PSA PEUGEOT CITROËN

07

Registration Document

Content

PSA Peugeot Citroën Group

2007 Registration Document

PSA Peugeot Citroën is a world-class European automobile manufacturer, supported by two broadline marques, Peugeot and Citroën.

With marketing operations in 150 countries, the Group generates one third of its unit sales outside Western Europe and is actively expanding its business in such fast growing markets as China, the Mercosur region and Russia.

PSA Peugeot Citroën is building its growth on a powerful concept—two marques, each with its own brand identity and core values but sharing the same manufacturing, technological and management expertise and capabilities. This synergy between Peugeot and Citroën enhances the efficiency of a manufacturing base aligned around a unified production system.

Already Europe's leading manufacturer of low-emission cars, the Group is constantly innovating to offer customers cars that are both environmentally friendly and a pleasure to drive. In addition, a large proportion of its R&D budget is allocated to improving safety for everyone on the road. The Group also takes an innovative approach to employee relations, whose policies, based on social dialogue and mutual responsibility, are applied to all of its 207,800 team members in every host country around the world.

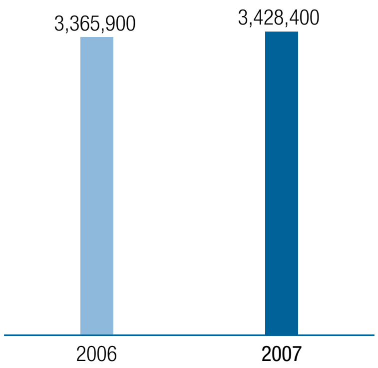
PSA Peugeot Citroën is involved in three other major businesses: automotive finance with Banque PSA Finance, automotive equipment manufacturing with Faurecia, and transportation and logistics with Gefco.

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

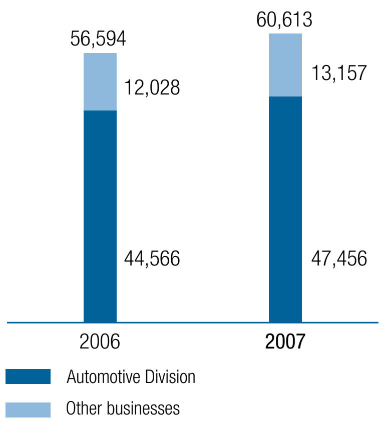
The French version of this Registration Document was filed with the *Autorité des Marchés Financiers* (French Financial Markets Authority) on April 23, 2008, in accordance with the provisions of Articles 211-1 to 211-42 of the general regulation of the AMF. It may be used in support of any financial transaction if it is supplemented by a prospectus approved by the *Autorité des Marchés Financiers*.

Key Figures

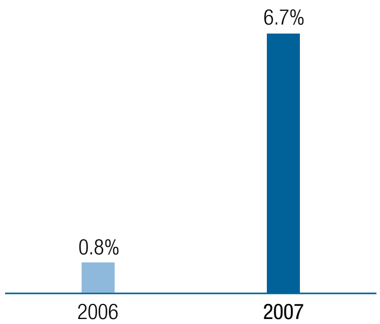
Worldwide sales
(in units)



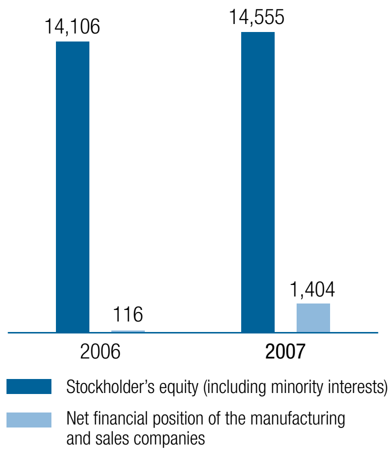
Sales and revenue
(in million euros)



Return on capital employed
(after tax)

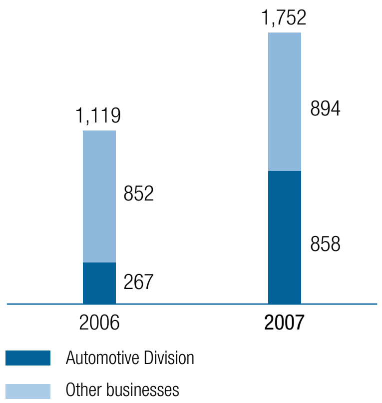


Balance sheet structure
(in million euros)



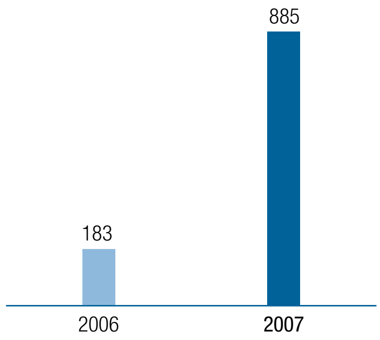
Recurring operating income

(in million euros)



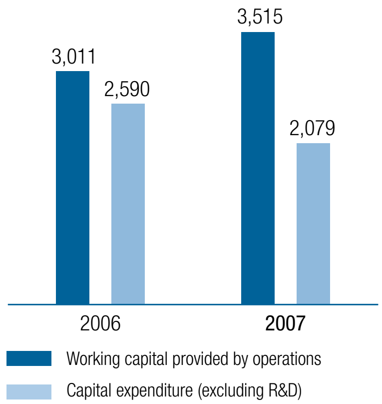
Net income

(in million euros)



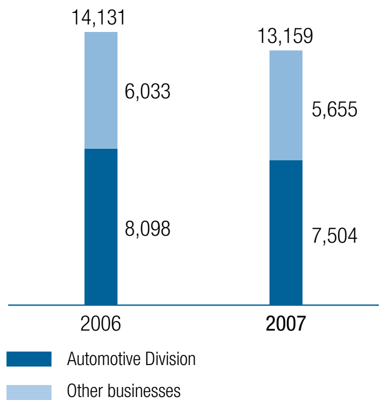
Working capital provided by operations and capital expenditure (excluding R&D)

(manufacturing and sales companies)
(in million euros)



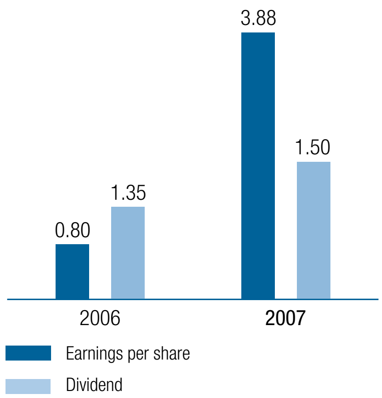
Capital employed

(in million euros)

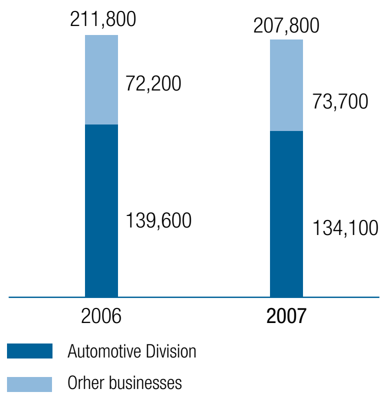


Earnings per share/Dividend

(in euros)



Workforce at December 31



Corporate Governance and Management

Supervisory Board

Thierry Peugeot
Chairman

Jean-Philippe Peugeot
Jean-Louis Silvant
Vice-Chairmen

Marc Friedel
Jean-Louis Masurel
Jean-Paul Parayre
Robert Peugeot
Henri Philippe Reichstul
Marie-Hélène Roncoroni
Geoffroy Roux de Bézieux
Ernest-Antoine Seillière
Joseph F. Toot Jr.

Bertrand Peugeot
Roland Peugeot
François Michelin
Advisors to the Supervisory Board

Managing Board

Christian Streiff
Chairman of the Managing Board

- **Grégoire Olivier** — Programs
- **Jean-Philippe Collin** — Automobiles Peugeot
- **Gilles Michel** — Automobiles Citroën
- **Roland Vardanega** — Manufacturing and Components

Executive Committee

- **Frédéric Saint-Geours** — Advisor to the Chairman
- **Isabel Marey-Semper** — Finance
- **Jean-Luc Vergne** — Human Resources
- **Jean-Claude Hanus** — Legal Affairs, Institutional Relations and Internal Audit
- **Liliane Lacourt** — Corporate Communications

Extended Executive Committee

- **Claude Vajsman** — China Business Unit
- **Vincent Rambaud** — Mercosur Business Unit
- **Jean-Christophe Quémard** — Purchasing
- **Daniel Marteau** — Replacement Parts
- **Alain Sartoris** — Executive Development and Information Technology
- **Pascal Henault** — Automobile Research and Innovation

Statutory Auditors

PricewaterhouseCoopers Audit
Mazars & Guérard

Auxiliary Auditors

Yves Nicolas
Patrick de Cambourg

As of March 1, 2008

01

Report of the Supervisory Board

2007 saw the appointment on February 6 of a new Managing Board led by Christian Streiff, the deployment of a new organizational structure and the development and implementation of the CAP 2010 plan.

The Supervisory Board informed the new Managing Board members that their objective was to lead the Group into a new period of expansion by restoring fast growth and improving profitability. The Managing Board was also tasked with strengthening the Group's international presence and making it a leading world-class automobile manufacturer, while preserving its independence.

In line with these objectives, the new Managing Board immediately made the following decisions:

A new organizational structure was introduced. In addition to the Executive Committee, three new Business Units, for China, the Mercosur countries and Replacement Parts, were created, empowered with broad responsibilities and tasked with quickly growing their operations.

Four operating priorities were identified: improving quality, reducing costs, accelerating and broadening the product plan and expanding our international operations with three main goals – increasing our size in China, becoming a major automobile industry player in the Mercosur region and continuing to expand in Eastern Europe.

The CAP 2010 plan was launched, in a commitment to revitalizing the Group with clearly defined projects designed to meet the above four operating priorities. In May, the plan's initial results were presented at the Annual Stockholders' Meeting and its various action plans were set in motion.

In early September, Christian Streiff unveiled the Group's strategy and ambitions for 2010-2015:

In 2010, we want to sell four million vehicles, report an operating margin of 5.5 to 6% and lead the market in environmentally-friendly cars.

In 2015, we want to be the most competitive automobile manufacturer in Europe, with an operating margin of 6 to 7%.

The Supervisory Board was regularly informed by the Managing Board and through Strategy Committee reports of the implementation of the new organization and of progress on the CAP 2010 plan. It validated the strategies chosen to meet the Managing Board's objectives.

On November 13, 2007, the Supervisory Board appointed Jean-Philippe Collin to the Managing Board as of January 1, 2008 to lead Automobiles Peugeot. He replaces Frédéric Saint-Geours, who has been appointed Advisor to the Chairman of the Managing Board, member of the Executive Committee, in charge of strategic projects. The Supervisory Board expressed its appreciation to Mr Saint-Geours for the work he accomplished during his 17 years at the helm of Automobiles Peugeot.

2007 was a year of recovery for the Group. Vehicle sales, excluding CKD units, rose 3.8% to 3,233,000 units, while sales and revenue increased 7.1% to €60.6 billion for the year.

Operating margin widened to 2.9% of sales and revenue from 2% in 2006, representing recurring operating income of €1,752 million, versus €1,119 million the year before. The improvement was led by the Automobile Division, whose recurring operating income tripled during the year to €858 million.

Net profit attributable to equity holders of the parent rose sharply to €885 million from €183 million in 2006.

However, this performance was adversely impacted by €632 million in non-recurring operating expense, net (versus €808 million in 2006), related to exceptional asset write-downs in the Automobile Division and at Faurecia, restructuring costs at Faurecia and restructuring provisions associated with the voluntary separation plan.

Sales in Western Europe rose for the first time since 2002, thanks to the launch or the first full year of sales of new models like the Peugeot 207 and its latest versions, the 308 and the 4007, the Citroën C4 Picasso, its 5-seat version and the C-Crosser, as well as the Peugeot Boxer and Expert and Citroën Jumper and Jumpy light commercial vehicles.

Outside Western Europe, sales in the priority growth regions (China, Mercosur and Russia) advanced 16% during the year.

In China, where the new Business Unit was set up, Dongfeng Peugeot Citroën Automobile sold 209,000 units, a 3.1% increase that underperformed the fast growing domestic market. This situation should be improved by the impact of several programs implemented to develop both marques' product plan, restructure the Citroën dealer network and deploy the Peugeot network.

The Mercosur Business Unit was set up in Brazil and Argentina, where Group sales outpaced the market, rising 32% year-on-year to nearly 210,000 vehicles. The product plan was bolstered by the successful launch of the Citroën C4 Pallas.

In Russia, the Group announced plans to build a plant to produce Peugeot and Citroën vehicles in response to the market's strong growth.

The Managing Board reported to us regularly during the year about the Group's performance and we continued to fulfill our role, in accordance with the law and the bylaws.

To improve our corporate governance and performance monitoring practices, the Supervisory Board decided to hold a fifth meeting during the year, which took place on December 19, 2007.

The matters examined by the three Board Committees are described in the corporate governance section.

The resolutions submitted by the Managing Board to the Stockholders' Meeting have all been approved or proposed by the Supervisory Board.

In light of the improvement in earnings performance in 2007 and as a sign of our confidence in the ability of the Managing Board and the Group to deploy the CAP 2010 plan and achieve its objectives, the Supervisory Board has approved the Managing Board's recommendation that the dividend be increased for the first time in five years, to €1.50 per share for 2007.

The term of office of Marc Friedel expires at this Meeting. You are invited to re-elect him for another term.

You are also being asked to approve the agreement with Managing Board members designed to ensure that when their employment contracts resume after their terms as corporate officers end, their compensation will reflect the compensation received as members of the Managing Board. In accordance with French law, the resumption of employment contracts on this basis should henceforth be conditional on performance criteria being met.

The Supervisory Board is also asking you to raise the maximum amount of total fees payable to its members to €600,000, bearing in mind that the current fees have been unchanged since the 2004 Annual Meeting. The new amount reflects the growing number of tasks performed by the Supervisory Board and its Committees.

The resolutions authorizing share buybacks, the issuance of shares and share equivalents with or without pre-emptive subscription rights and the cancellation of shares purchased under the buyback program correspond to renewals of earlier authorizations.

The Board therefore invites you to approve them.

In a challenging economic environment, 2008 will once again see aggressive competition in Western Europe and the risk of a slowdown in some of our important markets.

On the other hand, the Group will benefit from the introduction or the first full year of sales of such successful new models as the Peugeot 308 and its different body styles, the Citroën C5 and C5 Tourer, the new Citroën Nemo and Peugeot Bipper light commercial vehicles, as well as the new Peugeot Partner and Citroën Berlingo.

Lastly, the Group should also enjoy the full-year benefits of the new organizational structure – especially the China and Mercosur Business Units – as well as the fast growth in certain international markets and the positive impact of the CAP 2010 plan.

The Supervisory Board is confident that these factors will have a favorable impact as the Group pursues its recovery and improves its results.

02

Strategic Strengths and Priorities

Strategic Strengths and Priorities

Strategic Strengths

PSA Peugeot Citroën enjoys a large number of strategic strengths that new Managing Board, led by Christian Streiff and his new team are leveraging to implement the growth and competitiveness programs defined in the CAP 2010 strategic plan.

A stable stockholder base

The first strength is the Group's ownership structure, which is built around the Peugeot family, a solid principal stockholder that owns 30.27% of outstanding shares and 45.40% of the exercisable voting rights. Other stockholders with significant interests are employees and institutional investors such as Barclays, Natixis, Caisse des Dépôts and BNP Paribas. This ownership structure allows the Group to build its growth strategy over the long-term, thereby supporting the effective creation of stockholder value.

Strong marques

The Peugeot and Citroën marques also represent a strength that the Group intends to develop by further accentuating the differentiation between their model identities, so as to tighten their already close marketing fit. Indeed, our marketing and distribution strategy is being driven by the commitment to enhancing each marque's unique personality and differentiating them more clearly. More than ever, Peugeot and Citroën, each with their own heritage and identity, have the potential to attract different clienteles – a competitive advantage that the Group will continue to nurture.

Exceptional human capital

Our growth drivers are being efficiently activated by employees across the global organization. Every day, 207,800 men and women are putting their dedication, skills, professionalism and creativity to work to help us realize our strategic vision, in the engineering, manufacturing and selling of automobiles, in our other businesses (Banque PSA Finance, Gefco and Faurecia) and in our corporate support functions. In 2007, we leveraged their added value by launching ten cross-functional working groups, which defined actionable recommendations to address issues directly related to the CAP 2010 plan's priority objectives. In addition, by building on their efforts at every level of management, we were able to immediately measure the results. In this way, PSA Peugeot Citroën has demonstrated that it can effectively deploy the resources it needs to drive continuous improvement in performance.

Strong international expansion

These resources are going to enable the Group to continue expanding in the global marketplace, which is one of the keys to its short and medium-term growth. Sales of Peugeot and Citroën models outside Western Europe have more than tripled in the past ten years, from 358,500 units in 1998 to 1,104,700 units in 2007. In addition, we have strong manufacturing facilities in Central and Eastern Europe, in Latin America and in Asia, with our Chinese partner Dongfeng.

Widely recognized technological expertise

To meet the challenges of its business environment and continue to drive sustained, profitable sales growth around the world, PSA Peugeot Citroën is backed by solid industry-leading expertise in mission-critical automotive technologies. We are the world's largest manufacturer of diesel engines and still the market leader in environmentally friendly cars. In 2007, for example, we sold more than one million vehicles emitting less than 140 grams of CO_2 per kilometer, while more than 2.4 million cars equipped with our diesel particulate filter have been sold since the major innovation was introduced in 2000.

Research and development expenditure committed in 2007 amounted to 3.8% of Automobile Division sales for the year, when the Division employed nearly 15,000 engineers and technicians in four technical centers, two test centers and a design center in France. Dedicated teams are also working in China and Brazil to design vehicles for local markets.

CAP 2010 and Ambition 2015: Two Priority Programs

To drive its continuous improvement and forward momentum, PSA Peugeot Citroën has defined two improvement plans, CAP 2010 and Ambition 2015. The first is designed to return the Group to levels of growth and profitability in line with its strategic strengths, while the second will raise its performance in each core competency to best-in-class status.

Our ambition for 2015 is become sustainably the most competitive automaker in Europe, with undisputed leadership in fuel-efficient cars and a strong profitable presence in global markets.

Successfully completing the CAP 2010 plan will provide a solid foundation for realizing this vision. As a result, carefully defined, measurable growth targets, with clear, realistic milestones, have been set in each of the plan's four priority objectives: quality, products, competitiveness and international expansion.

Quality: objective number one

Quality is no longer really a criterion in the carbuying decision; it is justifiably felt to be a given, both for the car and for customer service. By 2010, PSA Peugeot Citroën is committed to reducing the number of quality incidents by half and their resolution times by two-thirds, and to having Peugeot and Citroën rank among the European top five in service quality. The action plans implemented in recent years and stepped up since 2007 have already delivered improvements, as seen in the very high quality of the recent Peugeot 308. In addition, both marques have now implemented a new customer service organization.

Younger, more extensive model line-ups

PSA Peugeot Citroën wants Peugeot and Citroën to offer line-ups that broaden each marque's market coverage, in particular by positioning them in fast-growing segments. The product plan will refresh the line of conventional sedans, while enabling the Group to widen its leadership in light commercial vehicles. At the same time, competitive premium models will be developed in a variety of segments, delivering an upscale experience in performance, perceived quality and styling.

A planned 29 new models will be introduced in Europe by 2010, an unprecedented expansion of both marques' line-ups that will extend their market coverage and lower the average model age to around three years. These models will provide the basis for our European marketing offensive, while new entry-level vehicles will be introduced in our strategic international growth regions.

Carefully managed costs

To improve its competitiveness, PSA Peugeot Citroën is capitalizing on its solid experience in platform-based auto manufacturing. These skills have given us an unrivalled ability to develop a wide variety of model ranges that are clearly differentiated yet share the same architecture and a large number of sub-assemblies. This helps to reduce design and engineering costs, while supporting sustained improvements in quality. We are actively optimizing our processes and manufacturing facilities by developing platform-based production, deploying the PSA Production System and implementing performance-oriented purchasing policies. In this way, we will be able to reduce our costs and shorten our design cycles by a percentage that will make us the European industry leader in this area by 2015.

We are also stepping up programs to reduce overheads, transportation and supply chain expenses and warranty costs.

Faster international development

PSA Peugeot Citroën is broadening its international manufacturing and marketing footprint with a focus on three strategic growth regions: Latin America, Asia and Eastern Europe. In December 2007, a fourth region, Russia, was added with the announcement that the Group plans to build a new production plant in Kaluga, 180 kilometers southwest of Moscow. The facility will come on stream in 2010.

International expansion will involve adding new local production capacity and launching models specifically designed for these regions. The Group is committed to earning recognition in each region as a major local player in manufacturing, R&D and purchasing, through locally-based, stand-alone business units.

In the three priority growth regions of Latin America, China and Russia, the goal is to increase annual unit sales by 400,000 vehicles between 2006 and 2010. At the same time, we are also exploring the possibility of setting up local operations in other regions outside Europe.

03

Corporate Governance Structures

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.

The Supervisory Board

Role of the Supervisory Board

In accordance with the law, the Supervisory Board is responsible for appointing the members of the Managing Board and for overseeing their management of the Company. The Company's bylaws also attribute to the Supervisory Board authority to remove members of the Managing Board from office, and to approve corporate actions, bond issues, the signature or termination of agreements with other companies operating in the same industry that will have a decisive impact on the Group's future development, and any major transaction that substantially alters the business or financial structure of the Company or the Group. In addition, the Supervisory Board ensures that the strategy implemented by the Managing Board is consistent with the Group's long-term vision, as defined by the Supervisory Board. The Supervisory Board meets at least once every quarter; the agenda of each meeting is prepared by the Chairman.

Supervisory Board members

The Supervisory Board has twelve members plus three non-voting advisors *(censeurs),* all of whom are elected by stockholders for six-year terms. The other functions exercised by Supervisory Board members and advisors are listed on page 22, as well as the dates when they were elected and when their terms end.

The Supervisory Board believes that its membership appropriately reflects the percentage of capital held by the Company's main stockholder, the Peugeot family.

As of March 1, 2008, the Board comprised four family members – Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marie-Hélène Roncoroni – and one relative, Marc Friedel.

Jean-Louis Masurel, Henri Philippe Reichstul, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière and Joseph F. Toot Jr. have no ties with the Company, its Group or its management and contribute their international financial and managerial experience to the Board's deliberations.

A former member of the Executive Committee, Jean-Louis Silvant contributes his long experience in a large number of executive positions with the Group, particularly in production and human resources management.

Jean-Paul Parayre, former Chairman of the Peugeot S.A. Managing Board and Chairman of the Supervisory Board of Vallourec, contributes his knowledge of the automobile industry and the Group's operation, as well as of British and American corporate governance practices.

In accordance with the recommendation of the French securities regulator (COB, now renamed AMF) dated January 17, 2003, the Supervisory Board has reviewed its membership and considers that Jean-Louis Masurel, Henri Philippe Reichstul, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière and Joseph F. Toot Jr. can be qualified as independent directors. To assess its members' independence, the Supervisory Board applies the criteria recommended in the Medef-Afep report on corporate governance, except that members who have sat on the Board for more than twelve years or who have been a director of another Group company during the last five years are nevertheless considered to be independent.

The Supervisory Board considers that the automobile industry experience that its members contribute to the Board is extremely valuable, particularly in a business requiring a medium and long-term vision. The Board also considers that the fact of having recently been a director of another Group company does not give rise to any risk of the type of conflict of interest that the Medef-Afep independence rules are designed to avoid. No member of the Board exercises any senior executive responsibilities or is a salaried employee of a Group company.

When new members are proposed for election at the Annual Stockholders' Meeting, the Supervisory Board will select candidates based on the recommendations of the Compensation and Appointments Committee and the independence criteria referred to above.

Each member of the Supervisory Board must own at least 25 shares of Peugeot S.A. stock.

Supervisory Board meetings in 2007

The Supervisory Board met five times in 2007, with an average attendance rate of 95%.

At each meeting, the Board reviewed the Managing Board's report on the Group's operations and performance in terms of quality, sales, production, financial results and human resources. It was also presented reports on the Group's major strategic growth programs and objectives.

The Managing Board presented the 2008 budget at the December meeting.

The Committees of the Board reported their findings and recommendations at each of the meetings during the year.

At its November 13 meeting, the Board co-opted Jean-Philippe Collin as member to replace Frédéric Saint-Geours, who has been appointed Special Advisor, reporting to the Chairman of the Managing Board.

Board procedures

The Supervisory Board's internal rules set out its stewardship and control responsibilities. In particular, the Supervisory Board is responsible for reviewing the Managing Board's quarterly reports, as well as the annual financial statements of the Company and the Group and the Managing Board's report to the Annual Stockholders' Meeting.

The internal rules also stipulate that the Supervisory Board is required to authorize, in advance, the following actions by the Managing Board as provided for in Article 9 of the bylaws:
- stockholder-approved share issues (whether paid up in cash or by capitalizing retained earnings) and capital reductions;
- stockholder-approved issues of ordinary or convertible bonds;
- any proposed merger agreements or agreements for the sale of a business;
- the signature or termination of any manufacturing and 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 business or financial structure of the Company or the Group.

Certain other actions exceeding financial limits set by the Supervisory Board may be carried out only with the unanimous backing of all the members of the Managing Board or, failing that, with the prior authorization of the Supervisory Board. These include the purchase or sale for cash or for shares of any building and business rights used by Peugeot S.A. involving an amount in excess of €50 million, the purchase or sale of any equity interest in any other company directly or indirectly representing an immediate or deferred investment, expense, credit guarantee or seller's warranty involving an amount in excess of €50 million, and any borrowings by Peugeot S.A. other than in the form of bonds, involving an amount in excess of €100 million.

The internal rules describe the information to be made available to the Supervisory Board, the process to be followed to determine the issues to be discussed at Supervisory Board meetings, the terms of reference of each Board committee as well as the obligations of Supervisory Board members, especially those arising from their constant access to insider information.

Following on from the initial self-assessments carried out in 2004 and 2006, the Supervisory Board conducted a new self-assessment in February 2008, covering its procedures, its structure, the organization of its meetings and the issues included on the agenda, the quality of discussions during each meeting and the steps taken to improve members' knowledge of the Group. The assessment also addressed the terms of reference of the Board committees and the reporting of the committees' findings and recommendations. Respondents suggested a certain number of improvements that were duly noted by the Chairman.

Supervisory Board Committees

The Supervisory Board has created three specialized committees: the Strategy Committee, the Compensation and Appointments Committee and the Finance Committee.

The Strategy Committee

Terms of reference:

The Strategy Committee, set up in 1998, is responsible for considering the Group's long-term growth strategy. It reviews the Managing Board's long-term strategic plan and is consulted about proposed major transactions. It also prepares Supervisory Board decisions on strategic projects submitted for the Board's approval in accordance with Article 9 of the bylaws.

Members:

The Committee comprises seven members, appointed in their own name and not as representatives of corporate Supervisory Board members.
- Jean-Philippe Peugeot, Committee Chairman,
- Jean-Paul Parayre,
- Robert Peugeot,
- Thierry Peugeot,
- Henri Philippe Reichstul,
- Ernest-Antoine Seillière,
- Jean-Louis Silvant.

Activities in 2007:

The Strategy Committee met four times in 2007, mainly to discuss the Group's organizational structure following the appointment of a new Chairman of the Managing Board, the CAP program objectives and the Group's strategic objectives by business.

One meeting, which was attended by all members of the Supervisory Board, was specifically dedicated to reviewing the Group's automobile product plan.

The Compensation and Appointments Committee

Terms of reference:

Set up in 1998, the Compensation and Appointments Committee is responsible for preparing Supervisory Board decisions regarding compensation for members of the Managing Board, the Supervisory Board and the Board committees, as well as stock option grants to members of the Managing Board. It also stays informed of changes in compensation and stock option grants to other Group executives. In 2003, the Committee's terms of reference were broadened to include preparing Supervisory Board decisions concerning the appointment of new members of the Supervisory Board and Managing Board, by proposing selection criteria, organizing the selection process and recommending candidates for appointment or re-appointment.

Members:

The Committee comprises four members, appointed in their own name and not as representatives of corporate Supervisory Board members.
- Thierry Peugeot, Committee Chairman,
- Jean-Philippe Peugeot,
- Ernest-Antoine Seillière,
- Jean-Louis Silvant.

Activities in 2007:

The Compensation and Appointments Committee met six times in 2007, to discuss the replacement of a Supervisory Board member, the composition of the Managing Board, the base salary and bonuses of Managing Board members and the granting of stock options to Managing Board members.

The Finance Committee

Terms of reference:

The Finance Committee, set up in 2002, is responsible for informing the Board of its opinion on the interim and annual financial statements of the Company and the Group. It may also be asked to review any corporate actions and other projects requiring prior approval by the Board. To this end, the Committee reviews in detail the interim and annual financial statements, the most significant financial transactions and management reporting indicators. It also monitors off-balance sheet commitments and information concerning the Group's risk exposure.

The Finance Committee, which enjoys free access to all the information it needs, can, like the Chairman of the Supervisory Board, meet with the persons responsible for internal control and with the auditors, with or without line management attending.

Members:

The Committee comprises five members, including a new Chairman. Members are appointed in their own name and not as representatives of corporate Supervisory Board members.
- Jean-Paul Parayre, Committee Chairman,
- Marc Friedel,
- Jean-Louis Masurel,
- Robert Peugeot,
- Marie-Hélène Roncoroni.

Activities in 2007:

The Committee met six times in 2007. At each meeting, it reviewed the management reporting indicators. The auditors and the Chief Financial Officer attended the meetings held to review the 2006 financial statements and the 2007 interim financial statements.

A special meeting was held to examine the details of a fraud at Banque PSA Finance and the action plans undertaken in response.

In February 2008, the Committee met with the auditors to review the 2007 financial statements of the Company and the Group, prior to their presentation to the Supervisory Board on February 12, 2008.

Supervisory Board compensation

Pursuant to the decision of the Annual Stockholders' Meeting of May 26, 2004, Supervisory Board members and advisors are paid annual attendance fees up to an aggregate amount of €340,000 a year. In 2007, they were paid an aggregate €319,500 in fees. A fixed fee of €17,000 was paid to each member for serving on the Supervisory Board. Members of Board committees were paid an additional €5,000, except the Chairmen, who were paid €10,000. By decision of the Supervisory Board, the Chairman and Vice-Chairmen of the Board receive an additional fee of €425,000 and €22,860 respectively. The compensation paid to individual Supervisory Board members and advisors is disclosed on page 36.

Situation of Supervisory Board and Managing Board members

Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot, Marie-Hélène Roncoroni and Marc Friedel are related. There are no family ties among the other Supervisory Board or Managing Board members.

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.

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.

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.

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.

Under French company law, only the Annual Stockholders' Meeting has the authority to remove a Supervisory Board member from office. Managing Board members may be removed from office by the Supervisory Board, in accordance with Company bylaws, or by the Annual Stockholders' Meeting, in accordance with French company law.

The Managing Board and Executive Committee

The Managing Board

The Managing Board is comprised of Christian Streiff, Chairman, Grégoire Olivier, Jean-Philippe Colin, Gilles Michel and Roland Vardanega.

Its membership has changed twice since 2007: on February 6, 2007 following the retirement of Jean-Martin Folz and Claude Satinet and the increase in the number of members to five; and on January 1, 2008, following the appointment of Jean-Philippe Collin as Chief Executive Officer of Automobiles Peugeot, replacing Frédéric Saint-Geours, who has been appointed Advisor to the Chairman of the Managing Board.

The Executive Committee

Executive management of the PSA Peugeot Citroën Group is the responsibility of the Managing Board with the support of the ten-member Executive Committee. As of January 1, 2008, the members were:
Christian Streiff, Chairman of the Managing Board, Jean-Philippe Collin, member of the Managing Board (Peugeot), Gilles Michel, member of the Managing Board (Citroën), Grégoire Olivier, member of the Managing Board (Programs) Roland Vardanega, member of the Managing Board (Manufacturing and Components), Frédéric Saint-Geours (Advisor to the Chairman), Isabel Marey-Semper (Finance and Strategy), Jean-Luc Vergne (Human Resources), Jean-Claude Hanus (Legal Affairs, Institutional Relations and Internal Audit) and Liliane Lacourt (Communication).

In addition to the above members, the Expanded Executive Committee also includes Claude Vajsman (China), Vincent Rimbaud (Mercosur), Jean-Christophe Quémard (Purchasing), Daniel Marteau (Replacement Parts), Alain Sartoris (Executive Development and Information Systems) and Pascal Henault (Automotive Research and Innovation), who each report directly to the Chairman of the Managing Board.

Managing Board compensation

The compensation paid to each Managing Board member is determined by the Supervisory Board after reviewing the recommendations of the Compensation and Appointments Committee. It includes both a base salary and an incentive bonus.

Compensation paid in respect of 2007 to the Managing Board members who served during that year is disclosed on page 36.

Members of the Managing Board receive a base salary and an incentive bonus. Base salaries have been set at €1,030,000 for Christian Streiff and at €618,000 for each of the other Managing Board members. Barring exceptional circumstances, the Chairman's incentive bonus may vary from 50% to 110% of his base salary, while the incentive bonus paid to other members of the Managing Board may vary from 0 to 100% of his or her base salary. The incentive bonus, as determined by the Supervisory Board for 2007, will comprise 1) a portion based on the Group's consolidated financial results, which will be shared among all of the Managing Board members, and 2) a portion based on the achievement of personal objectives assigned to each member, reflecting more specifically the areas under his or her direct responsibility.

Commitments given to Managing Board members

In line with previous Supervisory Board decisions, the employment contracts of Managing Board members, which were suspended upon their appointment as corporate officers, will be reinstated when they cease to be a member of the Managing Board. Under the terms of the agreement, in such a case, their annual compensation under the employment contract would be equal to their latest base salary, as decided by the Supervisory Board, plus the average of the last three years' incentive bonuses, and their entire term as member of the Managing Board would be taken into account for the purpose of calculating their seniority under the employment contract. In accordance with the law, the Supervisory Board has decided to make this arrangement conditional on the person having earned an incentive bonus equal to at least 60% of his or her average base salary over his or her term as member of the Managing Board.

No other commitments have been given to past or present Managing Board members concerning any other benefits to be paid when they cease to be a member.

In addition to being covered by government-sponsored basic and supplementary pension plans, eligible Managing Board members are also entitled to pension benefits funded under an insured plan. Benefits are capped at 50% of the average of their gross compensation, including bonuses, for their best three years out of the last five in the job. To be entitled to this supplementary pension benefit, a member must have served as an officer of the Group for at least five years and be employed by the Group when he or she retires.

Stock options

The Managing Board, in full agreement with the Supervisory Board and in compliance with stockholder-approved limits, decided that starting in 2002, the benchmark price for options to purchase existing shares granted in a given year to executives or employees of the Company or related companies would be equal to the average of the opening share price during the 20 trading days following the publication of the Group's first-half consolidated earnings, without any discount. On August 22, 2007, the Managing Board used the authorization granted by the Annual Stockholders' Meeting of May 23, 2007 to issue 1,155,000 options to purchase existing shares of Peugeot S.A. stock for €60.43 per share.

In July 2007, in accordance with the law, the Supervisory Board determined the lock-up rules applicable to shares acquired by corporate officers on exercise of stock options granted under any future plans. Under these rules, every time a Managing Board member sells such shares, he or she will be required to retain, until the end of his or her term as member, a number of Peugeot S.A. shares equal to 15% of the theoretical gross value of the shares sold.

Details of the options to purchase existing shares of Peugeot S.A. stock granted to Managing Board members in 2007 are presented on page 37.

Details of stock option plans in effect at December 31, 2007, the aggregate number of options granted to the eleven employees other than corporate officers receiving the largest number of stock options under the 2007 plan, and the number of options exercised in 2007 are presented on pages 37 and 273.

Faurecia has its own stock option plans. Option grants may be decided only once a year, at the Board meeting held in February to approve the annual financial statements, and options may not be granted at a discount to the average share price used to determine the exercise price. The list of grantees, the number of options granted to each individual and the option price – corresponding to the average of the opening share price during the 20 trading days preceding the grant date – are decided in April, at the Board meeting held to call the Annual Stockholders' Meeting. On April 16, 2007, Faurecia granted 288,500 options to purchase new shares of company stock for €53.19 per share.

Internal and External Controls

Control is assured both internally, by the Supervisory Board and the internal auditors, and also externally by the Statutory Auditors and, in the case of Banque PSA Finance, by the French Banking Regulator *(Commission bancaire).*

Internal Control

Internal control covers all the processes and procedures implemented throughout the organization to provide reasonable assurance that the following three objectives are met: effectiveness and efficiency of operations, reliability of financial reporting, compliance with applicable laws and regulations. Internal control also contributes to achieving performance and profitability targets. However, it does not offer absolute protection from human error.

The overall organization of internal control mirrors the Group's operating processes.

The structure of delegations of authority down the chain of command reflects the Group's internal organization. Delegations of authority describe each individual's role and responsibilities, indicating the areas covered by the delegation, the terms of reference and, if necessary, the rules and regulations to be complied with and the practices to be followed.

In 2003, the Group issued a Code of Ethics setting out the standards of conduct and behavior to be met by all employees, who may consult it at any time on the Group intranet. The Managing Board has appointed an Ethics Delegate to advise employees who have questions concerning the interpretation or practical application of the Code.

The Internal Audit department is part of the Legal Affairs, Institutional Relations and Audit Department, which is overseen directly by the Chairman of the Managing Board. The Vice-President, Internal Audit has direct authority over the corporate-level internal auditors and has a dotted-line reporting relationship with the internal auditors working in various departments of the Automobile Division and the other Group companies. This organization enables him or her to ensure that all of the Group's activities are covered in an efficient manner, to monitor the quality of internal audits and to track implementation of the action plans recommended by the internal auditors.

The Internal Audit department is responsible for:
- guaranteeing the implementation of internal controls;
- verifying compliance with mission-critical processes and methods and assessing their effectiveness;
- recommending improvements to enhance the performance of corporate departments and subsidiaries.

The annual internal audit program is submitted to the Executive Committee for approval and the Vice-President, Internal Audit reports to the Executive Committee twice a year on the department's activities and findings.

Internal control is based first and foremost on a series of financial and accounting procedures.

The consolidated financial statements are prepared by the consolidation department, which is also responsible for establishing and updating Group accounting policies.

Controls over management information are performed at the level of the Group, the divisions and the operating units.

Published financial information is based on the consolidated financial statements approved by the Managing Board and presented to the Supervisory Board, as well as on analyses of consolidated data. The information is audited or reviewed by the Statutory Auditors prior to being published.

Financing decisions and banking relations are managed at Group level, together with cash management transactions for Eurozone subsidiaries, foreign currency cash flows and related transactions on the currency markets, and financial market transactions related to interest rates. For entities outside the Eurozone, locally managed cash flows and cash balances are closely tracked at Group level.

The tax department is responsible for managing the Group's overall tax position, monitoring compliance with tax laws and regulations and identifying tax planning opportunities. To this end, it manages the tax position of all of the French entities, deals with the tax administration in connection with tax audits, and analyzes the tax implications of major projects such as acquisitions, disposals and reorganizations, as well as of cross-border transactions. It also supervises operations carried out locally.

The procedures put in place by the operating units and the related controls are designed to guarantee proper internal control of all Automobile Division functions.

In the area of research and development, a project-based management approach is used for the development of new vehicles and components, so as to clearly define the related return on investment and cost targets. Each project is tracked from start to finish by a dedicated team.

The purchasing department is responsible for defining and implementing global purchasing policies applicable to all the automobile operations. It is organized to encourage supplier participation in the design of products and processes, as well as to ensure that bought-in components, machinery and services comply with Group standards in terms of cost, quality and delivery times. The purchasing department's internal auditors are responsible for assessing the overall level of internal control, as well as the theoretical and practical effectiveness of control procedures, and proposing improvements.

Manufacturing operations are placed under the responsibility of a single, unified department, which manages, leads and oversees all of the Group's production plants worldwide, with a focus on ensuing that products are manufactured in the required quantities, in accordance with the applicable technical and quality standards, at the lowest cost and with an acceptable lead time. Internal control is based on a standard set of specific operating procedures. It is organized around operational management systems in each plant, real-time centralized reporting of physical indicators and a process that drives continuous improvement, as measured by a series of indicators calculated for all production sites.

The Peugeot and Citroën marques are responsible for defining and marketing their products and services throughout the world, enhancing their image and building market share. Each marque's system of internal control is based on a description of operating processes and procedures at headquarters level, as well as at the levels of the importer subsidiaries and the dealerships. It is organized around the operational management structure, with the same top-down approach, control system and continuous improvement process.

The other divisions apply the same standards and principles as the Automobile Division, tailored to their specific organization structure.

Banque PSA Finance is also subject to banking regulations, with which it strictly complies.

As an independent company, Faurecia has its own system of internal control, described in the company's registration document.

External auditors

In accordance with French company law, the financial statements of Peugeot S.A. and the consolidated financial statements are audited by two firms of auditors. The two firms jointly audit all of the accounts and examine the processes used to prepare the financial statements, as well as the Group's internal control processes and procedures.

The two Statutory Auditors, PricewaterhouseCoopers Audit and Mazars & Guérard, were appointed by stockholders at the Annual Meeting on May 25, 2005, following a proposal process managed by the Finance Committee of the Supervisory Board. Their appointment expires at the Annual Stockholders' Meeting to be called in 2011 to approve the 2010 financial statements.

Through the members of their networks in all the countries where the Group operates, PricewaterhouseCoopers Audit and Mazars & Guérard act as contractual auditors of all the Group's fully consolidated subsidiaries, with the exception of the companies in the Faurecia sub-group.

They therefore have access to the information required to audit the consolidated financial statements of the PSA Peugeot Citroën Group. Effective from 2003, they perform continuous audits of the main Automobile Division companies and finance companies in France, therefore improving the overall quality of their audit. PricewaterhouseCoopers Audit, as Group Statutory Auditor, also reviews the processes for the preparation of environmental and social information published on the Group's sustainable development website.

In the case of Faurecia, the two firms of Auditors, PricewaterhouseCoopers Audit and Ernst & Young Audit, were appointed by stockholders at the Annual Meeting on May 29, 2007, for a period expiring at the Annual Meeting to be called to approve the 2012 accounts.

The auditors of cooperative ventures set up with other automakers, which are accounted for by the equity method, are appointed by the cooperative venture partners.

The total fees paid to the Auditors in respect of 2007 amounted to €7.7 million for PricewaterhouseCoopers, €1.9 million for Mazars & Guérard and €2.8 million for Ernst & Young. None of these firms performed any non-audit work during the year.

Stricter rules have been established concerning non-audit work performed by the Auditors, as required under the Financial Security Act.

Fees paid to the Statutory Auditors

	PricewaterhouseCoopers		Mazars & Guérard		Ernst & Young (Faurecia)	
(in millions of euros)	2007	2006	2007	2006	2007	2006
Audit						
Audit fees						
- Issuer	0.4	0.4	0.1	0.1	-	-
- Fully-consolidated subsidiaries	7.2	8.4	1.8	1.8	2.8	1.9
Other audit-related fees						
- Issuer	-	-	-	-	-	-
- Fully-consolidated subsidiaries	0.1	0.1	-	-	-	-
Sub-total	**7.7**	**8.9**	**1.9**	**1.9**	**2.8**	**1.9**
	100%	*100%*	*100%*	*100%*	*100%*	*100%*
Other services performedvfor fully consolidated subsidiaries						
Legal, tax and labor law advice	0.0	0.0	0.0	0.0	-	-
Other	-	-	-	-	-	-
Sub-total	**0.0**	**0.0**	**0.0**	**0.0**	**-**	-
	0%		*0%*		*0%*	
Total	**7.7**	**8.9**	**1.9**	**1.9**	**2.8**	**1.9**
Of which Faurecia	2.0	3.1	-	-	2.8	1.9
Excluding Faurecia	5.7	5.8	1.9	1.9	-	-

The statutory auditors for PSA Peugeot Citroën are PricewaterhouseCoopers and Mazars & Guérard. Faurecia has its own statutory auditors which are PricewaterhouseCoopers and Ernst & Young.

Management and Administration

Supervisory Board

Functions and directorships held as of December 31, 2007

Thierry Peugeot First elected to the Supervisory Board: December 19, 2002 Current term ends: 2010 Born August 19, 1957 **Chairman of the Supervisory Board** **Chairman of the Compensation and Appointments Committee** **Member of the Strategy Committee** Office address: PSA Peugeot Citroën 75, avenue de la Grande-Armée 75116 Paris France	**Chairman of the Supervisory Board of PSA Peugeot Citroën** **Other directorships as of December 31, 2007:** Vice-Chairman of Établissements Peugeot Frères. Director of Société Foncière, Financière et de Participations – FFP, La Française de Participations Financières – LFPF, Société Anonyme de Participations – SAPAR, Immeubles et Participations de l'Est, Faurecia, Compagnie Industrielle de Delle, Air Liquide. Permanent representative of Compagnie Industrielle de Delle on the Board of LISI. **Former directorships held in the past five years:** Chairman of Immeubles et Participation de l'Est. Director of AMC Promotion. Legal manager of SCI du Doubs. **Related expertise and professional experience:** Thierry Peugeot has served as Chief Executive Officer of a number of companies, particularly in the automotive industry, and has managed companies outside France. **Number of Peugeot S.A. shares owned at December 31, 2007:** 900.
Jean-Philippe Peugeot First elected to the Supervisory Board: May 16, 2001 Current term ends: 2013 Born May 7, 1953 **Vice-Chairman of the Supervisory Board** **Chairman of the Strategy Committee** **Member of the Compensation and Appointments Committee** Office address: Établissements Peugeot Frères 75, avenue de la Grande-Armée 75116 Paris France	**Vice-Chairman of the Supervisory Board of PSA Peugeot Citroën** **Chairman of Établissements Peugeot Frères** **Other directorships as of December 31, 2007:** Vice-Chairman of Société Foncière, Financière et de Participations – FFP. Director of La Française de Participations Financières – LFPF, Immeubles et Participations de l'Est, Linedata Services. **Former directorship held in the past five years:** Chairman of the Board of Nutrition et Communication S.A.S. **Related expertise and professional experience:** Jean-Philippe Peugeot has spent his entire career with Automobiles Peugeot. In particular, he managed an Automobiles Peugeot marketing subsidiary for eight years and Peugeot Parc Alliance for four years. **Number of Peugeot S.A. shares owned at December 31, 2007:** 150.

Jean-Louis Silvant First elected to the Supervisory Board: May 24, 2006 Current term ends: 2012 Born February 7, 1938 **Vice-Chairman of the Supervisory Board** **Member of the Strategy Committee** **Member of the Compensation and Appointments Committee** Office address: La Martinerie 35, rue de la Fontaine 37370 Neuvy-le-Roi France	**Vice-Chairman of the Supervisory Board** **Former Member of the PSA Peugeot Citroën Executive Committee** **Other directorships as of December 31, 2007:** **Chairman** of Closerie des Tilleuls. **Legal Manager** of Silvant-Invest. **Director** of Peugeot Suisse and Résidéal Santé. **Former directorships held in the past five years:** **Chief Executive Officer**, then **Chief Operating Officer** of Peugeot Citroën Automobiles. **Chairman of the Board** of Peugeot Suisse. **Related expertise and professional experience:** Jean-Louis Silvant joined PSA Peugeot Citroën in 1961. He held a large number of executive positions, particularly in production and human resources management, before serving as Senior Executive Vice-President of Peugeot from 1992 to 1998. He was a member of the PSA Peugeot Citroën Executive Committee from 1998 to 2002. **Number of Peugeot S.A. shares owned at December 31, 2007:** 150.
Marc Friedel First elected to the Supervisory Board: June 26, 1996 Current term ends: 2008 Born July 21, 1948 **Member of the Supervisory Board** **Member of the Finance Committee** Office address: 1, rue Ballu 75009 Paris France	**Consultant** **Other directorships as of December 31, 2007:** **Permanent representative** of Sofinaction (CIC Group) on the Board of Société Nancéienne Varin-Bernier (SNVB). **Former directorships held in the past five years:** **Member of the Supervisory Board** of Presses Universitaires de France. **Vice-Chairman of the Board** of Librairie Ernest Flammarion. **Related expertise and professional experience:** From 1989 to 1999, Marc Friedel served as Chairman and Chief Executive Officer of Berger-Levrault, a company listed on the Paris Bourse. **Number of Peugeot S.A. shares owned at December 31, 2007:** 150.

Jean-Louis Masurel First elected to the Supervisory Board: August 27, 1987 Current term ends: 2011 Born September 18, 1940 **Member of the Supervisory Board** **Member of the Finance Committee** Office address: Arcos Investissement 10 A, rue de la Paix 75002 Paris France	**Chairman of Arcos Investissement** **Other directorships as of December 31, 2007:** Vice-Chairman of the Supervisory Board of Oudart S.A. Director of Société des Bains de Mer (Monaco), Compagnie de Transports Financière et Immobilière—Cotrafi, Oudart Gestion S.A., Gondrand (a Cotrafi subsidiary) and Banque J. Safra (Monaco). Member of the Supervisory Board of 21 Centrale Partners S.A. **Former directorship held in the past five years:** None. **Related expertise and professional experience:** From 1983 to 1989, Jean-Louis Masurel served as Vice-Chairman and Chief Executive Officer of Moët-Hennessy and later LVMH. Since 1995, he had been Director and Chairman of the Finance Committee of Société des Bains de Mer (Monaco). **Number of Peugeot S.A. shares owned at December 31, 2007:** 600.
Jean-Paul Parayre First elected to the Supervisory Board: December 11, 1984 Current term ends: 2011 Born July 5, 1937 **Member of the Supervisory Board** **Chairman of the Finance Committee** **Member of the Strategy Committee** Office address: 203, avenue de Molière 1050 Bruxelles Belgium	**Chairman of the Supervisory Board of Vallourec** **Other directorships as of December 31, 2007:** Chairman of the Supervisory Board of Stena Maritime. Director of Bolloré Investissement, SNEF and Stena International Sarl. **Former directorships held in the past five years:** Director of SDV Cameroon, Stena Line, Seabulk, Sea-invest France, Carillion plc, Stena UK, SDV Congo and Stena International BV. Member of Advisory Board of Candover. Member of the Steering Committee of V&M do Brasil. **Related expertise and professional experience:** Jean-Paul Parayre has held several executive positions in 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) and Vice-Chairman and Chief Executive Officer of Bolloré Group (1994-1999). He also served as Chairman and Chief Executive Officer of Saga (1996-1999). **Number of Peugeot S.A. shares owned at December 31, 2007:** 41,396.

Robert Peugeot First appointed to the Supervisory Board: February 6, 2007 Current term ends: 2013 Born April 25, 1950 **Member of the Supervisory Board** **Member of the Strategy Committee** **Member of the Finance Committee** Office address: FFP 75, avenue de la Grande-Armée 75116 Paris France	**Chairman and Chief Executive Officer of Société Foncière, Financière et de Participations – FFP** **Former Member of the PSA Peugeot Citroën Executive Committee** **Other directorships as of December 31, 2007:** Chairman of the Board of Simante, SL. Member of the Supervisory Board of Hermès International. Director of B-1998 SL, FCC Construccion S.A., Établissements Peugeot Frères, Imerys, Immeubles et Participations de l'Est, LFPF – La Française de Participations Financières, Sanef, Holding Reignier S.A., WRG – Waste Recycling Group Limited, Alpine Holding, Faurecia. Legal Manager of CHP Gestion, Rodom. Permanent representative of FFP on the Supervisory Board of Zodiac. Legal representative of FFP at Financière Guiraud. **Former directorships held in the past five years:** Member of the Supervisory Board of Groupe Taittinger, Citroën Deutschland Aktiengesellschatt and Aviva France. Director of Institut Français du Pétrole (IFP), Société du Louvre, Peugeot Automobiles United Kingdom Ltd, Citroën Danmark A/S, Fomentos de Construcciones y Contratas S.A. FCC, Aviva Participations, GIE de recherche et d'études PSA Renault and Citroën UK Ltd. **Related expertise and professional experience:** Robert Peugeot was a member of the PSA Peugeot Citroën Executive Committee and served as the Group's Vice-President, Innovation and Quality from 1998 to 2007. Since 2002, he has also been Chairman and Chief Executive Officer of Société Foncière, Financière et de Participations – FFP. **Number of Peugeot S.A. shares owned at December 31, 2007:** 150.

Henri Philippe Reichstul First elected to the Supervisory Board: May 23, 2007 Current term ends: 2013 Born April 12, 1949 **Member of the Supervisory Board** **Member of the Strategy Committee** Office address: Av Brigadeiro Faria Lima 1309 4th floor 01452-002 São Paolo, SP Brasil	**Chairman and Chief Executive Officer of Brenco – Companhia Brasileira de Energia Renovavel** **Other directorships as of December 31, 2007:** Director of Prisma Energy International and Repsol YPF S.A. **Former directorships held in the past five years:** Director of TAM – Linhas Aéreas S.A., Holdings / Vivo and Pao de Açucar Group. **Related 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 positions in Brazil, before serving as Chairman and Director of a variety of companies, including Petrobras, of which he was Chairman from 1999 to 2001. **Number of Peugeot S.A. shares owned at December 31, 2007:** 25.
Marie-Hélène Roncoroni First elected to the Supervisory Board: June 2, 1999 Current term ends: 2011 Born November 17, 1960 **Member of the Supervisory Board** **Member of the Finance Committee** Office address: FFP 75, avenue de la Grande-Armée 75116 Paris France	**Vice-Chairman of Société Foncière, Financière et de Participations—FFP** **Other directorships as of December 31, 2007:** Director of La Française de Participations Financières – LFPF, Société Anonyme de Participations – SAPAR, Établissements Peugeot Frères and Immeubles et Participations de l'Est. Permanent representative of Société Anonyme de Participation – SAPAR on the Board of Directors of Société des Immeubles de Franche-Comté, of Immeubles de Franche-Comté on the Board of Directors of Société Anonyme Comtoise de Participation, and of Covéa Ré on the Boards of Directors of MMA Iard Assurances Mutuelles, MMA Vie Assurances Mutuelles, MMA Iard S.A., MMA Vie S.A. and MMA Coopérations. **Former directorships held in the past five years:** None. **Related expertise and professional experience:** Marie-Hélène Roncoroni began her career in a British/American audit firm, before holding positions in the PSA Peugeot Citroën corporate finance department for seven years. **Number of Peugeot S.A. shares owned at December 31, 2007:** 150.

Geoffroy Roux de Bézieux First elected to the Supervisory Board: May 23, 2007 Current term ends: 2013 Born May 31, 1962 **Member of the Supervisory Board** Office address: Virgin Mobile France 40, boulevard Henri-Sellier 92150 Suresnes France	**Chairman of Virgin Mobile France** **Other directorships as of December 31, 2007:** Vice-Chairman of the Supervisory Board of Seloger.com. Director of Budget Telecom, Micromania, Sporever and Parrot. **Former directorships held in the past five years:** Director of Nocibé and Fromagers Plus. **Related expertise and professional experience:** Geoffroy Roux de Bézieux graduated from the ESSEC business school and held various positions at L'Oréal 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 till 2006. Since 2006 he has been Chairman and Founder of Virgin Mobile. He has been President of the CroissancePlus association since 2005. **Number of Peugeot S.A. shares owned at December 31, 2007:** 1,000.
Ernest-Antoine Seillière First elected to the Supervisory Board: June 22, 1994 Current term ends: 2012 Born December 20, 1937 **Member of the Supervisory Board** **Member of the Strategy Committee** **Member of the Compensation and Appointments Committee** Office address: Wendel Investissement 89, rue Taitbout 75009 Paris France	**Chairman of the Supervisory Board of Wendel Investissement.** **Other directorships as of December 31, 2007:** 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, Editis Holding, Gras-Savoye and Hermès International S.A. Director of Legrand and Sofisamc (Switzerland). **Former directorships held in the past five years:** Chairman and Chief Executive Officer of CGIP, Marine-Wendel and Legrand Holding. Vice-Chairman of the Board of Directors of Cap Gemini. Director of Editis. Permanent representative of Sofiservice on the Board of Bureau Veritas. **Related expertise and professional experience:** Ernest-Antoine Seillière has held various positions as Chairman and Director. **Number of Peugeot S.A. shares owned at December 31, 2007:** 600.

Joseph F. Toot, Jr. First elected to the Supervisory Board: May 24, 2000 Current term ends: 2012 Born June 13, 1935 **Member of the Supervisory Board** Office address: The Timken Company 1835 Dueber Ave. SW P.O. Box 6928 Canton, OH 44706-0926 United States	**Former Chief Executive Officer of The Timken Company** **Other directorships as of December 31, 2007:** **Director** of Rockwell Automation, Rockwell Collins and The Timken Company. **Former directorships held in the past five years:** None. **Related expertise and professional experience:** Former Chief Executive Officer of The Timken Company. **Number of Peugeot S.A. shares owned at December 31, 2007:** 150.
François Michelin First elected as advisor to the Supervisory Board: July 25, 2006 Current term ends: 2012 Born June 15, 1926 **Advisor to the Supervisory Board** Office address: Pardevi 23, place des Carmes-Déchaux 63040 Clermont-Ferrand France	**Chairman of Participation et Développement Industriels S.A. – Pardevi** **Other directorships as of December 31, 2007:** **Managing General Partner with unlimited liability** of Compagnie Financière Michelin (Switzerland). **Vice-Chairman** of ANSA. **Former directorships held in the past five years:** **Managing General Partner** of Compagnie Générale des Établissements Michelin (CGEM), Manufacture Française des Pneumatiques Michelin (MFPM). **Partner with unlimited liability** of Michelin Reifenwerke (MRW). **Related expertise and professional experience:** Under François Michelin's leadership, Michelin rose from the world's tenth largest tire manufacturer to one of the top three. **Number of Peugeot S.A. shares owned at December 31, 2007:** 150.

Bertrand Peugeot First elected as advisor to the Supervisory Board: June 8, 1999 Current term ends: 2011 Born October 30, 1923 **Advisor to the Supervisory Board** Office address: PSA Peugeot Citroën 75, avenue de la Grande-Armée 75116 Paris France	**Former Vice-Chairman of the Supervisory Board of PSA Peugeot Citroën** **Other directorships as of December 31, 2007:** Director of Paris Loire. **Former directorship held in the past five years:** Director of Société Foncière, Financière et de Participations – FFP, Établissements Peugeot Frères and LFPF – La Française de Participations Financières. **Related expertise and professional experience:** Bertrand Peugeot has held various positions as Chairman or Director of PSA Peugeot Citroën member companies, including Chairman of Cycles Peugeot until 1987, Chairman of Peugeot Motocycles until 1989 and Vice-Chairman of the Supervisory Board of PSA Peugeot Citroën from 1972 to 1999. **Number of Peugeot S.A. shares owned at December 31, 2007:** 492.
Roland Peugeot First elected as advisor to the Supervisory Board: May 16, 2001 Current term ends: 2013 Born March 20, 1926 **Advisor to the Supervisory Board** Office address: Établissements Peugeot Frères 75, avenue de la Grande-Armée 75116 Paris France	**Honorary Chairman of Établissements Peugeot Frères** **Other directorships as of December 31, 2007:** Honorary Chairman of Football Club Sochaux-Montbéliard – FSCM. Permanent representative of Établissements Peugeot Frères on the Board of Directors of LFPF – La Française de Participations Financières. **Former directorship held in the past five years:** Director of Société Foncière, Financière et de Participations – FFP. **Related expertise and professional experience:** Roland Peugeot has held several positions as Chairman in the PSA Peugeot Citroën Group; in particular he served as Chairman of the Supervisory Board from 1972 to 1998. He was also a Director of Automobiles Peugeot from 1982 to 1996. **Number of Peugeot S.A. shares owned at December 31, 2007:** 20,041.

Functions and directorships held by members who left the Board in 2007

Jean Boillot First elected to the Supervisory Board: April 18, 1990 **Term of office as Vice-Chairman of the Supervisory Board ended: May 23, 2007** Born February 6, 1926 Business address: PSA Peugeot Citroën 75, avenue de la Grande-Armée 75016 Paris France	**Former Vice-Chairman of the Supervisory Board of PSA Peugeot Citroën** **No other directorships held as of May 23, 2007.** **Former directorships held in the past five years (at May 23, 2007):** Director of Peugeot Motor Company Plc. **Related expertise and professional experience:** Jean Boillot served as Chairman of Automobiles Peugeot until 1990. **Number of Peugeot S.A. shares owned at May 23, 2007:** 150.
Pierre Banzet First elected to the Supervisory Board: June 23, 1994 **Term of office as member of the Supervisory Board ended: May 23, 2007** Born July 18, 1929 Business address: 3, rue de la Montagne-Sainte-Geneviève 75005 Paris France	**Honorary professor of medicine** **Member of the Académie de Médecine** **No other directorships held as of May 23, 2007.** **Former directorship held in the past five years (at May 23, 2007):** None. **Related expertise and professional experience:** Pierre Banzet was a member of the Supervisory Board of PSA Peugeot Citroën from June 1994 to May 2007. **Number of Peugeot S.A. shares owned at May 23, 2007:** 600.

Managing Board

Functions and directorships held as of December 31, 2007

Christian Streiff First appointed to the Managing Board: February 6, 2007 Current term ends: 2011 Born September 21, 1954 **Chairman of the Managing Board** Office address: PSA Peugeot Citroën 75, avenue de la Grande-Armée 75116 Paris France	**Chairman of the Managing Board of PSA Peugeot Citroën** **Other directorships as of December 31, 2007:** **Chairman** of Automobiles Peugeot and Automobiles Citroën. **Vice-Chairman** of Dongfeng Peugeot Citroën Automobile Ltd (China). **Director** of Banque PSA Finance, Peugeot Citroën Automobiles, Gefco, Faurecia, Thyssen-Krupp and Continental AG. **Former directorships held in the past five years:** **Chairman and Chief Executive Officer** of Airbus Holding, Saint-Gobain Advanced Ceramics Corp and Carborundum Ventures Inc. **Chief Operating Officer** of Compagnie de Saint-Gobain. **Chairman of the Board** of Société Européenne des Produits Réfractaires-SEPR, Saint-Gobain Ceramics & Plastics Inc., Saint-Gobain Performance Plastics Corp. and Saint-Gobain Abrasivos S.A. **Director** of PAM Colombia S.A., Grindwell Norton Ltd., Kure-Norton Ltd., Saint-Gobain Corporation and Saint-Gobain Pipe Systems Plc. **Managing Director** of Saint-Gobain KK. **Managing Partner** of Argos Conseil. **Related expertise and professional experience:** Christian Streiff spent most of his career (1979-2005) with Saint-Gobain where he acquired extensive industrial and international experience in a variety of businesses in Germany, Italy, the United States, Brazil and China. He became Chief Operating Officer of Saint-Gobain in 2004 and Chairman of Airbus in 2006. **Number of Peugeot S.A. shares owned at December 31, 2007:** 0.

Gilles Michel First appointed to the Managing Board: February 6, 2007 Current term ends: 2011 Born January 10, 1956 **Member of the Managing Board** Office address: Automobiles Citroën Immeuble Colisée III 12, rue Fructidor 75017 Paris France	**Member of the Managing Board of PSA Peugeot Citroën** **Chief Executive Officer of Automobiles Citroën** **Other directorships as of December 31, 2007:** Chairman of Citer. Chairman of the Board of Citroën Danmark A/S, Citroën Italia, Citroën UK Ltd, Citroën Belux and Citroën (Suisse) S.A. Chairman of the Supervisory Board of Citroën Nederland B.V. Member of the Supervisory Board of Citroën Deutschland AG. Director of Automoviles Citroën España, Autotransporte Turistico Español S.A., Comercial Citroën S.A. and Citroën Sverrige AB. Permanent representative of Automobiles Citroën in its capacity as: Chairman of the Board of Automoveis Citroën. Director of Banque PSA Finance. **Former directorships held in the past five years:** Director of Peugeot Citroën Automobiles and Process Conception Ingénierie. **Related expertise and professional experience:** After serving as Chief Executive Officer of several Saint-Gobain subsidiaries, Gilles Michel joined PSA Peugeot Citroën in 2002. As Vice-President, Platforms, Technical Affairs and Purchasing, he was a member of the Executive Committee from 2002 to 2007. **Number of Peugeot S.A. shares owned at December 31, 2007:** 0.
Grégoire Olivier First appointed to the Managing Board: February 6, 2007 Current term ends: 2011 Born October 19, 1960 **Member of the Managing Board** Office address: PSA Peugeot Citroën ADN Route nationale 118 78140 Vélizy-Villacoublay France	**Member of the Managing Board of PSA Peugeot Citroën** **Executive Vice-President, Programs** **Other directorships as of December 31, 2007:** Director of Peugeot Citroën Automobiles and Imerys. Member of the Supervisory Board of Wendel. **Former directorships held in the past five years:** Chairman and Chief Executive Officer of Faurecia. Chairman and Chief Executive Officer of Sagem Communication. Chairman of the Managing Board of Sagem. Member of the Managing Board of Safran. Vice-Chairman of the Club Sagem Executive Committee. Director of Snecma and Sagem Défense et Sécurité. **Related expertise and professional experience:** Grégoire Olivier has held senior management positions in a number of manufacturing companies. **Number of Peugeot S.A. shares owned at December 31, 2007:** 0.

Frédéric Saint-Geours First appointed to the Managing Board: February 6, 2007 Current term ends: 2011 Born October 19, 1960 **Member of the Managing Board** Office address: PSA Peugeot Citroën ADN Route nationale 118 78140 Vélizy-Villacoublay France	**Member of the Managing Board of PSA Peugeot Citroën** **Chief Executive Officer of Automobiles Peugeot*** **Other directorships as of December 31, 2007:** Chairman of the Union des Industries et Métiers de la Métallurgie. Chairman of the Board of Peugeot Motor Company Plc. Member of the Supervisory Board of Peugeot Deutschland GmbH. Member of the Board of Casino Guichard-Perrachon and Peugeot España. Permanent representative of Automobiles Peugeot on the Board of Gefco and Banque PSA Finance. **Former directorships held in the past five years:** None. **Related expertise and professional experience:** Frédéric Saint-Geours was Chief Financial Officer of PSA Peugeot Citroën. From 1990 until December 31, 2007, he served as Chief Operating Officer, then Chief Executive Officer of Automobiles Peugeot. **Number of Peugeot S.A. shares owned at December 31, 2007:** 1,570. ** Until December 31, 2007.*
Roland Vardanega First appointed to the Managing Board: February 6, 2007 Current term ends: 2011 Born June 27, 1943 **Member of the Managing Board** Office address: PSA Peugeot Citroën Centre technique Vélizy A Route de Gisy 78140 Vélizy-Villacoublay France	**Member of the Managing Board of PSA Peugeot Citroën** **Executive Vice-President, Manufacturing and Components** **Other directorships as of December 31, 2007:** Chairman of Peugeot Citroën Automoviles Portugal S.A. Director of Esso – SAF, Peugeot Citroën Automobiles, Peugeot Citroën Automoviles España S.A., Peugeot Citroën Automoviles Portugal S.A., Résidence de Chantilly, Résidéal Santé and La Closerie des Tilleuls. Representative of the Legal Manager for Société Mécanique Automobile de l'Est, Peugeot Citroën Poissy, Peugeot Citroën Sochaux S.N.C., Peugeot Citroën Mulhouse S.N.C., Peugeot Citroën Aulnay, Peugeot Citroën Rennes, Peugeot Citroën Mécanique du Nord-Ouest and Peugeot Citroën Mécanique de l'Est. Legal Manager of Vardanega Invest. **Former directorships held in the past five years:** Chairman of Societa Europea Veicoli Leggeri-Sevel SpA, Peugeot Citroën Automobiles UK Ltd and La Closerie des Tilleuls. Director of Société Européenne de Véhicules Légers du Nord-Sevelnord. **Related expertise and professional experience:** Roland Vardanega joined PSA Peugeot Citroën in 1967. He has held a large number of executive positions, particularly in production and human resources management, and was a member of the Group's Executive Committee from 1998 to 2007. **Number of Peugeot S.A. shares owned at December 31, 2007:** 0.

Functions and directorships held by members who left the Board in 2007

Jean-Martin Folz First appointed to the Managing Board: May 15, 1997 **Term of appointment as Chairman of the Managing Board ended: February 6, 2007** Born January 11, 1947 Business address: PSA Peugeot Citroën 75, avenue de la Grande-Armée 75016 Paris France	**Former Chairman of the Managing Board of PSA Peugeot Citroën** **Other directorships held until February 6, 2007:** Chairman of Automobiles Peugeot and Automobiles Citroën. Director of Banque PSA Finance, Peugeot Citroën Automobiles, Faurecia, Saint-Gobain and Solvay (Belgium). **Former directorships held in the past five years (as of February 6, 2007):** Chairman of Banque PSA Finance and Peugeot Citroën Automobiles. Chairman of the Supervisory Board of Sommer Allibert. **Related expertise and professional experience:** Before joining PSA Peugeot Citroën, Jean-Martin Folz held several management positions at Rhone-Poulenc and Jeumont-Schneider. He was also Chief Executive Officer of Péchiney and later Eridania-Béghin-Say, before serving as Chairman of the PSA Peugeot Citroën Managing Board from May 1997 to February 2007. **Number of Peugeot S.A. shares owned at February 6, 2007:** 0.
Claude Satinet First appointed to the Managing Board: July 1, 1998 **Term of appointment ended: February 6, 2007** Born July 19, 1944 Business address: Automobiles Citroën Immeuble Colisée III 12, rue Fructidor 75017 Paris France	**Former member of the Managing Board of PSA Peugeot Citroën** **Former Chief Executive Officer of Automobiles Citroën** **Other directorships held until February 6, 2007:** Chairman of Citer. Chairman of the Board of Citroën Belux, Citroën Danmark A/S, Citroën Italia, Citroën UK Ltd and Citroën (Suisse) S.A. Chairman of the Supervisory Board of Citroën Nederland B.V. Member of the Supervisory Board of Citroën Deutschland AG. Director of Automoviles Citroën España, Comercial Citroën S.A., Autotransporte Turistico Español S.A. and Citroën Sverige AB. Permanent representative of Automobiles Citroën in its capacity as: Chairman of the Board of Automoveis Citroën. Director of Gefco and Banque PSA Finance. **Former directorships held in the past five years (as of February 6, 2007) :** None. **Related expertise and professional experience:** Claude Satinet joined the PSA Peugeot Citroën Group in 1973 and served in a number of management positions in the Automobiles Citroën IT, finance and sales departments. He was appointed Chief Operating Officer of Automobiles Citroën in 1994 and served as Chief Operating Officer from 1998 to February 6, 2007. **Number of Peugeot S.A. shares owned at February 6, 2007:** 21,000.

Functions and directorships held by new members appointed in January 2008

Jean-Philippe Collin First appointed to the Managing Board: January 1, 2008 Current term ends: 2011 Born May 25, 1956 **Member of the Managing Board** Office address: Automobiles Peugeot 75, avenue de la Grande-Armée 75116 Paris France	**Member of the Managing Board of PSA Peugeot Citroën** **Chief Executive Officer of Automobiles Peugeot** **Other directorships:** Director of Peugeot Motocycles and Peugeot España. Permanent representative of Automobiles Peugeot on the Board of Directors of Banque PSA Finance. **Former directorship held in the past five years:** Chairman and Chief Executive Officer of Keymro. **Related expertise and professional experience:** Jean-Philippe Collin held several executive positions in the areas of technology, quality and purchasing at IBM, Valéo and Thomson before being appointed in 2004 as Executive Vice-President, Purchasing of PSA Peugeot Citroën. He became a member of the Expanded Executive Committee in February 2007 and was appointed Chief Executive Officer of Automobiles Peugeot and member of the Managing Board on January 1, 2008. **Number of Peugeot S.A. shares owned at December 31, 2007:** 0.

Management and Administration

Compensation of Corporate Officers and Executives in 2007

Total compensation and benefits paid in 2007

Total direct or indirect compensation and benefits paid in 2007 by Group companies to members of the Supervisory Board and the Advisors was as follows:

	Title	
Thierry Peugeot	Chairman of the Supervisory Board	€457,000
Jean Boillot	Vice-Chairman of the Supervisory Board	€22,430
Jean-Philippe Peugeot	Vice-Chairman of the Supervisory Board	€54,860
Jean-Louis Silvant	Vice-Chairman of the Supervisory Board	€38,430
Pierre Banzet	Member of the Supervisory Board	€8,500
Marc Friedel	Member of the Supervisory Board	€24,500
Jean-Louis Masurel	Member of the Supervisory Board	€22,000
Jean-Paul Parayre	Member of the Supervisory Board	€29,500
Robert Peugeot	Member of the Supervisory Board	€22,000
Henri Philippe Reichstul	Member of the Supervisory Board	€11,000
Mme Marie-Hélène Roncoroni	Member of the Supervisory Board	€22,000
Geoffroy Roux de Bézieux	Member of the Supervisory Board	€8,500
Ernest-Antoine Seillière	Member of the Supervisory Board	€27,000
Joseph F. Toot	Member of the Supervisory Board	€17,000
Bertrand Peugeot	Advisor	€8,500
Roland Peugeot	Advisor	€8,500
François Michelin	Advisor	€8,500

In addition to the directors' fees paid to all members of the Supervisory Board, the above compensation and benefits, paid by Peugeot S.A., comprise specific compensation paid to the Board's Chairman and Vice-Chairmen, as well as to the Chairmen and members of the Strategy, Compensation and Appointments, and Finance Committees.

Thierry Peugeot has the use of a company car. He was paid €13,000 in compensation for his duties as director of Faurecia.

In addition, Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marie-Hélène Roncoroni receive compensation for their duties as executives or officers of companies in the Peugeot family group, which is described in the management report of Foncière, Financière et Participations—FFP.

Total direct or indirect compensation and benefits allocated in respect to the year 2007 by Group companies to members of the Managing Board was as follows:

	Total compensation	Variable portion
Former Managing Board from Jan. 1, 2007 to Feb. 5, 2007		
Jean-Martin Folz, Chairman*	€94,011	-
Frédéric Saint-Geours	€48,682	-
Claude Satinet*	€48,682	-
New Managing Board from Feb. 6, 2007 to Dec. 31, 2007		
Christian Streiff, Chairman	€1,906,861	52.44%
Gilles Michel	€1,055,194	48.33%
Frédéric Saint-Geours	€875,194	37.71%
Grégoire Olivier	€1,047,099	49.85%
Roland Vardanega	€1,115,194	51.11%

** The impact of the application in 2007 of the commitments to these former Managing Board members is described in detail in the Auditors' Special Report on Related Party Agreements, on page 289.*

The above compensation includes the monetary value of a company car assigned to each member of the Managing Board.

In addition, Jean-Martin Folz was paid €5,857 in compensation for his duties as director of Faurecia.

Christian Streiff was paid €21,000 in compensation for his duties as director of Faurecia..

Transactions with Corporate Officers and Executives

As of the date of publication of this Registration Document, no transactions have been undertaken with corporate officers or executives or any stockholder owning more than 5% of the Company's capital stock. In particular, the Company has granted no loans or guarantees to members of the Supervisory Board or the Managing Board.

Trading in Company securities by Corporate Officers in 2007

None.

Options to purchase existing Peugeot S.A. shares granted and exercised in 2007

Options to purchase existing Peugeot S.A. shares granted to and exercised by members of the Managing Board in 2007 were as follows:

	Options granted				Options exercised			
	Plan	Number	Expiry date	Purchase price	Plan	Number	Expiry date	Purchase price
Christian Streiff, Chairman	Aug. 22, 2007	140,000	Aug. 21, 2015	€60.43	–	–	–	–
Gilles Michel	Aug. 22, 2007	60,000	Aug. 21, 2015	€60.43	2002 2003	24,000 35,000	Aug. 20, 2009 Aug. 20, 2011	€46.28 €39.09
Frédéric Saint-Geours	Aug. 22, 2007	60,000	Aug. 21, 2015	€60.43	1999	21,000	March 30, 2007	€20.83
Grégoire Olivier	Aug. 22, 2007	60,000	Aug. 21, 2015	€60.43	–	–	–	–
Roland Vardanega	Aug. 22, 2007	60,000	Aug. 21, 2015	€60.43	–	–	–	–

Options to purchase existing Peugeot S.A. shares granted in 2007 by the eleven top employees other than corporate officers were as follows:

Plan	Total options	Expiry date	Purchase price
August 22, 2007	325,000	August 21, 2015	€60.43

Options to purchase existing Peugeot S.A. shares granted in prior years and exercised in 2007 by the ten top employees other than corporate officers were as follows:

Plan	Total options	Expiry date	Purchase price	Number of employees
March 31, 1999	72,372	March 30, 2007	€20.83	11
October 5, 2000	159,200	October 4, 2008	€35.45	12
November 20, 2001	184,200	November 19, 2008	€46.86	12
August 21, 2002	174,200	August 20, 2009	€46.28	10
August 21, 2003	177,000	August 20, 2011	€39.09	15
August 24, 2004	12,000	August 23, 2012	€47.59	2
August 23, 2005	10,000	August 23, 2013	€52.37	1
August 23, 2006	15,000	August 22, 2014	€41.14	1

04

Business Review

Automotive Division

A global market up 4.9%

Slight increase in Western Europe.

Expanding markets in Eastern Europe.

Sustained strong growth in the Mercosur countries and China.

In 2007, the global automobile market expanded by 4.9% to 68.4 million passenger cars and light commercial vehicles.

The market in Western Europe grew 0.8% over the year to 16,865,400 cars and light commercial vehicles, with persistently aggressive competition in every national market. Demand contracted 1.0% in Spain and fell a sharper 8.0% in Germany due to the late 2006 surge in carbuying ahead of the January 1, 2007 increase in the VAT rate. Demand rose by 3.5% in France and by 2.7% in the United Kingdom, while the Italian market climbed 6.7% on the back of tax incentives designed to take older cars off the road.

Markets in Eastern Europe increased by an aggregate 12.3% to 1,122,000 vehicles overall. In the six main Central European countries (Poland, Hungary, the Czech Republic, Slovenia, Croatia and Slovakia), demand was up 10.8% for the year. In Russia, the market expanded by 37.1%, reflecting a 61.9% increase in sales by foreign carmakers and a 7.3% rise for local carmakers.

Buoyed by the sustained recovery in demand, automobile markets in the Mercosur region surged 27.6% to 2,873,900 units, with gains of 27.6% in Brazil and 27.9% in Argentina.

The market in China continued to experience very strong growth, rising 24.4% with more than 5,274,000 passenger cars manufactured locally during the year.

3,428,400 vehicles sold by the Group

Worldwide sales up 3.8% excluding CKD units.

Solid performance both in Western Europe and in international markets.

Worldwide, PSA Peugeot Citroën sold 3,428,400 vehicles and CKD units during the year, up 1.9% from the 3,365,900 units sold in 2006. Excluding CKD units, vehicle sales rose 3.8%, to 3,233,400 units, led by a firm performance both in Western Europe, where sales increased 1.2%, and especially in international markets, with a 3.3% gain. PSA Peugeot Citroën ended the year with a 5.2% share of the world automobile market.

The Group's worldwide sales were stable in the first half, with a 0.5% uptick to 826,100 units in the first three months and a 0.5% downtick in the second to 938,000 units. The third quarter saw a sharp 11.9% increase to 783,600 units, partially due to the low basis of comparison in the same period of 2006, while fourth quarter sales eased back 2.3% to 880,700 units.

A stable market share in Western Europe

A challenging business environment.

Group registrations stable in Europe.

Continued leadership in light commercial vehicles.

In this slow growing Western European car and light commercial vehicle market, PSA Peugeot Citroën registrations were up by 0.8% to 2,330,200 units for the year, of which 1,225,800 Peugeots and 1,104,400 Citroëns. The Group's market share stood at 13.8% in a challenging sales environment, unchanged from 2006, with

Peugeot holding 7.3% and Citroën 6.6%. PSA Peugeot Citroën was market leader in France, Belgium and Portugal and ranked second in Spain, Switzerland and Denmark.

In light commercial vehicles, the Group maintained its market leadership in Western Europe with 387,400 registrations and a market share of 18.7%.

In France, Peugeot and Citroën car and light commercial vehicle registrations increased by 1.9% to 780,000, making the Group the market leader with a 30.9% share.

PSA Peugeot Citroën also confirmed its position as Spain's leading car and light commercial vehicle manufacturer, with 19.2% of the market. Citroën remained the country's best selling marque, with 201,900 registrations and a 10.7% market share.

In the United Kingdom, the Group's car and light commercial vehicle registrations rose by 1.8% to 286,000, while in Italy, registrations increased 10.9% to 268,900 units, lifting market share to 9.9%.

In Germany, market share eased back 0.2 point to 5.5%, based on 185,600 registrations.

Strong growth in international markets

More than 1,100,000 units sold and over 32% of total unit sales.

Higher unit sales in Eastern Europe.

Strong growth in Latin America.

Outside Western Europe, the Group sold more than 1,100,000 vehicles and CKD units, including 743,300 Peugeots and 361,400 Citroëns. These markets represented 32.2% of worldwide sales for the year, versus 31.8% in 2006 and 30.4% in 2005.

Excluding CKD units, vehicle sales outside Western Europe rose by a strong 10.9%, led by faster expansion in the Group's priority growth regions.

In Eastern Europe, Group sales rose 15.6% to 132,500 units. In the six main countries of Central Europe (Poland, Hungary, the Czech Republic, Slovenia, Croatia and Slovakia), unit sales increased 13.8% to 114,900 units, giving the Group an 11.6% share of the market. In Russia, Group sales climbed 26.3% to 37,200 units.

In the Mercosur countries, sales of PSA Peugeot Citroën vehicles rose 29.8% to 216,000 units. Sales increased 30.3% in Brazil, to 132,300 units, giving the Group 5.5% of the market, and 28.9% in Argentina, to 83,700 units, improving market share by 0.5 point to 14.9%.

After surging 43.7% in 2006, Dongfeng Peugeot Citroën Automobile (DPCA) sales rose 3.1% in 208,900 units in 2007, for a market share of 3.9%. Peugeot is continuing to ramp-up local operations. A full model pipeline, restructuring of the Citroën network and development of the Peugeot network will all help to support sales in 2008.

Successful models

Successful launches of the Peugeot 308 and Citroën C4 Picasso.

Peugeot 207 sales target exceeded.

Record sales of the Peugeot Partner and Citroën Berlingo.

The Peugeot 107, 206, 207 and 1007

Sales of the Peugeot 207, which was introduced in France in April 2006, totalled 520,200 units, thereby exceeding the target of 500,000 units for the model's first full year on the market.

Combined worldwide sales of the 206 and 207 increased by 6.8% to 828,300 units, and the two models together represented Western Europe's best selling compact car, with sales rising 18.1% to 536,100 units in the region.

The Peugeot 107 sold 104,346 units during the year, up 5.9%.

Sales of the Peugeot 1007 fell sharply to 18,600 units.

Peugeot 307 and 308

In the lower mid-range segment, the Peugeot 307 sold 369,100 units.

The Peugeot 308, which replaced the Peugeot 307, was launched in September and sold 82,500 units by year-end.

The transition between the two models was seamless, with aggregate sales of the 307 and 308 rising 1.0% to 451,600 units for the year. Demand was especially strong for the 3 and 5-door Sedan versions, with a 21.1% increase in sales to 341,000 units from 281,000 in 2006.

Peugeot 407, 607 and 4007

Sales of the Peugeot 407 declined to 136,000 units, while the Peugeot 607 sold 7,500 units.

Sales of the Peugeot 4007, whose July launch expanded the marque's offering, ended the year on target, at 6,300 units.

Citroën C1, C2 and C3

Sales of the Citroën compact line contracted slightly to 471,100 units for the year, with the Citroën C1 enjoying a 10.1% increase to 99,500 units and the Citroën C3 demonstrating firm resistance in its sixth year on the market, with 276,800 units sold.

Citroën C4 Picasso

For Citroën, the highlight of 2007 was the successful February launch of the C4 Picasso, which built on the October 2006 introduction of the Grand C4 Picasso to drive a total of 202,600 units sold for the year. Rolled out in 2000, the Citroën Xsara Picasso demonstrated sustained resistance by selling 119,000 units, down 35%. In all, unit sales of Citroën mid-range MPVs rose by 55.4% in 2007, making the marque the European leader in this segment.

Citroën C4

Excluding the Picasso models, worldwide sales of the Citroën C4 remained virtually unchanged in 2007, at 236,900 units versus 238,400 the year before. The range was enhanced by the C4 notchbacks introduced in the Mercosur region in mid-year, with the C4 Pallas in Brazil and the C4 Sedan in Argentina.

Citroën C5, C6 and C-Crosser

The Citroën C5 sold 50,900 units, while the C6 increased sales by 8.1%.

The C-Crosser, launched in July, ended the year on target, with 6,600 units sold.

Citroën Berlingo and Peugeot Partner

With combined sales of 348,400 units, up 1.6%, the Citroën Berlingo and Peugeot Partner continued to expand, delivering their best performance since they were launched in 1996.

Light commercial vehicles

In all, light commercial vehicle sales increased by 9.5% to 435,200 units, including 219,100 Peugeots (up 8.3%) and 216,100 Citroëns (up 10.7%). 2007 was the first full year of sales for the new Jumper and Boxer, introduced in June 2006, and saw the launch of the new Jumpy and Expert in January.

Competitiveness

Reducing costs

Improving product quality

In 2007, 13% of the Group's European production, or 391,000 vehicles, came from low-cost countries, including the Czech Republic (203,000 units), Slovakia (178,000 units) and Turkey. The models concerned—the Peugeot 107, the Citroën C1 and the Peugeot 207—are marketed in the most competitive segments. The percentage of vehicles produced in low-cost countries will continue to increase, with the launch of the new model at the Trnava plant and the introduction of a third shift within few months.

Warranty costs declined by 20% in 2007, led by improved vehicle quality, increased repair shop productivity and enhanced responsiveness in the customer service units.

To increase the performance of its manufacturing base, PSA Peugeot Citroën has introduced a manufacturing efficiency improvement plan. It is supported by the Convergence Plan, which is designed to align all of the Group's production units with the best manufacturing practices developed in the Group and the industry as a whole. The manufacturing and logistics organization is being improved, in particular with upgraded production processes. The Convergence Plan is also moving the entire organization towards a culture of zero defects, lean manufacturing practices (to sharply drive down costs) and faster turnover of capital employed. Over the past twelve months, the Plan has already reduced the number of defects per end-of-line vehicle by two-thirds.

The cooperation strategy

To drive faster growth while reducing costs, PSA Peugeot Citroën is leveraging the cooperative ventures it has long forged with other carmakers to jointly develop and produce mechanical assemblies or vehicles. These agreements have helped to share project costs, thereby delivering the economies of scale that enhance competitiveness.

In June 2007, a memorandum of understanding was signed with Chinese carmaker Hafei to determine the feasibility of creating an equally-owned joint venture to manufacture small people-movers (fewer than nine passengers) for the Chinese market.

In September 2007, a letter of intent was signed with Turkish carmaker Karsan to technically cooperate in co-developing and manufacturing mechanical sub-assemblies for specialty light commercial vehicles in Turkey. Karsan has cooperated with the Group for many years and already assembles the Peugeot Partner. It has also developed a stretch version of the Partner and manufactures both for the local market.

In late 2007, the cooperation with Fiat was enhanced with the launch of the Citroën Nemo and Peugeot Bipper compact economy vans. The new vehicles have enabled the Group to substantially expand its light commercial vehicle portfolio. With their cargo capacity, useful features and contemporary styling, they represent a totally new addition to the panel van segment.

Capital expenditure

Capital expenditure maintained under €2 billion.

Preparing production start-ups.

Continuous improvement in manufacturing efficiency.

2007 capital expenditure

In 2007, PSA Peugeot Citroën maintained its commitment to carefully managing the capital outlays required in its carmaking business, with gross capital expenditure in the Automobile Division totaling €1,576 million, compared with €2,150 million in 2006.

Vehicle, engine and gearbox production start-ups

Capital expenditure in 2007 was primarily allocated to the production start-ups of the Peugeot 207 SW, *coupé-cabriolet* and RC, the five-seat Citroën C4 Picasso, and the new Peugeot Expert and Citroën Jumpy light commercial vehicles.

In the Mercosur countries, the main new model launch concerned the Citroën C4 Sedan, badged as the C4 Sedan in Argentina and the C4 Pallas in Brazil.

A second major focus of the capital expenditure program was to prepare the 2008 production start-ups of the Citroën C5, the Peugeot 308 SW and the new Citroën Berlingo and Peugeot Partner.

Optimizing the manufacturing base

Capital expenditure was also committed during the year to step up the ongoing program to improve manufacturing productivity by extending internal best practices across the organization, thereby enabling the Group to close the gap with the most highly optimized industry practices.

As part of the CAP 2010 plan and the deployment of the PSA Production System, project-based management practices based on multidisciplinary teams have been introduced in a large number of corporate departments and operating units.

Investments in joint ventures

In 2007, PSA Peugeot Citroën invested €400 million in joint ventures accounted for by the equity method. Of this amount, €227 million was invested in Dongfeng Peugeot Citroën Automobile, mainly to increase production capacity and to prepare for the production start-up of new Peugeot and Citroën body styles. An additional €173 million was invested in the joint ventures with Fiat.

The group's equity interest in these ventures is 50%.

Capacity utilization

According to the Harbour index, which measures a plant's utilization based on hourly capacity, an average 16-hour workday, and 235 workdays a year, assembly capacity utilization in the Group's Western European plants was 93% in 2007. The rate reflects the restructuring of the production base with the closure of the Ryton, UK plant, which supported the changes in the Group's production schedules in Europe.

2008 sales outlook

Stable demand in the Western Europe.

Sustained growth trend outside Western Europe.

Renewing the model lineups.

Reducing average model age.

In the difficult Western European market, where demand is likely to remain flat over the year, PSA Peugeot Citroën will continue to benefit from the market success of the Peugeot 207 and Citroën C4 Picasso, as well as the rising sales of the Peugeot 308 and other models launched in 2007.

2008 will also mark a new phase in the model renewal process, with the launch of the new Citroën C5, expansion of the Peugeot 308 line-up, and the introduction of the Citroën Nemo and Peugeot Bipper small commercial vehicles, as well as the new Citroën Berlingo and Peugeot Partner.

Outside Western Europe, where markets are expected to remain buoyant, the Group will pursue its assertive international expansion in China, the Mercosur countries and Russia as part of the CAP 2010 program.

The Group expects to sell between 3,550,000 and 3,650,000 vehicles and CKD units in 2008, representing an increase of around 5% from 2007. In light of the new model launch schedule, growth should be stronger in the second half than in the first.

The average model age, which was reduced by six months in 2007, should continue to decline at a similar pace in 2008.

Banque PSA Finance

At a time of rising interest rates and intensifying competition, Banque PSA Finance experienced a significantly less favorable environment than in 2006. The year was shaped by increasingly rampant competition, with certain euro zone lenders choosing not to pass on to customers the full impact of rising interest rates.

Business Performance

New retail financing was provided for 850,982 new and used vehicles, a decline of 3.9% compared with 2006. Outside Western Europe, on the other hand, origination volumes were up 41.5%, to 88,368 contracts.

With new car lending volumes up 4.3% to 660,398 loans, the Bank's penetration rate among buyers of new Peugeots and Citroëns held firm compared with 2006, at 26.1%. In used vehicle financing, Banque PSA Finance continued to actively support the dealer networks by further extending its financing and service offerings, driving significant advances in France, Germany, Spain and the United Kingdom. In all, €9,253 million worth of retail financing was extended during the year, versus €8,771 million in 2006.

In the wholesale segment, the Bank financed 2,214,214 vehicles, an increase of 3.5% for the year. The value of new wholesale lending rose 6.4%, in line with the growth in the Group's unit sales in the Bank's host countries. Replacement parts financing was up 4.7% for the year.

Positions Maintained in Europe

Banque PSA Finance held onto its positions in Western Europe – the PSA Peugeot Citroën Group's core market – helped by an expanded presence in the corporate fleet segment. The Bank also enjoyed sharply improved performance in certain European countries:

- The biggest gains were achieved in Germany, where the local branch raised its penetration rate to 41.7% from 33.0% in 2006. Growth was led by a new leasing offer for private customers and by the success of the branch's fleet financing solutions.
- In France, the Bank's high quality financing and service packages combined with ongoing growth in corporate long-term leasing business ensured that Crédipar maintained its long-standing record of business growth, with a 29.7% gain for the year.
- The UK branch consolidated its positions, raising its penetration rate to 26.5% from 26.1% in 2006 and pursuing the promotional campaigns conducted jointly with the marques. Sales of long-term leasing solutions comprising a wide range of services made a significant contribution to business growth.
- The finance companies in Spain, Belgium and the Netherlands succeeded in matching their 2006 performances in increasingly competitive markets. However, the Bank's positions eroded in Italy and Austria and, to a lesser extent, in Portugal and Switzerland.

Sustained Growth outside Europe

During the year, the Bank continued to develop its operations in Central Europe and Latin America through its subsidiary network:

- In Argentina and Brazil, new vehicle financing volumes rose 44.3%, lifted by growth of nearly 30% in PSA Peugeot Citroën's new vehicle sales and by the Bank's improved penetration rates among the two marques' customers.
- In Central Europe, PSA Finance Ceska Republika further increased its market share, to 36.9% from 32.4%, while the subsidiaries in Hungary and Slovakia considerably strengthened their positions. In Poland, Banque PSA Finance experienced a slight erosion of its market share in an automobile market increasingly led by fleet buyers. The Bank devoted the year to preparing the early-2008 rollout of software applications that will provide an effective response to the market's new expectations.

An Effective Marketing Strategy

To secure its positions in a highly competitive marketplace, Banque PSA Finance continued to expand its product and service offering for new and used vehicle buyers, with a sustained focus on building retail customer loyalty.

During the year, this commitment led to the introduction of 27 retail financing products and services, the launch of new long-term leasing solutions and continued active support for the marques in implementing their sales strategies.

Service revenues continued to grow in 2007, with a 3.5% increase in the number of contracts sold to 1,212,103. Sales of auto and assistance insurance policies represented a major growth driver, with increases of 10.7% and 22.5% respectively in the number of policies sold.

Improvement in Credit Losses

In 2007, cost of risk—corresponding to loan losses and changes in loan loss provisions—amounted to 0.22% of average net outstanding loans (0.34% excluding non-recurring items), largely unchanged from 2006. This performance attests to the Bank's ability to assertively grow the business while at the same time maintaining asset quality.

Further Growth in the Loan Book

Outstanding loans rose by 2.4% to €23,456 million in 2007. The retail loan book amounted to €17,850 million at year-end, an increase of 6.9% from a year earlier. Outstanding wholesale financing amounted to €5,606 million at December 31, 2007, down 0.8% for the year.

The extension of the Bank's geographic footprint helped to drive last year's growth in the loan book and should provide a sound base for future international expansion. The increase in outstandings was especially robust outside Western Europe, rising 44.5% on development of business in Brazil, Poland and the Czech Republic.

Basel II

In 2007, the Bank stepped up the integration of Basel II applications in its operating processes. In the area of credit risk, databases were upgraded and risk indicator calculation models were fine-tuned for both corporate risks (wholesale and fleet loans) and retail risks. In addition, model back-testing and loss given default (LGD) segmentation processes were developed.

These processes will be reviewed again in 2008 by the banking regulator, as part of the Basel II system approval process. The system will initially cover five countries, based on the advanced internal rating system for retail loans and the foundation internal rating system for corporate loans.

Gefco

Gefco continued to grow its business in 2007, driving a 9.5% increase in revenue, to €3,554 million, and reporting operating margin of €155 million, or 4.4% of sales.

These results were achieved in a global business environment shaped by slower growth in the US economy and sustained strong growth in Asia, Central and Eastern Europe and South America. The transportation and logistics business was particularly affected by the surge in diesel fuel prices, with oil reaching $100 a barrel in December 2007.

Gefco, whose growth was in line with 2007 targets, made further progress both in its contribution to PSA Peugeot Citroën's supply chain performance and its expansion in the global competitive marketplace.

Gefco's specialized expertise in industrial supply chain solutions is increasingly recognized by the market. External revenue rose to €1,403 million from €1,272 million in 2006, a 10.3% gain that outstripped the 9% improvement in revenue from other Group companies, which increased to €2,151 million from €1,973 million.

In geographic terms, the company's core market remained Western Europe, where revenue rose by nearly 6% during the year and represented more than 80% of the total. With operations outside France accounting for €198 million, or 64%, of the €309 million increase in revenue in 2007, Gefco has successfully demonstrated its strategic focus on international expansion, particularly in fast-growing regions. During the year, for example, business increased by 32% in the Mercosur region, to €139 million from €105 million, and by 58% in Central and Eastern Europe, to €261 million from €165 million.

Faurecia

Faurecia reported sales growth in all of its businesses and operating regions in 2007, making the year a milestone in the Group's recovery. In all, sales ended the year up 8.7%, at €12,661 million.

Car Seats

Car Seat sales totalled €5,175 million, up 7.5% on a reported basis and 8.2% at constant exchange rates. Growth was particularly strong in North America (up 56.1% at constant exchange rates) and Asia (up 26.4%).

Other Interior Modules

Sales of other Interior Modules came to €3,546 million, up 2.5% as reported and 1.6% at constant exchange rates, again led by growth in North America and Asia.

Exhaust Systems

Exhaust System sales continued to expand, gaining 16.3% to €2,994 million at constant exchange rates. The currency effect was a negative 3.7%. Excluding monoliths, sales amounted to €1,409.0 million, an increase of 14.0% at constant exchange rates. The currency effect was a negative 3.8%. Sales excluding monoliths rose in Europe, North America and Asia. Monolith sales were up 18.5% for the year at constant exchange rates.

Front-Ends

Lifted by the first-time consolidation of operations acquired from Cadence Innovation France, Front-End sales rose a sharp 31.5% to €945 million. Like-for-like growth was 18.9%, reflecting the start-up of operations in North America and a 12.2% increase in Europe (on a constant scope of consolidation basis).

Manufacturing and Marketing Efficiency

2007 sales also reflect a recovery in business with PSA Peugeot Citroën, which benefited from sales of the Peugeot 207, Peugeot 308 and Citroën C4 Picasso. Business with Renault-Nissan also turned up sharply in the second half, led by growth in Logan unit sales and launch of the Laguna. Sales of the Mini in Europe and the X5 in North America drove a robust 56.5% increase in sales to BMW Group, while sales to both Chrysler and Hyundai maintained their strong momentum. Sales to General Motors declined slightly during the year, due to start-up of production of the new Cadillac CTS and Chevrolet Malibu.

Growth was especially strong in North America and Asia, where Faurecia consolidated and developed its positions. Sales also returned to growth in Western Europe, in line with the increase in automobile production during the year. The turnaround was led by the second-half launch of new cars with high Faurecia content (such as the Audi A4, Peugeot 308 and Renault Laguna) and by the impact of cars introduced in 2006 (such as the Citroën C4 Picasso, Peugeot 207 and Ford Galaxy).

The year also saw the successful start-up of 85 new programs on 35 new models.

Innovations

Gross research and development spending amounted to €613 million and represented 4.8% of sales, versus €631 million and 5.4% in 2006.

Outlook for 2008

Faurecia expects 2008 to see a further improvement in quality performance, tight control over the new program acquisition and development process, a sharp reduction in operating costs, a turnaround in operating performance in North America and an increase in product innovation capabilities at constant R&D costs.

Other Businesses

Peugeot Motocycles

The European scooter market expanded by 7.7% in 2007, reflecting a 7.4% gain in under-50cc models and an 8% increase in the over-50cc segment.

Growth in the under-50cc segment was led by low-cost Chinese imports, which accounted for 21.4% of the market during the year. In the over-50cc segment, sales of 250cc and 300cc models increased, while sales of 125cc models were stable after rising sharply in Spain for the past three years.

Peugeot Motocycles reported sales of 137,000 units, a 7.6% increase from the previous year. In the European under-50cc market, it retained its third place ranking, with 15% of the market, compared to 16% in 2006. The market share decline also affected the company's traditional rivals, who are equally suffering from Chinese competition.

The company's share of the over-50cc segment widened to 3.4% from 2.8% in 2006, thanks to the ramp-up of the Satelis/Geopolis lines, which were expanded in 2007 with the 400cc and 500cc models and the Geopolis 125. In all, the Satelis 125 ranked third in the European GT 125 segment, with a 9.7% share.

The joint venture formed with a Chinese partner in October 2006 has given Peugeot Motocycles additional production capacity, which will come on stream in early 2008 with the production of the New Vivacity compact city scooter.

Peugeot Motocycles ended the year with revenue of €225 million, unchanged from 2006.

05

Corporate Social Responsibility

A Sustainable Social Contract

PSA Peugeot Citroën's greatest strength is its people who, every day, are helping to improve our performance and sharpen our competitiveness.

Deployed across the world, our human resources policies are designed to foster a sense of community built on the strong values of solidarity, tolerance and commitment. They are also intended to support the professional aspirations of each of our 208,000 employees around the world, by developing skills, nurturing our human capital and providing career opportunities and compensation based on performance and market-competitive practices.

At the core of these policies is a commitment to social dialogue, which in every host country is driving the signature of a large number of innovative, consistently pioneering agreements that reflect and embrace the social changes reshaping our world. They also reflect the Group's commitment to extending best human resources policies across the business base and to promoting such strong values as respect for human rights, equal opportunity, team diversity and workplace health and safety.

PSA Peugeot Citroën is dedicated to demonstrating sustainable social responsibility in all its operations worldwide. Following on from the signature of the Ethics Charter and the pledge to support the United Nations Global Compact, application of the Global Framework Agreement on Corporate Social Responsibility, signed in March 2006, is rigorously assessed on a regular basis. Our achievements and results in these areas since 2000 have been recognized by most socially responsible rating agencies for their quality and innovative nature, and have earned the Group a wide variety of prizes and awards honoring its leadership in social responsibility issues.

This same spirit guided our response to the challenge of successfully leading our recovery programs in 2007, particularly the need to reduce corporate overheads. By using social dialogue and applying the principle that "no employee should have to find a new job on his or her own," these adjustments were carried out quickly, responsibly and without disruption.

Building on this strong social contract, PSA Peugeot Citroën can rise to new challenges, thereby aligning business performance and personal growth.

Human resources management

In 2007, PSA Peugeot Citroën employed nearly 208,000 people worldwide, including more than 134,000 in the Automobile Division.

Employment policies encourage the redeployment of capabilities toward strategic skills clusters, in line with the organization's needs.

To support the Group's growth and international expansion, the workforce has increased by more than 20% since 2000, led by the creation of more than 28,600 jobs, of which 17,700 outside Europe.

In 2007, the commitment to turning the Group around and restoring its competitiveness led to the implementation of plans to redeploy jobs and capabilities, with a particular focus on reducing headquarter staff.

Managing human resources internationally

More than 94,000 employees work outside France, in more than 150 countries. In each one, we are committed to hiring locally and to leveraging local skills. Fully 87% of mangers based outside France in the Automobile, Finance and Transportation & Logistics Divisions are nationals, and 104 nationalities are represented among the global workforce.

In 2007, 750 employees of the Automobile, Finance and Transportation & Logistics Divisions took up foreign postings and nearly 460 had a long-term assignment outside their country of origin.

Hiring practices outside France comply fully with our social responsibility principles, with applicants selected solely on the basis of their skills in a commitment to equal opportunity and diversity. These principles are presented in a "Recruiter's Guidebook," which has been adapted to local practices and distributed to Group hiring teams and contract recruitment organizations.

Hiring local managers is enhancing our international profile by enabling the creation of multi-cultural teams and the development of international careers, supported by our job track process.

Particular attention is paid to the orientation and integration of newly hired local managers, with programs designed to improve their understanding of how the Group works and their knowledge of our basic management principles and practices.

Attracting and hiring the best

PSA Peugeot Citroën is committed to attracting and hiring highly talented individuals, in a broad range of skills sets, and on integrating people with diverse educational and career backgrounds, particularly from outside France.

Indeed, with the many people hired since 2000 and the globalization of the workforce, the Group is becoming an increasingly diverse organization.

We recruit highly qualified graduates from a wide array of educational and professional backgrounds, including engineers, university graduates, technicians, business school graduates and experts.

In 2007, we hired 18,700 people, of which nearly 55% in the Automobile Equipment Division (Faurecia) and nearly 8% in the Transportation & Logistics Division (Gefco). More than 87% of new employees were hired outside France.

Close to 7,000 people were hired in the Automobile Division, both to support local business growth in low-cost geographies like the Mercosur countries (2,800) and Slovakia (870) and to strengthen marketing operations in all our host regions.

In 2006, the Group's business situation prompted the introduction of a plan to reduce costs and overheads. This led to a sharp decline in new hirings in Western Europe after June of that year.

Human resources planning and development based on social dialogue

On April 6, 2007, an agreement concerning the planning and development of our human resources was signed with five of our six French labor unions. It is designed to meet two objectives, one structural—to proactively respond to our evolving skills base and more effectively manage employee capabilities—and the other temporary—to continue rightsizing the workforce in line with the measures undertaken in June 2006, by not replacing people who retire or leave the Group.

In a highly competitive automobile environment, the human resources planning and development agreement will help us to predict the jobs impact of changes in the Group and its policies. In addition, it will deepen the involvement of employee representatives in the process, by improving their understanding of our strategic vision. And thirdly, its implementation will give employees more visibility concerning the evolving nature of our skills-sets and jobs, as well as changes in the Group's manufacturing and technological processes. In this way, the agreement defines commitments for training, career development, job mobility, hiring and the redeployment of jobs and capabilities.

The agreement takes an overall approach to managing and planning human resources, based on four strategic principles:

Involvement of employee representatives

In addition to the central and local Works Council information and consultation procedures, two new research and discussion organizations have been set up, the Joint Union-Management Committee and the Skills and Capabilities Observatory. They will encourage discussion and the exchange of views concerning corporate strategy, while helping to analyze the changing number and nature of our jobs and skills-clusters.

In particular, the Skills and Capabilities Observatory is tasked with updating our job reference guidelines and identifying jobs that are understaffed or expanding, jobs that are adequately staffed and sensitive jobs that are exposed to technological, organizational and economic change.

A framework agreement

The agreement defines procedures for consulting employee representatives when a redundancy plan affects several facilities.

Skills development

PSA Peugeot Citroën is committed to informing employees about changes in their jobs and skills-sets, to enable them to plan their professional growth and advancement.

A number of systems have been put into place to help them build their career paths, including management by job tracks, orientation reviews, annual performance reviews, career reviews, career assessments and intranet job postings.

Specific programs have been introduced for employees over 45, to help them keep their jobs, maintain their professional motivation and ensure that they successfully transmit their knowledge and skills to others.

The agreement also provides procedures for relocation or geographic mobility, as well as measures for the priority in- or outplacement of certain employee categories.

Support for corporate transformation programs

When conditions require a reduction or rightsizing of the workforce, the agreement provides for incentives for employee volunteers. These include the creation of regional and local placement offices to support employees in finding a new job, financial incentives for people who want to leave the Group to pursue a personal project, or assistance in taking long-term leave. Employee representatives will be informed of these measures before they are implemented, in line with French labor legislation.

The jobs and capabilities redeployment plan: “no employee should have to find a new job on his or her own”

The socially responsible implementation of the jobs and capabilities redeployment plan in 2007 led to a decline in corporate overheads.

During the year, the workforce was adjusted without recourse to redundancy plans, layoffs or early retirements. Instead, the process relied on natural attrition and a system of incentives for employees volunteering for inplacement or outplacement measures. For example, financial incentives were offered to employees interested in leaving the Group to take up a new position or pursue a personal project.

The plan was open to all employees, with the exception of those directly involved in production or sales or in certain specific positions, whose departure would have required the hiring of the same number of replacements. The latter included architectural designers, electrical and electro-technical designers, electronically managed systems architects and occupational physicians.

The PCA France Central Works Committee was informed of the plan and on May 9 issued a unanimously favorable opinion on the proposed measures.

All of the measures, which were deployed on a voluntary basis, were derived from the human resources planning and development agreement signed on April 6, 2007 with representatives of the CFDT, CFE/CGC, CFTC, FO and GSEA unions.

Resources for successful implementation

Significant resources were deployed to help all of the employees concerned, in line with the corporate social responsibility commitment that no employee should have to find a new job on his or her own.

Placement offices were opened on each site, to offer advice, assistance and support to employees in finding a new job. Job fairs were organized, to enable interested employees to meet companies that were hiring and to receive advice on setting up a new business or finding a new job.

Implementation was led by corporate human resources as if it were a business operation, with its own management committee, logo and dedicated communication process.

Three outside consultants, Altedia, BPI and Sodie were commissioned to help support employees in finding outplacement opportunities or in setting up their own company.

Ongoing social dialogue kept employee representatives involved throughout the implementation, with, for example, the signing on September 11, 2007 of an amendment to the human resources planning and development agreement, designed to improve the measures.

Results of the jobs and capabilities redeployment plan

From June 1 to December 13, 2007, more than 6,200 employees applied to leave the Group under one of the plan’s programs, while 14,300 employees were individually interviewed by the outplacement offices and 360 pursued projects to create or purchase their own business.

A review of the first six months of application also revealed the following trends:
- few of the most recent hires asked to leave;
- most of the applications came from older employees;
- the percentage of applications was higher among college-educated employees;
- leavers tended to have poorer performance reviews and fewer career prospects than the reference population;
- 92% of leavers (other than for retirement) had a firm job offer from another company.

During the year, other human resources planning and development plans were signed in most of the Automobile Division subsidiaries (e.g. the Mechanical Engineering and Environment business), at Banque PSA Finance (on July 31) and at Gefco (on October 12).

Support for corporate transformation programs outside France

PSA Peugeot Citroën is committed to providing assistance and support to every employee affected by our corporate transformation process and to finding an effective solution for each one, everywhere around the world.

Announced on April 18, 2006, the closure of the Ryton, UK plant was completed on January 8, 2007, when the last 885 employees left the premises for the last time. In place since 2006, the outplacement office stayed open until September 2007 to ensure support and re-employment for these last remaining employees. The site were sold to Trenport Investments Ltd., a landholding and development company that plans to redevelop it as a sortation and distribution center, with plans to create 800 jobs by 2010.

When accounting operations were reorganized in Belgium, a program was set up under a collective agreement signed with employee representatives. The program was primarily based on incentives for people wishing to transfer to other Group operations, with appropriate training plans and job offers for the 21 employees concerned.

As part of the overheads reduction process, a number of jobs in Spain were eliminated through voluntary departures followed by inplacement. A job mart was set up to facilitate transfers between the Spanish sites and companies.

In Germany, the Optimal 2007 plan to eliminate 197 jobs at Peugeot's proprietary dealerships was carried out in collaboration with each company's Works Council.

Also in Germany, Gefco has phased out its domestic groupage operations and refocused on international groupage and full/part-load road transportation. Severance packages to support the closure and sale of nine agencies and the eventual elimination of 500 jobs were negotiated with the Central Works Committee, with an agreement signed in September 2007. Thanks to the sale of the Dresden, Duisburg and Berlin facilities, 65 employees were transferred to new jobs, while nearly 70% of the dismissed employees had already found new employment by year-end.

Global Social Responsibility

The 2007 recovery program was carried out quickly, responsibly and without disruption. With an enhanced sense of community, PSA Peugeot Citroën is pursuing its employee relations commitment built on four cornerstones: intensive social dialogue, capable of driving lasting innovation, global social responsibility, highly demanding safety, health and workplace standards, and support for every employee's professional growth aspirations.

Intensive social dialogue, capable of driving lasting innovation

Respecting the right to organize

To foster more effective social dialogue in every host country, PSA Peugeot Citroën actively supports employee freedom of association and representation around the world and is committed to respecting the independence and pluralism of trade unions. Active, ongoing social dialogue is maintained with union representatives in every host country.

Agreements on the exercise of union rights signed in France (2001), Argentina (2003), Spain (2004), Slovakia (2006), Germany (2006), Brazil and Poland (2007) are designed to prevent any form of anti-union discrimination and to organize union activity (career management, funding and resources for union operation, freedom of movement, etc.).

Presented in June 2007, the first review of the implementation of the Global Corporate Social Responsibility Agreement emphasized that 97% of employees are represented in their company by unions or employee representative bodies.

A large number of new agreements

In 2007, nearly 100 agreements were signed, including 60 outside France, covering all of the major issues concerning the company and its employees, such as international expansion and new workplace practices and organizations. Contractual commitments are also aligned with employee expectations about salaries, career development, working hours and other job-related concerns. And by addressing such social issues as gender equality and diversity, they are driving changes in corporate culture and mindsets.

Unions and employee representative bodies are consistently informed and consulted before any major changes are undertaken in the Group, while employees are informed through regular procedures.

A part from exceptional circumstances, employees are informed at least two months ahead of any major planned change (such as new working hours) and one month ahead of the actual change.

In the leading host countries, social dialogue is organized using a "social agenda" to prepare working sessions with employee representatives.

Rigorously monitoring compliance

To ensure compliance with commitments, procedures for monitoring implementation have been defined, with commissions meeting regularly to analyze results using precise, measurable indicators. Any necessary changes or improvements are incorporated into amendments signed with employee representatives.

An international Group Works Council

European employees are represented by the Group Works Council set up in 1996, which serves as the primary forum for dialogue and discussion of the Group's strategy, performance and outlook.

It is also involved in the contractual agreement process, in particular through application of the Global Corporate Social Responsibility Agreement, which broadened its membership to Argentine and Brazilian representatives.

Fostering dialogue in the workplace

Management engages in social dialogue with employee representatives on a daily basis.

To facilitate team management and dialogue, production sites have been organized into Basic Production Units, whose operating procedures are based on employee participation. In line with this model, Basic Design Units have also been set up in research and development facilities and departments.

Participatory management programs encourage employee initiative and involvement at every level and in every business, to nurture a culture of continuous improvement. In 2007, for example, nearly 180,000 suggestions were submitted by operators, administrative employees, technicians and supervisors via the *Déclic* system.

The critical role of employee information and participation

Employees are kept regularly informed through newsletters, bulletin board postings, intranet sites and a variety of other media. Since 2007, employees worldwide can access a new, expanded, more interactive version of the Net'RH human resources intranet in French, English and Spanish.

To ensure that employees are kept fully and transparently informed, Group facilities and subsidiaries regularly organize information sessions and staff meetings for the entire unit.

In the Automobile Division in France, employee opinion surveys are carried out every year to gauge employee perception of the Group's human resources policies, including those covering diversity and gender equality issues. Results have improved steadily over the years, with the 2007 survey confirming that employees are satisfied in the areas of safety, work organization, benefits and job fulfillment.

Satisfaction surveys are also conducted in Argentina, Austria, the Benelux countries, Brazil, Spain, the United Kingdom, Poland, Portugal, the Czech Republic.

The Global Social Responsibility Agreement

The Global Corporate Social Responsibility Agreement, which covers all of the Automobile, Finance and Transportation & Logistics subsidiaries, was signed on March 1, 2006 with the International Metalworkers' Federation (IMF), the European Metalworkers' Federation (EMF) and other unions in the major host countries. In all, the agreement engages both the Group and nearly 85 unions around the world.

It has formalized PSA Peugeot Citroën's commitments in favor of fundamental human rights, good human resources practices and compliance of suppliers, subcontractors, production partners, dealership networks and host communities with our social responsibility practices.

In Brazil, our social responsibility process was honored with the Corporate Citizenship Award, while in France, we received an award for the Best Global Social Responsibility Policy in February 2007.

Upholding fundamental human rights

The Global Agreement expresses PSA Peugeot Citroën's commitment to human rights.

It covers support and respect for human rights, refusal to accept complicity in human rights abuses, freedom of association, the recognition of the right to collective bargaining, the elimination of all forms of forced and compulsory labor, the abolition of child labor, the elimination of discrimination in hiring and career development, the fight against corrupt practices and the prevention of conflicts of interest.

None of our subsidiaries have ever been convicted of involvement in human rights violations or the use of forced labor.

Extending best human resources management practices worldwide

The Global Agreement is designed to promote the application, in every host country, of best human resources management practices in the areas of career management and skills development through training and equal opportunity, healthcare coverage and benefits, working conditions that comply with the highest international standards, and workplace health and safety programs. In addition, all employees are paid profit-shares based on the Group's financial performance.

Partnerships in host countries and communities

The Global Corporate Social Responsibility Agreement also covers our contribution to the economic and social development of host communities, in particular by using local human resources whenever possible and cooperating with local authorities in the event of changes in the business base.

To fulfill this commitment, a large number of partnerships have been formed with national employment and vocational training agencies, as well as with social integration associations.

Sharing our social responsibility practices with suppliers, subcontractors, dealership networks and production partners

Alongside quality, deadlines and cost, PSA Peugeot Citroën intends to make compliance with its social responsibility practices a core component of its purchasing policy.

The principles in the Global Agreement have been integrated into the general purchasing conditions. A guide to our social and environmental standards has been published and distributed to our 1,000 largest suppliers, who must formally agree to comply with International Labour Organization principles. All of our suppliers and subcontractors are expected to comply with these standards, as well as ensure that the initiative is embraced by their own suppliers, in accordance with the principles of the extended enterprise.

Suppliers who fail to respect human rights must respond immediately with corrective action plans, while continued violations will lead to sanctions, including exclusion from the Group's list of approved suppliers. Audits were performed in 2007.

Dealers and production partners have also been formally informed of our social responsibility commitment, and have been requested to demonstrate irreproachable compliance with human rights.

Reviewing the first year of application of the Global Agreement in every subsidiary

The Global Agreement has now been deployed in all of our 105 subsidiaries, covering 30 countries and every unit in the Automobile Division, Banque PSA Finance and Gefco.

After one year of application, performance was reviewed by requesting that each subsidiary assess results based on the Agreement's fourteen commitments. The findings were submitted for opinion to the unions and local employee representatives, who did not report any major contradictions. The reviews were also audited by certified professionals.

An initial consolidated review of the Global Agreement was presented to the expanded European Works Council on June 14, 2007. The findings were very encouraging in every area covered by the Agreement, with 98% of subsidiaries addressing the main priority commitments, especially in human rights.

To maintain forward momentum, each subsidiary defined three priority two-year action plans focusing on the prevention of discrimination and the promotion of equal opportunity, safety and health issues, freedom of association and recognition of the right to collective bargaining, and the acquisition of emerging skills through employee training and education.

Several subsidiaries have prepared or updated a procedures manual to integrate the refusal of all forms of both discrimination and sexual or moral harassment. In other countries whistle-blowing procedures have been introduced to report suspected discrimination or abusive situations. Most subsidiaries have also encouraged managers to attend sensitivity training in these issues.

Health and Safety Committees have been created in subsidiaries where they were lacking, while safety audits and risk assessments have been undertaken to prepare for the implementation of prevention and compliance campaigns.

Driving continuous improvement with reporting systems and audits

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 an efficient social reporting system, in full compliance with France's NRE legislation and Global Reporting Initiative guidelines.

An internal social audit was performed to develop self-assessment capabilities, while a number of internal controls have been put into place to track application of human resources policies and processes and verify the quality of social responsibility data.

A widely recognized, pioneering commitment to diversity and equal opportunity

Ensuring equal opportunity and promoting diversity

PSA Peugeot Citroën is committed to employing people from a variety of backgrounds that reflect our host communities and environments, because a diverse workforce promotes synergy and balance, fosters the exchange of ideas and improves business performance.

Diversity means bringing together and nurturing the brightest talent, regardless of culture, nationality, gender, religion, political opinion, labor union activities, background, physical characteristics, career path, age, health or sexual orientation.

In addition to complying with legislation, PSA Peugeot Citroën applies and promotes best practices in the fight against racism, xenophobia, homophobia and, more generally, any and all forms of intolerance towards people who are different. It also guarantees respect for an employee's private life.

The Group continued to demonstrate its commitment to equal opportunity in 2007. In France and Argentina, all of the measures called for in the 2004 agreements on diversity and social cohesion were implemented, while similar agreements were signed in Spain and in manufacturing subsidiaries. The principle of non-discrimination was inserted into the procedures manuals of a number of units, such as Gefco subsidiaries in Turkey and Peugeot subsidiaries in Algeria, whose manuals now stipulate that hiring and career development are based solely on capability and merit.

The impact of these policies can be seen in hiring data. In France, for example, of the 2,436 engineers and managers hired between 2005 and 2007, 583 were women, 125 were non-French, 204 were visible minorities, 92 were from disadvantaged urban neighborhoods and 87 were over 45.

These results also reflect a wide range of initiatives – such as a new best practices guide for recruiters, the use of anonymous resumes, Assessment Centers, and discrimination sensitivity training – all supported by 16,000 hours of awareness building courses.

In particular, role-playing based hiring procedures – which enable recruiters to judge applicants on their abilities rather than on their diplomas or experience – have been used to hire nearly 5,000 people in France since 2004, of which almost 31% have been women. Introduced in France in partnership with the National Employment Agency, the practice has now been extended to Spain, Slovakia and Brazil.

In France and Spain, joint labor-management diversity and equal opportunity oversight committees have been created to monitor effective application of the agreements. In France, the committee verifies that individual raises and promotions are awarded in the same proportions as the different categories tracked across the organization, such as non-French nationals and employees over 50.

External audits are regularly conducted at the Group's request, for example by France's anti-discrimination oversight agency, whose testing of the hiring process confirmed that the principles of non-discrimination were effectively applied.

To enhance its equal opportunity commitment, the Group partnered with a number of sociologists in 2007 to conduct a research study on stereotypes in the workplace. Their findings have enabled us to identify new areas for improvement, introduce a new training program and distribute a good practices guide to managers.

In France, PSA Peugeot Citroën was presented with the Corporate Cultural Diversity Award by the government's Action and Support Fund for Integration and the Prevention of Discrimination. In 2006, it received the Diversity and Gender Equality Award in 0ctober, while in December, it was awarded the First Grand Prize for Diversity by France's Ministry for the Promotion of Equal Opportunity.

Making gender equality a corporate strength

By expanding the range of skills and enabling a broader exchange of ideas, a gender-balanced workforce is beneficial to the Group's performance.

In France, our commitment to gender equality was recognized in January 2007, when the country's Ministry of Gender and Professional Equality renewed its "Equal Opportunity Employer" label. In 2005, PSA Peugeot Citroën was the first French company to receive this distinction.

The percentage of female employees continues to rise, reaching 44,000 across the Group, or 21.3% of the workforce, compared with 17.6% in 2002. These gains are being driven by affirmative action policies for women, who represented more than 26% of new hires in 2007 despite the low percentage of women students earning technical degrees.

Another fundamental principle of our human resources strategy is a commitment to equal pay and identical career paths for both men and women, so that raises are awarded and promotions are offered in the same proportions as the percentage of men and women in the workforce. In 2007, as in the previous years, the average monthly salary in every job category was the same for men and women with the same grade or job classification. The Group is involved in a wide range of integration initiatives to encourage the hiring of women.

In October 2007, management and all of unions renewed, for a further three years, the November 12, 2003 agreement on gender equality and employment for women. The new agreement has strengthened the programs underway to improve gender equality in the workplace with improvements in four areas: i) increasing the percentage of female employees; ii) ensuring equal pay for equal work and equal career development opportunities; iii) achieving a gender-balanced workforce with identical career paths for both men and women; and iv) improving working conditions and work/life balance.

Offering the disabled fulfilling job opportunities

PSA Peugeot Citroën is committed to hiring and retaining disabled employees, whose number in the Automobile, Finance and Transportation & Logistics Divisions rose to 6,900 in 2007, from 6,600 in 2006. To broaden this commitment, the Group has also helped to develop and launch hanploi.com, a French job search website for the disabled.

Signed in France in September 2005, the agreement on the social and professional integration of disabled persons has extended prior agreements that supported the development of policies to help disabled employees retain their jobs, prevent disabilities and enable the disabled to play a productive role in the workplace. The agreement supports other initiatives to promote equal opportunity within the organization. Similar agreements have also been signed in Argentina and Brazil.

In the Automobile Division in France, nearly 8.3% of employees are classified as handicapped (including sheltered workers under contract), compared with the 6% national rate that businesses are encouraged to reach.

On October 5, 2007, our commitment to hiring the disabled was recognized during the third International Diversity Summit organized by the *Institut International de l'Audit Social* in partnership with the National Association of Human Resources Directors (ANDRH). The prize was awarded by representatives of France's High Authority to Fight Discrimination and Promote Equality (HALDE).

Retaining and motivating older employees

Employees over 50 make up around 19% of the consolidated workforce.

Retaining and motivating these "seniors" is one of our socially responsible commitments described in the Global Agreement and the diversity and equal opportunity agreements. It is based on rightly recognizing their experience and expertise by continuing to offer them real opportunities for personal growth and salary increases in the years until they retire.

To guarantee compliance, performance indicators, such as raises, training opportunities and career orientation reviews, are regularly analyzed with employee representatives.

While older employees are never considered as "employees with restricted physical ability", their characteristics are taken into account when defining working hours and organization, medical care programs and work-related health risk prevention programs

Lastly, knowledge and skill transfers have been facilitated by the new job track management system and the development of mentoring programs.

A commitment to optimal safety, health and working conditions

Because progress is impossible unless people can work safely, PSA Peugeot Citroën believes that the only acceptable work environment is one that is accident-free. Moreover, this uncompromising focus on safety must be the same in every country and every business.

Workplace safety is everyone's priority

Now deployed at every plant and facility worldwide, the integrated Workplace Safety Management System ensures that executives, managers, employees and employee representatives all feel responsible and accountable for improving safety and preventing accidents. Procedures and performance are regularly reviewed by Safety Committees.

Meeting safety targets is also a criterion of determining executive bonuses, along with operating income and quality performance.

Over the past five years, the Workplace Safety Management System has driven a 50% reduction in the number of workplace accidents. After improving sharply in 2006, safety performance slipped somewhat in 2007, with a lost-time incident frequency rate of 3.72. In response, a new safety awareness program was implemented in 2008, with the goal of sustaining the steady improvement and reducing the LTIF rate to 2.4 by 2010.

Workplace risk management is being improved by a variety of systems and methods introduced over the past five years. New programs undertaken in 2007, for example, are raising awareness of how informed observation can help to prevent accidents.

In Slovakia, labor legislation requires companies to set up a safety and working conditions committee. PSA Peugeot Citroën, however, took this system to the next level by creating a local committee in each workshop to encourage more extensive involvement and foster a strong workplace safety culture.

Gefco is committed to applying Group directives concerning workplace risk management in all its host countries. In particular, it has focused on assessing specific risks, such as chemical risks, in "TLA" workshops, especially in Turkey and the Benelux countries. Risk assessments have also been performed for the processes and new buildings at the new logistics hubs in Ontigola, Spain and Podolsk, Russia.

Extending compliance with labor and safety practices to outside contractors and temporary employment agencies

Workplace organization takes into account the significant on-site presence of people employed by service providers, facilities maintenance companies, construction companies, suppliers and other outside contractors. Without taking on their legal responsibility, the Group ensures that these companies also comply with its labor and safety practices.

A Group-wide procedure clearly defines the applicable labor and safety guidelines and requirements. Guidelines for selecting contractors, integrating their teams, coordinating projects and ensuring buyer accountability have been established and compliance is being tracked by audits. These measures have led to a significant improvement in safety conditions. Between 2003 and 2007, for example, the number of workplace accidents occurring during the summer maintenance turnaround was reduced by half.

Important safety initiatives have also been undertaken with temporary employment agencies in France, as part of the temporary employment charter.

Keeping employees healthy throughout their careers

An active commitment to health

Health in the workplace is a major challenge for both business and society as a whole. To meet it, in 2005, the Group implemented a Health Care Plan designed to help employees stay healthy throughout their careers.

The priority focus is on job-related diseases, which are covered by active prevention programs in every plant and facility. In recent years, other programs have been underway to limit the number of workstations rated as "heavy" and increase the number of "light" workstations, which play an important role in preventing occupational illnesses like musculoskeletal disorders (MSDs).

The Group's medical teams are also deeply involved in preventing certain diseases and diagnosing non-work related risk factors capable of negatively impacting employee health.

They provide regular screening for glaucoma, certain types of cancer and hepatitis C, and manage a number of preventive programs, such as flu vaccinations and support for employees who want to quit smoking.

Other campaigns are helping to raise employee awareness of the importance of proper diet and physical exercise. Launched in 2006, the Santal+ programme is continuing to provide nutritional advice to employees in offices and plants in the Paris area, Rennes, Trémery and Mulhouse. In Brazil, conferences are regularly held on such issues as balanced nutrition and sports activities, while a well-being and nutritional program has been introduced in the United Kingdom.

As part of an information campaign, the Group's medical teams are distributing documents on the risks involved in smoking, drug abuse, foreign travel, AIDS and alcohol abuse.

Preventing psychosocial risks

PSA Peugeot Citroën is committed to preventing psychosocial risks and stress in the workplace and to supporting employees suffering from any form of psychosocial distress.

In France, an action plan was implemented in 2007 both to extend existing programs and best practices and to deploy new ones, such as the creation of early detection and intervention units at every site and the introduction of a toll-free psychological assistance and support hotline for employees in distress.

The next phase will be to understand and assess key stress factors, determine how stressed employees actually feel and identify the actions points to effectively attenuate workplace stress. Specialists have been consulted and an initial survey has been underway since late 2007 in three facilities, in Sochaux, Mulhouse and Vélizy. The findings, which will be reported in spring 2008, should enable us to determine the most significant factors, assess the degree of stress they generate, identify the most vulnerable employee categories and define an action plan.

A constant focus on improving working conditions

PSA Peugeot Citroën wants to ensure that every employee works in an environment meeting the highest international standards. This commitment is reflected in the agreement on improving working conditions signed in France in 2001, whose provisions are being directly applied both in new vehicle development projects and in the deployment of new manufacturing processes.

Improvements in workstation ergonomics are being designed into new projects using the proven METEO method. This process is being led by multi-disciplinary teams, comprising occupational physicians, engineers, safety technicians, ergonomists and managers, whose interlocking expertise is playing a critical role in reducing the hardship of certain workstations.

In the Automobile Division, the priority is to reduce the number of workstations rated as “heavy.” Between 1999 and year-end 2007, their percentage declined from 35% to 13% of the total, while the percentage of “light” workstations that can be manned by any employee increased from 26% to 45%. Light workstations foster employability by enabling employees nearing retirement or with medical restrictions to remain on the job. The 2010 objective is to have light workstations account for 55% of the total and heavy workstations less than 10%, as rated by the METEO method.

In addition to easing the physical demands on workstation operators, the Group has initiated a study of the mental demands they endure, so as to assess the hardship of their work and its impact on the quality of their output.

We are also committed to optimizing the management of chemical risks by using a Health Safety Protection database and an air quality surveillance plan. These preventive measures leverage advanced technology and systems to effectively address the need to protect employees.

Building employee safe driving awareness

Another way to help protect employees' physical health and safety is to instill safe driving practices. As a carmaker, PSA Peugeot Citroën is particularly sensitive to this issue, especially since safe driving programs also foster a general culture of safety in the workplace.

These programs focus primarily on preventing accidents that may occur during business travel or other work-related occasions, but also during commutes or anytime when the employee is on the road.

Working with employee representatives, we are preparing an occupational road risk prevention manual to support action in five major areas: i) limiting and optimizing work-related road travel; ii) offering employees safe, appropriate means of transport and helping to develop highway infrastructure; iii) empowering managers to improve the driving habits of traveling employees; iv) raising employee road risk awareness through assertive communication campaigns that encourage better driving practices; and v) training and empowering employees most exposed to road risks.

The action plans are scheduled for launch in 2008, following initiatives like the four-hour motorcycle courses offered in the Vélizy Center parking lot and attended by around 100 employees during a week in June 2007. The Center is planning to offer the same course to anyone using a two-wheel vehicle, with the result that an additional 200 riders will be trained in 2008 and 2009.

In a similar commitment, the Rennes-la-Jannais plant organized a large number of safe driving awareness programs during the year. During National Road Safety Week in October, more than 9,500 information brochures were distributed to plant employees, while during the same month free headlight adjustments were offered to nearly 380 employees in partnership with France's highway safety agency.

To promote safe driving, Gefco once again organized a "Good Driver Contest" in France and Switzerland, as well as offered several employee safe-driving courses in Slovakia and the Benelux countries and developed road risk prevention training modules in Italy.

Improving both competitiveness and working conditions

Organizing working hours

In countries where the law allows, working hours are organized on a pluri-annual basis. In exchange for this organizational flexibility, stable compensation is guaranteed throughout the year, despite often sharp fluctuations in business activity.

Agreements on working hours and schedules are continuously improved and adjusted through collective bargaining.

In France, a rider to the agreement on the reduction and organization of working hours, signed in late 2005, makes it easier for employees to take the additional time off to which they are entitled under France's 35-hour workweek legislation. In Germany, working hour agreements have been signed in a large number of Peugeot subsidiaries. At the Porto Real, Brazil and Palomar, Argentina plants, where demand required the introduction of a third shift, the organization of working hours and schedules was defined in an agreement with the unions.

Responsibly managing fixed-term contracts

Fixed-term employment contracts are used to adjust the workforce to meet sudden peaks in demand, manage new product launches, reorganize production processes, replace employees taking unexpected leave and respond to logistical and quality issues.

Over the past six years, we have undertaken to adapt our use of temporary workers. At the same time, we are applying the charter signed with seven temporary employment agencies that governs the hiring of temporary workers in France. In particular, the charter stipulates that temporary employees cannot work for more than 11 consecutive months in the Group, so that they can take vacation leave and have an idea of when their assignment will end. It also guarantees temporary workers that they will enjoy the same working conditions as regular employees.

Support for every employee's professional growth aspirations

Competitive, performance-based compensation

In every host country, compensation policies are designed to maintain employee purchasing power, while rewarding performance, offering compensation that is competitive with market practices and giving employees a stake in the value they help to create.

Other policies are encouraging the development of employee savings and expanding employee health care and benefit coverage.

Salary agreements are signed with employee representatives in most host countries every year, including 23 in 2007, in Argentina, Brazil, Chile, France, Germany and the United Kingdom. These agreements not only maintain purchasing power, especially for the lowest wage categories, they also provide for individual performance-based bonuses.

Compensation policies also reflect our commitment to diversity, especially the principle of gender equality. The proportional distribution of individual raises and promotions is regularly monitored with employee representatives to identify and correct any inequalities.

Enabling employees to share in the value they create

As part of the Group's commitment to enabling employees to share in the value they create, all employees around the world are paid a discretionary profit-share out of operating income.

Out of 2007 earnings, for example, some €138 million was distributed to Automobile, Finance and Transportation & Logistics Division employees worldwide in the form of discretionary and non-discretionary profit-shares.

Designed specifically for executives, individual incentive bonuses are awarded if priority objectives defined by senior management are met. Introduced in May 2007, the performance bonus is based on meeting individual and unit objectives that encourage personal involvement and commitment to the Group's strategic vision.

Offering diversified employee savings plans

To give employees a stake in their company's performance and provide more effective support for their personal projects, a variety of company savings plans have been put into place in our host countries. These plans provide a vehicle for employees to invest their non-discretionary or discretionary profit-shares, as well as their own funds, by making voluntary contributions at any time during the year. This system is now offered in Germany, Spain, Portugal and the United Kingdom, where the Group paid more than €13 million in matching contributions into the local plans in 2007.

Employee share ownership has risen steadily over the last six years, with the percentage of issued capital held by employees increasing from 0.75% in 2000 to 2.52% at December 31, 2007. In all, more than 48,000 employees are Peugeot S.A. shareholders, in particular in Portugal, where the system was introduced in 2007.

Preparing satisfactory retirement benefits

Supplemental defined-contribution retirement plans are being set up in every host country, and most recently in the Czech Republic, Germany, The Netherlands and Slovakia.

In France, employees of the main French subsidiaries in the Automobile, Logistics & Transportation (Gefco) and Finance (Banque PSA Finance) Divisions are all covered by the supplemental retirement plan introduced in 2002. Since 2005, employees in France are also eligible for a new "PERE" corporate pension savings scheme, which allows them to make voluntary contributions to a supplemental retirement savings account under attractive terms regarding taxation, insurance premiums and management fees.

Managed by joint labor-management commissions, in line with local practices, these systems are not designed to replace pay-as-you-go schemes in countries where these schemes are available. Rather, they have been created to provide beneficiaries with supplemental retirement income to offset the expected drop in replacement rates, as well as to harmonize retirement benefits across subsidiaries in each country.

Providing a strong social safety net

In every host country, insurance plans are being introduced to provide at least death and disability cover, plus supplemental healthcare coverage to reflect changes in compulsory healthcare systems.

In France, compulsory health care insurance has been introduced for managers in the Paris region through an agreement signed by all the unions, with coverage further improved in 2007.

Employer-funded healthcare plans have also been put in place in several countries, such as Spain and the United Kingdom. In Brazil, employees are covered by a compulsory plan, entirely funded by the Company, that offers full coverage of major medical care and maternity expenses. Life insurance plans have been introduced in the Czech Republic and Slovakia.

Depending on national and local needs and conditions, all of our companies and plants contribute to social and cultural activities and help to improve the quality of work-life, with food services, transportation, employee welfare benefits, corporate concierge services and daycare centers.

In all, the Automobile, Finance and Transportation & Logistics Divisions paid nearly €230 million in employee benefits in 2007. Representing 3.3% of payroll, this amount encompasses employer payments for housing, transportation, food services, health and social services, health care and personal protection insurance, as well as subsidies paid to works councils in France for employee welfare programs.

Continuously enhancing skills and nurturing human capital

Proactively responding to an evolving skills base

Proactively responding to our evolving skills base, improving our ability to predict the capabilities we will need in the future and improving employee visibility of over-the-horizon technologies and manufacturing processes are all critical challenges for PSA Peugeot Citroën.

To help provide this effective, forward-looking vision, the April 6, 2007 Human Resources Planning and Development Agreement set up the Skills and Capabilities Observatory, a research and discussion organization that uses an analysis grid to identify the major trends affecting our jobs and skills-sets. The grid distinguishes between five types of jobs: i) "sensitive" jobs that seem likely to disappear, thereby leading to layoffs and the need for retraining and placement programs; ii) "redundant" jobs remaining overstaffed despite a decline in employee numbers and natural attrition; iii) "adequately staffed" jobs, where attrition is offset by hirings and transfers; iv) "understaffed" jobs, which are difficult to fill; and v) "emerging" jobs.

The job track management system

Twenty-one global, cross-operations job tracks were introduced in 2005, enabling the Group manage its skills and capabilities both quantitatively and qualitatively.

Designed to proactively fulfill future staffing needs, job tracks are now enabling operations in every host country to align possibilities, capabilities and internal resources with business requirements, in particular through training and role-playing exercises.

Effectively managing our expertise

In 2007, a structured expertise management system was introduced, with selection processes helping to designate "master experts" and "experts" in every job track. The system reflects our commitment to exercising skills leadership in the automobile industry and to addressing the challenge of transferring our knowledge.

The 48 experts and 17 master experts designated in 2007 will help drive innovation and serve as reference guides for the Group's knowledge and expertise. While maintaining and improving their own skills, the experts and master experts apply their knowledge on the job every day even as they transmit this know-how to others.

In preparing its human resources planning and development agreement, signed on October 12, 2007, the Transportation & Logistics Division (Gefco) also mapped its jobs base and identified its core competencies.

Preparing, developing and training for tomorrow's capabilities

Career committees help to identify high potential managers, who attend management courses aligned with their future duties and pursue career paths that broaden their responsibilities. Each one's career development is mapped out, based on their performance, ability to grow, managerial skills, adaptability (particularly in international environments), motivation and aspirations. The selection process also reflects the growing diversity and globalization of our managers and experts.

The Institut Supérieur du Management (ISM) is a high-level training program for future executives in all our businesses and corporate departments. Intended to managers age 35 to 40, ISM trains and prepares our high potentials with courses in three areas: managing people and finances, opening doors to the world, and understanding the Group's strategic challenges. The courses, which are culturally diverse, are given by leading academics, international specialists, politicians and experts in such fields as management, geopolitics and finance.

Employees are offered a wide range of training courses and programs to develop their skills and expand career opportunities. The training catalogue now comprises nearly 4,300 courses organized by job track and skills cluster, as part of a broad-based program to develop every employee's job capabilities.

Every major technical or managerial project is supported by employee training designed to instill the necessary skills and abilities. For example, line operators are trained to leverage the innovations introduced with the launch of new vehicles or drivetrains.

In 2007, a special management seminar enabled the Group's top 2,000 managers to embrace the objectives of the CAP 2010 program.

As part of the deployment of the new PSA Production System to improve manufacturing and engineering performance, every manager receives a five-day course in the system's principles, while supervisors attend several weeks of classes before being certified.

Training programs, lasting up to 14 days, have been prepared for all of the techniques involved in our operations, so that line operators are thoroughly proficient in the requisite skills before taking up their workstation.

An active vocational training partnership with France's National Education Ministry is supporting a wide variety of programs to prepare young people for careers in automotive manufacturing and retailing and to help bring them into the workforce with job-oriented training curricula.

Each employee received an average of nearly 24.5 hours training in 2007.

Actively managed, open-ended careers

The annual performance review provides a valuable opportunity for employees to express their career aspirations.

Career development is based directly on the employee's on-the-job skills, practices and performance. More extensive use is being made of tools based on objective skills assessment and selection methods, thereby strengthening the effectiveness of the promotion and equal opportunity processes.

The vast array of jobs available within the Group provides a wide range of attractive paths to career advancement. In 2007, around 14% of Automobile Division employees were promoted or changed job categories during the year. More than 24% of managers have come up through the ranks.

Career development and advancement for operators has been the subject of agreements for production operators (2005) and other skilled workers (2007), which were signed by five of our six labor unions. Transparent and objective, the system is based on reference guidelines that define the skills and capabilities that must be mastered for each job and pay-grade. In 2006 and 2007, these agreements enabled nearly 9,000 multi-skilled production operators to be promoted with an individual salary increase. The system will be extended to other skilled workers in 2008.

As planned, negotiations concerning career development opportunities for clerical employees, technicians and supervisors got underway in January 2008.

Encouraging job mobility

Job openings across the Group are posted on the Human Resources intranet site, which can be accessed by any employee, thereby helping to guarantee equal opportunity in the mobility process. Employees wishing to change jobs can also use the site to post their resume online.

In 2007, more than 5,800 managers changed positions during the year.

Easing the transition to the working world

The hiring of young people under work/study contracts is actively encouraged in every host country. In 2007, for example, more than 4,000 people were hired under apprenticeship or skills-acquisition contracts. Work/study programs enable us to integrate young people with or without prior qualifications. In accordance with the career-long training agreement signed in 2005, these programs emphasize the formal recognition of skills through professional certification.

Today, these workplace integration processes and work/study certification programs are being actively expanded. In a commitment to offering a high-quality work-study experience, a large number of support media have been introduced, including a Handbook for Mentors and Apprenticeship Leaders, a primer to facilitate the integration of work/study participants and a dedicated work/study intranet portal. Moreover, in 2007, 4,400 school-approved interns worked in the Automobile, Finance and Transportation & Logistics Divisions under the long-standing partnerships with local educational systems. By enabling young people to discover what it means to work in a company, these programs are facilitating their entry into the workplace.

In Slovakia, the partnership with France's National Education Ministry, the Slovakia educational systems and the French Adult Job Training Association (AFPA) was completed in late 2007 with the transfer of the country's first adult education program to four vocational schools in Bratislava and Trnava. Under the program, 34 Slovak teachers received the equivalent of 25,000 hours of training from a team of French instructors, and teaching materials worth €2.3 million were delivered to the participating schools. Some of the training modules were incorporated into introductory courses for Slovak students, which led to the creation of high school-level vocational degrees in automotive fields. Over the partnership's three-year existence, the system enabled 2,400 Slovak employees to attend a training course.

Peugeot Citroën do Brasil is partnering the "Formare" project, which offers teenagers 14 to 18 vocational training and citizenship basics. Under the project, which is certified by the Brazilian Ministry of Education and recognized by UNESCO, the company will train 20 teenagers from the Porto Real region a year.

In partnership with public and private-sector organizations, the Group is also participating in a large number of social integration programs that help to integrate people at social risk, orient and train young people and allow disabled people to play a productive role in the workplace. In France, nearly 114 such social integration programs were underway in 2007.

Employee Relations Indicators

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 France's NRE legislation and Global Reporting Initiative guidelines.

The following employee-relations indicators comply with French decree no. 2002-221 of February 20, 2002. With the exception of tables concerning employee numbers 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.

A listed company 72%-owned by Peugeot S.A., Faurecia manages its business independently and therefore prepares and publishes its own indicators in its annual report.

In addition, employees of the Peugeot S.A. holding company are included in data for the Automobile Division.

Human resources management

Workforce

Number of employees under permanent or fixed-term contracts by division, 2001-2007

(Worldwide, at December 31)

	2001	2002	2003	2004	2005	2006	2007
Automobile Division (1)	130,640	133,880	135,180	139,480	140,050	140,000	134,345
Banque PSA Finance	2,140	2,160	2,150	2,360	2,370	2,365	2,330
Gefco	7,680	8,050	8,360	8,840	9,370	9,900	9,980
Faurecia	49,690	52,230	51,860	54,430	54,960	57,810	59,765
Other businesses (2)	2,300	2,280	2,360	2,140	1,750	1,675	1,430
Total	**192,450**	**198,600**	**199,910**	**207,250**	**208,500**	**211,750**	**207,850**

(1) Automobile Division and Peugeot S.A.
(2) SCEMM, PMTC France, PMTC Germany and PMTC Italy.

The scope of reporting does not include employees of joint ventures with Dongfeng (DPCA), Toyota (TCPA), Fiat (SevelNord and SevelSud) and Renault (Française de Mécanique).

Number of employees under permanent or fixed-term contracts in France, the rest of Europe and rest of the world, 2001-2007

(Worldwide, at December 31)

	2001	2002	2003	2004	2005	2006	2007
France	123,680	123,670	124,710	127,955	126,055	121,940	113,710
Rest of Europe	58,480	63,990	63,520	64,685	64,195	68,435	68,540
Rest of the world	10,290	10,940	11,680	14,610	18,250	21,375	25,600
Total worldwide	**192,450**	**198,600**	**199,910**	**207,250**	**208,500**	**211,750**	**207,850**

The Group's growing presence in the global marketplace has led to a steady increase in the percentage of employees based outside France, which rose to more than 45% in 2007 (33% in Europe and 12% in the rest of the world).

The international workforce rose by nearly 37% between 2001 and 2007.

Number of employees under permanent or fixed-term contracts by continent

(Worldwide, at December 31)

	2001	2007	% change 2001/2007
Europe			
- France	123,680	113,710	-8.1%
- Rest of Western Europe	54,340	52,050	-4.2%
- Central and Eastern Europe	4,140	16,490	298.3%
Africa	800	1,715	114.4%
South America	5,040	12,355	145.1%
North and Central America	4,240	8,325	96.3%
Asia	210	3,205	1,426.2%
Total	**192,450**	**207,850**	**8.0%**

With 207,850 employees in 2007, PSA Peugeot Citroën still employed 15,000 more people than in 2001.

Growth has slowed in recent years due to the closure of the Ryton, UK plant in 2006 and 2007 and the implementation of the jobs and capabilities redeployment plan in France in 2007.

Number of employees under permanent or fixed-term contracts by region and division

(Worldwide, at December 31, 2007)

	France	Rest of Europe	Rest of the world	Total
Automobile Division (1)	89,525	35,005	9,815	134,345
Banque PSA Finance	835	1,405	90	2,330
Gefco	5,200	3,960	820	9,980
Faurecia	16,765	28,125	14,875	59,765
Other businesses (2)	1,385	45	0	1,430
Total	**113,710**	**68,540**	**25,600**	**207,850**

(1) Automobile Division and Peugeot S.A.
(2) SCEMM, PMTC France, PMTC Germany and PMTC Italy.

PSA Peugeot Citroën employs 207,850 people in three core businesses.

Excluding Faurecia, the Group counted 148,085 employees at December 31, 2007, of which 137,160 under permanent contracts (92.6% of the total) and 10,925 under fixed-term contracts.

Number of employees under permanent or fixed-term contracts by category in France, the rest of Europe and rest of the world

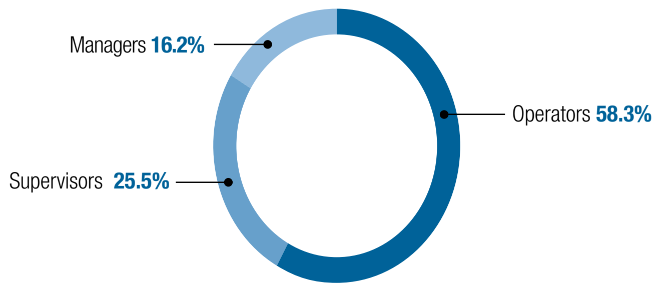
(Worldwide, at December 31, 2007)

	France			Rest of Europe			Rest of the world			Total		
	Operators	Supervisors	Managers	Operators	Supervisors	Managers	Operators	Supervisors	Managers	Operators	Supervisors	Managers
Automobile Division	51,230	21,590	16,705	20,415	10,885	3,705	6,300	2,440	1,075	77,945	34,915	21,485
Banque PSA Finance	-	500	335	-	1,150	255	-	60	30	0	1,710	620
Gefco	1,905	2,475	820	1,135	2,560	265	380	405	35	3,420	5,440	1,120
Faurecia	9,775	3,295	3,695	19,365	5,175	3,585	9,990	1,965	2,920	39,130	10,435	10,200
Other businesses	785	385	215	-	35	10	-	-	-	785	420	225
Total	**63,695**	**28,245**	**21,770**	**40,915**	**19,805**	**7,820**	**16,670**	**4,870**	**4,060**	**121,280**	**52,920**	**33,650**

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”.

Percentage of employees under permanent or fixed-term contracts by category

(Worldwide, at December 31, 2007)



Net jobs created, 2000-2007

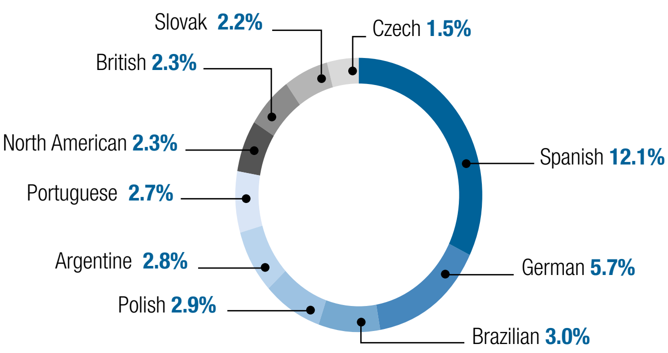
(Worldwide, at December 31, 2007)

	Headcount at December 31, 1999	Net jobs added/(lost) through acquisitions/ disposals	Net jobs created	Headcount at December 31, 2007
Western Europe except France	45,590	8,495	14,455	68,540
Africa	–	710	1,005	1,715
North and Central America	1,170	1,665	5,490	8,325
South America	3,470	–	8,885	12,355
Asia	100	755	2,350	3,205
Worldwide except France	50,330	11,625	32,185	94,140
France	115,465	1,800	(3,555)	113,710
Total	**165,795**	**13,425**	**28,630**	**207,850**

Despite the decline in headcount in 2007, the Group nevertheless created a net 28,630 new jobs from 2000 to 2007.

Top ten nationalities other than French represented in the Group

(Worldwide, at December 31, 2007 - percentage of total workforce)



In all, the Group employs 99,305 non-French nationals, or nearly 48% of the global workforce, with 104 different nationalities represented.

International assignments by division

(Worldwide, excluding Faurecia, at December 31)

	2005	2006	2007
Automobile Division	695	667	654
Banque PSA Finance	5	24	27
Gefco	50	51	67
Other businesses	5	4	4
Total	**755**	**746**	**752**

In 2007, more than 750 employees were involved in foreign postings, including more than 650 in the Automobile Division. Their number has remained about the same for the past three years. More than 40 employees were on foreign assignments in France, more than 360 in the rest of Europe and nearly 350 in the rest of the world. The above table does not include more than 250 Faurecia employees on foreign assignments during the year.

Hirings

Employees hired under permanent contracts in 2007 and total hires 2001-2007

(Worldwide, at December 31)

	France	Rest of Europe	Rest of the world	Total	Total hires, 2001/2007
Automobile Division 2007	**1,320**	**2,605**	**2,870**	**6,795**	**60,585**
2006	2,620	4,635	1,100	8,355	
2005	4,080	2,585	785	7,450	
Banque PSA Finance 2007	**20**	**130**	**5**	**155**	**1,465**
2006	35	150	10	195	
2005	50	110	5	165	
Gefco 2007	**305**	**765**	**400**	**1,470**	**8,920**
2006	520	825	190	1,535	
2005	340	700	190	1,230	
Faurecia 2007	**740**	**4,975**	**4,540**	**10,255**	**52,855**
2006	525	5,550	5,760	11,835	
2005	980	2,205	3,630	6,815	
Other businesses 2007	**15**	**10**	**–**	**25**	**375**
2006	15	10	10	35	
2005	5	–	10	15	
2007 total	**2,400**	**8,485**	**7,815**	**18,700**	**124,200**
2006	3,715	11,170	7,070	21,955	
2005	5,455	5,600	4,620	15,675	
Total hires, 2001/2007	**47,410**	**46,900**	**29,890**	**124,200**	

New employees hired under permanent contracts represented 9% of total headcount in 2007, versus 10.4% in 2006 and 7.5% in 2005.

Employees hired under permanent contracts in 2007, by category

(Worldwide, at December 31, 2007)

	France			Rest of Europe			Rest of the world			Total		
	Operators	Supervisors	Managers	Operators	Supervisors	Managers	Operators	Supervisors	Managers	Operators	Supervisors	Managers
Automobile Division	500	710	110	1,595	840	170	2,110	650	110	4,205	2,200	390
Banque PSA Finance	–	15	5	–	115	15	–	5	–	–	135	20
Gefco	85	150	70	225	515	25	245	145	10	555	810	105
Faurecia	180	115	445	3,765	780	430	3,295	505	740	7,240	1,400	1,615
Other businesses	5	–	10	–	10	–	–	–	–	5	10	10
Total	**770**	**990**	**640**	**5,585**	**2,260**	**640**	**5,650**	**1,305**	**860**	**12,005**	**4,555**	**2,140**

Employees hired under permanent contracts by region and country

(Worldwide, at December 31)

	2001	2002	2003	2004	2005	2006	2007	Total hires, 2001/2007
France	10,550	8,125	8,065	9,100	5,455	3,715	2,400	47,410
o/w production facilities in:								
- Greater Paris	2,545	2,050	2,385	2,075	1,740	1,160	100	12,055
- Eastern France	2,580	1,560	1,645	2,070	750	265	50	8,920
- Western France	335	205	130	1,025	375	15	5	2,090
- Northern France	385	55	195	155	110	85	120	1,105
Germany	860	1,580	990	1,155	875	670	580	6,710
Argentina	500	70	130	255	360	565	1,730	3,610
Austria	70	55	100	100	95	90	95	605
Brazil	950	1,115	890	1,150	985	930	2,130	8,150
Spain	1,015	925	1,655	1,165	895	1,240	915	7,810
Poland	430	225	560	375	310	2,330	1,460	5,690
Portugal	105	445	375	415	130	310	235	2,015
Czech Republic	275	430	245	370	545	840	1,415	4,120
United Kingdom	745	1,645	925	680	625	805	675	6,100
Slovakia	25	5	45	565	1,130	3,465	1,485	6,720

Employees hired under permanent contracts by educational background

(Worldwide, excluding Faurecia, at December 31, 2007)

	Men	Women	Total
Unqualified	1,680	300	1,980
High school	3,010	505	3,515
One or two years of university	975	420	1,395
More than two years of university	1,045	510	1,555
Total	**6,710**	**1,735**	**8,445**

Employees hired under fixed-term contracts

(Worldwide, excluding Faurecia, at December 31, 2007)

	France	Rest of Europe	Rest of the world	Total
Automobile Division [(1)]	2,410	4,295	1,510	8,215
Banque PSA Finance	45	135	–	180
Gefco	135	235	10	380
Other businesses [(2)]	15	5	–	20
Total	**2,605**	**4,670**	**1,520**	**8,795**

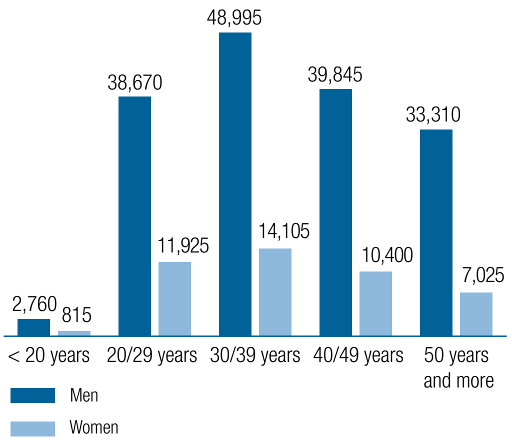
(1) Automobile Division and Peugeot S.A.
(2) SCEMM, PMTC France, PMTC Germany and PMTC Italy.

Of the people hired under fixed-term contracts in 2007, 28% were women, 83% were operators, 16% were administrative employees, technicians and supervisors (ETAM) and 1% were managers. The above table does not include the 7,085 people hired by Faurecia under fixed-term contracts during the year.

Refreshing the age pyramid

Employees under permanent or fixed-term contracts by age group and gender

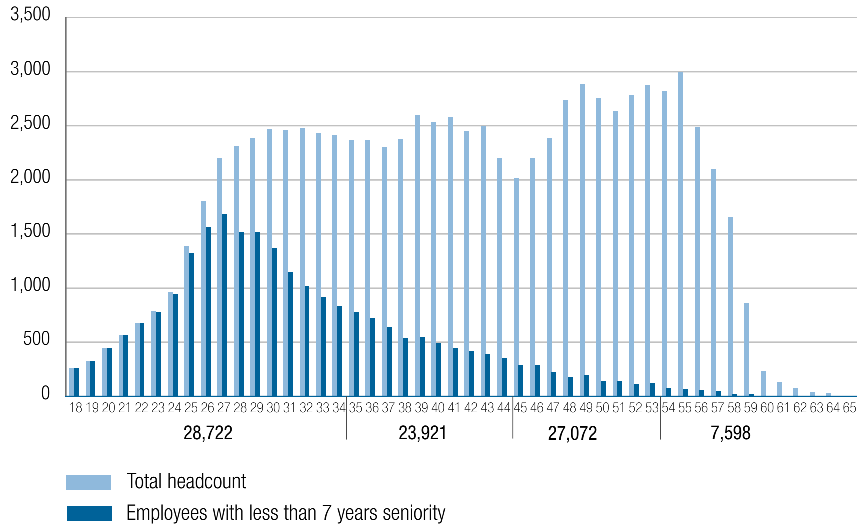
(Worldwide, at December 31, 2007)



The large number of people hired since the late 1990s have completely transformed the Group's age pyramid.

Age pyramid in the Automobile Division in France

(Automobile Division in France, at December 31, 2007)



Other employment indicators (Group, excluding Faurecia)

Average annual number of employees working under fixed-term contracts

(Worldwide, at December 31)

	France	Rest of Europe	Rest of the world	Total
Automobile Division 2007	**2,595**	**5,875**	**1,655**	**10,125**
2006	2,985	4,480	1,725	9,190
2005	4,425	3,700	1,075	9,200
Banque PSA Finance 2007	**20**	**130**	**–**	**150**
2006	15	150	–	165
2005	30	95	–	125
Gefco 2007	**150**	**290**	**–**	**440**
2006	140	285	–	425
2005	140	250	–	390
Other businesses 2007	**55**	**5**	**–**	**60**
2006	55	5	50	110
2005	40	–	85	125
2007 total	**2,820**	**6,300**	**1,655**	**10,775**
2006	3,195	4,920	1,775	9,890
2005	4,635	4,045	1,160	9,840

In 2007, nearly 2,500 employees (29%) worldwide were hired under permanent contracts following a fixed-term assignment. The above table does not include the average 5,685 people who worked under fixed-term contracts for Faurecia in 2007.

Average annual number of temporary workers

(Worldwide, at December 31)

	France	Rest of Europe	Rest of the world	Total
Automobile Division 2007	**4,135**	**520**	**240**	**4,895**
2006	4,115	650	170	4,935
2005	6,700	325	120	7,145
Banque PSA Finance 2007	**20**	**65**	**–**	**85**
2006	20	40	–	60
2005	20	10	5	35
Gefco 2007	**840**	**980**	**250**	**2,070**
2006	930	745	80	1,755
2005	845	590	95	1,530
Other businesses 2007	**45**	**–**	**–**	**45**
2006	255	–	–	255
2005	225	–	40	265
2007 total	**5,040**	**1,565**	**490**	**7,095**
2006	5,320	1,435	250	7,005
2005	7,790	925	260	8,975

Application of the charter concerning the use of temporary workers has limited this practice. In 2007, nearly 760 people (9%) were hired worldwide under permanent contracts following a temporary assignment with the Group. The above table does not include the average 9,780 people who worked on temporary assignments at Faurecia in 2007.

Dismissals of employees under permanent and fixed-term contracts

(Worldwide, at December 31)

	France	Rest of Europe	Rest of the world	Total
Automobile Division 2007	**1,285**	**2,110**	**300**	**3,695**
2006	1,490	2,000	205	3,695
2005	1,270	865	175	2,310
Banque PSA Finance 2007	**25**	**120**	**–**	**145**
2006	20	95	–	115
2005	25	90	–	115
Gefco 2007	**275**	**485**	**150**	**910**
2006	145	355	70	570
2005	140	280	60	480
Other businesses 2007	**20**	**5**	**–**	**25**
2006	–	–	–	–
2005	15	5	–	20
2007 total	**1,605**	**2,720**	**450**	**4,775**
2006	1,655	2,450	275	4,380
2005	1,450	1,240	235	2,925

The number of resignations amounted to 3.48% of total employees under permanent contracts in 2007, versus 2.85% in 2006. Groupwide, 600 employees under fixed-term contracts resigned during the year. The above table does not include the 3,935 Faurecia employees who resigned during the year.

Premature terminations or dismissals of employees under permanent or fixed-term contracts

(Worldwide, at December 31)

	France	Rest of Europe	Rest of the world	Total
Automobile Division 2007	**1,130**	**680**	**180**	**1,990**
2006	985	455	275	1,715
2005	825	570	300	1,695
Banque PSA Finance 2007	**5**	**10**	**–**	**15**
2006	5	10	–	15
2005	20	35	–	55
Gefco 2007	**115**	**110**	**10**	**235**
2006	125	90	–	215
2005	85	105	10	200
Other businesses 2007	**10**	**–**	**–**	**10**
2006	5	–	–	5
2005	50	5	–	55
2007 total	**1,260**	**800**	**190**	**2,250**
2006	1,120	555	275	1,950
2005	980	715	310	2,005

The above figures include all dismissals during the year, including premature termination of work contracts for incapacity and disability, and dismissals for personal reasons. The above table does not include the 3,865 Faurecia employees who were prematurely terminated or dismissed during the year.

Retirement, death and other separation of employees under permanent or fixed-term contracts

(Worldwide, at December 31, 2007)

	France	Rest of Europe	Rest of the world	Total
Automobile Division (1)	2,825	565	10	3,400
Banque PSA Finance	20	10	0	30
Gefco	95	15	0	110
Other businesses (2)	50	0	0	50
Total	**2,990**	**590**	**10**	**3,590**

(1) Automobile Division and Peugeot S.A.
(2) SCEMM, PMTC France, PMTC Germany and PMTC Italy.

The above table does not include the 395 Faurecia employees who retired, died or otherwise left the company during the year.

Supporting corporate transformation programs (Group excluding Faurecia)

The jobs and capabilities redeployment plan in France

(Automobile Division France, PCA and PSA, at December 31, 2007)

	Operators	ETAM	Managers	Total
Professional or personal project	1,294	1,261	1,630	4,185
Outplacement leave	111	203	173	487
Retirement as part of the plan	334	337	376	1,047
Total separations	**1,739**	**1,801**	**2,179**	**5,719**
Normal retirement	328	–	265	593
Total separations including normal retirements	**2,067**	**1,801**	**2,444**	**6,312**
Long-term leave:				
2 years	42	6	6	54
3 years	250	12	13	275
Total	**292**	**18**	**19**	**329**
Shift to part-time work as retirement nears				
50%	2	4	13	19
80%	10	11	19	40
Total	**12**	**15**	**32**	**59**

The final results, as of December 31, 2007, were presented to a special meeting of the Central Works Council on January 15, 2008.

After the six months of the plan's application, a total of 6,312 employees took advantage of its measures in order to leave the Group:
- 4,185 left to pursue a personal or professional project, with 92% having a firm job offer from another company;
- 487 took outplacement leave. At year-end, 65% were still in an education/retraining program or seeking other employment with Group support, while remaining on the payroll. The other 35% had already found another job.

The figures above concern people who applied to leave under one of the separation programs. Given the length of their notices or outplacement leaves, however, they may not actually leave the payroll until 2008.

Dismissals or redundancies of employees under permanent or fixed-term contracts in 2007, including as part of the jobs and capabilities redeployment plan

(Worldwide, at December 31)

	France	Rest of Europe	Rest of the world	Total
Automobile Division 2007	**3,235**	**945**	**10**	**4,190**
2006	5	1,175	–	1,180
2005	5	760	25	790
Banque PSA Finance 2007	**–**	**–**	**–**	**–**
2006	–	–	–	–
2005	–	–	–	–
Gefco 2007	**5**	**105**	**–**	**110**
2006	35	50	–	85
2005	5	40	–	45
Other businesses 2007	**120**	**–**	**–**	**120**
2006	–	–	–	–
2005	–	–	–	–
2007 total	**3,360**	**1,050**	**10**	**4,420**
2006	40	1,225	–	265
2005	10	800	25	835

The increase in worldwide redundancies (excluding Faurecia) in 2007 was primarily caused in France by the implementation of the jobs and capabilities redeployment plan and in Europe by the last redundancies from the closure of the Ryton, UK plant on January 8, 2007. The above table does not include the 1,195 people made redundant at Faurecia during the year.

Number of separations and separation rates by age group, gender and region

(Worldwide, at December 31, 2007)

In 2007, the Groupwide separation rate (excluding Faurecia) was 10.2%, including separations as part of the jobs and capabilities redeployment plan.

The rate has been calculated by dividing the total number of separations (resignations by employees under permanent contracts, redundancies of employees under permanent or fixed term contracts, dismissals of employees under permanent or fixed-term contracts and retirement, deaths and other attrition of employees under permanent or fixed-term contracts) by the total number of employees under permanent or fixed-term contracts.

	< 20 years		20/29 years		30/39 years		40/49 years		≥ 50 years		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Resignations (employees under permanent contracts)	65	15	1,610	515	1,340	385	500	130	160	55	3,675	1,100
Dismissals (employees under permanent or fixed-term contracts)	20	–	485	85	495	100	255	40	645	125	1,900	350
Redundancies (employees under permanent or fixed-term contracts)	5	5	640	115	1,005	210	675	105	1,405	255	3,730	690
Retirement or death (employees under permanent or fixed-term contracts)	–	–	5	–	25	5	50	45	3,000	460	3,080	510
Total	**90**	**20**	**2,740**	**715**	**2,865**	**700**	**1,480**	**320**	**5,210**	**895**	**12,385**	**2,650**
Rate	4.6%	4.8%	10.1%	10.1%	8.4%	8.1%	5.0%	4.8%	18.9%	17.7%	10.3%	9.5%

	France	Rest of Europe	Rest of the world
Resignations (employees under permanent contracts)	1,605	2,720	450
Dismissals (employees under permanent or fixed-term contracts)	1,260	800	190
Redundancies (employees under permanent or fixed-term contracts)	3,360	1,050	10
Retirement or death (employees under permanent or fixed-term contracts)	2,990	590	10
Total	**9,215**	**5,160**	**660**
Rate	9.5%	12.8%	6.2%

Global Social Responsibility

A large number of new agreements

In 2007, more than 100 agreements were signed in the various host countries. Examples include:

Germany

- Work rules agreement for Peugeot Deutschland GmbH, signed in June.
- Flexibility/working time agreements for Peugeot proprietary dealerships, signed in July and August.
- Amendment to the 2006 compensation agreement for Citroën Deutschland GmbH, signed in October.
- Compensation agreements for Citroën proprietary dealerships, signed in October.
- Agreement on the Group supplementary retirement system signed for PSA Service Deutschland in September.
- Wage policy implementation agreement signed for PSA Service Deutschland in November.
- Agreement allowing the central works council to post its press releases on the company intranet, signed for Gefco Germany on July 19.
- Agreement concerning restructuring of Gefco Germany's domestic groupage and part-load business, signed on September 28.

Argentina

- Production plant wage agreements, signed on March 12, May 14, May 7 and June 13.
- Work organization agreement for the introduction of a third or weekend shift at the production plants, signed on May 7 and 14.
- Agreement concerning working conditions, unemployment and productivity for fixed-term contracts, signed for the Jeppener plant on May 7.

Belgium

- Agreement concerning outplacement and workforce adjustment programs in the Finance and Accounting department, signed on November 16.
- Agreement allowing drivers to count actual lorry loading times in their working hours, signed for Gefco Belgium on October 1.

Brazil

- Collective bargaining agreements on working conditions and wage agreements, signed on January 15 and December 10 for the Barueri facility and on November 30 for the São Paulo site.
- Wage agreements signed for the Porto Real plant on February 13.
- Agreement concerning training for the Employee Representation Commission, signed on April 9.
- Agreement concerning the introduction of a third shift at the Porto Real plant, signed on September 14.

Chile

- *Convenio Colectivo* 2007-2010 concerning working hours, raises, seniority and bonuses, signed for Peugeot on October 1.

Spain

- Agreement limiting the use of temporary workers, signed for Citroën on April 19.
- Agreement adjusting working hours to encourage childcare, signed for Peugeot on June 5.
- Agreement modifying work schedules at the Vigo plant, signed on May 14.
- Agreement rationalizing company transport procedures at the Madrid plant, signed on October 30 and November 27.
- Agreement concerning the organization of working hours, signed for Gefco Spain on February 8.
- Agreement concerning the organization of Gefco Spain's in-transit freight and logistics center, signed on June 20.

France

- Amendment to the March 8, 2005 agreement concerning the personal growth and career development of production line operators, signed on February 28.
- Wage agreement, signed on February 28.
- The human resources planning and development agreement, signed on April 6, and its amendment, signed on September 11.
- Group framework agreement on profit-sharing, incentive bonuses and employee savings plans, signed on May 25.
- Amendment renewing the company agreement concerning gender equality and employment for women, signed on November 14.
- Amendment to the agreement introducing new pension schemes, signed on December 14.
- Agreement concerning mandatory annual negotiations, signed for Gefco France on April 13.
- Agreement on the scheduling of actions, training programs, human resources planning and development processes and workforce adjustment programs, with a focus on the personal development of employees 45 and over, signed for Gefco France on October 12.
- Wage agreement signed for Banque PSA Finance France on February 28.
- Human resources planning and development agreement signed for Banque PSA Finance France on July 31.

Italy

- Agreement concerning employee participation in food service costs, signed for Citroën in May.
- Agreement on the 2007 bonus grid, signed for Banque PSA Finance in September.

Poland

- Agreements on the information and consultation procedures for the employee representative commission, signed in September for Peugeot and October for Citroën.

United Kingdom

- Pay deal for staff and manual employees, signed on January 24 and February 1.
- Agreement concerning employees at Gefco UK's Coventry facility, signed on July 2.

Slovakia

- A collective agreement for the Trnava production plant, signed on January 19.
- Amendment to the 2008 and 2009 collective agreement for the Trnava production plant, signed with the OZ KOVO union on January 8, 2008.

Official employee representation on decision-making or management bodies, including corporate governance bodies

Since 1972, Peugeot S.A. has had a two-tier management structure, with a Supervisory Board and a Managing Board.

The Supervisory Board is responsible for overseeing the Managing Board's management of the business. It has twelve members plus three non-voting advisors ("censeurs").

Its meetings are attended by two members of the PSA Peugeot Citroën Works Council.

The Global Corporate Social Responsibility Agreement (Group, excluding Faurecia)

Training in human rights policies and procedures

(Worldwide, in 2007)

Training in human rights policies and procedures	Number of hours	Number of employees	Of which security staff: Number of hours	Of which security staff: Number of employees
Equal opportunity, diversity, anti-discrimination training, etc.	7,100	4,765	35	10
Global Agreement, Code of Ethics, data privacy guidelines, etc.	13,915	10,020	565	1,015
Corruption, conflicts of interest, etc.	235	275	–	–
Other	1,070	500	130	15
Total	**22,320**	**15,560**	**730**	**1,040**

In 2007, some 15,560 employees, or 11% of the global workforce, participated in training in human rights policies and procedures.

Some of the courses focused on an issue related to the employee's duties, such as the anti-money laundering course designed to combat money laundering, prevent fraud and avoid financing terrorist activities, whose attendance was mandatory for all finance company employees. Others, concerning human rights and anti-discrimination practices, were specifically intended for managers and recruiters. Still others were presented in the form of a module in a more general program, such as the orientation training for young hires.

As part of the deployment of the Global Corporate Social Responsibility Agreement, every employee was informed of the Group's commitments to respect and promote human rights through presentation meetings, posters, brochures and other awareness-building exercises. This information process is not measured in the indicator.

In addition, the Group's human rights policies and procedures are explained on the human resources intranet site and illustrated by the different agreements signed by the Group, the text of the Universal Declaration of Human Rights, the Global Compact's ten principles, etc.

Employee complaints alleging discrimination

(Worldwide, in 2007)

Total complaints	**23**
The incident was resolved	19
The incident is being reviewed	2
Remedial action underway	1
Remedial action completed and outcomes reviewed	1

In 2007, 23 complaints alleging discrimination were filed by employees.

According to Group procedure, each complaint was reviewed by the subsidiary's Human Resources Department, to determine its validity and the remedial actions required.

Nine complaints were accepted after investigation and resulted in further sensitivity training, and in some case disciplinary action, for the employees or managers concerned.

Twelve complaints were rejected after investigation, either by an outside authority or after further discussion with the employee.

Two complaints are still being reviewed by the Human Resources Departments concerned or by an outside authority.

Preventing corruption and avoiding conflicts of interest

In 2007, there were three cases of conflict of interest in the Group (excluding Faurecia):
In France, two Gefco employees were dismissed for gross misconduct after failing to observe the company's professional integrity standards.
In France, PSA Peugeot Citroën filed a breach-of-trust suit against a former employee who had been dismissed in July 2007 for embezzling company funds.

Making gender equality a corporate strength

Number of women employees under permanent or fixed-term contracts

(Worldwide, at December 31)

	2002	2003	2004	2005	2006	2007	% increase, 2002-2007
Operators	16,235	16,295	19,105	19,060	21,065	22,365	37.8%
Supervisors	14,420	15,510	16,655	16,395	16,175	15,650	8.5%
Managers	4,245	4,580	5,325	5,945	6,320	6,255	47.3%
Total	**34,900**	**36,385**	**41,085**	**41,400**	**43,560**	**44,270**	**26.8%**

PSA Peugeot Citroën's commitments to gender equality were first expressed in the November 12, 2003 agreement on gender equality and employment for women. As a result, 2002 has been chosen as the reference year.

Percentage of women employees in the workforce over the last five years

(Worldwide, at December 31)

	2002	2003	2004	2005	2006	2007
% of total headcount	17.6	18.2	19.8	19.8	20.6	21.3

Women account for 18.6% of engineers and managers, 29.6% of administrative employees, technicians and supervisors (ETAM) and 18.4% of operators.

Percentage of women employees hired under permanent contracts, by age group

(Worldwide, at December 31, 2007)

	< 20 years	20-29 years	30-39 years	40-49 years	≥ 50 years	Total
Number of women hired	195	2,280	1,545	690	180	4,890
Percent of total hires	28.3%	24.7%	26.9%	30.0%	24.3%	26.1%

In 2007, women accounted for 26.1% of the total number of new employees hired by the various divisions worldwide, including 24% of operators, 34% of administrative employees, technicians and supervisors (ETAMs) and 23% of managers.

Improving gender equality in the executive suite - percentage of women managers by age group

(Worldwide, at December 31, 2007)

	< 30 years	30-39 years	40-49 years	≥ 50 years
Number of women managers	1,640	2,755	1,185	675
Total number of managers	5,555	12,750	9,010	6,335
% of women managers	29.5%	21.6%	13.2%	10.7%

The percentage of women among new hires and total headcount has increased in every employee category. Today, nearly 30% of managers under 30 are women, compared with almost 11% of managers over 50.

Senior executives

Executive management of the PSA Peugeot Citroën Group is the responsibility of the Managing Board with the support of the Executive Committee, whose ten members, all of whom are French, include two women. Two of the Executive Committee members are aged 30 to 49 and the others are over 50.

At PSA Peugeot Citroën, “senior executives” include the members of the Extended Executive Committee, along with the executives and senior managers in charge of adapting and implementing the Group’s strategic vision, policies and programs.

	< 30 years	30-49 years	≥ 50 years
Men	–	358	382
Women	–	20	18
Total	**–**	**378**	**400**

Nationality	Number
French	678
Spanish	36
British	11
Argentina	11
Belgian	8
Brazilian	7
German	6
Italian	6
Swiss	5
Portuguese	3
Austrian	2
Dutch	2
Polish	1
Moroccan	1
Chinese	1
Total	**778**

Employee recourse

In addition to contacting their managers and the Human Resources Department, employees have a variety of means of recourse in the event of a dispute. In every country, employees may file recourse with employee representative bodies, as well as third-party organizations in charge of settling labor disputes, where they exist.

Group employees may appeal to the Ethics Delegate if they have any questions concerning the interpretation or practical application in a given situation of the action guidelines and standards of behavior described in the Code of Ethics.

Furthermore, as part of the deployment of the agreement on diversity and social cohesion, a Diversity Officer, reporting to Group Human Resources, has been appointed at corporate level. Employees may contact him or her in case of difficulties that cannot be resolved by conventional recourse.

In application of the Global Corporate Social Responsibility Agreement, a certain number of subsidiaries informed employees of their local recourse procedures and the person to contact in the event of any failure to observe the Group's human rights and diversity standards.

Offering the disabled fulfilling employment opportunities

Disabled employees

(Worldwide, excluding Faurecia, at December 31)

	France	Rest of Europe	Rest of the world	Total
Automobile Division 2007	**5,890**	**635**	**55**	**6,580**
2006	5,590	720	35	6,345
2005	5,395	645	35	6,075
Banque PSA Finance 2007	**5**	**15**	**–**	**20**
2006	5	15	–	20
2005	–	15	–	15
Gefco 2007	**125**	**50**	**–**	**175**
2006	105	40	–	145
2005	110	40	–	150
Other businesses 2007	**95**	**–**	**–**	**95**
2006	95	–	–	95
2005	45	–	–	45
2007 total	**6,115**	**700**	**55**	**6,870**
2006	5,795	775	35	6,605
2005	5,550	700	35	6,285

Worldwide, the Group directly employs 6,870 disabled people, as defined by local legislation. In all, 83% of disabled employees are operators, 14% are administrative employees, technicians and supervisors (ETAM) and more than 3% are managers.
In the Automobile Division in France, nearly 8.3% of employees are classified as handicapped (including sheltered workers under contract), compared with the 6% national rate that businesses are encouraged to reach.
Every year, more than €3.3 million is spent on programs related to hiring and retaining the disabled.
The above table does not include the 1,070 disabled people who work for Faurecia.

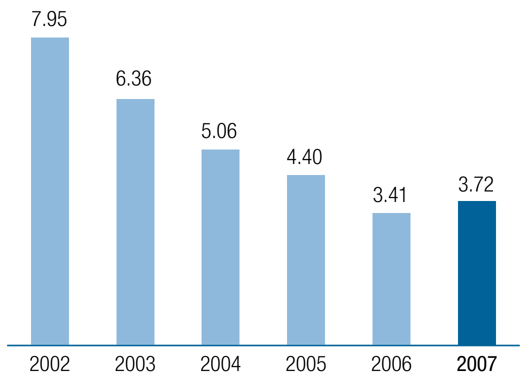
A total commitment to safety, health and working conditions

Workplace safety is everyone's priority

In 2007, more than €61 million was spent on safety and on improving working conditions in the Group (excluding Faurecia).

Total lost-time incident frequency rate

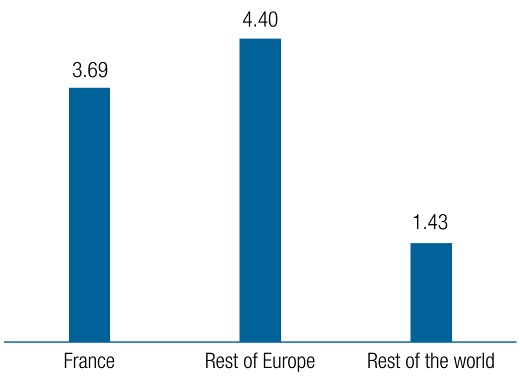
(Manufacturing, office, R&D and sales units worldwide, excluding Faurecia and Gefco)



Since 2002, PSA Peugeot Citroën has deployed a prevention improvement plan based on empowering managers and applying a Workplace Safety Management System. This process has driven a 50% reduction in the number of workplace accidents over the past five years. Safety performance slipped somewhat in 2007, prompting the implementation of a new safety awareness program.

Total lost-time incident frequency rate by region

(Manufacturing, office, R&D and sales units worldwide, excluding Faurecia and Gefco, in 2007)



Safety performance in 2007

(Manufacturing and sales units, worldwide)

	Sales units		Manufacturing units	
	Frequency rate	Severity rate	Frequency rate	Severity rate
European Union	6.15	0.19	3.22	0.28
Rest of Europe	1.08	0.02	–	–
Africa	8.74	0.24	–	–
South America	1.27	0.02	1.14	0.09
North and Central America	–	–	–	–
Asia	2.33	0.00	–	–
Total	**5.79**	**0.18**	**3.07**	**0.27**

The Group does not have any manufacturing facilities outside the European Union and South America.

The sales units include import subsidiaries and dealerships, whose safety performance improved in the different operating regions.

Fatal accidents

	France	Rest of Europe	Rest of the world	Total
Automobile Division	1	–	–	1
Other businesses	–	–	–	–
Total	**1**	**–**	**–**	**1**

The fatal accident in the Automobile Division in France concerned a workplace suicide in a production facility.

Number of occupational accidents requiring first-aid involving contractor or temporary employees

(Worldwide, excluding Gefco and Faurecia, at December 31, 2007)

	France		Rest of Europe		Rest of the world		Total	
	Contractor employees	Temporary employees	Contractor employees	Temporary employees	Contractor employees	Temporary employees	Contractor employees	Temporary employees
Number of occupational accidents (fatal and non-fatal)	661	1,166	66	30	–	–	727	1,196

There was one fatal accident in December 2007, concerning a contractor employee at a French production plant.
Safety conditions for contractor employees are the same as for Group employees. The Group's medical services provide first-aid and monitor follow-up care for contract and temporary employees who are victims of an occupational accident.

Gefco reported nine workplace accidents requiring first-aid that involved contract employees in Europe outside France and 49 incidents concerning temporary employees, of which 36 in France, nine in the rest of Europe and four in the rest of the world.

Joint management-worker health and safety committees

In most host countries, joint management-worker organizations are in charge of monitoring the application of employee health and safety practices. The following table provides examples in the countries where the Group has the most employees.

Country	Organization	Members
Germany	Safety Committee	Employer representatives Safety manager Works council member Auditors
	Health and Safety Commission	Employer representatives Safety manager Qualified safety officer Employee representatives Occupational physicians
Argentina	Workplace Risk and Occupational Illness Prevention Committee	Employer representatives Representative of complementary insurance provider Employee representatives
Belgium	Prevention and Workplace Protection Committee	Prevention consultant Employer representatives Employee representatives
Brazil	Internal Accident Prevention Commission	Employer representatives Employee representatives
Spain	Safety and Health Committee	Employer representatives Employee representatives

Country	Organization	Members
France	Health, Safety and Working Conditions Committee	Employer representative Safety manager Employee representatives Union representative Occupational physician Representative of the regional health insurance fund
Italy	Prevention and Protection Services	Employer representative Employee representatives Medical team (physician) Prevention and Protection Services Manager
Netherlands	Works Council	Management
	Security and Social Issues Assistance Team	Works Council representative
Poland	Health and Safety Committee	Country HR manager Personnel administration officer, HR department Employee representatives A manager Occupational physician An outside specialist in workplace health and safety
	Workplace Safety and Health Commission	Company representatives A specialist in workplace safety and health A physician
Portugal	Health and Safety Commission	Employer representatives Employee representatives Occupational physician Workplace safety and health manager
United Kingdom	Safety and Health Committee	Employer representatives Employee representatives
Slovakia	Working Conditions Committee	Production center chief executive Employer representatives Employee representatives
	Local Working Conditions Committee in each operating unit and support function	Operating unit chief executive Personnel manager Prevention officer Employee representatives

More than 95% of Group employees (excluding Faurecia) are represented by joint management-worker health and safety committees

PSA Peugeot Citroën complies with International Labour Organisation recommendations concerning workplace health and safety and fulfils its obligations in every host country.

Keeping employees healthy throughout their careers

Occupational illnesses

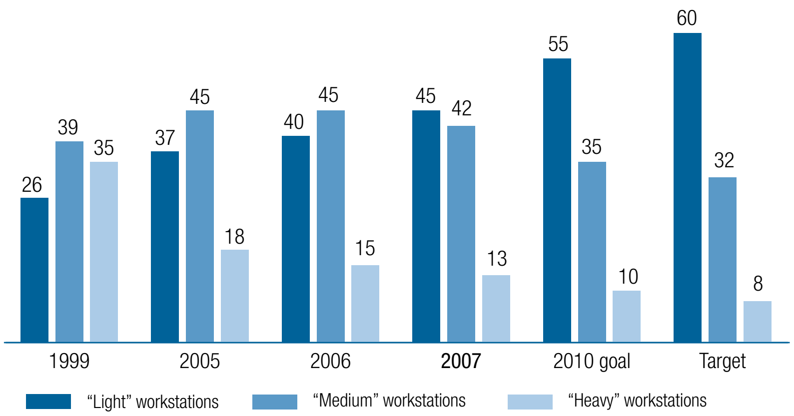
Worldwide (excluding Faurecia), 485 employees filed claims for occupational illnesses in 2007, compared with 496 in 2006.

Of these, 69% concerned illnesses related to musculoskeletal disorders of the upper limbs, 8% musculoskeletal disorders of the spine, 6% asbestos-related illnesses and 7% hearing loss. Another 10% concerned other illnesses.

A constant focus on improving working conditions

The changing proportion of "light", "medium" and "heavy" workstations

(Automobile manufacturing units, worldwide)



The percentage of workstations rated as heavy has been reduced by more than half since the ergonomics initiative was launched in 1999, while the percentage of "light" workstations that can be operated by any employee rose to 45% in 2007 from 26% in 1999.

This process will be pursued until light workstations account for 60% of the total.

Building employee safe driving awareness

Commuting accidents

(Manufacturing and R&D units, France, at December 31)

	2005	2006	2007
Frequency rate	2.9	3.2	3.2

The commitment to safe driving has led to the signing of a number of agreements with public authorities.

Improving both competitiveness and work organization (Group, excluding Faurecia)

In every host country, working hours are consistently equal to or less than the legal workweek or industry practices.

PSA Peugeot Citroën applied the new 35-hour week legislation in France in 1999.

Measures to reduce working hours while making the Group more competitive have also been introduced in other countries.

Special work schedules

(Worldwide, at December 31)

		France			Rest of Europe			Rest of the world			Total		
		2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Automobile Division	Double shift	32,500	31,620	29,955	8,965	10,565	10,200	1,355	1,590	1,270	42,820	43,775	41,425
	Triple or night shifts	15,480	14,080	9,460	3,325	4,120	3,980	160	290	780	18,965	18,490	14,220
	Weekend*	1,920	170	1,560	55	65	130	30	100	15	2,005	335	1,705
Banque PSA Finance	Double shift	–	–	–	–	–	–	–	–	–	–	–	–
	Triple or night shifts	–	–	–	–	–	–	–	–	–	–	–	–
	Weekend*	–	–	–	–	–	–	–	–	–	–	–	–
Gefco	Double shift	1,165	830	1,440	310	415	465	20	35	140	1,495	1,280	2,045
	Triple or night shifts	235	415	165	285	290	235	40	35	5	560	740	405
	Weekend*	–	30	–	80	25	90	5	30	–	85	85	90
Other businesses	Double shift	620	600	530	–	–	–	–	–	–	620	600	530
	Triple or night shifts	20	25	40	–	–	–	–	–	–	20	25	40
	Weekend*	–	–	–	–	–	–	–	–	–	–	–	–
Total	**Double shift**	**34,285**	**33,050**	**31,925**	**9,275**	**10,980**	**10,665**	**1,375**	**1,625**	**1,410**	**44,935**	**45,655**	**44,000**
	Triple or night shifts	**15,735**	**14,520**	**9,665**	**3,610**	**4,410**	**4,215**	**200**	**325**	**785**	**19,545**	**19,255**	**14,665**
	Weekend*	**1,920**	**200**	**1,560**	**135**	**90**	**220**	**35**	**130**	**15**	**2,090**	**420**	**1,795**

** Weekend shifts (generally Friday, Saturday and Sunday) are shorter than regular shifts*

In several countries, the reorganization of production processes has resulted in the development of special work schedules, such as night shifts or shortened weekend hours.

Overtime

(Worldwide, at December 31)

	France	Rest of Europe	Rest of the world	Total
Automobile Division 2007	**1,416,330**	**1,408,955**	**1,774,030**	**4,599,315**
2006	1,390,185	1,065,445	615,190	3,070,820
2005	2,121,525	484,170	423,180	3,028,875
Banque PSA Finance 2007	**1,175**	**19,255**	**50**	**20,480**
2006	2,520	17,855	–	20,375
2005	1,525	19,220	–	20,745
Gefco 2007	**335,210**	**183,445**	**144,630**	**663,285**
2006	390,835	189,650	55,125	635,610
2005	247,955	136,460	33,685	418,100
Other businesses 2007	**16,050**	**–**	**–**	**16,050**
2006	48,290	–	–	48,290
2005	12,770	320	3,675	16,765
2007 total	**1,768,765**	**1,611,655**	**1,918,710**	**5,299,130**
2006	1,831,830	1,272,950	670,315	3,775,095
2005	2,383,775	640,170	460,540	3,484,485

In most countries, working hours are determined on an annual or multi-year basis.

The increase in overtime in 2007 primarily concerned the Argentine production plant, reflecting the rise in output following the launch of the Citroën C4, the strong growth in local unit sales and the preparation for introducing a third shift.

Short-time working

(Worldwide, at December 31)

	France	Rest of Europe	Rest of the world	Total
Automobile Division 2007	**614,750**	**10**	**170**	**614,930**
2006	1,694,895	–	211,490	1,906,385
2005	948,000	217,395	–	1,165,395
Banque PSA Finance 2007	**–**	**–**	**–**	**–**
2006	–	–	–	–
2005	–	–	–	–
Gefco 2007	**–**	**3,440**	**–**	**3,440**
2006	–	1,825	–	1,825
2005	3,900	5,470	–	9,370
Other businesses 2007	**–**	**–**	**–**	**–**
2006	–	–	–	–
2005	–	–	–	–
2007 total	**614,750**	**3,450**	**170**	**618,370**
2006	1,694,895	1,825	211,490	1,908,210
2005	951,900	222,865	–	1,174,765

Paid absences other than vacation

(Worldwide, at December 31)

	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
Automobile Division 2007	**4,398,975**	**982,850**	**1,815,755**	**676,030**	**328,915**	**51,095**	**6,543,645**	**1,709,975**
2006	4,053,610	869,370	1,901,775	778,805	218,645	68,560	6,174,030	1,716,735
2005	3,967,120	804,800	1,794,510	615,520	173,965	49,565	5,935,595	1,469,885
Banque PSA Finance 2007	**30,835**	**13,375**	**78,645**	**34,430**	**115**	**590**	**109,595**	**48,395**
2006	29,205	21,520	63,690	33,445	1,000	2,260	93,895	57,225
2005	26,650	56,010	62,675	43,195	–	1,385	89,325	100,590
Gefco 2007	**286,495**	**166,020**	**166,180**	**34,495**	**7,855**	**6,340**	**460,530**	**206,855**
2006	289,670	183,655	222,740	40,635	8,760	3,160	521,170	227,450
2005	265,335	98,150	238,780	30,595	1,775	2,035	505,890	130,780
Other businesses 2007	**83,890**	**12,960**	**2,520**	**1,625**	**–**	**–**	**86,410**	**14,585**
2006	84,860	16,450	675	2,190	–	–	85,535	18,640
2005	94,475	8,705	2,615	505	160	80	97,250	9,290
2007 total	**4,800,195**	**1,175,205**	**2,063,100**	**746,580**	**336,885**	**58,025**	**7,200,180**	**1,979,810**
2006	4,457,345	1,090,995	2,188,880	855,075	228,405	73,980	6,874,630	2,020,050
2005	4,353,580	967,665	2,098,580	689,815	175,900	53,065	6,628,060	1,710,545

Paid absences other than vacation totaled 9,179,990 hours, of which 7,200,180 for sick leave, 825,195 for maternity leave, 519,620 for accident-related absences and 634,995 for other reasons.

Based on the nearly 265 million hours worked, the overall absenteeism rate stood at around 3.5% for the year.

Number of contractor employees working on Group sites

(Worldwide, at December 31)

	France		Rest of Europe		Rest of the world		Total	
	Occasional	Permanent	Occasional	Permanent	Occasional	Permanent	Occasional	Permanent
Automobile Division 2007	**14,605**	**7,130**	**4,840**	**2,660**	**2,460**	**4,900**	**21,905**	**14,690**
2006	12,705	7,085	1,575	2,500	1,280	1,630	15,560	11,215
2005	11,560	6,730	1,575	4,575	100	1,770	13,235	13,075
Banque PSA Finance 2007	**–**	**–**	**20**	**60**	**–**	**–**	**20**	**60**
2006	–	20	10	20	40	40	50	80
2005	–	25	5	20	–	5	5	50
Gefco 2007	**150**	**365**	**215**	**705**	**240**	**60**	**605**	**1,130**
2006	40	190	285	600	25	50	350	840
2005	40	315	260	115	–	5	300	435
Other businesses 2007	**35**	**25**	**–**	**–**	**–**	**–**	**35**	**25**
2006	5	40	–	–	–	–	5	40
2005	480	35	–	–	–	–	480	35
2007 total	**14,790**	**7,520**	**5,075**	**3,425**	**2,700**	**4,960**	**22,565**	**15,905**
2006	12,750	7,335	1,870	3,120	1,345	1,720	15,965	12,175
2005	12,080	7,105	1,840	4,710	100	1,780	14,020	13,595

The “occasional” category concerns contractor employees whose assignment lasts for more than a month. When it was not possible to determine how long a contractor employee worked onsite, he or she was classified as “occasional.”

Enhancing work-life balance (Group, excluding Faurecia)

Number of part-time employees under permanent or fixed-term contracts

(Worldwide, at December 31)

	France	Rest of Europe	Rest of the World	Total
Automobile Division 2007	**3,060**	**5,275**	**–**	**8,335**
2006	2,255	4,760	25	7,040
2005	2,255	3,710	–	5,965
Banque PSA Finance 2007	**40**	**215**	**–**	**255**
2006	40	220	–	260
2005	40	210	–	250
Gefco 2007	**260**	**175**	**–**	**435**
2006	270	220	–	490
2005	205	220	–	425
Other businesses 2007	**90**	**5**	**–**	**95**
2006	10	–	–	10
2005	110	–	–	110
2007 total	**3,450**	**5,670**	**–**	**9,120**
2006	2,575	5,200	25	7,800
2005	2,610	4,140	–	6,750

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 individualized 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.

In 2007, nearly 9,200 employees worked part-time worldwide, of which 1,830 worked half-time. Of the total, 42.3% were women and 57.7% were men.

Most of the 4,885 part-time employees in Spain are on “partial retirement”. Of these, 81% are men. Excluding this category, 70% of the Group’s part-time employees are women.

Maternity, paternity and parental leave

(Worldwide)

More than 1,615 Group employees worldwide (excluding Faurecia) took maternity leave in 2007. These leaves are recognised in accordance with local legislation and comply with legally prescribed length-of-leave periods. Of the women taking leave in 2007, 29.1% were operators, 42.4% were administrative employees, technicians and supervisors (ETAM) and 28.5% were managers.

More than 3,990 Group employees worldwide (excluding Faurecia) took paternity leave in 2007. These leaves are recognised in accordance with local legislation and comply with legally prescribed length-of-leave periods. Of the men taking leave in 2007, 58.7% were operators, 22.9% were administrative employees, technicians and supervisors (ETAM) and 18.4% were managers.

In 2007, more than 885 Group employees worldwide (excluding Faurecia) took parental leave, i.e. the possibility in certain countries to take several years off to raise their young children. Of the employees taking leave in 2007, 39.8% were operators, 37.5% were administrative employees, technicians and supervisors (ETAM) and 22.7% were managers.

Supporting every employee's professional growth aspirations

Competitive, performance-based compensation

Total payroll by region

(Worldwide, excluding Faurecia, at December 31)

In 2007, total payroll costs (excluding Faurecia) came to €6,893,925,000 including wages and salaries of €4,947,448,000 and payroll taxes of €1,946,477,000.

(in thousands of euros)	France	Rest of Europe	Rest of the world	Total
2002	4,662,481	1,415,349	80,110	6,157,940
2003	4,824,888	1,462,711	66,401	6,354,000
2004	5,107,033	1,502,183	77,303	6,686,519
2005	5,181,133	1,505,043	104,379	6,790,555
2006	5,074,551	1,557,954	147,167	6,779,672
2007	**5,114,073**	**1,569,748**	**210,104**	**6,893,925**

In every host country, compensation policies are designed to reward performance and offer compensation that is competitive with market practices.

A large number of wage agreements are signed in most host countries every year. These agreements not only maintain purchasing power, especially for the lowest wage categories, they also provide for individual performance-based bonuses for the most productive employees.

Group minimum wage versus local statutory minimum wage, by country in 2007

(Worldwide, excluding Faurecia and Gefco)

Country	Group minimum wage versus local statutory minimum wage (base 100)	Local statutory minimum wage
Germany	N/R	No statutory minimum wage
Austria	107.70	Minimum wage set by industry collective agreements
Argentina	176.58	Statutory minimum wage (vital y mobil del país)
Belgium	113.94	Minimum wage set by joint labour/management commission
Brazil	252.37	Local statutory minimum wage
Spain	105.02	Local statutory minimum wage
United Kingdom	100.00	Local minimum wage (for people over 22)
France	124.95	Local statutory minimum wage
Italy	112.47	Industry minimum wage
Netherlands	114.53	Local minimum wage (for people over 23)
Poland	167.21	Local statutory minimum wage
Portugal	124.07	Local statutory minimum wage
Slovakia	186.72	Local statutory minimum wage
Swiss	N/R	No statutory minimum wage; no industry agreements

Information is reported for countries representative of the Group's organisation (excluding Faurecia), where there are more than 300 employees.

The index is calculated based on each country's statutory minimum wage (when one exists), without considering any regional variations.

Ratio of average salaries of men to women operators and supervisors in France

(Peugeot Citroën Automobiles France)

The indicator concerns the ratio of the average salary of men to women with the same job classification.

In France, women operators and supervisors received a higher average increase in compensation (across-the-board raises, individual raises and promotions and increases in seniority bonuses) than men in 2007.

	Ratio of the average salary of men to the average salary of women, base 100
Operators/Supervisors	
170	100.7
175	100.8
180	100.9
185	101.8
190	99.2
195	99.2
200	100.1
215	98.6
225	99.1
240	101.4
255	102.3
270	99.6
285	98.2
305	97.4
335	94.6

Ratio of average salaries of men to women managers in France

(Manufacturing and sales units, worldwide)

The following indicator concerns managers in sales subsidiaries, finance companies and production plants in countries where the Group has manufacturing operations.

For countries other than France, managers are defined according to the Group's job classification standards, while in France, they are defined according to the Metal Industry Collective Agreement and any relevant company agreements.

France

(PCA)

	Ratio of the average salary of men to the average salary of women, base 100
Managers	
C managers	102.1
K92	100.8
1	101.1
2	102.2
3A	100.9
3B	99.7
3C	121.1

Other countries

	Ratio of the average salary of men to the average salary of women, base 100				
	Argentina	Brazil	Spain	Portugal	Slovakia
Managers					
Executives	N/R	89.0	92.0	N/R	N/R
Management	N/R	105.4	114.6	105.5	91.6
Senior managers	103.64	108.3	108.5	117.5	100.4

Enabling employees to share in the value they create (Group, excluding Faurecia)

Profit-sharing and incentive bonuses

(Worldwide, at December 31)

(rounded to the nearest million euros)	2005	2006	2007
Total France - profit-sharing and incentive bonuses (Group agreement)	113	65	109
Incentive and/or profit-sharing programs in other French subsidiaries*	9	7	9
Incentive programs in foreign subsidiaries	19	15	20
	141	**87**	**138**

* *Concerns SCC, Gefco and PMTC in 2007.*

Offering diversified employee savings plans (Group, excluding Faurecia)

Employee Savings Plans (PEAG, PED and PEP)

(Worldwide, at December 31)

	Employee contributions Jan. 1–Dec. 31 *(in millions of euros)*		Employer contributions Jan. 1–Dec. 31 Dec. *(in millions of euros)*		Number of employees investing Jan. 1–Dec. 31*	
	2006	2007	2006	2007	2006	2007
Automobile Division	82.17	60.65	13.17	11.69	130,237	127,365
Banque PSA Finance	1.10	0.87	0.24	0.22	1,360	1,374
Gefco	1.48	1.59	0.59	0.56	1,606	1,852
Other businesses	0.40	0.40	0.09	0.11	503	537
Total	**85.15**	**63.50**	**14.09**	**12.58**	**133,706**	**131,128**

* *Reinvestment of profit-shares, incentive bonuses and voluntary contributions.*

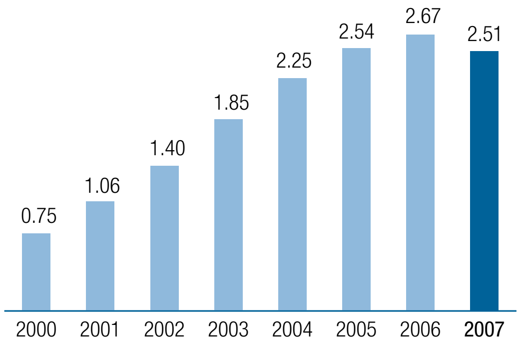
International employee savings plan

(Worldwide, at December 31)

	Employee contributions *(in millions of euros)*		Employer contributions *(in millions of euros)*		Number of participants	
	2006	2007	2006	2007	2006	2007
United Kingdom	2.02	1.49	0.66	0.49	1,527	1,116
Spain	0.72	0.45	0.25	0.16	1,993	1,579
Germany	0.61	0.63	0.19	0.20	1,344	1,454
Portugal	N/R	0.04	N/A	0.02	N/R	97
Total	**3.35**	**2.61**	**1.10**	**0.87**	**4,864**	**4,246**

Percentage of capital held by employees through employee shareholding plans worldwide

(France, Germany, Portugal, Spain and the United Kingdom, at December 31)



More than 48,000 employees or former employees are Peugeot S.A. shareholders.

The decline in 2007 was primarily due to the decrease in the number of employees invested in the PSA Peugeot Citroën employee mutual fund.

Preparing satisfactory retirement benefits (Group, excluding Faurecia)

Supplemental pension plans by region

(Worldwide, at December 31)

	Employer contributions Jan. 1–Dec. 31 *(in thousands of euros)*			Employee contributions Jan. 1–Dec. 31 *(in thousands of euros)*			Number of participating employees		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
France	25,932.8	26,688.6	25,293.3	12,935.9	13,908.2	12,623.2	51,468	51,055	51,596
Rest of Europe	17,245.9	16,981.5	15,760.1	3,640.0	2,695.8	3,130.5	10,012	12,135	13,971
Rest of the world	449.5	432.4	790.6	444.7	838.8	965.2	1,360	1,513	1,783
Total	**43,628.2**	**44,102.5**	**41,844.0**	**17,020.6**	**17,442.9**	**16,718.9**	**62,840**	**64,703**	**67,350**

Supplementary pension plans by division

(Worldwide, at December 31)

	Employer contributions Jan. 1–Dec. 31 *(in thousands of euros)*	Employee contributions Jan. 1–Dec. 31 *(in thousands of euros)*	Number of employees
Automobile Division 2007	**37,591.2**	**14,950.3**	**62,384**
2006	39,101.9	15,785.3	59,844
2005	38,282.1	15,377.2	58,861
Banque PSA Finance 2007	**1,955.2**	**530.3**	**1,187**
2006	1,686.5	465.0	989
2005	1,596.3	494.3	998
Gefco 2007	**2,043.2**	**1,111.3**	**2,782**
2006	3,053.3	1,058.6	2,889
2005	3,448.5	998.5	2,531
Other businesses 2007	**254.4**	**127.1**	**997**
2006	260.9	134.0	981
2005	301.3	150.6	450
2007 total	**41,844.0**	**16,718.9**	**67,350**
2006	44,102.5	17,442.9	64,703
2005	43,628.2	17,020.6	62,840

Developing skills and enhancing human capital (Group, excluding Faurecia)

Hours of training by region

(Worldwide, at December 31)

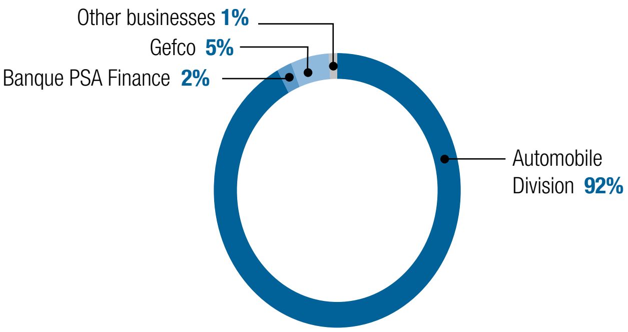
	Total hours of training *(in thousands of hours)*			Average hours of training per employee		
	2005	2006	2007	2005	2006	2007
France	2,325	1,932	1,750	21.7	18.5	18.0
Rest of Europe	1,567	1,529	1,143	42.0	36.8	28.3
Rest of the world	510	375	719	69.7	47.0	67.1
Total	**4,402**	**3,835**	**3,612**	**28.7**	**24.9**	**24.4**

Each employee received an average of nearly 24.5 hours training in 2007. The more than 3.6 million hours of training conducted throughout the Group represented an outlay of nearly €117 million.

In addition, Faurecia offered 1.4 million hours of training, representing an average 24 hours per employee and a budget of more than €26.7 million for the year.

Training expenditure by division

(Worldwide, at December 31, 2007)



During the year, nearly 4,400 students served in Group units around the world under internship programs. More than 29% of them were women.

In addition, more than 4,000 students, nearly 25% of whom were women, took part in work-study and apprenticeship programs.

Actively-managed, open-ended careers (Group, excluding Faurecia)

Percentage of employees having a performance review in 2007

(Worldwide, at December 31, 2007)

Percentage of employees having a performance review	France	Rest of Europe	Rest of the world	Total
Operators	71%	46%	31%	61%
Supervisors	52%	51%	55%	52%
Managers	87%	85%	73%	86%
Total	**69%**	**52%**	**42%**	**62%**

Easing the transition to the working world

Social integration programs in 2007

To strengthen its commitment to diversity, equal opportunity and gender equality, PSA Peugeot Citroën participates in a large number of corporate integration programs in association with public and private-sector organizations.

Examples in 2007 include:

Argentina

- The Formad program, which offers high-school equivalency courses for unit managers and other adults. The program has delivered positive results in the two years since it was created.

Brazil

- Renewed partnership with the National Education System for Industry (SENAI) to provide vocational and advanced training for skilled workers.
- Training for engineering students and support for research in partnership with the Federal University of Rio de Janeiro.
- Creation of a scholarship program for engineering students with the Catholic University of Rio de Janeiro.
- The Formare project to promote training for teenagers, 14 to 18, by offering them vocational training and citizenship basics in association with private companies certified by the Ministry of Education and Culture. The project is recognized by UNESCO.

France

- Internship opportunities for seriously handicapped young people, in partnership with the state-run employment agency, the national educational system, temporary employment agencies and integration and training associations.
- Assistance in finding jobs and support for people at social risk, in partnership with the state-run employment agency, local employment offices and temporary employment agencies.
- Programs to orient young people and improve their employability through apprenticeships, trade certification contracts and other work-study arrangements in partnership with the state-run employment agency, the national educational system, local employment offices and private-sector training organizations.

Italy

- Partnerships with 17 universities to offer internships.
- Scholarship funding by Peugeot Automobiles Italy in partnership with the automobile importers association (UNRAE).
- Partnership with Obiettivo Lavoro, a temporary employment agency, to implement a project to offer young jobseekers specially tailored job opportunities.
- Collaborative programs with vocational schools that enable teachers in public technical institutes to attend technical classes offered by Peugeot Automobiles Italy, and then transfer the acquired skills to their students.

Slovakia

- Partnership with the French National Education Ministry, the Slovak educational system and the French Adult Job Training Association (AFPA). The program was completed in late 2007 with the transfer of the country's first adult education program to four vocational schools in Trnava and Bratislava.

06

Corporate Policies

Environmental Stewardship

Based on the principles of sustainable development, PSA Peugeot Citroën's ambitious environmental stewardship strategy focuses on producing cars that seamlessly interact with their environment. The strategy also forms an integral part of the Group's manufacturing strategy, in a commitment to limiting the environmental impact of operations and to preserving the quality of life in host communities.

Cars and the environment

Leading the market for fuel-efficient, low-emission vehicles

Having made considerable progress in reducing pollutant emissions, the Group has now set a priority objective of reducing the amount of CO_2 emitted by Peugeot and Citroën vehicles.

This commitment has already delivered significant results. In 2007, for the second year in a row, PSA Peugeot Citroën sold one million vehicles emitting less than 140 grams of CO_2 per kilometer in Europe, of which 750,000 emit less than 130 grams and 500,000 less than 120 grams. This makes the Group Europe's leading manufacturer of environmentally friendly cars. In addition, in 2007, PSA Peugeot Citroën once again had France's lowest corporate average CO_2 emissions, with 140g/km per vehicle sold in the country. The ranking was prepared by France's Agency for the Environment and Energy Management (ADEME).

PSA Peugeot Citroën is also committed to abating the greenhouse effect, by developing new technologies that improve fuel efficiency and reduce emissions. As part of this process, it is improving internal combustion engines and actively promoting the use of biofuels, natural gas and other alternative energy sources, while also exploring future-facing technologies like diesel-electric hybrids and hydrogen fuel cells. But to significantly reduce overall emissions of CO_2—the only way to make a real impact on the environment—the Group is focusing on technologies that can be deployed on mass-produced models. To extend its research beyond the realm of cars, PSA Peugeot Citroën is also investing in major environmental and scientific initiatives, such as the Peugeot carbon sink project in Brazil created in partnership with France's national forest service ONF. At the same time, the Group is committed to designing all of its vehicles for disassembly and recycling.

Effective solutions for improving fuel efficiency and reducing emissions for everyone

PSA Peugeot Citroën has developed new gasoline engine technologies, as illustrated by the mid-size engines being produced in cooperation with BMW. It is also consolidating its leadership in diesel engines, which for equivalent performance use considerably less fuel than gasoline engines.

Introduced by PSA Peugeot Citroën, the common-rail, direct-injection HDi diesel engines reduce CO_2 emissions by 20% compared with the previous generation diesels and by 30% compared with gasoline engines. In addition to their environmental benefits, HDi engines also deliver remarkable drivability and today rank among the most popular in Europe. In fact, the percentage of diesel-powered passengers cars in the European market almost doubled from 1998 to 2007, when they accounted for nearly 60% of all cars sold during the year.

PSA Peugeot Citroën manufactured more than 1.45 million cars equipped with common-rail HDi powerplants in 2007, bringing total output to more than 10.7 million units since 1998.

The Group is also pursuing its commitment to downsizing, to develop smaller, more fuel-efficient engines that deliver the same performance as the preceding larger models. This strategy has driven a 10% improvement in fuel efficiency while maintaining the same torque and power output.

Other gains have been driven by the extensive re-working of subassemblies as part of the vehicle engineering process:
- improving engine combustion to increase energy efficiency;

- equipping certain models with electronic manual gearboxes that reduce fuel consumption by up to 5%;
- reducing weight, while maintaining compliance with safety standards and fulfilling customer expectations for more and better features;
- improving aerodynamics for road/motorway cycle homologation;
- selecting tires that offer the best tradeoff between grip (active safety) and low rolling resistance.

Promoting biofuels and natural gas

Another way to reduce vehicle CO_2 emissions is to develop the use of alternative energies and new propulsion technologies.

For many years, PSA Peugeot Citroën has been studying the benefits of first-generation biofuels and encouraging their use in blends with conventional fuels, in compliance with French and European legislation. Indeed, these fuels can already be used in substantially high proportions in every Peugeot or Citroën vehicle without any technical modifications. They are particularly effective when used in captive fleets, where fuel storage and refueling issues are easy to resolve. This is the case with the Group's service fleet, which has been running on Diester® 30 biodiesel for more than a decade.

Biodiesels are a blend of vegetable oil methylesters (VOMEs) and automotive diesel fuel. Two examples are Diester® 30, made from oilseeds such as rapeseed (fatty-acid methyl ester-FAME, used as 30% of a blend with 70% diesel fuel) and B30, made from soybeans.

Ethanol and its derivative, ethyl tertiary butyl ether (ETBE), are biofuels that can be blended with gasoline. Ethanol is derived from cereals and sugar beets in Europe and sugar cane in Brazil. Used in flex-fuel engines, E85 is a blend of 85% denatured fuel ethanol and 15% gasoline by volume.

Biofuels offer an effective solution for abating greenhouse gas emissions because the plants from which they are made trap atmospheric CO_2 through photosynthesis and provide a renewable source of energy. Blending them with fossil fuels therefore reduces carbon emissions on a field-to-wheel basis. The Group estimates, for example, that a tonne of biodiesel blended into diesel fuel would reduce CO_2 emissions by 2.5 tonnes, well to wheel*. Biodiesel also curbs the emission of other pollutants, such as particulates, which can be reduced by 20 to 30% with Diester® 30.

PSA Peugeot Citroën regularly shares its experience as a carmaker by taking part in discussions on the technical, business and political issues raised by biofuels. In France, for example, the Group is a member of the Diester Partners association, which encourages the use of Diester® in three ways:
- forming a network to exchange information about using Diester® in higher percentages than the standard 5% (mainly in a 30% blend);
- promoting Diester®'s technical and environmental benefits to captive fleet managers;
- acting as a preferred interface with French and international authorities.

In China, the Group is conducting biodiesel research with the China Automotive Technology & Research Center (CATARC).

In Latin America, PSA Peugeot Citroën has initiated a series of trials with Ladetel, a Brazilian clean technologies laboratory specialized in biofuels. In Brazil, the world's largest producer of ethanol, the Group sells flex-fuel cars (the Peugeot 206 and 307, and the Citroën C3 and Xsara Picasso), whose engines automatically adjust to biofuel/gasoline blends in varying proportions. In the second half of 2007, flex-fuel versions of the Peugeot 307 and the Citroën C4 (1.6-liter BioFlex) were also introduced in France and Sweden.

PSA Peugeot Citroën is closely tracking research on second-generation biofuels, which are expected to arrive at the pumps in 2020-2030. This research is designed to increase fuel production per unit of farmland, by using all of the plant material in today's fuel crops as well as a wide range of organic waste, such as wood chips and biomass.

Another alternative fuel solution being explored by the Group is compressed natural gas (CNG), which, in comparison to conventional fuels, is high calorific, reduces greenhouse gas and other emissions by 20% compared with an equivalent gasoline engine, and burns very quietly. The Group has signed the third CNG protocol aimed at developing this solution in France, where it already markets CNG commercial vehicles and, since October 2005, a five-seater CNG Citroën C3 intended for the consumer market. The Group is also developing a multipurpose CNG engine adapted to the requirements of countries like Argentina and Iran, where gas is already a viable alternative to oil.

** Based on the JRC/Concawe/Eucar well-to-wheel study for the European Commission.*

Putting hybrid diesel technologies on the road

PSA Peugeot Citroën is actively developing a variety of hybrid powertrain technologies, emphasizing a staged approach that will enable it to extend them across the Peugeot and Citroën line-ups beginning in the next decade.

The Stop & Start system introduced by the Group is a highly cost-effective first-stage hybrid technology that is currently available on the Citroën C2 and C3. It 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. In this way, it reduces fuel consumption and, consequently, CO_2 emissions by 8 to 15% in city driving. And with the car totally silent while the engine is off, the Stop & Start system also helps to improve the quality of life in cities. Trials in Paris under normal driving conditions have shown that a vehicle is stopped, with the engine running, 30% of the time.

All of these features mean that the Stop & Start system addresses a number of traffic-related issues in cities, where 75% of Europeans live. In addition, according to the United Nations, 60% of the world's population will live in cities by 2030. As an affordable system fitted on compact city cars, Stop & Start is designed for wide application, which will further enhance its positive impact on the environment. PSA Peugeot Citroën, for example, would like to sell one million Stop & Start-equipped vehicles in 2011.

Another phase in hybrid technology is full-hybrid, where the Group showcased its expertise with the January 2006 presentation of the Citroën C4 and Peugeot 307 Hybrid HDi demonstrators. The combination of the HDi diesel with a diesel-electric powertrain delivers truly breakthrough performance in terms of fuel efficiency and CO_2 emissions. The Hybrid HDi can also run in battery-only, zero-emissions mode. On a compact family car, consumption falls to a remarkably low 3.4 liters per 100 kilometers (combined cycle), for CO_2 emissions of just 90 grams per kilometer. Compared to the same vehicle fitted with an already very efficient HDi engine, the technology results in an almost 30% improvement in fuel economy.

Hydrogen fuel cells: a longer-term solution for the environment

Fuel cells offer many benefits, including a reduction in CO_2 emissions and the elimination of local hydrocarbon (HC) and nitrogen oxide (NOx) emissions. An in-house team of specialists is working on different cells and prototypes with the support of expert networks formed in partnership with France's National Scientific Research Center (CNRS) and Atomic Energy Commission (CEA). In January 2006, PSA Peugeot Citroën and the CEA unveiled one result of their research—the GENEPAC, a world-class 80kW modular fuel cell stack perfectly suited to automotive applications.

These research programs are aimed at making the development of automotive fuel cell technology both technically and financially feasible. The challenges involved—lowering fuel cell costs, integrating fuel cells into vehicles, and storing and distributing hydrogen—are often beyond the carmaker's control. As a result, the Group plans to gradually introduce the technology beginning around 2020.

Improving air quality

Over the past 30 years, new vehicle emissions have declined by 95%. The environmental performance of diesel engines has been further enhanced by the particulate filter, which eliminates emissions of particulate matter. Widely promoted by PSA Peugeot Citroën, this after-treatment system is playing an important role in improving the quality of air in urban environments. Introduced in May 2000, the highly popular particulate filter has already been installed on nearly 2,400,000 Peugeot and Citroën HDi diesel powertrains. It is now available on the Peugeot 1007, 207, 307, 308, 407, 607 and 807 and the Citroën C3, C4, C4 Picasso, Xsara Picasso, C5, C6 and C8. It will be extended to all other models in the medium-term future.

Eco-designing for disassembly and reuse

Peugeot and Citroën cars are all eco-designed for recycling, based on principles that facilitate the decontamination of end-of-life vehicles (ELV) and encourage the development of recovery and recycling facilities. Other recyclability techniques include marking plastic parts and elastomers for traceability, using easily recyclable materials, reducing the variety of materials to facilitate sorting after shredding, and using recycled materials in new vehicles.

This approach will enable the Group to comply with the requirement that, beginning in 2008, a new car must be 95% recyclable to be homologated in the EU. French testing laboratory UTAC has certified that PSA Peugeot Citroën has successfully passed preliminary studies attesting to the Group's ability to implement the processes needed to meet this requirement.

Today, materials used to make cars have to meet increasingly stringent criteria, such as:

- reducing the variety of plastics in a car, to optimize the related recovery processes and ensure their profitability;
- using a single family of plastics per major function, so that an entire sub-assembly can be recycled without prior dismantling;
- marking plastic parts with standardized codes, to ensure identification, sorting and traceability;
- incorporating a greater proportion of recycled materials into new cars, providing such reuse is cost effective and technically feasible;
- eliminating four heavy metals (lead, cadmium, chromium and mercury) from every model introduced since July 1, 2003. This initiative, which avoids passing on toxic metals further downstream, is being carried out jointly with suppliers.

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

At least 95% of the average weight of new Peugeot and Citroën vehicles is reusable and recoverable, according to prevailing ISO standards and the Group's own calculations.

■ *Automobile Division production plants and the environment*

An effective organization and strong principles

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

The Public Affairs and Environment Department includes an Industrial Environment Section, which leads and coordinates general activities in this area, with its own capital budget. In addition, at each plant, an environmental manager 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 2007, around 500 people were 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 recognized standard for environmental management and organization. The standard enables a company to express an environmental strategy, describe the procedures used to implement it, guarantee compliance and drive continuous improvement, the foundation of good environmental management.

As part of the ISO 14001 process, every employee receives training in environmental skills or awareness tailored to his or her job and business.

Launched more than 10 years ago and now fully implemented across the production base, the certification policy is also being deployed in the technical centers. In 2007, for example, the La Garenne technical center and the Vesoul replacement parts facility were both certified. At year-end, the Trnava plant, which came on stream in 2006, also earned certification, so that today all of the Group's production facilities are ISO 14001-certified.

ISO 14001-certification timetable for the manufacturing plants' environmental management systems

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

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

NB: Four other facilities operated through joint ventures and not included in PCA data have been certified since 2000: Française de Mécanique and Sevel Nord in France, and Wuhan and Xiangfan in China.

Limiting emissions

Reducing VOC emissions

PSA Peugeot Citroën's automobile assembly plants in France account for less than 1% of total volatile organic compound (VOC) emissions produced by human activity (which totaled 1,439,000 tonnes in 2005, according to CITEPA). Nevertheless, the Group is leading a proactive strategy to reduce these emissions by:

1. Optimizing paint shops:
   - installing equipment with higher application efficiency to reduce the use of conventional paints and related solvents;
   - selecting low-solvent paints;
   - recycling used solvents.
2. Deploying clean technologies like water-based paints and powder primers in new facilities.
3. Installing air treatment equipment that incinerates VOCs.
4. Encouraging the sharing of experience and best practices among Group plants.

Deployment of this ambitious action plan has reduced per-vehicle VOC emissions from the Group's paint shops by two-thirds in less than 20 years, from roughly 13 kilograms in 1988 to less than 4.5 kilograms in 2007. It has also 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 continuously improve its performance, with the ultimate goal of achieving around 4.0 kilograms per vehicle.

A decline in other regulated emissions

By gradually substituting low-sulfur fuels for conventional high-sulfur fuel oil, worldwide sulfur dioxide (SO_2) emissions from the Group's power plants have been reduced by more than 90% since 1995.

Worldwide nitrogen oxide (NOx) emissions have declined by 30% since 1995, according to data from the Industrial Environment Observatory set up by the Group to track the environmental performance of its facilities.

Managing energy consumption

Casting, machine tool cooling, paint drying, heat treatment and other carmaking processes are all energy intensive. The Group is committed to developing action plans to reduce energy consumption at all its plants. One of the most remarkable initiatives undertaken in recent years has been the installation of waste-to-energy units at three facilities.

Participation in the CO_2 emission allowance scheme

Seven plants in France and two in Spain were covered by the initial CO_2 emission allowance scheme set up in application of the European Union directive on greenhouse gas emissions trading for the 2005 to 2007 period.

The plants' emissions were actually lower than the allocated targets—which were set on the basis of an inventory of the plants' emissions from 1996-2002—thereby resulting in surplus allowances. This good performance is the result of a reduction in CO_2 emissions per vehicle produced, reflecting both the substantial investment in recent years to improve efficiency at installations rated over 20 MW and the implementation of an energy management strategy at all of the manufacturing facilities.

Reducing water consumption and effluent

Conserving water is a key objective at every plant, in particular through the use of metering systems, the display of the least water-intensive operating parameters for each workstation and the deployment of recycling systems. These measures have helped to reduce water consumption per vehicle produced by 60% in the last 10 years.

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

Reducing and efficiently recovering waste

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

This recovery effort, excluding metal waste, has produced the following results:

- The amount of waste per vehicle produced has been reduced by about one third.
- 85% of all process waste is reclaimed and recovered.
- Other treatment methods include incineration without energy recovery, treatment with physical-chemical processes in the case of certain types of liquid or sludge waste and disposal in landfills, which is steadily declining.

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

Identifying contamination to protect the soil

PSA Peugeot Citroën is committed to identifying any soil contamination pre-existing at its sites. Either at the instigation of public authorities or at the Group's initiative, soil contamination has been assessed at a large number of sites in compliance with the procedure developed by France's Geological and Mining Research Bureau (BRGM).

After in-depth surveys, the experts concluded that some of the sites required only self-monitoring. Depending on the site, these surveys were supported by a small number of one-time remediation or prevention programs.

In every case, strict procedures are in place to prevent soil pollution, in particular through the use of retention basins for liquid storage.

The other divisions and the environment

Faurecia

Faurecia is continuing to gradually deploy ISO 14001-compliant environmental management systems in all its plants, with the goal of earning certification by the end of 2009 for all of its production units employing more than 50 people. In all, 99 units have been certified to date, versus 50 in 2003 and 17 in 2000. Nearly 13,000 people received training in environmental-related topics in 2007. The increase in the number of ISO 14001 certified plants and the deeper employee involvement has helped to improve risk management and reduce the environmental impact of industrial operations.

In 2006, Faurecia installed a database and an environmental, safety and health data reporting system for all its plants worldwide, which enable the company to track improvements in its environmental performance.

Gefco

To effectively address the impact of its operations and those of its sub-contractors, Gefco is committed to measuring and managing its environmental performance on a holistic basis. In particular, the company is continuing to reduce greenhouse gas emissions by regularly increasing the proportion of freight carried by alternative modes to road transport. Today, this proportion has reached 25%, compared with a European industry average of 17%. As well, transportation processes are designed to encourage the use of inland waterways, railways and maritime shipping.

Since 2005, Gefco has been working with the Afilog association to prepare a dedicated Sustainable Development Charter for logistics buildings, so that all of its new facilities can earn NF-HQE environmental certification in 2008. The Charter's main action points are intended to attenuate the environmental and visual impact of logistics buildings, reduce energy use and CO_2 emissions, and use recycled and recyclable materials.

All of Gefco's profit centers are ISO 9001:2000-certified. Following Argentina in 2007, four other country organizations—France, Spain, Germany and Slovakia—have initiated an ISO 14001 certification process, which will be gradually extended to all of the subsidiaries.

Environmental Indicators

Automobile fuel consumption and emissions

The following tables are not exhaustive. The models were selected on the basis of their sales and environmental performance.

For each model, the table shows data for the gasoline and diesel versions offering the lowest CO_2 emissions and fuel consumption.

Models in boldface are the best-selling gasoline or diesel version.

In certain cases, the best selling model is also the most fuel-efficient.

Citroën (2007)

	Fuel	Displacement	Horsepower	Consumption			CO_2	Noise
		cc	kW	City	Highway	Combined	g/km	dB(a)
Citroën C1								
1.0i	**G**	**998**	**50**	**5.5**	**4.1**	**4.6**	**109**	**70/72**
HDi 55	**D**	**1,398**	**40**	**5.3**	**3.4**	**4.1**	**109**	**71.2**
Citroën C2								
1.1i	**G**	**1,124**	**44**	**7.5**	**4.8**	**5.8**	**138**	**72.9**
HDi 70	**D**	**1,398**	**50**	**5.3**	**3.7**	**4.3**	**113**	**73.8**
HDi 70 SensoDrive	D	1,398	50	4.9	3.8	4.2	111	72.7
Citroën C3								
1.4i 16V Stop&Start	G	1,360	65	6.9	4.9	5.7	135	70.8
1.4i	**G**	**1,360**	**54**	**8.2**	**4.9**	**6.1**	**145**	**73.8**
HDi 70	**D**	**1,398**	**50**	**5.3**	**3.8**	**4.4**	**115**	**72.9**
HDi 70 Sensodrive	D	1,398	50	4.9	3.9	4.3	113	71.3
Citroën Berlingo								
1.4i	**G**	**1,360**	**55**	**9.6**	**6.2**	**7.4**	**175**	**72.4**
HDi 75	**D**	**1,560**	**55**	**6.7**	**4.7**	**5.3**	**140**	**72.1**
Citroën Xsara Picasso								
1.6i 16v	**G**	**1,587**	**80**	**9.5**	**6.0**	**7.3**	**172**	**71.9**
HDi 92	**D**	**1,560**	**66**	**6.5**	**4.3**	**5.1**	**135**	**73.7**
Citroën C4								
1.4i 16v	G	1,360	65	8.7	5.2	6.4	153	71.6
1.6i 16v	**G**	**1,587**	**80**	**9.5**	**5.7**	**7.1**	**169**	**73.1**
HDi 110 FAP	**D**	**1,560**	**80**	**6.0**	**4.0**	**4.7**	**125**	**72.6**
HDi 110 FAP BMP6	D	1,560	80	5.8	3.8	4.5	120	73.2
Citroën C4 Picasso								
1.8i 16v	**G**	**1,749**	**92**	**11.3**	**6.1**	**8.0**	**190**	**73.4**
HDi 110 FAP	**D**	**1,560**	**80**	**7.3**	**5.1**	**5.9**	**155**	**74.2**
HDi 110 FAP BMP6	D	1,560	80	6.8	5.1	5.7	150	72.5
Citroën C5								
1.8i 16v	G	1,749	92	10.4	5.9	7.6	177	71.3
2.0i 16v	**G**	**1,997**	**103**	**11.1**	**6.3**	**8.0**	**190**	**71.2**
HDi 110 FAP	**D**	**1,560**	**80**	**6.8**	**4.5**	**5.4**	**139**	**73.2**
Citroën C6								
3.0i V6	**G**	**2,946**	**155**	**16.3**	**8.2**	**11.2**	**266**	**72.2**
V6 HDi 208 FAP	**D**	**2,720**	**150**	**12.0**	**6.8**	**8.7**	**230**	**70.2**
HDi 173 FAP	D	2,179	125	8.7	5.4	6.6	175	75.0
Citroën C8								
2.0i 16v	**G**	**1,997**	**103**	**12.0**	**7.3**	**9.0**	**213**	**72.4**
HDi 120 AM6/ML6	**D**	**1,997**	**88**	**8.8**	**5.8**	**6.9**	**182**	**72.4/75**
Citroën C-Crosser								
HDi 160 FAP	**D**	**2,179**	**115**	**9.5**	**5.9**	**7.2**	**191**	**74.9**

Bold: the best-selling vehicle in its category (gasoline and diesel version).
Light: vehicle emitting the least CO_2 in its category (gasoline or diesel version).

Peugeot (2007)

	Fuel	Displacement	Horse-power			Consumption	CO_2	Noise
		cc	kW	City	Highway	Combined	g/km	dB(a)
Peugeot 107								
1.0l BVM/BVMP	**G**	**998**	**50**	**5.5**	**4.1**	**4.6**	**109**	**70/72**
1.4l HDi	**D**	**1,398**	**40**	**5.3**	**3.4**	**4.1**	**109**	**71.2**
Peugeot 1007								
1.4l BVM	**G**	**1,360**	**54**	**8.6**	**5.2**	**6.5**	**153**	**73.2**
1.4l HDi	**D**	**1,398**	**50**	**5.8**	**4.1**	**4.7**	**124**	**73.7**
Peugeot 206 (hatchback)								
1.4l	**G**	**1,360**	**55**	**8.8**	**5.0**	**6.4**	**152**	**73.3**
1.4 HDi	**D**	**1,398**	**50**	**5.4**	**3.7**	**4.3**	**112**	**70.9**
Peugeot 207 (hatchback)								
1.4l	**G**	**1,360**	**55**	**8.4**	**5.0**	**6.3**	**150**	**73.6**
1.4 l VTi	G	1,397	70	8.1	5.0	6.1	145	73.7
1.4 HDi	**D**	**1,398**	**50**	**5.8**	**3.8**	**4.5**	**120**	**72.4**
Peugeot 308								
1.4 VTi	G	1,397	70	9.0	5.2	6.5	155	73.7
1.6 VTi	**G**	**1,560**	**88**	**9.3**	**5.2**	**6.7**	**159**	**73.9**
1.6 HDi	D	1,560	66	5.8	3.8	4.5	120	73.2
1.6 HDi FAP	**D**	**1,560**	**80**	**6.0**	**3.9**	**4.7**	**125**	**73.8**
Peugeot 407 (hatchback)								
1.8l	**G**	**1,749**	**92**	**10.5**	**6.0**	**7.7**	**181**	**72.7**
1.6 HDi FAP	D	1,560	80	6.8	4.4	5.3	140	73.5
2.0 HDi BVM FAP	**D**	**1,997**	**100**	**7.7**	**4.9**	**5.9**	**155**	**74.3**
Peugeot 407 Coupé								
2.2l BVM	**G**	**2,230**	**120**	**13.1**	**6.9**	**9.2**	**219**	**74**
2.0 HDi FAP	D	1,997	100	7.8	4.8	5.9	156	73.7
2.7l HDi BVA	**D**	**2,720**	**150**	**11.9**	**6.5**	**8.5**	**226**	**71.6**
Peugeot 4007								
2.2l HDi FAP	**D**	**2,179**	**115**	**9.5**	**5.9**	**7.2**	**191**	**74.9**
Peugeot 607								
2.2l	**G**	**2,230**	**120**	**13.0**	**7.0**	**9.2**	**219**	**73.9**
2.0 HDi BVM FAP	D	1,997	100	8.1	5.0	6.1	160	74.6
2.7l HDi BVA FAP	**D**	**2,720**	**150**	**11.6**	**6.6**	**8.4**	**223**	**72.0**
Peugeot 807								
2.0l BVM	**G**	**1,997**	**103**	**12.0**	**7.3**	**9.0**	**213**	**72.4**
2.0 HDi	D	1,997	88	8.8	5.8	6.9	182	74.6
2.0 HDi FAP	**D**	**1,997**	**100**	**9.0**	**6.0**	**7.1**	**188**	**73.3**
Partner Combispace								
1.4l	**G**	**1,360**	**55**	**9.6**	**6.2**	**7.4**	**175**	**72.4**
1.6l HDi	**D**	**1,560**	**55**	**6.7**	**4.7**	**5.4**	**143**	**73.7**
Expert Tepee								
2.0	**G**	**1,997**	**103**	**13.3**	**8.2**	**10.1**	**241**	**73.3**
1.6 HDi	D	1,560	66	8.4	6.6	7.2	191	74.4
2.0 HDi	**D**	**1,997**	**88**	**9.1**	**6.3**	**7.2**	**194**	**74.9**

Bold: the best-selling vehicle in its category (gasoline and diesel version).
Light: vehicle emitting the least CO_2 in its category (gasoline or diesel version).

Environmental Indicators

Production plant consumption and emissions

The following environmental indicators comply with French decree no. 2002-221 of February 20, 2002. The data concern the production plants, the main engineering and design sites and the logistics platforms of fully consolidated companies, including the Peugeot and Citroën proprietary dealership networks. A listed company 72%-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 presented below, however.

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

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

When used, these resources and process products, such as scrap iron in casting, steel and aluminium sheets in stamping, or surface treatment products, paints, cutting liquids, glues and sealants, generate by-products that Group plants are committed to limiting and effectively managing. The same is true for their releases into the air, into water and into the soil.

Note that certain 2005 results have been restated to reflect more detailed data reported after last year's publication date. The restatements have been explained each time the difference with last year's published figure exceeded 1%.

Changes in the scope :

- Peugeot Citroën Automobile (PCA) has extended its scope of reporting to five sites: Belchamp, Carrières and Hérimoncourt since 2005 and Trnava and La Ferté-Vidame since 2006.
- In addition, three PCI sites were transferred to PCA in 2007. Meudon was integrated with Vélizy, while operations at Rheu and Étupes were transferred, respectively to the Rennes and Sochaux production centers. As a result, PCI data concerned just a single site in 2007, in Saint-Étienne. 2007 indicators also reflect the first-time reporting of data from Automobiles Peugeot and Automobiles Citroën.

Note that the methods used to calculate the following indicators are described in the Sustainable Development and Annual Report.

Water Consumption

(in cu.m)		City water	Surface water	Underground water	Total
PCA	**2007**	**2,703,266**	**4,534,027**	**5,069,449**	**12,306,742**
	2006	3,270,583	5,128,452	5,997,563	14,396,598
	2005	3,488,832	7,127,867	9,407,372	20,024,071
AP/AC	**2007**	**744,993**	**11,298**	**6,551**	**762,842**
	2006	-	-	-	-
	2005	-	-	-	-
PCI	**2007**	**4,104**	**-**	**-**	**4,104**
	2006	20,307	-	-	20,307
	2005	25,304	-	-	25,304
PMTC	**2007**	**10,817**	**12,280**	**-**	**23,097**
	2006	12,553	24,610	-	37,163
	2005	15,699	54,081	-	69,780
Gefco	**2007**	**231,123**	**291**	**25,702**	**257,176**
	2006	185,777	-	22,840	208,617
	2005	209,379	-	29,809	239,188
Total	**2007**	**3,694,363**	**4,557,896**	**5,101,702**	**13,353,961**
	2006	3,489,220	5,153,062	6,020,403	14,662,685
	2005	3,739,214	7,181,948	9,437,181	20,358,343
Faurecia	**2007**	**1,409,523**	**906,093**	**518,739**	**2,834,355**
	2006	1,333,316	1,106,803	554,165	2,994,284
	2005	1,237,832	1,169,913	597,337	3,005,082

Sustained implementation of recycling systems, in particular at the Mulhouse, Sochaux and La Garenne plants, helped to reduce PCA's water withdrawals by 14% in 2007.

In the above table, data from Automobiles Peugeot and Automobiles Citroën concern 93% of their sites, while data from Gefco concern 84% of its sites.

The 38% decline at PMTC reflected the final shutdown of a cooling tower at the Mandeure plant in 2006.

Gross effluent discharges, ex-works

Effluent discharge is now expressed in annual rather than daily terms, with 2005 and 2006 data adjusted accordingly.

(in kg/d)		COD	BOD_5	SM
PCA	**2007**	**2,459,755**	**747,668**	**663,813**
	2006	2,926,580	1,085,337	587,958
	2005	3,115,026	1,039,481	654,617
SCMPL	**2007**	**N.A.**	**N.A.**	**N.A.**
	2006	N.A.	N.A.	N.A.
	2005	N.A.	N.A.	N.A.
PCI	**2007**	**N.A.**	**N.A.**	**N.A.**
	2006	N.A.	N.A.	N.A.
	2005	N.A.	N.A.	N.A.
PMTC	**2007**	**1,119**	**322**	**72**
	2006	1,456	544	**109**
	2005	1,861	533	73
Gefco	**2007**	**N.A.**	**N.A.**	**N.A.**
	2006	N.A.	N.A.	N.A.
	2005	N.A.	N.A.	N.A.
Total	**2007**	**2,460,874**	**747,990**	**663,885**
	2006	2,928,036	1,085,881	588,067
	2005	3,116,887	1,040,014	654,690
Faurecia			**N.A.**	

COD: Chemical oxygen demand; BOD_5: Biochemical oxygen demand after 5 days; SM: Suspended matter; N.A.: non applicable.

Around 90% of these discharges are further treated in a local plant before release into the environment.

Consumption of Energy

Consumption of fossil fuel

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

(in MWh ncv)		Heavy fuel oil	LSFO	VLSFO	HHO	Natural gas	Coal	Coke
PCA	**2007**	**-**	**-**	**50,990**	**14,717**	**2,411,317**	**-**	**117,188**
	2006	-	-	109,989	18,090	2,521,538	24,909	119,801
	2005	-	-	177,200	19,017	2,696,851	26,354	119,475
SCMPL	**2007**	**-**	**-**	**562**	**36,100**	**168,617**	**-**	**-**
	2006	-	-	-	-	-	-	-
	2005	-	-	-	-	-	-	-
PCI	**2007**	**-**	**-**	**-**	**-**	**3,834**	**-**	**-**
	2006	-	-	-	-	15,665	-	-
	2005	-	-	-	-	17,679	-	-
PMTC	**2007**	**-**	**-**	**-**	**2**	**24,214**	**-**	**-**
	2006	-	-	-	2	30,605	-	-
	2005	-	-	-	49	21,511	-	-
Gefco	**2007**	**-**	**-**	**-**	**18,386**	**41,954**	**-**	**-**
	2006	-	-	-	24,252	50,315	-	-
	2005	-	-	-	25,987	40,702	-	-
Total	**2007**	**0**	**0**	**51,552**	**69,205**	**2,649,936**	**0**	**117,188**
	2006	0	0	109,989	42,344	2,618,123	24,909	119,801
	2005	0	0	177,200	45,053	2,776,743	26,354	119,475
Faurecia	**2007**	**12**	**85**	**983**	**9,363**	**650,865**	**-**	**-**
	2006	4	118	1,113	12,083	641,829	-	-
	2005	5,755	5,170	8,020	13,895	769,547	-	-

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

In the above table, data from Automobiles Peugeot and Automobiles Citroën concern 96% of their sites, while data from Gefco concern 74% of its sites.

Consumption of electricity and steam

(in MWh)		Electricity	Steam
PCA	**2007**	**2,801,453**	**321,162**
	2006	2,825,163	332,686
	2005	2,875,489	319,266
SCMPL	**2007**	**163,752**	**9,007**
	2006	-	-
	2005	-	-
PCI	**2007**	**2,138**	**-**
	2006	13,574	-
	2005	15,474	-
PMTC	**2007**	**16,155**	**-**
	2006	17,392	-
	2005	16,236	6,593
Gefco	**2007**	**49,289**	**-**
	2006	52,872	-
	2005	54,030	-
Total	**2007**	**3,032,787**	**330,169**
	2006	2,909,001	332,686
	2005	2,961,229	325,859
Faurecia	**2007**	**1,080,257**	**22,151**
	2006	1,012,545	34,108
	2005	1,000,613	27,248

In the above table, data from Automobiles Peugeot and Automobiles Citroën concern 96% of their sites, while data from Gefco concern 90% of its sites.

PMTC Mandeure has not purchased any steam since the new heating plant came on line in late 2005.

Air emissions from combustion plants

Emissions are calculated on the basis of energy consumption in compliance with the ruling of July 28, 2005 in the case of carbon dioxide and the circular of April 15, 2002 for all other gases.

Greenhouse gas emissions

(in tonnes)		CO_2	N_2O	CH_4	Total CO_2 equivalent
PCA	**2007**	**552,629**	**22.1**	**35.2**	**560,220**
	2006	602,106	23.8	38.8	610,285
	2005	657,543	25.8	42.2	666,419
SCMPL	**2007**	**44,483**	**1.7**	**2.6**	**45,069**
	2006	-	-	-	-
	2005	-	-	-	-
PCI	**2007**	**788**	**0.0**	**0.1**	**800**
	2006	3,220	0.1	0.2	3,268
	2005	3,634	0.2	0.3	3,689
PMTC	**2007**	**4,978**	**0.2**	**0.4**	**5,053**
	2006	6,291	0.3	0.4	6,386
	2005	4,435	0.2	0.3	4,502
Gefco	**2007**	**13,591**	**0.5**	**0.7**	**13,755**
	2006	16,740	0.6	0.9	16,938
	2005	15,248	0.5	0.7	15,421
Total	**2007**	**616,469**	**24.5**	**39.0**	**624,896**
	2006	628,357	24.8	40.4	636,878
	2005	680,860	26.6	43.5	690,031
Faurecia	**2007**	**136,922**	**5.9**	**9.4**	**138,955**
	2006	135,538	5.9	9.3	137,548
	2005	167,730	7.1	11.4	170,170

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

Other gas emissions

(in tonnes)		SO_2	NO_2
PCA	**2007**	**101.7**	**557.3**
	2006	304.8	636.4
	2005	424.2	716.8
SCMPL	**2007**	**13.7**	**49.8**
	2006	-	-
	2005	-	-
PCI	**2007**	**0.0**	**0.8**
	2006	0.0	3.4
	2005	0.0	3.8
PMTC	**2007**	**0.1**	**5.2**
	2006	0.1	6.6
	2005	0.1	4.7
Gefco	**2007**	**6.4**	**15.7**
	2006	8.4	19.6
	2005	9.0	18.2
Total	**2007**	**121.9**	**628.8**
	2006	313.3	666.0
	2005	433.3	743.4
Faurecia	**2007**	**8.3**	**144.6**
	2006	7.9	143.7
	2005	83.2	182.8

SO_2: Sulfur dioxide; NO_2: Nitrogen dioxide.

Paintshop VOC releases

		VOC releases (t)	Ratio (kg/veh.)
PCA	**2007**	**11,136**	**4.39**
	2006	12,128	4.88
	2005	12,998	4.93
PMTC	**2007**	**101**	
	2006	89	
	2005	97	
Total	**2007**	**11,237**	
	2006	12,217	
	2005	13,095	

VOC: Volatile organic compounds.

Volumes of waste treated, by type and disposal

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

(in tonnes)		Landfill	Recovery	Onsite recycling	Other treatment	Total
Foundry waste	**2007**	**14,707**	**64,831**	**138,838**	**30**	**218,405**
	2006	9,651	73,549	111,755	82	195,037
	2005	14,342	83,468	111,455	381	209,647
Industrial waste	**2007**	**19,397**	**87,069**	**3,705**	**1,547**	**111,719**
	2006	21,217	89,921	5,001	438	116,578
	2005	21,543	92,036	6,282	1,297	121,159
Sludge + Effluent +	**2007**	**6,392**	**31,470**	**0**	**22,968**	**60,830**
Hazardous industrial waste	2006	13,406	33,404	75	17,985	64,869
	2005	10,961	39,464	131	19,900	70,455
Total	**2007**	**40,496**	**183,370**	**142,543**	**24,545**	**390,954**
	2006	44,273	196,874	116,831	18,505	376,483
	2005	46,846	214,968	117,868	21,579	401,261

Foundry waste rose during the year due to increased output, but at the same time, a greater percentage was recycled on-site.

Waste produced by other operations continued to decline, as did the percentage of landfilled waste.

AP/AC

(in tonnes)		Landfill	Recovery	Other treatment	Total
Foundry waste	**2007**	**11,954**	**5,611**	**1,692**	**19,236**
	2006	-	-	-	-
	2005	-	-	-	-
Sludge + Effluent +	**2007**	**2,132**	**2,207**	**883**	**5,223**
Hazardous industrial waste	2006	-	-	-	-
	2005	-	-	-	-
Total	**2007**	**14,085**	**7,819**	**2,555**	**24,459**
	2006	-	-	-	-
	2005	-	-	-	-

In the above table, data from Automobiles Peugeot and Automobiles Citroën concern 94% of their sites. In addition to the waste described above, the brands produced around 3,400 tonnes of metal waste, of which 52% was recycled.

PCI + PMTC + SCMPL (excluding metallic waste, nearly 100% of which is recycled)

(in tonnes)		Landfill	Recovery	Other treatment	Total
Foundry waste	**2007**	**-**	**-**	**407**	**407**
	2006	-	-	217	217
	2005	-	-	238	238
Industrial waste	**2007**	**339**	**1,140**	**-**	**1,479**
	2006	523	1,895	83	2,500
	2005	643	1,969	43	2,655
Sludge + Effluent +	**2007**	**5**	**220**	**889**	**1,114**
Hazardous industrial waste	2006	8	234	870	1,112
	2005	12	225	918	1,154
Total	**2007**	**344**	**1,361**	**1,296**	**3,001**
	2006	531	2,128	1,170	3,828
	2005	654	2,194	1,199	4,047

Gefco (excluding metallic waste, nearly 100% of which is recycled)

(in tonnes)		Landfill	Recovery	Other treatment	Total
Industrial waste	**2007**	**6,596**	**4,542**	**1,725**	**12,863**
	2006	6,988	6,456	320	13,765
	2005	7,661	2,338	1,070	11,068
Sludge + Effluent +	**2007**	**61**	**8**	**135**	**204**
Hazardous industrial waste	2006	218	1,330	255	1,803
	2005	570	319	112	1,001
Total	**2007**	**6,657**	**4,550**	**1,860**	**13,067**
	2006	7,206	7,786	576	15,568
	2005	8,230	2,657	1,182	12,069

Data in the above table concern 83% of Gefco sites.

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

(in tonnes)		Landfill	Recovery	Onsite recycling	Other treatment	Total
Total	**2007**	**64,362**	**33,222**	**7,085**	**10,959**	**115,628**
	2006	56,690	56,217	6,532	6,009	125,448
	2005	50,319	72,463	8,590	10,731	142,103

Other environmental issues

Respecting the biological balance and managing odors and noise

Measures required to preserve the natural environment, flora and fauna, as well as to ensure the tranquility of neighboring communities are assessed and defined during initial or supplemental environmental impact studies before the installation of any new plant facilities or equipment.

In compliance with legislation, these prior studies are submitted to public hearing and to the approval of administrative authorities.

Amount of penalities paid following a legal ruling concerning the environment

The Group did not have to pay any penalties in this regard in 2007.

Corporate Citizenship

PSA Peugeot Citroën is actively committed to enabling people to use their cars responsibly and to delivering the safety performance customers have a right to expect from the Peugeot and Citroën marques. In particular, the Group is deeply dedicated to enabling cars to harmoniously interact with the urban environment.

Building safer cars for everyone

PSA Peugeot Citroën's overriding concern is to ensure the safety of drivers and other road users. Every year, nearly 10% of the Automobile Division's research and development budget is allocated to safety-related programs.

While assertively continuing to develop solutions that help to avoid accidents (primary or active safety) and to reduce their impact when they do occur (secondary or passive safety), the Group is also the European leader in post-accident or tertiary safety systems, with the emergency call system and victim removal instructions for each model.

Moreover, the Group addresses road safety by studying human factors, which play a decisive role in preventing accidents, and by offering efficient driver support systems. It also works closely with public authorities in charge of road infrastructure, proposing a variety of innovations that enhance safety.

For more than 35 years, the accidentology studies conducted by the joint PSA Peugeot Citroën/Renault Laboratory of Accidentology, Biomechanics and the Study of Human Behavior have been helping to improve understanding both of accident causes and outcomes and of how people respond in a crash. These studies show that nearly 40% of the victims of fatal accidents could not have been saved by secondary safety systems alone. This is why the Group's research focuses on primary safety and ways of avoiding accidents altogether.

Primary safety

Accident avoidance systems

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

To attenuate the consequences of certain emergency situations, the Group continues to offer such driver assistance technologies as anti-blocking systems (ABS), which are now standard on every model, emergency braking assist (EBA), and electronic stability programs (ESP), which help drivers maintain control even in a skid. ESP technology continued to be extended in 2007 and is now standard on all mid-sized and upper-range Peugeots and Citroëns. In addition, certain models come with such efficient, practical innovations as Xenon dual-function directional headlights or the Group's exclusive lane departure warning system, which alerts an inattentive driver by causing the seat to vibrate on the side the lane was crossed.

Improved knowledge of postural ergonomics is designed into new car projects, in a commitment to delivering exceptional accessibility, visibility and other comfort and safety features, regardless of occupant age or morphology.

Expertise in cognitive ergonomics (i.e. how drivers exchange information with their environment) makes certain that information provided by the vehicle is correctly interpreted by drivers under all conditions, allowing them to focus on safe driving.

Track tests

PSA Peugeot Citroën operates two test centers capable of reproducing every imaginable set of driving conditions and of subjecting cars to maximum constraints to ensure extremely high levels of safety. In all these areas, PSA Peugeot Citroën engineers have access to world-class expertise and facilities, such as the Belchamp Test Center's multi-grip track and its roadhandling track, used to develop electronic stability program (ESP) and acceleration skid control (ASR) systems. These tracks can recreate all types of road conditions to validate ongoing vehicle improvements. Thanks to the Belchamp's safety test field, which came on stream in 2004, the Group now has a wide range of efficient, compatible equipment and systems capable of reproducing, safely and under laboratory conditions, a full array of threatening situations and driver responses.

When an accident cannot be avoided, Peugeot and Citroën cars afford protection that is best-in-class worldwide.

Secondary safety: setting the standard worldwide

In crash tests, Euro NCAP has awarded the maximum five stars to eleven Peugeot and Citroën models, ranking the Group among the world's best in secondary safety. The Citroën C4 Picasso earned the five-star rating in 2006, and the Peugeot 207 CC and Peugeot 308 in 2007.

Platforms and structures designed for protection

From the initial design of the shared platforms throughout the vehicle development process, passive safety is an absolute priority. This ensures that regardless of the type of collision—frontal, side, rear or even rollovers—structural components resist impact and absorb energy to provide a high degree of protection for occupants. In this way, the passenger compartment acts as a survival cell, fitted with sophisticated restraint devices.

Efficient restraint systems to protect occupants

Vehicle occupants have to enjoy maximum protection, regardless of their age or where they are seated. Isofix attachment points allow easy and efficient installation of child seats, seatbelt load-limiting retractors are calibrated at 450kg, and airbags with dual energy levels equip some models. Everything is calculated to maximize protection for everyone in the vehicle. 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 to reduce the frequency of thoracic and abdominal injuries. In particular, they provide better protection for elderly persons involved in serious accidents.

Accidentology data show that even today, nearly 15% of accident fatalities involve people who were not wearing seatbelts. Any means of encouraging people to fasten their seatbelts therefore leads to a real increase in safety. One system consists of driver reminders that a seatbelt is not fastened. If the driver's belt is unfastened, he or she is alerted by a warning sound and light for more than 90 seconds as soon as the vehicle reaches a certain speed. An unbuckled front passenger belt is signaled by a warning but only if someone is in the seat, to avoid bothering the driver when no passenger is aboard. Rear seat buckle-up reminders are also gradually being introduced across all the model ranges. All of these systems play an important role in passenger safety and are now offered on a growing number of Peugeot and Citroën models.

The need to protect pedestrians is also built into each new vehicle project. While active safety systems-which help to avoid hitting a pedestrian-are obviously the most effective, each car's architecture and styling are carefully designed to attenuate the effects of such an impact. Hoods, bumpers and lower skirts are tested to make pedestrian contact as harmless as possible. This imposes considerable constraints on the development process, which must also take other potential types of collision into account. Thanks to its new active hood, which lifts up upon collision to cushion the impact of the pedestrian's head, the Citroën C6 was the first car in Europe to earn a record four stars in pedestrian protection tests conducted by Euro NCAP, an independent organization that assesses vehicle passenger protection. In 2006, the Peugeot 207 became the Group's first car to be certified in compliance with the European directive on pedestrian protection.

Tertiary safety: leading the way in Europe

The emergency call system

The emergency call system is continuing to be deployed across the model lineup. In the event of a medical emergency or other threatening incident in the car, occupants can alert a dedicated assistance center simply by pressing the SOS button. In the case of a collision, the same alert is sent automatically. In the case of a collision, the same alert is sent automatically. Thanks to the car's GPS system and onboard GSM mobile phone, assistance personnel can pinpoint the car's location, even if the driver is unconscious. The system shortens response times, thereby considerably enhancing the effectiveness of emergency services. According to the European Commission, equipping every vehicle on the road with such a system would save 2,500 lives a year in Europe.

As of year-end 2007, more than 430,000 Peugeot and Citroën vehicles equipped with the emergency call system were on the road in the nine European countries where the Premium service is open (France, Germany, Italy, Spain, Belgium, Luxembourg, the Netherlands, Portugal and Austria)*.

* *In all, more than 540,000 cars equipped with the emergency call system are on the road in the 27-country Europe. Outside the nine Premium service countries, the system calls 112, the European emergency number, which does not support GPS localization.*

Promoting road safety

PSA Peugeot Citroën remains as actively involved as ever in making roads safer, by devoting much of its research to improving safety for everyone on the road. In addition to technical advances, the Group focuses part of its corporate citizenship policies on a variety of experimental programs designed to teach people safer, more responsible driving habits.

Supporting responsible driving initiatives

Working with schools to enhance young people's awareness of safe driving

PSA Peugeot Citroën has initiated and participates in programs to support the teaching of road safety awareness in schools. In 2007, for example, the Group allocated part of its budget to awareness building programs in the United Kingdom, Argentina, Brazil, China and France. Examples include a walking bus in Coventry, England to accompany children to school, the reprinting of 150,000 copies of a child car safety brochure distributed in all the major Chinese cities, and a road safety exhibition in a "science truck" in China. In France, children of employees can participate in a number of road safety awareness programs, including safe driving courses. In 2007, the Sochaux plant led an awareness program for primary school children.

Helping young people understand the dangers of driving under the influence

Since 1999, PSA Peugeot Citroën has supported Voiture & Co., a suburban Paris-based association that finds rides for party-goers with drivers who have first passed one of the association's breathalyzer tests. If no drivers are available, people are taken home in cars provided by the Group as part of its sponsorship. In 2007, Voiture & Co. offered its services during some 150 parties or festivals. As part of its road safety commitment, the Sochaux plant also provides cars to an association offering rides home for young partygoers.

Changing driver behavior

PSA Peugeot Citroën regularly organizes road safety quizzes, contests for children of employees, conferences and other awareness-building campaigns and events at its plants and offices in France. In 2007, for example the La Garenne-Colombes facility organized three conferences, including one by a medical examiner, which were attended by the Courbevoie police department, the Paris Police Department road safety unit and the Prévention routière road safety association. Employees of the facility were also offered the opportunity to use a driving simulator and motorcycle demonstrators. In addition, just before employees leave on summer vacation, inspection stations are installed in facility parking lots so that they can check their headlights, windshield wipers and tire pressure. In 2007, these free inspections were offered at the Valenciennes, Mulhouse, Rennes, Hordain and Caen sites.

Another awareness-building initiative involves exercises conducted in partnership with local fire-fighters to learn how to free people trapped in vehicles after an accident. The cars used in the exercises, which were carried out in Vesoul and Metz, France; Mangualde, Portugal; and Palomar, Argentina, were supplied by the Group.

Fostering the acquisition of good driving practices

Improving driving skills with the Safe Driving program

In France, PSA Peugeot Citroën organized employee safe driving courses at the Tremery, Valenciennes, Poissy, Aulnay and other facilities throughout the year, and especially during the country's National Road Safety Week in October.

Employee events organized during the year at the Poissy office center included 1) a dispensary booth presenting a method for diagnosing sleep disorders and loss of alertness, along with information on the risks of taking certain drugs while driving; 2) a Road Safety booth staffed with police officers and a Red Cross booth presenting protection/alert procedures, the recovery position and CPR techniques; and 3) two French traffic code courses led by Sergeant Jean-Pierre Urena, the local Road Safety Officer. These programs, which are often conducted in partnership with associations like Prévention Routière and/or representatives from the French national police, are included in the Local Sponsorship and Social Responsibility Plans implemented by Group facilities every year.

Employees at the Vesoul, Mulhouse and Rennes facilities and their families were also offered safe driving courses, combining classroom study and on-the-road exercises in such areas as safe following distances, braking distances, safe curving speeds, collision avoidance, skids and vehicle dynamics. Other classes, like those at Vesoul that focus on staying alert at the wheel, are also offered as part of the local Departmental Road Safety Action Plan (PDASR). In the Paris suburbs, the Saint-Ouen facility organized a safe driving course with Centaure IDF, a local association.

These courses may be attended by employees, their families and, depending on the location, people from the local community.

Bulletin boards and brochures are also used to keep employees informed of first-aid techniques and changes in traffic regulations.

Following on from symposia held in China, Brazil and Argentina, the Group continued to lead road safety discussion groups in China, supported training centers, participated in television shows and posted practical advice on the corporate website.

In Resende, Brazil, the Group continued to team with the Global Road Safety Partnership to lead initiatives to raise awareness of road safety, especially during periods such as Carnival or the beginning of the new school year. In partnership with DENATRAN, Brazil's national traffic department, and DENATRAN/RJ, the Rio de Janeiro state traffic department, PSA Peugeot Citroën sponsored and distributed 20,000 brochures on child passenger protection and safety.

In Argentina, the Group organized ten road safety seminars, led by a well-known local journalist and attended by 1,600 people. In addition, Peugeot launched a 10-point Peugeot Road Safety program on its www.seguridadpeugeot.ar website.

Helping to enhance the quality of mobile life

In modern societies, economic growth and changes in transportation and lifestyles have made mobility a vital necessity, as critically important as knowing how to read, write and count. Mobility is also a prerequisite for access to jobs, healthcare and culture, especially in cities, where most of the world's population lives.

Supporting sustainable mobility

PSA Peugeot Citroën encourages sustainable mobility by designing sustainable development principles into environmentally sensitive cars, fitted with superior safety equipment. For example, we lead the French market in corporate average CO_2 emissions, according to the ranking prepared by France's Agency for the Environment and Energy Management (ADEME).

Encouraging sustainable mobility also means supporting the inalienable right to mobility, ensuring the right balance between the different modes of transport and promoting technologies that contribute to the free flow of automobile traffic. Through the partnership with the Voiture & Co. association, we are also supporting long-term trials of alternative transit solutions and car-pooling by providing technical expertise and equipment to implement new ways of using cars.

Logistical support for employee car-pooling

Group facilities in Sochaux, Paris, Tremery, Rennes, Aulnay and Poissy Tertiaire offer employees special car-pooling intranet sites to facilitate their commute. Other types of employee car-pooling systems are available at certain sites in the Paris region and other parts of France.

IVM : an innovation laboratory

The City on the Move Institute (IVM)

Since creating the City on the Move Institute (IVM) in 2000, PSA Peugeot Citroën has initiated and promoted research and trials aimed at understanding how urban mobility is changing. A non-profit organization, IVM brings together business people, researchers and academics, people involved in society and the arts and members of associations in a commitment to testing real-world solutions, enabling international comparisons and identifying the world's most innovative urban planning and architectural programs. Its scope of operation covers Asia, the Americas and Europe, enabling it to raise broad public awareness of mobility challenges in contemporary society.

IVM is focused on three priority issues: i) facilitating mobility for people or social groups facing difficulties or with special needs; ii) enhancing travel facilities and time spent in transport through intermodal and multimodal solutions; and iii) improving our understanding of mobility, developing a culture of mobility and encouraging civic courtesy.

A number of public events were held in 2007:

- In April, a traveling exhibition called **The Street Belongs to All of Us** was inaugurated at the *École Nationale Supérieure d'Architecture de Paris-Val de Seine*. Spanning 650 square meters, it includes a video show, pictures of 54 cities throughout the world, a presentation of 50 projects from different countries, photos from international news agencies and a curio cabinet featuring contemporary urban objects. To accompany the exhibition, a series of cultural, scientific and educational events on using and sharing street space was organized and a catalogue was published.

- In September, IVM organized the **International Taxi Festival** in Lisbon. The event included an international conference on the taxi business model and its potential resources, which helped to identify pathways to innovation based on the findings of an international survey. The Festival itself offered a series of cultural events, such as an international short-film competition, a taxi terminal design competition, photographic exhibitions, a cycle of full-length films at the Portuguese film library and literary soirées. During the events, PSA Peugeot Citroën showcased two "taxis of the future" equipped with the latest multimedia and telecommunications technology. They demonstrated the types of services and features that could shape the taxi experience in coming years.
- The **Day-to-Day Mobility of Employees** project focused on analyzing access to the workplace in today's cities, with an emphasis on the difficulties involved in organizing transport to support work-life balance. In partnership with Randstad, La Poste and the *Comité National des Missions Locales* (CNML), a seminar on "Why should companies care about the day-to-day mobility of their employees?" was held in November. A questionnaire on the issue was prepared and processed with the help of Liaisons Sociales, a French magazine.
- In June, the **IVM university chair**, created to enhance and share understanding of urban mobility, held an international seminar on "Working on the move and the urban economy," which explored the increasingly important role of mobility and communication in certain professions.
- Through its **China Program**, IVM continued to support innovative thinking on the quality of urban life, in line with Chinese priorities. Its resource center, the IVM University Chair in China, hosted a series of lectures during the year, while in May, IVM France invited a Chinese delegation of transportation and development officials from Shanghai to discuss urban transportation challenges at the *Institut d'Études Politiques de Paris.*
- In **Latin America**, IVM continued to develop scientific, technical and cultural exchange programs addressing mobility issues related to the growth of cities. The "Architecture on the Move!" exhibition was entrusted to the cultural services of the French Embassy in Brazil, which plans to arrange a tour in several cities across the country.

Developing roots in host countries

In 2007, PSA Peugeot Citroën continued to demonstrate its commitment to playing a vital stakeholder role in its host communities, undertaking a number of local outreach initiatives during the year:

- Providing industrial organization consulting services for small and medium-sized enterprises located near our plants in Rennes, Tremery, Sochaux and Mulhouse.
- Participating in educational projects at primary and secondary schools in La Garenne Colombes, Valenciennes and Mulhouse, France. For a number of years, we have also supported a science awareness program in Slovak primary schools based on the *La Main à la Pâte* (hands-on) method.
- Supporting programs in Valenciennes and Buenos Aires to help bring persons in difficulty back into employment.
- Supporting the *Fondation de la 2e Chance* in Rennes.
- Donating mechanical components (Vesoul, Metz, Valenciennes, Rennes, Sochaux, Trnava, Madrid) and computer equipment (Vesoul, Lieu-Saint-Armand, Palomar and China).
- Installing bins for recycling plastic bottle caps (whose proceeds go to handicap associations) at the Valenciennes, Poissy Tertiaire, Rennes and Paris facilities.
- Holding one-day campaigns at the Vesoul, Valenciennes, Rennes, Tremery, La Garenne Colombes, Madrid and Metz facilities to raise employee awareness about the special needs of people with disabilities.

Similar programs are also being carried out directly by Peugeot and Citroën subsidiaries, especially in countries where they have dealerships, such as South Africa.

In addition, most plants held open-house events for the local community, with the number of visitors during the year topping 17,000.

Implementing Local Sponsorship and Social Responsibility Action Plans

Local Sponsorship and Social Responsibility Plans enable sites to structure their outreach programs with local institutions, associations and other stakeholders, while fostering more effective dialogue with both employees and the public. Plan components focus on the following areas:

- The environment, with programs to preserve or restore natural sites, raise people's awareness or train them in environmental techniques.
- Safe driving, with programs to inform people, raise their awareness and teach correct practices.
- Urban mobility, with programs to support safer, cleaner, more accessible mobility and social assistance programs.
- Local development, with programs to fight against exclusion, to help the handicapped and provide emergency social services.

Developed as part of our social responsibility process, the Solidarity Trophies are a competition that provides funding for employees who want to lead a personal or group project to support local or international solidarity in the following areas: environment, education, integration, mobility and emergency/topical. In 2007, Solidarity Trophies competitions were organized at four plants: Rennes, Poissy, Mulhouse and Madrid.

Partnership programs with the French Ministry of Education

PSA Peugeot Citroën has a long-standing partnership with France's Ministry of Education, under which it conducts a large number of plant visits, participates in information forums, donates equipment and invites teachers to plants and offices so they can learn about the latest technologies. These cooperative programs and events enable both teachers and students to broaden their knowledge and awareness of professions in the automobile industry. A national steering committee has also been set up with the Ministry to develop educational agreements between regional school boards and Group facilities in France. Similar partnerships have been developed in China, Brazil, Mexico and Slovakia.

Combating exclusion with the Paris emergency services agency and concerned associations

For the past six years, PSA Peugeot Citroën has been supporting the Paris emergency social services agency by donating and maintaining the organization's vehicle fleet. In addition, the Group has signed a formal agreement with the agency, joined its public interest grouping and has a seat on its Board. The vehicles are used day and night by the mobile teams that criss-cross the capital to provide emergency care and assistance to the homeless and other disadvantaged people, and then, if requested, take them to hospitals or shelters. In 2007, the Group provided additional support for the agency's PHRH shelter assistance unit by providing a vehicle for travel in the Paris area.

In addition, we have continued to donate vehicles to associations that use mobility to alleviate social and economic exclusion or to improve the quality of life for the disabled.

07

Management's Discussion and Analysis

Results

Net sales and revenue

Consolidated net sales and revenue break down as follows:

(in millions of euros)	2007	2006	2005
Automobile Division	47,456	44,566	45,071
Banque PSA Finance	1,999	1,761	1,656
Gefco	3,554	3,245	3,000
Faurecia	12,661	11,649	10,978
Other businesses	496	653	709
Eliminations	(5,553)	(5,280)	(5,147)
Total	**60,613**	**56,594**	**56,267**

Net sales and revenue rose 7.1% compared with 2006. Each quarter showed a significant gain over the prior-year period, with a major impact from a low basis of comparison in the third quarter. After rising 6.5% in the first three months, net sales and revenue increased 5.4% in the second quarter and 11.9% in the third, before easing back to second quarter levels (5.4%) in the fourth.

Automobile Division

Automobile Division sales ended the year up 6.5%, at €47,456 million. New vehicle sales rose 6.1%, to €35,003 million from €32,978 million in 2006, reflecting (i) the 3.8% increase in unit vehicle sales, excluding China (where operations are accounted for by the equity method), (ii) the 1.2% positive price effect, (iii) the 2.9% positive impact of changes in the product mix led by higher sales of the C4 Picasso, the launch of the Peugeot 308 and the renewal of the commercial vehicle line-up, and (iv) the 0.8% negative impact of a shift in the geographic mix towards markets outside Western Europe, particularly in the Mercosur region.

Banque PSA Finance

In 2007, Banque PSA Finance's business environment was shaped by increasingly rampant competition in the first half, as certain euro zone lenders chose not to pass on to customers the full impact of rising interest rates. Beginning in the summer, the US subprime crisis caused considerable turmoil in world financial markets.

New retail financing was provided for 851,000 new and used vehicles during the year, up 3.9% over 2006.

With volumes up 4.3% to 660,398 units, the Bank's penetration rate among buyers of new Peugeots and Citroëns held firm compared with 2006 at 26.1%. In France, the penetration rate was maintained at nearly 30%.

The biggest gains in Europe were achieved in Germany, where the local branch raised its penetration rate to 41.7% from 33% in 2006. The UK branch consolidated its positions, lifting its penetration rate to 26.5% from 26.1% the year before. The finance companies in Spain, Belgium and the Netherlands succeeded in matching their 2006 performances in increasingly competitive markets. However, the Bank's positions eroded in Italy and Austria and, to a lesser extent, in Portugal and Switzerland.

In Argentina and Brazil, new vehicle financing volumes rose 44.3%, lifted by growth of nearly 30% in PSA Peugeot Citroën's new vehicle sales and by the Bank's improved penetration rates among the two marques' customers.

In all, €9,253 million worth of retail financing was extended during the year, versus €8,771 million in 2006.

As of December 31, 2007, outstanding retail loans stood at €17,850 million, an increase of 3.5% over the year-earlier figure of €17,249 million. Outside Western Europe, the loan book rose 58.2% to €892 million. Outstanding wholesale loans at end-2007 came to €5,606 million versus €5,650 million a year earlier. In all, the total Banque PSA Finance loan book rose 2.4% over the year, to €23,456 million from €22,899 million as of December 31, 2006.

Customer services, one of the Bank's major growth drivers, continued to expand in 2007, with a 3.5% increase in the number of contracts sold to 1,212,103.

(in millions of euros)	31 December, 2007	31 December, 2006	31 December, 2005
Outstanding loans, including securitized loans			
- Retail and lease financing	17,850	17,249	16,853
- Wholesale financing	5,606	5,650	5,505
Total Banque PSA Finance	**23,456**	**22,899**	**22,358**
Outstanding loans, including securitized loans			
- Western Europe	22,150	21,998	21,694
- Outside Western Europe	1,306	901	664
Total Banque PSA Finance	**23,456**	**22,899**	**22,358**

Banque PSA Finance reported revenue of €1,999 million in 2007, an increase of 13.5% over 2006. The total comprises both interest on loans and the interest income earned on the liquidity reserve carried in the balance sheet as part of the Bank's financing strategy.

Net banking revenue rose 2.0% during the year, to €981 million from €962 million in 2006.

Gefco

Gefco's revenue totalled €3,554 million, up 9.5% over 2006.

Revenue from services performed for other Group companies rose by 9.0% to €2,151 million, while revenue from services sold to external customers stood at €1,403 million, up 10.3% as reported or 15% excluding the shutdown of the German groupage and part-load business.

Gefco continued to expand in the global marketplace during the year, increasing international revenue by 16%.

Faurecia

Faurecia reported sales growth in all of its businesses and operating regions in 2007, making the year a milestone in the Group's recovery. In all, sales ended the year up 8.7%, at €12,661 million.

Excluding monoliths, sales amounted to €11,075 million and were up 7.4% at constant exchange rates and scope of consolidation. The currency effect was a negative 1.2%, while changes in the scope of consolidation added 1.7% to growth. The latter include the consolidation of operations acquired from Cadence Innovation France in the Front-End business and, in the Interior Modules business, of Euro Plastic Systems (Euro APS), a Romanian company that supplies the Dacia plant in Pitesti.

Sales to other Group companies rose 7.5% to €2,633 million, while external sales were up 9.0% at €10,028 million.

Diversification of the customer portfolio continued apace with the launch of new programs that significantly increased business with BMW, Hyundai and Chrysler.

Growth was especially strong in North America and Asia, where Faurecia consolidated and developed its positions. Sales also returned to growth in Western Europe, in line with the increase in automobile production during the year. The turnaround was led by the second-half launch of new cars with high Faurecia content (such as the Audi A4, Peugeot 308 and Renault Laguna) and by the impact of cars introduced in 2006 (such as the Citroën Grand C4 Picasso, Peugeot 207 and Ford Galaxy).

The year also saw the successful start-up of 85 new programs on 35 new models.

Car seat sales totalled €5,175 million, up 7.5% on a reported basis and 8.2% at constant exchange rates. Growth was particularly strong in North America (up 56.1% at constant exchange rates) and in Asia (up 26.4%).

Sales of other Interior Modules came to €3,546 million, up 2.5% on a reported basis and 1.6% at constant exchange rates, again led by growth in North America and Asia.

Exhaust System sales continued to expand, reaching €2,994 million. This represented a 16.3% increase at constant exchange rates. The currency effect was a negative 3.7%. Excluding monoliths, sales amounted to €1,409.0 million, an increase of 14.0% at constant exchange rates. The currency effect was a negative 3.8%. Sales excluding monoliths rose in Europe, North America and Asia. Monolith sales were up 18.5% for the year at constant exchange rates.

Lifted by the first-time consolidation of operations acquired from Cadence Innovation France, Front-End sales rose a sharp 31.5% to €945 million. Like-for-like growth was 18.9%, reflecting the start-up of operations in North America and a 12.2% increase in Europe (on a constant scope of consolidation basis).

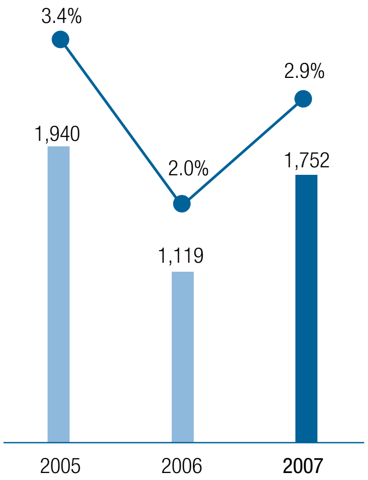
Recurring operating income

After a further increase in raw materials prices in the early part of the year, recurring operating income for the first half of 2007 came to €842 million or 2.7% of consolidated sales and revenue. Based on this figure, the Group announced in July that the second-half figure should exceed 2.0% of consolidated sales and revenue. In fact, recurring operating income for the second half of the year amounted to €910 million, representing a 3.1% margin.

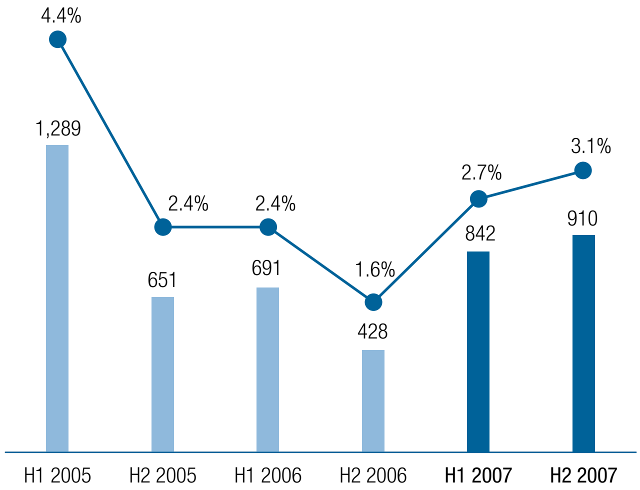
This lifted recurring operating income for the year to €1,752 million compared with €1,119 million in 2006, representing 2.9% of sales and revenue versus 2.0%.

Recurring operating income

(In millions of euros – as a % of sales and revenue)



The improvement in recurring operating margin in 2007 reflected gains in both the first and second halves of the year.

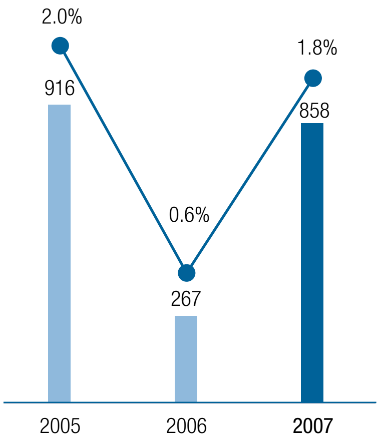


Automobile Division

Automobile Division recurring operating income stood at €858 million, or 1.8% of sales, compared with €267 million and 0.6% in 2006. The Division accounted for €591 million or 93% of the €633 million improvement in consolidated recurring operating income.

Automobile Division recurring operating income

(in millions of euros – as a % of sales)



Announced in September 2007, the CAP 2010 plan is deploying a number of programs designed to spur growth in operating margin. Their impact on 2007 results may be analyzed as follows:

- The CAP 2010 "Development" programs accounted for €355 million to the total of the improvement in the recurring operating income.

  The first positive impact came from the increased unit sales in Europe and global markets, which added €197 million. The product mix was also favorable, thanks to higher sales of the Peugeot 206/207 family, the Citroën C4 Picasso and the commercial vehicles, but the geographic mix was unfavorable in Western Europe. Lastly, sales price increases had a positive impact, reflecting renewal of the model line-up and more disciplined allocation of marketing resources.

  The decline in sales of CKD units to the Group's industrial partners, mainly in Iran, had only a limited impact on recurring operating income.

  The business units contributed €158 million to the improvement in recurring operating income. These self-managing units, which are accountable for their financial results, were set up as part of the new organization created by the CAP 2010 strategic plan.

- The CAP 2010 "Cost Reduction" programs accounted for €932 million in the improvement in recurring operating income.

  Productivity gains in purchasing and manufacturing accounted for €657 million of the decline in costs.

  Warranty costs fell 19% with an initial impact on income for the year.

  Overheads benefited from a reduction in general and administrative expenses and in the workforce. The voluntary separation plan implemented during the year led 6,217 Automobile Division employees in France to decide to leave the Group. A total of 4,292 employees left in 2007 and the remaining 1,925 will leave in 2008. Two-thirds of them were white collars.

- Cost inflation and research and development spending reduced recurring operating income by €696 million.

  The primary cause was the increase in prices of raw materials (mainly steel), which trimmed recurring operating income by €285 million.

  Wages and salaries increased by €250 million, a figure more in line with levels prior to 2006, a year when pay rises were severely limited and senior executives were not paid any bonus.

  Changes in exchange rates, in particular for the US dollar, reduced recurring operating income by €72 million.

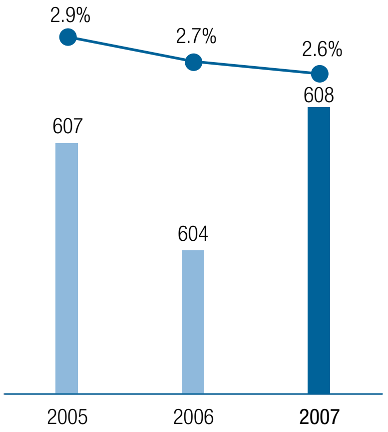
  Higher research and development spending had a €93 million negative impact on recurring operating income. The amount of these outlays was reduced by productivity gains and tighter control over expenditure commitments, but increased by the faster deployment of the product plan.

Banque PSA Finance

Banque PSA Finance's recurring operating income edged up slightly to €608 million from €604 million in 2006, and represented 2.6% of average net loans outstanding, versus 2.7% the year before.

Banque PSA Finance recurring operating income

(in millions of euros – as a % of sales)



The main changes in 2007 were as follows:

- The 2.4% increase in average net loans (to €23,456 million) had a €31.9 million positive impact.
- Margins on average loans outstanding were slightly eroded by the impact of higher market interest rates on the Bank's refinancing costs. Existing loans were not affected, thanks to the Bank's standard policy of using financing techniques and derivative instruments to fix margins as soon as the loans are set up. However, for new retail loans granted during the year, only part of the higher interest costs could be passed on to borrowers due to increasingly aggressive competition in the auto finance market. The impact on margins was nevertheless limited by the exercise of swaptions that capped refinancing costs on new lending.
  When all these factors are taken into account, as well as the impact of the country and business mix, the erosion of lending margins trimmed just €1.9 million from the Bank's recurring operating income.

- Growth in general operating expenses was limited to €5.7 million or 1.8%. This was less than the 3.8% increase in average net loans outstanding, the 5.5% rise in the amount of new lending and the 2.0% growth in net banking revenue.
- Charges to allowances for credit losses amounted to €51.3 million, or 0.22% of average net loans outstanding. This was higher than in 2006, when an exceptional €26 million reversal reduced net charges for the year to €41.0 million. The 2007 net charge on retail loans reflects the use of impairment rates that are better aligned with actual risks, based on the statistical analyses performed as part of the Basel II process. The adjustment reduced charges to allowances for credit losses by the equivalent of 0.11% of average net loans outstanding. This low rate attests to the high quality of the Bank's loan book and the effectiveness of its credit risk management processes.

Gefco

Gefco's recurring operating income rose 2.6% to €155.3 million in 2007, representing 4.4% of revenue, versus €151.3 million and 4.7% in 2006.

In recent months, transportation companies have had to deal with the serious cost impact of the spike in the price of both oil, which has approached a record $100 a barrel, and diesel fuel, which now exceeds €1 a liter in France. Passing on part of these increases to customers and implementing cost reduction plans enabled Gefco to limit the negative impact on earnings.

While revenue remained firm during the year, the sharp increase in fuel prices and the disruption in German operations following deployment of restructuring measures weighed on margins.

Faurecia

Faurecia's recurring operating income stood at €121.1 million, or 1.0% of sales, representing an improvement of €51.9 million and 0.4 point over the €69 million and 0.6% reported a year earlier. Second-half recurring operating income amounted to €58.3 million, compared with a €15.9 million loss in second-half 2006.

The rebound, which gathered momentum in the latter part of the year, was led by the following main factors:

- In Europe, industrial productivity gains, the initial benefits of restructuring measures and more disciplined management of development costs helped to more effectively offset the impact of pricing pressure and higher raw materials costs.
- In North America, the recurring operating income improve sharply, reducing the loss to €11.7 million for the second-half 2007, from €54.8 million in second-half 2006.

Research and Development

Total research and development spend for 2007 came to €2,074 million, down 5.5% from the €2,195 million committed in 2006. During the year, €754 million worth of development costs were capitalized, compared with €882 million in 2006, representing 36.4% of the total spend, versus 40.2%. Amortization of capitalized development costs came to €752 million, versus €704 million in 2006.

In all, R&D costs recognized in the income statement totalled €2,072 million in 2007, compared with €2,017 million the year before.

Automobile Division research and development spend came to €1,800 million, compared with €1,854 million in 2006. Development costs of €595 million were capitalized, compared with €674 million in 2006, representing 33.1% of total research and development outlays versus 36.4%, while amortization of development costs amounted to €593 million versus €525 million.

Total R&D costs recognized in the income statement amounted to €1,798 million in 2007, compared with €1,705 million the year before.

In all, the Division committed the equivalent of 3.8% of sales to R&D versus 4.2% in 2006.

Faurecia's gross R&D spend amounted to €613 million, or 4.8% of sales, compared with €631 million and 5.4% of sales in 2006. After deducting expenditure billed on to customers (€345 million), development costs capitalized during the year (€159 million) and amortization (€159 million), the net spend came to €269 million, representing 2.1% of sales, compared with €305 million and 2.6% the year before.

Personnel costs

Group personnel costs came to €8,999 million in 2007, versus €8,884 million in 2006. The breakdown by division was as follows:

(in millions of euros)	2007	2006	2005
Automobile Division	6,225	6,147	6,162
Banque PSA Finance	126	123	120
Gefco	413	390	368
Faurecia	2,104	2,104	2,002
Other businesses	131	120	140
Total PSA Peugeot Citroën	**8,999**	**8,884**	**8,792**

The net increase reflects changes in employee numbers, in merit-based pay rises and in the geographic breakdown of the workforce.

Changes in the number of employees were as follows:

(Number of employees as of December 31)	2007	2006	2005
Automobile Division	134,100	139,600	139,500
Banque PSA Finance	2,300	2,400	2,400
Gefco	10,000	9,900	9,400
Faurecia	59,800	57,800	55,000
Other businesses and holding company	1,600	2,100	2,200
Total PSA Peugeot Citroën	**207,800**	**211,800**	**208,500**

In all, headcount was reduced by 4,000 people during the year.

In the Automobile Division, the net reduction of 5,530 employees reflected an 8,060-person decrease in Europe and the hiring of 2,530 additional people in the rest of the world, primarily in the Mercosur countries, one of the Group's priority growth regions. In Europe, Division headcount in France declined by 6,855 employees, of which a little less than a third through natural wastage and more than two-thirds through participation in the voluntary separation plan. Initially expected to apply to 4,800 people, the plan was eventually signed by 6,217 corporate employees, of which 1,925 were still on the payroll as of December 31, 2007.

The number of Faurecia employees grew by 3.4%, versus 5.1% in 2006, reflecting a change in the geographic breakdown of the workforce. While stable in Western Europe, employee numbers increased significantly in the other major regions, with rises of 77.9% in Central Europe, 17.5% in South America, 47.5% in Africa and 27.5% in Asia.

Employee numbers at Gefco rose 0.8% during the year compared with a 9.5% increase in revenue. As in 2006, most of the additional employees were taken on in the international growth regions, such as Central and Eastern Europe, Russia and the Mercosur countries.

Consolidated profit for the year

Net profit attributable to equity holders of the parent rose sharply to €885 million in 2007 from €183 million the previous year, representing 1.5% of sales and revenue versus 0.3%.

Note that 2006 net profit attributable to equity holders of the parent has been adjusted following a change in accounting method at Dong Feng Peugeot Citroën Automobile (DPCA), the Group's Chinese subsidiary owned jointly on a 50/50 basis with Dong Feng Motors. As from 2007, DPCA has prepared its company accounts according to the new Accounting Standards for Business Enterprises (ASBE). This change had the effect of adding €7 million to the Group's share of earnings in companies at equity reported in 2006, thereby increasing 2006 net profit attributable to equity holders of the parent to €183 million from the reported €176 million.

Growth in net profit was led by the increase in recurring operating income and the improvement in other income and expenses, net, reflecting a decline in restructuring provisions and exceptional asset write-downs.

Basic earnings per share amounted to €3.88 compared with €0.80 in 2006. After taking into account potential Peugeot S.A. shares represented by employee stock options, diluted earnings per share came to €3.86 versus €0.80 the year before. No dilutive instruments have been issued on the market. Note that the €7 million adjustment in DPCA's 2006 financial statements added €0.03 to earnings per share reported for the year.

During the year, Peugeot S.A. bought back 1,250,000 shares at an average price of €60.62, for allocation on exercise of stock options granted under the August 2007 plan.

The average number of shares used to compute diluted earnings per share was 229,210,309 in 2007 and 229,061,247 in 2006.

In late November 2007, the Group cancelled 337,968 shares, representing 0.14% of issued capital. The shares, which had been bought back in late 2005, were cancelled before the end of the authorized 24-month period.

Non-recurring operating income and expense

Non-recurring operating income and expense represented net expense of €632 million in 2007, compared with net expense of €808 million the previous year. The main items reported under this caption are as follows:
- restructuring costs;
- impairment losses recognized on certain assets at Faurecia, in the Automobile Division and at Peugeot Motocycles;
- gains on disposal of real estate assets, which partially offset the above expense items.

Non-recurring operating income and expense mainly concerns the Automobile Division and Faurecia, as shown below:

(in millions of euros)	2007	2006	2005
Automobile Division	(348)	(375)	(22)
Banque PSA Finance	-	-	-
Gefco	(42)	3	2
Faurecia	(226)	(386)	3
Other businesses and holding company	(16)	(50)	(315)
Total PSA Peugeot Citroën	**(632)**	**(808)**	**(332)**

In 2006, non-recurring operating income and expense was included in other income and expenses, net.

Restructuring costs came to €380 million in 2007 compared with €429 million in 2006.

Automobile Division restructuring costs, in the amount of €229 million, mainly concerned the voluntary separation plan offered to the Division's employees in France from June to December 2007. The total cost of the plan came to €211 million, of which €120 million was covered by provisions recorded in the interim financial statements. Cost components of the plan included leaving incentives (€263 million), regulatory expenditures (€14 million) and support programs (€5 million), which were partially offset by a €71 million reduction in post-retirement benefit obligations.

Restructuring costs at Faurecia, totalling €105 million, related to the ongoing industrial restructuring plan and concerned 1,728 people.

In the Transportation and Logistics Division, the restructuring of Gefco's operations in Germany cost €40 million and concerned 430 people in the groupage business.

Group restructuring costs break down as follows by division:

(in millions of euros)	2007	2006	2005
Automobile Division	229	245	21
Banque PSA Finance	-	-	-
Gefco	42	6	-
Faurecia	105	169	137
Other businesses and holding company	4	9	2
Total PSA Peugeot Citroën	**380**	**429**	**160**

Impairment losses recorded by the Group totalled €349 million in 2007 versus €469 million the previous year. The breakdown by division was as follows:

(in millions of euros)	2007	2006	2005
Automobile	216	194	-
Banque PSA Finance	-	-	-
Gefco	-	-	-
Faurecia	121	234	180
Other business and holding company	12	41	-
Total PSA Peugeot Citroën	**349**	**469**	**180**

Automobile Division impairment losses recognized in 2006 concerned assets related to two automobile programs (capitalized development costs of €108 million and special tools for €86 million). Following the decline in the two programs' unit sales in first-half 2007, further impairment tests were performed. Based on the results of these tests, the decision was made to write down all of the programs' non-current assets in full, leading to the recognition of an additional impairment loss of €216 million.

At Faurecia, non-recurring operating income and expense mainly concerned impairment losses in an amount of €65 million, and provisions for contingencies, for €56 million. Impairment tests based on discounted cash flows for the business plan period ending in 2011 led to the recognition of €61 million in impairments of non-current assets.

Impairment losses reported under "Other businesses" concerned Peugeot Motocycles, which develops, manufactures and sells scooters and motorcycles under the Peugeot brand. Following new sales volume forecasts, property, plant and equipment were written down by a further €12 million in 2007.

The €95 million in gains on disposals of real estate corresponded primarily to the €85 million gain realized by the Automobile Division on the sale of the Ryton plant in the UK, which was closed in 2006.

Interest income and finance costs, net

Interest income and finance costs, net amounted to €40 million in 2007 compared with €105 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.

In 2006, other financial income and expense, representing net expense of €47 million, was reported under "Other income and expenses, net". The 2006 figure shown above has been adjusted based on the presentation adopted in 2007.

At Faurecia, interest income and finance costs represented a net expense of €115 million. The increase from €90 million in 2006 was due to higher interest rates, with average borrowing costs rising to 4.2% from 3.9%.The effect of the higher rates was attenuated by the caps purchased by the Group under its interest rate hedging strategy.

Other manufacturing and sales companies benefited significantly from the improvement in Automobile Division recurring operating income. Daily average cash equivalents amounted to €5,667 million. Invested at an average interest rate of 4.1%, these investments generated interest income of €231 million over the year. Cash and cash equivalents were invested mainly in the euro zone and consisted for the most part of units in money market funds managed by leading banks and in investment grade money market securities. Internal rules concerning maximum holding periods of these securities depend on the issuer's credit rating. Interest on all cash equivalents is converted to variable rate through the use of appropriate derivative instruments. Rates are slightly above the interbank overnight rate. Daily average borrowings amounted to €2,339 million. The average interest rate was 4.5%, leading to finance costs of €109 million over the year. Borrowings include PSA Peugeot Citroën Group bond issues due in 2011 and 2033 that pay interest at rates slightly above those for other debt.

Income tax expense

Current and deferred taxes for fully consolidated companies came to €302 million in 2007, compared with €156 million in 2006, representing 28.0% of income before tax versus 75.7%.

The increase in euro terms primarily reflects the growth in taxable income for the year, with income before tax of fully consolidated companies rising to €1,080 million from €206 million in 2006. The effective tax rate was sharply affected, albeit to a lesser extent than in 2006, by the non-deductibility of asset impairment losses in France and by the Group's decision not to recognize deferred tax assets on the tax loss carryforwards of entities—mainly Faurecia—that are not expected to generate sufficient profit in the near term to permit their utilization. Net deferred tax assets recognized on tax loss carryforwards contracted to €39 million as of December 31, 2007 from €52 million a year earlier.

Share in net earnings of companies at equity

In 2007, the combined contribution of companies at equity represented earnings of €48 million versus €20 million in 2006 (€13 million as previously reported, plus the €7 million impact resulting from DPCA's application of ASBE standards). The main entities concerned are Dong Feng Peugeot Citroën Automobile (DPCA) and the cooperative ventures with other carmakers that are organized as separate entities, as is the case of the ventures with Fiat, Toyota and Renault.

After taking into account consolidation adjustments, DPCA contributed €31 million to consolidated net profit compared with €18 million in 2006. DPCA enjoyed further growth in unit sales in 2007, invoicing 207,300 new vehicles during the year versus 201,300 the prior year. Sales amounted to CNY 18,392 million, down 0.6% compared with 2006. The December 31, 2007 exchange rate was CNY 10.41 per euro. Recurring operating income stood at CNY 467 million, or 2.5% of sales, compared with CNY 843 million in 2006. In an increasingly aggressive marketplace being reshaped by the launch of a growing number of competing models, DPCA managed to maintain its sales even though its product cycle prevented it from introducing any new models during the year. After taking into account finance costs, as well as the effect of changes in exchange rates on debt and income tax expense, DPCA ended the year with a net profit of CNY 706 million, compared with CNY 535 million in 2006.

Toyota Peugeot Citroën Automobiles (TPCA) contributed €14 million, compared with €13 million in 2006. The plant in Kolin, Czech Republic, which assembles the Toyota Aygo, Citroën C1 and Peugeot 107, produced 310,000 vehicles in 2007, versus 300,000 in 2006.

La Française de Mécanique made a €27 million negative contribution, versus €9 million in 2006, reflecting the €25 million exceptional write-down of assets related to the V6 gasoline engine (PSA Peugeot Citroën's share).

The contribution from Sevel Italy, the joint venture with Fiat, swung to a positive €9 million from the negative €21 million reported in 2006 due to the start-up costs of the X2/50 program, corresponding for Peugeot and Citroën to the Boxer and Jumper light commercial vehicles.

Group financing

The upturn in consolidated recurring operating income in 2007 was also reflected in net cash from operating activities of the manufacturing and sales companies, which rose sharply during the year to €4,435 million from €3,435 million in 2006 and amply covered the €2,833 million in net cash used by investing activities.

This performance was led by tight control over working capital and more efficient capital expenditure processes in Europe.

In all, the manufacturing and sales companies sharply improved their net financial position, to €1,404 million as of December 31, 2007 compared with €116 million at end-2006.

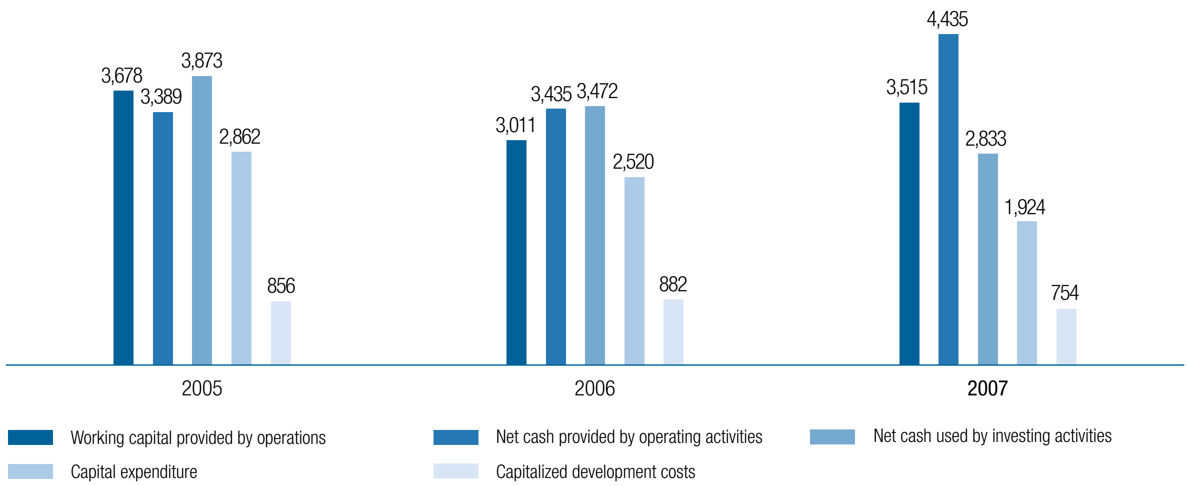
Analysis of cash flows

Cash flows from operating activities

Net cash from operating activities of the manufacturing and sales companies totalled €4,435 million in 2007, versus €3,435 million the previous year.

Manufacturing and sales companies – Working capital provided by operations, net cash used by investing activities, capital expenditure and capitalized development costs

(in millions of euros)



Working capital provided by operating activities of the manufacturing and sales companies totalled €3,515 million, compared with €3,011 million in 2006, and represented 6.0% of net sales and revenue, versus 5.4%. The increase was mainly due to growth in the manufacturing and sales companies' recurring operating income, to €1,144 million from €515 million in 2006.

Manufacturing and sales companies' working capital decreased by €920 million, on the back of a €424 million reduction in 2006.

Changes in consolidated inventory led to a €116 million increase in working capital, compared with a €16 million increase in 2006. Changes in consolidated Automobile Division inventory generated a €144 million increase in working capital, as opposed to a €49 million reduction in 2006.

On a management reporting basis of all Peugeot and Citroën vehicles (including vehicles produced in cooperation, excluding China), inventories decline for the year. New vehicle inventories declined to 276,000 units as of December 31, 2007 from 287,000 at end-2006; however, the average vehicle cost was higher.

New vehicle inventories (Peugeot and Citroën)

(assembled cars, excluding China, in units)	Manufacturer	Captive dealer network	Total
December 31, 2005	250,000	55,000	305,000
June 30, 2006	254,000	61,000	315,000
December 31, 2006	228,000	59,000	287,000
June 30, 2007	267,000	62,000	329,000
December 31, 2007	**215,000**	**60,000**	**276,000**

After increasing by €310 million in 2006, supplier credit was up by €190 million as of December 31, 2007, due to increases of €62 million at Faurecia and €28 million at Gefco, in line with their business growth. Automobile Division supplier credit was €145 million higher, reflecting the impact of business growth at the fully-consolidated companies—i.e. excluding the joint ventures with Toyota (TPCA) and Fiat (Sevel Nord and Sevel Sud) and the DPCA subsidiary in China.

The increase in short-term provisions was primarily attributable to the provision for warranty costs, which rose on the improvement in sales and the product mix, and to the deferred recognition of cost reductions. Reversals of long-term provisions mainly concerned post-retirement benefit plan curtailments arising from the voluntary departure plan.

Cash flows from investing activities

Net cash used by investing activities of the manufacturing and sales companies totalled €2,833 million in 2007 compared with €3,472 million the previous year.

Cash flows from investing activities

(in millions of euros)	2007	2006	2005
Automobile Division	2,306	2,887	3,259
Gefco	55	53	50
Faurecia	464	501	595
Other businesses	8	31	(31)
Total	**2,833**	**3,472**	**3,873**

These companies significantly reduced their gross capital expenditure, to €1,924 million from €2,520 million in 2006.

Gross capital expenditure

(in millions of euros)	2007	2006	2005
Automobile Division	1,576	2,150	2,370
Gefco	36	49	49
Faurecia	307	301	423
Other businesses	6	20	20
Total	**1,924**	**2,520**	**2,862**

The Automobile Division reduced outlays by taking a more selective and more demanding approach to capital projects and by implementing more efficient capital expenditure processes.

Faurecia's capital expenditure remained stable, at €307 million, or 2.4% of sales, compared with €301 million in 2006. The company is continuing to take a highly selective approach to new projects that gives priority to the least capital-intensive solutions.

Proceeds from disposals of property, plant and equipment by the manufacturing and sales companies amounted to €148 million versus €155 million in 2006, and mainly concerned the sale of the Ryton facility in the United Kingdom for €85 million.

Additions to intangible assets amounted to €789 million, versus €937 million the year before. The total included €754 million in product development costs capitalized in accordance with IAS 38 (see Activity paragraph 3.5 Research and Development), compared with €882 million in 2006. Other additions to intangible assets mainly concerned computer software.

Capitalized development costs

(in millions of euros)	2007	2006	2005
Automobile Division	595	674	640
Faurecia	159	208	216
Total	**754**	**882**	**856**

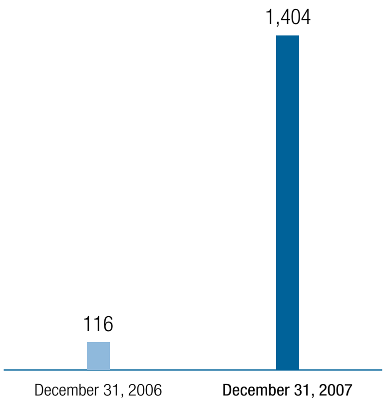
Consolidated financial position

Equity

After taking into account profit for the year and payment of the dividend, consolidated equity amounted to €14,555 million as of December 31, 2007. This compares with €14,106 million at end-2006 which included a €44 million positive adjustment arising from the application of ASBE accounting standards by Dong Feng Peugeot Citroën Automobile (DPCA) from 2007.

Net assets per share stood at €63.79 versus €61.85 at end-2006, representing 1.23 times the Peugeot S.A. share price of €51.85 on December 31, 2007.

Net financial position



The net financial position of the manufacturing and sales companies corresponds to cash and cash equivalents, current financial assets and other non-current financial assets – consisting mainly of marketable securities – less current and non-current financial liabilities. Details of the calculation are provided in note 38 to the consolidated financial statements.

As of December 31, 2007, the manufacturing and sales companies' net financial position was a positive €1,404 million compared with a positive €116 million one year earlier. The year-on-year increase was mainly attributable to:

- the €504 million growth in working capital provided by operations, to €3,515 million;
- more efficient capital expenditure processes and tighter control of capital projects and capitalized development costs, leading to a reduction in net cash used in investing activities to €2,833 million from €3,472 million in 2006. Gross capital expenditure and R&D spend for the Automobile Division alone represented 7.4% of sales in 2007 versus 9.2% in 2006;
- a €920 million reduction in working capital (versus a €424 million reduction in 2006);
- dividend payments by Banque PSA Finance to Peugeot S.A. in the amount of €157 million;
- dividends of €309 million paid by Peugeot S.A. to its stockholders and share buybacks of €23 million net of stock options exercised. The shares were bought back for allocation on exercise of Peugeot S.A. stock options granted under the 2007 plan.

Return On Capital Employed

Definition and methods

Return On Capital Employed (ROCE) has been selected as the standard indicator of the Group's overall financial performance. Capital employed includes the value of all operating assets and liabilities used by the Group in its business operations. It corresponds to:

- all non-financial assets, net of non-financial liabilities, of the manufacturing and sales companies;
- the net assets of Banque PSA Finance.

The economic profit used to calculate return on capital employed corresponds to consolidated net profit before:

- finance costs;
- interest income from loans and cash equivalents;
- net gains or losses on sales of marketable securities;
- tax on these items, estimated on the basis of the effective tax rate paid by the Group.

Capital employed

Capital employed declined to €13,159 million as of December 31, 2007 from €14,131 million at end-2006, with the reduction in working capital offsetting a small increase in non-current assets. The 2006 figure reflects the €44 million adjustment in the DPCA balance sheet (see the paragraph on equity).

Capital employed

(in millions of euros)	December 31, 2007	December 31, 2006	December 31, 2005
Automobile Division	7,504	8,098	7,894
Banque PSA Finance	2,894	2,652	2,419
Gefco	359	370	442
Faurecia	2,813	3,125	3,443
Other businesses and eliminations	(411)	(114)	(35)
Total PSA Peugeot Citroën	**13,159**	**14,131**	**14,163**

Return On Capital Employed

After-tax ROCE rose sharply in 2007 to 6.7% from 0.8% the previous year. This was entirely due to the strong improvement in profit for the year, as capital employed declined by 6.9% from December 31, 2006.

Management of Financial and Operational risks

Operational risks

PSA Peugeot Citroën has created an operational risk prevention and management organization charged with implementing appropriate measures to limit the consequences of events affecting Group operations and prevent, to the extent possible, the risk of project management failures or organizational dysfunctions.

The corporate Risk Prevention and Management Department guarantees the consistency of operational risk management initiatives and their cross-functional implementation. It defines risk identification and assessment methods, and helps to define and control risk management plans. It is supported by a network of correspondents or experts working in the Group's various departments and facilities, who are responsible for deploying Group risk prevention policies in their units and monitoring the status of preventive and corrective action plans. As part of this process, risks are assessed in detail using a Group-wide method and annual programs are implemented to manage them. This means that potential vulnerabilities are identified early and that protective or preventive measures are commensurate with the risks involved.

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

Manufacturing risks

Systematic prevention programs deal, in particular, with fire risks, risks concerning the supply of components and the protection of vehicle inventories. The Group invests in data protection and back-up programs, data processing center security programs and training in data control techniques for employees. Special attention is paid to the environmental impact of manufacturing facilities. The design specifications of plant and equipment include processes and devices to control pollution and environmental risks. A dedicated unit within the Public Affairs and Environment Department centrally manages environmental risks related to manufacturing operations and regularly reports Group-level environmental data.

The structures dedicated to managing environmental risks, at the Automobile Division's production plants and elsewhere in the organization, comply with ISO 14001 environmental management standards. Worldwide, 26 of the main Automobile Division production plants were ISO 14001-certified as of end-2007.

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

Supplier risk

By developing and supplying the parts and components that represent some 70% of vehicle production cost, suppliers play a critical role in the Group's performance. As a result, risks related to the quality of suppliers and their financial and commercial viability, as well as to the reliability of parts and components that they deliver are closely monitored.

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

Each supplier's viability is assessed from a financial and strategic standpoint, based on:
- financial position,
- strategy and growth outlook,
- changes in the level of dependence,
- compliance with the social and environmental standards in the sustainable development guidelines.

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

Insurance policy

To avoid any material impact on earnings, the Group transfers operational risks to the global insurance market while participating in their coverage through its captive reinsurance company.

With the support of insurance brokers specialized in insuring major risks, the Corporate insurance unit has set up worldwide insurance programs that are placed with companies that have a high insurer financial strength rating. The main programs concern property & casualty risks, liability risks, and risks associated with the transportation of vehicles and their storage on parking lots.

- the property & casualty program covers damage to Group assets and consequential business interruption risks under five policies providing aggregate cover of €1,500 million (excluding Faurecia) with deductibles of up to €10 million per claim;
- the liability insurance program 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 program comprises three policies providing cover of up to €100 million for damage to vehicles stored on outside parking lots and up to €50 million for damage to vehicles or parts during transportation. The maximum deductible under the program is €0.3 million per claim.

Some of the lead policies under these programs are reinsured by the Group's captive reinsurance company, with an annual cap on claims that is in line with the company's claims-paying ability.

The Group's insurance policy can be summed up as transferring high frequency risks to the insurance market and retaining low and average frequency risks through deductibles and the captive reinsurance company.

In 2007, this policy, combined with assertive risk prevention programs, led to a reduction in the risks insured in the market for the fourth year running.

Legal 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 in the areas of workplace hygiene and safety, the manufacturing environment, and industrial and intellectual property. Priority is also given to vehicle safety and the quality of the Group's products and services.

The Automobile Division may become involved in claims and litigation arising from its dealings with the dealer network and customers. Motor vehicle distribution and after-sales services in Europe are subject to the new European Union Block Exemption Regulation 1400/02 dated 31 July 2002, which came into effect on 1 October 2003. To comply with the new regulations, the two marques have each abandoned their previous policy of selective distribution through dealers offering both sales and after-sales service, chosen according to quantitative criteria. Relations with the dealership network are now based on three separate contracts:

- a new vehicle sales contract signed with a fixed number of dealers in each country, selected on the basis of qualitative and quantitative criteria.
- an accredited vehicle repair shop contract and a replacement part sales contract, awarded based on qualitative criteria.

Relations with the networks have been governed by these three types of contract since October 1, 2003. To date, claims arising from their introduction and implementation have not been material.

As of December 31, 2007, other than as concerns the European Commission decision described below, no Group company was involved in any claims or litigation that had or were likely to have a material impact on the Group's accounts.

A provision of €50 million was set aside in 2005 to cover the fine levied by the European Commission following verifications performed in 1999 and 2003 by EC inspectors at Automobiles Peugeot, Peugeot Deutschland GmbH and Peugeot Nederland NV. On October 5, 2005, the Commission found that in the Netherlands, Automobiles Peugeot and its Dutch subsidiary had engaged in practices aimed at or having the effect of restricting cross-border automobile sales and fined the two companies €49.5 million. However, the Commission withdrew its accusations regarding practices it had initially observed in Germany.

Automobiles Peugeot and Peugeot Nederland NV have appealed the decision to the Court of First Instance of the European Communities, considering that there is no legal or factual basis for finding a violation of article 81, paragraph 1 of the Treaty Establishing the European Community.

Financial risks of manufacturing and sales companies

In its automobile business and other manufacturing and selling activities, PSA Peugeot Citroën is exposed to financial risks arising from unfavorable changes in exchange rates for certain currencies. The introduction of the euro at the beginning of 1999 has had the effect of reducing these risks, which now primarily concern the British pound and, to a lesser extent, the Central European currencies, Latin American currencies, the Turkish pound and the Japanese yen.

Currency risks

Currency risks of the Automobile Division are managed primarily by having the manufacturing companies bill the sales companies in the sales companies' local currency, except in those rare cases where the sales company's local currency is not convertible. In such cases, the euro or the US dollar is used as the billing currency. Currency risks on these intercompany billings are systematically covered by hedges set up by PSA International (a specialized subsidiary based in Geneva) or under PSA International's supervision.

Currency risks on future sales are not hedged, with the result that the Automobile Division's future recurring operating income may vary depending on exchange rates. To limit the negative impact that may result from changes in exchange rates for certain currencies, the Automobile Division holds British pound put options that guarantee a minimum exchange rate for its vehicle sales in the United Kingdom. At year-end 2007, these options concerned a notional amount of £70 million, covering sales in the first part of 2008 in the UK. Depending on market conditions, the Group may continue to purchase additional British pound put options in early 2008 to hedge all of its forecast sales for the year. The Automobile Division has also purchased yen call options fixing maximum exchange rates for vehicle purchases to be made in 2008 and 2009 under the cooperation agreement with Mitsubishi. The options are on a total notional amount of JPY68.3 billion and their average strike price is JPY135 per euro.

On the basis of 2007 figures, the Group estimates that a 1% fluctuation in the euro against all of the Group's other currencies would have an impact of around €88 million on the Automobile Division's consolidated recurring operating income. While a 1% change in the pound-euro exchange rate would have an impact of around €35 million. These estimated sensitivities do not take into account the effect of exercising the currency options described above.

Interest rate risk

The exposure of the Group's manufacturing and sales activities to changes in interest rates is not material.

Trade receivables and payables are due within one year and their value is not affected by the level of interest rates.

Current financial assets and cash equivalents consist of securities bearing interest at short-term rates or swapped for short-term rates, and of units in money market funds whose yield is guaranteed by a bank.

The bulk of long-term debt is at adjustable rates. Interest on fixed rate debt is swapped for an adjustable rate.

Counterparty risk

The Group places significant emphasis on guaranteeing the security of payments for the goods and services delivered to customers. Relations with Peugeot and Citroën dealers are managed within the framework of the sales financing system described below. Payments from other Group customers are secured by arrangements with leading counterparties that are validated by the Group Treasury Committee. Intercompany settlements are hedged against political risks whenever necessary.

Other counterparty risks concern investments of available cash and transactions involving currency and interest rate derivatives. For these two types of transactions, counterparty risks are managed by a system of exposure limits by type of instrument and by counterparty signature quality. The transactions are carried out solely with leading financial partners. Derivatives transactions are governed by standard ISDA or FBF agreements and contracts with the most frequently used counterparties provide for weekly margin calls.

Available cash is invested either in money market securities issued by approved counterparties, or in mutual funds offering a capital guarantee and a guaranteed yield. The bulk of money market securities in the portfolio are issued by banks and the remainder by non-financial sector issuers.

Raw materials costs

The production costs of the Automobile Division and Faurecia are exposed to the risk of changes in certain raw materials prices, either as a result of their direct purchases or indirectly through the impact of these changes on their suppliers' costs. These raw materials are either industrial products such as steel and plastics whose prices and related adjustments are negotiated between buyers and vendors, or commodities traded on organized markets, such as aluminum, copper, lead or precious metals used in the manufacture of the catalytic converters installed in exhaust systems, for which the transaction price is determined by direct reference to the prices quoted on the commodity market. Raw materials that have the greatest impact on production costs are, in declining order: steel, aluminum and other non-ferrous metals, plastics and precious metals. As of December 31, 2007, the Group did not use any financial instruments to manage its future exposure to changes in the price of these raw materials.

Financial risks associated with the activities of the finance companies

Banque PSA Finance provides financing for dealer new vehicle and replacement parts inventories and offers a wide range of loans and lease financing solutions to the dealers' customers, together with related services.

As a result, it is exposed to credit risks. Wholesale financing credit risks are spread across a large number of dealers and are managed internally by Credit Committees set up in each country as well as by a Group Credit Committee, based on clearly defined, closely monitored credit limits. Retail financing credit risks, which are spread across an even larger number of customers, are managed using credit-scoring procedures. In addition, significant individual credit risks are managed using procedures similar to those applied to manage wholesale financing credit risks.

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

Interest rate risk

Banque PSA Finance's policy consists of neutralizing the effects of changes in interest rates and exchange rates on its recurring operating income by using appropriate financial instruments to match interest rates and currencies between assets and liabilities.

Implementation of this policy is supervised by the Bank's Refinancing Committee and managed by Group Treasury.

Concerning assets, interest rate swaps are purchased on the market as soon as new retail financing is granted, to convert interest on the loans to a variable rate based on a 3-month benchmark. In practice, the swaps are purchased at ten-day intervals, covering pools of loans with the same maturity granted in the previous ten days. Under the hedging strategy, unhedged exposures are capped at 3%.

Wholesale financing is granted at rates based on short-term market rates, while the liquidity reserve is invested in money market securities or mutual funds, also at short-term rates.

This means that all of the Bank's interest-bearing assets are at short-term rates.

Concerning liabilities, all new interest-bearing debt is hedged using appropriate hedging instruments. As a result, all of the Bank's interest-bearing liabilities are also at short-term rates.

For operations in emerging countries without a liquid swap market, assets are maintained at fixed rates and are matched by fixed rate financing with the same maturities.

These management techniques serve to neutralize currency and interest rate risks on the Bank's balance sheet.

To limit refinancing costs for new retail loans, the Bank has purchased swaptions (options on interest rate swaps) to hedge interest rate risks on future lending.

The maturities of the underlying swaps (which range from one to five years) match the forecast maturities of new retail financing expected to be originated in the same periods. The aggregate notional amount of these swaptions as of December 31, 2007 was €2,522 million.

Counterparty risk

The Bank is exposed to counterparty risks on financial market transactions carried out in connection with the management of currency and interest rate risks, payment flows and available cash. These risks are kept to a minimum through internal control procedures that require all transactions to be carried out solely with leading counterparties and that set exposure limits for each counterparty, thereby guaranteeing a broad diversification of risks.

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

An internal rating is assigned to each counterparty, which is used to set exposure limits by amount and by period. Compliance with these limits is checked daily.

Liquidity risk

Manufacturing and sales companies

The Group's financing strategy for manufacturing and sales companies consists of generating a steady stream of net cash from operating activities in amounts that cover these businesses' capital expenditure and research and development spend.

In addition to maintaining a positive net financial position, the strategy is designed to provide the companies with substantial cash reserves to enable them to respond to opportunities or events. To this end, the Group raises long-term borrowings, whenever this can be done on attractive terms, either on the financial markets or from national or supranational lending institutions dedicated to financing investments of the type made by the Group.

Reflecting this strategy, as of December 31, 2007, the manufacturing and sales companies had cash and cash equivalents, net of bank overdrafts, of €4,466 million, up from €3,488 million at end-2006.

To top up these cash reserves as needed, Peugeot S.A. also has unused confirmed lines of credit, which are regularly rolled over and are available for use by the Company and by GIE PSA Trésorerie. As of December 31, 2007, these lines amounted to €2,400 million, expiring in March 2011. Faurecia has additional sources of financing, in the form of €1,600 million worth of confirmed lines of credit expiring in November 2009, of which only €800 million had been used at end-2007.

Banque PSA Finance

Banque PSA Finance's strategy is also designed to ensure that the Bank has sufficient financial resources to pursue its business in all circumstances, whatever the conditions on the financial markets. These resources consist primarily of liquidity reserves representing at all times more than €2,250 million, to cover the Bank's short-term liquidity risk. As of December 31, 2007, these reserves stood at €3,154 million. Financing strategies also focus on ensuring that retail loans and the related financing are matched in terms of maturities. The Bank maintains, at all times and across all maturities, financial resources in excess of the assets to be financed, thereby covering its longer-term liquidity risk. Lastly, as of December 31, 2007, Banque PSA Finance had undrawn syndicated confirmed credit facilities totalling €6,000 million, comprising three €2,000 million lines expiring in July 2010, July 2012 and July 2014, as well as bank lines of credit of which €677 million was undrawn as of end-2007.

The Bank's strategy also focuses on achieving the broadest possible spread of financing sources, including the interbank, commercial paper, certificate of deposit, bond and medium-term notes markets. Considerable emphasis is placed on diversifying the investor base. To this end, since early 2001, the Bank has increased the volume of financing raised on the European asset-backed securities market. This market is now highly liquid and spreads are competitive compared to those obtained from other financing sources.

Lastly, the Bank's equity is kept at a high level, with €2,900 million as of December 31, 2007 compared with €2,657 million at end-2006. Its European capital adequacy ratio stood at 10.36% as of December 31, 2007, versus 9.62% one year earlier.

Financial covenants

To safeguard all the sources of financing available to Banque PSA Finance, PSA Peugeot Citroën and Faurecia, including undrawn facilities, the Group imposes strict limits on clauses in loan agreements allowing lenders to require payments to be rescheduled or to modify the financial terms of the agreement. None of its loan agreements contain any rating triggers and the only agreements containing material adverse change clauses are with certain supranational lenders that are obliged to insist on this type of protection.

None of the loans taken out by Peugeot S.A. or GIE PSA Trésorerie carry any financial covenants.

Faurecia's confirmed line of credit includes an acceleration clause, which would be triggered if adjusted net debt were to exceed 3.5 times EBITDA and if net interest cover were to fall below 4.5x. As of December 31, 2007, these ratios stood at 2.77x and 5.90x respectively. Should Faurecia fail to comply with these ratios at any measurement date, each lender would have the right individually to demand the early repayment of its share of the outstanding debt and to cancel its participation in the facility, which would remain in effect with the other lenders.

Banque PSA Finance's confirmed lines of credit do not carry any financial covenants, other than compliance with the ratios demanded by banking regulations.

In the case of Banque PSA Finance and Faurecia, additional safeguards are provided by the absence of any cross-default clauses between the companies in these divisions and the other divisions of the PSA Peugeot Citroën Group.

Credit rating

Peugeot S.A. and Banque PSA Finance have obtained ratings from Standard & Poor's and Moody's Investor Service for their short- and long-term debt issuance programs and the debt issuance programs of subsidiaries backed by their guarantees.

On January 9, 2007, Moody's Investor Service downgraded Peugeot S.A.'s long-term rating to Baa1 with a negative outlook and affirmed its P-2 short-term rating.

On May 11, 2007, Moody's Investor Service downgraded Banque PSA Finance's ratings from A2/P-1/C+ with a negative outlook to A3/P-2/C with a stable outlook.

On February 14, 2008, Standard & Poor's affirmed Peugeot S.A.'s BBB+ long-term rating and A-2 short-term rating, and changed the outlook from negative to stable. On the same day, it affirmed Banque PSA Finance's A- long-term rating and A-2 short-term rating and changed the outlook from negative to stable.

Pension and other post-retirement benefit obligations

PSA Peugeot Citroën Group employees in certain countries are entitled to supplementary pension benefits, payable annually, or lump sum length-of-service awards paid at the time of retirement.

Some of the supplementary pension plans are defined benefit plans, under which benefit payments are determined based on a range of criteria including the employee's years of service, salary level and benefit entitlements under the social security system, while others are defined contribution plans, for which contributions paid by the Group are in full discharge of any future liability.

The main countries where the Group has defined benefit obligations are France, the United Kingdom and, to a lesser extent, Germany.

In France, since the 2002 and 2003 restructuring of defined benefit plans, the only remaining plans are closed to new entrants and mainly benefit retired employees. New rights under these plans are therefore very limited.

Employees in France are also entitled to statutory length-of-service awards on retirement, based on their years of service with the Group, with a cap of six months' salary.

The Group's total benefit obligation in France as of December 31, 2007 amounted to €1,622 million, including €905 million for pensions and €717 million for length-of-service awards.

The defined benefit plan set up for employees in the United Kingdom has been closed to new entrants since May 2002 and replaced by a defined contribution plan. The Group's benefit obligation under the defined benefit plan amounted to €1,688 million as of December 31, 2007.

A defined benefit plan has also been set up for employees in Germany. The Group's benefit obligation under this plan amounted to €254 million as of December 31, 2007.

As of December 31, 2007, the Group's total benefit obligation amounted to €3,768 million, a decrease of €464 million from €4,232 million as of end-2006. A total of €277 million was added to the obligation during the year for the service cost and interest cost, while benefits paid during the year reduced the obligation by €351 million and actuarial gains and losses led to a further €161 million reduction. Actuarial gains and losses include (i) the favorable impact of an increase in the euro zone discount rate to 5.25% from 4.50%, and in the United Kingdom to 5.75% from 5.10%, for €313 million, (ii) the €241 million unfavorable effect of adjustments to mortality tables in the United Kingdom, and (iii) the effect of a change in French labor law concerning length-of-service awards which led to a €71 million increase in the benefit obligation. Lastly, changes in exchange rates had the effect of reducing the total obligation, after conversion into euros, by €163 million.

The obligations are funded by contributions to external institutions responsible for managing the funds set up to finance future benefit payments. The type of institution depends on the applicable legislation in each country concerned. Provisions have been booked in the consolidated balance sheet to increase the cover provided by external fundings.

External funds used to finance benefit payments declined to €3,023 million as of December 31, 2007 from €3,212 million at the previous year-end, reflecting the expected return on the funds (€190 million), contributions for the year (€104 million), benefit payments for the year (€302 million), and negative translation adjustments of €134 million.

As of December 31, 2007, provisions for pensions and other post-employment benefits carried in the consolidated balance sheet amounted to €885 million versus €1,063 million one year earlier.

Under the defined benefit plans in France, the Group's obligation is limited to paying benefits when they fall due. It has no obligation to pay additional contributions to external funds. Outside France, the main contributions concern plans in the United Kingdom where, in accordance with local regulations, the Group was required to pay €66 million in 2007 based on the projected benefit obligation, the value of the assets held in external funds and the minimum funding requirement. Contributions for 2008 will depend on the outcome of the three-yearly negotiations of contribution rates, which are currently in progress.

08

Statistics

PSA Peugeot Citroën Group – Worldwide sales

(assembled vehicles and CKD units)	2007	2006	2005
Western Europe	**2,323,600**	**2,296,200**	**2,360,500**
Peugeot	1,223,700	1,224,900	1,257,500
Citroën	1,099,900	1,071,300	1,103,000
Eastern Europe *	**132,500**	**114,600**	**111,000**
Peugeot	70,000	60,400	60,300
Citroën	62,500	54,200	50,700
Russia	**37,200**	**29,400**	**16,500**
Peugeot	26,300	16,100	9,600
Citroën	10,900	13,300	6,900
Mercosur **	**216,000**	**166,500**	**134,700**
Peugeot	140,600	115,000	94,600
Citroën	75,400	51,500	40,100
China	**208,900**	**202,500**	**141,000**
Peugeot	93,200	81,900	40,600
Citroën	115,700	120,600	100,400
Rest of the world	**315,200**	**306,700**	**311,300**
Peugeot	232,300	225,500	234,900
Citroën	82,900	81,200	76,400
Total assembled vehicles	**3,233,400**	**3,115,900**	**3,075,000**
Peugeot	1,786,100	1,723,800	1,697,500
Citroën	1,447,300	1,392,100	1,377,500
Total CKD units	**195,000**	**250,000**	**315,000**
Peugeot	181,000	236,000	298,000
Citroën	14,000	14,000	17,000
Total assembled vehicles and CKD units	**3,428,400**	**3,365,900**	**3,390,000**
Peugeot	1,967,100	1,959,800	1,995,500
Citroën	1,461,300	1,406,100	1,394,500

* *Croatia, Hungary, Poland, Czech Republic, Slovakia, Slovenia, Lithuania, Latvia, Estonia, Cyprus, Malta.*
** *Brazil, Argentina.*

PSA Peugeot Citroën Group – Worldwide sales by model

(passenger cars and light commercial vehicles)	2007	2006	2005
Peugeot Marque			
107	104,300	98,700	31,700
1007	18,600	34,100	53,800
206	308,200	475,100	676,500
207	520,200	300,500	800
307	369,100	447,000	520,400
308	82,500	-	-
405	131,300	158,200	196,400
406	3,000	3,300	4,300
407	136,000	181,500	241,400
607	7,500	10,500	19,100
807	21,100	24,200	27,500
4007	6,300	-	-
Expert	43,600	33,100	32,700
Partner	160,700	148,500	144,500
Boxer	54,200	44,600	43,300
Others	500	500	3,100
Total	**1,967,100**	**1,959,800**	**1,995,500**
of which diesel-powered versions	951,600	914,400	953,300
of which passenger cars	1,748,000	1,757,500	1,793,900
of which light commercial vehicles	219,100	202,300	201,600
Citroën Marque			
C1	99,500	90,300	30,100
C2	94,900	103,900	126,100
C3	276,700	286,700	306,300
ZX	59,500	92,900	93,000
Xsara	119,200	183,500	198,900
C4	437,900	262,400	237,100
Xantia	10,400	11,300	14,200
C5	50,900	73,200	88,800
C6	7,600	7,100	400
C8	12,700	20,300	23,500
C-Crosser	6,600	-	-
Jumpy	38,700	33,800	32,500
C15	-	1,300	26,100
Berlingo	187,700	194,600	169,400
Jumper	58,600	44,800	48,100
Others	400	1,300	-
Total	**1,461,300**	**1,407,400**	**1,394,500**
of which diesel-powered versions	835,600	759,200	757,300
of which passenger cars	1,245,200	1,210,900	1,189,000
of which light commercial vehicles	216,100	195,200	205,500
Total PSA Peugeot Citroën	**3,428,400**	**3,367,200**	**3,390,000**
of which diesel-powered versions	1,787,200	1,673,600	1,710,600
of which passenger cars	2,993,200	2,968,400	2,982,900
of which light commercial vehicles	435,200	397,500	407,100

Passenger car registrations in Europe by country

	2007	2006	2005
France	2,064,500	2,000,600	2,067,800
Austria	298,000	308,600	307,900
Belgium-Luxemburg	577,400	577,000	528,600
Denmark	158,400	154,400	146,900
Finland	125,700	145,700	148,000
Germany	3,148,200	3,468,000	3,319,300
Greece	279,700	267,700	269,700
Iceland	16,000	17,100	18,100
Ireland	186,500	178,500	171,700
Italy	2,490,600	2,326,000	2,237,400
Netherlands	505,700	483,900	465,200
Norway	129,200	109,100	109,900
Portugal	201,900	194,700	196,700
Spain	1,615,400	1,634,900	1,528,900
Sweden	306,800	282,800	274,300
Switzerland	285,800	269,400	264,900
United Kingdom	2,404,000	2,344,900	2,439,700
Total Western Europe (18 countries)	**14,793,800**	**14,763,300**	**14,495,000**

Source: C.C.F.A.

Light commercial vehicle registrations in Europe by country

	2007	2006	2005
France	461,500	440,000	420,100
Austria	32,700	30,500	28,900
Belgium-Luxemburg	72,500	64,100	65,700
Denmark	58,900	65,600	58,100
Finland	18,500	17,400	16,200
Germany	227,800	202,400	202,300
Greece	24,500	24,100	23,400
Iceland	3,000	2,600	2,400
Ireland	44,400	41,300	37,100
Italy	232,800	232,300	210,100
Netherlands	81,000	64,900	66,200
Norway	46,600	43,800	37,000
Portugal	68,600	64,600	64,700
Spain	275,600	274,400	387,200
Sweden	44,600	40,000	35,100
Switzerland	26,000	23,700	22,400
United Kingdom	348,200	334,100	330,400
Total Western Europe (18 countries)	**2,067,200**	**1,965,800**	**2,007,300**

Source: C.C.F.A.

Passenger car and light commercial vehicle registrations in Europe by manufacturer

	2007		2006		2005	
	Units	Market share (%)	Units	Market share (%)	Units	Market share (%)
Peugeot Marque	1,225,700	7.3	1,233,400	7.4	1,253,400	7.6
Citroën Marque	1,104,400	6.5	1,078,700	6.4	1,098,300	6.7
PSA Peugeot Citroën Group	**2,330,100**	**13.8**	**2,312,100**	**13.8**	**2,351,700**	**14.3**
Volkswagen Group	3,106,900	18.4	3,127,000	18.7	2,935,400	17.8
Ford Group	1,879,500	11.2	1,825,100	10.9	1,821,500	11.0
General Motors Group	1,655,800	9.8	1,647,300	9.9	1,709,000	10.4
Renault	1,498,200	8.9	1,569,500	9.4	1,713,800	10.4
Fiat Group	1,490,500	8.8	1,389,700	8.3	1,207,500	7.3
Toyota Group	982,500	5.8	948,900	5.7	861,100	5.2
Daimler	980,100	5.8	964,000	5.8	971,200	5.9
BMW	834,900	5.0	784,500	4.7	772,900	4.7
Hyundai	502,000	3.0	540,800	3.2	578,800	3.5
Chrysler	118,500	0.7	110,200	0.7	90,900	0.6
Other Japanese marques	1,358,100	8.1	1,374,600	8.2	1,355,100	8.2
Others	123,800	0.7	135,300	0.8	134,200	0.8

Source : C.C.F.A.

PSA Peugeot Citroën Group – Passenger car registrations in Europe by country

	2007		2006		2005	
	Units	Market share (%)	Units	Market share (%)	Units	Market share (%)
France	626,700	30.4	614,800	30.7	633,500	30.6
Austria	25,100	8.4	26,600	8.6	29,200	9.5
Belgium-Luxemburg	108,900	18.9	114,600	19.9	108,100	20.5
Denmark	32,600	20.6	29,200	18.9	26,600	18.1
Finland	11,800	9.4	13,500	9.3	15,500	10.5
Germany	166,600	5.3	194,600	5.6	189,300	5.7
Greece	26,700	9.5	25,500	9.5	24,500	9.1
Iceland	500	2.8	600	3.8	800	4.3
Ireland	9,800	5.2	10,900	6.1	13,200	7.7
Italy	245,900	9.9	227,000	9.8	225,300	10.1
Netherlands	62,700	12.4	60,200	12.4	62,200	13.4
Norway	10,200	7.9	8,300	7.6	9,600	8.7
Portugal	32,600	16.1	32,900	16.9	33,700	17.2
Spain	285,800	17.7	296,400	18.1	313,100	20.5
Sweden	28,000	9.1	24,900	8.8	29,200	10.7
Switzerland	25,100	8.8	23,700	8.8	25,000	9.5
United Kingdom	243,800	10.1	239,700	10.2	243,900	10.0
Total Western Europe (18 countries)	**1,942,800**	**13.1**	**1,943,400**	**13.2**	**1,982,700**	**13.7**

PSA Peugeot Citroën Group – Light commercial vehicle registration in Europe by country

	2007		2006		2005	
	Units	Market share (%)	Units	Market share (%)	Units	Market share (%)
France	153,000	33.1	150,100	34.1	151,500	36.1
Austria	3,400	10.6	3,200	10.6	2,900	10.1
Belgium-Luxemburg	18,400	25.6	16,400	25.7	14,800	22.5
Denmark	6,600	11.2	7,300	11.3	7,300	12.6
Finland	1,200	6.8	1,900	10.9	2,200	13.7
Germany	19,000	8.3	13,200	6.5	12,600	6.2
Greece	1,100	4.5	900	3.6	900	3.7
Iceland	100	3.9	100	4.6	200	5.7
Ireland	3,600	8.1	3,800	9.3	4,200	11.4
Italy	23,000	9.9	15,500	6.7	15,500	7.4
Netherlands	8,500	10.5	6,300	9.7	7,200	10.8
Norway	6,100	13.1	5,400	12.3	5,000	13.6
Portugal	13,900	20.2	14,400	22.3	14,700	22.7
Spain	77,400	28.1	79,400	28.9	81,300	21.0
Sweden	6,200	14.0	6,600	16.6	6,100	17.5
Switzerland	3,600	14.0	3,000	12.7	3,100	14.0
United Kingdom	42,200	12.1	41,200	12.3	39,400	11.9
Total Western Europe (18 countries)	**387,300**	**18.7**	**368,700**	**18.8**	**368,900**	**18.4**

PSA Peugeot Citroën Group – Passenger car and light commercial vehicle registrations in Europe by country

	2007		2006		2005	
	Units	Market share (%)	Units	Market share (%)	Units	Market share (%)
France	779,700	30.9	764,900	31.3	785,000	31.6
Austria	28,500	8.7	29,800	8.8	32,100	9.5
Belgium-Luxemburg	127,300	19.6	131,000	20.4	122,900	20.7
Denmark	39,200	18.1	36,500	16.6	33,900	16.5
Finland	13,000	9.0	15,400	9.5	17,700	10.8
Germany	185,600	5.5	207,800	5.7	201,800	5.7
Greece	27,800	9.1	26,400	9.0	25,400	8.7
Iceland	600	2.8	700	3.9	900	4.5
Ireland	13,400	5.8	14,700	6.7	17,500	8.4
Italy	268,900	9.9	242,500	9.5	240,800	9.8
Netherlands	71,200	12.1	66,500	12.1	69,300	13.0
Norway	16,300	9.3	13,700	9.0	14,600	9.9
Portugal	46,500	17.2	47,300	18.2	48,400	18.5
Spain	363,200	19.2	375,800	19.7	394,400	20.6
Swiss	34,200	9.7	31,500	9.8	35,400	11.4
Switzerland	28,700	9.2	26,700	9.1	28,200	9.8
United Kingdom	286,000	10.4	280,900	10.5	283,300	10.2
Total Western Europe (18 countries)	**2,330,100**	**13.8**	**2,312,100**	**13.8**	**2,351,600**	**14.3**

Peugeot Marque – Passenger car and light commercial vehicle registrations in Europe by country

	2007		2006		2005	
	Units	Market share (%)	Units	Market share (%)	Units	Market share (%)
France	430,400	17.0	432,100	17.7	436,000	17.5
Austria	15,900	4.8	16,600	4.9	18,100	5.4
Belgium-Luxemburg	64,100	9.9	62,500	9.7	63,300	10.7
Denmark	22,200	10.2	21,000	9.6	18,200	8.9
Finland	6,600	4.6	8,800	5.4	9,700	5.9
Germany	100,600	3.0	116,000	3.2	122,100	3.5
Greece	12,800	4.2	13,600	4.7	11,500	3.9
Iceland	300	1.4	300	1.8	400	1.9
Ireland	9,000	3.9	9,200	4.2	10,900	5.2
Italy	125,400	4.6	111,900	4.4	104,000	4.3
Netherlands	43,900	7.5	41,800	7.6	43,900	8.3
Norway	11,200	6.4	9,200	6.0	9,200	6.3
Portugal	24,100	8.9	26,500	10.2	27,500	10.5
Spain	161,200	8.5	168,600	8.8	181,400	9.5
Sweden	19,600	5.6	19,900	6.2	21,000	6.8
Switzerland	15,700	5.0	14,200	4.9	14,900	5.2
United Kingdom	162,700	5.9	161,100	6.0	161,300	5.8
Total Western Europe (18 countries)	**1,225,700**	**7.3**	**1,233,300**	**7.4**	**1,253,400**	**7.6**

Citroën Marque – Passenger car and light commercial vehicle registrations in Europe by country

	2007		2006		2005	
	Units	Market share (%)	Units	Market share (%)	Units	Market share (%)
France	349,200	13.8	332,700	13.6	349,000	14.0
Austria	12,700	3.9	13,300	3.9	14,000	4.2
Belgium-Luxemburg	63,200	9.7	68,600	10.7	59,600	10.0
Denmark	17,000	7.8	15,500	7.0	15,700	7.7
Finland	6,400	4.5	6,600	4.0	8,000	4.8
Germany	85,000	2.5	91,800	2.5	79,700	2.3
Greece	15,000	4.9	12,700	4.4	13,900	4.7
Iceland	300	1.5	400	2.1	500	2.6
Ireland	4,400	1.9	5,400	2.5	6,600	3.2
Italy	143,500	5.3	130,600	5.1	136,800	5.6
Netherlands	27,300	4.7	24,700	4.5	25,400	4.8
Norway	5,100	2.9	4,500	3.0	5,400	3.7
Portugal	22,400	8.3	20,800	8.0	21,000	8.0
Spain	201,900	10.7	207,200	10.9	213,000	11.1
Sweden	14,600	4.2	11,600	3.6	14,400	4.6
Switzerland	13,100	4.2	12,500	4.3	13,300	4.6
United Kingdom	123,300	4.5	119,800	4.5	122,000	4.4
Total Western Europe (18 countries)	**1,104,400**	**6.6**	**1,078,700**	**6.5**	**1,098,300**	**6.7**

Workforce

	2007	2006	2005
Automotive	**134,100**	**139,600**	**139,500**
Of which:			
- France	89,200	96,100	99,000
- Other countries	44,900	43,500	40,500
Banque PSA Finance	**2,300**	**2,400**	**2,400**
Gefco	**9,900**	**9,900**	**9,400**
Faurecia	**59,800**	**57,800**	**55,000**
Other businesses and holding company	**1,700**	**2,100**	**2,200**
Total PSA Peugeot Citroën	**207,800**	**211,800**	**208,500**
Of which:			
- France	113,700	121,900	126,100
- Other countries	94,100	89,900	82,400

PSA Peugeot Citroën Group – Production by model

(passenger cars and light commercial vehicles)	2007	2006	2005
Peugeot Marque			
107	104,600	101,700	34,600
1007	11,400	22,600	73,800
206	307,300	465,500	669,900
207	527,700	335,300	900
307	350,900	434,400	515,400
308	106,100	100	-
405	156,800	162,000	169,700
406	3,000	3,000	2,600
407	128,700	162,700	259,000
607	6,000	9,600	18,800
807	20,200	24,000	28,100
4007	8,400	-	-
Bipper	3,300	-	-
Expert	43,000	34,700	33,200
Partner	161,200	148,900	144,800
J9	-	400	1,500
Boxer	53,900	45,600	44,100
Total	**1,992,500**	**1,950,500**	**1,996,400**
of which diesel-powered versions	947,800	898,500	985,200
of which passenger cars	1,773,600	1,755,200	1,809,000
of which light commercial vehicles	218,900	195,300	187,400
Marque Citroën			
C1	98,600	91,500	34,600
C2	92,800	105,200	124,800
C3	272,600	280,800	289,300
ZX	62,900	90,100	97,600
C4	451,700	266,200	244,300
Xsara	117,300	178,900	191,900
C5	50,200	69,000	80,900
Xantia	10,800	12,000	14,000
C6	7,300	9,100	800
C8	12,000	20,000	23,000
C-Crosser	8,400	-	-
Nemo	2,900	-	-
Dispatch	37,200	36,900	32,100
C15	-	-	26,600
Berlingo	182,400	201,700	170,100
Replay	57,800	45,100	49,100
Total	**1,464,900**	**1,406,500**	**1,379,100**
of which diesel-powered versions	838,900	766,100	743,200
of which passenger cars	1,251,300	1,206,400	1,173,700
of which light commercial vehicles	213,600	200,100	205,400
Total PSA Peugeot Citroën	**3,457,400**	**3,357,000**	**3,375,500**
of which diesel-powered versions	1,786,700	1,664,600	1,728,400
of which passenger cars	3,024,900	2,961,600	2,982,700
of which light commercial vehicles	432,500	395,400	392,800

PSA Peugeot Citroën Group – Manufacturing facilities

Assembly plants	Models produced as of December 31, 2007	2007 output
Manufacturing centers		
Aulnay (France)	C2, C3	300,800
Madrid (Spain)	207, 207 CC, C3 Pluriel	136,500
Mangualde (Portugal)	Berlingo, Partner	64,100
Mulhouse (France)	206, 206 CC, 307, 308, C4	294,500
Palomar (Argentina)	206, 307, 307 Sedan, C4, Berlingo, Partner	118,000
Poissy (France)	206, 1007, 207, 207 SW	272,900
Porto Real (Brazil)	206, 206 SW, C3, Xsara Picasso	105,800
Rennes (France)	C5, C5 Estate, C6, 407, 407 SW, 407 Coupé, Xsara Picasso	197,900
Sochaux (France)	307, 307 Estate, 307 SW, 307 CC, 308, 607	325,600
Trnava (Slovakia)	207	177,600
Vigo (Spain)	Xsara Picasso, Grand C4 Picasso, C4 Picasso, Berlingo, Partner	547,200

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

Joint plants with other manufacturers

(As of December 31, 2007)

Facility	Production	2007 output
France		
Française de Mécanique		
50% Peugeot Citroën Automobiles	Iron castings	
50% Renault	Engines: - TU + TUF	573,200
	- DV	494,200
	- D (Renault)	343,200
	- ES/L	3,500
	- EP	187,100
Sevelnord		
50% Peugeot Citroën Automobiles	Peugeot 807	20,200
50% Fiat	Peugeot Expert	43,100
	Citroën C8	12,000
	Citroën Dispatch	37,200
	Fiat Ulysse	-
	Fiat Scudo	-
	Lancia Phedra	-
Other countries		
Società Europea Veicoli Leggeri (Italy)		
50% Peugeot Citroën Automobiles	Peugeot Boxer	52,000
50% Fiat	Citroën Relay	56,500
	Fiat Ducato	-
Dongfeng Peugeot Citroën Automobile (China)		
50% Peugeot Citroën Automobiles	Peugeot 307 Sedan	63,600
50% DongFeng Motors	Peugeot 206	29,000
	Citroën C-Triomphe	29,800
	Citroën Fukang, Citroën Élysée	62,900
	Citroën Xsara Picasso	8,900
	Citroën C2 China	18,700
	Total	**212,900**
Toyota Peugeot Citroën Automobiles – TPCA (Czech Republic)		
50% Peugeot Citroën Automobiles	Peugeot 107	104,600
50% Toyota Motor Corporation	Citroën C1	98,600
	Toyota Aygo	-

09

Consolidated Financial Statements

Consolidated Statements of Income

	2007			
(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Sales and revenue (note 5)	**59,069**	**1,999**	**(455)**	**60,613**
Cost of goods and services sold	(47,826)	(1,064)	455	(48,435)
Selling, general and administrative expenses	(8,027)	(327)	-	(8,354)
Research and development expenses (note 8)	(2,072)	-	-	(2,072)
Recurring operating income	**1,144**	**608**	**-**	**1,752**
Non-recurring operating income and (expenses) (note 9)	(632)	-	-	(632)
Operating income	**512**	**608**	**-**	**1,120**
Interest income (note 10)*	283	-	-	283
Finance costs (note 11)*	(306)	-	-	(306)
Other financial income and (expenses), net (note 12)	(16)	(1)	-	(17)
Income before tax of fully consolidated companies	**473**	**607**	**-**	**1,080**
Current taxes	(218)	(149)	-	(367)
Deferred taxes	102	(37)	-	65
Income taxes (note 13)	**(116)**	**(186)**	**-**	**(302)**
Share in net earnings (losses) of companies at equity (note 17)	48	-	-	48
Consolidated profit (loss) for the year	**405**	**421**	**-**	**826**
Attributable to equity holders of the parent	*467*	*418*	-	*885*
Attributable to minority interests	*(62)*	*3*	-	*(59)*

(in euros)	
Basic earnings per €1 par value share (note 14)	3.88
Diluted earnings per €1 par value share (note 14)	3.86

* *Financial income and expenses on interest rate swaps are shown on a net basis for the three periods presented.*

The notes on pages 168 to 254 are an integral part of the consolidated financial statements.

2006				2005			
Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
55,198	**1,761**	**(365)**	**56,594**	**54,887**	**1,656**	**(276)**	**56,267**
(44,758)	(833)	365	(45,226)	(43,790)	(739)	276	(44,253)
(7,908)	(324)	-	(8,232)	(7,858)	(310)	-	(8,168)
(2,017)	-	-	(2,017)	(1,906)	-	-	(1,906)
515	**604**	**-**	**1,119**	**1,333**	**607**	**-**	**1,940**
(808)	-	-	(808)	(334)	2	-	(332)
(293)	**604**	**-**	**311**	**999**	**609**	**-**	**1,608**
178	-	-	178	157	-	-	157
(234)	-	-	(234)	(219)	-	-	(219)
(48)	(1)	-	(49)	(15)	(1)	-	(16)
(397)	**603**	**-**	**206**	**922**	**608**	**-**	**1,530**
(101)	(178)	-	(279)	(189)	(178)	-	(367)
150	(27)	-	123	(89)	(29)	-	(118)
49	**(205)**	**-**	**(156)**	**(278)**	**(207)**	**-**	**(485)**
20	-	-	20	(47)	-	-	(47)
(328)	**398**	**-**	**70**	**597**	**401**	**-**	**998**
(211)	*394*	-	*183*	*639*	*398*	-	*1,037*
(117)	*4*	-	*(113)*	*(42)*	*3*	-	*(39)*
			0.80				4.50
			0.80				4.49

Consolidated Balance Sheet - Assets

	December 31, 2007			
(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Goodwill (note 15)	1,488	75	-	1,563
Intangible assets (note 15)	3,885	94	-	3,979
Property, plant and equipment (note 16)	14,652	44	-	14,696
Investments in companies at equity (note 17)	725	12	-	737
Investments in non-consolidated companies (note 18)	47	3	-	50
Other non-current financial assets (note 19)	1,121	47	-	1,168
Other non-current assets (note 20)	126	1	-	127
Deferred tax assets (note 13)	428	37	-	465
Total non-current assets	**22,472**	**313**	**-**	**22,785**
Operating assets				
Loans and receivables - finance companies (note 21)	-	23,393	(170)	23,223
Short-term investments - finance companies (note 22)	-	3,310	-	3,310
Inventories (note 23)	6,913	-	-	6,913
Trade receivables - manufacturing and sales companies (note 24)	2,857	-	(157)	2,700
Current taxes (note 13)	169	37	(44)	162
Other receivables (note 25)	1,782	772	(134)	2,420
	11,721	**27,512**	**(505)**	**38,728**
Current financial assets (note 26)	**1,483**	**-**	**-**	**1,483**
Cash and cash equivalents (note 27)	**5,185**	**943**	**(149)**	**5,979**
Total current assets	**18,389**	**28,455**	**(654)**	**46,190**
Total assets	**40,861**	**28,768**	**(654)**	**68,975**

Consolidated Balance Sheet - Equity and liabilities

	December 31, 2007			
(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Equity (note 28)				
Share capital				234
Treasury stock				(271)
Retained earnings and other accumulated equity, excluding minority interests				14,282
Minority interests				310
Total equity				**14,555**
Non-current financial liabilities (note 31)	4,294	-	-	4,294
Other non-current liabilities (note 32)	2,886	1	-	2,887
Non-current provisions (note 29)	1,109	23	-	1,132
Deferred tax liabilities (note 13)	1,689	364	-	2,053
Total non-current liabilities	**9,978**	**388**	**-**	**10,366**
Operating liabilities				
Financing liabilities (note 33)	-	24,670	(148)	24,522
Current provisions (note 29)	2,132	29	-	2,161
Trade payables	10,600	-	(29)	10,571
Current taxes (note 13)	158	55	(44)	169
Other payables (note 34)	4,241	732	(292)	4,681
	17,131	**25,486**	**(513)**	**42,104**
Current financial liabilities (note 31)	**2,091**	**-**	**(141)**	**1,950**
Total current liabilities	**19,222**	**25,486**	**(654)**	**44,054**
Total equity and liabilities				**68,975**

The notes on pages 168 to 254 are an integral part of the consolidated financial statements.

December 31, 2006				December 31, 2005			
Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
1,488	75	-	1,563	1,614	75	-	1,689
3,947	87	-	4,034	3,886	78	-	3,964
15,221	47	-	15,268	14,909	48	-	14,957
687	12	-	699	699	-	-	699
53	-	-	53	45	1	-	46
1,321	47	-	1,368	1,940	46	-	1,986
96	1	-	97	95	-	-	95
499	36	-	535	579	31	-	610
23,312	**305**	**-**	**23,617**	**23,767**	**279**	**-**	**24,046**
-	22,802	(99)	22,703	-	22,341	(103)	22,238
-	2,818	-	2,818	-	2,709	-	2,709
6,826	-	-	6,826	6,889	-	-	6,889
3,043	-	(193)	2,850	3,097	-	(166)	2,931
210	29	(26)	213	180	18	(42)	156
1,719	617	(68)	2,268	1,694	642	(60)	2,276
11,798	**26,266**	**(386)**	**37,678**	**11,860**	**25,710**	**(371)**	**37,199**
1,132	**-**	**-**	**1,132**	**1,214**	**-**	**-**	**1,214**
6,339	**620**	**(292)**	**6,667**	**6,351**	**635**	**(230)**	**6,756**
19,269	**26,886**	**(678)**	**45,477**	**19,425**	**26,345**	**(601)**	**45,169**
42,581	**27,191**	**(678)**	**69,094**	**43,192**	**26,624**	**(601)**	**69,215**

December 31, 2006				December 31, 2005			
Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
			235				235
			(261)				(220)
			13,744				13,889
			388				542
			14,106				**14,446**
4,125	-	-	4,125	3,826	-	-	3,826
2,759	-	-	2,759	2,352	2	-	2,354
1,383	23	-	1,406	1,527	17	-	1,544
1,854	329	-	2,183	2,086	281	-	2,367
10,121	**352**	**-**	**10,473**	**9,791**	**300**	**-**	**10,091**
-	23,259	(215)	23,044	-	22,928	(171)	22,757
1,747	38	-	1,785	1,582	53	-	1,635
10,481	-	(25)	10,456	10,240	-	(30)	10,210
152	43	(26)	169	100	79	(42)	137
4,075	847	(261)	4,661	4,155	844	(226)	4,773
16,455	**24,187**	**(527)**	**40,115**	**16,077**	**23,904**	**(469)**	**39,512**
4,551	**-**	**(151)**	**4,400**	**5,298**	**-**	**(132)**	**5,166**
21,006	**24,187**	**(678)**	**44,515**	**21,375**	**23,904**	**(601)**	**44,678**
			69,094				**69,215**

Consolidated Statements of Cash Flows

	2007			
(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit (loss) for the year	**405**	**421**	**-**	**826**
Adjustments for:				
- Depreciation, amortization and impairment	3,559	14	-	3,573
- Non-current provisions	(227)	1	-	(226)
- Changes in deferred tax	(114)	38	-	(76)
- (Gains) losses on disposals and other	(94)	-	-	(94)
Share in net (earnings) losses of companies at equity, net of dividends received	(46)	-	-	(46)
Revaluation adjustments taken to equity and hedges of debt	32	1	-	33
Working capital provided by operations	**3,515**	**475**	**-**	**3,990**
Changes in operating assets and liabilities (note 35.2)	920	37	134	1,091
Net cash from (used in) operating activities	**4,435**	**512**	**134**	**5,081**
Proceeds from disposals of shares in consolidated companies	-	-	-	-
Proceeds from disposals of investments in non-consolidated companies	11	-	-	11
Acquisitions of shares in consolidated companies	-	-	-	-
Investments in non-consolidated companies	(7)	(3)	-	(10)
Proceeds from disposals of property, plant and equipment	148	9	-	157
Proceeds from disposals of intangible assets	8	-	-	8
Investments in property, plant and equipment	(1,924)	(13)	-	(1,937)
Investments in intangible assets	(789)	(14)	-	(803)
Change in amounts payable on fixed assets	(132)	-	-	(132)
Other	(148)	1	-	(147)
Net cash from (used in) investing activities	**(2,833)**	**(20)**	**-**	**(2,853)**
Dividends paid:				
- To Peugeot S.A. shareholders	(309)	-	-	(309)
- Intragroup	157	(157)	-	-
- To minority shareholders of subsidiaries	(11)	-	-	(11)
(Purchases) sales of treasury stock	(23)	-	-	(23)
Changes in other financial assets and liabilities (note 35.4)	(559)	-	8	(551)
Other	-	-	-	-
Net cash from (used in) financing activities	**(745)**	**(157)**	**8**	**(894)**
Effect of changes in exchange rates	(22)	(12)	1	(33)
Net increase (decrease) in cash and cash equivalents	**835**	**323**	**143**	**1,301**
Net cash and cash equivalents at beginning of year	4,308	620	(292)	4,636
Net cash and cash equivalents at end of year (note 35.1)	**5,143**	**943**	**(149)**	**5,937**

The notes on pages 168 to 254 are an integral part of the consolidated financial statements.

2006				2005			
Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
(328)	**398**	**-**	**70**	**597**	**401**	**-**	**998**
3,686	12	-	3,698	3,187	12	-	3,199
(148)	(1)	-	(149)	(257)	2	-	(255)
(139)	29	-	(110)	96	30	-	126
(54)	2	-	(52)	6	(1)	-	5
(17)	-	-	(17)	51	-	-	51
11	4	-	15	(2)	-	-	(2)
3,011	**444**	**-**	**3,455**	**3,678**	**444**	**-**	**4,122**
424	(234)	(37)	153	(289)	(148)	(48)	(485)
3,435	**210**	**(37)**	**3,608**	**3,389**	**296**	**(48)**	**3,637**
2	-	-	2	23	-	-	23
-	-	-	-	2	-	-	2
(1)	-	-	(1)	(8)	-	-	(8)
(19)	(13)	-	(32)	(2)	(1)	-	(3)
155	6	-	161	54	9	-	63
3	-	-	3	5	-	-	5
(2,520)	(11)	-	(2,531)	(2,862)	(11)	-	(2,873)
(937)	(16)	-	(953)	(939)	(20)	-	(959)
(101)	-	-	(101)	(111)	-	-	(111)
(54)	-	-	(54)	(35)	-	-	(35)
(3,472)	**(34)**	**-**	**(3,506)**	**(3,873)**	**(23)**	**-**	**(3,896)**
(309)	-	-	(309)	(310)	-	-	(310)
161	(161)	-	-	96	(96)	-	-
(6)	(32)	-	(38)	(19)	(5)	-	(24)
(39)	-	-	(39)	(198)	-	-	(198)
205	-	(23)	182	11	(150)	25	(114)
-	-	-	-	-	-	-	-
12	**(193)**	**(23)**	**(204)**	**(420)**	**(251)**	**25**	**(646)**
45	2	(2)	45	34	3	(2)	35
20	**(15)**	**(62)**	**(57)**	**(870)**	**25**	**(25)**	**(870)**
4,288	635	(230)	4,693	5,158	610	(205)	5,563
4,308	**620**	**(292)**	**4,636**	**4,288**	**635**	**(230)**	**4,693**

Consolidated Statements of Changes in Equity

(in millions of euros)	Equity	Minority interests	Share capital	Treasury stock	Retained earnings and other accumulated equity, excluding minority interests	Retained earnings, excluding minority interests	Revaluations – excluding minority interests: Cash flow hedges	Revaluations – excluding minority interests: "Available-for-sale securities"	Revaluations – excluding minority interests: Translation adjustment
At December 31, 2004	**13,703**	**585**	**243**	**(431)**	**13,306**	**13,163**	**29**	**127**	**(13)**
Change in accounting policy (note 2)	26	-	-	-	26	26	-	-	-
At January 1, 2005	**13,729**	**585**	**243**	**(431)**	**13,332**	**13,189**	**29**	**127**	**(13)**
Consolidated profit (loss) for the year	998	(39)	-	-	1,037	1,037	-	-	-
Revaluations taken to profit or loss	(59)	-	-	-	(59)	-	(29)	(30)	-
Revaluations taken to equity	298	20	-	-	278	-	5	77	196
Measurement of stock options	12	-	-	-	12	12	-	-	-
Comprehensive income*					***1,268***				
Effect of changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Treasury stock (note 28.4)	(198)	-	(8)	211	(401)	(401)	-	-	-
Dividends paid (€1.35 per €1 par value share)	(334)	(24)	-	-	(310)	(310)	-	-	-
At December 31, 2005	**14,446**	**542**	**235**	**(220)**	**13,889**	**13,527**	**5**	**174**	**183**
Consolidated profit (loss) for the year	70	(113)	-	-	183	183	-	-	-
Revaluations taken to profit or loss	(25)	-	-	-	(25)	-	(6)	(19)	-
Revaluations taken to equity	(14)	(6)	-	-	(8)	2	33	64	(107)
Measurement of stock options	12	-	-	-	12	12	-	-	-
Comprehensive income*					***162***				
Effect of changes in scope of consolidation	3	3	-	-	-	-	-	-	-
Treasury stock (note 28.4)	(39)	-	-	(41)	2	2	-	-	-
Dividends paid (€1.35 per €1 par value share)	(347)	(38)	-	-	(309)	(309)	-	-	-
At December 31, 2006	**14,106**	**388**	**235**	**(261)**	**13,744**	**13,417**	**32**	**219**	**76**
Consolidated profit (loss) for the year	826	(59)	-	-	885	885	-	-	-
Revaluations taken to profit or loss	(22)	-	-	-	(22)	-	(22)	-	-
Revaluations taken to equity	(14)	1	-	-	(15)	(7)	33	(31)	(10)
Measurement of stock options	12	1	-	-	11	11	-	-	-
Comprehensive income*					***859***				
Effect of changes in scope of consolidation	(10)	(10)	-	-	-	-	-	-	-
Treasury stock (note 28.4)	(23)	-	(1)	(10)	(12)	(12)	-	-	-
Dividends paid (€1.35 per €1 par value share)	(320)	(11)	-	-	(309)	(309)	-	-	-
At December 31, 2007	**14,555**	**310**	**234**	**(271)**	**14,282**	**13,985**	**43**	**188**	**66**

** Comprehensive income includes all changes in equity resulting from transactions with non-shareholder third parties.*

The notes on pages 168 to 254 are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements at December 31, 2007

Context

The consolidated financial statements for 2007 including explanatory notes were approved for issue by the Managing Board of Peugeot S.A. on February 6, 2008.

Note 1 – Accounting policies

The Group's consolidated financial statements for 2007 have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union.

International Financial Reporting Standards include IFRS and IAS (International Accounting Standards) and the related interpretations as prepared by the International Financial Reporting Interpretations Committee (IFRIC).

The Group has applied all new standards, interpretations and amendments issued by the IASB whose application was mandatory within the European Union as of January 1, 2007. The two standards that affect the Group did not give rise to any restatements of prior year comparatives because they only impact the nature of the disclosures in the financial statements, and not the accounting policies applied:

- **IFRS 7—Financial Instruments: Disclosures** introduces new disclosure requirements that enable users of financial statements to evaluate the significance of financial instruments in an entity's financial statements, as well as the nature and extent of the risks arising from their use. The majority of these disclosures were already provided in the Group's 2006 financial statements. However, they have been further enriched in the 2007 financial statements to ensure compliance with the new standard.
- **Amendment to IAS 1: Capital Disclosures** introduces further disclosure requirements concerning the Group's objectives and processes for managing capital, which are presented in note 28—Equity.

At December 31, 2007, the only standard or interpretation endorsed by the European Union and effective for accounting periods beginning in or after 2008 that the Group has chosen to early adopt is IFRS 8.

- **IFRS 8—Operating Segments** requires segment information to be presented in line with the indicators used internally by Management to measure Group performance. The business segments identified in accordance with the new standard are the same as those previously determined under IAS 14—Segment Information, and are presented in note 4 along with the corresponding adjusted comparative data.
- **IFRIC 11—IFRS 2: Group and Treasury Share Transactions** is the only other standard or interpretation endorsed by the European Union whose application is mandatory for accounting periods beginning on or after March 1, 2007. However, this interpretation is not applicable to the Group.

1.1. Consolidation

The generic name PSA Peugeot Citroën refers to the group of companies of which Peugeot S.A. is the parent.

The financial statements of Peugeot S.A. and companies in which Peugeot S.A. directly or indirectly exercises exclusive control are fully consolidated.

Companies in which Peugeot S.A. directly or indirectly exercises joint control or significant influence over operating and financial policies are included in the consolidated financial statements using the equity method.

Certain companies meeting the above principles have not been consolidated because they do not meet any of the following minimum requirements:
- Sales and revenue: €50 million;
- Total assets: €20 million;
- Net debt: €5 million.

Investments in these companies are recorded under "Investments in non-consolidated companies". Their consolidation would not have a material impact on the consolidated financial statements.

All significant intragroup transactions are eliminated in consolidation.

1.2. Translation of the financial statements of foreign subsidiaries

A. Standard method

The PSA Peugeot Citroën'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 adjustment". 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 recognized directly in profit or loss.

1.3. Translation of transactions in foreign currencies

Transactions in foreign currencies are measured and recognized 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 recognized 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 recognized in accordance with the general principles described in note 1.14.D. Derivative instruments designated as hedges of currency risks on foreign currency transactions are recognized 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 recognized as follows:
- in recurring operating income, for hedges of 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 hedges of 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 recognized in equity is reclassified into profit or loss when the hedged item affects profit or loss. The ineffective portion is recognized in the income statement under "Financial income and expenses, net".

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 any changes are recognized immediately.

Estimates and assumptions have a particularly important bearing on the following matters:
- pension obligations;
- provisions (notably as regards new vehicle warranty obligations, restructuring costs and litigation);
- the recoverable amount and useful life of property, plant and equipment and intangible assets;
- the recoverable amount of finance receivables, inventories and other receivables;
- the fair value of derivative financial instruments;
- deferred tax assets;
- sales incentives.

1.5. Sales and revenue

A. Manufacturing and sales companies

(a) Automobile Division

Sales and revenue of the manufacturing and sales companies include revenues from the sale and leasing of vehicles and the sale of other goods and services.

In accordance with IAS 18—Revenue, new vehicle sales are recognized on the date the risks and rewards of ownership are transferred. This corresponds generally to the date when the vehicles are made available to non-group dealers or the delivery date, in the case of direct sales. Sales of new vehicles with a buyback commitment are not recognized 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 recognized as rental revenue on a straight-line basis over the duration of the buyback commitment. The vehicle is initially recognized 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 recognized in the period in which the vehicle is sold on the used car market. If the total 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 toolings to produce parts or modules for programs covered by specific customer orders.

The revenue recognition criteria provided for in IAS 18 are not met in cases 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. Development work cannot be considered as having being sold under such circumstances. The development costs are recognized in intangible assets (see note 1.11.A) and toolings in property, plant and equipment (see note 1.12.A).

If the contract includes a payment guarantee, the development costs are recognized in inventories and work-in-progress. The corresponding revenue is recognized when the customer signs off on each technical phase.

B. Finance companies

The activity of the Group's finance companies is to provide wholesale financing to dealer networks and to finance sales of vehicles 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 recognized in the balance sheet in the amount of the Banque PSA Finance group's net financial commitment (see note 1.14.A). Sales financing revenues are recorded using the yield-to-maturity method, so as to recognize a constant rate of interest over the life of the loan.

1.6. Sales incentives

The cost of current and future sales incentive programs is accrued on the basis of historical costs for the previous three months, determined country per country, and charged against profit for the period in which the corresponding sales were recognized. In cases where the cost of the program varies according to sales, it is deducted from sales and revenue.

The Group's incentive programs include retail financing granted at a significant discount to market interest rates. The corresponding cost is recognized at the time of the sale.

1.7. 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 recognized over the period during which the service is provided.

1.8. Research and development expenses

Under IAS 38—Intangible Assets, research expenditure is recognized as an expense, while development expenditure is recognized as an intangible asset when certain conditions are met (see note 1.11.A).

In accordance with this standard, all research costs and all development expenditure other than those described in note 1.11.A are recognized as an expense for the period in which they are incurred.

1.9. Recurring operating income and operating income

The Group uses recurring operating income (previously called "operating margin") as its main business performance indicator. Recurring operating income is equal to consolidated profit or loss before:

- non-recurring operating income and expenses, which consist mainly of:
  - restructuring and early-termination plan costs,
  - profits and losses and movements on provisions covering highly unusual events;
- net financial income or expense, which includes:
  - interest income including the impact of interest rate and currency hedges,
  - finance costs including the impact of interest rate and currency hedges,
  - other net financial income and expenses;
- current and deferred taxes;
- share in net earnings of companies at equity.

Operating income is equal to consolidated profit or loss before:

- net financial income or expense;
- current and deferred taxes;
- share in net earnings of companies at equity.

1.10. Goodwill

Goodwill is the excess of the cost of shares in a consolidated company, including transaction expenses, over the Group's equity in the fair value at the acquisition date of the identifiable assets and liabilities acquired.

In accordance with IFRS 3—Business Combinations, goodwill is not amortized but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is allocated to cash generating units (CGU), 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 also allocated to a distinct geographic area, impairment tests are carried out at this more detailed level. The methods used to measure the recoverable amount of CGUs is described in note 1.13. Any impairment losses are deducted from consolidated profit for the year.

Goodwill attributable to acquisitions of equity-accounted companies is included in "Investments in companies at equity", and is tested for impairment at the level of the corresponding investments.

1.11. Intangible assets

A. Research and development expenditure

Under IAS 38—Intangible Assets, development expenditure is recognized 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.

(a) Automobile Division

Development expenditure on vehicles and mechanical parts (engines and gearboxes) incurred between the project launch (corresponding to the styling decision for vehicles) and the start-up of pre-series production is recognized in intangible assets. It is amortized from the start-of-production date over their useful lives: up to a maximum of seven years for vehicles and a period of ten years for mechanical parts. The capitalized amount includes payroll costs of personnel directly assigned to the project, the cost of prototypes and the cost of external services related to the project. These costs do not include any overhead or indirect expense, such as rent, building depreciation and information system utilization costs. The capitalized costs also include the portion of qualifying development expenditure incurred by PSA Peugeot Citroën under cooperation agreements that is not billed to the partner. All development expenditure billed to PSA Peugeot Citroën by its partners under cooperation agreements is also capitalized. As from 2007, all development expenditure incurred to develop mechanical parts compliant with new pollution abatement standards are monitored on a project-by-project basis and consequently, are capitalized.

(b) Automotive Equipment Division

Development work is undertaken for all programs 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 recognized in intangible assets. The intangible asset is amortized based on the quantity of parts delivered to the customer, provided that accumulated amortization at each year-end does not represent less than the amount that would be recognized if the asset were amortized on a straight-line basis over five years. If the contract includes a payment guarantee, the development expenditure is recognized in inventories and work-in-progress.

Other research and development expenditure is recognized 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 recognized as an intangible asset when it is probable that these costs will generate future economic benefits. The capitalized costs are amortized 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 amortized on a straight-line basis over the estimated period of benefit, not to exceed twenty years.

1.12. 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 excluding borrowing costs, and are not revalued.

Investment grants are recognized 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 recognized according to the method described in note 1.5.A.

Assets acquired under finance leases, as defined in IAS 17—Leases, are recognized 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 recognized 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:

(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 toolings

In the Automobile Division, specific toolings are depreciated over the estimated lives of the corresponding models, which are generally shorter than the useful lives of the toolings concerned, due to the frequency of model changes. In the Automotive Equipment Division, specific toolings are 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 recognized 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 part.

1.13. Impairment of long-lived assets

In accordance with IAS 36—Impairment of Assets, the recoverable amount of property, plant and equipment and intangible assets is tested for impairment at each balance sheet date, whenever events or changes in circumstances indicate that it might be impaired. The impairment test usually consists in estimating the asset's value in use. Assets with indefinite useful lives must be tested for impairment at least once a year. Goodwill is the only indefinite-lived asset carried in the Group accounts.

Impairment tests are performed at the level of cash generating units (CGUs), which are defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The value in use of CGUs is measured as the net present value of estimated future cash flows. If this value is less than the CGU's carrying amount, an impairment loss is included in income. The impairment loss is first recorded as an adjustment to the carrying amount of any goodwill allocated to the CGU.

The Automobile Division comprises a number of Vehicle CGUs, each corresponding to a vehicle model. The assets included in a Vehicle CGU consist of toolings and other specific plant and equipment used to manufacture the model, as well as capitalized model development expenditure (see note 1.11.A). The Vehicle CGUs and all other fixed assets, including goodwill, together make up the Automobile Division CGU.

In the Automotive Equipment Division, each CGU corresponds to a program and comprises all customer contract-related intangible assets (corresponding to capitalized development costs) and property, plant and equipment. These CGUs are combined in business units (Automotive Seating, Vehicle Interiors, Exhaust Systems and Front Ends) to which support assets and goodwill are allocated.

Within the Banque PSA Finance group, fixed assets used in a given country constitute a homogenous group of assets (CGU).

For Gefco group companies, property, plant and equipment and intangible assets are allocated to either Automotive or Logistical Integration CGUs.

1.14. Financial assets and liabilities

A. Definitions

Under IAS 39, financial assets include loans and receivables, available-for-sale securities, financial assets held for trading and financial assets accounted for using the fair value option. On the balance sheet, these categories correspond to investments in non-consolidated companies (note 16), other non-current financial assets (note 19), loans and receivables—finance companies (note 21), short-term investments—finance companies (note 22), trade receivables—manufacturing and sales companies (note 24), current financial assets (note 26), and cash and cash equivalents (note 27). The Group does not use the “held-to-maturity” asset category.

Financial liabilities as defined by IAS 39 comprise financial liabilities at amortized cost and financial liabilities accounted for using the fair value option. On the balance sheet, these categories correspond to current and non-current financial liabilities (note 31), financing liabilities (note 33) and trade payables.

Financial assets and liabilities with maturities of more than one year at the balance sheet date are classified as non-current. All other assets and liabilities are reported as current.

Financial assets and liabilities are recognized and measured in accordance with IAS 39, which was only partially adopted by the European Commission. However, the Group is not affected by the provisions of IAS 39 which were rejected by the European Union.

B. Recognition and measurement of financial assets

(a) Investments in non-consolidated companies

These represent the Group’s 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 the fair value in the absence of an active market for the shares. An impairment loss is recognized 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) Loans and receivables

Loans and receivables include advances to non-consolidated companies, loans under the French government housing scheme, and other loans and receivables. They are stated at amortized cost, measured by the effective interest method. Their carrying value includes the outstanding principal plus unamortized 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) Investments

Investments are classified as available-for-sale or as accounted for using the fair value option.

(c1) Investments classified as available-for-sale

Investments classified as available-for-sale include listed securities that the Group intends to hold on a lasting basis or that can be sold in the short term. They are stated at market value, which the Group considers is representative of fair value. Gains and losses arising from remeasurement at fair value are generally recognized directly in equity. Only impairment losses reflecting a prolonged decline in value are recognized in the income statement.

(c2) Investments accounted for using the fair value option

Assets recorded in this category comprise fixed-income securities hedged by interest rate swaps and unhedged variable-income securities. Any changes in the fair value of these securities are recognized directly in profit or loss for the period, together with the offsetting change in the fair value of the related swaps.

(d) Loans and receivables—finance companies

Loans and receivables reported in the balance sheet correspond to Banque PSA Finance’s net financial commitment in respect of the loans and receivables. Consequently, their carrying amount includes the outstanding principal and accrued interest plus the following items (before the effect of hedge accounting):

- commissions paid to referral agents as well as directly attributable administrative expenses incurred with third parties on inception of loans and receivables, which are added to the outstanding principal;
- contributions received from the marques, which are deducted from the outstanding principal;
- unamortized 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.

Finance loans and receivables are generally hedged against interest rate risks. The hedged portion of the loan is remeasured at fair value in accordance with hedge accounting principles. The gains and losses arising from remeasurement at fair value are recognized 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 1.14.D—Derivative instruments).

Finance 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 receivables' carrying amount to the present value of estimated future cash flows discounted at the effective interest rate.

For retail finance receivables:
- an impairment loss is recognized 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 rate;
- impairment losses on non-performing loans are determined based on the discounted average loss rate, which is used to calculate provisions for credit losses on non-performing and doubtful loans.

For other finance receivables (consisting mainly of wholesale receivables), provisions for known credit risks are determined on a case-by-case basis.

(e) Cash and cash equivalents

Cash and cash equivalents include cash at bank, units in money market funds and other money market securities that are convertible into cash at very short notice and are not exposed to any material risk of impairment in the case of an increase in interest rates. All cash and cash equivalents are measured at fair value.

C. Recognition and measurement of financial liabilities

(a) Financial liabilities at amortized cost

Borrowings and other financial liabilities are generally stated at amortized 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 due to fluctuations in interest rates taken to profit or loss and offset by the loss or gain arising from remeasurement at fair value of the hedging instrument.

(b) Financial liabilities accounted for using the fair value option

Exceptionally, the fair value option has been applied when it allows for a clearer presentation of the financial statements, namely because changes in the fair value of liabilities are accounted for symmetrically with any changes in the fair value of the derivatives hedging the interest rate risk on such liabilities. In such cases, the fair value of these liabilities reflects the credit risk specific to the issuer.

D. Recognition and measurement of derivative instruments

(a) Standard method

Derivative instruments are stated at fair value. Except as explained below, gains and losses arising from remeasurement at fair value are recognized 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 recognized in the balance sheet and measured at fair value. Gains and losses arising from remeasurement at fair value are recognized 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 instruments is recognized directly in equity, since the gain or loss arising from remeasurement at fair value of the hedged portion of the hedge item is not recognized in the balance sheet; the ineffective portion is recognized through profit or loss. The cumulative gains and losses recognized in equity are included in profit or loss when the hedged item affects profit or loss.

1.15. Inventories

Inventories are stated at the lower of cost and net realizable value, in accordance with IAS 2—Inventories. Cost is determined by the first-in-first-out (FIFO) method and includes direct and indirect production expenses based on a normal level of activity.

The cost of inventories does not include any borrowing costs.

The Automotive Equipment Division performs development work and manufactures or purchases specific toolings to produce parts or modules for programs covered by specific customer orders. When the contract includes a payment guarantee, the development costs are recognized in inventories and work-in-progress and the corresponding revenue is recognized when the customer signs off on each technical phase.

1.16. 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 recognized, while deferred tax assets are only recognized when there is a reasonable expectation that they will materialize.

A deferred tax liability is recognized 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;
- it is probable that the temporary difference will not reverse in the foreseeable future.

In practice:
- for subsidiaries, a deferred tax liability is recognized 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 recognized 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 recognizing deferred tax liabilities, except when the difference is considered to be temporary, for example, when the Group plans to divest the subsidiary.

1.17. Provisions

In accordance with IAS 37—Provisions, Contingent Liabilities and Contingent Assets, a provision is recognized 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 recognized only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan. Discounting adjustments are only recognized when material.

1.18. Pensions and other post-employment benefits

In addition to pension benefits paid in accordance with the laws and regulations of the countries in which they operate, Group companies are liable for the payment of supplementary pensions and retirement benefits (see note 30.1). These benefits are paid under defined contribution and defined benefit plans.

The payments made under defined contribution plans are in full discharge of the Group's liability and are recognized 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 recognized in the income statement using the corridor method, which consists of recognizing a specified portion of the net cumulative actuarial gains and losses that exceed the greater of (i) 10% of the present value of the benefit obligation, and (ii) 10% of the fair value of plan assets, over the remaining service lives of plan participants.

The purpose of external funds is to cover the total projected benefit obligation, including the portion not recognized 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 recognized portion of the projected benefit obligation. This leads to the recognition of an asset in "Other non-current assets" in an amount not exceeding the sum of net actuarial losses and unrecognized past service costs.

Other employee benefit obligations recognized in the balance sheet concern:
- long-service awards payable by French and foreign subsidiaries (see note 30.2);
- healthcare costs paid by certain subsidiaries in the United States (note 30.3).

1.19. Options to purchase existing or newly issued shares at an agreed price

Stock options are granted to Group Management and certain employees under equity-settled share-based payment plans. These options are measured at the grant date, i.e., or at the date of approval of the plan by the Managing Board, in accordance with IFRS 2—Share-based Payment, using the Black & Scholes option pricing model. Changes in the fair value of options after the grant date have no impact on the initial valuation.

The fair value of stock options depends in part on their expected life, which the Group considers as corresponding to the average option life, i.e., six years. The compensation expense corresponding to the options' fair value is recognized in personnel costs on a straight-line basis over the period from the grant date to the earliest exercise date (vesting period), with the offsetting adjustment recognized directly in equity.

In accordance with IFRS 2, only those stock options granted after November 7, 2002 but not yet vested at January 1, 2005 are measured and recognized in personnel costs. No compensation expense has therefore been recognized for stock options granted prior to November 7, 2002.

1.20. Treasury stock

All Peugeot S.A. shares held by the Group are recorded at cost as a deduction from equity. Proceeds from sales of treasury stock are taken to equity, so that any disposal gains or losses have no impact on profit.

Note 2 – Adjustments to the reported financial statements

Dongfeng Peugeot Citroën Automobile has opted to apply the Accounting Standards for Business Enterprises (ASBE) for its statutory financial statements as from 2007. The work carried out in preparation for the first-time application of this body of standards, which are highly comparable with IFRS, led Dongfeng Peugeot Citroën Automobile to make certain adjustments to the restatements previously applied to reconcile its statutory financial statements with the IFRS financial statements used by the PSA Peugeot Citroën Group to prepare its consolidated financial statements.

These adjustments were already made to the interim financial statements for the six months ended June 30, 2007.

In comparison with the consolidated financial statements issued in February 2007, the impact of these adjustments is a €26 million increase in shareholders' equity at January 1, 2005, and increases of €8 million and €7 million in the share in net earnings of companies at equity for 2005 and 2006 respectively. Basic earnings per share for 2005 and 2006 increased by €0.03.

In accordance with paragraph 23 of IAS 28—Accounting for Investments in Associates, goodwill attributable to acquisitions of equity-accounted companies is included in "Investments in companies at equity". Consequently, goodwill attributable to the acquisition of Dongfeng Peugeot Citroën Automobile and previously recorded in "Goodwill" (note 15) has been reclassified to "Investments in companies at equity" (note 17).

Note 3 – Scope of consolidation

3.1. Number of consolidated companies

A. Number of companies consolidated at year-end

	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Fully-consolidated companies			
Manufacturing and sales companies	290	288	310
Finance companies	36	34	33
	326	**322**	**343**
Companies at equity			
Manufacturing and sales companies	37	33	32
Finance companies	1	1	-
	38	**34**	**32**
Consolidated companies at December 31	**364**	**356**	**375**

B. Changes during the year

	2007
Consolidated companies at January 1	**356**
Newly consolidated companies:	
- Automotive equipment companies	14
- Transportation and logistics companies	3
- Other manufacturing and sales companies	2
- Finance companies	4
Companies sold	(5)
Merger of subsidiaries into the banking business	(1)
Merged companies and other	(9)
Consolidated companies at December 31	**364**

3.2. Main changes in the scope of consolidation in 2007

No material changes in the scope of consolidation occurred during 2007.

Note 4 – 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 Group's main performance indicator is recurring operating income.

4.1. Business segments

The Group's operations are organized around five main segments:
- the Automobile Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot and Citroën marques;
- the Automotive Equipment Division, corresponding to the Faurecia group, which specializes in the Vehicle Interiors, Automotive Seating, Front End and Exhaust Systems businesses;
- the Transportation and Logistics Division, corresponding to the Gefco group, which specializes in logistics and vehicle and goods transportation;
- the Finance Division, corresponding to the Banque PSA Finance group, which provides retail financing to customers of the Peugeot and Citroën marques and wholesale financing to the two marques' dealer networks;
- other businesses, which include the activities of the holding company, Peugeot S.A., and Peugeot Motocycles.

Balances for each segment, as shown in the table below, are on a stand-alone basis. 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.

2007 *(in millions of euros)*	Automobile	Automotive Equipment	Transportation and Logistics	Finance companies	Other	Eliminations and reconciliations	Total
Sales and revenue							
- third parties	47,408	10,028	1,403	1,544	230	-	60,613
- intragroup, intersegment	48	2,633	2,151	455	266	(5,553)	-
Total	**47,456**	**12,661**	**3,554**	**1,999**	**496**	**(5,553)**	**60,613**
Recurring operating income	**858**	**121**	**155**	**608**	**10**	**-**	**1,752**
Restructuring costs	(229)	(105)	(42)	-	(4)	-	(380)
Impairment losses	(216)	(61)	-	-	(12)	-	(289)
Other non-recurring operating income and (expenses)	97	(60)	-	-	-	-	37
Operating income (loss)	**510**	**(105)**	**113**	**608**	**(6)**	**-**	**1,120**
Interest income		16		-		267	283
Finance costs		(121)		-		(185)	(306)
Other financial income and (expenses), net		(10)		(1)		(6)	(17)
Net financial income (expense)	**-**	**(115)**	**-**	**(1)**	**-**	**76**	**(40)**
Income taxes		(13)		(186)		(103)	(302)
Share in net earnings of companies at equity	46	2	-	-	-	-	48
Consolidated profit (loss) for the year		**(231)**		**421**		**(27)**	**826**
Segment assets	27,544	6,228	1,203	28,768	(560)	(1,847)	61,336
of which investments in companies at equity	*677*	*45*	*3*	*12*	-	-	*737*
Segment liabilities	(20,040)	(3,415)	(844)	(25,874)	141	1,855	(48,177)
Capital employed (note 39.1)	**7,504**	**2,813**	**359**	**2,894**	**(419)**	**8**	**13,159**
Capital expenditure (excluding sales with a buyback commitment)	**2,182**	**472**	**53**	**27**	**6**	**-**	**2,740**
Depreciation and amortization	**(2,728)**	**(479)**	**(55)**	**(14)**	**(8)**	**-**	**(3,284)**

2006 *(in millions of euros)*	Automobile	Automotive Equipment	Transportation and Logistics	Finance companies	Other	Eliminations and reconciliations	Total
Sales and revenue							
- third parties	44,444	9,199	1,272	1,396	283	-	56,594
- intragroup, intersegment	122	2,450	1,973	365	370	(5,280)	-
Total	**44,566**	**11,649**	**3,245**	**1,761**	**653**	**(5,280)**	**56,594**
Recurring operating income	**267**	**69**	**151**	**604**	**17**	**11**	**1,119**
Restructuring costs (1)	(245)	(169)	(6)	-	(9)	-	(429)
Impairment losses (1)	(194)	(234)	-	-	(41)	-	(469)
Other non-recurring operating income and (expenses)	64	17	9	-	-	-	90
Operating income (loss)	**(108)**	**(317)**	**154**	**604**	**(33)**	**11**	**311**
Interest income		11		-		167	178
Finance costs		(86)		-		(148)	(234)
Other financial income and (expenses), net		(15)		(1)		(33)	(49)
Net financial income (expense)	**-**	**(90)**	**-**	**(1)**	**-**	**(14)**	**(105)**
Income taxes		(35)		(205)		84	(156)
Share in net earnings of companies at equity	16	4	-	-	-	-	20
Consolidated profit (loss) for the year		**(438)**		**398**		**81**	**70**
Segment assets	27,710	6,462	1,160	27,191	(155)	(1,850)	60,518
of which investments in companies at equity	*644*	*40*	*3*	*12*	-	-	*699*
Segment liabilities	(19,612)	(3,337)	(790)	(24,539)	(100)	1,991	(46,387)
Capital employed (note 39.1)	**8,098**	**3,125**	**370**	**2,652**	**(255)**	**141**	**14,131**
Capital expenditure (excluding sales with a buyback commitment)	**2,852**	**515**	**70**	**27**	**20**	**-**	**3,484**
Depreciation and amortization	**(2,547)**	**(530)**	**(54)**	**(12)**	**(15)**	**-**	**(3,158)**

(1) Restructuring costs for the Automobile Division include €71 million in impairment losses linked to the sale of the Ryton site in the UK (note 9.4)

2005 *(in millions of euros)*	Automobile	Automotive Equipment	Transportation and Logistics	Finance companies	Other	Eliminations and reconciliations	Total
Sales and revenue							
- third parties	44,940	8,510	1,157	1,380	280	-	56,267
- intragroup, intersegment	131	2,468	1,843	276	429	(5,147)	-
Total	**45,071**	**10,978**	**3,000**	**1,656**	**709**	**(5,147)**	**56,267**
Recurring operating income	**916**	**267**	**145**	**607**	**1**	**4**	**1,940**
Restructuring costs	(21)	(138)	-	-	(1)	-	(160)
Impairment losses [(1)]	-	(180)	-	-	-	-	(180)
Other non-recurring operating income and (expenses)	(1)	3	3	2	1	-	8
Operating income (loss)	**894**	**(48)**	**148**	**609**	**1**	**4**	**1,608**
Interest income		9		-		148	157
Finance costs		(76)		-		(143)	(219)
Other financial income and (expenses), net		(11)		(1)		(4)	(16)
Net financial income (expense)	**-**	**(78)**	**-**	**(1)**	**-**	**1**	**(78)**
Income taxes		(53)		(207)		(225)	(485)
Share in net earnings (losses) of companies at equity	(53)	6	-	-	-	-	(47)
Consolidated profit (loss) for the year		**(173)**		**401**		**(220)**	**998**
Segment assets	27,178	6,640	1,208	26,623	11	(1,720)	59,940
of which investments in companies at equity	*661*	*35*	*3*	-	-	-	*699*
Segment liabilities	(19,284)	(3,197)	(766)	(24,204)	(144)	1,818	(45,777)
Capital employed (note 39.1)	**7,894**	**3,443**	**442**	**2,419**	**(133)**	**98**	**14,163**
Capital expenditure (excluding sales with a buyback commitment)	**3,061**	**656**	**63**	**31**	**21**	**-**	**3,832**
Depreciation and amortization	**(2,422)**	**(504)**	**(51)**	**(12)**	**(17)**	**-**	**(3,006)**

(1) Additional impairment losses of €13 million attributable to the "Other" segment were also recorded in recurring operating income.

4.2. Geographical segments

In the table below, sales and revenue are presented by destination of products sold, and investments and assets by geographic location of the subsidiary concerned.

In accordance with IFRS 8, the Group's geographical segment analysis presents all non-current assets other than financial instruments, deferred tax assets and external pension plan assets.

2007 *(in millions of euros)*	Western Europe	Rest of Europe	Latin America	Rest of world	Total
Sales and revenue	47,533	3,552	3,391	6,137	60,613
Capital expenditure (intangible assets and property, plant and equipment)	2,319	156	183	82	2,740
Non-current assets (excluding deferred tax assets and financial instruments)	16,807	1,061	610	321	18,799

2006 *(in millions of euros)*	Western Europe	Rest of Europe	Latin America	Rest of world	Total
Sales and revenue	45,087	2,844	2,758	5,905	56,594
Capital expenditure (intangible assets and property, plant and equipment)	2,966	242	145	131	3,484
Non-current assets (excluding deferred tax assets and financial instruments)	17,493	1,048	483	372	19,396

2005 *(in millions of euros)*	Western Europe	Rest of Europe	Latin America	Rest of world	Total
Sales and revenue	46,083	2,300	2,150	5,734	56,267
Capital expenditure (intangible assets and property, plant and equipment)	3,105	484	83	160	3,832
Non-current assets (excluding deferred tax assets and financial instruments)	17,255	904	465	389	19,013

Note 5 – Sales and revenue

(in millions of euros)	2007	2006	2005
Vehicles and other goods	55,117	51,550	51,278
Services	3,952	3,648	3,609
Finance companies	1,544	1,396	1,380
Total	**60,613**	**56,594**	**56,267**

Note 6 – Personnel costs

Group personnel costs are as follows:

(in millions of euros)	2007	2006	2005
Automobile Division	(6,225)	(6,147)	(6,162)
Automotive Equipment Division	(2,104)	(2,104)	(2,002)
Transportation and Logistics Division	(413)	(390)	(368)
Finance companies	(126)	(123)	(120)
Other businesses	(131)	(120)	(140)
Total	**(8,999)**	**(8,884)**	**(8,792)**

Details of stock option expenses are provided in note 28.3.D, and pension expenses are detailed in note 30.1.F.

Note 7 – Depreciation and amortization expense

Depreciation and amortization expense included in recurring operating items breaks down as follows:

(in millions of euros)	2007	2006	2005
Capitalized development expenditure	(752)	(704)	(594)
Other intangible assets	(60)	(70)	(65)
Specific toolings	(811)	(748)	(670)
Other property, plant and equipment	(1,661)	(1,636)	(1,677)
Total	**(3,284)**	**(3,158)**	**(3,006)**

Depreciation and amortization expense for 2007 reflects the reduction in the useful lives of certain assets, which led to a €132 million increase in this item compared with the previous depreciation and amortization schedule.

Note 8 – Research and development expenses

8.1. Impact of capitalization on the statement of income

(in millions of euros)	2007	2006	2005
Total expenditure	(2,074)	(2,195)	(2,168)
Capitalized development expenditure (note 15.1)	754	882	856
Non-capitalized expenditure	(1,320)	(1,313)	(1,312)
Amortization of capitalized development expenditure (note 15.1)	(752)	(704)	(594)
Total	**(2,072)**	**(2,017)**	**(1,906)**

Certain costs incurred by Faurecia and previously recorded under “Cost of goods and services sold” and “Selling, general and administrative expenses” were reclassified to “Research and development expenses” (€20 million in 2006 and €17 million in 2005).

Impairment losses on capitalized development expenses are disclosed in note 9.

8.2. Impact of capitalization on the statement of cash flows

(in millions of euros)	2007	2006	2005
Impact on profit	2	178	262
Impact on amortization	(752)	(704)	(594)
Impact on working capital provided by operations	**754**	**882**	**856**
Impact on net cash used in investing activities	**(754)**	**(882)**	**(856)**
Total	**0**	**0**	**0**

Note 9 – Non-recurring operating income and (expenses)

(in millions of euros)	2007	2006	2005
Impairment loss taken on Automobile CGUs (note 9.1)	(216)	(194)	-
Impairment loss taken on Faurecia group CGUs and other Faurecia group asset write-downs (note 9.2)	(65)	(234)	(180)
Provisions for contingencies and charges (Faurecia group)	(56)	-	8
Impairment loss taken on CGUs from other businesses (note 9.3)	(12)	(41)	-
Restructuring costs (note 9.4)	(380)	(429)	(160)
Net gains on disposals of property (note 9.5)	95	93	6
Other	2	(3)	(6)
Total	**(632)**	**(808)**	**(332)**

9.1. Impairment loss taken on Automobile CGUs

In accordance with the principle set out in note 1.13, the carrying amount of each vehicle CGU and the overall Automobile Division CGU was compared with its value in use. Value in use is defined as the present value of estimated future cash flows expected to be generated by the assets based on the latest projections from the Medium-Term Plan (2008-2011 plan for 2007 impairment tests) and the 10-year strategic plan for vehicles under development.

The discount rate was calculated using a post-tax average cost of capital of 8% determined in 2007 using the same method as that applied in 2006 by an independent expert. This was also the rate applied in the impairment tests carried out in fiscal 2006.

At end-2006, these impairment tests led to the recognition of a €194 million write-down on two vehicle CGUs, essentially attributable to a decline in volumes sold for these models. Impairment losses were first allocated against capitalized development expenditure (€108 million), and then against specific toolings in proportion to their net carrying amount (€86 million).

In the first half of 2007, a decrease in volumes on these two CGUs led the Group to perform further impairment tests. The impairment tests led the Group to record a full write-off of fixed assets related to these two CGUs, for a total additional amount of €216 million. No changes in the outlook occurred during the second half of the year to justify reviewing this impairment loss.

At end-2007, all of the CGUs were tested for impairment and no further asset write-downs were recorded.

9.2. Impairment loss taken on Faurecia group CGUs

In accordance with the principle set out in note 1.13, the carrying amount of each group of assets was compared with its value in use. Value in use is defined as the present value of estimated future cash flows expected to be generated by the assets based on Management's latest projections for each cash-generating unit (2008-2011 Medium-Term Plan).

The calculation was performed by extrapolating to perpetuity projected cash flows for the last year of the Medium-Term Plan (2011) using a growth rate of 1.5% based on estimated trends developed by analysts for the automobile market. This was also the rate applied in the impairment tests carried out in fiscal 2006.

An independent expert was consulted to determine the weighted average cost of capital to be used to discount future cash flows. The market parameters used by the expert for the calculation were based on a sample of 11 companies from the automotive equipment sector (six European companies and five US companies). Using these parameters and a risk premium of 4.7%, the post-tax average cost of capital used to discount future cash flows was set at 8.3% (2005 and 2006: 7.9%).

In 2007, these impairment tests led to the recognition of a €61 million write-down on fixed assets. No impairment was recorded against goodwill.

In 2006, impairment tests led to the recognition of a €198 million write-down on the Vehicle Interiors business (including €125 million against goodwill); and to a €180 million write-down (including €138 million against goodwill) on the same business in 2005.

The sensitivity of the impairment test to changes in the assumptions used to determine the value in use of the two CGUs accounting for the bulk of goodwill at end-2007 is illustrated in the table below:

	Automotive Seating		Vehicle Interiors	
(in millions of euros)	1%	-1%	1%	-1%
Discount rate	(283)	381	(133)	179
Perpetual growth rate	312	(237)	147	(110)

9.3. Impairment loss taken on CGUs from other businesses

In 2007, a €12 million impairment loss was recorded against property, plant and equipment belonging to Peugeot Motocycles based on revised estimates during that year regarding the company's business outlook.

The calculation was performed on the basis of 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 2008-2011 Medium-Term Plan, extrapolated to perpetuity using a zero growth rate. The discount rate was calculated using a post-tax weighted average cost of capital of 9.7% (unchanged from the rate used in fiscal 2006).

9.4. Restructuring costs

A. Analysis by type

(in millions of euros)	2007	2006	2005
Early-termination plan costs (1)	1	(5)	4
Workforce reductions	(379)	(347)	(152)
Discontinued production operations	(2)	(77)	(12)
Total	**(380)**	**(429)**	**(160)**

(1) Early-termination plans relate to the agreements signed in 1999 for the Automobile Division and in 2001 for the Automotive Equipment Division. At the 2007 year-end, 4,428 employees were concerned by the plans, including 200 Faurecia group employees.

B. Analysis by business segment

(in millions of euros)	2007	2006	2005
Automobile Division	(229)	(245)	(21)
Automotive Equipment Division	(105)	(169)	(137)
Transportation and Logistics Division	(42)	(6)	-
Finance companies	-	-	-
Other businesses	(4)	(9)	(2)
Total	**(380)**	**(429)**	**(160)**

Automobile Division

On May 9, 2007, Management in France presented its workforce streamlining plan to Peugeot Citroën Automobiles' Central Works Committee. This plan, which was designed to adapt the Group to its changing economic environment, offers voluntary departure incentives over the period June 1, 2007 to December 13, 2007.

The Group estimates the net cost of the plan, which concerns 6,217 employees, at €211 million. This amount was recognized in full in the 2007 financial statements.

The estimated net cost corresponds to termination payments amounting to €263 million as well as €14 million in regulatory expenses and €5 million in career consultancy services, and takes account of an €71 million fall in the provision for pension obligations.

The cost of workforce reduction measures in other European countries amounts to €15 million.

In 2006, restructuring costs included €237 million in connection with the discontinuation of production at the PSA Peugeot Citroën site at Ryton, UK. In 2005, this item included the costs of phasing out the third team at the Ryton plant, in an amount of €26 million.

Automotive Equipment Division (Faurecia Group)

Restructuring costs attributable to the Faurecia Group amount to €105 million in 2007, and concern 1,728 employees.

Restructuring costs attributable to the Faurecia Group amounted to €169 million in 2006 and €137 million in 2005.

Transportation and Logistics Division

Restructuring costs attributable to Gefco in Germany amount to €40 million in 2007, and concern 430 employees.

C. Employees affected

(number of employees)	2007	2006	2005
France	6,812	1,820	1,111
United Kingdom	101	2,266	932
Germany	853	617	689
Rest of Europe	1,130	363	498
Rest of world (excluding Europe)	422	88	258
Total	**9,318**	**5,154**	**3,488**

9.5. Net gains on disposals of property

In 2007, net gains on disposals of property include €85 million from the sale of a site at Ryton, UK.

In 2006, net gains on disposals of property include €80 million from the sale of a site in Coventry (UK) and two sites in Madrid (Spain).

Note 10 – Interest income

Interest income on loans relates to interest accrued according to the method set out in note 1.14.B (b).

(in millions of euros)	2007	2006	2005
Interest income on loans	10	11	16
Interest income on cash equivalents	275	167	138
Remeasurement of investments accounted for using the fair value option	1	(2)	(1)
Net gain (loss) on interest rate instruments designated as hedges of investments	(3)	2	4
Total	**283**	**178**	**157**

Note 11 – Finance costs

(in millions of euros)	2007	2006	2005
Interest on other borrowings	(205)	(158)	(125)
Interest on bank overdrafts	(65)	(60)	(57)
Interest on finance lease liabilities	(17)	(14)	(8)
Foreign exchange gain (loss) on financial transactions	5	3	(7)
Net gain (loss) on hedges of borrowings [1]	(7)	11	(5)
Other	(17)	(16)	(17)
Total	**(306)**	**(234)**	**(219)**

(1) Net gain (loss) on hedges of borrowings relates to the remeasurement of interest rate linked loans and to the remeasurement of hedging instruments at fair value, as described in note 1.14.C (a).

Note 12 – Other financial income and (expenses), net

(in millions of euros)	2007	2006	2005
Interest cost on pension obligations	(197)	(186)	(187)
Expected return on external pension funds	190	188	168
Change in the ineffective portion of foreign currency options	(1)	(43)	(40)
Other financial income and (expenses)	(9)	(8)	43
Total	**(17)**	**(49)**	**(16)**

Note 13 – Income taxes

13.1. Change in balance sheet items

2007 *(in millions of euros)*	At Jan. 1	Expense	Equity	Payment	Translation adjustment and other changes	At Dec. 31
Current taxes						
Assets	213					162
Liabilities	(169)					(169)
Total	**44**	**(367)**	**-**	**327**	**(11)**	**(7)**
Deferred taxes						
Assets	535					465
Liabilities	(2,183)					(2,053)
Total	**(1,648)**	**65**	**(8)**	**-**	**3**	**(1,588)**

2006 *(in millions of euros)*	At Jan. 1	Expense	Equity	Payment	Translation adjustment and other changes	At Dec. 31
Current taxes						
Assets	156					213
Liabilities	(137)					(169)
Total	**19**	**(279)**	**-**	**300**	**4**	**44**
Deferred taxes						
Assets	610					535
Liabilities	(2,367)					(2,183)
Total	**(1,757)**	**123**	**2**	**-**	**(16)**	**(1,648)**

2005 *(in millions of euros)*	At Jan. 1	Expense	Equity	Payment	Translation adjustment and other changes	At Dec. 31
Current taxes						
Assets	128					156
Liabilities	(136)					(137)
Total	**(8)**	**(367)**	**-**	**395**	**(1)**	**19**
Deferred taxes						
Assets	532					610
Liabilities	(2,218)					(2,367)
Total	**(1,686)**	**(118)**	**29**	**-**	**18**	**(1,757)**

13.2. Income taxes of fully consolidated companies

(in millions of euros)	2007	2006	2005
Current taxes			
Corporate income taxes	(363)	(276)	(362)
Tax on intragroup dividends	(4)	(3)	(5)
Deferred taxes			
Deferred taxes arising in the year	179	342	(75)
Unrecognized deferred tax assets and impairment losses	(114)	(219)	(75)
Effect of change in the French tax rate (note 13.2.B)	-	-	32
Total	**(302)**	**(156)**	**(485)**

A. Current taxes

Current tax expenses represent the amounts paid or currently due to the tax authorities for the year, calculated in accordance with the tax regulations and rates in effect in the various countries.

Effective January 1, 2005, Peugeot S.A. and its French subsidiaries that are at least 95%-owned renewed their election to determine French income taxes on a consolidated basis in accordance with Article 223-A of the French Tax Code.

B. Deferred taxes

Deferred taxes are determined as described in note 1.16.

The December 30, 2004 Amended Finance Act (Act no. 2004-1485) provided for:
- a reduction in the tax rate on all long-term capital gains from 19% to 15% as of 2005;
- the gradual phasing out of taxation of capital gains realized on the sale of long-term equity investments. This tax was reduced to 8% in 2006 and was abolished as of 2007.

The French statutory income tax rate is 33.33%.

Act no. 99-1140 of December 29, 1999 dealing with the financing of the social security system 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%.

Deferred tax assets and liabilities have been reduced to take into account these new tax rates.

In accordance with the Amended Finance Act, the Group transferred €200 million from the special long-term capital gains reserve to an ordinary reserve account in 2005. No additional tax is now due, following payment of an exit tax of 2.5%. A corresponding €6 million tax charge was recorded in the 2004 consolidated financial statements for all Group entities.

13.3. Reconciliation between theoretical tax expense and tax expense in the consolidated statements of income

(in millions of euros)	2007	2006	2005
Income before tax of fully consolidated companies	**1,080**	**206**	**1,530**
French statutory income tax rate for 2007	*34.4%*	*34.4%*	*34.9%*
Theoretical tax expense for the year based on the French statutory income tax rate	**(372)**	**(71)**	**(534)**
Change in French tax rates	-	-	32
Permanent differences	30	(6)	(31)
Income taxable at reduced rates	46	52	28
Tax credits	42	76	38
Effect of differences in foreign tax rates and other	66	12	57
Unrecognized deferred tax assets and impairment losses	(114)	(219)	(75)
Income taxes	**(302)**	**(156)**	**(485)**

With effect from 2007, research-based tax credits meeting the definition of subsidies are classified in recurring operating income.

In 2005 and 2006, the “Effect of differences in foreign tax rates and other” line includes the impairment loss taken on goodwill relating to Faurecia group CGUs, which has no impact on taxes. Unrecognized deferred tax assets and impairment losses essentially concern the Faurecia group.

13.4. Deferred tax assets and liabilities

(in millions of euros)	2007	2006	2005
Tax credits			
Tax credits before offsetting	10	21	25
Tax credits after offsetting (French tax group)	(9)	(9)	(10)
Total tax credit	**1**	**12**	**15**
Deferred tax assets on tax loss carryforwards			
Gross value before offsetting	858	621	507
Impairment	(75)	(83)	(70)
Deferred tax assets unrecognized at inception	(535)	(486)	(308)
Tax loss carryforwards after offsetting (French tax group)	(209)	-	-
Total deferred tax assets on tax loss carryforwards	**39**	**52**	**129**
Other deferred tax assets	**425**	**471**	**466**
Deferred tax assets	**465**	**535**	**610**
Deferred tax liabilities before offsetting	(2,271)	(2,192)	(2,377)
Deferred tax assets after French tax group offsetting adjustments	218	9	10
Deferred tax liabilities	**(2,053)**	**(2,183)**	**(2,367)**

Note 14 – Earnings per share

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 the number of shares held in treasury stock.

The dilutive effect of stock options is calculated using the “treasury stock” method, as follows:

	2007	2006	2005
Average number of €1 par value shares outstanding	228,349,123	228,662,232	230,211,537
Dilutive effect of stock options, calculated using the “treasury stock” method	861,186	399,015	535,209
Diluted average number of shares	**229,210,309**	**229,061,247**	**230,746,746**

In view of the terms of the stock option plans (note 28.3) and Peugeot S.A.’s average share price, the plans implemented from 1999 through 2006 have a dilutive impact in 2007. In 2005 and 2006, only the plans implemented from 1999 through 2003 were dilutive.

Note 15 – Goodwill and intangible assets

15.1. Change in carrying amount

2007 *(in millions of euros)*	Goodwill	Development expenditure	Software and other intangible assets	Intangible assets
Gross value				
Opening balance	**1,826**	**6,651**	**1,382**	**8,033**
Purchases/additions	-	754	65	819
Disposals	-	(51)	(8)	(59)
Change in scope of consolidation and other	11	(26)	14	(12)
Translation adjustment	(11)	(16)	(2)	(18)
At December 31	**1,826**	**7,312**	**1,451**	**8,763**
Amortization and impairment				
Opening balance	**(263)**	**(2,979)**	**(1,020)**	**(3,999)**
Charge for the year	N/A	(752)	(60)	(812)
Impairment losses	-	(37)	-	(37)
Disposals	N/A	51	2	53
Change in scope of consolidation and other	-	11	(11)	-
Translation adjustment	-	9	2	11
At December 31	**(263)**	**(3,697)**	**(1,087)**	**(4,784)**
Carrying amount at January 1	1,563	3,672	362	4,034
Carrying amount at December 31	**1,563**	**3,615**	**364**	**3,979**

2006 *(in millions of euros)*	Goodwill	Development expenditure	Software and other intangible assets	Intangible assets
Gross value				
Opening balance	**1,827**	**5,824**	**1,265**	**7,089**
Purchases/additions	-	882	102	984
Disposals	-	(8)	(8)	(16)
Change in scope of consolidation and other	-	(34)	27	(7)
Translation adjustment	(1)	(13)	(4)	(17)
At December 31	**1,826**	**6,651**	**1,382**	**8,033**
Amortization and impairment				
Opening balance	**(138)**	**(2,173)**	**(952)**	**(3,125)**
Charge for the year	N/A	(704)	(70)	(774)
Impairment losses	(125)	(131)	-	(131)
Disposals	N/A	9	4	13
Change in scope of consolidation and other	-	17	(4)	13
Translation adjustment	-	3	2	5
At December 31	**(263)**	**(2,979)**	**(1,020)**	**(3,999)**
Carrying amount at January 1	1,689	3,651	313	3,964
Carrying amount at December 31	**1,563**	**3,672**	**362**	**4,034**

2005 *(in millions of euros)*	Goodwill	Development expenditure	Software and other intangible assets	Intangible assets
Gross value				
At January 1	**1,820**	**4,965**	**1,158**	**6,123**
Purchases/additions	7	856	104	960
Disposals	-	-	(5)	(5)
Change in scope of consolidation and other	-	-	3	3
Translation adjustment	-	3	5	8
At December 31	**1,827**	**5,824**	**1,265**	**7,089**
Amortization and impairment				
At January 1	**-**	**(1,572)**	**(887)**	**(2,459)**
Charge for the year	N/A	(594)	(65)	(659)
Impairment losses	(138)	-	-	-
Disposals	N/A	-	3	3
Change in scope of consolidation and other	-	-	(1)	(1)
Translation adjustment	-	(7)	(2)	(9)
At December 31	**(138)**	**(2,173)**	**(952)**	**(3,125)**
Carrying amount at January 1	1,820	3,393	271	3,664
Carrying amount at December 31	**1,689**	**3,651**	**313**	**3,964**

15.2. Breakdown of goodwill

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Net			
Faurecia	187	187	187
Faurecia businesses:			
- Automotive Seating	793	793	793
- Vehicle Interiors	247	239	364
- Front End	96	96	96
- Exhaust Systems	153	161	162
Peugeot Automotiv Pazarlama AS (Popas)	12	12	12
Crédipar	75	75	75
Total	**1,563**	**1,563**	**1,689**

Note 16 – Property, plant and equipment

2007 (in millions of euros)	Land and buildings	Plant and equipment	Leased vehicles (2)	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Gross value							
At January 1	**6,501**	**25,292**	**2,736**	**366**	**981**	**1,421**	**37,297**
Purchases/additions (1)	240	1,451	-	22	37	238	1,988
Disposals	(102)	(863)	-	(27)	(46)	-	(1,038)
Change in scope of consolidation and other	62	186	187	1	12	(270)	178
Translation adjustment	(19)	(19)	-	-	(4)	(12)	(54)
At December 31	**6,682**	**26,047**	**2,923**	**362**	**980**	**1,377**	**38,371**
Depreciation and impairment							
At January 1	**(3,159)**	**(17,653)**	**(312)**	**(256)**	**(649)**	**-**	**(22,029)**
Additions	(261)	(2,037)	(76)	(26)	(72)	-	(2,472)
Impairment losses	(18)	(234)	-	-	-	-	(252)
Disposals	90	831	-	16	44	-	981
Change in scope of consolidation and other	(4)	20	41	-	4	-	61
Translation adjustment	12	16	5	-	3	-	36
At December 31	**(3,340)**	**(19,057)**	**(342)**	**(266)**	**(670)**	**-**	**(23,675)**
Carrying amount at January 1	3,342	7,639	2,424	110	332	1,421	15,268
Carrying amount at December 31	**3,342**	**6,990**	**2,581**	**96**	**310**	**1,377**	**14,696**

2006 (in millions of euros)	Land and buildings	Plant and equipment	Leased vehicles (2)	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Gross value							
At January 1	**6,098**	**23,457**	**2,309**	**377**	**963**	**2,393**	**35,597**
Purchases/additions (1)	529	2,767	-	29	83	(763)	2,645
Disposals	(115)	(1,063)	-	(33)	(20)	-	(1,231)
Change in scope of consolidation and other	8	210	427	(6)	(39)	(223)	377
Translation adjustment	(19)	(79)	-	(1)	(6)	14	(91)
At December 31	**6,501**	**25,292**	**2,736**	**366**	**981**	**1,421**	**37,297**
Depreciation and impairment							
At January 1	**(2,914)**	**(16,568)**	**(297)**	**(254)**	**(607)**	**-**	**(20,640)**
Additions	(297)	(1,930)	(47)	(26)	(84)	-	(2,384)
Impairment losses	(31)	(253)	-	-	-	-	(284)
Disposals	85	1,038	-	24	16	-	1,163
Change in scope of consolidation and other	(9)	21	32	-	22	-	66
Translation adjustment	7	39	-	-	4	-	50
At December 31	**(3,159)**	**(17,653)**	**(312)**	**(256)**	**(649)**	**-**	**(22,029)**
Carrying amount at January 1	3,184	6,889	2,012	123	356	2,393	14,957
Carrying amount at December 31	**3,342**	**7,639**	**2,424**	**110**	**332**	**1,421**	**15,268**

2005 *(in millions of euros)*	Land and buildings	Plant and equipment	Leased vehicles (2)	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Gross value							
At January 1	**5,618**	**22,668**	**2,254**	**494**	**966**	**1,556**	**33,556**
Purchases/additions (1)	329	1,356	-	42	67	1,133	2,927
Disposals	(137)	(937)	-	(27)	(32)	-	(1,133)
Change in scope of consolidation and other	228	208	55	(134)	(49)	(314)	(6)
Translation adjustment	60	162	-	2	11	18	253
At December 31	**6,098**	**23,457**	**2,309**	**377**	**963**	**2,393**	**35,597**
Depreciation and impairment							
At January 1	**(2,601)**	**(15,462)**	**(305)**	**(371)**	**(599)**	**-**	**(19,338)**
Additions	(239)	(1,929)	(60)	(33)	(86)	-	(2,347)
Impairment losses	-	(55)	-	-	-	-	(55)
Disposals	127	902		18	30	-	1,077
Change in scope of consolidation and other	(187)	65	68	133	54	-	133
Translation adjustment	(14)	(89)		(1)	(6)	-	(110)
At December 31	**(2,914)**	**(16,568)**	**(297)**	**(254)**	**(607)**	**-**	**(20,640)**
Carrying amount at January 1	3,017	7,206	1,949	123	367	1,556	14,218
Carrying amount at December 31	**3,184**	**6,889**	**2,012**	**123**	**356**	**2,393**	**14,957**

(1) Including property, plant and equipment acquired under finance leases.
(2) The change in "Other" under "Leased vehicles" includes the net change for the year (additions less disposals) since those changes essentially have no cash impact.

Leased vehicles include those leased under short-term leases to retail customers by the Group's leasing companies and vehicles sold with a buyback commitment, which are recognized according to the method described in note 1.5.A.

They can be analyzed as follows:

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Vehicles subject to a buyback commitment	2,297	2,174	1,800
Vehicles under short-term leases	284	250	212
Total, net	**2,581**	**2,424**	**2,012**

Note 17 – Investments in companies at equity

Most companies accounted for by the equity method are manufacturing and sales companies that manufacture automotive parts and components or complete vehicles.

17.1. Changes in the carrying value of investments in companies at equity

(in millions of euros)	2007	2006	2005
At January 1	**699**	**699**	**693**
Dividends and profit transfers	(2)	(3)	(4)
Share of net earnings	48	20	(47)
Newly consolidated companies:			
- Dongfeng Peugeot Citroën Automobile Finance Company	-	12	-
- Faurecia group companies	3	3	-
- Gefco China	-	-	2
Capital increase	-	1	-
Disposals	-	(3)	-
Translation adjustment	(11)	(30)	55
At December 31	**737**	**699**	**699**
o/w Dongfeng Peugeot Citroën Automobile goodwill	56	59	63

17.2. Share in net assets

(in millions of euros)	Latest % interest	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Renault cooperation agreement				
Française de Mécanique	50%	22	49	58
Société de Transmissions Automatiques	20%	3	3	3
Fiat cooperation agreement				
Sevelnord	50%	73	62	62
Giesevel	50%	18	15	12
Sevelind	50%	19	16	6
Sevel SpA	50%	95	86	107
Toyota cooperation agreement				
Toyota Peugeot Citroën Automobiles	50%	137	118	113
Dongfeng cooperation agreement				
Dongfeng Peugeot Citroën Automobile (1)	50%	303	288	293
Dongfeng Peugeot Citroën Automobile Finance Company	25%	12	12	-
Other				
Siemens Automotiv Hydraulics (2)	5%	-	-	2
Stafim	34%	7	7	6
Gefco Tunisia	50%	-	-	-
Gefco China	50%	3	3	2
Faurecia group companies		45	40	35
Total		**737**	**699**	**699**

(1) Including Dongfeng Peugeot Citroën Automobile goodwill.

(2) In November 2006, the Group sold 43% of the capital of Siemens Automotiv Hydraulics to Siemens AG and retained a 5% interest. Siemens Automotiv Hydraulics was previously accounted for at equity until November 1, 2006, when the Group's residual interest in that company was transferred to "Investments in non-consolidated companies".

17.3. Share in net earnings

(in millions of euros)	Latest % interest	2007	2006	2005
Renault cooperation agreement				
Française de Mécanique	50%	(27)	(9)	(10)
Société de Transmissions Automatiques	20%	-	-	-
Fiat cooperation agreement				
Sevelnord	50%	11	-	(1)
Gisevel	50%	3	3	1
Sevelind	50%	3	10	25
Sevel SpA	50%	9	(21)	(4)
Toyota cooperation agreement				
Toyota Peugeot Citroën Automobiles	50%	14	13	(34)
Dongfeng cooperation agreement				
Dongfeng Peugeot Citroën Automobile	50%	31	18	(30)
Dongfeng Peugeot Citroën Automobile Finance Company	25%	-	-	-
Other				
Siemens Automotiv Hydraulics	5%	-	1	(1)
Stafim	34%	1	1	1
Gefco Tunisia	50%	-	-	-
Gefco China	50%	-	-	-
Faurecia group companies		3	4	6
Total		**48**	**20**	**(47)**

17.4. Key financial data

A. Aggregate data

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Capital employed			
Property, plant and equipment	1,502	1,577	1,540
Working capital	(33)	(28)	(42)
Other capital employed (1)	66	97	66
Total	**1,535**	**1,646**	**1,564**
Capital expenditure	**215**	**408**	**486**
Net financial position			
Long- and medium-term debt	(409)	(625)	(644)
Other financial items	(389)	(322)	(221)
Total	**(798)**	**(947)**	**(865)**

(1) At December 31, 2007, the main balance sheet items included in “Other capital employed” concern intangible assets for €144 million and provisions for €102 million.

B. Key financial data by company

(a) Capital employed

(in millions of euros)	Latest % interest	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Renault cooperation agreement				
Française de Mécanique	50%	99	141	153
Société de Transmissions Automatiques	20%	6	9	8
Fiat cooperation agreement				
Sevelnord	50%	157	164	144
Gisevel	50%	24	25	32
Sevelind	50%	18	14	29
Sevel SpA	50%	367	366	237
Toyota cooperation agreement				
Toyota Peugeot Citroën Automobiles	50%	222	234	294
Dongfeng cooperation agreement				
Dongfeng Peugeot Citroën Automobile	50%	594	628	593
Dongfeng Peugeot Citroën Automobile Finance Company	25%	12	12	-
Other				
Siemens Automotiv Hydraulics	5%	-	-	5
Stafim	34%	(5)	-	(2)
Gefco Tunisia	50%	-	-	-
Gefco China	50%	2	2	2
Faurecia group companies		39	51	69
Total		**1,535**	**1,646**	**1,564**

(b) Net financial position

(in millions of euros)	Latest % interest	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Renault cooperation agreement				
Française de Mécanique	50%	(77)	(92)	(95)
Société de Transmissions Automatiques	20%	(3)	(6)	(5)
Fiat cooperation agreement				
Sevelnord	50%	(84)	(102)	(82)
Gisevel	50%	(6)	(10)	(20)
Sevelind	50%	1	2	(23)
Sevel SpA	50%	(272)	(280)	(131)
Toyota cooperation agreement				
Toyota Peugeot Citroën Automobiles	50%	(85)	(116)	(181)
Dongfeng cooperation agreement				
Dongfeng Peugeot Citroën Automobile	50%	(291)	(340)	(300)
Dongfeng Peugeot Citroën Automobile Finance Company	25%	-	-	-
Other				
Siemens Automotiv Hydraulics	5%	-	-	(3)
Stafim	34%	12	7	8
Gefco Tunisia	50%	-	-	-
Gefco China	50%	1	1	1
Faurecia group companies		6	(11)	(34)
Total		**(798)**	**(947)**	**(865)**

Note 18 – Investments in non-consolidated companies

The recognition and measurement principles applicable to investments in non-consolidated companies are set out in note 1.14.B (a).

18.1. Analysis by company

(in millions of euros)	Latest % interest	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Football Club de Sochaux Montbéliard	100%	14	14	14
Peugeot Citroën Automotive China (consolidated as of Jan. 1, 2007)	100%	-	2	-
Peugeot Automobile Nigeria [(1)]	10%	2	8	8
Citroën Romania	100%	4	-	-
Non-consolidated dealers		12	12	13
Gefco Hong Kong (consolidated as of Jan. 1, 2007)	100%	-	2	-
Jinan Qingqi Peugeot Motocycles Co Ltd	50%	7	7	-
Banque PSA Finance Financiranje	100%	3	-	-
Faurecia group portfolio		2	1	2
Other investments		6	7	9
Total		**50**	**53**	**46**

(1) In January 2007, the Group sold 30% of its interest in the capital of Peugeot Automobile Nigeria, and retained a residual 10% stake.

18.2. Movements for the year

(in millions of euros)	2007	2006	2005
Gross value			
At January 1	**78**	**88**	**109**
Acquisitions	10	31	2
Disposals	(11)	(1)	(4)
Change in scope of consolidation and other	(9)	(40)	(19)
Translation adjustment	(1)	-	-
At December 31	**67**	**78**	**88**
Allowances			
At January 1	**(25)**	**(42)**	**(43)**
Charges	(1)	(6)	(1)
Disposals	5	1	3
Change in scope of consolidation and other	3	22	-
Translation adjustment	1	-	(1)
At December 31	**(17)**	**(25)**	**(42)**
Carrying amount at January 1	53	46	66
Carrying amount at December 31	**50**	**53**	**46**

Note 19 – Other non-current financial assets

The recognition and measurement principles applicable to other non-current financial assets are described in note 1.14.B (b) for loans and receivables, (c1) for investments classified as available for sale, (c2) for investments accounted for using the fair value option, and note 1.14.D for derivatives.

2007		Investments			
(in millions of euros)	Loans and receivables	Classified as available for sale	Accounted for using the fair value option	Derivative instruments	Total
Gross value					
At January 1	**216**	**283**	**797**	**165**	**1,461**
Purchases/additions	21	-	262	-	283
Disposals	-	-	(31)	(2)	(33)
Remeasurement	-	(29)	(1)	(104)	(134)
Transfers to current financial assets (1)	(10)	-	(295)	-	(305)
Translation adjustment and changes in scope of consolidation	-	-	(8)	-	(8)
At December 31	**227**	**254**	**724**	**59**	**1,264**
Allowances					
At January 1	**(93)**	**-**	**-**	**-**	**(93)**
Net charge for the year	(3)	-	-	-	(3)
At December 31	**(96)**	**-**	**-**	**-**	**(96)**
Carrying amount at January 1	123	283	797	165	1,368
Carrying amount at December 31	**131**	**254**	**724**	**59**	**1,168**

The carrying amount of available-for-sale securities includes an unrealized gain of €191 million at December 31, 2007 (€218 million at January 1, 2007).

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at December 31, 2007.

2006		Investments			
(in millions of euros)	Loans and receivables	Classified as available for sale	Accounted for using the fair value option	Derivative instruments	Total
Gross value					
At January 1	**220**	**263**	**1,174**	**410**	**2,067**
Purchases/additions	16	-	475	-	491
Disposals	(7)	(30)	(82)	(82)	(201)
Remeasurement	-	50	(8)	(163)	(121)
Transfers to current financial assets (1)	(13)	-	(762)	-	(775)
Translation adjustment and changes in scope of consolidation	-	-	-	-	-
At December 31	**216**	**283**	**797**	**165**	**1,461**
Allowances					
At January 1	**(81)**	**-**	**-**	**-**	**(81)**
Net charge for the year	(12)	-	-	-	(12)
At December 31	**(93)**	**-**	**-**	**-**	**(93)**
Carrying amount at January 1	139	263	1,174	410	1,986
Carrying amount at December 31	**123**	**283**	**797**	**165**	**1,368**

The carrying amount of available-for-sale securities includes an unrealized gain of €218 million at December 31, 2006 (€172 million at January 1, 2006).

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at December 31, 2006.

2005		Investments			
(in millions of euros)	Loans and receivables	Classified as available for sale	Accounted for using the fair value option	Derivative instruments	Total
Gross value					
At January 1	**237**	**204**	**1,699**	**322**	**2,462**
Purchases/additions	21	5	435	-	461
Disposals	(13)	-	(25)	-	(38)
Remeasurement	-	54	(71)	88	71
Transfers to current financial assets (1)	(18)	-	(863)	-	(881)
Translation adjustment and changes in scope of consolidation	(7)	-	(1)	-	(8)
At December 31	**220**	**263**	**1,174**	**410**	**2,067**
Allowances					
At January 1	**(84)**	**-**	**-**	**-**	**(84)**
Net charge for the year	3	-	-	-	3
At December 31	**(81)**	**-**	**-**	**-**	**(81)**
Carrying amount at January 1	153	204	1,699	322	2,378
Carrying amount at December 31	**139**	**263**	**1,174**	**410**	**1,986**

The carrying amount of available-for-sale securities includes an unrealized gain of €172 million at December 31, 2005 (€117 million at January 1, 2005).

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at December 31, 2005.

Note 20 – Other non-current assets

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Excess of payments to external funds over pension obligations (note 30)	3	3	3
Guarantee deposits and other	124	94	92
Total	**127**	**97**	**95**

Note 21 – Loans and receivables – finance companies

The recognition and measurement principles for loans and receivables relating to Group finance companies are defined in note 1.14.B (d).

21.1. Analysis

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Net loans and receivables outstanding			
Credit sales	10,550	10,694	10,768
Long-term leases	4,031	3,525	3,213
Leases subject to buyback commitments	2,295	2,236	2,073
Other receivables	760	685	725
Guarantee deposits on leases	(57)	(73)	(94)
Total net loans and receivables outstanding	**17,579**	**17,067**	**16,685**
Net wholesale finance receivables outstanding			
Wholesale finance receivables	5,689	5,727	5,564
Guarantee deposits on wholesale finance receivables (1)	(83)	(77)	(59)
Total net wholesale finance receivables outstanding	**5,606**	**5,650**	**5,505**
Ordinary accounts	168	116	111
Retail and lease finance receivables at amortized cost	103	66	59
Remeasurement of interest rate hedged portfolios	(63)	(97)	(19)
Eliminations	(170)	(99)	(103)
Total	**23,223**	**22,703**	**22,238**

(1) In the reported financial statements at December 31, 2006, guarantee deposits paid by dealers in respect of financed vehicles and placed in escrow were included in "Financing liabilities". These liabilities are now recorded in "Loans and receivables—finance companies" in the negative amounts of €77 million at December 31, 2006 and €59 million at December 31, 2005.

Retail and lease 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 and lease finance receivables include €3,823 million in securitized finance receivables that are still carried on the balance sheet at the year-end (€2,311 million at December 31, 2006 and €1,655 million at December 31, 2005). The Banque PSA Finance group carried out several securitization transactions through the French Auto ABS umbrella fund (FCC) set up in June 2001 and the Italian Auto ABS S.r.l. fund set up in July 2007.

The compartments of both the French and Italian funds qualify as special purpose entities and are fully consolidated insofar as the revenues and residual obligations attributable to the subsidiaries of the Banque PSA Finance group represent substantially all of the risks (essentially the credit risk) and rewards of ownership (the recurring operating income generated by the SPEs).

Liabilities corresponding to securities issued by securitization funds are shown in note 33.

21.2. Financing costs borne by the Automobile Division

The Automobile Division bears the financing costs on the following amounts due by its dealer networks, which have been transferred to the Group finance companies:

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
	3,459	3,318	3,345

The corresponding financing costs are included in "Cost of goods and services sold" in the accounts of the manufacturing and sales companies, as follows:

(in millions of euros)	2007	2006	2005
	(255)	(182)	(149)

21.3. Maturities of finance receivables

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Less than 3 months	2,483	2,419	2,270
3 months to 1 year	4,620	4,706	4,649
1 to 5 years	10,587	10,179	10,045
Beyond 5 years	199	173	129
Total gross loans and receivables outstanding	**17,889**	**17,477**	**17,093**
Guarantee deposits on leases	(57)	(73)	(94)
Allowances	(253)	(337)	(314)
Total net loans and receivables outstanding	**17,579**	**17,067**	**16,685**

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Less than 3 months	2,855	3,562	3,198
3 months to 1 year	2,851	2,178	2,379
1 to 5 years	-	-	-
Beyond 5 years	-	-	-
Total gross wholesale finance receivables outstanding	**5,706**	**5,740**	**5,577**
Guarantee deposits on leases	(83)	(77)	(59)
Allowances	(17)	(13)	(13)
Total net wholesale finance receivables outstanding	**5,606**	**5,650**	**5,505**

21.4. Allowances for credit losses

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Performing loans with no past due balances	17,056	16,584	16,256
Performing loans with past due balances	418	413	408
Doubtful loans	415	480	429
Total gross loans and receivables outstanding	**17,889**	**17,477**	**17,093**
Guarantee deposits	(57)	(73)	(94)
Allowances for performing loans with past due balances	(46)	(50)	(50)
Allowances for doubtful loans	(207)	(287)	(264)
Allowances	**(253)**	**(337)**	**(314)**
Total net loans and receivables outstanding	**17,579**	**17,067**	**16,685**
Allowances booked	**(59)**	**(90)**	**(92)**
Releases (utilizations)	**142**	**67**	**97**

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Performing loans with no past due balances	5,671	5,706	5,556
Doubtful loans	35	34	21
Total gross wholesale finance receivables outstanding	**5,706**	**5,740**	**5,577**
Guarantee deposits	(83)	(77)	(59)
Allowances for doubtful loans	**(17)**	**(13)**	**(13)**
Total net wholesale finance receivables outstanding	**5,606**	**5,650**	**5,505**
Provisions booked	**(13)**	**(7)**	**(7)**
Releases (utilizations)	**10**	**8**	**7**

Note 22 – Short-term investments – finance companies

The recognition and measurement principles applicable to short-term investments of the finance companies are described in note 1.14.B (c2).

This item includes liquidity reserves held by the Banque PSA Finance group in connection with its financing strategy. The reserves are invested in mutual funds and money market securities.

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Banque PSA Finance liquidity reserves	2,635	2,352	2,262
Other	675	466	447
Total	**3,310**	**2,818**	**2,709**

Note 23 – Inventories

(in millions of euros)	Dec. 31, 2007 Gross	Dec. 31, 2007 Allowance	Dec. 31, 2007 Net	Dec. 31, 2006 Gross	Dec. 31, 2006 Allowance	Dec. 31, 2006 Net
Raw materials and supplies	853	(137)	716	936	(158)	778
Semi-finished products and work-in-progress	781	(48)	733	793	(47)	746
Goods for resale and used vehicles	1,614	(146)	1,468	1,476	(137)	1,339
Finished products and replacement parts	4,158	(162)	3,996	4,123	(160)	3,963
Total	**7,406**	**(493)**	**6,913**	**7,328**	**(502)**	**6,826**

(in millions of euros)	Dec. 31, 2005 Gross	Dec. 31, 2005 Allowance	Dec. 31, 2005 Net
Raw materials and supplies	876	(142)	734
Semi-finished products and work-in-progress	752	(34)	718
Goods for resale and used vehicles	1,401	(121)	1,280
Finished products and replacement parts	4,315	(158)	4,157
Total	**7,344**	**(455)**	**6,889**

Changes in this item are analyzed in note 35.

Note 24 – Trade receivables – manufacturing and sales companies

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Trade receivables	3,004	3,172	3,218
Allowances	(147)	(129)	(121)
Total—manufacturing and sales companies	**2,857**	**3,043**	**3,097**
Elimination of transactions with the finance companies	(157)	(193)	(166)
Total	**2,700**	**2,850**	**2,931**

Changes in this item are analyzed in note 35.

This item does not include receivables from dealers transferred to the finance companies, which are reported in the consolidated balance sheet under "Loans and receivables—finance companies" (note 21.2).

In December 2002, Faurecia entered into an agreement to sell trade receivables with one of its banks. This agreement has limited recourse to a subordinated deposit, and is for a one-year term renewable up until November 2012. Outstanding receivables sold under this agreement and no longer carried on the balance sheet amount to €128 million at December 31, 2007 (€188 million at December 31, 2006 and €148 million at December 31, 2005). The subordinated deposits recognized as a deduction of Faurecia's borrowings totaled €28 million at December 31, 2007 (€79 million at December 31, 2006 and €86 million at December 31, 2005).

Note 25 – Other receivables

25.1. Manufacturing and sales companies

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Prepaid and recoverable taxes other than income tax	1,034	1,038	1,017
Employee-related receivables	88	103	128
Due from suppliers	180	194	177
Derivative instruments (1)	64	13	29
Prepaid expenses	117	82	86
Miscellaneous other receivables	299	289	257
Total	**1,782**	**1,719**	**1,694**

(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 analyzed by maturity in note 37, "Management of market risks".

25.2. Finance companies

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Prepaid and recoverable taxes other than income tax	26	32	75
Derivative instruments (1)	246	236	194
Deferred income and accrued expenses—finance companies	201	87	156
Miscellaneous other receivables	299	262	217
Total	**772**	**617**	**643**

(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. These instruments are analyzed by maturity in note 37, "Management of market risks".

Note 26 – Current financial assets

The recognition and measurement principles applicable to current financial assets are described in note 1.14.B (b) for loans and receivables, (c1) for investments classified as available for sale, (c2) for investments accounted for using the fair value option, and note 1.14.D for derivative instruments.

2007		Investments			
(in millions of euros)	Loans and receivables	Classified as available for sale	Accounted for using the fair value option	Derivative instruments	Total
At January 1	**171**	**-**	**918**	**43**	**1,132**
Purchases/additions	397	-	651	-	1,048
Disposals	(79)	-	(912)	-	(991)
Remeasurement at fair value	-	-	(4)	(5)	(9)
Transfers from non-current financial assets (1)	10	-	295	-	305
Translation adjustment and changes in scope of consolidation	(2)	-	-	-	(2)
At December 31	**497**	**-**	**948**	**38**	**1,483**

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at December 31, 2007.

2006		Investments			
(in millions of euros)	Loans and receivables	Classified as available for sale	Accounted for using the fair value option	Derivative instruments	Total
At January 1	**176**	**41**	**971**	**26**	**1,214**
Purchases/additions	54	-	300	-	354
Disposals	(69)	(41)	(1,113)	-	(1,223)
Remeasurement at fair value	-	-	(2)	17	15
Transfers from non-current assets [(1)]	10	-	762	-	772
Translation adjustment and changes in scope of consolidation	-	-	-	-	-
At December 31	**171**	**-**	**918**	**43**	**1,132**

(1) *Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at December 31, 2006.*

2005		Investments			
(in millions of euros)	Loans and receivables	Classified as available for sale	Accounted for using the fair value option	Derivative instruments	Total
At January 1	**240**	**103**	**358**	**11**	**712**
Purchases/additions	18	-	149	-	167
Disposals	(94)	(39)	(405)	-	(538)
Remeasurement at fair value	-	(23)	6	16	(1)
Transfers from non-current assets [(1)]	18	-	863	-	881
Translation adjustment and changes in scope of consolidation	(6)	-	-	(1)	(7)
At December 31	**176**	**41**	**971**	**26**	**1,214**

(1) *Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at December 31, 2005.*

Note 27 – Cash and cash equivalents

Cash and cash equivalents are defined in note 1.14.B (e) and include:

27.1. Manufacturing and sales companies

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Mutual fund units and money market securities	4,115	5,197	5,164
Cash and current account balances	1,070	1,142	1,187
Total—manufacturing and sales companies	**5,185**	**6,339**	**6,351**
o/w deposits with finance companies	*(149)*	*(292)*	*(230)*
Total	**5,036**	**6,047**	**6,121**

27.2. Finance companies

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Due from credit institutions	921	578	625
Central bank current account balances and items received for collection	22	42	10
Total	**943**	**620**	**635**

Note 28 – Equity

28.1. Capital management policy

The Group's capital management policy concerns equity as defined under IFRS. Managing capital essentially involves deciding the level of capital to be held currently or in the future, in addition to the payment of dividends.

Equity breaks down into portions attributable to minority interests and to equity holders of the parent company.

Minority interests mainly represent non-Group shareholders of Faurecia. Equity attributable to minority interests varies in line with changes in the consolidated shareholders' equity of the Faurecia group (in particular net earnings and translation adjustments) and could change significantly in the event of a sale, purchase or any other equity transaction carried out by Peugeot S.A. in respect of Faurecia. The Group's percentage interest in Faurecia has remained stable since 2001.

Equity attributable to equity holders of the parent is equal to the share capital of Peugeot S.A. less any treasury stock held, plus retained earnings and other accumulated equity of the group's various businesses.

The Group manages its equity in the aim of securing its long-term financing and optimizing the cost of capital. The level of consolidated equity approximates the level of capital employed, as shown in the table below:

(in millions of euros)	2007	2006	2005
Capital employed (note 39.1)	13,159	14,131	14,163
Consolidated equity	**14,555**	**14,106**	**14,446**

The equity of the Group's parent company is not subject to financial covenants or any other external constraints. However, the Group's bank, Banque PSA Finance, is required to comply with prudential ratios laid down by current banking regulations, while Faurecia's equity is included in the calculation of the minimum financial ratios it is required to maintain for its existing credit facilities. At the balance sheet date, all Group companies complied with such ratios.

At December 31, 2007, the Peugeot family holds 30.3% of the Group's capital and 44.5% of its voting rights.

The Group's share buyback program is aimed at:
- reducing the company's share capital;
- awarding shares to employees, directors and officers of the Company and its subsidiaries and related parties on exercise of stock options; and
- allocating such shares to issues of equity instruments.

In order to cover obligations with regard to stock option plans, the Group buys back shares during the period when the exercise price of options is being determined. Purchases of treasury stock are carried out on in line with market opportunities and only when the Group has surplus cash. Shares bought back in 2007 were essentially held for allocation on exercise of stock options.

The per share dividend has been maintained at a stable level for the past three years.

28.2. Analysis of share capital and changes in the year

In accordance with the authorizations granted by the Shareholders' Meeting of May 23, 2007, the meeting of the Managing Board of Peugeot S.A. held on November 22, 2007 decided to cancel 337,968 shares.

At December 31, 2007 the Group's share capital amounted to €234,280,298 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)	2007	2006	2005
Share capital at January 1	234,618,266	234,618,266	243,109,146
Cancellation of shares	(337,968)	-	(8,490,880)
Share capital at December 31	**234,280,298**	**234,618,266**	**234,618,266**

28.3. Employee stock options

A. Plan characteristics

Each year since 1999, the Managing Board of Peugeot S.A. has granted options to certain employees, directors and officers of the Company and its subsidiaries, allowing them to purchase shares at a specified price. Following the 2001 stock split, the current terms of these 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
1999 Plan	31/03/1999	31/03/2001	31/03/2007	97	20.83	462,900
2000 Plan	05/10/2000	05/10/2002	04/10/2008	154	35.46	709,200
2001 Plan	20/11/2001	20/11/2004	19/11/2008	147	46.86	798,600
2002 Plan	20/08/2002	20/08/2005	20/08/2009	178	46.28	860,100
2003 Plan	21/08/2003	21/08/2006	20/08/2011	184	39.09	996,500
2004 Plan	24/08/2004	24/08/2007	23/08/2012	182	47.59	1,004,000
2005 Plan	23/08/2005	23/08/2008	22/08/2013	169	52.37	953,000
2006 Plan	23/08/2006	23/08/2009	22/08/2014	92	41.14	983,500
2007 Plan	22/08/2007	22/08/2010	21/08/2015	169	60.43	1,155,000

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)	2007	2006	2005
Total at January 1	**6,078,007**	**5,274,725**	**4,615,753**
Options distributed	1,155,000	983,500	953,000
Options exercised	(1,348,793)	(178,218)	(257,028)
Options cancelled	(18,000)	(2,000)	(37,000)
Total at December 31	**5,866,214**	**6,078,007**	**5,274,725**
o/w options exercisable	2,811,714	3,146,507	2,334,225

Options outstanding at year-end are as follows:

(number of options)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
1999 Plan	-	114,930	144,247
2000 Plan	191,607	463,077	561,978
2001 Plan	394,200	726,900	776,900
2002 Plan	534,300	849,100	851,100
2003 Plan	712,607	992,500	992,500
2004 Plan	979,000	995,000	995,000
2005 Plan	931,000	953,000	953,000
2006 Plan	968,500	983,500	-
2007 Plan	1,155,000	-	-

C. Average weighted value of options and underlying shares

	2007	
(in euros)	Exercise price	Share price
Value at January 1	**44.2**	
Options distributed	60.6	60.4
Options exercised	40.6	56.8
Options cancelled	49.8	56.3
Value at December 31	**48.3**	

D. Valuation

In accordance with the principles described in note 1.19, stock options granted after November 7, 2002 have been valued as follows:

(in millions of euros)	2007 Plan	2006 Plan	2005 Plan	2004 Plan	2003 Plan	Total
Valuation at grant date						
Peugeot S.A.	22	9	9	14	12	66
Faurecia	4	3	4	5	-	16
Total	**26**	**12**	**13**	**19**	**12**	**82**
Charge for 2007						
Peugeot S.A.	2	3	3	3	-	11
Faurecia	1	-	-	1	-	2
Total	**3**	**3**	**3**	**4**	**-**	**13**
Assumptions						
Peugeot S.A.						
Share price at the grant date *(in euros)*	60.70	42.92	51.80	48.70	41.60	
Volatility	32%	27%	25%	39%	39%	
Interest rate (zero coupon bonds)	4.57%	3.75%	2.76%	3.12%	3.12%	
Exercise price *(in euros)*	60.43	41.14	52.37	47.59	39.09	
Option life (in *years)* (1)	6	4	4	4	4	
Dividend payout rate	2.30%	3.15%	2.75%	2.75%	2.75%	
Fair value of the options *(in euros)*	18.65	8.94	8.94	13.82	12.30	
Faurecia						
Share price at the grant date *(in euros)*	56.15	53.15	62.05	58.45		
Volatility	30%	30%	40%	40%		
Interest rate (zero coupon bonds)	4.41%	3.50%	2.93%	3.33%		
Exercise price *(in euros)*	53.19	53.80	63.70	58.18		
Option life *(in years)* (1)	6	4	4	4		
Dividend payout rate	0.00%	1.50%	2.00%	2.00%		
Fair value of the options *(in euros)*	22.78	13.13	20.40	18.61		

(1) Option life corresponds to the average time before exercise. Until 2006, the average period to exercise of options was considered to be equal to the tax lock-up period.

28.4. Treasury stock

Transactions under shareholder-approved programs to buy back Peugeot S.A. shares can be analyzed as follows:

A. Number of shares held

	Authorizations	Transactions		
(number of shares)		2007	2006	2005
At January 1		**6,534,475**	**5,612,693**	**10,230,439**
Share buybacks				
AGM of May 26, 2004	24,000,000	-	-	2,957,895
AGM of May 25, 2005	24,000,000	-	-	1,172,267
AGM of May 24, 2006	23,000,000	-	1,100,000	-
AGM of May 23, 2007	16,000,000	1,250,000	-	-
Share cancellations				
AGM of May 25, 2005	10% of capital	-	-	(8,490,880)
AGM of May 23, 2007	10% of capital	(337,968)	-	-
Share sales				
On exercise of stock options		(1,348,793)	(178,218)	(257,028)
At December 31		**6,097,714**	**6,534,475**	**5,612,693**
Shares held for allocation on exercise of stock options		5,866,214	6,078,007	5,274,725
Shares held for cancellation		231,500	456,468	337,968

B. Change in value

(in millions of euros)	2007	2006	2005
At January 1	**(261)**	**(220)**	**(431)**
Acquired	(76)	(45)	(198)
Cancelled	17	-	401
Exercised	49	4	8
At December 31	**(271)**	**(261)**	**(220)**

28.5. Retained earnings and other accumulated equity, excluding minority interests

This item can be analyzed as follows:

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Peugeot S.A. legal reserve	28	28	28
Other Peugeot S.A. statutory reserves and retained earnings	6,890	6,689	6,250
Retained earnings and other accumulated equity of consolidated companies, excluding minority interests	7,364	7,027	7,611
Total	**14,282**	**13,744**	**13,889**

Other Peugeot S.A. statutory reserves and retained earnings are as follows:

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Reserves available for distribution			
Tax-exempt reserves	5,822	5,621	5,182
Subject to payment of surtax [1]	1,068	1,068	1,068
Total	**6,890**	**6,689**	**6,250**
Tax payable on dividends	**169**	**169**	**169**

(1) Corresponding to the portion of the long-term capital gains reserve that the Group decided not to transfer to an ordinary reserve account before December 31, 2006, that remains subject to a surtax.

28.6. Minority interests

Minority interests essentially concern shareholders of Faurecia and of some of its subsidiaries.

Note 29 – Current and non-current provisions

29.1. Non-current provisions

A. Analysis by type

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Pensions (note 30.1)	885	1,063	1,106
Early-termination plan	92	152	233
Other employee benefit obligations	120	126	143
End-of-life vehicles	30	59	55
Other	5	6	7
Total	**1,132**	**1,406**	**1,544**

B. Movements for the year

(in millions of euros)	2007	2006	2005
At January 1	**1,406**	**1,544**	**1,769**
Movements taken to profit or loss			
Additions	108	121	152
Releases (utilizations)	(236)	(227)	(244)
Releases (surplus provisions)	(102)	(37)	(150)
	(230)	**(143)**	**(242)**
Other movements			
Translation adjustment	(42)	7	23
Change in scope of consolidation and other	(2)	(2)	(6)
At December 31	**1,132**	**1,406**	**1,544**

Provisions released in 2005—mainly relating to pensions—reflect the impact of the operations described in note 30.1.F. In 2006, they include the impact of the discontinuation of production at the Ryton site for €14 million (note 9.5). In 2007, provisions released mainly relate to pensions and are linked to workforce streamlining measures (note 9.4).

29.2. Current provisions

A. Analysis by type

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Warranties [(1)]	1,246	1,093	1,073
Claims and litigation	99	103	98
Restructuring plans	305	265	93
Long-term contract losses	46	16	29
Sales subject to a buyback commitment	44	26	32
Other	421	282	310
Total	**2,161**	**1,785**	**1,635**

(1) The provision for warranties mainly concerns sales of new vehicles, where the contractual obligations generally cover two years. The provision for warranties corresponds to the expected cost of warranty claims. The amount expected to be recovered from suppliers is recognized as an asset, under "Miscellaneous other receivables" (see note 25).

B. Movements for the year

(in millions of euros)	2007	2006	2005
At January 1	**1,785**	**1,635**	**1,397**
Movements taken to profit or loss			
Additions	1,725	1,436	1,137
Releases (utilizations)	(1,174)	(1,186)	(852)
Releases (surplus provisions)	(149)	(78)	(65)
	402	**172**	**220**
Other movements			
Translation adjustment	(30)	(6)	21
Change in scope of consolidation and other	4	(16)	(3)
At December 31	**2,161**	**1,785**	**1,635**

Note 30 – Pensions and other post-employment benefits

30.1. Supplementary pensions and retirement bonuses

A. Description of plans

Group employees in certain countries are entitled to supplementary pension benefits payable annually to retirees, or retirement bonuses representing one-off payments made at the time of retirement. These benefits are paid under defined contribution and defined benefit plans. Payments under defined contribution plans are in full discharge of the Group's liability and are recognized as an expense for the year in which they are incurred. Payments under defined benefit plans concern primarily France and the United Kingdom.

In France, the existing defined benefit plans concern the retirement bonuses provided for by collective bargaining agreements, the internally-managed portion of the supplementary pension scheme for engineers and management personnel (cadres) that was not externalized in 2002, which guarantees a defined level of pension benefit for all plans of up to 60% of the employee's last salary (300 serving employees and 2,700 beneficiaries), and the pension plan set up by the former subsidiary of the Chrysler group in France (Talbot), which was closed in 1981 and covers 4,000 serving employees and 14,900 beneficiaries at end-2007.

Most of the members of the Group's management bodies are eligible for the supplementary pension plan, on two conditions: (i) that they have sat on the Managing Board, Executive Committee, other senior management body or the Extended Management Committee for at least five years, unless the beneficiary had less than five years' professional service remaining at the time of taking up that position; and (ii) that they end their career with the Group. This plan guarantees a defined level of pension benefit for all plans (statutory and supplementary) equal 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 employee's spouse.

Four defined benefit plans are managed in the United Kingdom as part of trusts. These plans are not open to employees recruited after May 2002. At December 31, 2007, 25,000 people were eligible for these plans: 2,000 serving employees, 11,500 former employees and 11,500 other beneficiaries. The plans guarantee a defined level of pension benefit representing up to 66% of the employee's last salary.

B. Assumptions

The assumptions used to calculate the Group's projected benefit obligation for the last three years are as follows: The assumptions used to calculate the Group's projected benefit obligation for the last three years are as follows:

	Euro zone	United Kingdom
Discount rate		
2007	**5.25%**	**5.75%**
2006	4.50%	5.10%
2005	4.00%	5.00%
Inflation rate		
2007	**2.00%**	**3.10%**
2006	2.00%	2.80%
2005	2.00%	2.50%
Expected return on external funds		
2007	**6.00%**	**7.00%**
2006	6.00%	7.00%
2005	6.00%	7.00%

The assumptions regarding future salary increases take into account inflation and forecast pay rises in each country. The assumption for French plans is an increase in inflation plus 1.0% in 2008, and inflation plus 0.5% for subsequent years. The assumption for UK plans is based on an increase in inflation plus 1.5%.

Mortality and staff turnover assumptions are based on the specific economic conditions of each Group company or the country in which they operate.

Sensitivity of assumptions: a 0.25-point increase or decrease in the actuarial rate (discount rate less inflation rate) would lead to an increase or decrease in the projected benefit obligation of 2.4% for French plans and 4.1% for UK plans.

The expected return on external funds is estimated based on asset allocation, the period remaining before the benefits become payable and experience-based yield projections that take into account discount rate assumptions.

C. External funds

External funds intended to cover these obligations break down as follows:

	Dec. 31, 2007		Dec. 31, 2006		Dec. 31, 2005	
	Equities	Bonds	Equities	Bonds	Equities	Bonds
France	34%	66%	37%	63%	30%	70%
United Kingdom	55%	45%	65%	35%	65%	35%

The actual return on external funds in 2007 was 3.9% for French plans and 8% for UK plans. In France, equity funds comprise index-linked portfolios representative of the Eurostoxx 600, while bond funds are confined to top rated sovereign risks in the European Union.

In the UK, equity funds are generally benchmarked against the main indices in the UK, US and Japan. Bond funds in the UK concern sterling-denominated sovereign and commercial bonds linked to the main bond indexes.

At December 31, 2007, the PSA Peugeot Citroën Group had not decided the amount of contributions to be made to external funds in 2008.

In the United Kingdom, the Group will review the methods used to determine its annual contributions during 2008 in compliance with new pension legislation.

D. Reconciliation of pension assets and liabilities shown in the balance sheet

	Dec. 31, 2007				Dec. 31, 2006				Dec. 31, 2005			
(in millions of euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Present value of projected benefit obligation	**(1,622)**	**(1,688)**	**(458)**	**(3,768)**	**(1,838)**	**(1,891)**	**(503)**	**(4,232)**	**(1,821)**	**(1,785)**	**(529)**	**(4,135)**
Fair value of external funds	1,400	1,388	235	3,023	1,509	1,474	229	3,212	1,502	1,319	216	3,037
Funding surplus or (shortfall)	**(222)**	**(300)**	**(223)**	**(745)**	**(329)**	**(417)**	**(274)**	**(1,020)**	**(319)**	**(466)**	**(313)**	**(1,098)**
Unrecognized net actuarial (gains) and losses	(10)	(88)	(39)	(137)	54	(113)	19	(40)	48	(125)	72	(5)
Net (provision) asset recognized	**(232)**	**(388)**	**(262)**	**(882)**	**(275)**	**(530)**	**(255)**	**(1,060)**	**(271)**	**(591)**	**(241)**	**(1,103)**
o/w provisions	(233)	(388)	(264)	(885)	(276)	(530)	(257)	(1,063)	(272)	(591)	(243)	(1,106)
o/w assets	1	-	2	3	1	-	2	3	1	-	2	3
o/w unfunded plans	*1.0%*	*0.0%*	*17.8%*	*2.6%*	*0.0%*	*0.0%*	*18.1%*	*2.2%*	*2.1%*	*0.0%*	*14.2%*	*2.7%*

The present value of the projected benefit obligation of French companies reflects commitments entered into with members of the managing bodies (described in note 43), in an amount of €24.1 million for supplementary pension benefits and €1.5 million for retirement bonuses. The service cost incurred in relation to these two plans amounted to €3.3 million for 2007.

The French Social Security Financing Act for 2008 provides for an additional levy payable on retirement bonuses in the event of compulsory retirement before the age of 65. This additional tax is 25% in 2008 and 50% as of 2009. The Act also discontinues the favorable tax and social security regime for retirement bonuses negotiated with employees retiring before the statutory age of 65 and paid between 2010 and 2014 by companies covered by collective agreements under the terms of the “Fillon” law.

The Act has led the Group to adjust its assumptions on the type of retirement. In view of the difference in the employer contributions payable on compulsory and voluntary retirement, the corresponding benefit obligation is €71 million higher at December 31, 2007.

This increase in the obligation represents an actuarial loss and the portion in excess of the 10% corridor will be amortized as from 2008 over the remaining service lives of the beneficiaries, in accordance with the Group’s current policy for recognizing actuarial gains and losses

E. Movement for the year

	2007				2006				2005			
(in millions of euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Present value of projected benefit obligation												
At January 1	**(1,838)**	**(1,891)**	**(503)**	**(4,232)**	**(1,821)**	**(1,785)**	**(529)**	**(4,135)**	**(1,882)**	**(1,543)**	**(451)**	**(3,876)**
Service cost	(49)	(19)	(12)	(80)	(48)	(33)	(17)	(98)	(45)	(33)	(13)	(91)
Interest cost	(81)	(93)	(23)	(197)	(74)	(90)	(22)	(186)	(84)	(81)	(22)	(187)
Benefit payments for the year	155	173	23	351	139	59	22	220	124	47	15	186
Actuarial gains and (losses):												
- amount	127	(18)	52	161	(42)	(18)	40	(20)	20	(130)	(44)	(154)
- *as a % of projected benefit obligation*	*6.9%*	*1.0%*	*10.3%*	*3.8%*	*2.3%*	*1.0%*	*7.6%*	*0.5%*	*1.1%*	*8.4%*	*9.8%*	*4.0%*
Translation adjustment	-	160	3	163	-	(37)	9	(28)	-	(44)	(5)	(49)
Effect of changes in scope of consolidation and other	-	-	-	-	-	-	(20)	(20)	2	-	-	2
Effect of curtailments and settlements	64	-	2	66	8	13	14	35	44	(1)	(9)	34
At December 31	**(1,622)**	**(1,688)**	**(458)**	**(3,768)**	**(1,838)**	**(1,891)**	**(503)**	**(4,232)**	**(1,821)**	**(1,785)**	**(529)**	**(4,135)**
External funds												
At January 1	**1,509**	**1,474**	**229**	**3,212**	**1,502**	**1,319**	**216**	**3,037**	**1,502**	**1,084**	**195**	**2,781**
Expected return on external funds	78	102	10	190	85	94	9	188	78	79	11	168
Actuarial gains and (losses):												
- amount	(65)	14	4	(47)	36	13	7	56	27	112	(3)	136
- *as a % of plan assets*	*4.3%*	*0.9%*	*1.7%*	*1.5%*	*2.4%*	*1.0%*	*3.2%*	*1.8%*	*1.8%*	*10.3%*	*1.5%*	*4.9%*
Translation adjustment	-	(131)	(3)	(134)	-	29	(8)	21	-	31	6	37
Employer contributions	28	66	10	104	15	78	15	108	17	60	11	88
Benefit payments for the year	(150)	(137)	(15)	(302)	(129)	(59)	(15)	(203)	(122)	(47)	(9)	(178)
Effect of changes in scope of consolidation and other	-	-	-	-	-	-	8	8	-	-	-	-
Effect of curtailments and settlements	-	-	-	-	-	-	(3)	(3)	-	-	5	5
At December 31	**1,400**	**1,388**	**235**	**3,023**	**1,509**	**1,474**	**229**	**3,212**	**1,502**	**1,319**	**216**	**3,037**
Deferred items												
At January 1	**54**	**(113)**	**19**	**(40)**	**48**	**(125)**	**72**	**(5)**	**(1)**	**(153)**	**21**	**(133)**
Deferred items arising in the year	(62)	4	(56)	(114)	6	5	(47)	(36)	45	18	48	111
Amortization of deferred items	(3)	8	(2)	3	1	10	(3)	8	(2)	9	-	7
Translation adjustment and other	-	10	-	10	-	(4)	(3)	(7)	-	(5)	2	(3)
Effect of curtailments and settlements	1	3	-	4	(1)	1	-	-	6	6	1	13
At December 31	**(10)**	**(88)**	**(39)**	**(137)**	**54**	**(113)**	**19**	**(40)**	**48**	**(125)**	**72**	**(5)**

F. Pension expense recognized in the income statement

These expenses are recorded as follows:

- under "Selling, general and administrative expenses" for service cost, amortization of deferred items, and the gain generated by the amendment to the insurance contract described below;
- under "Financial income and (expenses), net" for the interest cost and the expected return on external funds;
- under "Non-recurring operating income and (expenses)" for the impact of restructuring operations.

Pension expense breaks down as follows:

	2007				2006				2005			
(in millions of euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Service cost	(49)	(19)	(12)	(80)	(48)	(33)	(17)	(98)	(45)	(33)	(13)	(91)
Amortization of deferred items	(3)	8	(2)	3	1	10	(3)	8	(2)	9	-	7
Interest cost	(81)	(93)	(23)	(197)	(74)	(90)	(22)	(186)	(84)	(81)	(22)	(187)
Expected return on external funds	78	102	10	190	85	94	9	188	78	79	11	168
Amendment to AGF insurance contract (1)	-	-	-	-	-	-	-	-	92	-	-	92
Effect of curtailments and settlements (2)(3)	65	3	2	70	7	14	11	32	52	5	(3)	54
Total	**10**	**1**	**(25)**	**(14)**	**(29)**	**(5)**	**(22)**	**(56)**	**91**	**(21)**	**(27)**	**43**

(1) Pension obligations relating to former employees of Chrysler in France (Talbot) are covered by an insurance contract taken out with AGF. At December 31, 2004, the provision raised under this contract exceeded the pension obligation calculated in accordance with IAS 19, although pursuant to the contract, these surplus funds could not be used. Under the terms of a supplemental agreement signed in early 2005 between PSA Peugeot Citroën and AGF, these surplus funds became available to pay pension benefits to employees on retirement. The surplus, for which the associated payment had been recognized in expenses in previous accounting periods, gave rise to a gain of €92 million in 2005.

(2) The defined benefit plan for executives (cadres) and "ETAM" status employees (administrative and technical supervisory staff) of certain companies in the Faurecia group in France has been abolished and a new supplementary pension scheme introduced for all Faurecia group executives in France. The new scheme comprises:
- a defined contribution plan for salary bands A and B, for which the contribution rate varies according to the seniority of the employee within Faurecia;
- a defined benefit plan for salary band C.
Executives over 53 years of age and with more than 10 years' service at December 31, 2005 and qualifying "ETAM" employees remain eligible for the previous pension plan. These adjustments lead to a significant curtailment and/or reduction in future pension entitlement. The decrease in the pension liability (€17 million), together with the immediate recognition of the corresponding actuarial differences (€23 million) gave rise to a gain of €40 million in 2005, which was posted to recurring operating income in accordance with IAS 19.

(3) This item also includes a €56 million reversal of pension obligations concerning employees having opted to leave the Group in order to pursue personal projects or on reclassification leave, following the workforce streamlining measures decided in May 2007.
Furthermore, an amount of €15 million was paid to employees who signed up to the above schemes (personal projets and reclassification leave) in order to compensate for the permanent loss of certain supplementary pension benefits that were transferred in 2002 through the payment of a one-off permium to an external insurance company. Since that amount has become redundant following the loss of rights to benefits described above, the €15 million was paid by the insurance company in an agreement aimed at providing for the retirement bonuses of the Group's employees.

G. Projected 2008 benefit payments

Pension benefits payable in 2008 are estimated at €208 million.

30.2. Long service awards

The Group estimates its liability for long-service awards payable to employees who fulfil certain seniority criteria, notably in France. The calculations are performed using the same method and assumptions as for supplementary pension benefits and retirement bonuses (note 30.1.A above). The estimated liability is provided for in full in the consolidated financial statements and breaks down as follows:

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
French companies	43	46	44
Foreign companies	17	16	16
Total	**60**	**62**	**60**

30.3. Healthcare benefits

In addition to the pension obligations described above, some Faurecia group companies, mainly in the US, pay the healthcare costs of retired employees. The related obligation is provided for in full in the consolidated financial statements, as follows:

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
	27	28	31

Note 31 – Current and non-current financial liabilities – manufacturing and sales companies

The recognition and measurement principles applicable to borrowings and other financial liabilities, excluding derivatives, are described in note 1.14.C. Derivatives are accounted for as set out in note 1.14.D.

	Dec. 31, 2007		Dec. 31, 2006		Dec. 31, 2005	
	At amortized cost or fair value		At amortized cost or fair value		At amortized cost or fair value	
(in millions of euros)	Non-current	Current	Non-current	Current	Non-current	Current
Bonds	2,476	-	2,573	-	2,719	144
Employee profit-sharing fund	32	41	73	41	108	30
Finance lease liabilities	314	70	318	48	230	49
Other long-term debt	1,471	82	1,147	283	752	70
Other short-term financing and overdraft facilities	-	1,737	-	4,024	-	4,858
Derivative instruments	1	20	14	4	17	15
Total financial liabilities	**4,294**	**1,950**	**4,125**	**4,400**	**3,826**	**5,166**

31.1. Non-current financial liabilities

	Dec. 31, 2007	Nominal amount	Maturities (nominal amount)	
(in millions of euros)	At amortized cost or fair value		1 to 5 years	Beyond 5 years
Bonds	2,476	2,395	1,796	599
Long-term employee profit-sharing fund	32	32	32	-
Long-term finance lease liabilities	314	314	212	102
Other long-term debt	1,471	1,474	1,146	328
Derivative instruments (1)	1	-	-	-
Total non-current financial liabilities	**4,294**	**-**	**-**	**-**

	Dec. 31, 2006	Nominal amount	Maturities (nominal amount)	
(in millions of euros)	At amortized cost or fair value		1 to 5 years	Beyond 5 years
Bonds	2,573	2,393	1,794	599
Long-term employee profit-sharing fund	73	73	73	-
Long-term finance lease liabilities	318	318	193	125
Other long-term debt	1,147	1,146	1,087	59
Derivative instruments (1)	14	-	-	-
Total non-current financial liabilities	**4,125**	**-**	**-**	**-**

	Dec. 31, 2005	Nominal amount	Maturities (nominal amount)	
(in millions of euros)	At amortized cost or fair value		1 to 5 years	Beyond 5 years
Bonds	2,719	2,392	300	2,092
Long-term employee profit-sharing fund	108	108	108	-
Long-term finance lease liabilities	230	230	150	80
Other long-term debt	752	745	598	147
Derivative instruments (1)	17	-	-	-
Total non-current financial liabilities	**3,826**	**-**	**-**	**-**

(1) Maturities and notional amounts of derivative instruments are provided in note 37.

31.2. Characteristics of bonds and other borrowings

(in millions of euros)	Dec. 31, 2007 Non-current	Dec. 31, 2007 Current	Issuing currency	Due	Effective interest rate	Rate after hedging
GIE PSA Trésorerie						
2001 bond issue	1,554	-	EUR	2011	5.98%	Euribor 6M +63 bp
2003 bond issue	622	-	EUR	2033	6.00%	Euribor 3M +92 bp
Faurecia						
2005 bond issue [1]	300	-	EUR	2010	3.63%	3.63%
Total	**2,476**	**-**				
Peugeot Citroën Automobiles						
EIB loan [2] - 73 M GBP	121	-	GBP	2009	Libor 3M +5 bp	Eonia +18 bp
EIB loan [2] - 125 M EUR	125	1	EUR	2011	Euribor 3M +9 bp	Euribor 3M +9 bp
EIB loan [2] - 250 M EUR	250	1	EUR	2014	Euribor 3M +10 bp	Euribor 3M +10 bp
FDES zero coupon debt [2]	24	-	EUR	2020		
Other borrowings	28	6				
Faurecia						
Syndicated loan [1]	800	-	EUR	2009	Euribor 1M +42.5 bp	4.45%
Other borrowings	23	39	EUR/USD	2008	Variable/Fixed	Variable/Fixed
Peugeot Citroën do Brasil Automoveis	28	30	BRL	2009	Variable/Fixed	Variable/Fixed
Other companies	72	5				
Total	**1,471**	**82**				

(1) These contracts contain covenants based on financial ratios. At December 31, 2007, the Group complied with all of these ratios.
(2) EIB: European Investment Bank; FDES: French social and economic development fund.

31.3. Characteristics of other short-term financing and overdraft facilities

(in millions of euros)	Issuing currency	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Commercial paper	EUR	504	484	850
Short-term loans	N/A	513	689	1,225
Bank overdrafts	N/A	678	820	720
Payments issued [1]	N/A	42	2,031	2,063
Total		**1,737**	**4,024**	**4,858**

(1) This item corresponds to payments issued but not yet debited on bank statements due to a non-working day for banks. The matching entry is an increase in cash and cash equivalents under assets.

31.4. Finance lease liabilities

The present value of future payments under finance leases reported in “Other borrowings” can be analyzed as follows by maturity:

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
2006	-	-	68
2007	-	94	59
2008	116	82	54
2009	107	83	50
2010	100	76	49
2011	52	40	22
Subsequent years	58	43	8
	433	**418**	**310**
Less interest portion	(49)	(52)	(31)
Present value of future lease payments	**384**	**366**	**279**

Note 32 – Other non-current liabilities

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Liabilities related to vehicles subject to a buyback commitment	2,872	2,743	2,335
Other	15	16	19
Total	**2,887**	**2,759**	**2,354**

Note 33 – Financing liabilities – finance companies

Financing liabilities are accounted for as described in note 1.14.C.

33.1. Analysis by type

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Securities issued by securitization funds (note 21)	4,088	2,537	1,846
Other bond debt	413	413	91
Other debt securities	12,165	12,996	12,876
Bank borrowings	7,626	6,895	7,778
	24,292	**22,841**	**22,591**
Customer deposits	378	418	337
	24,670	**23,259**	**22,928**
Amounts due to Group manufacturing and sales companies	*(148)*	*(215)*	*(171)*
Total	**24,522**	**23,044**	**22,757**

33.2. Analysis by maturity

Dec. 31, 2007 *(in millions of euros)*	Securities issued by securitization funds	Other bond debt	Other debt securities	Bank borrowings	Total
Less than 3 months	203	-	5,896	4,635	10,734
3 months to 1 year	221	-	2,738	1,385	4,344
1 to 5 years	1,164	-	3,460	1,606	6,230
Beyond 5 years	2,500	413	71	-	2,984
Total	**4,088**	**413**	**12,165**	**7,626**	**24,292**

Dec. 31, 2006 *(in millions of euros)*	Securities issued by securitization funds	Other bond debt	Other debt securities	Bank borrowings	Total
Less than 3 months	-	-	4,216	2,472	6,688
3 months to 1 year	637	-	2,850	1,948	5,435
1 to 5 years	1,616	-	5,864	2,475	9,955
Beyond 5 years	284	413	66	-	763
Total	**2,537**	**413**	**12,996**	**6,895**	**22,841**

Dec. 31, 2005 *(in millions of euros)*	Securities issued by securitization funds	Other bond debt	Other debt securities	Bank borrowings	Total
Less than 3 months	167	-	3,523	4,267	7,957
3 months to 1 year	476	91	2,670	1,536	4,773
1 to 5 years	1,203	-	6,574	1,975	9,752
Beyond 5 years	-	-	109	-	109
Total	**1,846**	**91**	**12,876**	**7,778**	**22,591**

33.3. Analysis by repayment currency

All bonds and securities issued by securitization funds are repayable in euros. Other debt can be analyzed as follows by repayment currency:

	Dec. 31, 2007		Dec. 31, 2006		Dec. 31, 2005	
(in millions of euros)	Other debt securities	Bank borrowings	Other debt securities	Bank borrowings	Other debt securities	Bank borrowings
EUR	11,569	7,554	12,495	6,022	12,335	6,192
GBP	204	6	246	385	277	1,210
USD	-	-	-	-	17	-
JPY	264	-	168	-	161	-
BRL	79	-	40	256	24	190
CHF	-	1	-	47	-	50
CZK	49	3	47	85	62	74
Other	-	62	-	100	-	62
Total	**12,165**	**7,626**	**12,996**	**6,895**	**12,876**	**7,778**

Note 34 – Other payables

34.1. Manufacturing and sales companies

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Taxes payable other than income taxes	988	934	938
Personnel-related payables	1,079	996	1,063
Payroll taxes	557	590	608
Payable on fixed asset purchases	294	426	529
Customer prepayments	481	370	370
Derivative instruments (1)	46	2	7
Deferred income	386	335	320
Miscellaneous other payables	410	422	320
Total	**4,241**	**4,075**	**4,155**

(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 analyzed by maturity in note 37, "Management of market risks".

34.2. Finance companies

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Personnel-related payables and payroll taxes	51	52	73
Derivative instruments (1)	164	211	175
Deferred income and accrued expenses	330	313	382
Miscellaneous other payables	187	271	214
Total	**732**	**847**	**844**

(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 analyzed by maturity in note 37, "Management of market risks".

Note 35 – Notes to the consolidated statements of cash flows

35.1. Analysis of net cash and cash equivalents as reported in the statements of cash flows

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Cash and cash equivalents (note 27.1)	5,185	6,339	6,351
Payments issued (note 31.3)	(42)	(2,031)	(2,063)
Net cash and cash equivalents—manufacturing and sales companies	**5,143**	**4,308**	**4,288**
Net cash and cash equivalents—finance companies (note 27.2)	**943**	**620**	**635**
Elimination of intragroup transactions (1)	*(149)*	*(292)*	*(230)*
Total	**5,937**	**4,636**	**4,693**

(1) The elimination of intragroup transactions concerns the transfer of receivables of the Automobile Division to the finance companies on the last day of the month. The corresponding cash flows are recognized on the day of the sale by the Automobile Division, and on the following day by the finance company.

35.2. Change in operating assets and liabilities as reported in the consolidated statements of cash flows

A. Manufacturing and sales companies

(in millions of euros)	2007	2006	2005
(Increase) decrease in inventories	(116)	(16)	(194)
(Increase) decrease in trade receivables	153	2	241
Increase (decrease) in trade payables	190	310	(618)
Change in current allowances and provisions	409	185	225
Change in income taxes	57	25	(85)
Other changes	227	(82)	142
	920	**424**	**(289)**
Net flows with Group finance companies	*(106)*	*(5)*	*(24)*
Total	**814**	**419**	**(313)**

B. Finance companies

(in millions of euros)	2007	2006	2005
Increase in finance receivables	(700)	(464)	(1,136)
Increase in short-term investments	(579)	(53)	(353)
Increase in financing liabilities	1,612	368	1,293
Change in current allowances and provisions	(7)	(12)	(1)
Change in income taxes	(1)	(46)	56
Other changes	(288)	(27)	(7)
	37	**(234)**	**(148)**
Net flows with Group manufacturing and sales companies	*240*	*(32)*	*(24)*
Total	**277**	**(266)**	**(172)**

35.3. Detailed analysis of change in operating assets and liabilities – manufacturing and sales companies

2007 *(in millions of euros)*	At Jan. 1	Cash flows from operating activities	Change in scope of consolidation and other	Translation adjustment	Revaluations taken to equity	At Dec. 31
Inventories	(6,826)	(116)	(31)	60	-	(6,913)
Trade receivables	(3,043)	153	2	31	-	(2,857)
Trade payables	10,481	190	23	(94)	-	10,600
Income taxes	(58)	57	(9)	(1)	-	(11)
Current allowances and provisions	1,747	409	5	(29)	-	2,132
Other receivables	(1,719)	(51)	(9)	6	(9)	(1,782)
Other payables	4,075	155	9	2	-	4,241
	4,657	**797**	**(10)**	**(25)**	**(9)**	**5,410**
Net flows with Group finance companies	*132*	*(109)*	*3*	-	-	*26*
Total	**4,789**	**688**	**(7)**	**(25)**	**(9)**	**5,436**

2006 *(in millions of euros)*	At Jan. 1	Cash flows from operating activities	Change in scope of consolidation and other	Translation adjustment	Revaluations taken to equity	At Dec. 31
Inventories	(6,889)	(16)	6	73	-	(6,826)
Trade receivables	(3,097)	2	(4)	56	-	(3,043)
Trade payables	10,240	310	(13)	(56)	-	10,481
Income taxes	(80)	25	2	(5)	-	(58)
Current allowances and provisions	1,582	185	(12)	(8)	-	1,747
Other receivables	(1,694)	(47)	4	18		(1,719)
Other payables	4,155	(74)	17	(23)	-	4,075
	4,217	**385**	**-**	**55**	**-**	**4,657**
Net flows with Group finance companies	*137*	*(5)*	-	-	-	*132*
Total	**4,354**	**380**	**-**	**55**	**-**	**4,789**

35.4. Change in other financial assets and liabilities – manufacturing and sales companies

(in millions of euros)	2007	2006	2005
Increase in borrowings	414	705	410
Repayment of borrowings and conversion of bonds	(389)	(238)	(389)
(Increase) decrease in non-current financial assets	(565)	(318)	(271)
(Increase) decrease in current financial assets	261	855	327
Increase (decrease) in current financial liabilities	(280)	(799)	(66)
	(559)	**205**	**11**
Net flows with Group finance companies	*8*	*(23)*	*25*
Total	**(551)**	**182**	**36**

35.5. Change in other financial assets and liabilities – finance companies

This item corresponds to the repayment of subordinated debt in 2005.

Note 36 – Financial instruments

A. Financial instruments reported in the balance sheet

	Dec. 31, 2007		Analysis by category of instrument				
(in millions of euros)	Carrying amount	Fair value	Fair value through profit or loss	Available-for-sale assets	Loans, receivables and other liabilities	Borrowings at amortized cost	Derivative instruments
Investments in non-consolidated companies	50	50	-	50	-	-	
Other non-current financial assets	1,168	1,168	724	254	131	-	59
Loans and receivables—finance companies	23,223	23,022	-	-	23,223	-	-
Short-term investments—finance companies	3,310	3,310	3,310	-	-	-	-
Trade receivables—manufacturing and sales companies	2,700	2,700	-	-	2,700	-	-
Other receivables	2,420	2,420	-	-	2,110	-	310
Current financial assets	1,483	1,483	948	-	497	-	38
Cash equivalents	4,115	4,115	4,115	-	-	-	-
Cash	1,864	1,864	1,864	-	-	-	-
Assets	**40,333**	**40,132**	**10,961**	**304**	**28,661**		**407**
Non-current financial liabilities	4,294	4,302	-	-	-	4,293	1
Financing liabilities - finance companies	24,522	24,465	149	-	-	24,373	-
Trade payables	10,571	10,571	-	-	10,571	-	-
Other payables	4,681	4,681	-	-	4,471	-	210
Current financial liabilities	1,950	1,950	-	-	-	1,930	20
Liabilities	**46,018**	**45,969**	**149**		**15,042**	**30,596**	**231**

	Dec. 31, 2006		Analysis by category of instrument				
(in millions of euros)	Carrying amount	Fair value	Fair value through profit or loss	Available-for-sale assets	Loans, receivables and other liabilities	Borrowings at amortized cost	Derivative instruments
Investments in non-consolidated companies	53	53	-	53	-	-	
Other non-current financial assets	1,368	1,368	797	283	123	-	165
Loans and receivables—finance companies	22,703	22,529	-	-	22,703	-	-
Short-term investments—finance companies	2,818	2,818	2,818	-	-	-	-
Trade receivables—manufacturing and sales companies	2,850	2,850	-	-	2,850	-	-
Other receivables	2,268	2,268	-	-	2,019	-	249
Current financial assets	1,132	1,132	918	-	171	-	43
Cash equivalents	5,197	5,197	5,197	-	-	-	-
Cash	1,470	1,470	1,470	-	-	-	-
Assets	**39,859**	**39,685**	**11,200**	**336**	**27,866**	**-**	**457**
Non-current financial liabilities	4,125	4,262	-	-	-	4,111	14
Financing liabilities—finance companies	23,044	23,056	152	-	-	22,892	-
Trade payables	10,456	10,456	-	-	10,456	-	-
Other payables	4,661	4,661	-	-	4,448	-	213
Current financial liabilities	4,400	4,400	-	-	-	4,396	4
Liabilities	**46,686**	**46,835**	**152**	**-**	**14,904**	**31,399**	**231**

	Dec. 31, 2005		Analysis by category of instrument				
(in millions of euros)	Carrying amount	Fair value	Fair value through profit or loss	Available-for-sale assets	Loans, receivables and other liabilities	Borrowings at amortized cost	Derivative instruments
Investments in non-consolidated companies	46	46	-	46	-	-	
Other non-current financial assets	1,986	1,986	1,174	263	139	-	410
Loans and receivables—finance companies	22,238	22,391	-	-	22,238	-	-
Short-term investments—finance companies	2,709	2,709	2,709	-	-	-	-
Trade receivables—manufacturing and sales companies	2,931	2,931	-	-	2,931	-	-
Other receivables	2,276	2,276	-	-	2,053	-	223
Current financial assets	1,214	1,214	971	41	176	-	26
Cash equivalents	5,164	5,164	5,164	-	-	-	-
Cash	1,592	1,592	1,592	-	-	-	-
Assets	**40,156**	**40,309**	**11,610**	**350**	**27,537**	**-**	**659**
Non-current financial liabilities	3,826	4,005	-	-	-	3,809	17
Financing liabilities—finance companies	22,757	22,778	158	-	-	22,599	-
Trade payables	10,210	10,210	-	-	10,210	-	-
Other payables	4,773	4,773	-	-	4,591	-	182
Current financial liabilities	5,166	5,166	-	-	-	5,151	15
Liabilities	**46,732**	**46,932**	**158**	**-**	**14,801**	**31,559**	**214**

The main valuation methods applied are as follows:

Items recognized at fair value through profit or loss and derivative hedging instruments are measured by using a valuation technique which benchmarks interbank rates (Euribor, etc.) and daily foreign exchange rates set by the European Central Bank. All the financial instruments in this category are financial assets and liabilities designated at fair value through profit or loss at inception in accordance with the criteria set out in note 1.14.

Investments in non-consolidated companies and investments are stated at fair value in the balance sheet, in accordance with IAS 39 (note 1.14.B (a) and (c)).

Financing loans and receivables are stated at amortized 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. This means that the margin on loans and receivables outstanding is excluded from the remeasurement. The fair value presented above is estimated by discounting future cash flows at the rate applicable to similar loans granted at the balance sheet date.

Borrowings taken out by the manufacturing and sales companies and the financing liabilities of finance companies are mainly stated at amortized cost, determined by the effective interest method. The financial liabilities hedged by interest rate swaps qualify for hedge accounting. The interest-linked portion is remeasured at fair value. The fair value presented above is estimated taking account of the Group’s credit risk. Exceptionally, some financial liabilities are accounted for using the fair value option.

The Group has decided to recognize such items at fair value through profit or loss in order to prevent an accounting mismatch between the fair values of the liability and the related economic hedging instruments. The change in fair value attributable to credit risk recognized during the year is not material.

The fair value of the manufacturing and sales companies' trade receivables and payables is considered as being equivalent to carrying value, due to their very short maturities.

The fair value of financial instruments held by the Group is calculated whenever it can be estimated reliably on the basis of market data 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.

B. Impact of financial instruments on income

	2007	Analysis by category of instrument				
(in millions of euros)	Impact	Fair value through profit or loss	Available-for-sale assets	Loans, receivables and other liabilities	Borrowings at amortized cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	10	-	-	10	-	-
Total interest expense	(287)	-	-	-	(287)	-
Remeasurement	257	276	-	-	5	(24)
Income on disposal	17	-	17	-	-	-
Net impairment	(3)	-	-	(3)	-	-
Total—manufacturing and sales companies	**(6)**	**276**	**17**	**7**	**(282)**	**(24)**
Finance companies						
Total interest income	1,617	-	-	1,617	-	-
Total interest expense	(978)	-	-	-	(978)	-
Remeasurement	176	127	-	34	(12)	27
Net impairment	(51)	-	-	(51)	-	-
Total—finance companies	**764**	**127**	**-**	**1,600**	**(990)**	**27**
Net gain (loss)	**758**	**403**	**17**	**1,607**	**(1,272)**	**3**

	2006	Analysis by category of instrument				
(in millions of euros)	Impact	Fair value through profit or loss	Available-for-sale assets	Loans, receivables and other liabilities	Borrowings at amortized cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	11	-	-	11	-	-
Total interest expense	(232)	-	-	-	(232)	-
Remeasurement	115	165	-	-	3	(53)
Income on disposal	24	-	24	-	-	-
Net impairment	(15)	-	-	(15)	-	-
Total—manufacturing and sales companies	**(97)**	**165**	**24**	**(4)**	**(229)**	**(53)**
Finance companies						
Total interest income	1,462	-	-	1,462	-	-
Total interest expense	(757)	-	-	-	(757)	-
Remeasurement	94	72	-	(78)	68	32
Net impairment	(41)	-	-	(41)	-	-
Total—finance companies	**758**	**72**	**-**	**1,343**	**(689)**	**32**
Net gain (loss)	**661**	**237**	**24**	**1,339**	**(918)**	**(21)**

	2005	Analysis by category of instrument				
(in millions of euros)	Impact	Fair value through profit or loss	Available-for-sale assets	Loans, receivables and other liabilities	Borrowings at amortized cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	16	-	-	16	-	-
Total interest expense	(190)	-	-	-	(190)	-
Remeasurement	80	138	-	-	(65)	7
Income on disposal	51	-	51	-	-	-
Net impairment	3	-	-	3	-	-
Total—manufacturing and sales companies	**(40)**	**138**	**51**	**19**	**(255)**	**7**
Finance companies						
Total interest income	1,384	-	-	1,384	-	-
Total interest expense	(593)	-	-	-	(593)	-
Remeasurement	1	46	-	(63)	41	(23)
Net impairment	(25)	-	-	(25)	-	-
Total—finance companies	**767**	**46**	**-**	**1,296**	**(552)**	**(23)**
Net gain (loss)	**727**	**184**	**51**	**1,315**	**(807)**	**(16)**

All income generated by the finance business on financial assets and liabilities within the meaning of IAS 39 is recorded in recurring operating income.

Note 37 – Management of market risks

37.1. Risk management policy

A. Currency risk

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. These risks mainly concern the Automobile Division. Automobile Division positions are managed primarily by entering into forward currency contracts, as soon as the foreign currency invoice is accounted for, through the PSA Peugeot Citroën Group's specialized company, PSA International S.A. (PSAI). PSAI also hedges currency risks on forecast transactions to be carried out by the Automobile Division in Japanese yen and pounds sterling.

PSAI also carries out proprietary transactions involving currency instruments. These transactions, which are subject to very strict exposure limits, are closely monitored on a continuous basis. They are the only non-hedging transactions carried out by companies in the PSA Peugeot Citroën Group and have a very limited impact on consolidated profit.

Risks arising on these transactions are managed by applying simulated changes in market conditions (spot rates and volatility) to the existing portfolio using parameters drawing on historical volatility over a trailing twelve-month period accurate to within ten trading days. These parameters are verified or revised at least twice a year or in the event of sudden and sharp market shifts. Stress tests performed on the portfolio at December 31, 2007 resulted in a non-material impact on Group consolidated profit.

Currency fluctuation assumptions applied in the stress tests are as follows:

	USD	YEN	CZK	SKK
Hypothetical fluctuation against the euro	5.0%	10.0%	5.5%	5.5%

Faurecia manages the currency risks incurred by its subsidiaries on commercial transactions, principally by forward purchase and sale contracts and options, and foreign currency financing. Subsidiaries located outside the euro zone are granted intragroup loans in their functional currency. As such loans are refinanced in euros, exchange rate risk is hedged through swaps.

The net position of the manufacturing and sales companies in the main foreign currencies is as follows:

Dec. 31, 2007 *(in millions of euros)*	GBP	YEN	USD	PLN	CHF	BRL	Other
Total assets	262	33	200	21	23	20	317
Total liabilities	(582)	(58)	(256)	(80)	-	(14)	(179)
Net position before hedging	**(320)**	**(25)**	**(56)**	**(59)**	**23**	**6**	**138**
Financial derivative instruments	311	25	47	52	(23)	(7)	(191)
Net position after hedging	**(9)**	**-**	**(9)**	**(7)**	**-**	**(1)**	**(53)**

Dec. 31, 2006 *(in millions of euros)*	GBP	YEN	USD	PLN	CHF	BRL	Other
Total assets	163	57	168	131	27	28	479
Total liabilities	(523)	(28)	(168)	-	-	(10)	(108)
Net position before hedging	**(360)**	**29**	**-**	**131**	**27**	**18**	**371**
Financial derivative instruments	357	(29)	(5)	(97)	(27)	(21)	(367)
Net position after hedging	**(3)**	**-**	**(5)**	**34**	**-**	**(3)**	**4**

Dec. 31, 2005 *(in millions of euros)*	GBP	YEN	USD	PLN	CHF	BRL	Other
Total assets	28	104	173	92	26	11	579
Total liabilities	(589)	-	(240)	-	-	(8)	(112)
Net position before hedging	**(561)**	**104**	**(67)**	**92**	**26**	**3**	**467**
Financial derivative instruments	549	(120)	61	(95)	(26)	(7)	(452)
Net position after hedging	**(12)**	**(16)**	**(6)**	**(3)**	**-**	**(4)**	**15**

The net position of the finance companies in the main foreign currencies is as follows:

Dec. 31, 2007 *(in millions of euros)*	GBP	YEN	USD	CHF	Other
Total assets	1,425			233	218
Total liabilities	(205)	(264)			(49)
Net position before hedging	**1,220**	**(264)**	**-**	**233**	**169**
Financial derivative instruments	(1,220)	264		(233)	(169)
Net position after hedging	**-**	**-**	**-**	**-**	**-**

Dec. 31, *2006 (in millions of euros)*	GBP	YEN	USD	CHF	Other
Total assets	1,933	-	-	267	210
Total liabilities	(246)	(168)	(19)	-	(167)
Net position before hedging	**1,687**	**(168)**	**(19)**	**267**	**43**
Financial derivative instruments	(1,687)	168	19	(267)	(43)
Net position after hedging	**-**	**-**	**-**	**-**	**-**

Dec. 31, 2005 *(in millions of euros)*	GBP	YEN	USD	CHF	Other
Total assets	765	-	-	289	179
Total liabilities	-	(161)	(51)	-	(111)
Net position before hedging	**765**	**(161)**	**(51)**	**289**	**68**
Financial derivative instruments	(765)	161	51	(289)	(68)
Net position after hedging	**-**	**-**	**-**	**-**	**-**

The above table shows the Group position arising from all operations recognized in the balance sheet at December 31, 2007, 2006 and 2005.

At December 31, 2007, the sensitivity of earnings to changes in foreign exchange rates is relatively limited due to the Group's policy of systematically hedging foreign currency receivables and payables. Shareholders' equity, on the other hand, is mainly sensitive to changes in the value sterling and Polish zlotys.

The results of the sensitivity test are as follows:

(in millions of euros)	GBP	YEN	USD	PLN	CHF	BRL	Other
Hypothetical fluctuation against the euro	4.0%	10.0%	5.0%	10.0%	3.0%	12.0%	N/A
Impact on income before tax	-	-	-	1	-	-	4
Impact on equity	4	-	-	14	-	-	5

B. Interest rate risk

Cash surpluses and short-term financing needs of manufacturing and sales companies—except for automotive equipment companies—are mainly centralized at the level of GIE PSA Trésorerie, which invests net cash reserves on the financial markets, mainly 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. The debt is converted to variable rate by means of derivatives, in order to match interest rates on cash surpluses.

Faurecia manages interest rate risks on a centralized basis. The Group Finance and Treasury Department—which reports to Group General Management—is responsible for managing this interest rate risk. Hedging decisions are made by a Market Risk Committee that meets on a monthly basis. Faurecia also uses caps and other options in euros and US dollars to hedge interest rates on borrowings payable between January 2008 and December 2010, and has taken out variable/fixed-rate swaps in euros and US dollars to hedge interest payable over the same period. Floors have been acquired in order to benefit from any decline in medium-term interest rates on fixed-rate debt.

Banque PSA Finance, which grants fixed-rate loans to customers of the Automobile Division, mainly refinances these loans through adjustable borrowing rates. The impact of changes in interest rates is hedged by entering into swaps that match interest rates on outstanding loans and the related refinancing.

Since 2004, Banque PSA Finance has hedged the cost of refinancing future fixed-rate loans in euros (note 37.3).

The tables below analyze borrowings and financial assets before and after hedging at year-end. The maturity of adjustable-rate borrowings and assets is considered to be the next rate adjustment date.

The net interest rate position of manufacturing and sales companies is as follows:

Dec. 31, 2007 *(in millions of euros)*	Intraday to 1 year	1 to 5 years	Beyond 5 years	Total
Total assets	7,169	125	85	7,379
Total liabilities	(3,320)	(2,014)	(646)	(5 980)
Net position before hedging	**3,849**	**(1,889)**	**(561)**	**1,399**
Financial derivative instruments	(2,176)	1,554	622	-
Net position after hedging	**1,673**	**(335)**	**61**	**1,399**

Dec. 31, 2006 *(in millions of euros)*	Intraday to 1 year	1 to 5 years	Beyond 5 years	Total
Total assets	7,914	100	75	8,089
Total liabilities	(5,276)	(2,282)	(755)	(8,313)
Net position before hedging	**2,638**	**(2,182)**	**(680)**	**(224)**
Financial derivative instruments	(2,517)	1,834	683	-
Net position after hedging	**121**	**(348)**	**3**	**(224)**

Dec. 31, 2005 *(in millions of euros)*	Intraday to 1 year	1 to 5 years	Beyond 5 years	Total
Total assets	8,552	85	76	8,713
Total liabilities	(5,693)	(699)	(2,446)	(8,838)
Net position before hedging	**2,859**	**(614)**	**(2,370)**	**(125)**
Financial derivative instruments	(2,604)	185	2,419	-
Net position after hedging	**255**	**(429)**	**49**	**(125)**

A 1% fall in interest rates would lead to a €2.6 million shortfall with respect to the position for 2006 (€0.4 million with regard to the position for 2006).

Fixed-rate debt maturing in more than one year relates primarily to the Faurecia bond maturing in 2010, and to employee profit-sharing.

The net interest rate position of finance companies is as follows:

Dec. 31, 2007 *(in millions of euros)*	Intraday to 1 year	1 to 5 years	Beyond 5 years	Total
Total assets	17,809	9,929	-	27,738
Total liabilities	(23,120)	(1,154)	(62)	(24,336)
Net position before hedging	**(5,311)**	**8,775**	**(62)**	**3,402**
Financial derivative instruments	5,788	(5,850)	62	-
Net position after hedging	**477**	**2,925**	**-**	**3,402**

Dec. 31, 2006 *(in millions of euros)*	Intraday to 1 year	1 to 5 years	Beyond 5 years	Total
Total assets	16,749	9,597	-	26,346
Total liabilities	(19,264)	(2,350)	(1,316)	(22,930)
Net position before hedging	**(2,515)**	**7,247**	**(1,316)**	**3,416**
Financial derivative instruments	2,981	(4,297)	1,316	-
Net position after hedging	**466**	**2,950**	**-**	**3,416**

Dec. 31, 2005 *(in millions of euros)*	Intraday to 1 year	1 to 5 years	Beyond 5 years	Total
Total assets	16,407	9,347	-	25,754
Total liabilities	(19,721)	(2,585)	(261)	(22,567)
Net position before hedging	**(3,314)**	**6,762**	**(261)**	**3,187**
Financial derivative instruments	4,271	(4,532)	261	-
Net position after hedging	**957**	**2,230**	**-**	**3,187**

A 1% fall in interest rates would lead to a €1.6 million shortfall with respect to the position for 2007 (approximately the same as 2006).

The net position after hedging with maturities of one to five years corresponds to the net assets covered by Banque PSA Finance's regulatory capital.

C. Equity risk

Equity risk corresponds to the price risk arising from a fall in the value of equities held by the Group.

Equity fluctuation assumptions are determined based on average historical and implicit volatility recorded on the CAC 40 and EuroStoxx 50 indices over the last 12 months.

Dec. 31, 2007 *(in millions of euros)*	Investments classified as available-for-sale	Investments accounted for using the fair value option
Balance sheet position	254	59
Sensitivity of earnings	-	(12)
Sensitivity of equity	(51)	N/A
Unfavorable fluctuation assumptions	20%	20%

Dec. 31, 2006 *(in millions of euros)*	Investments classified as available-for-sale	Investments accounted for using the fair value option
Balance sheet position	283	61
Sensitivity of earnings	-	(6)
Sensitivity of equity	(28)	N/A
Unfavorable fluctuation assumptions	10%	10%

Dec. 31, 2005 *(in millions of euros)*	Investments classified as available-for-sale	Investments accounted for using the fair value option
Balance sheet position	275	49
Sensitivity of earnings	-	(5)
Sensitivity of equity	(27)	N/A
Unfavorable fluctuation assumptions	10%	10%

D. Other risks

Credit and liquidity risk are analyzed in the "Management of market risks" section of the Management Report.

37.2. Hedging instruments – manufacturing and sales companies

The different types of hedges and their accounting treatment are described in note 1.14.D (b).

The Group does not hedge net investments in foreign operations.

A. Details of balance sheet values of hedging instruments and notional amounts hedged

Dec. 31, 2007 *(in millions of euros)*	Carrying amount		Notional amount	Maturities		
				Within 1 year	1 to 5 years	Beyond 5 years
	Assets	Liabilities				
Currency risk						
Fair value hedges:						
- Currency forward contracts	-	-	14	14	-	-
- Currency options	-	-	-	-	-	-
- Currency swaps	5	(1)	534	415	119	-
Cash flow hedges:						
- Currency options	18	-	832	590	242	-
- Trading instruments (1)	46	(52)	1,448	1,387	61	-
Total	**69**	**(53)**	**2,828**	**2,406**	**422**	**-**
Interest rate risk						
Fair value hedges:						
- Interest rate swaps	58	-	2,100	-	1,500	600
Trading instruments (2)	35	(14)	6,897	3,288	3,609	-
Total	**93**	**(14)**	**8,997**	**3,288**	**5,109**	**600**
Total fair value hedges	**63**	**(1)**	**2,648**	**429**	**1,619**	**600**
Total cash flow hedges	**18**	**-**	**832**	**590**	**242**	**-**

Dec. 31, 2006 *(in millions of euros)*	Carrying amount		Notional amount	Maturities Within 1 year	1 to 5 years	Beyond 5 years
	Assets	Liabilities				
Currency risk						
Fair value hedges:						
- Currency forward contracts	1	-	45	45	-	-
- Currency options	-	-	154	154	-	-
- Currency swaps	2	(1)	469	350	119	-
Cash flow hedges:						
- Currency options	6	-	2,423	2,159	264	-
Trading instruments (1)	6	(2)	1,180	1,087	93	-
Total	**15**	**(3)**	**4,271**	**3,795**	**476**	**-**
Interest rate risk						
Fair value hedges:						
- Interest rate swaps	164	(4)	2,610	300	1,710	600
Trading instruments (2)	42	(13)	10,427	6,991	3,436	-
Total	**206**	**(17)**	**13,037**	**7,291**	**5,146**	**600**
Total fair value hedges	**167**	**(5)**	**3,278**	**849**	**1,829**	**600**
Total cash flow hedges	**6**	**-**	**2,423**	**2,159**	**264**	**-**

Dec. 31, 2005 *(in millions of euros)*	Carrying amount		Notional amount	Maturities Within 1 year	1 to 5 years	Beyond 5 years
	Assets	Liabilities				
Currency risk						
Fair value hedges:						
- Currency forward contracts	6	-	378	378	-	-
- Currency options	7	-	187	187	-	-
- Currency swaps	20	(17)	470	-	470	-
Cash flow hedges:						
- Currency options	16	-	1,727	1,727	-	-
Trading instruments (1)	-	(7)	1,237	1,141	96	-
Total	**49**	**(24)**	**3,999**	**3,433**	**566**	**-**
Interest rate risk						
Fair value hedges:						
- Interest rate swaps	392	(11)	2,582	256	175	2,151
Trading instruments (2)	24	(4)	11,998	6,478	5,520	-
Total	**416**	**(15)**	**14,580**	**6,734**	**5,695**	**2,151**
Total fair value hedges	**425**	**(28)**	**3,617**	**821**	**645**	**2,151**
Total cash flow hedges	**16**	**-**	**1,727**	**1,727**	**-**	**-**

(1) Derivative instruments not qualifying as hedges within the meaning of IAS 39. In accordance with IAS 21, payables and receivables denominated in foreign currencies must be systematically remeasured at the closing exchange rate with any gains or losses taken to income. The Group has elected not to designate these payables and receivables as hedges, although their impact on income is the same.

(2) Derivative instruments not qualifying as hedges within the meaning of IAS 39 and corresponding to the fair value of forward financial instruments acting as economic hedges of debt or investments.

B. Details of the impact of hedging instruments on income and equity

Impact of cash flow hedges

(in millions of euros)	2007	2006	2005
Fair value at January 1	**6**	**16**	**98**
Change in the effective portion in equity	2	3	(62)
Change in the ineffective portion in income	(6)	(46)	(55)
Purchased options	15	33	35
Derecognition following exercise or disposal	-	-	-
Fair value at December 31	**17**	**6**	**16**
Recognition of intrinsic value in income due to exercise	2	-	-
Recognition of intrinsic value in income due to disqualification	7	-	-
Pre-tax impact on income	**3**	**(46)**	**(55)**
Pre-tax impact on equity	**4**	**3**	**(62)**

Cash flow hedges relating to manufacturing and sales companies are currency options concerning forecast vehicle sales on the UK market in 2007. The Group has also purchased yen call options to cap exchange rates on planned vehicle purchases in 2007 and 2008 within the scope of the Mitsubishi cooperation agreement.

Changes in the time value of money are recorded in other income and expenses (see note 12). Amounts recycled through income on realization of sales and revenue are recorded in recurring operating income. Amounts recycled through income when hedges no longer qualify for hedge accounting are recorded in other income and expenses (see note 12).

Impact of fair value hedges

(in millions of euros)	2007	2006	2005
Remeasurement through income of hedged borrowings	99	147	(62)
Remeasurement through income of hedging instruments	(99)	(145)	58
Net impact on income	**-**	**2**	**(4)**

Net gains (losses) on interest rate derivative instruments (see note 11) also includes the change in value of derivatives used as hedges but not qualifying for hedge accounting under IAS 39.

37.3. Hedging instruments—finance companies

The different types of hedges and the corresponding accounting treatment are described in note 1.14.D (b).

The Group does not hedge net investments in foreign operations.

A. Details of balance sheet values of hedging instruments and notional amounts hedged

Dec. 31, 2007 *(in millions of euros)*	Carrying amount		Notional amount	Maturities		
				Within 1 year	1 to 5 years	Beyond 5 years
	Assets	Liabilities				
Currency risk						
Fair value hedges:						
- Currency swaps	45	-	2,393	2,156	237	-
Interest rate risk						
Fair value hedges:						
- Swaps hedging borrowings	-	(1)	451	373	25	53
- Swaps hedging EMTN and BMTN	1	(29)	2,437	1,466	962	9
- Swaps hedging bonds	42	(42)	3,350	-	-	3,350
- Swaps hedging outstanding retail and lease receivables	79	(5)	13,215	6,228	6,987	-
- Accrued income (expenses) on swaps designated as hedges	27	(35)	-	-	-	-
Cash flow hedges:						
- Swaptions	7	-	2,522	2,522	-	-
Trading instruments [1]	44	(52)	5,877	887	1,640	3,350
Total	**245**	**(164)**	**30,245**	**13,632**	**9,851**	**6,762**
Total fair value hedges	**194**	**(112)**	**21,846**	**10,223**	**8,211**	**3,412**
Total cash flow hedges	**7**	**-**	**2,522**	**2,522**	**-**	**-**

Dec. 31, 2006 *(in millions of euros)*	Carrying amount		Notional amount	Maturities Within 1 year	1 to 5 years	Beyond 5 years
	Assets	Liabilities				
Currency risk						
Fair value hedges:						
- Currency swaps	4	(31)	2,422	2,004	418	-
Interest rate risk						
Fair value hedges:						
- Swaps hedging borrowings	-	(3)	2,654	2,577	20	57
- Swaps hedging EMTN and BMTN	1	(38)	3,111	808	2,294	9
- Swaps hedging bonds	3	(3)	1,250	-	-	1,250
- Swaps hedging outstanding retail and lease receivables	107	-	13,063	6,300	6,763	-
- Accrued income (expenses) on swaps designated as hedges	69	(84)				
Cash flow hedges:			-			
- Swaptions	21	-	5,163	5,163	-	-
Trading instruments [(1)]	31	(52)	7,228	2,552	3,426	1,250
Total	**236**	**(211)**	**34,891**	**19,404**	**12,921**	**2,566**
Total fair value hedges	**184**	**(159)**	**22,500**	**11,689**	**9,495**	**1,316**
Total cash flow hedges	**21**	**-**	**5,163**	**5,163**	**-**	**-**

Dec. 31, 2005 (in millions of euros)	Carrying amount		Notional amount	Maturities		
	Assets	Liabilities		Within 1 year	1 to 5 years	Beyond 5 years
Currency risk						
Fair value hedges:						
- Currency swaps	9	(5)	1,458	1,002	456	-
Interest rate risk						
Fair value hedges:						
- Swaps hedging borrowings	1	(3)	3,443	3,288	155	-
- Swaps hedging EMTN and BMTN	39	(19)	3,224	603	2,512	109
- Swaps hedging bonds	37	-	91	91	-	-
- Swaps hedging outstanding retail and lease receivables	35	(12)	13,322	6,123	7,199	-
- Accrued income (expenses) on swaps designated as hedges	29	(82)	-			
Cash flow hedges:						
- Swaptions	11	-	3,768	3,768	-	-
Trading instruments (1)	33	(54)	7,460	2,852	2,206	2,402
Total	**194**	**(175)**	**32,766**	**17,727**	**12,528**	**2,511**
Total fair value hedges	**150**	**(121)**	**21,538**	**11,107**	**10,322**	**109**
Total cash flow hedges	**11**	**-**	**3,768**	**3,768**	**-**	**-**

(1) *Derivative instruments not qualifying as hedges within the meaning of IAS 39, and corresponding to the fair value of forward financial instruments hedging borrowings or investments accounted for using the fair value option. Swaps classified as trading instruments are netted against each other within portfolios presenting similar characteristics and primarily concern symmetrical swaps arranged at the time of securitization transactions. These swaps do not generate material gains or losses.*

B. Details of the impact of hedging instruments on income and equity

Impact of cash flow hedges

(in millions of euros)	2007	2006	2005
Fair value at January 1	**21**	**11**	**7**
Change in the effective portion in equity	30	50	5
Change in the ineffective portion in income	(9)	(20)	(9)
Purchased options	6	24	8
Derecognition following exercise or disposal	(41)	(44)	-
Fair value at December 31	**7**	**21**	**11**
Recognition of intrinsic value in income due to exercise	27	10	-
Recognition of intrinsic value in income due to disqualification	-	-	-
Pre-tax impact on income	**18**	**(10)**	**(9)**
Pre-tax impact on equity	**30**	**50**	**5**

Cash flow hedges relating to finance companies are interest rate swaps maturing in the first and second quarters of 2008. These hedges are designed to cap refinancing costs for new euro-denominated retail and lease receivables expected to be originated during the year. The notional amounts and maturities of swaps (from one to five years) underlying these options correspond to the maturities of the forecast outstandings for the period.

Impact of fair value hedges

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005	Change in fair value	Ineffective portion recognized in profit or loss
Fair value adjustments to retail loans					
Credit sales	(43)	(65)	(10)		
Leases subject to buyback commitments	(7)	(11)	(2)		
Long-term leases	(13)	(21)	(7)		
Total, net	**(63)**	**(97)**	**(19)**	**34**	
Derivative instruments hedging outstanding retail loans					
Assets	79	107	35		
Liabilities	(5)	-	(12)		
Total, net	**74**	**107**	**23**	**(33)**	
Ineffective portion	**11**	**10**	**4**		**1**
Fair value adjustments hedged borrowings					
Net	1	3	2		
Total, net	**1**	**3**	**2**	**(2)**	
Derivative instruments hedging borrowings					
Assets	-	-	1		
Liabilities	(1)	(3)	(3)		
Total, net	**(1)**	**(3)**	**(2)**	**2**	
Ineffective portion	**-**	**-**	**-**		**-**
Fair value adjustments hedged EMTN and BMTN					
Net	26	37	(20)		
Total, net	**26**	**37**	**(20)**	**(11)**	
Derivative instruments hedging EMTN and BMTN					
Assets	1	1	39		
Liabilities	(29)	(38)	(19)		
Total, net	**(28)**	**(37)**	**20**	**9**	
Ineffective portion	**(2)**	**-**	**-**		**(2)**
Fair value adjustments hedged bonds					
Net	-	-	(37)		
Total, net	**-**	**-**	**(37)**	**-**	
Derivative instruments hedging bonds					
Assets	42	3	37		
Liabilities	(42)	(3)	-		
Total, net	**-**	**-**	**37**	**-**	
Ineffective portion	**-**	**-**	**-**		**-**
Fair value adjustments other hedged debt securities					
Net	1	-			
Total, net	**1**	**-**	**-**	**1**	
Derivative instruments hedging other debt securities					
Assets	-				
Liabilities	(1)		-		
Total, net	**(1)**	**-**	**-**	**(1)**	
Ineffective portion	**-**	**-**	**-**		**-**

Note 38 – Net financial position of manufacturing and sales companies

38.1. Analysis

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Financial assets and liabilities of manufacturing and sales companies			
Cash and cash equivalents	5,185	6,339	6,351
Other non-current financial assets	1,121	1,321	1,940
Current financial assets	1,483	1,132	1,214
Non-current financial liabilities	(4,294)	(4,125)	(3,826)
Current financial liabilities	(2,091)	(4,551)	(5,298)
Net financial position of manufacturing and sales companies	**1,404**	**116**	**381**
o/w external loans and borrowings	1,396	(25)	283
o/w financial assets and liabilities with finance companies	8	141	98

38.2. Lines of credit

The PSA Peugeot Citroën Group has access to revolving lines of credit expiring at various dates through 2010. The amounts available under these lines of credit are as follows:

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Peugeot S.A. and GIE PSA Trésorerie	2,400	2,400	2,400
Faurecia	1,600	1,600	1,600
Banque PSA Finance group	6,000	6,000	6,000
Confirmed credit lines	**10,000**	**10,000**	**10,000**

No draw-downs on these lines have been made by Peugeot S.A., GIE PSA Trésorerie or Banque PSA Finance group.

Faurecia has drawn down the following amounts:

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Faurecia drawdowns	800	700	200

This contract contains covenants based on financial ratios. At December 31, 2007, the Group complied with all of these ratios.

Note 39 – Return on capital employed

39.1. Capital employed

Capital employed corresponds to the operating assets or liabilities employed by the Group. The definition of capital employed depends on whether it relates to manufacturing and sales companies or finance companies.

Capital employed is defined as representing:
- all non-financial assets, net of non-financial liabilities, of the manufacturing and sales companies, as reported in the consolidated balance sheet;
- the net assets of the finance companies.

Based on the above definition, capital employed breaks down as follows:

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Goodwill	1,488	1,488	1,614
Intangible assets	3,885	3,947	3,886
Property, plant and equipment	14,652	15,221	14,909
Investments in companies at equity	725	687	699
Investments in non-consolidated companies	47	53	45
Other non-current assets	126	96	95
Deferred tax assets	428	499	579
Inventories	6,913	6,826	6,889
Trade receivables—manufacturing and sales companies	2,857	3,043	3,097
Current tax assets	169	210	180
Other receivables	1,782	1,719	1,694
Other non-current liabilities	(2,886)	(2,759)	(2,352)
Non-current provisions	(1,109)	(1,383)	(1,527)
Deferred tax liabilities	(1,689)	(1,854)	(2,086)
Current provisions	(2,132)	(1,747)	(1,582)
Trade payables	(10,600)	(10,481)	(10,240)
Current tax liabilities	(158)	(152)	(100)
Other payables	(4,241)	(4,075)	(4,155)
Net assets of the finance companies	2,894	2,652	2420
Accounts between the manufacturing and sales companies and the finance companies	8	141	98
Total	**13,159**	**14,131**	**14,163**

39.2. Economic profit

Economic profit consolidated consists of profit before finance costs, interest income, net gains and losses on disposals of short-term investments and taxes related to these items.

A tax rate corresponding to the Group's effective rate for each transaction is then applied, to calculate after-tax economic profit used to determine the return on capital employed.

Based on this definition, economic profit is as follows:

(in millions of euros)	2007	2006	2005
Consolidated profit for the year	**826**	**70**	**998**
Interest income	(283)	(178)	(157)
Finance costs	306	234	219
Net gains on disposals of investments	-	(26)	(33)
Tax on financial income and finance expenses	28	9	(8)
Economic profit after tax	**877**	**109**	**1,019**

39.3. Return on capital employed

Return on capital employed, corresponding to economic profit expressed as a percentage of total capital employed at December 31, is as follows:

	2007	2006	2005
	6.7%	0.8%	7.2%

Note 40 – Off-balance sheet commitments

40.1. Specific commitments

Off-balance sheet pension obligations concern deferred actuarial gains and losses not recognized during the year (see note 30.1.E) in accordance with the corridor method (see note 1.18).

40.2. Other commitments

Other commitments at December 31, 2007 represented the following amounts:

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Manufacturing and sales companies			
Capital commitments for the acquisition of fixed assets	1,291	1,245	1,729
Commitments to purchase automotive parts	260	102	69
Orders for research and development work	8	9	7
Non-cancellable lease commitments	868	878	836
	2,427	**2,234**	**2,641**
Finance companies			
Financing commitments to customers	1,337	1,306	1,020
Guarantees given on behalf of customers and financial institutions	75	111	127
	1,412	**1,417**	**1,147**
Other guarantees given	536	580	551
Pledged or mortgaged assets	184	251	236

The PSA Peugeot Citroën Group has also given and received commitments as part of its industrial cooperation policy with its partners.

40.3. Pledged or mortgaged assets

Pledged and mortgaged assets are analyzed as follows by maturity

(in millions of euros)	Maturity	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Property, plant and equipment	**Indefinite**	**15**	**17**	**20**
Non-current financial assets				
	2006	-	-	9
	2007	-	56	48
	2008	32	49	70
	2009	49	84	76
	2010	11	11	10
	2011	29	34	3
	>2011	48	-	-
		169	**234**	**216**
	Total	**184**	**251**	**236**
Total assets		**68,975**	**69,094**	**69,215**
	Percent	0.3%	0.4%	0.3%

Note 41 – Contingent liabilities

41.1. Individual right to training for employees

In accordance with Act no. 2004-391 of May 4, 2004 relating to professional training in France, all Group subsidiaries operating in France offer their employees an individual training allowance set at a minimum of 20 training hours *per annum*. These hours can be accumulated over a maximum of six years, at the end of which the total entitlement is capped at 120 hours.

On April 15, 2005, Peugeot Citroën Automobiles entered into a lifelong professional training agreement with all of the trade unions represented in the Group. In accordance with the law, each employee is entitled to 20 training hours *per annum*. Training rights vested since 1999 under previous training schemes have been maintained and the cumulative total capped at 150 hours. Employees may use their entitlement during working hours, as and when appropriate. These training credits are used as part of the Group's professional training program. In order for training requests to fall within the scope of the individual right to training, they must demonstrably be for the purpose of the professional development of the employee within the Group's businesses. No provision has therefore been raised in this respect.

The number of hours accruing at the balance sheet date amounted to 8.7 million hours, corresponding to an average utilization rate for training rights of 2.3% over fiscal 2007 (2005 and 2006: 1.12%).

Note 42 – Related party transactions

42.1. Companies at equity

These are equity-accounted companies that are between 20%- and 50%-owned, in which PSA Peugeot Citroën exercises significant influence. Most are manufacturing and sales companies that manufacture automotive parts and components or complete vehicles.

Transactions with companies at equity are billed on arm's length terms.

Receivables and payables with companies at equity are as follows:

(in millions of euros)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Loans–long-term portion	9	9	16
Loans–current portion	-	-	48
Trade receivables	367	304	319
Trade payables	(1,376)	(1,159)	(1,116)
Short-term loans	(16)	(114)	(320)

Sale and purchase transactions carried out by the consolidated Group with companies at equity are as follows:

(in millions of euros)	2007	2006	2005
Purchases	(5,920)	(5,309)	(4,425)
Sales	1,791	1,690	1,289

42.2. 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 43 – Key management compensation

(in millions of euros)	2007	2006	2005
Compensation allocated to:			
- members of the management bodies	10.7	6.4	8.4
- members of the Supervisory Board	0.8	0.8	0.8
Total compensation	**11.5**	**7.2**	**9.2**
Stock option expense (note 1.19)	**5.7**	**5.5**	**4.1**
Total	**17.2**	**12.7**	**13.3**

Since February 6, 2007, the Group's has been managed by the Extended Management Committee, which includes the Managing Board. Previously, the Group's management bodies included the Managing Board, the Executive Committee and Senior Management.

The compensation details provided in the table above do not include payroll taxes. The variable portion of the compensation is subject to the approval of the Supervisory Board at its meeting of February 12, 2008.

The amounts shown above include performance bonuses relating to 2007 for which the corresponding provision was recognized in the 2007 financial statements. They also include €1.1 million in performance bonuses relating to 2006 whose payment was subject to a minimum earnings threshold in 2007.

Stock options on Peugeot S.A. shares granted to members of the Group's management bodies under the plans set up since 1999 are presented below. Stock options held by members of the Group's management bodies at the balance sheet date are as follows:

(number of options)	2007	2006	2005
Stock options granted during the year	621,000	510,000	435,000
Stock options held at the balance sheet date	1,664,760	2,609,000	2,144,000

Members of the Group's management bodies are eligible for the supplementary pension plan described in note 30.

Note 44 – Subsequent events

No events have occurred since December 31, 2007 that could have a material impact on the economic decisions taken based on these consolidated financial statements.

Note 45 – Consolidated Companies at December 31, 2007

Company	F/E	% consolidated
Holding Company and other		
Peugeot S.A. Paris—France	F	-
Grande-Armée Participations Paris—France	F	100
PSA International S.A. Geneva—Switzerland	F	100
G.I.E. PSA Trésorerie Paris—France	F	100
Financière Pergolèse Paris—France	F	100
D.J. 06 Paris—France	F	100
Pergolese International Paris—France	F	100
Société Anonyme de Réassurance Luxembourgeoise—SARAL Luxembourg—Luxembourg	F	100
Process Conception Ingénierie S.A. Meudon—France	F	100
PCI do Brasil Ltda Rio de Janeiro—Brazil	F	100
Société de Construction d'Équipements de Mécanisations et de Machines—SCEMM Saint-Étienne—France	F	100
Peugeot Motocycles Mandeure—France	F	100
Peugeot Motocycles Italia S.p.A. Milan—Italy	F	100
Peugeot Motocycles Deutschland GmbH Morfelden—Germany	F	100
Automotive Division		
Peugeot Citroën Automobiles S.A. Vélizy-Villacoublay—France	F	100
Peugeot Citroën Sochaux S.N.C. Sochaux—France	F	100
Peugeot Citroën Mulhouse S.N.C. Sausheim—France	F	100
Peugeot Citroën Aulnay S.N.C. Aulnay-sous-Bois—France	F	100
Peugeot Citroën Rennes S.N.C. Chartres-de-Bretagne—France	F	100

Company	F/E	% consolidated
Peugeot Citroën Poissy S.N.C. Poissy—France	F	100
Peugeot Citroën Mécanique du Nord-Ouest S.N.C. Paris—France	F	100
Peugeot Citroën Mécanique du Grand Est S.N.C. Paris—France	F	100
Société Mécanique Automobile de l'Est Tremery—France	F	100
Mécanique et Environnement Herimoncourt—France	F	100
Société Européenne de Véhicules Légers du Nord—Sevelnord Paris—France	E	50
Societa Europea Veicoli Leggeri—Sevel S.p.A. Atessa—Italy	E	50
SNC PC.PR Paris—France	F	100
G.I.E. PSA Peugeot Citroën Paris—France	F	100
Gisevel Paris—France	E	50
Sevelind Paris—France	E	50
Française de Mécanique Douvrin—France	E	50
Société de Transmissions Automatiques Barlin—France	E	20
Peugeot Citroën Automoviles España S.A. Pontevedra—Spain	F	100
Peugeot Citroën Logistic Deutschland GmbH Saarbrücken—Germany	F	100
Peugeot Citroën Automobiles UK Coventry—United Kingdom	F	100
Peugeot Citroën Automoveis Mangualde—Portugal	F	98
Toyota Peugeot Citroën Automobiles Czech s.r.o. Kolin—Czech Republic	E	50

F: fully consolidated. - E: accounted for by the equity method.

Company	F/E	% consolidated
PCA Logistika Cz Kolin—Czech Republic	**F**	**100**
PCA Slovakia s.r.o. Trnava—Slovakia	**F**	**100**
Peugeot Citroën Trnava s.r.o. Trnava—Slovakia	**F**	**100**
Peugeot Citroën do Brasil Automoveis Ltda Rio de Janeiro—Brazil	**F**	**100**
Peugeot Citroën Comercial Exportadora Rio de Janeiro—Brazil	**F**	**100**
Peugeot Citroën Argentina S.A. Buenos Aires—Argentina	**F**	**100**
Cociar S.A. Buenos Aires—Argentina	**F**	**100**
Aupe S.A. Buenos Aires—Argentina	**F**	**100**
CISA Buenos Aires—Argentina	**F**	**100**
Est. Mecanicos Jeppener Buenos Aires—Argentina	**F**	**100**
Dongfeng Peugeot Citroën Automobiles Cy Ltd Wuhan—China	**E**	**50**
Wuhan Shelong Hongtai Automotive Ko Ltd Wuhan—China	**E**	**10**
PCA Automotive China China	**F**	**100**
Automobiles Peugeot Paris—France	**F**	**100**
Peugeot Motor Company Plc Coventry—United Kingdom	**F**	**100**
Société Commerciale Automobile Paris—France	**F**	**100**
Société Industrielle Automobile de Champagne—Ardennes Cormontreuil—France	**F**	**100**
Société Industrielle Automobile du Havre Le Havre—France	**F**	**100**
Société Industrielle Automobile de Normandie Rouen—France	**F**	**100**
Société Industrielle Automobile de l'Ouest Orvault—France	**F**	**100**

Company	F/E	% consolidated
Seine-et-Marne Automobile Cesson—France	**F**	**100**
Peugeot Moteur et Systèmes Paris—France	**F**	**100**
Société Industrielle Automobile de Provence Marseille—France	**F**	**100**
Grands Garages du Limousin Limoges—France	**F**	**100**
Peugeot Media Production France	**F**	**100**
Peugeot Belgique Luxembourg S.A. Nivelles—Belgium	**F**	**100**
S.A. Peugeot Distribution Service N.V. Schaerbeek—Belgium	**F**	**100**
Peugeot Nederland N.V. Utrecht—Netherlands	**F**	**100**
Peugeot Deutschland GmbH Saarbrücken—Germany	**F**	**100**
Peugeot Bayern GmbH Munich—Germany	**F**	**100**
Peugeot Berlin Brandenburg GmbH Berlin—Germany	**F**	**100**
Peugeot Niederrhein GmbH Düsseldorf—Germany	**F**	**100**
Peugeot Main / Taunus GmbH Frankfurt—Germany	**F**	**100**
Peugeot Sudbaden GmbH Saarbrücken—Germany	**F**	**100**
Peugeot Hanse GmbH Hamburg—Germany	**F**	**100**
Peugeot Nordhessen GmbH Lohfendel—Germany	**F**	**100**
Peugeot Hannover GmbH Hanover—Germany	**F**	**100**
Peugeot Rheinland GmbH Cologne—Germany	**F**	**100**
Peugeot Rein-Neckar GmbH Rein-Neckar—Germany	**F**	**100**
Peugeot Saartal GmbH Saarbrücken—Germany	**F**	**100**
Peugeot Sachsen GmbH Dresden—Germany	**F**	**100**
Peugeot Schwaben GmbH Stuttgart—Germany	**F**	**100**
Peugeot Weser-Ems GmbH Bremen—Germany	**F**	**100**

F: fully consolidated. - E: accounted for by the equity method.

Company	F/E	% consolidated
Peugeot Mainz Wiesbaden GmbH Wiesbaden—Germany	F	100
Peugeot Automobili Italia S.p.A. Milan—Italy	F	100
Peugeot Milan Milan—Italy	F	100
Peugeot Gianicolo S.p.A. Rome—Italy	F	100
Talbot Exports Ltd Coventry—United Kingdom	F	98
Robins & Day Ltd Coventry—United Kingdom	F	100
Realtal UK Ltd Coventry—United Kingdom	F	100
Boomcite Ltd Coventry—United Kingdom	F	100
Aston Line Motors Ltd Coventry—United Kingdom	F	100
Melvin Motors (Bishopbriggs) Ltd Coventry—United Kingdom	F	100
Warwick Wright Motors Chiswick Ltd Coventry—United Kingdom	F	100
Rootes Ltd Coventry—United Kingdom	F	100
Peugeot España S.A. Madrid—Spain	F	100
Hispanomocion S.A. Madrid—Spain	F	100
Peugeot Portugal Automoveis S.A. Lisbon—Portugal	F	100
Peugeot Portugal Automoveis Distribução Lisbon—Portugal	F	99
Peugeot (Suisse) S.A. Berne—Switzerland	F	100
Löwen Garage AG Berne—Switzerland	F	97
Peugeot Austria GmbH Vienna—Austria	F	100
Peugeot Autohaus GmbH Vienna—Austria	F	100
Peugeot Rus Avto Moscow—Russia	F	100
Peugeot Polska S.p.z.o.o. Warsaw—Poland	F	100
Peugeot âeska Republica s.r.o.	F	100
Prague—Czech Republic		
Peugeot Slovakia s.r.o. Bratislava—Slovakia	F	100
Peugeot Hungaria Kft Budapest—Hungary	F	100
Peugeot Slovenija d.o.o. p.z.d.a. Ljubljana—Slovenia	F	100
Peugeot Hrvatska d.o.o. Zagreb—Croatia	F	100
Peugeot Otomotiv Pazarlama AS—Popas Istanbul—Turkey	F	100
Tekoto Motorlu Tastlar Istanbul Istanbul—Turkey	F	100
Tekoto Motorlu Tastlar Ankara Ankara—Turkey	F	100
Tekoto Motorlu Tastlar Bursa Bursa—Turkey	F	100
Peugeot Algérie S.p.A. Algiers—Algeria	F	100
Stafim Tunis—Tunisia	E	34
Stafim—Gros Tunis—Tunisia	E	34
Peugeot Motors of America Little Falls—United States of America	F	100
Peugeot Chile Santiago de Chile—Chile	F	97
Automotores Franco Chilena S.A. Santiago de Chile—Chile	F	100
Peugeot Mexico S.A. de CV Mexico—Mexico	F	100
Servicios Auto. Franco Mexicana Mexico—Mexico	F	100
Peugeot Japan KK Co Ltd Tokyo—Japan	F	100
Peugeot Tokyo Tokyo—Japan	F	100
Peugeot Motors South Africa Ltd Johannesburg—South Africa	F	100
Automobiles Citroën Paris—France	F	100
Société Commerciale Citroën Paris—France	F	100
Citroën Champ de Mars Paris—France	F	100
Citroën Dunkerque Paris—France	F	100

F: fully consolidated. - E: accounted for by the equity method.

Company	F/E	% consolidated
Citer Paris—France	F	98
Société Nouvelle Armand Escalier Antibes—France	F	100
Citroën Pau Bizanos—France	F	100
Centrauto Sarcelles—France	F	100
Prince S.A. Aulnay-sous-Bois—France	F	100
Citroën Argenteuil Bois-Colombes—France	F	100
Citroën Orléans Olivet-la-Source—France	F	100
Cie Picarde de Logistique Automobile Beauvais—France	F	98
Citroën Belux S.A.—NV Brussels—Belgium	F	100
Citroën Nederland B.V. Amsterdam—Netherlands	F	100
Citroën Deutschland AG Cologne—Germany	F	100
Citroën Frankfurt GmbH Frankfurt—Germany	F	100
Citroën Commerce GmbH Cologne—Germany	F	100
Citroën Italia S.p.A. Milan—Italy	F	100
Citroën UK Ltd Coventry—United Kingdom	F	100
Citroën Sverige AB Vallingby—Sweden	F	100
Citroën Danmark A/S Copenhagen—Denmark	F	100
Citroën Norge A/S Skaarer—Norway	F	100
Citroën (Suisse) S.A. Geneva—Switzerland	F	100
Citroën Österreich GmbH Vienna—Austria	F	100
Automoveis Citroën S.A. Lisbon—Portugal	F	100
Automoviles Citroën España Madrid—Spain	F	100
Comercial Citroën S.A. Madrid—Spain	F	97

Company	F/E	% consolidated
Autotransporte Turistico Español S.A. (Atesa) Madrid—Spain	F	99
Garaje Eloy Granollers S.A. Granollers—Spain	F	99
Motor Talavera Talavera—Spain	F	100
Rafael Ferriol S.A. Alboraya—Spain	F	99
Citroën Hungaria Kft Budapest—Hungary	F	100
Citroën Polska S.p.z.o.o. Warsaw—Poland	F	100
Citroën Slovenija d.o.o. Komer—Slovenia	F	100
Citroën—Hrvatska d.o.o. Zagreb—Croatia	F	100
Citroën Slovakia s.r.o. Bratislava—Slovakia	F	100
Citroën âeska Republica s.r.o. Prague—Czech Republic	F	100
Citroën do Brasil São Paulo—Brazil	F	51
Citroën Japon Tokyo—Japan	F	100
Automotive Equipment Division		
Faurecia Boulogne-Billancourt—France	F	71
Faurecia Investments Boulogne-Billancourt—France	F	71
Financière Faurecia Boulogne-Billancourt—France	F	71
Société Foncière pour l'Équipement Automobile SFEA Boulogne-Billancourt—France	F	71
Faurecia Sièges d'Automobile SAS Boulogne-Billancourt—France	F	71
Faurecia Systèmes d'Échappement Boulogne-Billancourt—France	F	71
Blériot Investissements Boulogne-Billancourt—France	F	71
Faurecia Services Groupe Boulogne-Billancourt—France	F	71
Faurecia Global Purchasing Boulogne-Billancourt—France	F	71
Faurecia Cooling System Boulogne-Billancourt—France	F	71

F: fully consolidated. - E: accounted for by the equity method.

Company	F/E	% consolidated
Siemar Sandouville—France	**F**	**71**
Faurecia Industries Boulogne-Billancourt—France	**F**	**71**
Trecia Étupes—France	**F**	**71**
Siebret Redon—France	**F**	**71**
Sielest Pulversheim—France	**F**	**71**
Siedoubs Montbéliard—France	**F**	**71**
Sienor Lieu-Saint-Amand—France	**F**	**71**
Sieval Boulogne-Billancourt—France	**F**	**71**
Sieto Somain—France	**F**	**71**
Société de Textile de l'Ostrevant Sotexo Somain—France	**F**	**71**
ECSA—Études et Construction de Sièges pour l'Automobile Crevin—France	**F**	**71**
EAK—Composants pour l'Automobile S.A.S. Valentigney—France	**F**	**36**
EAK—Composants pour l'Automobile SNC Valentigney—France	**F**	**36**
Faurecia Automotive Holdings Nanterre—France	**F**	**71**
Faurecia Bloc Avant Nanterre—France	**F**	**71**
Faurecia Intérieur Industrie SNC Nanterre—France	**F**	**71**
Faurecia Exhaust International Nanterre—France	**F**	**71**
Faurecia Automotive Industrie SNC Nanterre—France	**F**	**71**
Automotive Sandouville Nanterre—France	**F**	**71**
Cockpit Automotive Systems Douai Douai—France	**E**	**36**
SAS Automotive France Nanterre—France	**E**	**36**

Company	F/E	% consolidated
Société Automobile du Cuir de Vesoul Vesoul—France	**F**	**71**
Société Internationale de Participations S.I.P. Brussels—Belgium	**F**	**71**
Faurecia Industrie NV Ghent—Belgium	**F**	**71**
SAS Automotive NV Ghent—Belgium	**F**	**71**
Faurecia AST Luxembourg S.A. Eselborn—Luxembourg	**F**	**71**
Faurecia Autositze GmbH & Co KG Stadthagen—Germany	**F**	**71**
Faurecia Kunstoffe Automobilsysteme GmbH Ingolstadt—Germany	**F**	**71**
Faurecia Abgastechnik GmbH Furth—Germany	**F**	**71**
Leistritz Abgastechnik Stollberg GmbH Pfaffenhain—Germany	**F**	**71**
Faurecia Automotive GmbH Frankfurt—Germany	**F**	**71**
Faurecia Innenraum Systems GmbH Hagenbach—Germany	**F**	**71**
Industriepark Sassenburg GmbH Sassenburg—Germany	**F**	**71**
SAS Autosystemtechnik GmbH & Co KG Karlsruhe—Germany	**E**	**36**
SAS Autosystemtechnik Verwaltung GmbH Karlsruhe—Germany	**E**	**36**
Faurecia Netherlands Holding BV Roermond—Netherlands	**F**	**71**
Faurecia Automotive Seating BV Roermond—Netherlands	**F**	**71**
Faurecia Exhaust Systems AB Torsas—Sweden	**F**	**71**
Faurecia Interior Systems Sweden AB Torsas—Sweden	**F**	**71**
United Parts Exhaust Systems AB Torsas—Sweden	**F**	**71**
Faurecia Asientos para Automovil España S.A. Madrid—Spain	**F**	**71**

F: fully consolidated. - E: accounted for by the equity method.

Company	F/E	% consolidated
Asientos de Castilla León S.A. Madrid—Spain	**F**	**71**
Asientos de Galicia SL Vigo—Spain	**F**	**71**
Asientos del Norte S.A. Vitoria—Spain	**F**	**71**
Industrias Cousin Freres SL Burlada—Spain	**F**	**36**
Tecnoconfort Pampelona—Spain	**F**	**36**
Faurecia Sistemas de Escape España S.A. Vigo—Spain	**F**	**71**
Faurecia Automotive España SL Madrid—Spain	**F**	**71**
Faurecia Interior Systems España S.A. Valencia—Spain	**F**	**71**
Faurecia Interior Systems Salc España SL Valencia—Spain	**F**	**71**
Cartera e Inversiones Enrich S.A. Madrid—Spain	**F**	**71**
Componentes de Vehiculos de Galicia Porrino—Spain	**E**	**36**
Copo Iberica Vigo—Spain	**E**	**36**
SAS Autosystemtechnick S.A. Pampelona—Spain	**E**	**36**
Valencia Modulos de Puerta SL Valencia—Spain	**F**	**71**
Faurecia Assentos de Automóvel Limitada São João da Madeira—Portugal	**F**	**71**
Faurecia Sistemas de Escape Portugal Lda Concelho de Bragança—Portugal	**F**	**71**
Sasal São João da Madeira—Portugal	**F**	**71**
Vanpro Assentos Lda Palmela—Portugal	**E**	**36**
Faurecia Sistemas de Interior Portugal Componentes para Automóvel S.A. Palmela—Portugal	**F**	**71**

Company	F/E	% consolidated
SAS Autosystemtechnik de Portugal Unipessoal Ltda Palmela—Portugal	**E**	**36**
Eda—Estofagem de Assentos Lda Palmela—Portugal	**F**	**71**
Faurecia Automotiv Seating UK Ltd Coventry—United Kingdom	**F**	**71**
Faurecia Midlands Ltd Coventry—United Kingdom	**F**	**71**
SAI Automotive Fradley Ltd Fradley—United Kingdom	**F**	**71**
SAI Automotive Washington Ltd Washington—United Kingdom	**F**	**71**
SAS Automotivr Ltd United Kingdom	**F**	**71**
Faurecia Fotele Samachodowe S.p.z.o.o. Grojec—Poland	**F**	**71**
Faurecia Walbrzych S.p.z.o.o. Walbrzych—Poland	**F**	**71**
Faurecia Gorzow S.p.z.o.o. Gorzow—Poland	**F**	**71**
Faurecia Legnica S.p.z.o.o. Legnicza—Poland	**F**	**71**
Faurecia Systemy Kierownicze S.p.z.o.o. Walbrzych—Poland	**F**	**71**
Faurecia Seating Talmaciu s.r.o. Romania	**F**	**71**
Euro Auto Plastik Romania	**F**	**71**
Faurecia Technoplast Automotive Russia	**F**	**43**
Arced d.o.o. Novo Mesto—Slovenia	**E**	**36**
Faurecia Interior Systems Bratislava s.r.o. Bratislava—Slovakia	**F**	**71**
Faurecia Slovakia s.r.o. Bratislava—Slovakia	**F**	**71**
Faurecia Leather Ko‰ice s.r.o. Bratislava—Slovakia	**F**	**71**
SAS Automotive s.r.o. Slovakia	**F**	**36**
Faurecia Magyarország Kipufogó—Rendszer Kft Vasvár—Hungary	**F**	**71**

F: fully consolidated. - E: accounted for by the equity method.

Company	F/E	% consolidated
Faurecia Exhaust Systems s.r.o. Bakov—Czech Republic	F	71
Faurecia Lecotex As Tabor—Czech Republic	F	71
Faurecia Interior Systems Bohemia s.r.o. Mladá Boleslav—Czech Republic	F	71
SAS Autosystemtechnik s.r.o. Mladá Boleslav—Czech Republic	E	36
Faurecia Components Pisek Mladá Boleslav—Czech Republic	F	71
Faurecia Automotive Czech Republic Mladá Boleslav—Czech Republic	F	71
Teknik Malzeme Ticaret ve Sanayi A.S. Bursa—Turkey	E	36
Faurecia Polifleks Otomotiv Sanayi ve Ticaret A.S. Istanbul—Turkey	F	71
Société Tunisienne d'Équipements Automobiles Ben Arous—Tunisia	F	71
Faurecia Azin Pars Iran	F	71
Faurecia Automotive Seating Canada Ltd Mississauga—Canada	F	71
Faurecia Canada Investment Company Montreal—Canada	F	71
Faurecia USA Holdings Inc Wilmington—United States of America	F	71
Faurecia Automotive Seating Inc Troy—United States of America	F	71
Faurecia Exhaust Systems Inc Wilmington—United States of America	F	71
Faurecia Interior Systems USA Detroit Inc Detroit—United States of America	F	71
SAS Automotive USA Inc United States of America	E	36
Faurecia Automotive do Brasil Ltda Quatro-Barras—Brazil	F	71
Faurecia Sistemas de Escapamento do Brasil Ltda São Paulo—Brazil	F	71
SAS Automotive do Brasil Ltda São José dos Pinhais PR—Brazil	E	36

Company	F/E	% consolidated
Faurecia Sistemas de Escape Argentina S.A. Buenos Aires—Argentina	F	71
Faurecia Argentina Buenos Aires—Argentina	F	71
SAS Automotriz Argentina S.A. Buenos Aires—Argentina	E	36
Faurecia Duroplast Mexico S.A. de CV Puebla—Mexico	E	36
Servicios Corporativos de Personal Especializado S.A. de CV Puebla—Mexico	F	36
Faurecia Interior Systems Mexico S.A. de CV Mexico—Mexico	F	71
Faurecia Exhaust Mexicana S.A. de CV Mexico—Mexico	F	71
Exhaust Services Mexicana S.A. de CV Mexico—Mexico	F	71
SAS Auto Systems S.A. de CV Mexico—Mexico	E	36
SAS Auto Systems & Services Mexico—Mexico	E	36
Faurecia Japon KK Tokyo—Japan	F	71
Faurecia NHK Co Ltd Tokyo—Japan	E	36
Faurecia NHK Kyushu Ltd Tokyo—Japan	E	36
CFXAS—Changchun Faurecia Xuyang Automotive Seating Co Ltd Changchun—China	F	43
Faurecia (Shanghai) Automotive Systems China	F	71
SCHEESC—Shanghai Honghu Ecia Exhaust Systems Company Ltd Shanghai—China	F	36
Faurecia Tongda Exhaust System (Wuhan) Co Ltd Wuhan—China	F	36
Faurecia Exhaust Systems Changchun Changchun—China	F	36

F: fully consolidated. - E: accounted for by the equity method.

Company	F/E	% consolidated
Faurecia (Wuxi) Seating Components Co Ltd Wuxi—China	**F**	**71**
Faurecia GSK (Wuhan) Automotive Seating Co Ltd Wuhan—China	**F**	**36**
Faurecia (Changchun) Automotive Systems Co Ltd Changchun—China	**F**	**71**
Faurecia (Shanghai) Management Cy Ltd Shanghai—China	**F**	**71**
Faurecia Shanghai Business Consulting Cy Shanghai—China	**F**	**71**
Faurecia Exhaust Systems Qingdao Shanghai—China	**F**	**71**
Daeki Faurecia Corp Shiheung City—South Korea	**F**	**71**
Kwang Jing Faurecia Shiheung City—South Korea	**E**	**36**
Fesk—Faurecia Exhaust System Korea Shiheung City—South Korea	**F**	**71**
Faurecia Trim Korea Shiheung City—South Korea	**F**	**71**
Faurecia Automotive Seating India Private Ltd Bangalore—India	**F**	**71**
Faurecia Exhaust Systems South Africa (Pty) Ltd Johannesburg—South Africa	**F**	**71**
Faurecia Interior Systems South Africa (Pty) Ltd Port Elizabeth—South Africa	**F**	**71**
SAS Automotive R.S.A. (Pty) Ltd Port Elizabeth—South Africa	**E**	**36**
Transportation and Logistics Division		
Gefco Courbevoie—France	**F**	**100**
Gefco Benelux S.A. Ath—Belgium	**F**	**100**
Gefco Deutschland GmbH Morfelden—Germany	**F**	**100**
Gefco Suisse S.A. Fahy—Switzerland	**F**	**99**
Gefco Österreich GmbH Vienna—Austria	**F**	**100**

Company	F/E	% consolidated
Gefco Italia S.p.A. Milan—Italy	**F**	**100**
Gefco UK Ltd London—United Kingdom	**F**	**100**
Gefco España S.A. Madrid—Spain	**F**	**100**
Gefco Portugal Transitarios Ltd Lisbon—Portugal	**F**	**100**
LLC Gefco (CIS) Moscow—Russia	**F**	**100**
Gefco Polska S.p.z.o.o. Warsaw—Poland	**F**	**100**
Gefco âeska Republica s.r.o. Prague—Czech Republic	**F**	**100**
Gefco Slovakia s.r.o. Bratislava—Slovakia	**F**	**100**
Gefco Romania Romania	**F**	**100**
Gefco Hongrie Hungary	**F**	**100**
Gefco Tasimacilik ve Lojistik AS Istanbul—Turkey	**F**	**100**
Gefco Tunisie Tunis—Tunisia	**E**	**50**
Gefco Maroc Casablanca—Morocco	**F**	**100**
Gefco Participações Ltda Rio de Janeiro—Brazil	**F**	**100**
Gefco do Brasil Ltda Rio de Janeiro—Brazil	**F**	**100**
Gefco Argentina S.A. Buenos Aires—Argentina	**F**	**100**
Gefco DTW Logistics Co. Ltd	**E**	**50**
Beijing—China		
Gefco Hong Kong Hong Kong—China	**F**	**100**
Finance Companies		
Banque PSA Finance Paris—France	**F**	**100**
Société Financière de Banque—Sofib Levallois-Perret—France	**F**	**100**
Sofira—Société de Financement des Réseaux Automobiles Levallois-Perret—France	**F**	**100**
Société Nouvelle de Développement Automobile—SNDA Paris—France	**F**	**100**

F: fully consolidated. - E: accounted for by the equity method.

Company	F/E	% consolidated
Compagnie Générale de Crédit aux Particuliers—Crédipar Levallois-Perret—France	**F**	**100**
GIE Foncier Crédipar Levallois-Perret—France	**F**	**100**
Dicoma Gestion Levallois-Perret—France	**F**	**100**
Compagnie pour la Location de Véhicules—CLV Levallois-Perret—France	**F**	**100**
FCC Auto ABS—Compartiment 2002.01 Levallois-Perret—France	**F**	**100**
PSA Finance Belux Brussels—Belgium	**F**	**100**
PSA Finance SCS Luxembourg—Luxembourg	**F**	**100**
PSA Finance Nederland B.V. Rotterdam—Netherlands	**F**	**100**
PSA Financial Holding B.V. Rotterdam—Netherlands	**F**	**100**
Peugeot Finance International N.V. Rotterdam—Netherlands	**F**	**100**
FCC Auto ABS—Compartiment 2004.01 Frankfurt—Germany	**F**	**100**
FCC Auto ABS—Compartiment locatif Frankfurt—Germany	**F**	**100**
FCC Auto ABS—Compartiment 2007.01 Frankfurt—Germany	**F**	**100**
Peugeot Commercial Paper Germany	**F**	**100**
PSA Factor Italia S.p.A. Milan—Italy	**F**	**100**
PSA Renting Italia S.p.A. Italy	**F**	**100**
SPV Auto Italy 2007 Italy	**F**	**100**

Company	F/E	% consolidated
PSA Wholesale Ltd London—United Kingdom	**F**	**100**
Arche Investments Ltd London—United Kingdom	**F**	**100**
PSA Finance Plc London—United Kingdom	**F**	**50**
Vernon Wholesale Investments Co Ltd London—United Kingdom	**F**	**100**
PSA Finance Suisse S.A. Ostermudigen—Switzerland	**F**	**100**
PSA Gestão Comércio e Aluger de Veículos Lisbon—Portugal	**F**	**97**
PSA Finance Polska Warsaw—Poland	**F**	**100**
PSA Finance Hungaria Rt Budapest—Hungary	**F**	**100**
PSA Finance âeska Republika s.r.o. Prague—Czech Republic	**F**	**100**
PSA Finance Slovakia s.r.o. Bratislava—Slovakia	**F**	**100**
BPF Pazarlama A.H.A.S. Istanbul—Turkey	**F**	**100**
Banco PSA Finance Brasil S.A. São Paulo—Brazil	**F**	**100**
PSA Finance Arrendamiento Comercial São Paulo—Brazil	**F**	**100**
PSA Finance Argentina S.A. Buenos Aires—Argentina	**F**	**50**
BPF Mexico S.A. de CV Mexico—Mexico	**F**	**100**
Dongfeng Peugeot Citroën Automobile Finance Company Wuhan—China *of which 12.5% through Dongfeng Peugeot Citroën Automobile*	**E**	**25**

F: fully consolidated. - E: accounted for by the equity method.

Subsidiaries and Affiliates as at December 31, 2007

(in thousand of euros or in thousands of national currency)

COMPANIES OR GROUPS		Capital	Retained earnings before income appropriation	Percent interest
I - Detailed information about investments with carrying value in excess of 1% of the Company's capital stock				
A - Subsidiaries (at least 50%-owned)				
Peugeot Citroën Automobiles route de Gisy, 78943 Vélizy (Yvelines, France)		294,816	3,754,363	100.00
Faurecia 2, rue Hennape, 92000 Nanterre (Hauts-de-Seine, France)		170,765	301,887	70.85
Grande Armée Participations 75, avenue de la Grande-Armée, 75116 Paris, France		60,435	56,505	100.00
Banque PSA Finance 75, avenue de la Grande-Armée, 75116 Paris, France		177,408	1,564,417	74.93
Automobiles Citroën 12, rue Fructidor, 75017 Paris, France		16,000	57,528	100.00
Automobiles Peugeot 75, avenue de la Grande-Armée, 75116 Paris, France		171,285	184,840	100.00
Process Conception Ingénierie 9, avenue du Maréchal-Juin, 92048 Meudon-la-Forêt (Hauts-de-Seine, France)		22,954	29,120	84.54
Peugeot Motocycles 103, rue du 17-Novembre, 25350 Mandeure (Doubs, France)		7,142	(34,703)	100.00
Gefco 77 à 81, rue des Lilas-d'Espagne, 92400 Courbevoie (Hauts-de-Seine, France)		8,000	252,874	99.94
PSA International S.A.	CHF	5,979	218,432	-
62, quai Gustave Ador, 1207 Genève (Switzerland)	EUR	3,602	131,601	99.92
Société Anonyme de Réassurance Luxembourgeoise 6 B, route de Trêves, L2633 Senningerberg (Luxembourg)		4,500	22	100.00
B - Affiliates (10% to 50%-owned)				
II - Aggregate information about investments with carrying value corresponding to less than 1% of the Company's capital stock				
A - Subsidiaries not listed above				
- French subsidiaries (aggregate data)				
- Foreign subsidiaries (aggregate data)				
B - Affiliates not listed above				
- French subsidiaries (aggregate data)				
- Foreign subsidiaries (aggregate data)				

Book value of shares		Outstandings loans and advances from the Company	Guarantees given by the Company	Last published net sales	Last published net income (loss)	Dividends received by the Company during the year	Comments
Cost	Net						
2,610,622	2,610,415	-	505,270	65,197,478	(839,368)	-	
1,262,691	1,262,283	-	-	73,124	77,154	-	
408,923	262,523	-	-	-	10,646	300,200	
380,084	380,084	-	-	nm	267,024	117,142	
257,653	257,653	-	1,300	8,407,395	53,300	65,375	
180,798	180,745	-	1,300	13,600,776	152,899	44,723	
170,304	43,639	-	-	111,355	(3,485)	33,815	
178,815	-	37,000	-	212,366	(23,840)	-	Advance totally depreciated
32,197	32,197	-	-	2,119,144	68,038	61,962	
-	-	-	-		33,927		
6,843	6,843	-	-	nm	20,440	17,890	1 EUR = 1.6598 CHF
5,267	5,267	-	-	nm	-	-	
15	15	-	2,100,000			-	
10	10	-	-			-	
-	-	-	-			-	
219	219	-	-			3	

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Annual Stockholder's Meeting

Presentation of the Resolutions

Stockholders have been asked to approve twelve ordinary resolutions and three extraordinary resolutions.

Ordinary resolutions

The **first resolution** invites stockholders to approve the annual financial statements for the year ended December 31, 2007, showing net profit of €525,580,339.

The **second resolution** invites stockholders to approve the 2007 consolidated financial statements of PSA Peugeot Citroën, showing net profit attributable to equity holders of the parent of €885 million.

The **third resolution** concerns the appropriation of profit for the year and the payment of a dividend. The recommended dividend amounts to €1.50 per share. If approved by stockholders, it will be paid on June 4, 2008. Based on the number of shares outstanding at December 31, 2007, the recommended dividend represents a total payout of €351 million, or 39.7% of consolidated net profit for the year.

The **fourth resolution** concerns Marc Friedel, whose term as Supervisory Board member expires at this Annual Meeting. Stockholders are invited to re-elect him for a new six-year term, to end at the Annual Meeting to be called in 2014 to approve the 2013 financial statements.

Marc Friedel	**Consultant**
First elected to the Supervisory Board: June 26, 1996 Current term expires: 2008 Born July 21, 1948 **Member of the Supervisory Board** **Member of the Finance Committee** Office address: 1, rue Ballu 75009 Paris France	**Other directorships as of December 31, 2007:** Permanent representative of Sofinaction (CIC Group) on the Board of Société Nancéienne Varin-Bernier (SNVB). **Former directorships held in the past five years:** Member of the Supervisory Board of Presses Universitaires de France. Vice-Chairman of the Board of Librairie Ernest Flammarion. **Related expertise and professional experience:** From 1989 to 1999, Marc Friedel served as Chairman and Chief Executive Officer of Berger-Levrault, a company listed on the Paris Bourse. **Number of Peugeot S.A. shares owned at December 31, 2007:** 150.

The **fifth resolution** concerns the ratification of related party agreements that have been approved by the Supervisory Board. These agreements are described in the Auditors' Special Report contained in the Registration Document. New agreements approved by the Supervisory Board during the year concern the application of the pension plan and result from changes in the membership of the Managing Board.

The **sixth to tenth resolutions** concern related party agreements with the five members of the Managing Board. Last year, the Annual Meeting approved an agreement describing the terms under which the employment contracts of Managing Board members would resume following termination of their functions as corporate officers. Under the terms of the agreement, in such a case, their annual compensation under the employment contract would be equal to their latest base salary, as decided by the Supervisory Board, plus the average of the last three years' incentive bonuses, and their entire term as member of the Managing Board would be taken into account for the purpose of calculating their seniority under the employment contract. Starting from this year, in line with Article L. 225-90-1 of the French Commercial Code, the resumption of their employment contracts on the basis described above will depend on the performance targets set by the Supervisory Board being met, as reflected in their average incentive bonus for their most recent term as Managing Board member, which must have been at least equal to 60% of their average salary for the period. These rules may be adjusted in exceptional circumstances, at the Supervisory Board's discretion.

The sixth to tenth resolutions are designed to obtain stockholder approval of the new rules.

The **eleventh resolution** concerns the directors' fees awarded to the Supervisory Board. Stockholders will be asked to set these fees at €600,000 for the current year and each subsequent year until a new resolution is adopted. The increase in the fees – the first since the Annual Meeting of May 26, 2004 – recognizes the significant rise in the volume of work performed by the Supervisory Board and the committees of the Board, and in the amount of time spent on Supervisory Board business by its members. The fee per person remains in line with the market average for similar sized companies.

The **twelfth resolution** invites stockholders to authorize the Managing Board to carry out a share buyback program. The authorization is sought for a period of up to eighteen months, i.e. until November 28, 2009.

It could be used to buy back up to 17 million shares of Peugeot S.A. stock, representing 7.3% of issued capital, in order to reduce the Company's capital or to acquire shares for attribution on exercise of stock options or on redemption, conversion, exchange or exercise of share equivalents. The maximum purchase price would be set at €65 per share.

The authorization replaces that given at the Annual Meeting of May 23, 2007. The program would concern a maximum of 17 million shares. This corresponds to the number of shares that may be bought back taking into account the 10% limit on treasury stock and the number of shares already held in treasury. At December 31, 2007, the Group held 6,097,714 shares in treasury, representing 2.6% of issued capital, including 5,866,214 shares held for allocation on exercise of stock options and 231,500 scheduled to be canceled.

If the Group were to use this authorization for any purpose other than the allocation of shares on exercise of stock options, it would do so while maintaining careful control over its net financial position. In 2007, the Group bought back 1,250,000 shares at an average price of €60.62, including 1,155,000 set aside for allocation on exercise of stock options granted under the August 2007 plan.

In compliance with Article L. 225-209 of the French Commercial Code and Articles 241-1 to 6 of the AMF General Rules and Regulations, a description of the new program will be available in the Stockholder/AMF Regulated Information section of the Company's website www.psa-peugeot-citroen.com, as well as on the AMF website www.amf-france.org.

Extraordinary resolutions

The extraordinary resolutions concern renewal of the authorizations given at the Extraordinary Meeting of May 23, 2007.

The **thirteenth resolution** would renew the authorization granted to the Managing Board to reduce the Company's capital by canceling shares acquired under the buyback program, within the limit of 10% of the capital stock in any twenty-four month period. This authorization would be used, in particular, to cancel the 231,500 shares held in treasury at December 31, 2007, recorded under "Shares in the process of being canceled".

The **fourteenth resolution** renews the eighteen-month authorization given to the Managing Board to issue, cancel or buy back Peugeot S.A. shares while a takeover bid for the Company is in progress, using the authorizations given in the tenth, eleventh and twelfth resolutions of the Extraordinary Meeting of May 23, 2007 and the twelfth and thirteenth resolutions of this meeting.

The **fifteenth resolution** would give the Managing Board an eighteen-month authorization, with immediate effect, to issue stock warrants exercisable on preferred terms for Peugeot S.A. shares while a takeover bid for the Company is in progress. The warrants would be issued in application of the reciprocity clause, according to which a company is not required to obtain stockholder approval of anti-takeover defenses if the bid is made by a company that itself (or its controlling entity) is not obliged to seek such approval.

The aggregate par value of shares issued on exercise of the stock warrants would not exceed €160 million. This amount would be deducted from the ceilings specified in the tenth, eleventh and twelfth resolutions of the Extraordinary Meeting of May 23, 2007 and the fourteenth resolution of this meeting, which provide for capital increases of similar amounts. The number of warrants issued would not exceed 160 million.

The Managing Board would have full powers to decide the terms of exercise of the stock warrants, relative to the terms of the takeover bid or any competing bid, as well as the warrants' other characteristics, as provided by law.

Financial authorizations in effect

The financial authorizations summarized below were granted to the Managing Board by shareholders at the Annual Meeting.

The Company's bylaws stipulate that corporate actions and bond issues are subject to the approval of the Supervisory Board.

Financial authorizations in effect before the Combined Annual and Extraordinary Stockholders Meeting of May 28, 2008

	Authorization	Validity	Granted	Expires
1 - Annual Stockholders' Meeting				
Buyback of shares	Purchase of up to 16,000,000 shares Maximum purchase price: €65	18 months	May 23, 2007	Nov. 24, 2008
2 - Extraordinary Stockholders' Meeting				
Issuance of equity or securities conferring the right to acquire equity directly or indirectly with or without pre-emptive subscription rights	– Aggregate par value of shares not to exceed €400 million (1) – Aggregate nominal amount of debt securities not to exceed €600 million	26 months	May 23, 2007	July 23, 2009
Same as above, up to a maximum of 18 months while a takeover bid is in progress	– Aggregate par value of shares not to exceed €400 million (1) – Aggregate nominal amount of debt securities not to exceed €600 million	18 months	May 23, 2007	Nov. 23, 2008
Issuance of stock warrants while a takeover bid is in progress	– Aggregate par value of shares not to exceed €160 million to be deducted from the €400 million ceiling (1) specified above – Number of issued stock warrants not to exceed 160 million	18 months	May 23, 2007	Nov. 23, 2008
Options to purchase existing Peugeot S.A. shares	2,500,000 shares	15 months	May 23, 2007	Aug. 31, 2008
Cancellation of shares	10% of the capital stock per each 24-month period	24 months	May 23, 2007	May 23, 2009
Same as above, up to a maximum of 18 months while a takeover bid is in progress		18 months	May 23, 2007	Nov. 23, 2008

(1) Together, these issues may not have the aggregate effect of increasing the Company's capital stock to more than €400,000,000.

Financial authorizations granted in resolutions submitted to the Combined Annual and Extraordinary Meeting of May 28, 2008

	Authorization	Validity	Granted	Expires
1 - Annual Stockholders' Meeting				
Buyback of shares *(12th resolution)*	Purchase of up to 17,000,000 shares Maximum purchase price: €65	18 months	May 28, 2008	Nov. 28, 2009
2 - Extraordinary Stockholders' Meeting				
Issuance of equity or securities conferring the right to acquire equity directly or indirectly with or without pre-emptive subscription rights *(Roll-over of the authorization granted at the Combined Annual and Extraordinary Meeting of May 23, 2007)*	– Aggregate par value of shares not to exceed €400 million – Aggregate nominal amount of debt securities not to exceed €600 million	18 months	May 23, 2007	July 23, 2009
Same as above, up to a maximum of 18 months while a takeover bid is in progress *(14th resolution)*	– Aggregate par value of shares not to exceed €400 million – Aggregate nominal amount of debt securities not to exceed €600 million	18 months	May 28, 2008	Nov. 28, 2009
Issuance of stock warrants while a takeover bid is in progress *(15th resolution)*	– Aggregate par value of shares not to exceed €160 million to be deducted from the €400 million ceiling specified above – Number of issued to exceed 160 million	18 months	May 28, 2008	Nov. 28, 2009
Options to purchase existing Peugeot S.A. shares *(Roll-over of the authorization granted at the Combined Annual and Extraordinary Meeting of May 23, 2007)*	2,500,000 shares	15 months	May 23, 2007	Aug. 31, 2008
Cancellation of shares *(13th resolution)*	10% of the capital stock per each 24-month period	24 months	May 28, 2008	May 28, 2010
Same as above, up to a maximum of 18 months while a takeover bid is in progress *(14th resolution)*		18 months	May 28, 2008	Nov. 28, 2009

Resolutions

Annual Stockholders' Meeting of May 28, 2008

I. Ordinary resolutions

First resolution

Approval of the parent company financial statements for the year

The Annual Meeting, having reviewed the annual financial statements, the Report of the Managing Board, the Report of the Supervisory Board and the Auditors' Report on the annual financial statements, approves the annual financial statements for the year ended December 31, 2007, showing net profit of €525,580,339.33, as well as the transactions reflected in these financial statements or disclosed in these reports.

Second resolution

Approval of the consolidated financial statements for the year

The Annual Meeting, having reviewed the consolidated financial statements, the Report of the Managing Board, the Report of the Supervisory Board and the Auditors' Report on the consolidated financial statements, approves the consolidated financial statements for the year ended December 31, 2007, as presented.

Third resolution

Appropriation of profit

The Annual Meeting notes that distributable profit, representing net profit for the year of €525,580,339.33 plus retained earnings brought forward from the prior year in an amount of €632,089,020.73, totals €1,157,669,360.06.

The Annual Meeting resolves to appropriate distributable profit as follows:

- to the payment of a dividend	€351,420,447.00
- to other reserves	€100,000,000.00
- to unappropriated retained earnings	€706,248,913.06

The dividend of €1.50 per share will be paid as from June 4, 2008. Eligible stockholders* will be entitled to 40% tax relief (General Tax Code, Article 158, paragraphs 3-2 to 4) on the total dividend. Alternatively, if eligible, they may elect to pay the flat rate withholding tax (General Tax Code, Article 117 *quater).*

Dividends on shares held in treasury stock on the dividend payment date will be credited to unappropriated retained earnings.

The Annual Meeting notes that dividends for the years ended December 31, 2004, 2005 and 2006 were as follows:

Exercice	Shares carrying dividend rights	Dividend
2004	229,803,390 shares with a par value of €1	€1.35
2005	229,146,756 shares with a par value of €1	€1.35
2006	228,805,381 shares with a par value of €1	€1.35

Fourth resolution

Re-election of a member of the Supervisory Board

The Annual Meeting, voting on a motion tabled by the Supervisory Board, re-elects Marc Friedel as member of the Supervisory Board for a six-year term ending at the Annual Stockholders' Meeting to be called in 2014 to approve the 2013 accounts.

Fifth resolution

Approval of the Auditors' Special Report on related party agreements

The Annual Meeting, having reviewed the Auditors' Report on related party agreements, approves the Report and the transactions referred to therein.

Sixth resolution

Approval of a related party agreement setting out the terms under which Christian Streiff's employment contract would resume following termination of his functions as corporate officer

The Annual Meeting, having considered the Auditors' Special Report on commitments governed by Article L. 225-90-1 of the French Commercial Code, approves the commitments described in this report concerning the terms under which Christian Streiff's employment contract would resume following termination of his functions as corporate officer.

Seventh resolution

Approval of a related party agreement setting out the terms under which Jean-Philippe Collin's employment contract would resume following termination of his functions as corporate officer

The Annual Meeting, having considered the Auditors' Special Report on commitments governed by Article L. 225-90-1 of the French Commercial Code, approves the commitments described in this report concerning the terms under which Jean-Philippe Collin's employment contract would resume following termination of his functions as corporate officer.

Eighth resolution

Approval of a related party agreement setting out the terms under which Gilles Michel's employment contract would resume following termination of his functions as corporate officer

The Annual Meeting, having considered the Auditors' Special Report on commitments governed by Article L. 225-90-1 of the French Commercial Code, approves the commitments described in this report concerning the terms under which Gilles Michel's employment contract would resume following termination of his functions as corporate officer.

Ninth resolution

Approval of a related party agreement setting out the terms under which Grégoire Olivier's employment contract would resume following termination of his functions as corporate officer

The Annual Meeting, having considered the Auditors' Special Report on commitments governed by Article L. 225-90-1 of the French Commercial Code, approves the commitments described in this report concerning the terms under which Grégoire Olivier's employment contract would resume following termination of his functions as corporate officer.

Tenth resolution

Approval of a related party agreement setting out the terms under which Roland Vardanega's employment contract would resume following termination of his functions as corporate officer

The Annual Meeting, having considered the Auditors' Special Report on commitments governed by Article L. 225-90-1 of the French Commercial Code, approves the commitments described in this report concerning the terms under which Roland Vardanega's employment contract would resume following termination of his functions as corporate officer.

Eleventh resolution

Setting directors' fees (Supervisory Board)

The Annual Meeting resolves to set at €600,000 the total fees payable to the members of the Supervisory Board for the current year and each subsequent year until a new resolution is adopted.

Twelfth resolution

Authorization to carry out a share buyback program

The Annual Meeting, having reviewed the Report of the Managing Board, authorizes the Managing Board to buy back the Company's shares on the stock market in order to reduce the Company's issued capital, or for attribution on exercise of stock options granted to employees, executives or officers of the Company or any related entity, or for attribution on redemption, conversion, exchange or exercise of securities carrying a right to equity. The shares may be purchased by any appropriate means and at any time, on or off-market, including through the use of call options and any and all other derivatives traded on a regulated market or over-the-counter.

The maximum purchase price is set at €65 per share.

The Managing Board may acquire up to a maximum of 17,000,000 shares under this authorization, which is granted for a period of eighteen months from May 28, 2008 and replaces with immediate effect the previous authorization granted by the Annual Meeting held on May 23, 2007.

II. Extraordinary resolutions

Thirteenth resolution

Authorization to reduce the capital by canceling shares acquired under the buyback program

The Extraordinary Meeting, having considered the Report of the Managing Board and the Auditors' Special Report, authorizes the Managing Board, under Article 9 of the bylaws, to cancel any shares held now or in the future, as purchased under the buyback program authorized in the twelfth resolution of this Meeting, provided that the number of shares canceled in any twenty-four month period does not exceed 10% of the Company's capital stock.

The Extraordinary Meeting gives full powers to the Managing Board to reduce the capital stock on one or several occasions by canceling shares as provided for above, to amend the bylaws to reflect the new capital, to carry out any and all publication formalities, and to take any and all measures required to effect the capital reduction or reductions, directly or indirectly.

Fourteenth resolution

Authorization to use financial authorizations while a takeover bid for the Company is in progress

The Extraordinary Meeting, having considered the Report of the Managing Board, the Report of the Supervisory Board and the Auditors' Special Report, resolves to give the Managing Board an eighteen-month authorization, with immediate effect, to use all or part of the authorizations given in the twelfth and thirteenth resolutions of this Meeting and the tenth, eleventh and twelfth resolutions of the Extraordinary Meeting of May 23, 2007 to buy back Peugeot S.A. shares and to issue or cancel shares, while a takeover bid for the Company is in progress, on the basis allowed by law.

Fifteenth resolution

Authorization to issue stock warrants while a takeover bid for the Company is in progress

The Annual Meeting, having considered the Report of the Managing Board, the Report of the Supervisory Board and the Auditors' Special Report, resolves, in accordance with Articles L. 233-32-II and L. 233-33 of the French Commercial Code, to give the Managing Board an eighteen month authorization, with immediate effect, to issue, on one or several occasions, stock warrants exercisable on preferred terms for Peugeot S.A. shares and to allocate these warrants to all shareholders without consideration while a takeover bid for the Company is in progress.

The aggregate par value of the shares that may be issued on exercise of said stock warrants shall not exceed €160 million, to be deducted from the ceilings specified in the tenth, eleventh and twelfth resolutions of the Extraordinary Meeting of May 23, 2007 and the fourteenth resolution of this Meeting, and the number of warrants that may be issued shall not exceed 160 million.

The Annual Meeting gives full powers to the Managing Board to set the terms of exercise of the stock warrants, relative to the terms of the takeover bid or any competing bid, as well as the warrants' other characteristics including their exercise price or the pricing method. The stock warrants shall expire *ipso jure* when the takeover bid or any competing bid fails, expires or is withdrawn.

This authorization automatically entails the waiver by stockholders of their pre-emptive right to subscribe for any shares to be issued on exercise of the stock warrants.

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Investor Information

Stockholder Relations

Stockholder information

PSA Peugeot Citroën is committed to providing clear, regular information to all individual and institutional stockholders, in France and abroad. The Group is constantly improving the effectiveness of the investor relations process, including the various sources of stockholder information and direct investor contacts at meetings and special events, in compliance with best practices and the recommendations issued by stock market authorities.

Stockholders are regularly informed through a variety of dedicated publications:

- the Annual Report, available in French and English, provides essential information about PSA Peugeot Citroën and its operations, including multi-year financial highlights and key financial data;
- the Registration Document, filed with the *Autorité des Marchés Financiers* and published in French and English, provides a detailed presentation and analysis of the consolidated financial statements, the operations of the different divisions, the resolutions approved by stockholders in Annual Meeting and legal information about the Company;
- the Interim Report, also published in French and English, is available as soon as interim results are released in late July;
- press releases and financial notices are posted on the Company website;
- the Stockholders' Newsletter, published to coincide with the release of annual results, the Annual Meeting and the release of interim results, is sent to registered stockholders and identifiable holders of more than 100 bearer shares. It is also available upon request;
- the Stockholders Guide answers the most frequently asked questions regarding stockholder rights and the management of Peugeot S.A. shares.

All of these publications are available online at **www.psa-peugeot-citroen.com**, which also displays the Peugeot S.A. stock price in real time. In the site's Stockholder section, stockholders whose shares are registered with the Company can view their portfolio, calculate tax impacts and download stockholder filings and other documents.

Visit **www.developpement-durable.psa.fr** to read the latest news about the Group's commitment to responding to the major human resources, social and environmental issues facing today's world.

To nurture effective relations with investors, PSA Peugeot Citroën organizes a growing number of events for its stockholders and the entire financial community. Three major meetings are held for the presentation of interim earnings, the presentation of annual earnings and the Annual Meeting.

In addition, the Group regularly invites institutional investors to meetings or plant visits in Europe, the United States and Asia, and offers financial analysts theme meetings to help improve their understanding of the Group's business operations. The Group also participates in industry presentations by financial institutions active in the capital markets.

Moreover, the Group is committed to meeting regularly with individual stockholders in France through presentations in cities outside Paris and plant visits. Individual stockholders may also request information from the Investor Relations team via e-mail, at **communication.financiere@psa.fr** or by phone, at 0810 424 091 (France only).

Stockholders wishing to receive financial information on a regular basis may register at Company headquarters:

Peugeot S.A. – Communication financière
75, avenue de la Grande-Armée – 75116 Paris, France
E-mail: **communication.financiere@psa.fr**
Phone: +33 (0)1 40 66 36 71

Investor calendar

April 24, 2008:	First-quarter 2008 sales and revenue
May 28, 2008:	Annual Stockholders' Meeting
June 4, 2008	Payment of 2007 dividend
July 23, 2008:	First-half 2008 results
October 24, 2008:	Third-quarter 2008 sales

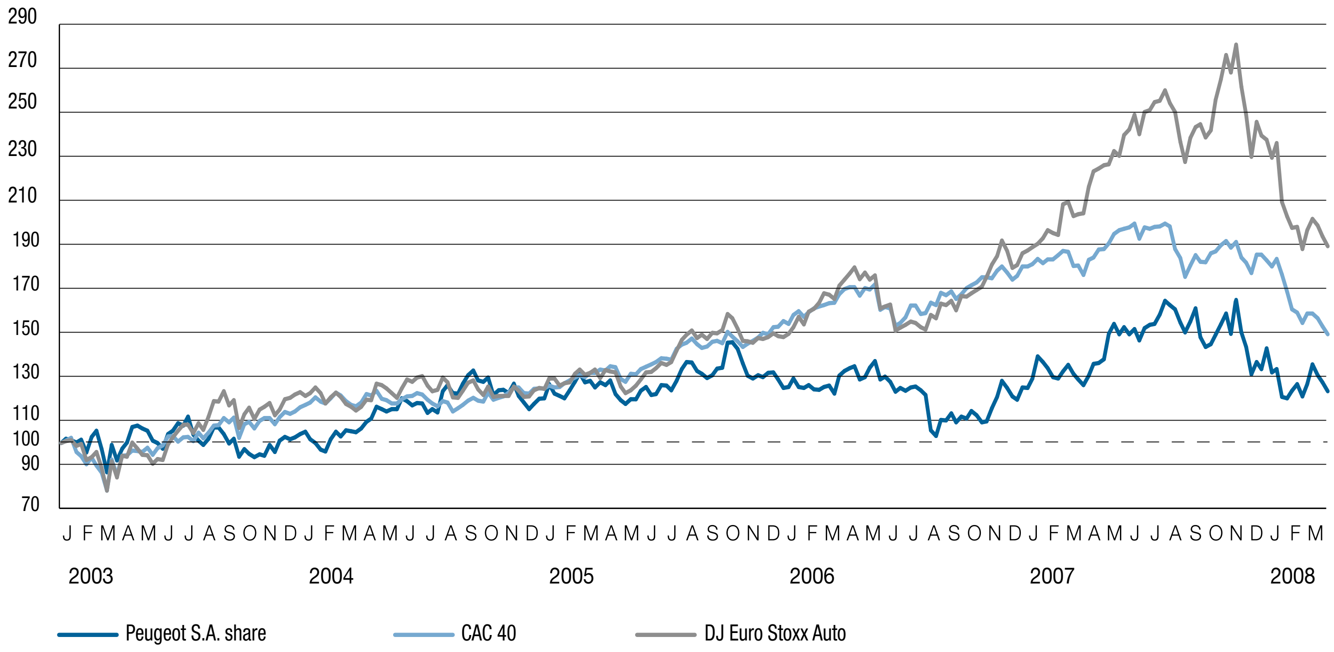
Share data	
ISIN	FR0000121501
Markets	Eurolist continuous trading – NYSE Euronext Paris, Compartment A Other markets: - Europe: Euronext Brussels and SEAQ International – London - United States: Traded as American Depositary Receipts (ADRs), with one ADR representing one share of common stock.
Listed in the major indexes	CAC 40, SBF 120, SBF 250, Euronext 100, Dow Jones Euro Stoxx Auto, Advanced Sustainable Performance Indices (ASPI), FTSE4Good
Eligible for	Deferred settlement under the SDR system and inclusion in French PEA stock savings plans
Par value	€1.00
Shares outstanding at December 31, 2007	234,280,298
Closing price on December 31, 2007	€51.85
Market value at December 31, 2007	€12.15 billion
Weighting in the CAC 40 index at December 31, 2007	0.83%

Share performance

The Peugeot S.A. share gained 3.29% in 2007, ending the year at €51.85. This compared with increases of 1.31% in the CAC 40 index and of 24.95% in the DJ Euro Stoxx Auto index over the same period.

Over the past five years, the Peugeot S.A. share has gained 33.43%, compared with an 83.23% increase in the CAC 40 index and a 135.55% increase in the DJ Euro Stoxx Auto index.

Five-year performance of the Peugeot S.A. share – versus the CAC 40 index and the DJ Euro Stoxx Auto index (base 100)



Five-year summary of stock price performance and trading volumes

	2003	2004	2005	2006	2007
Shares outstanding at December 31	243,109,146	243,109,146	234,618,266	234,618,266	234,280,298
High for the year *(in euros)*	43.85	52.70	57.95	54.30	67.35
Low for the year *(in euros)*	33.53	36.93	45.20	38.91	47.41
Year-end closing *(in euros)*	40.40	46.70	48.70	50.20	51.85
Market value at December 31 (in billions of euros)	9.82	11.35	11.43	11.78	12.15
Average daily trading volume *(shares per day)*	1,442,174	1,325,810	1,093,731	1,553,823	1,845,921

* *Corresponding to the average number of shares traded on Euronext Paris, including central orderbook trades, off-market trades and shares purchased for allocation on the exercise of stock options (Source NYSE Euronext Paris).*

Dividend policy

Based on the number of shares outstanding at December 31, 2007, the 2007 dividend submitted to stockholder approval at the May 28, 2008 Annual Meeting corresponds to a total payout of €351 million.

Every year, the dividend is paid seven days after stockholder approval at the Annual Meeting, which for the 2007 dividend corresponds to June 4, 2008.

	2003	2004	2005	2006	2007
Dividend per share					
Dividend	1.35	1.35	1.35	1.35	1.50 *
Tax credit*	0.675	– **	– **	– **	– **
Total revenue	2.025	– **	– **	– **	– **
Payout ratio	21.4%	22.9%	30.1%	168.8%	39.7%

* *Subject to stockholder approval at the May 28, 2008 Annual Meeting.*

** *Beginning with dividends received in 2005 as of 2004, the tax credit has been replaced, under certain conditions, with tax relief..*

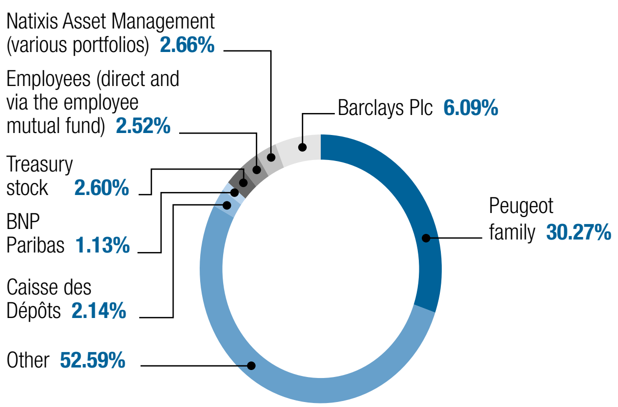
Capital structure and ownership

Following the cancellation of 337,968 shares on November 28, 2007, the Company's capital stock amounted to €234,280,298 at December 31, 2007, represented by 234,280,298 shares with a par value of €1.00 each.

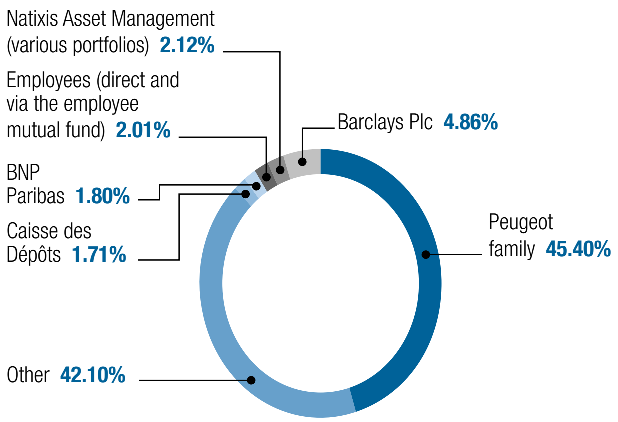
The interests held by the main stockholders identified by the Company are presented in the "Ownership Structure" table on page 274.

After increasing its interest in the Company to more than 5% in 2007, Barclays Plc informed the Autorité des Marchés Financiers and Peugeot S.A. that its interest had been reduced to 4.90% as of February 25, 2008

Capital structure at December 31, 2007

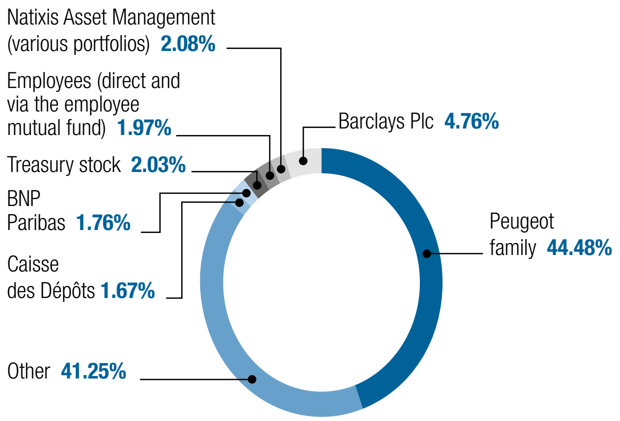


Exercisable voting rights, by shareholder, at December 31, 2007



Potential voting rights, by shareholder, at December 31, 2007

In compliance with article 223-11 of the AMF General Rules and Regulations, the following chart analyzes potential voting rights outstanding, which include rights attached to shares held in treasury. These potential voting rights are the ones used in determining when statutory disclosure thresholds have been exceeded.



Stock buybacks

Under the stockholder authorizations given at the Annual Meeting of May 23, 2007, a total of 1,250,000 Peugeot S.A. shares were purchased at an average price of €60.62 per share during the year, for allocation on exercise of stock options granted in August 2007.

At year-end, the Group held 6,097,714 shares in treasury, or 2.60% of issued capital, including 5,866,214 shares held for allocation on exercise of stock options and 231,500 that will be canceled.

Information about the Company's capital

Capital stock

As of December 31, 2007, the Company's capital stock amounted to €234,280,298, divided into 234,280,298 shares with a par value of €1.00, all fully paid-up and of the same class. Shares may be held in registered or bearer form, at the choice of the stockholder.

Specific provisions of the bylaws concerning changes in capital and other stockholder rights

Not applicable.

Authorization to buy back Company shares

At the Annual Stockholders' Meeting of May 28, 2008, the Managing Board will seek an authorization to carry out a share buyback program. The purpose of the buybacks will be to:

- acquire shares for attribution to employees, executives or officers of the Company or any related entities on the exercise of stock options;
- acquire shares for allocation on redemption, conversion, exchange or exercise of share equivalents;
- reduce the Company's issued capital.

The authorization is being sought for a period of 18 months and concerns the buyback of a maximum of 17,000,000 shares. The maximum purchase price is set at €65.

In compliance with article L. 225-209 of the Commercial Code and articles 241-1 to 242-7 of AMF General Rules and Regulations, a description of the new program will be available in the Stockholder AMF Regulated Information section of the www.psa-peugeot-citroen.com website, as well as on the AMF website www.amf-france.org.

Securities not conferring a right to acquire equity capital

Not applicable.

Securities conferring a right to acquire equity capital

Employee stock options

Options to purchase existing shares of Company stock were granted to Group executives and senior managers in 2007 and prior years. As of December 31, 2007, there were 5,866,214 such options outstanding.

Peugeot S.A. stock option plans in effect at December 31, 2007

Date of Managing Board meeting	Number of shares to be purchased (of which shares granted to corporate officers) (1)	Number of corporate officers concerned (1)	Exercice period begins	Exercice period ends	Price	Options exercised in 2007	Options outstanding as of Dec. 31, 2007
March 31, 1999	462,900 183,000	14	03/31/2001	03/30/2007	€20.83	114,930	0
October 5, 2000	709,200 237,000	13	10/05/2002	10/04/2008	€35.45	271,470	191,607
November 20, 2001	798,600 330,000	13	11/20/2004	11/19/2008	€46.86	332,700	394,200
August 20, 2002	860,100 335,000	13	08/21/2005	08/20/2009	€46.28	314,800	534,300
August 21, 2003	996,500 396,000	13	08/21/2006	08/20/2011	€39.09	277,893	712,607
August 24, 2004	1,004,000 435,000	13	08/24/2007	08/23/2012	€47.59	12,000	979,000
August 23, 2005	953,000 435,000	13	08/23/2008	08/22/2013	€52.37	10,000	931,000
August 23, 2006	983,500 510,000	13	08/23/2009	08/22/2014	€41.14	15,000	968,500
August 22, 2007	1,155,000 760,000	15	08/22/2010	08/21/2015	€60.43	0	1,155,000

(1) Corporate officers are defined as members of the Managing Board, the Executive Committee and the Extended Executive Committee.

Changes in capital stock

(in number of shares, adjusted for the stock split)	2007	2006	2005	2004	2003
Shares outstanding as of January 1	234,618,266	234,618,266	243,109,146	243,109,146	259,109,146
- Exercise of options	-	-	-	-	-
- Conversion of bonds	-	-	-	-	-
- Cancellation of shares	(337,968)	-	(8,490,880)	-	(16,000,000)
Shares outstanding as of December 31	234,280,298	234,618,266	234,618,266	243,109,146	243,109,146
Voting rights outstanding as of December 31 (1)	293,558,283	293,022,995	299,814,508	303,857,079	308,888,782

(1) Exercisable voting rights.

(in euros)	2007	2006	2005	2004	2003
Capital stock as of January 1	234,618,266	234,618,266	243,109,146	243,109,146	259,109,146
- Exercise of options	-	-	-	-	-
- Conversion of bonds	-	-	-	-	-
- Cancellation of shares	(337,968)	-	(8,490,880)	-	(16,000,000)
Capital stock as of December 31	234,280,298	234,618,266	234,618,266	243,109,146	243,109,146

Diluted capital

There were no share equivalents or options to purchase new shares of Peugeot S.A. stock outstanding as of December 31, 2007.

Identity of stockholders (article 7 of the bylaws)

The Company is entitled to request details of the identity of stockholders and holders of securities conferring the right to acquire equity capital, including the number of shares or securities held, in accordance with the applicable legislation.

Ownership structure

At December 31, 2007, capital stock consisted of 86,152,556 registered shares, held by 641 stockholders, and of 148,127,742 bearer shares.

	December 31, 2007				December 31, 2006			
Main identified stockholders [(1)]	Number of shares	% interest	% exercisable voting rights	% theoretical voting rights	Number of shares	% interest	% exercisable voting rights	% theoretical voting rights
Établissements Peugeot Frères	6,923,760	2.96	4.72	4.62	6,923,760	2.95	4.73	4.62
La Française de Participations Financières (LFPF)	12,156,000	5.19	7.33	7.18	12,156,000	5.18	6.98	6.83
Foncière, Financière et de Participations (FFP)	51,792,738	22.11	33.33	32.65	51,792,738	22.08	33.39	32.66
Comtoise de Participation	36,000	0.02	0.02	0.02	36,000	0.02	0.02	0.02
Peugeot family Group	70,908,498	30.27	45.40	44.48	70,908,498	30.22	45.12	44.13
Groupe Caisse des Dépôts et Consignations	5,010,114	2.14	1.71	1.67	5,197,462	2.22	1.77	1.74
Groupe BNP Paribas	2,641,800	1.13	1.80	1.76	2,641,800	1.13	1.80	1.76
Natixis A.M.	6,232,432	2.66	2.12	2.08	-	-	-	-
Barclays Plc (total holding)	14,270,910	6.09	4.86	4.76	-	-	-	-
Treasury stock	6,097,714	2.60	-	2.03	6,534,475	2.79	-	2.18
PSA corporate mutual fund	5,900,338	2.52	2.01	1.97	6,253,162	2.67	2.13	1.98

(1) On the basis of registered shares and notifications to the Company that disclosure thresholds had been crossed.

There are no stockholders' 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.

The number of registered shares pledged at December 31, 2007, is not material.

Other stockholders

A survey of banks and brokers holding more than 150,000 shares, commissioned from the Euroclear France clearing organization on December 31, 2007, determined that there are approximately 79,364 holders of more than 10 bearer shares.

There are no stockholders' pacts in force as of December 31, 2007.

Directors' interests

At the date of this document, Directors' (Supervisory Board and Managing Board) interests in the Company's capital, held in the form of registered shares or stock options, represent less than 1% of total shares outstanding.

Stockholder Information

(NYSE Euronext data)

Price data

(in euros)	2007 High	2007 Low	2007 Dec. 31, 2007	2006 High	2006 Low	2006 Dec. 31, 2006	% change on 2006 closing price
Peugeot S.A. share	67.35	47.41	51.85	54.30	38.91	50.20	3.29%
CAC 40 index	6,168.15	5,217.70	5,614.08	5,553.86	4,564.69	5,541.76	1.31%

Trading data

	2007 Total	2007 Daily average	2006 Total	2006 Daily average
Number of shares	470,709,786	1,845,921	396,224,988	1,553,823
Value *(in millions of euros)*	26,597.9	104.3	18,549.3	72.7

Price and trading volume of the Peugeot S.A. share on the Euronext Paris Compartment A (Deferred Settlement Service)

	Share price *(in euros)*			Trading volume		
	Low	High	Last	Volume per month	Value per month	Daily average value *(in thousands of euros)*
2006						
January	46.60	51.65	48.87	34,609,679	1,700,187	77,281.2
February	46.80	50.35	48.93	30,697,251	1,497,485	74,874.3
March	46.74	52.45	52.00	30,425,644	1,515,107	65,874.2
April	49.50	53.20	52.10	20,120,413	1,029,922	57,217.9
May	48.30	54.30	49.60	28,066,573	1,433,787	65,172.1
June	46.55	49.90	48.65	31,118,928	1,503,272	68,330.5
July	40.07	49.37	41.09	38,920,352	1,749,059	83,288.5
August	38.91	44.38	44.07	35,439,875	1,469,064	63,872.4
September	41.74	46.11	44.47	35,362,898	1,544,970	73,570.0
October	41.30	45.47	45.01	46,927,256	2,031,687	92,349.4
November	44.74	50.45	47.08	40,100,827	1,908,186	86,735.7
December	45.78	50.60	50.20	24,435,292	1,166,580	61,399.0
2007						
January	50.25	54.90	50.45	41,078,196	2,173,722	98,805.5
February	49.77	54.85	50.99	39,296,208	2,034,732	101,736.6
March	47.41	53.01	52.76	41,836,797	2,093,996	95,181.6
April	52.44	59.98	59.79	34,432,105	1,949,467	102,603.5
May	56.90	62.39	58.89	40,927,992	2,411,580	109,617.3
June	56.25	61.43	59.78	30,920,912	1,823,808	86,848.0
July	58.60	67.35	62.34	42,827,353	2,690,550	122,297.7
August	56.03	63.25	62.50	40,213,718	2,419,677	105,203.4
September	54.42	63.00	57.88	39,020,599	2,228,207	111,410.3
October	54.80	64.18	63.98	44,375,961	2,640,576	114,807.7
November	49.31	64.25	53.10	37,628,181	2,078,880	94,494.6
December	49.54	57.86	51.85	38,151,764	2,052,717	108,037.7
2008						
January	45.10	53.19	49.21	73,766,301	3,550,364	161,380.2
February	44.78	53.68	50.80	54,297,105	2,722,635	129,649.3
March	44.72	52.75	49.11	45,401,074	2,205,571	116,082.7

Listing

The Peugeot S.A. share is listed on the NYSE Euronext Paris market, where it is eligible for the deferred settlement system, as well as on the Brussels Stock Exchange.

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

Coupons eligible for payment

Dividends

	Number of shares	Par value	Coupon number	Payment as from	Tim barred as from	Dividend paid before tax credit	Tax credit for tax already paid to French Treasury	Total income per share
Shares	259,109,146	€1	41	June 4, 2003	June 4, 2008	€1.35	€0.675	€2.025
	243,109,146	€1	42	June 2, 2004	June 2, 2009	€1.35	€0.675	€2.025
	243,109,146	€1	43	June 1, 2005	June 1, 2010	€1.35	*	*
	234,618,266	€1	44	May 31, 2006	May 31, 2011	€1.35	*	*
	234,618,266	€1	45	May 30, 2007	May 30, 2012	€1.35	*	*

** Beginning with dividends received in 2005, the tax credit has been replaced, under certain conditions, with tax relief.*

Other right

	Number of shares	Par value	Coupon number	Ex-coupon date	Type of transaction
Share	18,479,370	FRF70	26	July 15, 1987	Bonus share issue (1 new share for 5 existing shares)

12

Report of the Chairman of the Supervisory Board

on the preparation and organization of Supervisory Board meetings and on Internal Control

1. Supervisory Board membership, role and responsibilities

The Peugeot S.A. Supervisory Board has twelve members and three non-voting advisors. No member of the Board is a salaried employee of a Group company.

The Supervisory Board appoints members of the Managing Board and can remove them from office. According to the law, it is responsible for overseeing the Managing Board's management of the business. The Company's bylaws also attribute to the Supervisory Board sole authority to approve corporate actions, bond issues, the signature or termination of agreements with other companies operating in the same industry that will have a decisive impact on the Group's future development, and any major transaction that substantially alters the business or financial structure of the Company or the Group. In addition, the Supervisory Board ensures that the strategy implemented by the Managing Board is consistent with the Group's long-term vision, as defined by the Supervisory Board.

1.2. Supervisory Board practices

The Supervisory Board meets at least once every quarter; the agenda of each meeting is drawn up by the Chairman. It met five times in 2007, with an average attendance rate of 95%.

Board members are provided with detailed information about all material transactions. Guarantees given on behalf of subsidiaries are submitted for Supervisory Board approval when the amount involved exceeds €25 million or the cumulative amount of guarantees given during the year exceeds €125 million (excluding customs and tax bonds).

1.3. Committees of the Board

The Supervisory Board is assisted by three committees, each of which has its own internal rules.

The Compensation and Appointments Committee

Set up in 1998, the Compensation and Appointments Committee is responsible for preparing Supervisory Board decisions regarding compensation for members of the Managing Board, the Supervisory Board and the Board committees, as well as stock option grants to members of the Managing Board. The Committee also stays informed of changes in compensation and stock option grants to other Group executives.

In February 2003, the Committee's terms of reference were broadened to include preparing Supervisory Board decisions concerning the appointment of new members of the Supervisory Board and Managing Board, by proposing selection criteria, organizing the selection process and recommending candidates for appointment or re-appointment.

The Committee currently comprises four members, appointed in their own name and not as representatives of corporate Supervisory Board members. It met six times in 2007, to discuss the replacement of a Supervisory Board member, and to review the composition of the Managing Board, the base salary and bonuses of Managing Board members and the granting of stock options to Managing Board members.

The Strategy Committee

The Strategy Committee, set up in 1998, is responsible for considering the Group's long-term growth strategy. It is consulted on all major strategic issues and reviews the Managing Board's long-term strategic plan. It also prepares Supervisory Board decisions on strategic transactions submitted for the Board's approval in accordance with Article 9 of the bylaws.

The Committee currently comprises seven members, appointed in their own name and not as representatives of corporate Supervisory Board members. It met four times in 2007, mainly to discuss the Group's organizational structure following the appointment of a new Chairman of the Managing Board, the CAP 2010 program objectives and the Group's strategic objectives by business. One meeting, which was attended by all members of the Supervisory Board, was specifically dedicated to reviewing the Group's automobile product plan.

The Finance Committee

The Finance Committee, set up in 2002, is responsible for informing the Board of its opinion on the interim and annual financial statements of the Company and the Group. It may also be asked to review any corporate actions and other projects requiring the Board's prior approval. To this end, the Committee reviews in detail the interim and annual financial statements, the most significant financial transactions and management reporting indicators. It also monitors off-balance sheet commitments and information concerning the Group's risk exposure.

The Finance Committee enjoys free access to all the information it needs, and, like the Chairman of the Supervisory Board, may meet with the persons responsible for internal control and with the auditors, with or without line management attending. The Committee comprises five members, including a new Chairman.

Members are appointed in their own name and not as representatives of corporate Supervisory Board members.

The Committee met six times in 2007. At each meeting, it reviewed the management reporting indicators. The auditors and the Chief Financial Officer attended the meetings held to review the 2006 financial statements and the 2007 interim financial statements. A special meeting was held to examine the details of a fraud at Banque PSA Finance and the action plans undertaken in response. In February 2008, the Committee met with the auditors to review the 2007 financial statements of the Company and the Group, prior to their presentation to the Supervisory Board on February 12, 2008.

1.4. Supervisory Board and Managing Board Compensation Policies

Supervisory Board members and advisors are paid annual attendance fees. The total fees are approved by stockholders at the Annual Stockholders' Meeting.

The annual compensation paid to members of the Managing Board comprises a fixed salary and a variable bonus that is based on a certain number of objectives.

The five Managing Board members are assigned common objectives as well as personal objectives related to their respective executive positions. Each objective comprises both qualitative and quantitative criteria. The Chairman of the Managing Board receives a variable bonus which, except in exceptional circumstances, may represent up to 110% of his fixed salary. The variable bonus for other members of the Managing Board is limited to 100% of their fixed salary.

Managing Board members' salaries are set at the end of each year, for the following year. Their bonuses are determined at the beginning of the following year, based on their performance for the year in relation to their assigned objectives, along with their objectives for that year.

Each Managing Board member is covered by a pension plan that is in addition to the government-sponsored basic and supplementary pension plans.

The Supervisory Board may also decide to grant stock options to the Managing Board members, in which case it determines the lock-up rules that will apply to shares acquired upon exercise of the options.

Supervisory Board decisions concerning compensation, pension benefits and stock options are prepared by the Compensation and Appointments Committee.

2. Internal Control procedures

2.1. Objectives and limits of the PSA Peugeot Citroën Internal Control system

As part of its commitment to preventing and limiting the effects of internal and external risks, the Group has established internal control procedures and processes designed to provide reasonable assurance concerning the achievement of objectives in the following categories:
- Compliance with laws and regulations;
- Application of the Managing Board's instructions and strategic guidelines;
- Efficient internal processes, particularly those that help to safeguard the Company's assets;
- Reliable financial reporting;
- These controls also contribute to the proficient management of the Company's businesses, the effectiveness of its operations and the efficient use of its resources.

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

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

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

2.2. Internal Control framework used by PSA Peugeot Citroën

PSA Peugeot Citroën set the objective of adopting in 2007 the internal control framework and guidelines recommended by the French securities regulator (AMF), for the businesses defined in section 2.3 below. This objective applied both to processes contributing to the preparation of accounting and financial information for reporting purposes and to the overall organization of the Group's operations.

The Group's organizational structure was overhauled in 2007, leading to the creation of new operating units. As a result of these structural changes, the internal control teams had to be reorganized to function at the level of the different operating units. In addition, the revamping of a number of processes under the CAP 2010 plan made it necessary to update methods and procedures used to identify and manage the related risks. These projects were mainly carried out in 2007, with some continuing into 2008.

The Automobile Division's operating units and support departments are equipped with a set of procedures whose purpose is to ensure that operations continue to function effectively and in compliance with identified best practices. These units and departments also have the means to evaluate the risks they face and the controls they implement to counteract those risks. The databases and analyses are regularly updated.

2.3. Scope of the Internal Control framework

Internal controls are implemented based on the Group's operational organization as well as its legal structure.

The summary information provided in this internal control report focuses on procedures implemented to address risks likely to have a material impact on PSA Peugeot Citroën's published financial and accounting information.

Three Group companies use their own internal control frameworks, which are either specific to their business and regulatory environment (Banque PSA Finance) or adapted to the decentralized nature of their organization (Faurecia and Gefco). These three companies are therefore not included in the scope of the internal control framework.

Banque PSA Finance

To cover all the risks inherent in its business, Banque PSA Finance has set up an internal control system that complies with the rules specified by the French banking regulator *(Comité de la réglementation bancaire et financière)* in standard CRBF 97-02.

The system is organized around two lines of responsibility – for recurring controls and periodic controls – and includes first-tier controls performed by the operating units.

The internal control system checks:
- that the Bank's transactions, internal organization and procedures comply with the applicable regulations, professional standards and codes of practice;
- that decision-making procedures are strictly followed, whatever the nature of the decision;
- the quality of accounting and financial information;
- the existence of an audit trail guaranteeing data traceability;
- the quality of information and communication systems.

To comply with the new provisions of standard CRBF 97-02, the system is built around a headquarters-based internal control unit that regularly performs internal audits of Banque PSA Finance, its subsidiaries and branches and the Group entities responsible for supplying essential services (IT and Cash Management/Financing). The unit is supported by the Compliance and Operational Risk Control departments, which are completely independent from the operating units. Transactions carried out by the operating units are controlled by a series of procedures, formal authorizations, commitment limits and programmed controls. The new system was approved by the Bank's senior management and Board of Directors.

Ex-ante controls performed by headquarters teams mainly concern significant lending decisions made by the Banque PSA Finance Group Credit Committee under the system of discretionary lending limits, new products and services that are submitted to the New Products Committee for approval, and pricing decisions.

The Finance Committee of the Supervisory Board is regularly informed of Banque PSA Finance's actions.

At headquarters, the Risk Committee monitors trends in retail financing credit losses and the Margins Committee tracks changes in lending margins and competitive positioning indicators. The headquarters team also closely tracks the performance of the operating entities, through a standard management reporting system, for both budgetary control and risk monitoring purposes.

The Bank's Audit Committee, which was set up in 2005, monitors internal control structures and procedures and reports its findings to the Bank's Board of Directors. The Audit Committee held four meetings in 2007, including a special meeting in June to determine the steps to be taken following the detection of a major fraud within the Finance and Treasury Department, acting as a service provider to Banque PSA Finance. Immediate action was taken to eliminate the internal control weaknesses that allowed the fraud to be committed, and a special audit was conducted with the assistance of external accountants to evaluate all process dysfunctions and determine the necessary corrective action.

As a credit institution, Banque PSA Finance is required to comply with French banking regulations and is supervised by the French Banking Commission, the supervisory arm of the Bank of France. The Banking Commission is responsible for verifying compliance with the laws and regulations applicable to credit institutions, reviewing business practices and ensuring that capital adequacy requirements are met. Banque PSA Finance also complies with all banking laws and regulations in the other countries where it has operations.

Faurecia

Faurecia's Board of Directors, whose Chairman is also the Chief Executive Officer, is made up of eleven members. Two committees of the Board were set up in 2003, the Appointments and Compensation Committee and the Audit Committee. The Audit Committee's main responsibility is to review the financial statements in detail.

Internal control is based on a set of procedures available for consultation by all employees *via* the Faurecia Intranet. The procedures mainly concern program controls designed to track the execution of contracts for the design, production and supply of complex equipment to automakers, and financial and accounting controls intended to ensure that financial and accounting information is properly processed, thereby underpinning the company's responsiveness.

Faurecia has its own Internal Audit Department, responsible for assessing the effectiveness of internal financial control systems. In 2007, Faurecia continued to improve its internal control system by launching a risk-mapping process, analyzing operating processes and developing the internal audit function to ensure proper implementation of defined practices.

Gefco

Gefco operates integrated agency networks that all apply the same operating and service quality standards, based on information systems that are being brought into alignment. In the finance area, the Gefco companies apply PSA Peugeot Citroën Group standards and policies and participate in the Group cash pool. The networks are ISO 9001-certified.

The system of internal control comprises three tiers.

- The agencies check that all services performed are accounted for and billed at the agreed price. Organized as profit centers, the agencies prepare monthly income statements and closely monitor sales margins (revenues – transport costs), personnel costs and employee numbers, other operating costs and agency costs. The income statement data are aggregated by business under the supervision of regional managers, then by country.
- The national accounting departments ensure that financial flows comply with Group procedures.
- Headquarters internal control teams check the quality of the monthly reporting packages submitted by the subsidiaries.

The internal control teams monitor the compliance of accounting, management and financial flows with Group procedures and use an SAP software solution covering more than 95% of the Group's operations.

In this way, the quality of financial and accounting information is analyzed both by country and by business (controlled at Group level).

Internal control is supported by an agency self-assessment system launched in 2006, which is based on matrices covering all business processes and sub-processes. A summary risk analysis is then drawn up and action plans are applied accordingly. A quality system is also used, mainly consisting of quality audits and cross-functional checks. Accounting, financial and administrative audit teams at headquarters level carry out 15 to 30 audits per year based on a schedule or in response to identified risks.

In 2007, Gefco launched FORCE 10, a three-year project to improve quality, guarantee seamless service provision and reduce costs. The project will strengthen the internal control system by setting up indicators and action plans. The Group has also set up administrative information system task forces and specific action plans relating to inter-company reconciliations, revenue and purchase accruals and account closing processes, in response to problems associated with the May 2007 deployment of the part load and full transportation network information system.

2.4. Internal Control Systems in the Corporate Departments

2.4.1. Corporate Structure and Internal Control

Group Operational Structure

Since 1972, Peugeot S.A. has had a two-tier management structure, with a Supervisory Board and a Managing Board. This structure guarantees a clear separation between the Managing Board's day-to-day management of the business and the Supervisory Board's oversight, exercised with the support of three committees of the Board (see section 1.3). It represents an effective corporate governance model, by maintaining an appropriate balance of powers between the executive and control functions. As part of this organization, internal control is the responsibility of senior management, represented by the Managing Board.

The Automobile Division is organized into operating units with the necessary skills and resources to carry out their responsibilities. In

2007, these operating units were extensively reorganized. The new internal organization clarified the operating units' responsibilities and processes, most notably by creating the Programs Operating Unit, which covers all product plan, program and vehicle project responsibilities, and the Manufacturing and Components Operating Unit, which is responsible for engineering, production, plant scheduling and logistics.

One or several employees within each operating unit are tasked with managing and overseeing internal control over operations and updating the related procedures, in order to ensure the system's effectiveness while also fostering the teams' accountability and commitment to internal control.

This decentralized operational structure is coordinated and supported by cross-functional departments.

The Vice President, Legal Affairs, Institutional Relations and Internal Audit, who is responsible for internal control, is a member of the Group's Executive Committee and reports directly to the Chairman of the Managing Board.

The Vice President, Internal Audit reports to the head of Legal Affairs, Institutional Relations and Internal Audit. He has direct authority over the corporate-level internal auditors and a dotted-line reporting relationship with all internal auditors working in the Group's other departments, including at Banque PSA Finance and Gefco. He communicates directly with the Chairman of the Managing Board, which gives him total independence from all Group units and departments. He reports to the Chairman twice a year on all his responsibilities and he reports on request to the Finance Committee of the Supervisory Board.

The annual internal audit plan is drawn up based on identified and evaluated risks. It is drawn up independently by the internal auditors and submitted to senior management for review. In 2007, the Internal Audit Department carried out 87 audits, the overall results of which were reported to senior management and to the external auditors for the purpose of their accounting and financial reports.

Capital expenditure management, which is key to meeting the Group's objectives, is the responsibility of the Programs Operating Unit and Corporate Finance. Financial and management analyses are carried out to ensure that investment decisions are aligned with the Group's performance and profitability objectives. These analyses are presented to the Executive Committee members for validation.

Lastly, the overall structure of delegations of authority down the chain of command reflects the Group's internal organization. Account is taken of each manager's job as well as of his or her position in the chain of command, in order to grant powers to individuals who have the necessary authority, resources and competence in the area concerned. Each delegation of authority describes the individual's role and responsibilities, the rules and regulations to be complied with and the practices to be followed.

Preparation and processing of financial and accounting information

Financial and accounting information is controlled at Group level by Corporate Finance, which has appointed a coordinator to lead and monitor its work.

The consolidated financial statements are prepared by the Accounting Department and by the Consolidation Department, which is also responsible for establishing and updating Group accounting policies. The Accounting Department, in liaison with the operating units and the Management Control Department, ensures the accuracy of and systematically co-validates the individual statutory accounts and the consolidation packages. The Consolidation Department produces a full set of consolidated financial statements each month, for both internal management and external reporting purposes.

Management controls within the Group are organized around an integrated three-tier structure:

- A Corporate Department is responsible for the entire system and for issuing finance and management standards and procedures, describing the methods to be used, the related software applications and the timelines for the various tasks.
- The second tier consists of management control structures at divisional level, with Automobile Division controls organized around the main entities (the marques, production, R&D).
- The third tier corresponds to management control structures in each operating unit, such as a plant or a distribution subsidiary for the Automobile Division.

2.4.2. Internal communication on standards and procedures

Information on Divisional Operating Procedures

Each sales or manufacturing department has set up databases that describe the operating procedures that employees must follow in order to carry out their tasks correctly within their area of competence. These databases are all accessible *via* the PSA Peugeot Citroën Intranet.

In the case of the Automobile Division, as part of the ISO quality management systems certification process, the Management and Components Department established written procedures and operating policies with the general aim of providing employees with the information they need to properly carry out their responsibilities. All these documents may be viewed on the Cascade Intranet site, which is accessible to all employees.

Lastly, a Code of Ethics setting out the standards of conduct and behavior to be met by all employees has been available for consultation on the Group Intranet by all employees since March 2003.

Financial and Accounting Information

Corporate Finance uses a technical and organizational framework called "Nordic", which covers accounting and consolidation standards, best accounting practices, integrated accounting standards, financial management standards, financing and cash management standards and tax-related standards. The framework is accessible to all Group employees to ensure that standards are applied uniformly. A manager is responsible for updating each of the standards.

The best accounting practices database was created by the Accounting Department to extend the application of identified best accounting and internal control practices across the Group. These standards are also made available to all Group employees.

The accounting, management control and consolidation teams hold regular meetings to report and validate information leading to the preparation of the consolidated financial statements. The subsidiary financial statements are reported *via* the Magnitude system, which has been set up at all consolidated subsidiaries to guarantee data security and traceability. Data archiving and backup procedures create an audit trail guaranteeing data traceability.

To keep managers well informed, the management control entities produce monthly reporting packages for submission to senior management, based on the full monthly consolidation packages.

2.4.3. System for identifying and analyzing main risks and verifying the existence of risk management procedures

The internal control system is evaluated based on assessments performed at the level of the main units, in France and abroad, the different departments of the Automobile Division and the non-Automobile subsidiaries (except Faurecia and its subsidiaries, which have their own system). These units include corporate departments, plants, import subsidiaries, captive dealerships, local finance departments, facility accounting departments, etc.

The assessment is based on questionnaires outlining processes, sub-processes, risks and risk management measures. By filling out the questionnaire, each entity assesses how well it manages different risks and identifies appropriate solutions.

A project was undertaken in 2006 to consolidate risks identified by the different departments and map the Group's main risk exposures. This concise and thorough risk map led to the identification of some 20 risks, which are mapped in greater detail at the level of each department. The Group has therefore been able to satisfactorily cover its main risks by establishing their relationship to operating structures and procedures.

To manage the major risks likely to compromise the physical safety of employees, harm the environment, disrupt operations or affect the Group's tangible or intangible assets, the corporate Risk Management and Organization Department, which reports to the Legal Affairs, Institutional Relations and Internal Audit Department, is in charge of defining, deploying and supervising the Group's risk prevention and management policy. It is supported by a network of risk prevention and management supervisors responsible for implementing the policy at department or site level. The Risk Management and Organization Department also has teams of experts in environmental matters, fire and natural disaster risks, physical safety and insurance, who are responsible for:
- monitoring changes in technology and regulations;
- assisting and advising the corporate risk prevention and line managers;
- verifying that projects take risks into account and comply with regulations;
- defining and suggesting risk prevention and protection measures.

2.4.4. Control procedures

Divisional operating procedures

Each operating division has set up internal controls to cover the main risks identified in its risk map.

To cover the project management risks related to new vehicle development and process engineering, the Programs Operating Unit leverages a comprehensive design and development process known as the operational development plan. The plan is regularly updated and, in 2007, underwent specific modifications as part of the CAP 2010 project. For each vehicle project, a set of product services, profitability, quality and time-to-market objectives are fixed. 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 authorizes the sale of each vehicle that leaves the production line and organizes any necessary recalls of faulty vehicles delivered to the dealers or to customers.

In Manufacturing and Components, internal control is rooted in the Quality Management System, the Risk Prevention and Management System and Management Control, Manufacturing Economics. These three systems cover all major risks identified within Manufacturing and Components. Internal control is integrated into Manufacturing and Components operational management and monitoring is performed all year long. Furthermore, each of the three internal control systems is regularly audited to verify proper implementation of control procedures, assess their effectiveness and issue recommendations where necessary.

The assembly plants have been ISO 9001:2000-certified by UTAC, to comply with the requirements of European Directive 2001/116, Appendix X. Most of the manufacturing plants' environmental management systems are ISO 14001-certified. All employees are trained in safety procedures and a constant focus is maintained on improving plant safety. Ergonomic considerations are taken into account in the design of products and the related plant and equipment in order to improve working conditions in the production shops.

In sales and marketing, internal control for the two marques, Peugeot and Citroën, is based on descriptions of control procedures designed to cover operating process risks within the corporate departments, the import subsidiaries and dealerships. Senior management provides the leadership and impetus for operational management in each department, subsidiary and dealership, backed by a system of controls and a continuous improvement process. Each entity has a Service Quality Plan detailing action plans in progress and aiming to improve internal control and internal organization in general. These plans are managed and controlled by the corporate sales and marketing teams.

The Purchasing Department leverages extensive expertise in product costing and commodity price management, as well as in-depth understanding of global markets, which enable it to manage the competitive bidding process and supplier relationships as part of its purchasing strategy. Close attention is paid to supplier risk, particularly the risk of supply chain disruption or of supplier bankruptcy. The department created a single team dedicated to industrial and supplier risk in July 2007, with responsibility for monitoring coverage of risks that may arise due to subcontractor failure by analyzing and rating supplier financial statements and purchaser data.

Contractual commitments to suppliers are strictly adhered to. Orders, inward deliveries and invoices are systematically recorded. Supplier payments are made only when the invoices have been checked for compliance with the order and the applicable regulations, and when they correspond to the goods actually received.

Programmed and manual controls are performed to ensure that customer invoices comply with local customs, tax and other regulations in both the shipping country and the delivery country, as well as with the terms of the order or contract covering the price, incoterms, transfer of title and other matters. Periodic physical inventories and cycle counts are performed to ensure that all delivered goods have been duly invoiced.

Automobile Division vehicle and replacement part sales in the countries where Banque PSA Finance has operations are carried out on a cash basis, with any financing requested by customers being provided by Banque PSA Finance. For sales in other countries, a standard has been issued stipulating payment and credit terms to be applied by the Automobile Division to customers according to the product (new vehicles, used vehicles, replacement parts, spare parts or components). A secure payments policy has been drawn up to avoid credit risks, supported by a monthly reporting system that ensures compliance.

Financing decisions and banking relationships are managed at corporate level. Back-up trading rooms have been set up to avoid the risk of any interruption of trading following a major incident.

The Group's Information Systems Security Policy was introduced in 2004 under the supervision of the Legal Affairs, Institutional Relations and Audit Department. The policy complies with the best practices recommended by standard ISO 27001. It outlines the standards applicable to different technologies. These standards are deployed through a network of managers specialized in the areas of Risk Prevention and Management and Logical Security. At senior management level, the Information Systems Security Committee is in charge of information systems security.

Access to the Group's internal computer network is controlled by security layers, the effectiveness of which is verified in internal and external audits. Action plans are currently underway to reduce the risk of malicious acts that may arise due to technical vulnerabilities within the PSA Peugeot Citroën network, particularly as the network becomes increasingly available to third parties. Lastly, to avoid the risk of any interruption of processing following a major incident and for its most important applications, the Group is in the process of setting up remote site data storage systems that do not rely on the physical transport of data storage material.

Procedures for the preparation and processing of financial and accounting information

Corporate Finance is in charge of the internal control procedures covering the preparation and processing of published financial and accounting information. To ensure that internal control objectives are met in its area of competence, Corporate Finance runs an annual campaign to identify risks, risk coverage and related control procedures.

The consolidated financial statements are prepared by a dedicated team. Each month, all consolidated companies send this team their detailed financial statements, including their income statement, balance sheet, cash flow statement and analyses, prepared in compliance with Group standards, for integration into the consolidated accounts. Each subsidiary is responsible for preparing regular reconciliations between their statutory equity and equity reported in their consolidation package. These reconciliations are checked by the consolidation team. All consolidation adjustments are controlled and traced. An overall analysis of changes in the main 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 controlled both by their own management control teams and by teams of analysts within the Accounting Department.

Off-balance sheet commitments are identified within each Group company and reported to the consolidation team.

Asset control procedures are based on annual inventories of all goods held by PSA Peugeot Citroën as well as inventories of property, plant and equipment held at Group sites, based on cycle counts which ensure that each asset is counted at least once every three years. The inventories are governed by strict procedures concerning segregation of tasks and count controls to ensure that the results are reliable.

To uphold and improve the quality of accounting and internal control within Corporate Finance, an Accounting Quality Plan has been implemented at the level of each accounting team within the Automobile Division. This plan comprises all internal action plans established with the purpose of implementing the recommendations of the internal and external auditors as well as those of the teams themselves. Every six months, a meeting is held under the chairmanship of the Group's Chief Financial Officer to monitor the Accounting Quality Plan. At each meeting, the line managers present action plan progress reports. The auditors and the head of internal audit also attend these meetings.

Published financial information is based on the consolidated financial statements approved by the Managing Board and presented to the Supervisory Board, as well as on analyses of consolidated data.

The management control system also includes detailed automobile costing analyses, including analyses of variances and product margins, for use by line management.

Investment and financing strategies and strategies for evaluating counterparty risks arising from financial market transactions are approved by the Chief Financial Officer.

2.4.5. Internal management and oversight

The Managing Board is responsible for constantly overseeing and reviewing the internal control system, where necessary with the support of the Internal Control Department, which reports to the Board on the results of its controls. The Finance Committee of the Supervisory Board is kept informed of the main results of regular and one-off internal audits.

Each operating unit is responsible for managing risks within its scope of responsibility. However, the Risk Management and Organization Department manages and oversees all procedures designed to protect the Group from major risks likely to pose a threat to employee safety, the environment, operational activities or tangible or intangible assets. Product and service quality risks are managed by the Quality Department. These departments have teams of auditors that carry out dedicated quality controls designed to assess risk coverage.

Since 2007, other risks have been monitored by each Group department or unit independently. At the level of each operating unit, a manager is tasked with supervising the internal control system and its improvements. To ensure alignment between actions taken at operating-unit level, a corporate department has been created to lead and coordinate internal control processes at Group level for each of these units. The department should become operational in 2008.

Internal audit initiatives guarantee the effectiveness and appropriateness of internal control processes and procedures. In light of this, the 2008 internal audit plan includes a certain number of specific audits of areas identified as giving rise to significant risks, whatever the quality of the related internal controls as determined by the assessment process.

2.5. Procedures for the preparation of this report

This report was prepared based on the following main procedures:

- Identifying all existing practices within the Group operating units and departments concerning procedures, risk analyses and regular updates to those procedures and analyses.
- Verifying that Group internal control procedures and processes comply with the general principles of the internal control framework created under the aegis of the French securities regulator (AMF).
- Obtaining assurance at the level of Corporate Finance—with input from the accounting, consolidation, financial communications and management control teams—that processes for the preparation and approval of the consolidated financial statements fulfill the quality criteria defined for each operational category in the guidelines integrated into the internal control framework.

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Statutory Auditors' Report

Statutory Auditors' Report on the Consolidated Financial Statements

Year ended December 31, 2007

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In compliance with the assignment entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Peugeot S.A. for the year ended December 31, 2007.

The consolidated financial statements have been approved by the Managing Board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our 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, 2007 and of the results of its operations for the year then ended in accordance with IFRS as adopted for use in the European Union.

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 matters:

- In the context of our assessment of the accounting principles and methods applied by the Group, we examined the criteria for recognizing development expenditure as an intangible asset and for amortizing said expenditure (note 1.11 A). We also examined the method for determining the revenue related to sales of new vehicles with a buyback commitment (note 1.5.A.a).
- As indicated in note 1.10, goodwill is not amortized but is tested for impairment at least annually according to the method set out in note 1.13, which is also applicable to all other long-lived assets. In 2007, the impairment tests led to write-downs on assets allocated to two of the Automobile Division's cash-generating units (note 9.1), on certain assets of the Automotive Equipment Division (Faurecia Group) (note 9.2), and on property, plant and equipment belonging to Peugeot Motocycles (note 9.3). As part of our assessment of the significant estimates made by management, we verified that this approach complied with IFRS and that the impairment tests described in the notes to the consolidated financial statements were carried out correctly. We also assessed whether the cash flow projections applied and other assumptions used were reasonable.

These assessments were made in the context 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

In accordance with professional standards applicable in France, we have also verified the information given in the Group's management report. We have no matters to report as to its fair presentation and its conformity with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, April 21, 2008

The Statutory Auditors

Mazars & Guérard	PricewaterhouseCoopers Audit
Thierry de Bailliencourt	Pierre Riou

Statutory Auditors' Special Report on regulated agreements and commitments with third parties Year ended December 31, 2007

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments 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 regulated agreements and commitments with third parties.

Agreements and commitments authorized during the year ended December 31, 2007 and up to April 15, 2008

In accordance with article L. 225-88 of the French Commercial Code (Code de commerce), we were informed of the agreements and commitments authorized by your Supervisory Board during 2007 and up to April 15, 2008.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided, about the main terms and conditions of agreements and commitments that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of article R. 225-58 of the French Commercial Code, it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

We performed our procedures in accordance with professional guidelines applicable in France. These guidelines require us to perform procedures to verify that the information given to us agrees with the underlying documents.

Commitments given to corporate officers

We remind you that our special report of April 10, 2007 gave details of the following agreements relating to commitments made to members of the Managing Board in office on that date (Messrs. Streiff, Olivier, Saint-Geours, Michel and Vardanega), which were approved by the Shareholders' Meeting of May 23, 2007:

- In addition to being covered by government-sponsored basic and supplementary pension plans, eligible Managing Board members are also entitled to pension benefits funded under an insured plan set up specially for the Group senior management. Benefits are capped at 50% of the average of their gross compensation, including bonuses, for their best three years out of their last five in the job. To be entitled to this supplementary pension benefit, a member must have occupied a senior management position in the Group for at least five years.
- At the end of their term of office, the Managing Board members' employment contracts with Peugeot S.A., which were suspended upon their appointment as corporate officers, will be reinstated, with annual compensation set at an amount equal to their latest base salary plus the average of the last three year's incentive bonuses. Their entire term as member of the Managing Board will be taken into account for the purpose of calculating their seniority under the employment contract.

At its meeting of February 12, 2008, the Supervisory Board decided to grant the same benefits to Jean-Philippe Collin, a new member of the Managing Board.

At its meeting of April 15, 2008, the Supervisory Board decided, within the scope of compliance with the new provisions of article 225-42-1 of the French Commercial Code, to authorize the continuation of each of these agreements and, as a consequence, except in extraordinary circumstances, to continue to reinstate the employment contract as decided previously, provided that the member of the Managing Board concerned receives an average incentive bonus during his term of office equal to at least 60% of his average base salary over the same period.

All members of the Managing Board are concerned by these agreements, which shall be put to the vote of the AGM of May 28, 2008.

Agreements and commitments approved in prior years which remained in force during the year

Pursuant to the provisions of article R. 225-57 of the French Commercial Code, we were informed that the following agreements and commitments approved in prior years remained in force during the past year.

Implementation of commitments given to corporate officers

The above-mentioned agreements relating to the commitments made in favor of corporate officers applied directly during 2007 for Mr Folz and Mr Satinet. They shall continue in effect for the other members of the Managing Board since they remained in office from December 1 to December 31, 2007. Mr Saint-Geours, whose term of office ended on December 31, 2007, did not benefit from this measure, as his employment contract was negotiated under a new basis as from January 1, 2008.

As the terms of office of Mr Folz and Mr Satinet ended on February 5, their previous employment contracts were reinstated, as follows:

Beneficiary	New gross annual compensation upon reinstatement of employment contract	Reinstatement date of employment contract	Expiration date of employment contract	Total gross retirement bonuses paid upon expiration of employment contract
Jean-Martin Folz	€1,575,703	February 6, 2007	August 31, 2007	€920,901
Claude Satinet	€744,893	February 6, 2007	August 31, 2007	€436,256

Other guarantees

The following table sets out the other guarantees previously given by your Company, with the amount outstanding at December 31, 2007 and the compensation received during the year.

Type	Beneficiary of guarantee	Beneficiary of loan	Intial amount of loan in base currency	Amount outstanding under guarantee	Compensation 2007
Joint and several surety and guarantee	B.E.I	GIE Vulcain Energie	FRF1,300,000,000	GBP21,000,000	€41,696
Joint and several guarantee	JBIC	TPCA	€78,750,000	€78,750,000	€47,250
Joint and several guarantee	JBIC	TPCA	€78,750,000	€78,750,000	€47,250
Joint and several guarantee (1)	B.E.I	TPCA	€225,000,000	€0	€33,000

(1) Guarantee released on December 17, 2007 after reimbursement of the guaranteed loan in full.

Share of Group research and development expenditure

In 2007, a total of €87,976,460 was received in respect of the subsidiaries' share of the research and development expenditure.

Courbevoie and Neuilly-sur-Seine, April 21, 2008

The Statutory Auditors

Mazars & Guérard
Thierry de Bailliencourt

PricewaterhouseCoopers Audit
Pierre Riou

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., on internal control procedures relating to the preparation and processing of financial and accounting information

Year ended December 31, 2007

This is a free translation into English of the Statutory Auditors' report issued in the French language 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., and in accordance with Article L. 225-235 of the French Commercial Code (Code de commerce), we report to you on the report prepared by the Chairman of the Supervisory Board of your Company in accordance with Article L. 225-68 of the French Commercial Code for the year ended December 31, 2007.

It is the Chairman's responsibility to describe in his report the preparation and organization of the Supervisory Board's work and the internal control procedures implemented by the Company. It is our responsibility to report to you our observations on the information set out in the Chairman's report on internal control procedures relating to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with professional standards applicable in France. These standards require us to perform procedures to assess the fairness of the information set out in the Chairman's report on internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably consisted of:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report and existing documentation are based;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in internal control relating to the preparation and processing of financial and accounting information that we may have identified during the course of our work are properly described in the Chairman's report.

On the basis of these procedures, we have no matters to report on the information given on internal control procedures relating to the preparation and processing of financial and accounting information, contained in the Chairman of the Supervisory Board's report, prepared in accordance with Article L. 225-68 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, February 18, 2008

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars & Guérard
Pierre Riou	Thierry de Bailliencourt

14

Legal and Financial Information

Information about Peugeot S.A.

History of the Company

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 December 1974, Peugeot S.A. began the process of joining forces with Automobiles Citroën, which at the time was suffering from the difficult market conditions created by the first oil crisis. The other stockholders of Citroën S.A. were gradually bought out and the two companies were merged on September 30, 1976.

Under the terms of an agreement signed on August 10, 1978 and approved by stockholders on December 21, 1978, Peugeot S.A. acquired the Chrysler Corporation's European manufacturing and sales operations in exchange for shares. At the end of 1980, the newly-acquired companies—which continued to do business under the Talbot marque—were transferred to Automobiles Peugeot.

In 1979, Chrysler Financial Corporation's European commercial financing subsidiaries were acquired, marking a turning point in the development of the Group's finance business. PSA Finance Holding, whose subsidiaries offer financing for Peugeot and Citroën customers in Europe, was converted into a bank in June 1995 and renamed Banque PSA Finance.

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.

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

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

Legal information

Company name

Peugeot S.A.

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

Registered office and administrative headquarters

75, avenue de la Grande-Armée, 75116 Paris, France.

Legal form

A *société anonyme* (joint stock corporation), governed by a Managing Board and a Supervisory Board under the terms of the Commercial Code.

Governing law

The Company is governed by the laws of France.

Term

Date of incorporation: 1896.
Date term ends: December 31, 2058, unless extended or the Company is dissolved.

Corporate purpose

(Summary of article 3 of the bylaws)

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.

Registration

Registered in Paris, no. B 552 100 554.
Business identification (APE) code: 741 J.

Consultation of legal documents

Legal documents concerning the Company, including the bylaws, the reports of Annual Stockholders' Meetings, the reports of auditors and all other documents sent to stockholders may be consulted at the Company's registered office.

Fiscal year

January 1 to December 31.

Income appropriation

(Article 12 of the bylaws)

The Annual Stockholders' Meeting has full discretionary powers to decide the appropriation of net income, except for the appropriations required by law.

Exceptional events, claims and litigation

No exceptional events, claims or litigation are in progress or pending that are likely to have a material impact on the results, business, assets and liabilities or financial condition of the Company or the Group.

Stockholders' meetings

(Article 11 of the bylaws)

Notice of Meeting

Stockholders' 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.

Double voting rights

Fully paid-up shares registered in the name of the same stockholder for at least four years carry double voting rights.

This system was maintained following the 1972 change in Peugeot S.A.'s governance structure, from a company with a Board of Directors to one with a Managing Board and Supervisory Board. The vesting period was increased from two to four years at an Extraordinary Stockholders' Meeting on June 29, 1987. In the event of a bonus share issue paid up by capitalizing reserves, net income or additional paid-in capital, the bonus shares issued in respect of shares carrying double voting rights will be eligible for double voting rights from issue.

As prescribed by law, double voting rights are striped from all shares converted into bearer shares or sold, except when the transfer of ownership results from an inheritance, a divorce, or a gift to a spouse or other relative in the direct line of succession.

Disclosure thresholds

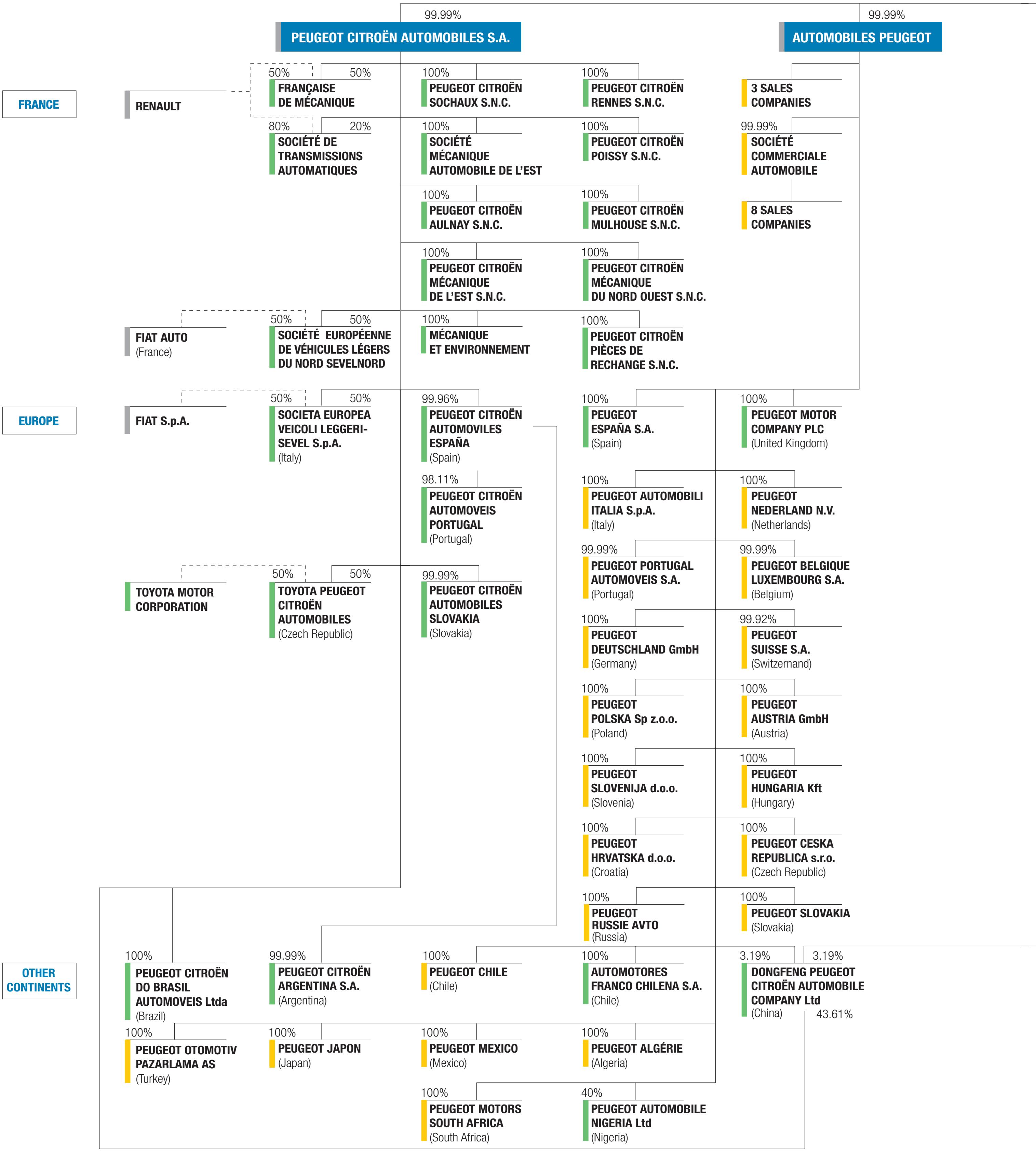
(Article 7 of the bylaws)

In addition to complying with the disclosure requirements prescribed by law, any company or natural person that becomes the direct or indirect holder of shares representing more than 2% of the capital is required to disclose their total interest to the Company within five calendar days of the date on which the shares are recorded in their account. Each additional 1% of the capital acquired must also be disclosed. These disclosure rules, which are specified in the bylaws, apply even in the case of interests in excess of the first legal disclosure threshold of 5%.

In the case of non-disclosure, at the request of one or several stockholders together holding at least 5% of the capital, the undisclosed shares will be stripped of voting rights for a period of two years from the date on which the omission is remedied.

There are no other bylaw clauses limiting voting rights.

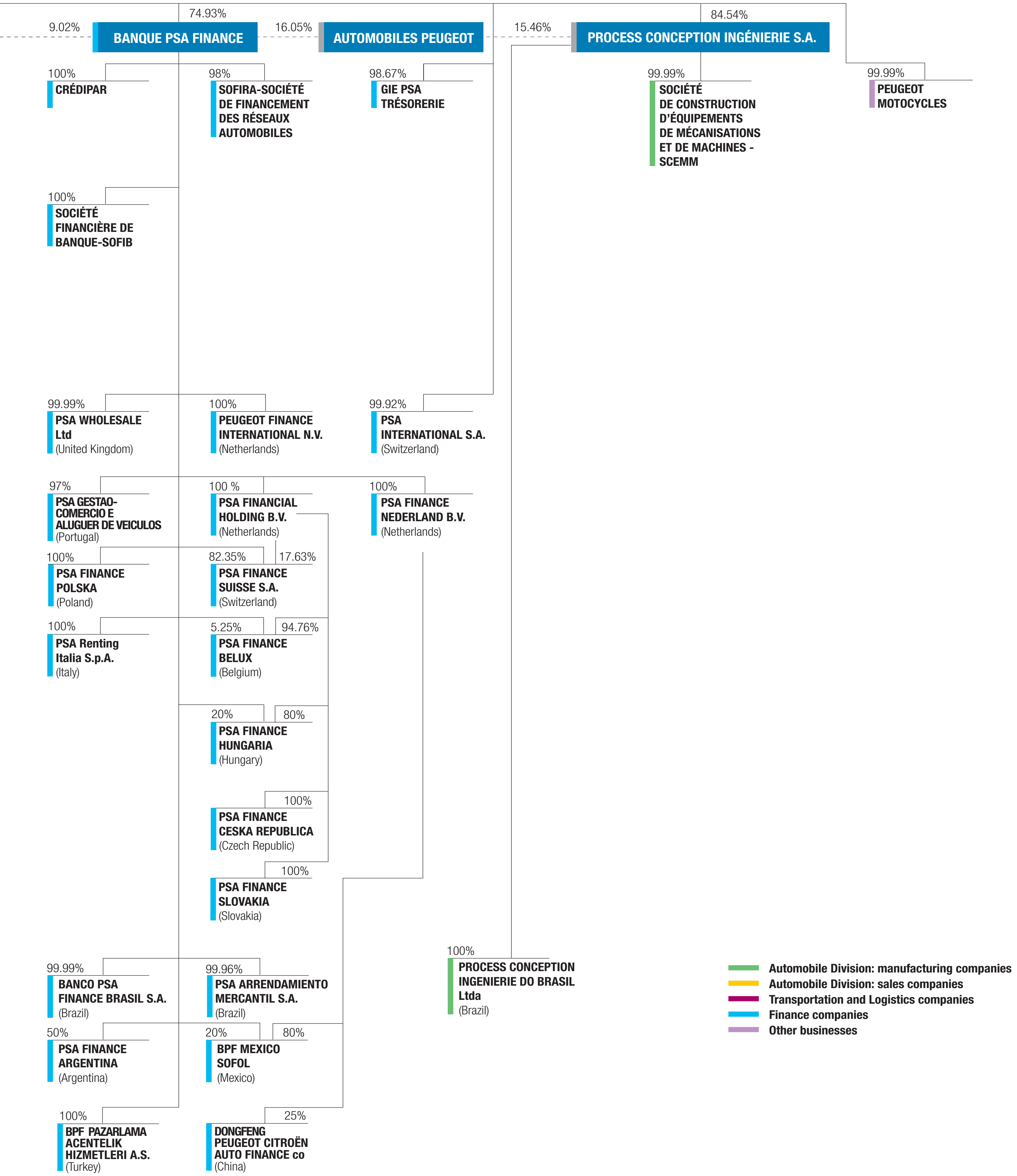
Organization at December 31, 2007



PEUGEOT S.A.

- 99.99% **AUTOMOBILES CITROËN**
  - 98.40% **CITER**
  - 100% **CITROËN CHAMP DE MARS**
  - 100% **SOCIÉTÉ COMMERCIALE CITROËN**
  - **13 SALES COMPANIES**
  - 100% **CITROËN ITALIA S.p.A.** (Italy)
  - 99.71% **AUTOMOVILES CITROËN ESPAÑA** (Spain)
  - 100% **CITROËN DEUTSCHLAND AG** (Germany)
  - 99.92% **CITROËN (SUISSE) S.A.** (Switzerland)
  - 99.98% **AUTOMOVEIS CITROËN S.A.** (Portugal)
  - 99.97% **CITROËN U.K. Ltd** (United Kingdom)
  - 100% **CITROËN DANMARK A/S** (Denmark)
  - 100% **CITROËN BELUX S.A. - N.V.** (Belgium)
  - 100% **CITROËN NEDERLAND B.V.** (Netherlands)
  - 100% **CITROËN SVERIGE AB** (Sweden)
  - 100% **CITROËN ÖSTERREICH GmbH** (Austria)
  - 100% **CITROËN NORGE A/S** (Norway)
  - 100% **CITROËN SLOVENIJA d.o.o.** (Slovenia)
  - 100% **CITROËN POLSKA** (Poland)
  - 100% **CITROËN HUNGARIA Kft** (Hungary)
  - 100% **CITROËN SLOVAKIA s.r.o.** (Slovakia)
  - 100% **CITROËN HRVATSKA d.o.o.** (Croatia)
  - 100% **CITROËN CESKA REPUBLICA s.r.o.** (Czech Republic)
  - 100% **CITROËN ROMANIA s.r.l.** (Romania)
  - 51% **CITROËN DO BRASIL** (Brazil)
  - 100% **CITROËN JAPON** (Japan)
- 71.33% **FAURECIA**
- 99.95% **GEFCO**
  - 100% **GEFCO ITALIA S.p.A.** (Italy)
  - 100% **GEFCO U.K. Ltd** (United Kingdom)
  - 100% **GEFCO ÖSTERREICH** (Austria)
  - 100% **GEFCO DEUTSCHLAND GmbH** (Germany)
  - 99.99% **GEFCO BENELUX S.A.** (Belgium)
  - 100% **GEFCO SLOVAKIA** (Slovakia)
  - 99.95% **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 PARTICIPACOES Ltda** (Brazil)
    - 100% **GEFCO DO BRASIL Ltda** (Brazil)
  - 100% **GEFCO ARGENTINA S.A.** (Argentina)
  - 87.50% **GEFCO TASIMACILIK VE LOJISTIK ANONIM SIRKETI** (Turkey)
  - 50% **GEFCO TUNISIE** (Tunisia)
  - 99.92% **GEFCO MAROC** (Morocco)
  - 50% **GEFCO DTW** (China)
    - 50% **DTW** (China)
  - 100% **GEFCO HONG KONG** (Japan)

AUTOMOBILES CITROËN


9.02%
BANQUE PSA FINANCE
74.93%
16.05%
AUTOMOBILES PEUGEOT
15.46%
PROCESS CONCEPTION INGÉNIERIE S.A.
84.54%
100%
CRÉDIPAR
98%
SOFIRA-SOCIÉTÉ DE FINANCEMENT DES RÉSEAUX AUTOMOBILES
98.67%
GIE PSA TRÉSORERIE
99.99%
SOCIÉTÉ DE CONSTRUCTION D'ÉQUIPEMENTS DE MÉCANISATIONS ET DE MACHINES - SCEMM
99.99%
PEUGEOT MOTOCYCLES
100%
SOCIÉTÉ FINANCIÈRE DE BANQUE-SOFIB
99.99%
PSA WHOLESALE Ltd (United Kingdom)
100%
PEUGEOT FINANCE INTERNATIONAL N.V. (Netherlands)
99.92%
PSA INTERNATIONAL S.A. (Switzerland)
97%
PSA GESTAO-COMERCIO E ALUGUER DE VEICULOS (Portugal)
100 %
PSA FINANCIAL HOLDING B.V. (Netherlands)
100%
PSA FINANCE NEDERLAND B.V. (Netherlands)
100%
PSA FINANCE POLSKA (Poland)
82.35%
17.63%
PSA FINANCE SUISSE S.A. (Switzerland)
100%
PSA Renting Italia S.p.A. (Italy)
5.25%
94.76%
PSA FINANCE BELUX (Belgium)
20%
80%
PSA FINANCE HUNGARIA (Hungary)
100%
PSA FINANCE CESKA REPUBLICA (Czech Republic)
100%
PSA FINANCE SLOVAKIA (Slovakia)
100%
PROCESS CONCEPTION INGENIERIE DO BRASIL Ltda (Brazil)
99.99%
BANCO PSA FINANCE BRASIL S.A. (Brazil)
99.96%
PSA ARRENDAMIENTO MERCANTIL S.A. (Brazil)
50%
PSA FINANCE ARGENTINA (Argentina)
20%
80%
BPF MEXICO SOFOL (Mexico)
100%
BPF PAZARLAMA ACENTELIK HIZMETLERI A.S. (Turkey)
25%
DONGFENG PEUGEOT CITROËN AUTO FINANCE co (China)
Automobile Division: manufacturing companies
Automobile Division: sales companies
Transportation and Logistics companies
Finance companies
Other businesses

Persons responsible for the Registration Document and the Audit of the Accounts

Person responsible for the Registration Document

Christian Streiff
Chairman of the Peugeot S.A. Managing Board

Statement by the person responsible for the Registration Document

I hereby declare that, to the best of my knowledge, the information in this document is correct and that all reasonable measures have been taken to that end. There are no omissions likely to alter the scope of this information.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the undertakings included in the consolidation taken as a whole; and that the information released in chapters 4, 7 and 11 includes a fair review of the development and performance of the business, the results and the financial position of the Company and all the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

I have received a completion letter from Statutory Auditors stating that they have verified the information concerning the financial situation and the financial statements set forth in this Registration Document, which they have read in full.

Christian Streiff
Chairman of the Peugeot S.A. Managing Board

Statutory Auditors

Auditors

Statutory Auditors

PricewaterhouseCoopers Audit

Pierre Riou
63, rue de Villiers
92200 Neuilly-sur-Seine
First appointed: at the Annual Stockholders' Meeting of May 28, 2003.
Appointment ends: at the Annual Stockholders' Meeting called to approve the 2010 financial statements.

Mazars & Guérard

Thierry de Bailliencourt
61, rue Henri-Regnault
92400 Courbevoie
First appointed: at the Annual Stockholders' Meeting of May 25, 2005.
Appointment ends: at the Annual Stockholders' Meeting called to approve the 2010 financial statements.

Substitute Auditors

Yves Nicolas

63, rue de Villiers
92200 Neuilly-sur-Seine
First appointed: at the Annual Stockholders' Meeting of May 28, 2003.
Appointment ends: at the Annual Stockholders' Meeting called to approve the 2010 financial statements

Patrick de Cambourg

61, rue Henri-Regnault
92400 Courbevoie
First appointed: at the Annual Stockholders' Meeting of May 25, 2005.
Appointment ends: at the Annual Stockholders' Meeting called to approve the 2010 financial statements.

Person responsible for financial information

Head of Investor Relations

Denis Worbe
Tel.: +33 (0) 1 40 66 54 59

Information incorporated by reference

In compliance with article 28 of EC regulation No. 809/204, the following information is incorporated by reference in the Registration Document:

2006

The 2006 Registration Document (French version) was filed with the *Autorité des Marchés Financiers* (No. D. 07-0375) on April 23, 2007.

The consolidated accounts are presented in chapter 9, pages 146-234 and the accompanying auditors' report in chapter 13, page 272.

2005

The 2005 Registration Document (French version) was filed with the *Autorité des Marchés Financiers* (No. D. 06-0313) on April 24, 2006.

The consolidated accounts are presented in chapter 8, pages 140-228, and the accompanying auditors' report in chapter 13, page 280.

Public-access documents

The following materials are available on the PSA Peugeot Citroën website (www.psa-peugeot-citroen.com):
- the Peugeot S.A. bylaws;
- the 2007 Registration Document filed with the *Autorité des Marchés Financiers*;
- the 2006 Registration Document filed with the *Autorité des Marchés Financiers*;
- the 2005 Registration Document filed with the *Autorité des Marchés Financiers*;
- financial press releases.

Pursuant to the application of new obligations governing the communication of regulated information arising from the transposition of the Transparency Directive to the AMF General Regulations, the Investor Relations Department of PSA Peugeot Citroën ensures the full and effective communication of regulated information. This information is filed with the AMF and archived on its Internet site at the time of its communication.

Full and effective communication is carried out electronically in compliance with the criteria defined by the general regulations which require communication to a large public within the European Union and according to terms and conditions guaranteeing the security of the communication and the information. Accordingly, the Investor Relations Department of PSA Peugeot Citroën has chosen to call on a professional communications agency to satisfy the communication criteria set by the general regulations and featured on the list published by the AMF, thus benefiting from a presumption of full and effective communication.

Cross-reference Table

The table below provides cross references between the pages in the registration document and the key information required under European Commission Regulation (EC) n°809/2004 implementing EC Directive 2003/71/EC of the European Parliament and of the Council.

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Notes

Notes

600 copies of this document were printed.

A copy of this document may be requested at the following address:
PSA PEUGEOT CITROËN - Investor Relations Department
75, avenue de la Grande-Armée - 75116 Paris, France - Tel.: + 33 (0)1 40 66 37 60 - Fax: + 33 (0)1 40 66 51 99
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Printed in France

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PSA PEUGEOT CITROËN

PEUGEOT S.A.

Incorporated in France with issued capital €234,280,298
Governed by a Managing Board and a Supervisory Board

Registered office
75, avenue de la Grande-Armée - 75116 Paris - France
R.C.S. Paris B 552 100 554 - Siret 552 100 554 00021
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