these agreements, the Group is committed to financing investment in research and development and specific tooling and to taking delivery of a minimum quantity of products manufactured by the joint arrangements. If it fails to honour this minimum purchase commitment, it will be required to pay a penalty designed to cover the related production costs borne by the partner.

Any adverse consequences of these commitments are reflected in the consolidated financial statements as soon as they are considered probable, in the form of asset impairments or, if necessary, provisions for contingencies.

For contracts where the products are manufactured by the Group's partner, capacity reservation fees are accounted for as off-balance sheet commitments net of any provisions.

CAPITAL COMMITMENTS FOR THE ACQUISITION OF NON-CURRENT ASSETS

This item corresponds mainly to commitments to purchase property, plant and equipment. It also includes the Group's commitment towards the two Fonds de Modernisation des Equipementiers Automobiles (FMEA - tier 1 and tier 2), two funds set up to support automotive equipment manufacturers. The Group's total commitment amounted to €204 million, of which €114 million had been paid as of 31 December 2011.

FINANCING COMMITMENTS

BMW Peugeot Citroën Electrification cooperation agreement

At 31 December 2011, the Group's remaining financing commitments under this cooperation agreement included the provision of additional equity capital for €50 million and debt capital for €112 million.

NON-CANCELLABLE LEASE COMMITMENTS

Periods

(in millions euros)	31 December 2011	31 December 2010
2011	-	227
2012	241	194
2013	176	144
2014	142	108
2015	113	85
2016	88	77
Subsequent years	347	267
TOTAL NON-CANCELLABLE LEASE COMMITMENTS	**1,107**	**1,102**

Non-cancellable leases are entered into in the normal course of business and consist mainly of leases on commercial property and vehicles. The lease terms reflect local practices in each country.

RETIREMENT OBLIGATIONS NOT RECOGNISED IN THE BALANCE SHEET

This item corresponds to deferred actuarial gains and losses (note 28.1.E) resulting from the application of the corridor method (note 1.20), and past service costs.

NOTE 38 RELATED PARTY TRANSACTIONS

38.1. COMPANIES AT EQUITY

These are companies that are between 20%- and 50%-owned, in which PSA Peugeot Citroën exercises significant influence or joint control. Most are manufacturing and sales companies that manufacture automotive parts and components or complete vehicles.

Transactions with companies at equity are billed on arm's length terms.

Receivables and payables with companies at equity are as follows:

(in millions euros)	31 December 2011	31 December 2010
Long-term loans	9	9
Trade receivables	309	258
Trade payables	(1,126)	(895)
Short-term loans	-	(1)

Sale and purchase transactions carried out by the consolidated Group with companies at equity are as follows:

(in millions euros)	2011	2010
Sales	1,065	943
Purchases	(4,144)	(4,173)

38.2. RELATED PARTIES THAT EXERCISE SIGNIFICANT INFLUENCE OVER THE GROUP

No material transactions have been carried out with any directors or officers or any shareholder owning more than 5% of Peugeot S.A.'s capital.

NOTE 39 MANAGEMENT COMPENSATION

(in millions euros)	2011	2010
Compensation paid to:		
• Members of management bodies	6.6	10.6
• Members of the Supervisory Board	1.4	1.1
TOTAL MANAGEMENT COMPENSATION	**8.0**	**11.7**
Stock option and performance share costs (note 1.21)	0.6	1.3
TOTAL	**8.6**	**13.0**

The Group is managed by the Managing Board.

The Group's management bodies correspond to the Executive Committee, which includes the members of the Managing Board and other members of executive management.

The compensation details provided in the table above do not include payroll taxes. The Managing Board members waived their 2011 bonuses. The amounts accrued for bonuses and other compensation payable to the other Executive Committee members are provisional.

The following table presents details of Peugeot S.A. performance shares awarded to members of the management bodies in 2010 and outstanding Peugeot S.A. stock options granted to members of the management bodies in the years prior to 2011:

(number of options)	2011	2010
Stock options held at 31 December	372,000	587,000
Performance shares awarded in 2010 [1] that were held at 31 December (see note 26.4)	65,000	65,000

(1) In line with the commitments given by the Group in application of the regulations governing agreements with companies that have received exceptional State aid, no performance shares were granted to members of the Managing Board in 2010.

Members of the Group's management bodies participate in the supplementary pension plan described in notes 28.1.A.

Members of the Group's management bodies are not entitled to any long-term benefits apart from pension benefits and the performance shares under the plans referred to above, or any other forms of share-based payments or any compensation for loss of office.

NOTE 40 SUBSEQUENT EVENTS

No events occurred between 31 December 2011 and the Supervisory Board meeting held on February 2012 to review the financial statements, that could have a material impact on economic decisions made on the basis of these financial statements, with the exception of the following:

- on 5 January 2012, Banque PSA Finance issued €650 million worth of 6% bonds due July 2014. This was followed by a €50 million tap issue on 10 January, raising the total to €700 million;
- on 1 February 2012, the Group sold to Enterprise Holdings the short-term car rental business conducted by its Citer and Atesa subsidiaries in France and Spain.

  The transaction, which was announced on 21 November 2011, will have the effect of reducing the Group's net debt by €440 million. The PSA Peugeot Citroën and Citer S.A. Works Councils have expressed their support for the transaction and it has been approved by the European Commission. The effect of the transaction on consolidated earnings and equity will not be material.

  If it had been completed at 31 December 2011, it would have led to an improvement in the Group's net debt from €3,359 million to €2,919 million;
- on 18 January 2012, the Group announced that it was withdrawing from endurance racing. The costs arising from this decision in 2012 will not be material;
- on 14 February 2012, the Supervisory Board approved in principle the sale of Group real estate assets.

  During the same meeting, the Supervisory Board also approved in principle the opening of GEFCO's capital, on the understanding that the PSA Peugeot Citroën Group would remain a strategic shareholder.

  Employee representative bodies will be consulted about these plans, in accordance with French labour laws.

NOTE 41 FEES PAID TO THE AUDITORS

	Mazars		Ernst & Young		PricewaterhouseCoopers	
(in millions euros)	2011	2010	2011	2010	2011	2010
Audit						
Statutory and contractual audit services						
• Peugeot S.A.	0.2	0.2	0.3	-	-	0.4
• Fully-consolidated subsidiaries	3.0	2.5	8.9	3.6	2.9	8.4
o/w France	*1.5*	*1.4*	*2.6*	*0.3*	*0.8*	*4.8*
o/w International	*1.5*	*1.1*	*6.1*	*3.3*	*2.1*	*3.6*
Audit-related services						
• Peugeot S.A.	-	-	-	-	-	-
• Fully-consolidated subsidiaries	-	-	0.1	0.2	-	0.3
o/w France	-	-	*0.1*	0.2	-	
o/w International	-	-	-	-	-	*0.3*
Sub-total	**3.2**	**2.7**	**9.3**	**3.8**	**3.0**	**9.1**
o/w Faurecia	-	-	4.3	3.8	2.9	2.7
Excluding Faurecia	3.2	2.7	5.0	-	0.1	6.4
	100%	*100%*	*100%*	*100%*	*91%*	*100%*
Other services provided to subsidiaries						
Legal and tax services	-	-	-	-	0.1	-
Other services	-	-	-	-	0.2	-
Sub-total	**-**	**-**	**-**	**-**	**0.3**	**-**
o/w Faurecia	-	-	-	-	-	
Excluding Faurecia	-	-	-	-	0.3	
					9%	
TOTAL	**3.2**	**2.7**	**9.3**	**3.8**	**3.3**	**9.1**
o/w Faurecia	-	-	4.3	3.8	2.9	2.7
Excluding Faurecia	3.2	2.7	5.0	-	0.4	6.4

Ernst & Young and Mazars have been appointed as statutory auditors of the PSA Peugeot Citroën Group for the accounting periods 2011-2016.

Faurecia's statutory auditors are Ernst & Young and PricewaterhouseCoopers.

NOTE 42 CONSOLIDATED COMPANIES AT 31 DECEMBER 2011

Company	Country	F/E	% interest
HOLDING COMPANY AND OTHER			
Peugeot S.A.	France	F	100
Grande Armée Participations	France	F	100
PSA International S.A.	Switzerland	F	100
G.I.E. PSA Trésorerie	France	F	100
Financière Pergolèse	France	F	100
D.J. 06	France	F	100
Société Anonyme de Réassurance Luxembourgeoise – SARAL	Luxembourg	F	100
Peugeot Motocycles	France	F	100
Peugeot Motocycles Italia S.p.A.	Italy	F	100
Peugeot Motocycles Deutschland GmbH	Germany	F	100
Jinan Quigqi Peugeot Motorcycles	China	E	50
Emotion	France	F	100
AUTOMOTIVE DIVISION			
Process Conception Ingenierie S.A.	France	F	100
PCI do Brasil Ltda	Brazil	F	100
Société de Construction d'Équipements de Mécanisations et de Machines – SCEMM	France	F	100
Peugeot Citroën Automobiles S.A.	France	F	100
Peugeot Citroën Sochaux S.N.C.	France	F	100
Peugeot Citroën Mulhouse S.N.C.	France	F	100
Peugeot Citroën Aulnay S.N.C.	France	F	100
Peugeot Citroën Rennes S.N.C.	France	F	100
Peugeot Citroën Poissy S.N.C.	France	F	100
Peugeot Citroën Mécanique du Nord-Ouest S.N.C.	France	F	100
Peugeot Citroën Mécanique du Grand Est S.N.C.	France	F	100
Société Mécanique Automobile de l'Est	France	F	100
Mécanique et Environnement	France	F	100
Société européenne de véhicules légers du Nord – SEVELNORD	France	E	50
Societa europea veicoli leggeri – SEVEL S.p.A.	Italy	E	50
SNC PC.PR	France	F	100
G.I.E. PSA Peugeot Citroën	France	F	100
Gisevel	France	E	50
Sevelind	France	E	50
Française de Mécanique	France	E	50
Société de Transmissions Automatiques	France	E	20
Peugeot Citroën Automoviles España S.A.	Spain	F	100
PSA Services Deutschland GmbH	Germany	F	100
PSA Services SRL	Italy	F	100
PCMA Holding	Netherlands	F	70
PCMA Automotiv Rus	Russia	F	70
Peugeot Citroën Automobiles UK	United Kingdom	F	100
Peugeot Citroën Automoveis	Portugal	F	98

Company	Country	F/E	% interest
Toyota Peugeot Citroën Automobiles Czech s.r.o.	Czech Republic	E	50
PCA Logistika CZ	Czech Republic	F	100
PCA Slovakia s.r.o.	Slovakia	F	100
Peugeot Citroën Trnava s.r.o.	Slovakia	F	100
Peugeot Citroën do Brasil Automoveis Ltda	Brazil	F	100
Peugeot Citroën Comercial Exportadora	Brazil	F	100
Peugeot Citroën Ukraine	Ukraine	F	100
Peugeot Citroën Argentina S.A.	Argentina	F	100
CISA	Argentina	F	100
Dongfeng Peugeot Citroën Automobiles CY Ltd	China	E	50
Wuhan Shelong Hongtai Automotive KO Ltd	China	E	10
PCA (China) Automotive Drive Co	China	F	100
Peugeot Citroën Gestion International	Switzerland	F	100
Automobiles Peugeot	France	F	100
Peugeot Motor Company PLC	United Kingdom	F	100
Société Commerciale Automobile	France	F	100
Société Industrielle Automobile de Champagne-Ardennes	France	F	100
Peugeot Moteur et Systemes	France	F	100
Société Industrielle Automobile de Provence	France	F	100
Grands Garages du Limousin	France	F	100
Peugeot Saint-Denis Automobiles	France	F	100
Peugeot Neuilly Victor Hugo	France	F	100
Peugeot Media Production	France	F	100
Peugeot Belgique Luxembourg S.A.	Belgium	F	100
S.A. Peugeot Distribution Service N.V.	Belgium	F	100
Peugeot Nederland N.V.	Netherlands	F	100
Peugeot Deutschland GmbH	Germany	F	100
Peugeot Bayern GmbH	Germany	F	100
Peugeot Berlin Brandenburg GmbH	Germany	F	100
Peugeot Niederrhein GmbH	Germany	F	100
Peugeot Main/Taunus GmbH	Germany	F	100
Peugeot Sudbaden GmbH	Germany	F	100
Peugeot Hanse GmbH	Germany	F	100
Peugeot Nordhessen GmbH	Germany	F	100
Peugeot Hannover GmbH	Germany	F	100
Peugeot Rheinland GmbH	Germany	F	100
Peugeot Rein-Neckar GmbH	Germany	F	100
Peugeot Saartal GmbH	Germany	F	100
Peugeot Sachsen GmbH	Germany	F	100
Peugeot Schwaben GmbH	Germany	F	100
Peugeot Weser-Ems GmbH	Germany	F	100
Peugeot Automobili Italia S.p.A.	Italy	F	100
Peugeot Milan	Italy	F	100
Peugeot Gianicolo S.p.A.	Italy	F	100
Robins & Day Ltd	United Kingdom	F	100
Boomcite Ltd	United Kingdom	F	100

Company	Country	F/E	% interest
Aston Line Motors Ltd	United Kingdom	F	100
Melvin Motors (Bishopbriggs) Ltd	United Kingdom	F	100
Warwick Wright Motors Chiswick Ltd	United Kingdom	F	100
Rootes Ltd	United Kingdom	F	100
Economydrive Cars	United Kingdom	F	100
Peugeot España S.A.	Spain	F	100
Hispanomocion S.A.	Spain	F	100
Peugeot Portugal Automoveis S.A.	Portugal	F	100
Peugeot Portugal Automoveis Distribucao	Portugal	F	99
Peugeot (Suisse) S.A.	Switzerland	F	100
Lowen Garage AG	Switzerland	F	97
Peugeot Austria GmbH	Austria	F	100
Peugeot Autohaus GmbH	Austria	F	100
Peugeot Citroën RUS	Russia	F	100
Peugeot Polska S.p.z.o.o.	Poland	F	100
Peugeot Ceska Republica s.r.o.	Czech Republic	F	100
Peugeot Slovakia s.r.o.	Slovakia	F	100
Peugeot Bratislava	Slovakia	F	100
Peugeot Hungaria Kft	Hungary	F	100
Peugeot Slovenija d.o.o. p.z.d.a.	Slovenia	F	100
Peugeot Hrvatska d.o.o.	Croatia	F	100
Peugeot Otomotiv Pazarlama AS – POPAS	Turkey	F	100
TEKOTO Motorlu Tastlar Istambul	Turkey	F	100
TEKOTO Motorlu Tastlar Ankara	Turkey	F	100
TEKOTO Motorlu Tastlar Bursa	Turkey	F	100
Peugeot Algérie S.p.A.	Algeria	F	100
STAFIM	Tunisia	E	34
STAFIM – GROS	Tunisia	E	34
Peugeot Chile	Chile	F	97
Automotores Franco Chilena S.A.	Chile	F	100
Peugeot Mexico S.A.de CV	Mexico	F	100
Servicios Auto. Franco Mexicana	Mexico	F	100
Peugeot Citroën Japan KK Co Ltd	Japan	F	100
Peugeot Tokyo	Japan	F	100
Peugeot Motors South Africa Ltd	South Africa	F	100
Automobiles Citroën	France	F	100
SABRIE	France	F	100
RNG	France	F	100
PSE Automobile	France	F	100
Retail France	France	F	100
Épinettes	France	F	100
SCI La Souche	France	F	100
SCI Troene	France	F	100
Changan PSA Automobiles Co., Ltd	China	E	50
BMW Peugeot Citroën Électrification BV	Netherlands	E	50
BMW Peugeot Citroën Électrification GmbH	Germany	E	50

Company	Country	F/E	% interest
BMW Peugeot Citroën Électrification SAS	France	E	50
Société Commerciale Citroën	France	F	100
Citroën Champ de Mars	France	F	100
Citroën Dunkerque	France	F	100
Citer	France	F	100
Société Nouvelle Armand Escalier	France	F	100
Centrauto	France	F	100
Prince S.A.	France	F	100
Citroën Argenteuil	France	F	100
Citroën Orléans	France	F	100
Cie Picarde de Logistique Automobile	France	F	100
Sté CLE Distribution Pièces de Rechange – SCPR	France	F	100
Citroën Belux S.A. – NV	Belgium	F	100
Citroën Nederland B.V.	Netherlands	F	100
Citroën Deutschland AG	Germany	F	100
Citroën Motors Irlande Ltd	Ireland	F	100
Citroën Commerce GmbH	Germany	F	100
Citroën Italia S.p.A.	Italy	F	100
Citroën U.K. Ltd	United Kingdom	F	100
Citroën Sverige AB	Sweden	F	100
Citroën Danmark A/S	Denmark	F	100
Citroën Norge A/S	Norway	F	100
Citroën (Suisse) S.A.	Switzerland	F	100
Citroën Osterreich GmbH	Austria	F	100
Automoveis Citroën S.A.	Portugal	F	100
Automoviles Citroën ESPANA	Spain	F	100
Comercial Citroën S.A.	Spain	F	97
Autotransporte Turistico Espanol S.A. (ATESA)	Spain	F	100
Garaje Eloy Granollers S.A.	Spain	F	99
Motor Talavera	Spain	F	100
Rafael Ferriol S.A.	Spain	F	99
Citroën Hungaria Kft	Hungary	F	100
Citroën Polska S.p.z.o.o.	Poland	F	100
Citroën Slovenija d.o.o.	Slovenia	F	100
Citroën – Hrvatska d.o.o.	Croatia	F	100
Citroën Slovakia s.r.o.	Slovakia	F	100
Citroën Ceska Republica s.r.o.	Czech Republic	F	100
Citroën Romania Srl	Romania	F	100
Citroën do Brasil	Brazil	F	100
AUTOMOTIVE EQUIPMENT DIVISION			
Faurecia	France	F	57
Financière Faurecia	France	F	57
SFEA – Société Foncière pour l'Équipement Automobile	France	F	57
Faurecia Investments	France	F	57
Faurecia Services Groupe	France	F	57
Faurecia Exhaust International	France	F	57

Company	Country	F/E	% interest
Faurecia Netherlands Holding B.V.	Netherlands	F	57
United Parts Exhaust Systems AB	Sweden	F	57
Société Internationale de Participations	Belgium	F	57
Faurecia USA Holdings, INC.	USA	F	57
Faurecia (CHINA) Holding CO. Ltd	China	F	57
Faurecia Informatique Tunisie	Tunisia	F	57
Faurecia Sièges d'Automobiles	France	F	57
Faurecia Industries	France	F	57
Faurecia Automotive Holdings	France	F	57
EAK – Composants pour l'Automobile (EAK SAS)	France	F	29
EAK – Composants pour l'Automobile (EAK SNC)	France	F	29
Trecia	France	F	57
Siebret	France	F	57
Siemar	France	F	57
Sienor	France	F	57
Sieto	France	F	57
Sotexo	France	F	57
Siedoubs	France	F	57
Sielest	France	F	57
ECSA – Études et Construction de Sièges Pour l'Automobile	France	F	57
Faurecia Interieur Industrie	France	F	57
Faurecia Automotive Industrie	France	F	57
Automotive Sandouville	France	F	57
Faurecia ADP Holding	France	F	34
Faurecia JIT Plastique	France	F	57
Faurecia Autositze GmbH	Germany	F	57
Faurecia Automotive GmbH	Germany	F	57
Faurecia Innenraum Systeme GmbH	Germany	F	57
Faurecia Industrie N.V.	Belgium	F	57
Faurecia Asientos Para Automovil España, S.A.	Spain	F	57
Asientos de Castilla Leon, S.A.	Spain	F	57
Asientos Del Norte, S.A.	Spain	F	57
Industrias Cousin Frères, S.L.	Spain	F	29
Tecnoconfort	Spain	F	29
Faurecia Automotive España, S.L.	Spain	F	57
Faurecia Interior Systems España, S.A.	Spain	F	57
Faurecia Interior Systems Salc España, S.L.	Spain	F	57
Asientos de Galicia, S.L.	Spain	F	57
Valencia Modulos de Puerta, S.L.	Spain	F	57
Incalplas, S.L.	Spain	F	57
Faurecia AST Luxembourg S.A	Luxembourg	F	57
Faurecia Automotive Seating B.V.	Netherlands	F	57
Faurecia – Assentos de Automovel, Limitada	Portugal	F	57
SASAL	Portugal	F	57
Faurecia Sistemas de Interior de Portugal. Componentes Para Automoveis S.A. (Ex SAI Portugal)	Portugal	F	57
EDA – Estofagem de Assentos, LDA	Portugal	F	57

Company	Country	F/E	% interest
Faurecia Automotive Seating UK Limited	United Kingdom	F	57
Faurecia Midlands Limited	United Kingdom	F	57
SAI Automotive Fradley Ltd	United Kingdom	F	57
SAI Automotive Washington LIMITED	United Kingdom	F	57
Faurecia Interior Systems Sweden AB	Sweden	F	57
Faurecia Fotele Samochodowe Sp.Zo.o	Poland	F	57
Faurecia Walbrzych Sp.Zo.o	Poland	F	57
Faurecia Legnica Sp.Zo.o	Poland	F	57
Faurecia Grojec R&D Center Sp.Zo.o	Poland	F	57
Faurecia Gorzow Sp.Zo.o	Poland	F	57
Faurecia Interior Systems Bohemia s.r.o.	Czech Republic	F	57
Faurecia Components Pisek s.r.o.	Czech Republic	F	57
Faurecia Seating Talmaciu S.R.L.	Romania	F	57
Euro Auto Plastic Systems S.R.L.	Romania	F	29
Faurecia Slovakia s.r.o.	Slovakia	F	57
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turkey	F	57
Faurecia Azin Pars Company	Iran	F	29
Faurecia Interior Systems South Africa (PTY) Ltd	South Africa	F	57
AI Manufacturers (PTY) Ltd	South Africa	F	57
Société Tunisienne d'Équipements d'Automobile	Tunisia	F	57
Faurecia Automotive Seating Canada Ltd	Canada	F	57
Faurecia Automotive Seating, INC	USA	F	57
Faurecia Interior Systems, INC.	USA	F	57
Faurecia Automotive del Uruguay	Uruguay	F	57
Faurecia Argentina S.A.	Argentina	F	57
Faurecia Automotive do Brasil LTDA	Brazil	F	57
Faurecia Sistemas Automotrices de Mexico, S.A. de C.V. (ex Faurecia Duroplast Mexico, S.A. DE C.V.)	Mexico	F	57
Servicios Corporativos de Personal Especializado, S.A. DE C.V.	Mexico	F	57
Faurecia Interior Systems Mexico, S.A. DE C.V.	Mexico	F	57
Changchun Faurecia Xuyang Automotive Seat Co., Ltd (CFXAS)	China	F	34
Faurecia (Changchun) Automotive Systems Co., Ltd	China	F	57
Faurecia-GSK (Wuhan) Automotive Seating Co., Ltd	China	F	29
Faurecia (Wuxi) Seating Components Co., Ltd	China	F	57
Faurecia (Shanghai) Management Company, Ltd	China	F	57
Faurecia (Shanghai) Automotive Systems Co., Ltd	China	F	57
Faurecia (Wuhan) Automotive Seating Co., Ltd	China	F	57
Faurecia (Guangzhou) Automotive Systems Co., Ltd	China	F	57
Faurecia (Nanjing) Automotive Systems Co., Ltd	China	F	57
Faurecia (Shenyang) Automotive Systems Co., Ltd	China	F	57
Faurecia (Wuhan) Automotive Components Systems Co., Ltd	China	F	57
Changchun Faurecia Xuang Interior Systems Company Limited	China	F	34
Faurecia Trim Korea Ltd	South Korea	F	57
Faurecia Automotive Seating India Private Limited	India	F	57
Faurecia Japan K.K.	Japan	F	57
Faurecia Équipements Automobiles Maroc	Morocco	F	57
OOO Faurecia ADP	Russia	F	34

Company	Country	F/E	% interest
OOO Faurecia Automotive Development	Russia	F	57
Faurecia Shin Sung Co. Ltd	South Korea	F	34
Faurecia Systèmes d'Échappement	France	F	57
Faurecia Bloc Avant	France	F	57
EMCON Technologies France SAS	France	F	57
Faurecia-Metalloprodukcia Holding	France	F	34
Faurecia Abgastechnik GmbH	Germany	F	57
Faurecia Kunststoffe Automobilsysteme GmbH	Germany	F	57
Leistritz Abgastechnik Stollberg GmbH	Germany	F	57
Faurecia Emissions Control Technologies, Germany GmbH	Germany	F	57
Faurecia Emissions Control Technologies, Novaferra GmbH	Germany	F	57
Faurecia Emissions Control Technologies, Finnentrop GmbH	Germany	F	57
Faurecia Exteriors GmbH	Germany	F	57
Faurecia Sistemas de Escape España, S.A.	Spain	F	57
Faurecia Emissions Control Technologies, Pampelona, S.L.	Spain	F	57
Faurecia Automotive Exteriors Espana, S.A. (Ex Plastal Spain S.A.)	Spain	F	57
Faurecia – Sistemas de Escape Portugal, LDA	Portugal	F	57
Faurecia Exhaust Systems AB	Sweden	F	57
Faurecia Magyarorszag Kipufogo-rendszer Kft	Hungary	F	57
Faurecia Exhaust Systems S.R.O.	Czech Republic	F	57
Faurecia Automotive Czech Republic, s.r.o.	Czech Republic	F	57
Faurecia Emissions Control Technologies, Mlada Boleslav, s.r.o	Czech Republic	F	57
Faurecia Emissions Control Technologies, UK Limited	United Kingdom	F	57
Faurecia Exhaust Systems South Africa Ltd	South Africa	F	57
Emission Control Technologies Holdings S.A. (Pty) Ltd	South Africa	F	57
Emission Control Technologies S.A. (Ga-Rankuwa) (Pty) Ltd	South Africa	F	57
Emission Control Technologies S.A. (CapeTown) (Pty) Ltd	South Africa	F	57
Faurecia Exhaust Systems, INC.	USA	F	57
Faurecia Emissions Control Technologies, USA, LLC	USA	F	57
Faurecia Sistemas de Escape Argentina S.A.	Argentina	F	57
Faurecia Emissions Control Technologies, Cordoba	Argentina	F	57
Faurecia Sistemas de Escapamento Do Brasil LTDA	Brazil	F	57
Faurecia Emissions Control Technologies, Limeira	Brazil	F	57
Faurecia Exhaust Mexicana, S.A. de C.V.	Mexico	F	57
Exhaust Services Mexicana, S.A. de C.V.	Mexico	F	57
ET Mexico Holdings I, S. de R.L.de C.V.	Mexico	F	57
ET Mexico Holdings II, S. de R.L.de C.V.	Mexico	F	57
Faurecia Honghu Exhaust Systems Shanghai, Co. Ltd (ex SHEESC)	China	F	29
Faurecia Tongda Exhaust System (Wuhan) Co., Ltd	China	F	29
Faurecia Exhaust Systems Changchun Co., Ltd	China	F	29
Faurecia Emissions Control Technologies Development (Shanghai) Company Ltd	China	F	57
Faurecia (Qingdao) Exhaust Systems Co, Ltd	China	F	57
Faurecia (Wuhu) Exhaust Systems Co, Ltd	China	F	57
Faurecia Technology Center India PVT Ltd	India	F	57
Yutaka Autoparts Pune Private Limited	India	F	42
Faurecia Interiors Louisville INC	USA	F	57

Company	Country	F/E	% interest
Chongqing Guangneng Faurecia Interior Syst	China	F	29
Faurecia Madison Automotive Seating Inc	USA	F	57
Xiangtan Faurecia. Limin Interior & Exterior Systems	China	E	29
Zejiang Faurecia. Limin Interior & Exterior Systems	China	E	29
Chengdu Faurecia. Limin Interior & Exterior Systems	China	E	29
Faurecia Automotive Seating Korea	South Korea	F	57
Lanzhou Faurecia Limin Interior & Exterior Systems Co.	China	E	50
Changchun Huaxiang F.A. Plastic	China	E	50
Jinan Faurecia Limin Interior & Exterior Systems Co.	China	E	50
Faurecia Emissions Control Technologies Consulting (Shanghai) Co., Ltd	China	F	57
Faurecia Emissions Control Technologies, (Shanghai) Co., Ltd	China	F	57
Faurecia Emissions Control Technologies, (Chongqing) Co., Ltd	China	F	57
Faurecia Emissions Control Technologies, (Yantai) Co., Ltd	China	F	57
Faurecia Emissions Control Technologies, Chengdu	China	F	57
Faurecia Emissions Control Systems Korea (Ex Daeki)	South Korea	F	57
Faurecia Jit and Sequencing Korea	South Korea	F	57
Faurecia Interior Systems Thailand Co., Ltd.	Thailand	F	57
Faurecia Emissions Control Technologies, Thailand Co., Ltd	Thailand	F	57
ET (Barbados) Holdings SRL	Barbados	F	57
Emcon Technologies Canada ULC	Canada	F	57
Emcon Technologies Kft	Hungary	F	57
Faurecia Emissions Control Technologies, India Private Limited	India	F	42
Faurecia Emissions Control Technologies, Italy SRL	Italy	F	57
ET Dutch Holdings Cooperatie U.A.	Netherlands	F	57
ET Dutch Holding BV	Netherlands	F	57
ET Dutch Holding II BV	Netherlands	F	57
Faurecia Emissions Control Technologies, Netherlands B.V.	Netherlands	F	57
OOO Faurecia Metalloprodukcia Exhaust Systems	Russia	F	34
Componentes de Vehiculos de Galicia, S.A.	Spain	E	29
Copo Iberica, S.A.	Spain	E	29
Vanpro Assentos Limitada	Portugal	E	29
Arsed, Podjetje Za Proizvodnjo In Trzenje Kovinske Opreme (Arsed Doo)	Slovenia	E	29
Teknik Malzeme Ticaret Ve Sanayi A.S.	Turkey	E	29
Orcia Otomotiv Yan Sanayi Ve Ticaret Anonim Sirketi	Turkey	E	29
Kwang Jin Faurecia Co. Limited	South Korea	E	29
Faurecia-NHK Co., Ltd	Japan	E	29
SAS Automotive France	France	E	29
Cockpit Automotive Systems Douai SNC	France	E	29
SAS Autosystemtechnik Verwaltungs GmbH	Germany	E	29
SAS Autosystemtechnik GmbH und Co. KG	Germany	E	29
SAS Automotive N.V.	Belgium	E	29
SAS Autosystemstechnick, S.A.	Spain	E	29
SAS Autosystemtechnik de Portugal, Unipessoal, Lda.	Portugal	E	29
SAS Automotive Limited	United Kingdom	E	29
SAS Autosystemtechnik s.r.o.	Czech Republic	E	29
SAS Automotive s.r.o	Slovakia	E	29

Company	Country	F/E	% interest
SAS Automotive RSA (Pty) Ltd	South Africa	E	29
SAS Automotive Do Brasil Ltda	Brazil	E	29
SAS Automotive Systems S.A. de C.V.	Mexico	E	29
SAS Automotive Systems & Services, S.A. DE C.V.	Mexico	E	29
SAS Automotive USA, inc.	USA	E	29
SAS Automotriz Argentina S.A. (dormant company)	Argentina	E	29
AD Tech Co Ltd	South Korea	E	29
Faurecia (Yancheng) Automotive Systems CO Ltd	China	F	57
Faurecia Exteriors Argentina	Argentina	F	57
SAS Autosystemtechnik Zwickau GmbH & Co. KG, Zwickau	Germany	E	29
SAS (Wuhu) Automotive Systems Co. Ltd, Wuhu City, China	China	E	29
SAS Otosistem Teknik Ticaret ve Limited Sirketi	Turkey	E	29
TRANSPORTATION AND LOGISTICS DIVISION			
Arcese Mercurio Slovensko S.R.O.	Slovakia	F	70
ALGAI	Russia	F	51
BSM Transportes S.R.L.	Argentina	E	28
GEFCO	France	F	100
GEFCO Benelux S.A.	Belgium	F	100
GEFCO Deutschland GmbH	Germany	F	100
GEFCO Suisse S.A.	Switzerland	F	99
GEFCO Osterreich GmbH	Austria	F	100
GEFCO Italia S.p.A.	Italy	F	100
GEFCO U.K. Ltd	United Kingdom	F	100
GEFCO Espana S.A.	Spain	F	100
GEFCO Portugal Transitarios Ltd	Portugal	F	100
GEFCO Baltic	Lithuania	F	100
GEFCO Ukraine	Ukraine	F	100
GEFCO Polska Sp. z.o.o.	Poland	F	100
GEFCO Ceska Republica s.r.o.	Czech Republic	F	100
GEFCO Slovakia s.r.o.	Slovakia	F	100
GEFCO Romania	Romania	F	100
GEFCO Hongrie	Hungary	F	100
GEFCO Prevoznistvo In Logistica	Slovenia	F	100
GEFCO Tasimacilik Ve Lojistik AS	Turkey	F	100
GEFCO Tunisie	Tunisia	E	50
GEFCO Maroc	Morocco	F	100
GEFCO Participacoes Ltda	Brazil	F	100
GEFCO Do Brasil Ltda	Brazil	F	100
GEFCO Argentina S.A.	Argentina	F	100
GRANAT	Russia	F	100
GRUPPO Mercurio S.P.A.	Italy	F	70
GEFCO Chile S.A.	Chile	F	100
GEFCO International Logistics China CO. Ltd	China	F	100
GEFCO Hong Kong	China	F	100
LLC GEFCO (CIS)	Russia	F	100
Mercurio Deutschland GmbH	Germany	F	70

Company	Country	F/E	% interest
Mercurio Benelux B.V.	Netherlands	F	100
Mercurio France SAS	France	F	70
Mercurio Pallia Logistics Private Limited	India	F	51
Mercurio Pallia Autoworks Private Limited (wholly-owned by Mercurio Pallia Logistics)	India	F	100
Przedsiebiorstwo Spedycyjno-Transortowe Transpoland Sp. Zo. O.	Poland	E	23
FINANCE AND INSURANCE COMPANIES			
Banque PSA Finance	France	F	100
PSA Assurances SAS	France	F	100
Société Financière de Banque – SOFIB	France	F	100
SOFIRA – Société de Financement des Réseaux Automobiles	France	F	100
Société Nouvelle de Développement Automobile – SNDA	France	F	100
SAS Financière Greffhule	France	F	100
Compagnie Générale de Crédit Aux Particuliers – CREDIPAR	France	F	100
Compagnie Pour La Location de Véhicules – CLV	France	F	100
PSA Finance Belux	Belgium	F	100
PSA Finance SCS	Luxembourg	F	100
PSA Finance Nederland B.V.	Netherlands	F	100
PSA Financial Holding B.V.	Netherlands	F	100
Peugeot Finance International N.V.	Netherlands	F	100
FCC Auto ABS – Leasing receivables Compartment 2006.01	France	F	100
FCC Auto ABS – Compartment locatif 2007.01	France	F	100
FCC Auto ABS – Compartment 2008.01	Germany	F	100
FCC Auto ABS – Compartment 2011.01	France	F	100
FCT Auto ABS – Compartment 2010-1	France	F	100
FCT Auto ABS German loans – Compartment 2011-2 – 5815	Germany	F	100
PSA Factor Italia S.p.A.	Italy	F	100
PSA Renting Italia S.p.A.	Italy	F	100
SPV Auto Italy 2007	Italy	F	100
PSA Wholesale Ltd	United Kingdom	F	100
Vernon Wholesale Investments CO Ltd	United Kingdom	F	100
PSA Finance Suisse S.A.	Switzerland	F	100
PSA Gestao Comercio E Aluger de Veiculos	Portugal	F	100
PSA Finance Polska	Poland	F	100
PSA Finance Hungaria Rt	Hungary	F	100
PSA Finance Ceska Republika s.r.o.	Czech Republic	F	100
PSA Finance Slovakia s.r.o.	Slovakia	F	100
BPF Financiranje D.o.o.	Slovenia	F	100
PSA Services Ltd	Malta	F	100
PSA Life Insurance Ltd	Malta	F	100
PSA Insurance Ltd	Malta	F	100
BPF Algérie	Algeria	F	100
BPF Pazarlama A.H.A.S.	Turkey	F	100
Banco PSA Finance Brasil S.A.	Brazil	F	100
PSA Finance Arrendamiento Comercial	Brazil	F	100
PSA Finance Argentina S.A.	Argentina	F	50
BPF Mexico S.A. de CV	Mexico	F	100

Company	Country	F/E	% interest
PSA Financial Doo	Croatia	F	100
Bank PSA Finance RUS	Russia	F	100
Fonds d'Investissement en Droits de Créances	Brazil	F	100
Dongfeng Peugeot Citroën Automobile Finance Company	China	E	75
O/w 12.5% through Dongfeng Peugeot Citroën Automobile			

20.4. FINANCIAL STATEMENTS OF PEUGEOT S.A. FOR THE YEAR ENDED 31 DECEMBER 2011

20.4.1. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF PEUGEOT S.A.

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying financial statements of Peugeot S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Managing Board. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code(Code de commerce) relating to the justification of our assessments, we bring to your attention the following matter:

At each balance sheet date, your company determines the value in use of its "Shares in Subsidiaries and Affiliates" and "Other Investments" using the methods described in notes 1C and 1D to the financial statements, and sets aside a provision for impairment when the carrying amount exceeds the value in use, as described in notes 4 and 6 to the financial statements. As part of our assessment of the accounting principles applied and of significant estimates made to prepare the financial statements, we verified the appropriateness of the accounting methods described in the note to the financial statements and correct application thereof, as well as of the reasonableness of the underlying estimates.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Managing Board and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French commercial code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law:

- we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report;
- we inform you that the Managing Board and the Supervisory board have not released the draft resolutions to be submitted to the shareholders' meeting as of the release date of this report for incorporation in the Company's registration document. Upon receipt of these draft resolutions, we will release an additional report on the consistency with the financial statements and the compliance with the law and the articles of association.

Courbevoie and Paris-La Défense, February 28, 2012

The statutory auditors French original signed by

Mazars		ERNST & YOUNG et Autres	
Loïc Wallaert	Jean-Louis Simon	Christian Mouillon	Marc Stoessel

20.4.2. PEUGEOT S.A. FINANCIAL REVIEW

As the parent company of the PSA Peugeot Citroën Group, Peugeot S.A. does not carry out any manufacturing or sales activities. It performs senior management, oversight and supervisory functions for Group companies and provides services for which it receives a flat fee.

Peugeot S.A.'s assets mainly correspond to:

- equity investments in direct subsidiaries;
- the proceeds from borrowings that are lent to GIE PSA Trésorerie to meet the Automotive Division subsidiaries' financing needs;
- per own shares, that are recorded in non-current assets ("Other investments") or in current assets ("Marketable securities") depending on the purpose for which they are being held.

Peugeot S.A. is also head of a tax group set up with its more than 95%-owned subsidiaries in France.

INCOME STATEMENT REVIEW

Net Operating Income

Operating income – which primarily comprises management fees received from the main subsidiaries as well as rental income – amounted to €93 million in 2011, versus €106 million in 2010.

The management fees – which totalled €81 million in 2011 versus €75 million in 2010 – are calculated as a percentage of the operating divisions' revenue and cover the operating expenses incurred by the Company for its corporate functions. These fees are invoiced to direct Peugeot S.A. subsidiaries based on the consolidated revenue of the division concerned. The year-on-year increase chiefly reflected higher recurring and non-recurring operating expenses covered by the management fees and by the €93 million in operating income for the year.

Operating expenses amounted to €92 million, versus €121 million in 2010, and mainly corresponded to payroll costs and other purchases and external charges.

The Company ended the year with net operating income of €1 million, compared with a net operating loss of €15 million in 2010.

Net Financial Income

Financial income, which primarily comprises income received from subsidiaries and affiliates, amounted to €692 million in 2011 versus €496 million the previous year. The 2011 figure includes €227 million in interest received on loans granted to GIE PSA Trésorerie.

"Other financial income" rose to €38 million from €20 million in 2010, due to higher interest rates on investments. Financial provision reversals and expense transfers totalled €33 million against €347 million in 2010 and corresponded to reversals of provisions for impairment in value of shares in subsidiaries and affiliates (see note 4.B to the Company financial statements).

Charges to financial provisions came to €312 million in 2011 versus €68 million in 2010, and mainly concerned provisions for impairment in value of shares in subsidiaries and affiliates (see note 4.B to the Company financial statements).

Interest expense amounted to €252 million compared with €312 million in 2010. The decline was due to the early repayment of the balance of the €3 billion 5-year loan received from the French State in March 2009 (see note 14).

After taking these items into account, net financial income for the year came in at €198 million versus €482 million in 2010.

Net Non-Recurring Income (Expense)

In 2011, the Company reported net non-recurring income of €201 million (see note 20), primarily as a result of the €239 million net capital gain recognised on the transfer of its 75 avenue de la Grande-Armée headquarters building to a subsidiary, DJ58 (see note 3).

Net Profit

Taking into account the net income tax benefit of €45 million corresponding to group relief, Peugeot S.A. reported €444 million in net profit for 2011, compared with €648 million for 2010.

BALANCE SHEET REVIEW

Assets

Shares in and advances to subsidiaries and affiliates make up the majority of the Company's non-current assets.

At 31 December 2011 the gross amount of shares in subsidiaries and affiliates stood at €8,911 million (€6,588 million at end-2010) and provisions for impairment of these assets totalled €686 million (€619 million at 31 December 2010). Provision movements for 2011 are described in note 4.B to the Company financial statements.

After deducting provisions, the net value of shares in subsidiaries and affiliates was €8,225 million at 31 December 2011 (€5,969 million at 31 December 2010).

Advances to subsidiaries and affiliates amounted to €3,902 million net of provisions at 31 December 2011 (€5,149 million at 31 December

2010). The year-on-year decline of €1,247 million was mainly due to the early repayment by GIE PSA Trésorerie of the balance of the €3 billion loan obtained from the French State in March 2009 (see note 5).

Current assets primarily correspond to (i) cash equivalents for €1,287 million at 31 December 2011 against €2,878 million at 31 December 2010 (see note 10 to the Company financial statements) and (ii) marketable securities (including treasury shares) which totalled €228 million net of provisions at 31 December 2011 (see note 9). Of the 17,187,450 shares held in treasury at 31 December 2011, 4,698,000 are for allocation on exercise of stock options, 807,900 are being held for allocation by the Managing Board under the September 2010 performance share plan, 462,543 are for subsequent allocation, and 10,200 are not currently allocated to a specific purpose. Between 12 August and 2 September 2011, Peugeot S.A. purchased 10 million of its own shares on the market for a total of €199.2 million, representing an average price per share of €19.92. These shares have been acquired for allocation on conversion of 23 June 2009 Oceane convertible bonds and for a future liquidity contract. Consequently, they are carried in the balance sheet in non-current assets, under "Other investments".

Equity and Liabilities

Shareholders' equity was €8,692 million at 31 December 2011, versus €8,500 million at end-2010. In light of the 2011 results and in order to give priority to allocating financial resources to the Group's development, at the Annual Shareholders Meeting on 25 April no dividend will be recommended for 2011.

During the year, Peugeot S.A. bought back 10 million of its own shares. No stock options were granted in 2011 and no options were exercised (see note 9.C). Similarly, no performance shares were granted during the year (see note 9.B). Provisions for contingencies and charges totalled €1,320 million at 31 December 2011 compared with €1,073 million at end-December 2010 (see note 7 to the Company financial statements). As explained in note 13, these provisions mainly correspond to tax savings realised by Peugeot S.A. that may have to revert to companies in the tax group if those companies subsequently return to profit.

Long- and short-term debt came to €3,905 million at 31 December 2011 versus €5,001 million at the previous year-end. The decline was due to the early repayment during 2011, in two €1 billion instalments, of the €2 billion outstanding on the loan received from the French State in March 2009, that was originally for an amount of €3 billion (see note 14).

Of the €92 million due to suppliers of fixed assets, €87 million corresponds to the uncalled portion of the commitment to the FMEA fund set up to support automotive equipment suppliers (see note 6).

Given that Peugeot S.A. is a holding company, trade payables are not material, amounting to just €7 million at year-end.

Peugeot S.A. settles payments to suppliers 30 days end of month from invoice date, in compliance with the provisions of France's LME Act.

Schedule of Payments to Suppliers

At 31 December 2011, payments due to suppliers represented €6.9 million and broke down as follows in the financial statements:

- trade payables: €6.9 million;
- less accrued expenses: €5.8 million;
- total due: €1.1 million.

This amount is payable according to the following schedule:

	Currently due		Due in 0 to 30 days		Due in 30 to 60 days		Due in over 60 days*		Total	
(in thousands euros)	31/12/2011	31/12/2010	2011	2010	2011	2010	2011	2010	2011	2010
Supplier invoices										
From third parties	12	107		384	110	-	121	244	242	735
From Group companies	129	173		1,865	746	-		-	875	2,038
TOTAL	**141**	**280**		**2,249**	**856**	**0**	**121**	**244**	**1,117**	**2,773**

* *Under a special payment agreement.*

"Other liabilities" at 31 December 2011 include €190 million due to the Company's main French subsidiaries under the Group relief agreement.

For information on events subsequent to the balance sheet, please refer to note 28 to the Company financial statements.

20.4.3. INCOME STATEMENTS

(in million euros)	2011	2010
Operating income	92.9	106.1
Operating expenses	(92.1)	(121.1)
Net operating income (expense) (note 18)	**0.8**	**(15.0)**
Investment income	691.8	495.5
Other financial income	37.5	19.6
Financial provision reversals and expense transfers	32.6	347.3
Financial income	**761.9**	**862.4**
Charges to financial provisions	(311.8)	(68.2)
Other financial expenses	(252.2)	(311.8)
Financial expenses	**(564.0)**	**(380.0)**
Net financial income	**197.9**	**482.4**
Recurring income before tax	**198.7**	**467.4**
From management transactions	0.2	
From capital transactions	245.0	
Non-recurring provision reversals and expense transfers	5.0	0.7
Non-recurring income	**250.2**	**0.7**
On management transactions	(40.2)	(1.0)
On capital transactions	(8.5)	
Non-recurring charges to provisions and expense transfers	(0.6)	(0.1)
Non-recurring expenses	**(49.3)**	**(1.1)**
Net non-recurring income (expense) (note 20)	**200.9**	**(0.4)**
Employee profit-sharing	**(0.5)**	**-**
Income tax benefit (note 21)	45.0	180.9
NET PROFIT FOR THE YEAR	**444.1**	**647.9**

20.4.4. CASH FLOW STATEMENTS

(in million euros)	2011	2010
Net profit for the year	**444.1**	**647.9**
Net change in provisions (note 7)	497.5	(100.7)
Net gains (losses) on disposals of fixed assets	(239.1)	-
Working capital provided by operations	**702.5**	**547.2**
Change in working capital requirement	130.1	(151.8)
Net cash from operating activities	**832.6**	**395.4**
(Acquisitions) disposals of intangible assets and property and equipment	270.9	-
Proceeds from disposals of shares in subsidiaries and affiliates	-	-
Purchases of shares in subsidiaries and affiliates (note 4)	(2,323.0)	(696.2)
Net cash used in investing activities	**(2,052.1)**	**(696.2)**
Dividends paid	(249.6)	-
(Purchases) sales of Peugeot S.A. shares (note 9)	(202.8)	-
Increase (decrease) in other long-term debt (note 10)	(1,000.0)	492.5
(Increase) decrease in long-term loans and receivables (note 5)	1,142.0	(502.2)
Change in other financial assets and liabilities	(60.2)	22.3
Net cash (used in) from financing activities	**(370.6)**	**12.6**
Net decrease in cash and cash equivalents	**(1,590.1)**	**(288.2)**
Cash and cash equivalents at beginning of period	2,877.3	3,165.5
Cash and cash equivalents at end of period	**1,287.2**	**2,877.3**
Breakdown of cash and cash equivalents at end of period		
Cash equivalents (note 10)	1,286.4	2,877.2
Cash	-	0.1
Bank overdrafts	0.8	-
TOTAL	**1,287.2**	**2,877.3**

20.4.5. BALANCE SHEETS AT 31 DECEMBER 2011

ASSETS

(in million euros)	31 December 2011 Gross	31 December 2011 Depreciation/ amortisation & provisions	31 December 2011 Net	31 December 2010 Net
Intangible assets	**0.1**	**-**	**0.1**	**0.1**
Property and equipment (note 3)	**3.2**	**(3.2)**	**-**	**8.1**
Investments				
Shares in subsidiaries and affiliates (note 4)	8,910.9	(685.5)	8,225.4	5,968.5
Advances to subsidiaries and affiliates (note 5)	3,932.9	(31.0)	3,901.9	5,148.5
Other investments (note 6)	443.4	(111.1)	332.3	189.4
Long-term loans and receivables	2.6	(1.1)	1.5	1.3
	13,289.8	**(828.7)**	**12,461.1**	**11,307.7**
Total non-current assets (note 2)	**13,293.1**	**(831.9)**	**12,461.2**	**11,315.9**
Current assets				
Trade receivables	10.9	-	10.9	16.9
Other receivables and prepayments to suppliers (note 8)	252.4	-	252.4	302.9
Marketable securities (note 9)	394.9	(167.0)	227.9	363.2
Cash equivalents (note 10)	1,287.0	-	1,287.0	2,878.4
Cash	0.2	-	0.2	0.1
Total current assets	**1,945.4**	**(167.0)**	**1,778.4**	**3,561.5**
Prepaid expenses	1.4	-	1.4	0.3
Bond redemption premiums (note 14)	17.0	(5.4)	11.6	12.9
TOTAL ASSETS	**15,256.9**	**(1,004.3)**	**14,252.6**	**14,890.6**

LIABILITIES AND SHAREHOLDERS' EQUITY

(in million euros)	31 December 2011	31 December 2010
Shareholders' equity		
Share capital (note 11)	234.0	234.0
Revaluation reserve	466.6	469.3
Other reserves		
Reserves and retained earnings	7,545.9	7,147.6
Net profit for the year	444.1	647.9
Untaxed provisions	1.0	0.8
Total shareholders' equity (note 12)	**8,691.6**	**8,499.6**
Provisions for contingencies and charges (note 7)	1,319.7	1,072.5
Long- and short-term debt		
Bonds (note 14)	3,901.8	2,889.4
Other long- and short-term debt (note 14)	3.1	2,111.7
	3,904.9	**5,001.1**
Payables		
Trade payables	6.9	9.2
Accrued taxes and payroll costs	35.5	22.4
	42.4	**31.6**
Due to suppliers of fixed assets (note 6)	**91.5**	**136.1**
Other liabilities	**189.7**	**136.8**
Total liabilities	**4,228.5**	**5,305.6**
Deferred income	12.8	12.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,252.6**	**14,890.6**

20.4.6. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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The following disclosures constitute the notes to the balance sheet at 31 December 2011, before appropriation of net profit for the year, which shows total assets of €14,252.6 million, and to the income statement for the year then ended, which shows net profit of €444.1 million.

The financial statements cover the twelve-month period from 1 January to 31 December 2011.

Notes 1 to 28 below are an integral part of the financial statements. All amounts are in millions of euros unless otherwise specified.

The financial statements for 2011 including explanatory notes were approved for issue by the Managing Board of Peugeot S.A. on 9 February 2012 with the note 28, taking into account events that occurred in the period up to the Supervisory Board meeting on 14 February 2012.

These financial statements are included in the consolidated financial statements of the PSA Peugeot Citroën Group.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on a going concern basis in line with the true and fair value principle, as supported by the fundamental principles of prudence, consistent application of accounting policies and segregation of accounting periods. They also comply with the preparation and presentation rules set out in France's Plan Comptable Général (PCG) 99-03, as amended by the standards issued by the Comité de la Réglementation Comptable ("CRC").

Items recorded in the accounts are stated in accordance with the historical cost convention.

The main accounting policies applied are as follows:

A. INTANGIBLE ASSETS

This item consists of the Panhard and Panhard & Levassor brands, which are stated at acquisition cost. The brands are not amortised.

B. PROPERTY AND EQUIPMENT

Property and equipment are stated at acquisition cost, including incidental expenses but excluding transaction costs. As an exception to this principle, assets acquired before 31 December 1976 that were included in the legal revaluation are stated at valuation.

Depreciation is calculated on a straight-line basis over the assets' estimated useful lives. Depreciation is recorded in the balance sheet as a deduction from the assets' carrying amount and in the income statement under "depreciation expense".

The main useful lives are as follows:

- buildings 20-30 years
- fixtures and fittings 10 years
- office furniture 10 years

C. SHARES IN SUBSIDIARIES AND AFFILIATES

Since 2007, the cost of shares in subsidiaries and affiliates includes transaction costs.

In prior years, these investments were stated at purchase cost excluding transaction costs, except for investments acquired before 31 December 1976 that were included in the legal revaluation.

At each period-end, the value in use of shares in subsidiaries and affiliates is estimated, based generally on the Company's equity in the underlying net assets and the investee's earnings outlook.

For investees that are included in the consolidated financial statements of the PSA Group, net assets correspond to consolidated or restated net assets determined in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

In the case of a prolonged decline in the value in use of an investment to below cost, a provision is recorded for the difference. If an investment has a negative value in use and circumstances warrant it, a provision for contingencies is booked.

D. OTHER INVESTMENTS

Peugeot S.A. Shares

Peugeot S.A. shares held for the purpose of setting up a future liquidity agreement and shares held for allocation on the conversion of Oceane bonds are recorded at cost under "Other investments".

A provision for impairment is recorded at the year-end if the carrying amount of the shares exceeds their value in use.

Units in FCPR Investment Funds

Units in FCPR investment funds are recorded in "Other investments" in full for the amount booked under "Due to suppliers of fixed assets". The liability is gradually cancelled as payments are made. If the units' net asset value is below cost, a provision is recorded.

E. LOANS AND RECEIVABLES

Loans and receivables are stated at their nominal amount. A provision is booked to cover any probable losses.

F. MARKETABLE SECURITIES

Peugeot S.A. Shares

Peugeot S.A. shares held for allocation on exercise of stock-options are recorded in "Marketable securities" at acquisition cost. The shares are allocated to separate sub-categories based on an assessment of the probability of the options being exercised.

When it is probable that the options will be exercised, a provision for charges is recorded in liabilities if the exercise price is less than the shares' carrying amount. The probability of options being exercised is assessed separately for each individual plan, taking into account the plan's terms and conditions. Any provisions are recorded on a straight-line basis over the option vesting period. The charge is recognised in the income statement under "Payroll costs" by recording an expense transfer.

Peugeot S.A. shares held for allocation under performance share plans are recorded in a sub-account within marketable securities when it is probable that the shares will actually be allocated at the end of the vesting period. The amount recognised corresponds to the carrying amount of the shares at the grant date. A provision for contingencies and charges is booked on the liabilities side of the balance sheet, corresponding to the probable cost of the plan from its launch date until its closure. The probability of shares being allocated at the end of the vesting period is assessed separately for each individual plan, taking into account the plan's terms and conditions.

Where the grantees are Peugeot S.A. employees, the charge representing the probable cost of the plan is recognised under "Payroll costs" over the vesting period.

Where the grantees are employees of another Group company, the full charge for the provision set up to cover the probable cost of the plan is recorded in the income statement in the year when the plan is set up and is rebilled to the other Group companies concerned.

When it is not probable that options will be exercised or performance shares allocated at the end of the vesting period, the Peugeot S.A. shares concerned are measured at the lower of cost and market.

These accounting policies comply with PCG 99-03, as amended by standard CRC 2008-15 of 4 December 2008.

Other marketable securities

Other marketable securities consist of money market securities purchased under resale agreements. Interest income on these securities is recognised in "Financial income". No impairment provisions are recorded for these securities due to (i) the fact that there are no tangible indicators for measuring the probability of the transferor defaulting and (ii) the nature of the resale agreements, under which a firm commitment is made to repurchase the securities on an agreed date at a set price.

G. UNTAXED PROVISIONS

Untaxed provisions primarily concern reinvested capital gains on sales of shares in subsidiaries and affiliates qualifying for rollover relief under former Article 40 of France's General Tax Code.

H. BORROWINGS

Borrowings are stated at their nominal amount. Debt issuance costs are not capitalised but are expensed in full in the period when they are incurred.

When the face value of non-convertible bonds is higher than the amount received by Peugeot S.A., the discount is amortised over the life of the bond.

OCEANE bonds are convertible bonds that give the holder the right to exchange them for Company shares, which may be new issues or existing shares purchased on the market, at the issuer's discretion. They are initially recognised under "Bonds" for their face value. The liability is decreased by the face value of bonds converted during the year, with the difference between the face value of the converted bonds and the par value of the corresponding shares recognised as a conversion premium.

I. RETIREMENT OBLIGATIONS

Company employees are entitled to length-of-service awards payable on retirement and supplementary pension benefits under defined contribution or defined benefit plans.

The Company has not elected to recognise its retirement obligations in the balance sheet. These obligations are measured by independent actuaries and disclosed in the notes to the financial statements (note 23).

J. INCOME TAXES

On 1 January 2010, Peugeot S.A. and its over 95%-owned subsidiaries in France renewed their election to file a consolidated tax return, in accordance with Article 223A of France's General Tax Code.

The effects of group relief recorded in the Company's income statement comprise:

- the total income corresponding to the sum of the tax due by profitable subsidiaries;
- the net tax expense or tax benefit resulting from setting off the taxable profits and losses of the companies in the tax group;
- the income corresponding to any repayments from profitable subsidiaries to which tax savings were transferred in prior periods;
- any adjustments of income tax expense for prior periods;
- charges to the provision for tax savings to be transferred to loss-making subsidiaries (note 13);
- charges to provisions for contingencies set up to cover the estimated net income tax expense that may be due following periodic tax audits of subsidiaries in the tax group.

K. CHANGES IN MEASUREMENT METHOD

There were no changes in measurement method during the year.

NOTE 2 NON-CURRENT ASSETS

A. INTANGIBLE ASSETS, PROPERTY AND EQUIPMENT

(in million euros)	Intangible assets Brands	Property and equipment Land	Buildings Freehold buildings	Buildings Fixtures and fittings	Other
Cost at 1 January 2011	0.1	8.1	21.0	5.8	0.1
• Additions					
• Disposals	-	(8.1)	(21.0)	(2.7)	-
Cost at 31 December 2011	0.1	-	-	3.1	0.1
Historical cost excluding revaluations (1)	*0.1*	*5.5*	*10.9*	*5.0*	-
Depreciation/amortisation & provisions at 1 January 2011	-	-	(21.0)	(5.8)	(0.1)
• Additions	-	-	-	-	-
• Reversals	-	-	21.0	2.7	-
Depreciation/amortisation & provisions at 31 December 2011	-	-	-	(3.1)	(0.1)
CARRYING AMOUNT AT 31 DECEMBER 2011	**0.1**	**-**	**-**	**-**	**-**

(1) 1976 legal revaluation.

B. INVESTMENTS

(in million euros)	Investments: Share in subsidiaries and affiliates (Note 4)	Advances to subsidiaries and affiliates (Note 5)	Other investments (Note 6)	Loans
Cost at 1 January 2011	6,587.9	5,162.8	193.1	2.4
• Additions	2,323.0	1,031.0	250.3	0.2
• Disposals	-	(2,260.9)	-	-
Cost at 31 December 2011	**8,910.9**	**3,932.9**	**443.4**	**2.6**
Historical cost excluding revaluations (1)	*5,434.3*	*4,628.8*	-	*2.1*
Provisions for impairment at 1 January 2011	(619.4)	(14.3)	(3.7)	(1.1)
• Additions	(68.8)	(31.0)	(108.6)	-
• Reversals	2.7	14.3	1.2	-
• Other movements	-	-	-	-
Provisions for impairment at 31 December 2011	**(685.5)**	**(31.0)**	**(111.1)**	**(1.1)**
CARRYING AMOUNT AT 31 DECEMBER 2011	**8,225.4**	**3,901.9**	**332.3**	**1.5**

(1) 1976 legal revaluation.

NOTE 3 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

In 2011, Peugeot S.A. transferred to its wholly-owned subsidiary DJ58 the land, building, and fixtures and fittings located at 75 avenue de la Grande-Armée in Paris, whose value was estimated at €245.0 million. As the carrying amount of these assets was €8.1 million, after taking into account the reversal of the €2.6 million revaluation reserve recognised on the legal revaluation of the land in 1976, the transaction resulted in a net capital gain of €239.5 million. The transferred assets represented substantially all of Peugeot S.A.'s property and equipment.

NOTE 4 SHARES IN SUBSIDIARIES AND AFFILIATES

A. GROSS VALUE

During the year, Peugeot S.A. participated in the following share issues by subsidiaries:

- a €2,063.7 million issue carried out by Peugeot Citroën Automobiles in November 2011, which was underwritten by Peugeot S.A;
- a €14.3 million issue carried out by Peugeot Motocycles in June 2011, which was taken up in full by Peugeot S.A. and paid up by capitalizing an advance granted to Peugeot Motocycles in 2010;
- a €245.0 million issue carried out by DJ 58 in December 2011 in payment for the land, building and fixtures and fittings at 75 avenue de la Grande Armée transferred to DJ 58 by Peugeot S.A.

B. CARRYING VALUES

1. Automotive Division

In view of the Group's organisational structure and the relations between Peugeot Citroën Automobiles and the two sales companies, Automobiles Peugeot and Automobiles Citroën, the operations of these three subsidiaries are inter-connected, such that their value can only be assessed on an aggregate basis.

In 2011, the Group's Automotive Division was tested for impairment based on the present value of the Division's forecast future cash flows net of debt servicing costs. As the value of the three companies' shares far exceeded their combined carrying amount (€5,781 million), no impairment was recorded at 31 December 2011.

2. Faurecia

Peugeot S.A.'s investment in Faurecia was tested for impairment at the 2010 year-end. The Company's equity in Faurecia's enterprise value was calculated based on its share of the values in use of all of the sub-group's businesses, after Faurecia's debt servicing costs. As this amount greatly exceeded the cost of the shares the €300 million impairment provision recorded in the 2009 balance sheet was reversed in full. Of this amount, €275.6 million was reversed through profit, and €24.4 million was allocated to the revaluation reserve in shareholders' equity to replace the amount deducted when the provision was set up. The revaluation reserve was originally created at the time of the 1976 legal revaluation of Ecia shares.

At end-December 2011, the Faurecia shares held by the Company were tested for impairment based on forecast future cash flows. No impairment was recorded at that date as the value of the shares far exceeded their carrying amount. The market value of the Faurecia shares held by Peugeot S.A. was €928.5 million at 30 December 2011, corresponding to the price that would be paid in transactions between non-controlling interests not leading to a change of control.

At 31 December 2011 the cost value of Peugeot S.A.'s investment in Faurecia was €1,586.0 million.

3. Grande Armée Participations

The fair value of the investment in this subsidiary was estimated based on its net assets adjusted to include unrealised capital gains on available-for-sale securities capped at a prudent 80% of the average market price over the last six months to attenuate the impact of market volatility. Based on this estimate an additional €54.5 million impairment loss was recorded in 2011, increasing the total provision to €274.3 million. However, after deducting the €4.9 million in dividends received from Grande Armée Participations in 2011, the net charge for the year before tax was €49.6 million.

4. Peugeot Motocycles

The investment in Peugeot Motocycles had been fully written down at 31 December 2011. During the year, an additional €2.6 million was recorded in the provision for contingencies set aside in relation to this investment to cover the amount of the cash advance granted to Peugeot Motocycles by GIE PSA Trésorerie (note 7), bringing the total amount provisioned to €32.5 million.

5. Process Conception Ingénierie

At 31 December 2011, the fair value of the investment in this subsidiary was estimated based on the net assets of the PCI sub-group. During the year, €2.7 million was reversed from the impairment provision, increasing the carrying amount of the investment to €46.1 million and reducing the provision to €124.2 million at the year-end.

C. PLEDGED SECURITIES

Securities are lodged with the European Investment Bank as collateral for loans granted to Peugeot S.A. subsidiaries. At 31 December 2011, 3,045,000 Faurecia shares had been pledged for this purpose.

NOTE 5 ADVANCES TO SUBSIDIARIES AND AFFILIATES

1. FAURECIA

In November 2008, Peugeot S.A. granted a €250 million line of credit to Faurecia. The amounts drawn down under this facility were fully repaid in December 2011 following Faurecia's negotiation of a new €250 million syndicated bank loan in November.

2. PMTC

The €14.3 million advance made to Peugeot Motocycles in December 2010 was used in June 2011 to underwrite a share issue by the subsidiary (note 4A). Following repayment of the advance in new shares, the €14.3 million provision on the advance carried in the balance sheet at 31 December 2010 was reclassified as a deduction from "Shares in subsidiaries and affiliates" (note 7).

In December 2011, Peugeot S.A. granted a new €31.0 million advance to Peugeot Motocycles, to finance a further share issue. This advance was written down in full during the year (note 7).

3. GIE PSA TRÉSORERIE

Peugeot S.A. has granted the following loans to GIE PSA Trésorerie:

- a €500 million 5-year loan, corresponding to the 5.63% bond issue carried out by Peugeot S.A. In June 2010. If the bonds are bought back or redeemed prior to maturity, GIE PSA Trésorerie will be required to repay the loan;
- a €500 million 6-year loan, corresponding to the 5.00% bond issue carried out by Peugeot S.A. In October 2010. If the bonds are bought back or redeemed prior to maturity, GIE PSA Trésorerie will be required to repay the loan;
- a €500 million 3-year loan, corresponding to the 4.00% bond issue carried out by Peugeot S.A. In October 2010. If the bonds are bought back or redeemed prior to maturity, GIE PSA Trésorerie will be required to repay the loan;
- additional loans of €350 million and €150 million granted in January 2011 out of the proceeds from the two tap issues carried out in October 2010 (€350 million added to the bond issue due October 2013 and €150 million to the issue due October 2016);
- a €500 million 4.5-year loan, corresponding to the proceeds from the 6.875% bond issue carried out by Peugeot S.A. In September 2011. If the bonds are bought back or redeemed prior to maturity, GIE PSA Trésorerie will be required to repay the loan.

On 25 February and 26 April 2011 Peugeot S.A. repaid the €2 billion outstanding balance on the €3 billion loan granted by the French State in March 2009, following an initial early repayment on 10 September 2010 (see note 14).

At 31 December 2011, accrued interest recognised on these loans amounted to €76.9 million.

NOTE 6 OTHER INVESTMENTS

Other Investments *(in million euros)*	Peugeot S.A. shares (note 6.A)	Other securities (note 6.A)
Cost at 1 January 2011	-	193.1
• Additions	250.1	0.2
• Disposals	-	-
Cost at 31 December 2011	**250.1**	**193.3**
Provisions for impairment at 1 January 2011	-	(3.7)
• Additions	(108.6)	-
• Reversals	-	1.2
Provisions for impairment at 31 December 2011	**(108.6)**	**(2.5)**
CARRYING AMOUNT AT 31 DECEMBER 2011	**141.5**	**190.8**

A. PEUGEOT S.A. SHARES HELD IN TREASURY

In August and November 2011, the Managing Board decided to earmark (i) 300,000 treasury shares for a future liquidity contract and (ii) 10,908,807 treasury shares for allocation on conversion of the OCEANE bonds issued on 23 June 2009. These shares are carried under “Other investments” in respective amounts of €5.9 million and €244.2 million. In 2011, Peugeot S.A. recorded impairment losses on these treasury shares amounting to €2.2 million and €106.4 million respectively, based on the average share price for the month of December (€12.63).

B. UNITS IN FCPR INVESTMENT FUNDS

Peugeot S.A. holds units in France's Fonds de Modernisation des Équipementiers Automobiles (FMEA), a private equity fund set up by the French government as part of the Automobile Pact signed on 9 February 2009. These units are measured at value in use, which corresponds to their market value at the balance sheet date. The market value reflects the value in use of the investments made by the fund. Value in use is considered as being equal to cost in the first twelve months following acquisition, except for any adjustments that may be necessary due to unfavourable subsequent events. After the first twelve months, value in use is estimated using earnings multiples.

At 31 December 2011 the cost value of monies already called and paid into the Fund was €106.1 million. As a result, during the year, €1.2 million was reversed from the impairment provision set aside for the Company's investment in these units, reducing the total amount of the provision to €2.5 million.

FMEA units not yet called at 31 December 2011 amounted to €87.0 million. The liability is carried in the balance sheet under “Due to suppliers of fixed assets” (note 1.D).

These units are governed by the tax rules relating to FCPR investment funds, with the result that long-term capital gains on the units will be taxed at a reduced rate.

NOTE 7 PROVISIONS

Type of provision *(in million euros)*	At 1 January 2011	Additions	Releases Utilisations	(Unused provisions)	Other movements	At 31 December 2011
Provisions for contingencies and charges						
Provision for transferable tax savings (note 13)	999.7	256.4	-	-	-	1,256.1
Provisions for tax risks	27.9	0.5	(8.1)	-	-	20.3
Other provisions for contingencies and charges (1)	44.9	3.6	(0.5)	(4.7)	-	43.3
	1,072.5	**260.5**	**(8.6)**	**(4.7)**	**-**	**1,319.7**
Provisions for impairment of investments						
Shares in subsidiaries and affiliates (note 4.B)	619.4	68.8	-	(2.7)	-	685.5
Advances to subsidiaries and affiliates (note 5)	14.3	31.0	-	(14.3)	-	31.0
Other investments (note 6)	3.7	108.6	-	(1.2)	-	111.1
Loans	1.0	-	-	-	-	1.0
	638.4	**208.4**	**-**	**(18.2)**	**-**	**828.6**
Provisions for impairment of current assets						
Marketable securities (note 9.1)	80.5	97.3	-	(14.5)	3.7	167.0
Bond redemption premiums	2.0	3.4	-	-	-	5.4
TOTAL	**1,793.4**	**569.6**	**(8.6)**	**(37.4)**	**3.7**	**2,320.7**
Movements classified under:						
• Operating income and expenses		0.9	-	(4.7)	-	
• Financial income and expenses		311.8	-	(32.7)	-	
• Non-recurring income and expenses		-	(2.5)	-	-	
• Income tax (note 21)		256.9	(6.1)	-	-	

(1) At 31 December 2011, the item "Other provisions for contingencies and charges" primarily includes (i) a €32.5 million provision for contingencies recorded on Peugeot Motocycles (note 4.B) and (ii) a €7.7 million provision for the 2010 performance share plan (note 9.1.B).

NOTE 8 OTHER RECEIVABLES AND PREPAYMENTS TO SUPPLIERS

(in million euros)	31 December 2011	31 December 2010
Recoverable taxes (1)	137.3	124.9
Shareholder advances	114.1	177.1
Other	1.0	0.9
TOTAL	252.4	302.9

(1) In 2011 the Company was paid €77.6 million of the €91.6 million tax receivable recognised in 2010 for research tax credits.

NOTE 9 MARKETABLE SECURITIES

Marketable securities *(in million euros)*	Peugeot S.A. shares (note 9.1)	Other marketable securities (note 9.2)
Cost at 1 January 2011	294.0	149.7
• Additions	-	-
• Disposals	(47.3)	(1.5)
Cost at 31 December 2011	**246.7**	**148.2**
Provisions for impairment at 1 January 2011	(80.5)	-
• Additions	(101.0)	-
• Reversals	14.5	-
Provisions for impairment at 31 December 2011	**(167.0)**	**-**
CARRYING AMOUNT AT 31 DECEMBER 2011	**79.7**	**148.2**

9.1. PEUGEOT S.A. SHARES

A. SHARES HELD IN TREASURY

MOVEMENTS FOR THE YEAR

Between 12 August and 2 September 2011, Peugeot S.A. purchased 10,000,000 of its own shares on the market for €199.2 million, representing an average price of €19.92 per share. In view of the purposes for which these shares have been acquired (see note 6) they have been recorded under "Other investments".

AT 31 DECEMBER 2011

At the year-end, Peugeot S.A. held 17,187,450 shares in treasury, acquired at a total cost of €496.8 million. These shares break down into the following two categories, based on the purpose for which they were acquired:

Treasury shares *(in million euros)*	Number of shares	Cost	Impairment	Net
Treasury shares recorded under "Other investments"				
Shares held for allocation on conversion of the Oceane bonds issued on 23 June 2009	10,908,807	244.2	(106.4)	137.8
Shares held for the purpose of setting up a future liquidity contract	300,000	5.9	(2.2)	3.7
Sub-total – "Other investments"	**11,208,807**	**250.1**	**(108.6)**	**141.5**
Treasury shares recorded under "Marketable securities"				
Shares held for allocation on exercise of stock options	4,698,000	201.7	(142.4)	59.3
Shares held for allocation under existing performance share plans	807,900	26.5	(12.0)	14.5
Shares held for allocation under future plans	462,543	18.1	(12.3)	5.8
Unallocated shares	10,200	0.4	(0.3)	0.1
Sub-total – "Marketable securities"	**5,978,643**	**246.7**	**(167.0)**	**79.7**
TOTAL AT 31 DECEMBER 2011	**17,187,450**	**496.8**	**(275.6)**	**221.2**

The cost of the shares allocated to cover the 2010 performance share plan was measured as the carrying amount of the shares on the date the plan was launched, with the number determined based on the probable number of shares that will actually be allocated at the end of the vesting period, taking into account the applicable performance and vesting conditions. No provisions for impairment are recognised for these shares. In accordance with the accounting policies described in notes 1.D and 1.F above, the other shares held in treasury were tested for impairment at the year-end, which resulted in the recognition of additional impairment losses of €195.1 million in 2011 (€108.6 million for Peugeot S.A. shares recognised under "Other investments" and €86.5 million for shares included in "Marketable securities").

Following these additional losses recorded during the year, total impairment recognised on Peugeot S.A. shares held by the Company amounted to €275.6 million at 31 December 2011 versus €80.5 million at 31 December 2010.

B. PERFORMANCE SHARE PLAN

No new performance share plans were set up in 2011.

Characteristics of the 2010 Performance Share Plan

	Plan launch date	Vesting date	Number of initial grantees	Number of performance shares granted on plan launch	Number of performance shares cancelled at the year-end	Performance shares outstanding at the year-end
2010 plan	21/09/2010	Mid-February 2013 (*)	291	816,000	8,100	807,900

* *The vesting date for non-French tax residents is 21 February 2014.*

The Peugeot S.A. Managing Board decided to use the authorisation given at the Extraordinary Shareholders' Meeting of 2 June 2010 to set up a performance share plan on 21 September 2010. The vesting period for performance shares granted to French tax residents will end on the date of publication of Peugeot S.A.'s 2012 consolidated financial statements in February 2013 and wil be followed by a two-year lock-up period ending in 2015. for grantees who are not French tax residents, the shares will be subject to a four-year vesting period ending on 21 September 2014 and will not be subject to any lock-up period. Grantees who leave the Group before the end of the vesting period will forfeit their performance shares, except in case of death, invalidity or retirement.

The performance shares will vest provided that the PSA Peugeot Citroën Group's recurring operating income, excluding Faurecia but including the Chinese subsidiaries at equity, reaches a certain level.

The Managing Board reserve the right to adjust the recurring operating income target in response to exceptional circumstances.

No performance shares were granted to members of the Managing Board in 2010.

Valuation of the 2010 Performance Share Plan

Up to 807,900 shares may be allocated under the plan, if the vesting conditions are met.

The cost of the shares granted is equal to the carrying amount of the Peugeot S.A. shares held by the Company for allocation under the plan on the date the plan was launched, i.e. €24.685 per share.

2010 Performance Share Plan	Total	Peugeot SA	Other Group companies
Grantees			
Number of performance shares granted at plan launch	816,000	187,500	628,500
Number of performance shares cancelled	(8,100)	-	(8,100)
Number of performance shares outstanding at the year-end	807,900	187,500	620,400

Value *(in million euros)*	Total	Peugeot SA	Other Group companies
Amount expensed in 2011*	(3.8)	0.8	(4.6)
Amount expensed in prior years	11.5	0.4	11.1

* *The overall cost of the plan was re-estimated in 2011 based on the Group's new business plan projections. The portion of the plan concerning grantees who are not Peugeot S.A. employees was also reviewed during the year, leading to a €4.6 million decrease in the amount of accrued income recorded in relation to the plan, from €11.1 million at 31 December 2010 to €6.5 million at the 2011 year-end (note 1.F).*

C. STOCK OPTIONS

No stock option plans were set up during 2011 and no options were exercised.

The characteristics of the Company's stock option plans are presented below.

	Plan launch date	Vesting date	Last exercise date	Number of initial grantees	Exercise price (in euros)	Number of options granted
2003 plan	21/08/2003	21/08/2006	20/08/2011	184	39.09	996,500
2004 plan	24/08/2004	24/08/2007	23/08/2012	182	47.59	1,004,000
2005 plan	23/08/2005	23/08/2008	22/08/2013	169	52.37	953,000
2006 plan	23/08/2006	23/08/2009	22/08/2014	92	41.14	983,500
2007 plan	22/08/2007	22/08/2010	21/08/2015	169	60.43	1,155,000
2008 plan	20/08/2008	20/08/2011	19/08/2016	194	33.08	1,345,000

One of the vesting conditions of the stock options is generally the grantee's continued presence within the Company at the vesting date.

Changes in the number of options outstanding under these plans (exercisable for €1 par-value shares) are shown below:

(number of options)	2011	2010
At 1 January	**5,392,107**	**5,392,107**
Options granted	-	-
Options exercised	-	-
Cancelled options	(16,000)	-
Expired options	(678,107)	-
AT 31 DECEMBER	**4,698,000**	**5,392,107**
Of which options currently exercisable	4,698,000	4,257,107

9.2. OTHER MARKETABLE SECURITIES

Most of the OAT debt securities held by Peugeot S.A. are purchased under resale agreements and lodged with the European Investment Bank as collateral for loans made by the bank to Group subsidiaries. These resale agreements (for renewable three-month periods) are included in "Other marketable securities" in an amount of €148.0 million at 31 December 2011.

NOTE 10 CASH EQUIVALENTS

Cash equivalents correspond to cash advances made to GIE PSA Trésorerie, manager of the cash pool for the Group's manufacturing and sales companies. The funds are immediately available to meet the Company's day-to-day cash needs and bear interest at a rate based on the average monthly EONIA.

The cash advances are used by GIE PSA Trésorerie to meet the short-term financing needs of Group subsidiaries. External investments consist of units in money market funds with a capital guarantee and a guaranteed yield, retail certificates of deposit and money market notes at overnight rates.

At 31 December 2011, advances to GIE PSA Trésorerie totalled €1,286.4 million and accrued interest on these advances amounted to €0.6 million.

NOTE 11 SHARE CAPITAL

(number of shares)	2011	2010
At 1 January	**234,049,225**	**234,049,142**
Shares issued during the year	119	83
AT 31 DECEMBER	**234,049,344**	**234,049,225**

A total of 119 shares were issued during the year upon conversion of Oceane bonds issued by Peugeot S.A. (note 14).

At 31 December 2011, the Company's share capital comprised 234,049,344 ordinary shares with a par value of one euro each, all fully paid. Fully-paid shares registered in the name of the same holder for at least four years carry double voting rights. At 31 December 2011 a total of 74,800,377 shares carried double voting rights.

NOTE 12 CHANGES IN SHAREHOLDERS' EQUITY

(in million euros)	31 December 2010	Appropriation decided at the AGM of 31 May 2011	Dividend payout approved at the AGM of 31 May 2011	Other movements for the year	31 December 2011
Share capital	**234.0**	-	-	-	**234.0**
Revaluation reserve (1)					
Property and equipment	2.6	-	-	(2.6)	-
Shares in subsidiaries and affiliates	466.6	-	-	-	466.6
	469.2	**-**	**-**	**(2.6)**	**466.6**
Legal reserve	27.8	-	-	-	27.8
Long-term capital gains reserve	1,068.5	-	-	-	1,068.5
Other reserves	4,751.4	-	-	-	4,751.4
Retained earnings	1,299.9	398.3	-	-	1,698.2
	7,147.6	**398.3**	**-**	**-**	**7,545.9**
Net profit for the year	**647.9**	(398.3)	(249.6)	444.1	**444.1**
Untaxed provisions	**0.9**	-	-	0.1	**1.0**
TOTAL	**8,499.6**	**-**	**(249.6)**	**441.6**	**8,691.6**

(1) 1976 legal revaluation.

NOTE 13 PROVISION FOR TRANSFERABLE TAX SAVINGS

The €999.7 million provision for transferable tax savings recorded in the balance sheet at end-2010 was increased by €256.4 million to €1,256.1 million at 31 December 2011. The provision corresponds to tax savings realised by Peugeot S.A. through the utilisation of the tax losses of other companies in the tax group that would be able to use the losses in future periods if they were taxed on a stand-alone basis. Consequently, it does not cover the tax losses of companies that are dormant or are not expected to generate sufficient profit in future periods. The provision will be reversed in future periods as the subsidiaries whose tax losses have been utilised return to profit.

NOTE 14 LONG- AND SHORT-TERM DEBT

(in million euros)	31 December 2011	31 December 2010
Bonds	3,901.8	2,889.4
Other long- and short-term debt	3.1	2,111.7
TOTAL	**3,904.9**	**5,001.1**

In 2011, the Peugeot S.A. kept up its proactive refinancing strategy and conservative liquidity policy, in order to meet its general financing needs, particularly the financing of current and future growth projects. This strategy enabled the Peugeot S.A to refinance its 2011 debt maturities on favourable terms. The refinancing transactions enabled the Group to extend the average life of its debt and strengthen its balance sheet structure while at the same time reducing its finance costs compared with 2010.

In addition, the duration of the €2,400 million syndicated line of credit initially due to expire in July 2013 was extended by one year until July 2014.

The main refinancing transactions carried out during 2010 and 2011 are described below.

PEUGEOT S.A. BOND ISSUES

On 21 June 2010, Peugeot S.A. launched a €500 million 5.63% bond issue due June 2015.

On 21 October 2010, Peugeot S.A. placed €500 million worth of 4% 3-year bonds due October 2013 and €500 million worth of 5% 6-year bonds due October 2016.

On 26 January 2011, two tap issues were carried out, increasing the October 2013 issue by €350 million and the October 2016 issue by €150 million. The yields offered on the tap issues were, respectively, around 40-basis points and 30-basis points below those of the original issues.

On 27 September 2011, Peugeot S.A. launched a €500 million 6.875% bond issue due March 2016.

FULL EARLY REPAYMENT OF THE STATE LOAN

In March 2009, Peugeot S.A. obtained a €3 billion 5-year loan from the French State at an initial interest rate of 6% that could be increased to a maximum of 9% by the addition of a variable rate indexed to the Group's earnings.

€1 billion were repaid early on 10 September 2010, and in early 2011, the Managing Board decided to repay the remaining €2 billion in two instalments. These repayments were made on 25 February and 26 April 2011.

OCEANE CONVERTIBLE BOND ISSUE

On 23 June 2009, Peugeot S.A. issued €575 million worth of Oceane bonds convertible or exchangeable for new or existing shares. The 22,908,365 bonds are due 1 January 2016 and pay interest at an annual nominal rate of 4.45%.

At 31 December 2011, 1,310 bonds had been converted. At the same date accrued interest recognised on these bonds amounted to €76.9 million.

NOTE 15 MATURITIES OF RECEIVABLES AND PAYABLES

RECEIVABLES *(in million euros)*	TOTAL	DUE WITHINONE YEAR	DUE BEYOND ONE YEAR
Advances to subsidiaries and affiliates	3,932.9	107.9	3,825.0
Loans [1]	2.6	-	2.6
Non-current assets	**3,935.5**	**107.9**	**3,827.6**
Trade receivables	10.9	3.1	7.8
Other receivables and prepayments to suppliers	-	-	-
• Income tax prepayments	136.9	30.7	106.2
• Subsidiaries	114.1	114.1	-
• Other	1.4	1.4	-
• Total	252.4	146.2	106.2
Cash equivalents	1,287.0	1,287.0	-
Current assets	**1,550.3**	**1,436.3**	**114.0**
Prepaid expenses	1.4	1.4	-
TOTAL	**5,487.2**	**1,545.6**	**3,941.6**

(1) This item corresponds to a loan under the 1% government construction scheme which is due beyond 5 years.

See note 7 for information on asset impairment.

PAYABLES *(in million euros)*	TOTAL	DUE WITHIN ONE YEAR	DUE BEYOND ONE YEAR
Long- and short-term debt	3,904.9	79.9	3,825.0
Payables	42.4	42.4	-
Due to suppliers of fixed assets	91.5	43.5	48.0
Shareholder advances	189.6	189.6	-
Other	-	-	-
Other liabilities	**189.6**	**189.6**	-
TOTAL	**4,228.4**	**355.4**	**3,873.0**
Deferred income	12.8	4.3	8.5

At 31 December 2011, the Company had no liabilities due beyond five years.

The amount reported under "Due to suppliers of fixed assets" includes €87.0 million in capital commitments to the FMEA that had not been called at 31 December 2011.

Deferred income corresponds to bond redemption premiums, which are being billed over the life of the debt.

NOTE 16 ACCRUED INCOME AND EXPENSES

Accrued income and expenses included in other balance sheet items are as follows:

(in million euros)	31 December 2011	31 December 2010
Accrued income		
Advances to subsidiaries and affiliates (note 5)	76.9	166.3
Trade receivables	10.9	14.4
Other receivables	1.0	1.2
Marketable securities	0.1	0.1
Cash equivalents	0.6	1.2
TOTAL	**89.5**	**183.2**

(in million euros)	31 December 2011	31 December 2010
Accrued expenses		
Long- and short-term debt (note 14)	76.9	171.2
Trade payables	5.8	6.5
Accrued taxes and payroll costs	16.7	16.9
Other liabilities	-	0.3
TOTAL	**99.4**	**194.9**

NOTE 17 RELATED PARTY TRANSACTIONS

(in million euros)	Related party transactions (1)
Balance sheet items	
Assets	
Shares in subsidiaries and affiliates (note 4)	8,910.9
Advances to subsidiaries and affiliates (note 5)	3,932.9
Trade receivables	10.9
Other receivables	114.1
Cash equivalents (note 10)	1,287.0
Liabilities	
Other long and short-term debt (note 14)	2.1
Trade payables	1.5
Due to suppliers of fixed assets	4.5
Other liabilities	189.4
Income statement items	
Financial expenses	2.1
Investment income	464.9
Other financial income	295.9

(1) Companies consolidated or accounted for by the equity method in the consolidated financial statements of the PSA Group.

Transactions with other related parties are not material.

NOTE 18 OPERATING INCOME AND EXPENSES

(in million euros)	31 December 2011	31 December 2010
Revenue	86.9	103.5
Other income	-	-
Expense transfers	1.3	2.6
Reversals of provisions for contingencies and charges	4.7	-
Operating income	**92.9**	**106.1**
Other purchases and external charges:	(25.2)	(51.2)
Taxes other than on income	(5.4)	(4.3)
Wages and salaries	(42.1)	(36.1)
Payroll taxes	(16.8)	(16.1)
Other expenses	(1.6)	(1.4)
Additions to provisions for contingencies and charges	(1.0)	(12.0)
Operating expenses	**(92.1)**	**(121.1)**
NET OPERATING INCOME (EXPENSE)	**0.8**	**(15.0)**

NOTE 19 REVENUE

Revenue breaks down as follows:

A. BY BUSINESS SEGMENT

(in million euros)	31 December 2011	31 December 2010
Service revenue	79.7	96.5
Rental income	7.2	7.0
TOTAL	**86.9**	**103.5**

Service revenue consists mainly of contributions to research costs and headquarters expenses billed by the Company to subsidiaries, together with management fees. Total rebilled expenses were lower in 2011 than in 2010.

B. BY GEOGRAPHICAL SEGMENT

Substantially all of the Company's revenue is generated in France.

NOTE 20 NON-RECURRING INCOME AND EXPENSES

(in million euros)	31 December 2011	31 December 2010
Net gains on asset disposals (note 3)	245.0	-
Reversals of provisions for claims and litigation and tax audits	2.4	-
Reversal of revaluation reserve (note 3)	2.6	-
Other	0.2	0.7
Non-recurring income	**250.2**	**0.7**
Fines relating to claims and litigation and tax audits (1)	(40.2)	-
Carrying amount of divested assets (note 2)	(8.5)	-
Other	(0.6)	(1.1)
Non-recurring expenses	**(49.3)**	**(1.1)**
NET NON-RECURRING INCOME (EXPENSE)	**200.9**	**(0.4)**

(1) This item mainly concerns unfavourable rulings handed down in relation to the "SCC/FF" case which resulted in fines amounting to €37.8 million.

NOTE 21 INCOME TAXES

The effects of the Company's election for group relief (note 1.J) on income tax are as follows:

(in million euros)	31 December 2011	31 December 2010
Tax payable to Peugeot S.A. by profitable members of the tax group	166.2	187.8
Return by profitable members of the tax group of tax savings previously transferred by Peugeot S.A.	71.2	72.3
Group relief	96.1	95.7
Adjustments of income tax for prior periods (1)	(38.2)	1.5
Change in provision for tax savings to be transferred to loss-making subsidiaries (note 13)	(256.4)	(175.6)
Change in provision for tax risks	6.1	(0.8)
NET INCOME TAX BENEFIT	**45.0**	**180.9**

(1) This item mainly concerns unfavourable rulings handed down in relation to the "SCC/FF" case which resulted in adjustments amounting to €31.2 million.

The tax group reported a consolidated net loss of €1,120.6 million in 2011. In view of this loss-making position no income tax was payable and the income tax surcharge did not apply. Consequently, the tax group had unused tax loss carryforwards totalling €6,750.1 million at 31 December 2011.

NOTE 22 FINANCIAL COMMITMENTS

(in million euros)	31 December 2011	31 December 2010
Commitments received		
Syndicated line of credit (1)	2,400.0	2,400.0
Bank guarantee (2)	17.0	52.8
Income tax reallocations (3)	562.9	634.2
TOTAL	**2,979.9**	**3,087.0**
Commitments given		
Guarantees for loans obtained by:		
• Peugeot S.A. subsidiaries (4)	1,624.1	2,879.6
• Other companies	-	-
Other commitments given on behalf of:	-	-
• Peugeot S.A. subsidiaries (5)	336.8	422.3
TOTAL	**1,960.9**	**3,301.9**
Commitments received from and given to related parties are as follows:		
• Commitments received	17.0	52.8
• Commitments given	1,960.9	3,301.9

Commitments received include:

(1) Rollover of the Peugeot S.A. line of credit.

On 9 July 2010, Peugeot S.A. signed with a pool of 21 banks a new €2,400 million 3-year syndicated revolving credit facility (with two extensions of one year at the banks' option). In July 2011, a first one-year extension was accepted by the banks, to July 2014.

(2) Guarantees received for tax bonds issued in connection with tax disputes in France.

(3) Allocations to certain subsidiaries of income tax previously paid by Peugeot S.A., which these subsidiaries have undertaken to repay to Peugeot S.A. when they return to profit.

Commitments given include:

(4) For €600 million in 2011 and €1,855.1 million in 2010, guarantees given by Peugeot S.A. In connection with the two bond issues carried out by GIE PSA Trésorerie with nominal amounts of (i) €1,255.1 million which matured in September 2011 and (ii) €600 million due in September 2033. The other guarantees mostly concern loans obtained by subsidiaries from the European Investment Bank.

(5) For €275.9 million, the equivalent of outstanding loans by Banque PSA Finance to Group subsidiaries at 30 November 2011, that Peugeot S.A. is committed to repaying in the event of default by the subsidiaries concerned.

For €108.0 million at 31 December 2010, the undrawn portion of the €250 million line of credit granted to Faurecia by Peugeot S.A., which Faurecia repaid in full during 2011 (note 5).

NOTE 23 RETIREMENT COMMITMENTS

Peugeot S.A. employees are entitled to supplementary pension benefits, payable annually, or lump sum length-of-service awards payable at the time of retirement. These benefits are paid under defined contribution and defined benefit plans.

Existing defined benefit plans concern the retirement bonuses provided for by collective bargaining agreements and the internally-managed portion of the supplementary pension scheme for engineers and management personnel (cadres) that was not transferred to an external fund in 2002, which guarantees a defined level of pension benefit from all plans of up to 60% of the employee's final salary.

The members of the Group's management bodies are eligible to participate in the supplementary pension plan provided that (i) they have sat on the Managing Board, Executive Committee or other Management body for a specific minimum period; and (ii) they end their career with the Group. This top-hat plan guarantees a defined level of pension benefit in the aggregate for all plans (statutory and supplementary) equal to up to 50% of a benchmark salary, taken to be the three highest annual salaries received over the last five years with the Group. Under this plan, benefits may be paid over to the executive's spouse or partner.

At 31 December 2011, the projected benefit obligation amounted to €105.3 million, including €39.7 million in benefit obligations towards members of the management bodies.

The obligation is partly funded by external funds in the amount of €56.0 million. No provision has been recorded for the unfunded portion.

France's 2010 Social Security Financing Act was published in the *Journal Officiel* on 27 December 2009. The main measures affecting the Company's pension obligations concern the top-hat plan for members of the Group's management bodies. Effective from 1 January 2010, the 6% tax on contributions to this plan rose to 12% and, for pensions claimed on or after 1 January 2010, an additional 30% tax is payable on the total amount of pension benefits that exceed eight times the ceiling for Social Security contributions. These new measures were taken into account in the calculation of pension obligations at the year-end, resulting in a €9 million increase in the projected benefit obligation.

The Pensions Reform Act was enacted by the President of the French Republic and published in the Journal Officiel on 10 November 2010. The new legislation provides for a gradual rise in the retirement age from 60 currently to 62 in 2018. Its application by Peugeot S.A. has led to a non-material decrease in the projected benefit obligation under the retirement bonus plan.

The 21 June 2010 industry-level agreements amending the 1970 agreement introducing monthly salary payments for non-management employees and the 1972 collective bargaining agreement applicable to engineers and managers are applicable from 30 July 2010. These new agreements align the retirement bonus rights for both managers and non-management employees under the applicable collective bargaining agreement. The increase in Peugeot S.A.'s projected benefit obligation under the retirement bonus plan resulting from this amendment was not material.

NOTE 24 UNRECOGNISED DEFERRED TAXES

Unrecognised deferred taxes arising from timing differences between the recognition of income and expenses for financial reporting and tax purposes represented a net asset of €112.5 million at 31 December 2011.

Under France's amended 2004 Finance Act (Act no. 2004-1485 dated 30 December 2004) companies were given the option of transferring reinvested long-term capital gains taxed at a reduced rate to distributable reserves without paying the difference between the reduced tax rate and the standard rate, in exchange for a 2.5% exit tax. This option concerned the portion of the long-term capital gains reserve in excess of €200 million, and the transfer had to be carried out before 31 December 2006. Peugeot S.A. decided not to take up this opportunity. At 31 December 2011, the long-term capital gains reserve potentially subject to additional tax amounted to €1,068.5 million (note 12).

NOTE 25 MANAGEMENT COMPENSATION

(in million euros)	31 December 2011	31 December 2010
Compensation paid to:		
• Members of management bodies	6.6	10.6
• Members of the Supervisory Board	1.4	1.1
TOTAL	**8.0**	**11.7**

The Group is managed by the Managing Board.

The Group's management bodies correspond to the Executive Committee, which includes the members of the Managing Board and other members of executive management.

The compensation details provided in the table above do not include payroll taxes but do include any compensation paid by subsidiaries controlled by the Group. The Managing Board members waived their 2011 bonuses. The amounts accrued for bonuses and other compensation payable to the other Executive Committee members are provisional.

The following table presents details of Peugeot S.A. performance shares awarded to members of the management bodies in 2010 and outstanding Peugeot S.A. stock options granted to members of the management bodies in the years prior to 2011:

(number of options)	31 December 2011	31 December 2010
Stock options held at 31 December	372,000	587,000
Performance shares awarded in 2010 (1) that were held at 31 December (see note 9.1B)	65,000	65,000

(1) In line with the commitments given by the Group in application of the regulations governing agreements with companies that have received exceptional State aid, no performance shares were granted to members of the Managing Board in 2010.

Members of the Group's management bodies participate in the supplementary pension plan described in note 23.

Members of the management bodies are not entitled to any long-term benefits apart from pension benefits under the plan referred to above, or any share-based payments or any compensation for loss of office.

NOTE 26 AVERAGE NUMBER OF EMPLOYEES

(number of employees)	31 December 2011	31 December 2010
Managers	279.0	279.0
Other	65.0	57.0
TOTAL	**344.0**	**336.0**

NOTE 27 TRAINING ENTITLEMENTS

In line with the French Training Act (Act no. 2004-391) of 4 May 2004, employees are entitled to at least 20 hours' personal training per calendar year, which can be carried forward for up to six years. At the end of the six-year period, if the training entitlement is not used it is capped going forward at 120 hours.

On 15 April 2005, the PSA Peugeot Citroën Group signed an agreement with all of its trade unions in France concerning career-long training opportunities. In line with the law, each employee is awarded an annual training credit equal to 20 hours. The training rights accumulated since 1999 under earlier schemes have been maintained and the cap on the training entitlement that may be carried forward has been raised to 150 hours. Employees may attend training courses during their working hours, provided that this does not disrupt the organisation of their unit.

At 31 December 2011, training credits totalling 40,140 hours were available.

No accrual was booked in this respect at 31 December 2011, in line with opinion 2004 - F issued on 13 October 2004 by the *Conseil National de la Comptabilité* urgent issues task force.

NOTE 28 SUBSEQUENT EVENTS

No events occurred between 31 December 2011 and the Supervisory Board meeting held on 14 February 2012 to review the financial statements, that could have a material impact on economic decisions made on the basis of these financial statements, with the exception of the following:

- on 14 February 2012, the Supervisory Board approved in principle the sale of Group real estate assets. During the same meeting, the Supervisory Board also approved in principle the opening of GEFCO's capital, on the understanding that the PSA Peugeot Citroën Group would remain a strategic shareholder. Employee representative bodies will be consulted about these plans, in accordance with French labour laws.

20.4.7. PEUGEOT S.A. FIVE-YEAR FINANCIAL SUMMARY

(Provided in compliance with articles D-133, D-135 and D-148 of the French decree of 23 March 1967)

	2011	2010	2009	2008	2007
I – Financial position at 31 December					
a – Share capital [1]	234,049,344	234,049,225	234,049,142	234,048,798	234,280,298
b – Shares outstanding	234,049,344	234,049,225	234,049,142	234,048,798	234,280,298
II – Results of operations					
a – Net revenues	816,142,657	618,615,747	706,891,796	638,330,276	837,261,848
b – Income before tax, employee profit-sharing, depreciation, amortisation and provisions.	663,823,877	199,298,390	393,686,214	518,965,886	740,999,549
c – Employee profit-sharing (charge for the year).	-	-	-	-	-
d – Income tax [2]	45,029,722	180,892,567	46,841,128	121,708,369	67,780,191
e – Income after tax, employee profit-sharing, depreciation, amortisation and provisions	444,119,935	647,883,601	537,011,853	47,527,964	525,580,339
f – Dividends [4]		**249,547,952**			**351,420,447**
III – Per share data [3]					
a – Income after tax and employee profit-sharing before depreciation, amortisation and provisions	3.03	1.62	1.88	2.74	3.45
b – Income after tax, employee profit-sharing, depreciation, amortisation and provisions.	1.90	2.77	2.29	0.20	2.24
c – Dividend per share (4):					
• Dividend		1.07	-	-	1.50
• Tax already paid (tax credit) [3]	-	-	-	-	-
TOTAL REVENUE	-	-	-	-	-
IV – Employees					
a – Average number of employees	344	336	334	355	390
b – Total payroll	40,951,996	33,214,427	35,889,698	38,514,763	37,018,614
c – Total benefits (national health insurance, retirement pensions, etc.).	17,307,884	16,148,312	15,272,699	15,865,706	18,133,174

(1) Movements in share capital resulted from (i) the cancellation of shares following their purchase on the open market between 2006 and 2008 and (ii) since 2009, the conversion of bonds into shares under the OCEANE convertible bond issue.

(2) Since 1 January 1990, in compliance with article 223-A et seq. of the French Tax Code, a consolidated tax return has been filed by the Company and its French subsidiaries that are at least 95% owned. The income tax charge includes current taxes for the year and movements in provisions for deferred taxes.

(3) Beginning with dividends received in 2005, the tax credit has been replaced with tax relief.

(4) The amounts for 2011 are not yet known.

20.4.8. SUBSIDIARIES AND AFFILIATES AT 31 DECEMBER 2011

Company or Group *(in thousands of euros or of national currencies)*		Share capital	Reserves and retained earnings (before appropriation of profit for the year)	% interest
I - Detailed information about investments representing over 1% of the Company's share capital				
A - Subsidiaries (at least 50%-owned)				
Peugeot Citroën Automobiles route de Gisy, 78 Vélizy		294,817	(219,133)	100.00
Faurecia 2, rue Hennape, 92 Nanterre		772,578	1,327,079	57.42
Grande Armée Participations 75 avenue de la Grande-Armée, Paris 16e		60,435	52,069	100.00
Banque PSA Finance 75 avenue de la Grande-Armée, Paris 16e		177,408	2,026,001	74.93
Automobiles Citroën 12, rue Fructidor, Paris 17e		159,000	80,783	100.00
Automobiles Peugeot 75 avenue de la Grande-Armée, Paris 16e		172,712	288,239	100.00
Process Conception Ingénierie 9, avenue du Maréchal Juin, 92 Meudon-la-Forêt		22,954	32,305	84.54
DJ58 75 avenue de la Grande-Armée, Paris 16e		245,001	-	100.00
Peugeot Motocycles Rue du 17 Novembre - 25 Mandeure		7,142	3,844	100.00
GEFCO 77 à 81, rue des Lilas d'Espagne, 92 Courbevoie (Hauts-de-Seine)		8,000	212,347	99.94
PSA International S.A. 62 quai Gustave Ador, 1207 Genève (Suisse)	CHF	5,979	233,520	-
	EUR	4,918	192,103	99.93
Société Anonyme de Réassurance Luxembourgeoise 6 B Route de Trêves L2633 Senningerberg - Luxembourg		10,500	22	100.00
B - Affiliates (10 to 50%-owned)				
PSA Assurances SAS		25,740	4,840	10.00
II - Aggregate information about investments representing less than 1% of the Company's share capital				
A - Subsidiaries not listed in I:				
a) French subsidiaries (total)				
b) Foreign subsidiaries (total)				
B - Affiliates not listed in I:				
a) French companies (total)				
b) Foreign companies (total)				

Carrying amount Cost	Net	Outstanding loans and advances	Outstanding guarantees	Last published revenue	Last published profit or loss	Dividends received during the year	Comments
4,674,337	4,674,337	-	1,009,627	61,138,044	(1,465,922)	-	
1,585,955	1,585,955	-	-	171,389	250,171	15,845	
408,923	134,623	-	-	-	6,188	4,898	
380,084	380,084	-	275,959	4,181,051	288,385	116,312	
625,653	625,653	-	5,467	8,899,867	72,919	19,800	
480,545	480,545	-	5,467	13,210,610	256,304	198,878	
170,304	46,088	-	-	223,796	10,786	4,803	
245,001	245,001	-	-			-	
287,005	-	31,000	-	127,278	(49,512)	-	
32,198	32,198		39,000	2,030,288	160,934	79,951	
-	-	-	-	50,768	36,900	-	1 EUR = 1,2156 CHF
6,844	6,844	-	-	41,764	30,355	24,388	
11,267	11,267	-	-	-	-	-	
2,574	2,574	-	-	-	(63)	-	
15	15	-	600,000			-	
10	10	-	-			38	
-	-	-	-			-	
219	219	-	-			-	

20.5. AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

20.5.1. STATUTORY AUDITORS' ASSURANCE OPINION

Please refer to the Statutory Auditors' Reports on the consolidated financial statements and the Company financial statements for the year ended 31 December 2011 in sections 20.3.1 and 20.4.1 above respectively.

20.6. DATE OF LATEST FINANCIAL INFORMATION

31 December 2011.

20.7. INTERIM AND OTHER FINANCIAL INFORMATION

Not applicable.

20.8. DIVIDEND POLICY

	2007	2008	2009	2010	2011
Dividend per share					
Dividend	€1.50	-	-	€1.10	-*
Tax credit	-**	n/a	n/a	-**	n/a
Total revenue	-**	n/a	n/a	-**	n/a

* *Subject to shareholder approval at the 25 April 2012 Annual Shareholders' Meeting.*

** *Beginning with the 2004 dividend received in 2005, the tax credit has been replaced, under certain conditions, with tax relief.*

The PSA Peugeot Citroën Group pays a dividende, with the Supervisory Board's approval, when this is reasonable considering the Group's performance and the objective of securing an improvement in its underlying profitability.

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

20.9. LEGAL AND ARBITRATION PROCEEDINGS

Please refer to section 4.4 of this Registration Document.

20.10. SIGNIFICANT CHANGE IN THE COMPANY'S FINANCIAL OR TRADING POSITION

Please refer to section 12 and 13, to note 40 to the consolidated financial statements concerning subsequent events (see section 20.3.7 above) and to note 28 to the Company financial statements.

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ADDITIONAL INFORMATION

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21.1. SHARE CAPITAL

21.1.1. ISSUED CAPITAL AS OF 31 DECEMBER 2011

The issued capital amounted to €234,049,344 as of 31 December 2011. It was divided into 234,049,344 shares with a par value of €1.00, all fully paid-up and of the same class. The shares are held in registered or bearer form, at the shareholder's choosing. The slight increase compared with the number of shares outstanding at the end of 2010 resulted from the issuance of shares on conversion of 119 Oceane convertible bonds.

As of December 31, 2010, the issued capital amounted to €234,049,225, divided into 234,049,225 shares with a par value of €1.00.

21.1.2. SHARES NOT REPRESENTING CAPITAL

Not applicable.

21.1.3. SHARES HELD BY OR ON BEHALF OF THE COMPANY OR BY SUBSIDIARIES

A total of 17,187,450 shares with a par value of €1.00 were held in treasury as of 31 December 2011, representing 7.34% of issued capital.

21.1.4. SHARES OF COMMON STOCK, SHARE EQUIVALENTS, OPTIONS TO PURCHASE NEW SHARES OF COMMON STOCK AND STOCK GRANTS

Share equivalents are options to purchase existing shares, which are granted solely to employees.

These options were granted to executives and senior managers, including Managing Board members, in 2008 and preceding years. No stock options were granted from 2009 to 2011.

A total of 4,698,000 options were outstanding at 31 December 2011.

Shares are issued from time to time when holders of Peugeot S.A. Oceane bonds present their bonds for conversion (see note 26.2 to the 2011 consolidated financial statements).

On 21 September 2010, the Peugeot S.A. Managing Board decided to use the authorisation given at the Extraordinary Shareholders Meeting of 2 June 2010 to set up a performance share plan based on the cumulative performance for 2010, 2011 and 2012. A performance share plan was set up in 2010, under which no performance shares were granted to members of the Managing Board.

For more information, refer to notes 26.3 and 26.4 to the 2011 consolidated financial statements.

21.1.5. AUTHORISATIONS IN EFFECT

The following financial authorisations have been granted by shareholders to the Managing Board.

In accordance with the articles of association, any corporate actions or bond issues must be submitted to the Supervisory Board for prior approval.

FINANCIAL AUTHORISATIONS IN EFFECT AT 31 DECEMBER 2011

	Authorisation	Validity	Granted	Used	Expires
1 – Annual Shareholders Meeting					
Authorisation to carry out a share buyback programme *(13th resolution)*	Acquisition of up to 16,000,000 shares Maximum purchase price: €65 per share	18 months	31 May 2011	10,000,000 shares	31 November 2012
2 – Extraordinary Shareholders Meeting					
Cancellation of shares *(14th resolution)*	• Cancellation of shares representing up to 10% of the Company's share capital in any 24-month period	18 months	31 May 2011	None	31 November 2012
Authorisation to issue securities conferring the right to acquire equity directly or indirectly with pre-emptive subscription rights *(15th resolution)*	• Aggregate par value of shares not to exceed €400 million • Aggregate nominal amount of debt securities not to exceed €1,500 million	26 months	31 May 2011	None	31 July 2013
Authorisation to issue securities conferring the right to acquire equity directly or indirectly without pre-emptive subscription rights, through a public offering or private placement *(16th and 17th resolution, respectively)*	• Aggregate par value of shares not to exceed €400 million • Aggregate nominal amount of debt securities not to exceed €1,500 million	26 months	31 May 2011	None	31 July 2013
Authorisation to increase the amount of securities offered for issues that are oversubscribed *(18th resolution)*	• Authorisation to increase the number of securities offered under any issues decided pursuant to the 15th, 16th and 17th resolutions approved at the Annual Shareholders Meeting of 31 May 2011, provided that the ceilings specified in the resolutions are not exceeded	26 months	31 May 2011	None	31 July 2013
Authorisation to carry out an employee share issue *(19th resolution)*	• Aggregate par value of shares not to exceed €15 million, to be deducted from the €400 million ceiling specified above	26 months	31 May 2011	None	31 July 2013
Issuance of stock warrants while a takeover bid is in progress *(12th resolution)* *(20th resolution)*	• Aggregate par value of shares not to exceed €160 million, to be deducted from the €400 million ceiling specified above • Number of warrants issued not to exceed €160 million	18 months	31 May 2011	None	31 November 2012

FINANCIAL AUTHORISATIONS THAT EXPIRED IN 2011

	Authorisation	Validity	Granted	Used	Expires
1 – Annual Shareholders Meeting					
Buyback of shares *(6th resolution)*	Acquisition of up to 16,000,000 shares Maximum purchase price: €65	18 months	2 June 2010	None	2 December 2011
2 – Extraordinary Shareholders Meeting					
Options to purchase existing shares of Company stock *(7th resolution)*	2,000,000 shares	15 months	2 June 2010	None	31 August 2011
Performance share grants *(8th resolution)*	2,000,000 shares	15 months	2 June 2010	816,000	31 August 2011
Cancellation of shares *(9th resolution)*	• 10% of the capital stock per each 24-month period	18 months	2 June 2010	None	2 December 2011
Issuance of equity or securities conferring the right to acquire equity directly or indirectly with or without pre-emptive subscription rights *(Roll-over of the authorisations granted in the 6th and 7th resolutions approved at the 3 June 2009 Annual Shareholders Meeting)*	• Aggregate par value of shares not to exceed €400 million • Aggregate nominal amount of debt securities not to exceed €1,500 million	26 months	3 June 2009	22,908,365 Oceane convertible bonds issued for an aggregate nominal amount of €575 million	3 August 2011
Increase in the amount of securities offered for issues that are oversubscribed *(8th resolution)*	• Increase in the number of securities offered under any issues decided pursuant to the 6th and 7th resolutions approved at the Annual Shareholders Meeting of 3 June 2009 not to exceed the ceilings specified in the resolutions	26 months	3 June 2009	Of the 22,908,365 abovementioned Oceane convertible bonds, 2,988,047 were issued	3 August 2011
Issuance of stock warrants while a takeover bid is in progress *(11th resolution)*	• Aggregate par value of shares not to exceed €160 million to be deducted from the €400 million ceiling specified above • Number of warrants issued not to exceed €160 million	18 months	2 June 2010	None	2 December 2011
Same as above, up to a maximum of 18 months while a takeover bid is in progress *(10th resolution)*	For use during a takeover bid	18 months	2 June 2010	None	2 December 2011

21.1.6. SHARE BUYBACKS

At the Annual Shareholders' Meeting on 31 May 2011, shareholders authorised a share buyback programme for the purpose of:

- reducing the Company's capital stock;
- acquiring shares for attribution on the exercise of stock options granted to employees, executives or officers of the Company or any related entity;
- acquiring shares for attribution under a performance share plan for employees, executives or officers of the Company or any related entity;
- acquiring shares for attribution on redemption, conversion or exercise of share equivalents;
- to maintain a liquid market in the Company's shares through market-making transactions carried out by an independent investment services provider acting under a liquidity agreement that complies with a Code of Ethics approved by the Autorité des Marchés Financiers.

In compliance with the law, the Company may never directly or indirectly own more than 10% of issued capital.

The 18-month authorisation concerned the buyback of up to 16,000,000 shares for a maximum purchase price of €65 per share. It will expire on 31 November 2012 unless shareholders authorise another share buyback programme at the 25 April 2012 Annual Shareholders' Meeting.

Between 12 August 2011 and 2 September 2011, 10 million shares were bought back by the Company for a total of €199,198 million.

In compliance with article L. 225-209 of the French Commercial Code (*Code de commerce*) and Articles 241-1 to 242-7 of AMF General Rules and Regulations, a description of the programme is available in the Annual Shareholder's Meeting section of the www.psa-peugeot.citroen.com website, as well as on the www.amf.france.org website.

21.1.7. OPTIONS TO PURCHASE EXISTING SHARES OF COMMON STOCK

Every year from 1999 to 2008, the Managing Board granted options to certain employees, executives and corporate officers of the Company and its subsidiaries, allowing them to purchase existing shares of common stock at a specified price.

No stock options were granted in 2009, 2010 or 2011.

For a description of these plans, the number of options outstanding and the average weighted value of the options and underlying shares, please refer to note 26.3 to the 2011 consolidated financial statements in section 20.3 above.

21.1.8. HISTORY OF THE SHARE CAPITAL

(in euros)	2011	2010	2009
Share capital at the beginning of the year	234,049,225	234,049,142	234,048,798
Shares issued on conversion of OCEANE bonds	119	83	344
Shares cancelled	-	-	-
SHARE CAPITAL AT THE END OF THE YEAR	**234,049,344**	**234,049,225**	**234,049,142**

No other form of potential capital had been issued as of 31 December 2011.

21.1.9. THE MARKET FOR THE COMPANY'S FINANCIAL INSTRUMENTS

LISTING OF THE PEUGEOT S.A. SHARE

The Peugeot S.A. share is listed on the NYSE Euronext Paris stock exchange, compartment A, where it is eligible for the deferred settlement system.

It is also traded in London on the SEAQ International system and in the United States in the form of American Depositary Receipts (ADRs), traded on the New York over-the-counter market. Each share of common stock is represented by one ADR.

SHARE DATA

ISIN	**FR0000121501**
Markets	Eurolist continuous trading – NYSE Euronext Paris, Compartment A Ticker UGFP (Bloomberg) Other markets: • United States: Traded as American Depositary Receipts (ADRs), with one ADR representing one share of common stock on OTCQX. Ticker PEUGY US; • Europe: SEAQ International – London
Listed in the major indexes	CAC 40, SBF 120, SBF 250, Euronext 100, Dow Jones Euro Stoxx Auto, Advanced Sustainable Performance Indices (ASPI), FTSE4Good
Eligible for	Deferred settlement under the SDR System and inclusion in French PEA stock savings plans
Par value	Par value
Shares outstanding at 31 December 2011	234,049,344
Closing price on 31 December 2011	€12.11
Market value at 31 December 2011	€2,834 billion
Weighting in the CAC 40 index at 31 December 2011	0.3161%

SHARE INFORMATION

(Source: NYSE Euronext)

PRICE DATA

	2011			2010			% change on 2010
(in euros)	High	Low	31 December 2011	High	Low	31 December 2010	closing price
Peugeot S.A. share	33.60	11.59	12.11	32.22	17.92	28.41	-57.37%
CAC 40 index	4,169.87	2,693.21	3,159.81	4,088.18	3,287.57	3,804.78	-16.95%

TRADING DATA

	2011		2010	
	Total	Daily average	Total	Daily average
Number of shares	582,561,757	2,257,991	603,124,315	2,337,691
Value *(in millions of euros)*	13,353.56	51.76	14,133.90	54.78

PRICE AND TRADING VOLUME OF THE PEUGEOT S.A. SHARE ON THE NYSE EURONEXT PARIS MARKET (DEFERRED SETTLEMENT SERVICE)

	Share price *(in euros)*			Trading volumes		
	Low	High	Closing	Volume per month	Value per month *(in millions of euros)*	Daily average *(in thousands of euros)*
2010						
January	22.995	27.490	23.635	44,959,939	1,141.66	57,083.1
February	18.795	24.330	19.385	63,991,350	1,341.40	67,070.2
March	19.040	23.100	21.800	52,069,653	1,124.45	48,889.1
April	21.480	23.940	22.450	49,181,789	1,108.43	55,421.6
May	17.920	22.810	19.540	66,043,935	1,310.25	62,393.0
June	18.770	23.380	21.065	55,974,140	1,196.27	54,375.8
July	20.020	25.300	22.770	56,206,037	1,295.19	58,872.1
August	20.200	23.760	20.730	39,996,776	882.47	40,112.4
September	20.450	25.665	24.665	45,428,050	1,072.57	48,752.9
October	23.700	29.945	28.600	54,885,262	1,484.24	70,677.9
November	28.050	32.150	28.720	39,161,273	1,159.13	52,687.8
December	28.355	32.225	28.410	35,226,111	1,017.84	44,253.8
2011						
January	28.735	33.600	30.615	34,527,236	1,087.96	51,807.7
February	27.550	31.350	29.015	44,353,032	1,314.35	65,717.7
March	25.825	29.885	27.880	45,661,297	1,268.79	55,164.6
April	26.370	30.900	30.660	28,352,928	810.83	42,675.0
May	28.310	31.740	29.410	34,503,714	1,029.88	46,812.6
June	27.310	31.150	30.870	54,655,093	1,571.49	71,431.2
July	26.035	32.310	26.540	38,476,238	1,130.48	53,832.2
August	17.925	26.905	21.330	74,994,208	1,586.35	68,971.8
September	15.125	21.640	16.165	58,472,787	1,040.52	47,296.4
October	14.510	18.695	15.875	63,345,863	1,072.20	51,057.0
November	11.600	15.445	13.840	60,424,734	838.75	38,124.9
December	11.590	14.620	12.110	44,794,627	601.97	28,665.1
2012						
January	11.980	15.570	14.095	53,706,760	742.91	33,768.8

Source: NYSE Euronext Paris – January 2012

AMERICAN DEPOSITARY RECEIPTS (ADR) OF PEUGEOT SA TRADED ON THE US MARKET

	Share price *(in US dollars)*		Trading volumes	
	Low	High	Closing	Volume per month
2010				
January	32.31	38.70	32.31	15,678
February	26.12	33.51	26.12	19,959
March	26.17	30.67	29.47	77,754
April	28.90	31.55	29.75	25,208
May	21.93	30.07	24.40	26,963
June	22.96	28.78	25.65	45,643
July	25.34	32.24	29.85	52,015
August	25.80	31.21	26.18	9,621
September	27.17	34.70	33.86	56,816
October	33.32	41.66	39.93	39,126
November	37.52	42.66	37.60	22,064
December	37.73	42.78	38.10	75,781
2011				
January	39.02	44.48	42.15	23,091
February	38.40	42.65	40.18	68,374
March	35.44	40.88	39.90	35,161
April	37.68	45.39	45.39	13,613
May	39.86	45.85	42.40	17,375
June	39.45	44.80	44.80	18,259
July	38.15	45.41	38.15	284,525
August	26.24	36.55	30.67	93,383
September	21.20	29.92	21.24	106,921
October	19.80	25.15	22.24	78,214
November	15.80	21.25	18.56	779,122
December	15.03	19.36	15.62	235,103
2012				
January	15.76	20.19	18.32	208,503

COUPONS ELIGIBLE FOR PAYMENT

DIVIDENDS

	Shares outstanding	Par value	Coupon number	Payment date	Time barred as from	Dividend paid	Tax credit	Total income per share
Shares	243,109,146	€1.00	45	1 June 2005	1 June 2010	€1.35	*	*
	234,618,266	€1.00	46	30 May 2006	31 May 2011	€1.35	*	*
	234,618,266	€1.00	47	30 May 2007	30 May 2012	€1.35	*	*
	234,280,298	€1.00	48	4 June 2008	4 June 2013	€1.50	*	*
	234,048,798	€1.00	-	n/a	n/a	-	n/a	n/a
	234,049,142	€1.00	-	n/a	n/a	-	n/a	n/a
	234,049,225	€1.00	49	7 June 2011	7 June 2016	€1.10	*	*
	234,049,344	€1.00	-	n/a	n/a	-	n/a	n/a

* *Beginning with dividends received in 2005, the tax credit has been replaced, under certain conditions, with tax relief.*

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

OTHER RIGHTS

	Shares outstanding	Par value	Coupon number	Ex-dividend date	Type of transaction
Share	18,479,370	FRF 70	26	15 July 1987	Bonus share issue (1 new share for 5 existing shares)

21.2. MEMORANDUM AND ARTICLES OF ASSOCIATION

21.2.1. OBJECTS AND PURPOSES OF THE COMPANY

(Summary of Article 3 of the articles of association)

The Company's purpose is to participate, directly or indirectly, in any and all industrial, commercial or financial activities, in France or abroad, related to:

- the manufacture, sale or repair of all forms of motor vehicles;
- the manufacture and sale of all steel products, tools and tooling;
- the manufacture and sale of all manufacturing, mechanical and electrical engineering equipment;
- the granting of short, medium and long-term consumer loans, the purchase and sale of all marketable securities and all financial and banking transactions;
- the provision of all transport and other services;
- the acquisition of all real property and property rights, by any appropriate means;

and generally to conduct any and all commercial, industrial, financial, securities or real estate transactions related directly or indirectly to any of the above purposes or any other purpose that contributes to the development of the Company's business.

21.2.2. PROVISIONS OF THE ARTICLES OF ASSOCIATION WITH RESPECT TO THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The organisation and procedures of the Managing Board and Supervisory Board are described in Articles 9 and 10 of the articles of association.

The Company is managed by a Managing Board with at least two and no more than seven members.

21.2.3. RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO EXISTING SHARES

(Article 8 of the articles of association)

In addition to the statutory voting rights attached to the shares, each share entitles its holder to a fractional share of the Company's profits and liquidation surplus equal to the fraction of the issued capital represented by the share.

All shares rank pari passu as regards taxation. As a result, they entitle their holders to the same net amount, based on their par value and cum-rights date, for any allocation or return of capital during the Company's life or its liquidation.

21.2.4. ACTION NECESSARY TO CHANGE THE RIGHTS OF SHAREHOLDERS

(Excerpt from Article 7 of the articles of association)

In addition to the statutory disclosure thresholds, any individual or corporate shareholder that acquires or increases its direct or indirect interest in the Company's capital to more than 2% or any multiple of 1% of the capital in excess of 2%, is required to disclose the total number of shares held. Said disclosure must be made within five full days of the date when the shares in excess of the relevant disclosure threshold are recorded in the shareholder's account. This requirement continues to apply to shareholders whose interest is in excess of the first statutory disclosure threshold of 5%.

At the request of one or more shareholders together holding at least 5% of the Company's capital, any undisclosed shares in excess of any of the above disclosure thresholds will be stripped of voting rights for a period of two years from the date at which the omission is remedied.

There are no other clauses in the articles of association limiting voting rights.

21.2.5. SHAREHOLDERS MEETINGS

(Summary of Article 11 of the articles of association)

Shareholders Meetings are held either at the Company's registered office or at any other location specified in the Notice of Meeting, which is prepared in compliance with the applicable legislation.

Fully-paid up shares registered in the name of the same holder for at least four years shall carry double voting rights at Shareholders Meetings.

21.2.6. CONDITIONS IMPOSED BY THE ARTICLES OF ASSOCIATION GOVERNING CHANGES IN THE CAPITAL

None.

21.2.7. CHANGE OF OWNERSHIP

See section 18.4 above for information concerning change of ownership.

21.2.8. DISCLOSURE THRESHOLDS

Information regarding disclosure thresholds is provided in sections 18.1 and 21.2.4 above.

21.2.9. COMPANY ACCOUNTS

(Summary of Article 12 of the articles of association)

Each financial year shall cover a twelve-month period commencing on 1 January and ending on 31 December.

The Annual Shareholders Meeting has full discretionary powers to decide the appropriation of net income, except for the appropriations required by law.

21.3. FEES PAID TO THE STATUTORY AUDITORS IN 2011 AND 2010

For information on fees paid to the Statutory Auditors, please refer to note 41 in the notes to the 2011 consolidated financial statements in section 20.3.7 above.

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MATERIAL CONTRACTS

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22.1 ALLIANCE WITH GENERAL MOTORS

The purpose of the strategic alliance between the Company and General Motors (the "Alliance"), which was announced on February 29, 2012, is to put in place a global cooperation between the Company and General Motors at a global level around two main pillars:

(i) The sharing of vehicle platforms, modules and components: the Company and General Motors shall continue to market and sell their vehicles independently and on a competitive basis under their respective brands. Both intend to share some of their platforms, modules and components in order to put together their development and production capacities.

(ii) The creation of a global purchasing joint venture for the sourcing of products and services: the Company and General Motors intend to operate as a global purchasing organization with respect to the sourcing of commodities, components and other goods and services.

It is also contemplated that the Alliance covers additional areas of cooperation, such as logistic and freight. The Company and General Motors have especially the intent to establish an exclusive, strategic, and commercial cooperation between General Motors and Gefco for the logistics services needs of General Motors in Europe and Russia.

In this context, the Company and General Motors Holdings L.L.C. (a wholly-owned subsidiary of General Motors Company, hereinafter "General Motors") have, on February 29, 2012, entered into a master agreement (the "Master Agreement"), which purpose is to (i) describe the principal and strategic objectives of the Alliance, (ii) organize the governance of the Alliance, (iii) plan the implementation of the Alliance through specific agreements and (iv) limit General Motors' acquisition of a stake in the share capital of the Company.

Pursuant to the terms of the Master Agreement, a steering committee, which will gather the representatives of both groups, will be set up to (i) oversee the implementation of the Alliance and promote its balanced implementation for the benefit of the Company and General Motors, (ii) resolve any controversy or dispute arising out or in connection with the implementation of the Alliance, (iii) establish as deemed necessary operational committees to oversee the day-to-day operations and management of the Alliance, (iv) examine any potential new products, services, projects or areas of cooperation to be integrated within the scope of the Alliance.

The Master Agreement also contemplates that the Company and General Motors negotiate in good faith to finalize the terms of the agreements that will implement the Alliance in accordance with targeted deadlines. It is agreed that before December 31, 2012, the main pillars of the Alliance shall be launched. If not, and unless otherwise agreed by the parties, either party may terminate the Alliance.

The arrangements that are the subject of the Alliance would give rise to information and consultation procedures with the Company's relevant employee representative bodies and their implementation will be contingent upon obtaining the required antitrust clearance.

The Alliance shall continue in effect for a period of ten years and shall automatically renew for three years period. Each party may however terminate the Alliance, with effect, as the case may be, on the fifth, seventh, or ninth anniversary of the Master Agreement, if, on such dates, the performance criteria of the Alliance are not met. Each party may also terminate the Alliance if the other party fundamentally breaches its obligations, or in the event of a change of control of the other party (that is, if a third-party owns more than 30% of the total voting rights of one of the parties or has the contractual or statutory right to appoint the majority of the members of the board of directors of one of the parties), or if certain third-parties own more than 10% of the total voting rights of a party with the prior invitation of such party.

The Master Agreement also provides for the acquisition by General Motors of a stake in the share capital in the Company in the context of the share increase of the Company announced concomitantly with the Alliance, which constitutes a condition precedent to the implementation of the Alliance.

General Motors has agreed, pursuant to the two agreements described below, to acquire preferential subscription rights and shares allowing it to own 7% of the share capital of the Company, after the implementation of the capital increase announced concomitantly with the Alliance:

- pursuant to a subscription rights purchase agreement entered into by EPF, FFP and General Motors dated February 29, 2012 (and subject to the capital increase being implemented on April 20, 2012 at the latest), General Motors has agreed to acquire from EPF and FFP a number of preferential subscription rights allowing it to subscribe a certain number of new shares at a price per preferential subscription right equal to the theoretical value of the right based on the volume weighted average price on the last full trading date before the announcement of the terms of the capital increase;
- pursuant to a share purchase agreement between the Company and General Motors dated February 29, 2012 (and subject to the acquisition by General Motors of the subscription rights pursuant to the subscription rights purchase agreement described above, to the exercise by General Motors of these preferential subscription rights and the implementation of the capital increase on April 20, 2012 at the latest), General Motors has agreed to acquire from the Company a certain number of treasury shares equal to the difference between the number of shares representing 7% of the share capital of the Company after the capital increase and the number of shares subscribed by General Motors by exercising the subscription rights it will acquire pursuant to the subscription rights purchase agreement described above, at a price per share equal to the theoretical ex-rights price based on the volume weighted average price on the last full trading date before the announcement of the terms of the capital increase; this acquisition will be satisfied on the date of the settlement and delivery of the capital increase.

Besides, General Motors has agreed (the "Standstill Undertakings"), under certain conditions and subject to certain exceptions, during the Standstill Period (as such term is defined below), not to, directly or indirectly or in concert with a third party:

- acquire any shares or securities (including derivatives) giving an economic interest in shares or securities or direct or indirect rights to acquire, any shares or securities of the Company;

- influence the management the Company, make or in any way participate, in any solicitation of procurations to vote any shares thereof, or seek to advise, direct or influence any person or entity with respect to the voting of any shares of the Company;
- publicly announce a tender offer for any shares of the Company or any of its affiliates;
- seek representation on the Supervisory Board or Management Board of the Company or a change in the composition or size of the Supervisory Board or Management Board of the Company;
- make any shareholder proposal to require that a matter be included in the proxy statement (avis de convocation) relating to any shareholders' meetings of the Company; or
- enter into any discussions, negotiations, arrangements or understandings with any third party with respect to any of the foregoing.

Notwithstanding the Standstill Undertakings, General Motors shall be authorized to own at all times, a stake representing no more than 7% of the issued share capital of the Company (on a non-diluted basis), except in the event of a decrease in the share capital of the Company or in the event any third party (excluding FFP and EPF, their affiliates and the members of their boards of directors that are also members of the Peugeot family or a third party acting in concert therewith) acquires shares of the Company such that such third party owns a percentage shareholding in the Company which is higher than the percentage shareholding in the Company held by General Motors, in which case General Motors will be entitled to purchase additional shares or securities of the Company such that the aggregate number of shares owned by General Motors represents a percentage not more than the next whole percentage point above the percentage shareholding held by such third party.

The "Standstill Period" means the period from the date of the Master Agreement to the later of (i) June 30, 2013 if the Master Agreement has been terminated in the event the fundamental pillars of the Alliance are not launched before December 31, 2012, and (ii) the date on which the Master Agreement is terminated.

Notwithstanding any of the above, the Standstill Period shall early terminate

- if an entity that manufactures automobiles or a private equity fund aiming at influencing the governance of the Company (a "Competitor") (together with any person acting in concert therewith) owns, directly or indirectly, shares of the Company representing 10% or more of the issued share capital of the Company;
- if a Competitor (together with any person acting in concert therewith) owns, directly or indirectly, shares of the Company representing 5% or more of the issued share capital of the Company and the shares of the Company held by the FFP, EPF and their affiliates directly or indirectly is less than 15% of the issued share capital of the Company;
- if a Competitor (together with any person acting in concert therewith) owns, directly or indirectly, shares of the Company representing 3% or more of the issued share capital of the Company if such investment by such Competitor in the share capital of the Company is made pursuant to an agreement with the Company, FFP, EPF or their affiliates;
- if the shares of the Company held by FFP, EPF and their affiliates directly or indirectly are less than 15% of the issued share capital of the Company, excluding any decrease in such shareholding that results from dilution;
- if any third party (alone or in concert with any other person) shall have filed a tender offer on the securities of the Company which shall have been cleared by the Autorité des marchés financiers ; or
- the Company becomes insolvent or subject to any proceedings under any applicable bankruptcy, insolvency, moratorium, reorganization or similar law.

The Standstill Undertakings will terminate upon the end of the Standstill Period. However, the Standstill Undertakings shall be extended:

- for a period of 12 months from the end of the Standstill Period if such period has been terminated because of the termination of the Master Agreement on its fifth, seventh or ninth anniversary, under the terms described below;
- until the date on which the Master Agreement shall have terminated if the Master Agreement is terminated because of a fundamental breach, by General Motors, of one of its fundamental obligations under the Master Agreement.

General Motors has also agreed, for a period of 90 days from date of the Master Agreement (the "Lock-Up Period") not to, directly or indirectly transfer title to the shares, grant any right or promise to, enter into any agreement or undertaking with, a third party or announce its intention (i) to transfer the ownership of, or rights in, the shares (including securities lending, hedging, equity swaps or any other derivative) or (ii) affecting the exercise of any right attached to the shares (in particular through a fiducie or a trust), or enter into any contract, option or any other agreement, commitment or undertaking to do any of the actions described above (including selling any option or contract to purchase the shares or purchasing any option or contract to sell the shares) or other transaction having a substantially similar effect. Notwithstanding the foregoing:

- General Motors shall be authorized to transfer its shares to an entity wholly-owned by General Motors with the words "General Motors" or "GM" in its corporate name (other than Adam Opel AG, Chevrolet Europe GmbH or subsidiaries thereof) (the "Authorized Affiliates") (subject to such Authorized Affiliate agreeing to continue to comply with the lock-up and such Authorized Affiliate continuing to be qualified as Authorized Affiliate during its holding of the shares).
- General Motors shall be authorized to tender the shares to an offeror in connection with a tender offer for all the shares of the Company recommended by the Supervisory Board of the Company and cleared by the AMF.

Notwithstanding any of the foregoing, the lock-up undertakings shall automatically terminate in the event of termination of this Agreement in accordance with the terms hereof.

Following the expiration of the Lock-Up Period, neither General Motors nor the relevant Authorized Affiliate shall sell or transfer any shares to any Competitor (or any person acting in concert therewith, if such concert action has been publicly declared or if General Motors is otherwise aware of such concert action); provided that the foregoing shall not prohibit General Motors or an Authorized Affiliate from tendering its shares in any tender offer for all the shares of the Company recommended by the Supervisory Board of General Motors and cleared by the AMF.

General Motors and the Peugeot family do not act in concert with respect to the Company. Besides the Standstill Undertakings, the Master Agreement does not include any provisions with respect to the governance of the Company, veto rights or specific rights.

The total synergies expected from the alliance are estimated at approximately $2 billion annually within about five years. The synergies will largely coincide with new vehicle programs, with limited benefit expected in the first two years. It is expected the synergies will be shared about evenly between the two companies.

The Alliance will have no impact on the existing contracts with the operational partners of the Group in the car industry relating to on-going programs.

22.2 DISCLOSURES CONCERNING THE ALLIANCE

PRESS RELEASE

For Release: Wednesday, Feb. 29, 2012, 11:40 a.m. EST

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GM AND PSA PEUGEOT CITROËN CREATE GLOBAL ALLIANCE

LONG-TERM STRATEGIC PAIRING TO LEVERAGE COMBINED SCALE AND STRENGTHS

PARIS – General Motors and PSA Peugeot Citroën today announced the creation of a long-term and broad-scale global strategic alliance that will leverage the combined strengths and capabilities of the two companies, contribute to the profitability of both partners and strongly improves their competitiveness in Europe.

The alliance is structured around two main pillars: the sharing of vehicle platforms, components and modules; and the creation of a global purchasing joint venture for the sourcing of commodities, components and other goods and services from suppliers, with combined annual purchasing volumes of approximately $125 billion. Each company will continue to market and sell its vehicles independently and on a competitive basis.

Beyond these pillars, the alliance creates a flexible foundation that allows the companies to pursue other areas of cooperation.

In connection with the alliance, PSA Peugeot Citroën is expected to raise approximately €1 billion through a capital increase with preferential subscription rights for shareholders of PSA Peugeot Citroën, underwritten by a syndicate of banks and including an investment from the Peugeot Family Group, as a sign of their confidence in the success of the alliance. As part of the agreement, which includes no specific provision regarding the governance of PSA Peugeot Citroën, GM plans to acquire a 7 percent equity stake in PSA Peugeot Citroën, making it the second largest shareholder behind the Peugeot Family Group.

“This partnership brings tremendous opportunity for our two companies,” said Dan Akerson, GM chairman and CEO. “The alliance synergies in addition to our independent plans, position GM for long-term sustainable profitability in Europe.”

Philippe Varin, chairman of the managing board of PSA Peugeot Citroën, declared, “This alliance is a tremendously exciting moment for both groups and this partnership is rich in its development potential. With the strong support of our historical shareholder and the arrival of a new and prestigious shareholder, the whole group is mobilized to reap the full benefit of this agreement.”

Under the terms of the agreement, GM and PSA Peugeot Citroën will share selected platforms, modules and components on a worldwide basis, in order to achieve cost savings, gain efficiencies, leverage volumes and advanced technologies, and reduce emissions. Sharing of platforms not only enables global applications, it also permits both companies to execute Europe-specific programs with scale and in a cost effective manner.

Initially, GM and PSA Peugeot Citroën intend to focus on small and midsize passenger cars, MPVs and crossovers. The companies will also consider developing a new common platform for low emission vehicles. The first vehicle on a common platform is expected to launch by 2016.

This alliance enhances but does not replace either company's ongoing independent efforts to return their European operations to sustainable profitability.

The purchasing cooperation defined in the agreement allows the companies to act as one global purchasing organization when it comes to sourcing commodities, components and services from suppliers, taking full advantage of the joint expertise, volume, platforms and standardized parts. Combining GM's robust global processes and organizational structure with best practices from PSA Peugeot Citroën, will bring significant value and efficiencies to the purchasing operations at both companies.

Additionally, the alliance is exploring areas for further cooperation, such as integrated logistics and transportation.To this end, GM intends to establish a strategic, commercial cooperation with Gefco, an integrated logistics services company and subsidiary of PSA Peugeot Citroën, whereby Gefco would provide logistics services to GM in Europe and Russia.

The total synergies expected from the alliance are estimated at approximately $2 billion USD annually within about five years. The synergies will largely coincide with new vehicle programs, with limited benefit expected in the first two years. It is expected the synergies will be shared about evenly between the two companies.

The alliance will be supervised by a global steering committee that includes an equal number of senior leader representatives from both companies.

Its implementation is subject to requisite regulatory approvals in certain jurisdictions as well as notification to the appropriate workers councils.

Slides and a webcast link will be available at: www.psa-peugeot-citroen.com/en/psa_espace/analyst_investor_e.php.

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General Motors Co. (NYSE:GM, TSX: GMM) and its partners produce vehicles in 30 countries, and the company has leadership positions in the world's largest and fastest-growing automotive markets. GM's brands include Chevrolet and Cadillac, as well as Baojun, Buick, GMC, Holden, Isuzu, Daewoo, Jiefang, Opel, Vauxhall and Wuling. More information on the company and its subsidiaries, including OnStar, a global leader in vehicle safety, security and information services, can be found at http://www.gm.com.

PSA Peugeot Citroën. With its t wo world-renowned brands, Peugeot and Citroën, the Group sold 3.5 million vehicles worldwide in 2011, out of which 42% outside Europe. As Europe's second largest carmaker, it recorded sales and revenue of more than €59.9 billion in 2011. PSA Peugeot Citroën has sales offices in 160 countries. In 2011, the Group dedicated more than €2 billion to research and development, especially in new energies. Its activities also are involved in financing activities (Banque PSA Peugeot Citroën Finance), logistics (Gefco) and automotive equipment (Faurecia). Presentation related to announcement can be found at http://www.PSA Peugeot Citroën-peugeot-citroen.com

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GM Forward-Looking Statements *In this press release and in related comments by GM management, our use of the words "expect," "anticipate," "possible," "potential," "target," "believe," "commit," "intend," "continue," "may," "would," "could," "should," "project," "projected," "positioned" or similar expressions is intended to identify forward-looking statements that represent our current judgment about possible future events. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors. Among other items, such factors might include: our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications; our ability to maintain quality control over our vehicles and avoid material vehicle recalls; our ability to maintain adequate financing sources, including as required to fund our planned significant investment in new technology; the ability of our suppliers to timely deliver parts, components and systems; our ability to realize successful vehicle applications of new technology; and our ability to continue to attract new customers, particularly for our new products. GM's most recent annual report on Form 10-K provides information about these and other factors, which we may revise or supplement in future reports to the SEC.*

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

PRESENTATION FEBRUARY 29TH, 2012

CREATION OF A LEADING GLOBAL STRATEGIC ALLIANCE

FORWARD LOOKING STATEMENTS

In this presentation and in related comments by our management, our use of the words "expect," "anticipate," "possible," "potential," "target," "believe," "commit," "intend," "continue," "may," "would," "could," "should," "project," "projected," "positioned," "outlook" or similar expressions is intended to identify forward looking statements that represent our current judgment about possible future events. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors. Among other items, such factors might include: our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications; our ability to maintain quality control over our vehicles and avoid material vehicle recalls; our suppliers' ability to deliver parts, systems and components at such times to allow us to meet production schedules; our ability to maintain adequate financing sources, including as required to fund our planned significant investment in new technology; our ability to realize successful vehicle applications of new technology; and our ability to continue to attract new customers, particularly for our new products.

GM's most recent annual report on Form 10-K provides information about these and other factors, which we may revise or supplement in future reports to the SEC.

FORWARD LOOKING STATEMENTS

This document was prepared by Peugeot S.A. for the sole purpose of the February 29, 2012 presentation.

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KEY MESSAGES

- GM and PSA Peugeot Citroën establish a long-term broad-scale alliance structured around two pillars:
  - Sharing of select vehicle platforms, components and modules,
  - Global purchasing joint venture;
- Total synergies estimated at $2 billion annually expected within approximately 5 years, limited benefits expected in first two years;
- Beyond the primary pillars, alliance creates a flexible foundation that allows companies to pursue other areas of cooperation;
- Alliance enhances but does not replace either company's independent efforts to return their European operations to sustainable profitability;
- Long-term strategic alliance, as evidenced by capital raising by PSA Peugeot Citroën and GM investment in PSA Peugeot Citroën.

COMPONENTS OF GLOBAL STRATEGIC ALLIANCE

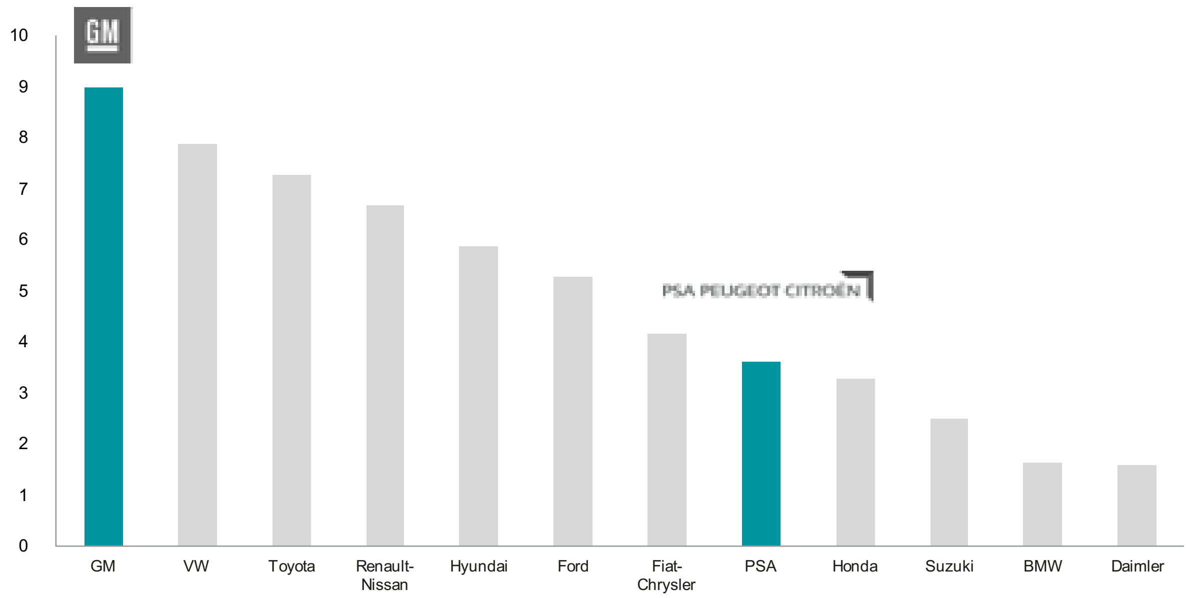
- Create global purchasing joint venture;
- Share Capex and R&D for select platforms, components and modules;
- Potential for further cooperation;
- Economic benefits of Alliance expected in several forms:
  - Ability to offer products that would not have been economically viable if done separately; also resulting in potential growth opportunities,
  - Direct savings related to areas such as purchasing and logistics,
  - Synergies expected to be shared about evenly between parties;
- Partners to remain operating as separate entities - PSA Peugeot Citroën and GM brands remain independent;
- PSA Peugeot Citroën to raise approximately €1bn through a capital increase, including an investment from Peugeot Family Group, to fund strategic investments – GM to acquire a 7% stake in PSA Peugeot Citroën.

JOINT GLOBAL PURCHASING PLATFORM

- Combined annual purchasing volumes of approximately $125 billion:
  - Combined global scale of GM and PSA Peugeot Citroën creates volume base significantly larger than next closest OEM;
- Creation of purchasing JV to coordinate processes:
  - Leverage combined expertise,
  - Purchasing power of combined volumes and shared platforms and modules on global basis,
  - One global lead buyer per commodity / component,
  - Operations under same process and metrics with strong global alignment;
- Synergies in Logistics: establish a commercial cooperation between GM and Gefco in certain territories.

GLOBAL SCALE EFFECT

Global OEMs by 2011 Sales Volume (million cars) [1], 100% of Chinese JV included



Source: IHS Global Insight

SHARING OF PLATFORMS AND COMPONENTS

- Initial focus on small and midsize passenger cars, MPVs and crossovers;
- Joint development of common platform for low emission vehicles considered;
- First Alliance product expected to be launched by 2016;
- Multiple joint project teams working from day one to implement;
- Potential further platform cooperation across the product spectrum;
- Platform sharing enables global applications:
  - Also expected to permit both companies to execute Europe specific programs with scale and improved cost effectiveness,
  - Initial focus is to reach agreement on B (2.3M units) and D (1.6M units) segments, which would result in global segment(s) leadership as well as strong positions in Europe and Latin America.

ALLIANCE GOVERNANCE

- Steering Committee with 4 senior representatives from each partner:
  - Comprised of senior leadership members of both companies,
  - Overall responsibility for the operational implementation of the Alliance,
  - Establish teams to execute day-to-day operations;
- Key Agreements expected to be completed and operational in H2 20122.

**2011 million units production*

CONCLUSION: STRONG BENEFITS FOR BOTH PARTNERS EXPECTED

INCREASED SCALE	● Scale for both partners globally and in European specific vehicles anticipated ● Ability for both partners to broaden product offering at optimized costs
SIGNIFICANT SYNERGIES	● Total synergies estimated at $2B annually within approximately five years ● Flexibility for other opportunities of cooperation globally and in other segments
STRENGTHEN BOTH PARTNERS	● Alliance synergies plus individual standalone plans in Europe expected to lead to long-term sustainable profitability in region for both companies

PSA PEUGEOT CITROËN CAPITAL INCREASE

CAPITAL INCREASE
€1bn PSA Peugeot Citroën Capital Increase

- PSA Peugeot Citroën to raise c.€1bn through a capital increase to fund strategic investments;
- The Peugeot Family Group to invest into the capital increase;
- GM to acquire a 7% equity stake in PSA Peugeot Citroën:
  - Commitment to long-term business relationship.

CAPITAL INCREASE
Key messages

- Acceleration of PSA Peugeot Citroën's globalization and upscaling strategy facilitated by the Alliance;
- Funding strategic investments related to joint projects core to the global strategic Alliance with GM;
- Strengthening financial flexibility:
  - the capital increase will come on top of the 2012 Cash management program, with €1bn cost reduction measures, investments prioritization and c.€1.5 bn assets disposals (Rental car CITER, real estate and opening of the capital of GEFCO) to accelerate its deleveraging.

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THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

Not applicable.

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PUBLICLY AVAILABLE DOCUMENTS

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24.1. DOCUMENTS AVAILABLE ON THE COMPANY'S WEBSITE

The following documents are available on the website of the Company (www. psa-peugeot-citroen.com):

- the present 2011 Registration Document filed with the *Autorité des Marchés Financiers* as an Annual Report;
- financial press releases;
- bylaws of Peugeot S.A;
- historical financial information for Peugeot S.A. and its subsidiaries.
- Full year results 2011 presentation

Documents and information concerning the Company can be also requested at PSA Peugeot Citroën's registered office located at 75 Avenue de la Grande-Armée, 75116 Paris.

24.2. ANNUAL DOCUMENTS CREATED PURSUANT TO ARTICLE 222-7 OF THE GENERAL REGULATIONS OF THE *AUTORITÉ DES MARCHÉS FINANCIERS*

LIST OF PRESS RELEASES

During 2011 and until the publication of the present document, the following press releases have been published on the Company's website (www.psa-peugeot-citroen.com) or in the Legal Information section of the website:

02/29/2012	GM and PSA Peugeot Citroën create Global Alliance
02/21/2012	PSA Peugeot Citroën confirms that discussions are taking place for potential cooperations and alliances
02/15/2012	2011 Financal results
02/01/2012	PSA Peugeot Citroën S.A. and Enterprise Holdings Complete the Acquisition by Enterprise Holdings of Paris-based Rental Car Company, Citer S.A.
01/27/2012	Series production of the new Peugeot 208
01/16/2012	One million Peugeot and Citroën vehicles feature the eCall emergency call system
01/13/2012	Appointments to the Group Management Structure
01/12/2012	PSA Peugeot Citroën Continues to Globalise and Move its Brands Upmarket – 3.5 million vehicles sold in 2011
01/09/2012	PSA Peugeot Citroën, the European Electric Vehicle Market Leader in 2011
01/04/2012	Developments within the Managing Board and Executive Management Committee
01/04/2012	Developments within the Managing Board and Executive Management Committee
12/20/2011	PSA Peugeot Citroën Presents the Measures Accompanying the Redeployment Plan for its Employees
12/14/2011	Banque PSA Finance signs a new EUR 2,000,000,000 revolving credit facility
12/14/2011	Information on the Extraordinary Central Works Council Meeting of 20 December 2011
12/14/2011	Appointment of Christian Peugeot Executive Vice President, Public Affairs and External Relations Representative
12/01/2011	PSA Peugeot Citroën inaugurates the new three-cylinder petrol engine assembly line at its Trémery plant
11/21/2011	Jean-Philippe Imparato appointed Director of Commercial Operations Europe and Yves Moulin appointed Director of International Operations
11/20/2011	Enterprise Holdings to Acquire Paris-based Rental Car Company, Citer S.A., from PSA Peugeot Citroën
11/14/2011	SNCF, Orange, PSA Peugeot Citroën and Total Join Forces to Create Ecomobilité Ventures, Europe's First investment structure Led by a Group of Industrial Companies and Dedicated to Sustainable Mobility
11/14/2011	Banque PSA Finance placed € 720m ABS notes backed by German Auto Loans
11/10/2011	Hybrid4 Technology Wins Germany's Prestigious Goldenes Lenkrad Award
11/03/2011	StelLab, an international scientific network in support of automotive research
11/03/2011	Peugeot Industrial Site Ground-Breaking Ceremony in Sanand, Gujarat India
10/26/2011	PSA Peugeot Citroën Announces Further Investments in Brazil in 2012-2015 to Increase Production Capacity and Develop New Models
10/26/2011	European Works Council Meeting of 26 October 2011
10/26/2011	Third-Quarter 2011 Group Revenues up 3.5% to €13.45 billion
10/25/2011	Official launch of the joint venture – BMW PEUGEOT CITROEN ELECTRIFICATiOn
10/05/2011	The Greater Rennes Area Inaugurates a Network of Public Charging Stations for Electric Vehicles
10/04/2011	PSA Peugeot Citroën Partner of "Transportation and People" Exhibition
10/04/2011	European oems to develop technical reference for EV charging infrastructure
09/30/2011	PSA Peugeot Citroën University initiates 23 partnerships with prestigious business and engineering schools and universities worldwide and enhances its research capabilities
09/28/2011	Bond issue, September 27th, 2011
09/26/2011	PSA Peugeot Citroën presents its light city electric vehicle (VELV) at the ADEME innovation forum
09/14/2011	PSA Peugeot Citroën and General Electric sign a european commercial cooperation agreement for the co-develoment of innovative solutions in the field of electric mobility
09/01/2011	Peugeot announces its new industrial facility in India

08/31/2011	Jonathan Goodman Appointed Director of Media Relations
08/09/2011	Banque PSA Finance Argentina second bond issue
07/27/2011	2011 First Half Results
07/18/2011	Changan PSA Automobile Co., Ltd joint venture receives approval of China's National Development and Reform Commission
07/12/2011	Global sales up 0.2% to 1,860,000 units – Assembled vehicles up to 2.2%
07/12/2011	Adjustment of the attribution rate of shares of the Océanes Peugeot 2016
07/08/2011	Banque PSA Finance placed € 956m ABS notes backed by French Auto Loans
07/01/2011	Clarification about Peugeot's project in India
06/29/2011	PSA Peugeot Citroën Earns Gender Equality European Standard Certification
06/24/2011	PSA Peugeot Citroën and University of the Mediterranean inaugurate the Automotive Motion Lab
06/14/2011	First electric vehicles to be deployed in Rennes: Trial phase to launch in autumn 2011
06/09/2011	Statement concerning the Aulnay' site
05/31/2011	Annual Shareholders' Meeting of 31 May 2011
05/31/2011	PSA Peugeot Citroën Creates its Corporate Foundation, "A World on the Move"
05/26/2011	PSA Peugeot Citroën Reaffirms its Commitment to Hiring the Disabled by Organising its Third Apprenticeship and Handicap Forum
05/26/2011	PSA Peugeot Citroën presents new technologies for the cars of tomorrow
05/20/2011	Michelin to Partner with City on the Move Institute
05/18/2011	PSA Peugeot Citroën and Ecole des MINES ParisTech inaugurate the PSA Peugeot Citroën Chair in Robotics and Virtual Reality
05/18/2011	Dongfeng Peugeot Citroën Automobile (DPCA) breaks ground for its third plant in Wuhan, China
05/17/2011	PSA Peugeot Citroën's Equal Opportunity Employer Label Renewed
05/16/2011	PSA Peugeot Citroën to Create Materials and Processes Competency Centre in Lorraine with Three Academic Partners
05/12/2011	Investments in France's Nord Pas de Calais region
05/10/2011	China Analysts Trip
05/09/2011	Inauguration of "André Citroën Chair"
05/04/2011	UPMC and PSA Peugeot Citroën Sign a Master Agreement to Create an Executive Doctorate in Industry
04/26/2011	PSA Peugeot Citroën continues to expand in Latin America, with one million vehicles Produced in Argentina and one million engines in Brazil
04/26/2011	PSA Peugeot Citroen launches Spring Recruitment Events
04/22/2011	PSA Peugeot Citroën files the 2010 Registration Document
04/20/2011	First-Quarter 2011 Revenues up 10.2% to €15.4 billion
04/20/2011	Supervisory Board Meeting April 19th, 2011
04/12/2011	PSA Peugeot Citroën launches "Production Manager Diversity" Programme
04/05/2011	v GEFCO announces the signature of an agreement to acquire 70% of Gruppo MERCURIO SpA
04/01/2011	PSA Peugeot Citroën Participates in France's First Industry Week
03/31/2011	PSA Peugeot Citroën Presents its 2011 Suppliers' Awards
03/31/2011	PSA Peugeot Citroën Presents its "Mobility for Everyone" Solutions at the Planète Durable Trade Show
03/30/2011	Banque PSA Finance diversifies its sources of financing with an offering on the U.S. bond market
03/28/2011	European Production Gradually Returning to Normal
03/22/2011	With 1,152 patent applications published in 2010, PSA Peugeot Citroën is once again France's leading patent filer
03/21/2011	Disruption of European Production
03/15/2011	Supplier Relationship Excellence Initiative
03/14/2011	PSA Peugeot Citroën's Youth Employment Policy
03/04/2011	PSA Peugeot Citroën strengthens measures to promote employment of the disabled and confirms commitment to integrating disabled persons within the Group
03/03/2011	PSA Peugeot Citroën Reaffirms its Commitment to Women
03/03/2011	Pierre Todorov Joins Group as Corporate Secretary
02/28/2011	PSA Peugeot Citroën Signs Salary Agreement in France

02/28/2011	BMW Group and PSA Peugeot Citroën to Invest 100 Million Euros in Joint Venture on Hybrid Technologies
02/18/2011	Pay Round in France – PSA Peugeot Citroën Enhances Employee Purchasing Power With a 3% Overall Pay Rise
02/10/2011	Carole Dupont-Pietri Appointed Investor Relations Officer
02/09/2011	2010 Results: Strong recovery in net income to €1.1 billion – Solid free cash flow generation of €1.1 billion
02/09/2011	Peugeot to start operations in India
02/03/2011	PSA Peugeot Citroën and France's National Employment Agency Sign Long-Term Cooperative Agreement
02/02/2011	BMW Group and PSA Peugeot Citroën Create Joint Venture to Enhance Cooperation on Hybrid Technologies
01/28/2011	PSA Peugeot Citroën Reaffirms its Commitment to Promoting Diversity and Hiring the Disabled
01/24/2011	PSA Peugeot Citroën raises €500 million on the bond market
01/20/2011	Securitisation transactions credit watch negative by S&P
01/20/2011	PSA Peugeot Citroën Appoints Four Regional Delegates to the Automobile Industry and Presents First Key Supplier Award
01/19/2011	PSA Peugeot Citroën Introduces Variable Night Shift at Its Plant in Rennes
01/13/2011	Record Sales Performance in 2010: Worldwide Sales Up 13% to 3.6 Million Units

LIST OF DOCUMENTS PUBLISHED ON BALO *(BULLETIN DES ANNONCES LÉGALES OBLIGATOIRES)*

04 July 2011	Periodic publication – Annual financial statements
14 June 2011	Voting rights
16 May 2011	Notice of Meeting – Shareholders Meeting (Notice of Meeting)
28 April 2010	Notice of Meeting – Shareholders Meeting (Prior Notice of Meeting)

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INFORMATION ON SHAREHOLDINGS

See note 42 (List of consolidated companies) to the consolidated financial statements.

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CROSS-REFERENCES TO THE REPORT OF THE MANAGING BOARD

This Registration Document includes all of the information in the Report of the Managing Board of PSA Peugeot Citroën provided for in articles L. 225-100 and L. 225-100-2 of the French Commercial Code.

The following table cross-refers each section of the Report of the Managing Board to the corresponding pages of the Registration Document.

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