

Offering Circular dated 17 September 2003



GIE PSA TRESORERIE

(A *groupement d'intérêt économique* established under the laws of the Republic of France)

€600,000,000

6 per cent. Bonds due 2033

irrevocably and unconditionally guaranteed by

PEUGEOT S.A.

Issue Price: 99.828 per cent.

The €600,000,000 6 per cent. Bonds due 2033 (the "Bonds") of GIE PSA Trésorerie (the "Issuer" or "GIE PSA") will be issued outside the Republic of France on 19 September 2003.

The Bonds will bear interest from and including 19 September 2003 at the rate of 6 per cent. per annum payable annually in arrear on 19 September in each year, the first payment of interest being made on 19 September 2004. Payments of principal and interest on the Bonds will be made without deduction for or on account of taxes of the Republic of France (See "Terms and Conditions of the Bonds - Taxation").

The due and punctual payment of any and all amounts due by the Issuer under the Bonds is irrevocably and unconditionally guaranteed by Peugeot S.A. (the "Guarantor") pursuant to a guarantee dated 19 September 2003 (the "Guarantee") (See "Guarantee of Peugeot S.A.").

Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 19 September 2033. The Bonds may, and in certain circumstances shall, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (See "Terms and Conditions of the Bonds - Redemption and Purchase").

The Bonds will, upon issue, be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Bonds - Form, Denomination and Title") including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and the depositary bank for Clearstream Banking, société anonyme ("Clearstream, Luxembourg").

The Bonds will be in bearer form in the denomination of €1,000 each. The Bonds will at all times be represented in book entry form (*dématérialisé*) in the books of the Account Holders in compliance with article L.211-4 of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree No. 83-359 of 2 May 1983) will be issued in respect of the Bonds.

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons ("U.S. persons" as defined in Regulation S under the Securities Act ("Regulation S")).

Application has been made to list the Bonds on the Luxembourg Stock Exchange.

**ABN AMRO
CITIGROUP
DEUTSCHE BANK
JPMORGAN**

**BNP PARIBAS
CREDIT SUISSE FIRST BOSTON
HSBC CCF
SG CIB**

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates by reference all information with respect to the Issuer and the Bonds which is material in the context of the issue and offering of the Bonds, that the information and statements contained or incorporated by reference in this Offering Circular relating to the Issuer and the Bonds are in every material particular true and accurate and not misleading, that the opinions and intentions expressed in it with regard to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts in relation to the Issuer or the Bonds the omission of which would in the context of the issue of the Bonds make any information or statement in this Offering Circular misleading in any material respect and that all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

The Guarantor, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates by reference all information with respect to the Guarantor, the Guarantor and its subsidiaries and affiliates taken as a whole (the "Group" or the "PSA Peugeot Citroën Group") and the Bonds which is material in the context of the issue and offering of the Bonds and the issue of the Guarantee, that the information and statements contained or incorporated by reference in this Offering Circular relating to the Guarantor, the Group and the Bonds are in every material particular true and accurate and not misleading, that the opinions and intentions expressed in it with regard to the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts in relation to the Guarantor, the Group, the Bonds or the Guarantee the omission of which would in the context of the issue of the Bonds or of the Guarantee make any information or statement in this Offering Circular misleading in any material respect and that all reasonable enquiries have been made by the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements. The Guarantor accepts responsibility accordingly.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Managers (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Bonds. This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor or the Managers to purchase the Bonds. Each potential purchaser should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Bonds should be based upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Guarantor and the Group.

The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Bonds and distribution of this Offering Circular, see "Subscription and Sale" below.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor or the Managers. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

In this Offering Circular references to "€", "EURO", "EUR" or "euro" are to the single currency which was introduced in the member states of the European Union which adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

In connection with this issue, CCF (the "Stabilising Manager"), or any person acting on its behalf, may over-allot or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager or any person acting on its behalf to do this. Such stabilising, if commenced, may be discontinued at any time, will be carried out in compliance with all applicable laws and regulations and must be brought to an end after a limited period.

INCORPORATION BY REFERENCE

The consolidated and non-consolidated financial statements of the Guarantor for the years ended 31 December 2001 and 2002 and the consolidated financial statements for the six month period ended 30 June 2003 and, in each case, the notes relating thereto, are incorporated herein by reference. Copies of such financial statements are available without charge upon request at the specified office of the Fiscal Agent and the Paying Agents, as described in “General Information” below. Copies of the non-consolidated financial statements of the Guarantor for the years ended 31 December 2001 and 31 December 2002 and, in each case, the notes relating thereto, are available in the French language only.

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TERMS AND CONDITIONS OF THE BONDS

The terms and conditions of the Bonds are as follows:

The issue outside the Republic of France of the €600,000,000 6 per cent. Bonds due 2033 (the “Bonds”) of GIE PSA Trésorerie (the “Issuer”) was authorised by a decision of the General Meeting of the members of the Issuer passed on 4 September 2003. The joint and several guarantee (*cautionnement solidaire*) of Peugeot S.A. (the “Guarantor”) with respect to the Bonds has been granted by the Executive Board (*Directoire*) of the Guarantor on 4 September 2003, acting pursuant to an authorisation of the Supervisory Board (*Conseil de Surveillance*) of the Guarantor dated 15 April 2003. The Bonds are issued with the benefit of a fiscal agency agreement (the “Fiscal Agency Agreement”) dated 17 September 2003 between the Issuer, the Guarantor, Kredietbank S.A. Luxembourgeoise, as fiscal agent and principal paying agent (the “Fiscal Agent”, which expressions shall, where the context so admits, include any successor for the time being as Fiscal Agent) and the other paying agent named therein (together with any additional paying agents, the “Paying Agents”, which expression shall, where the context so admits, include the Fiscal Agent and any successors for the time being of the Paying Agents). References below to “Bondholders” are, unless the context otherwise requires, to the holders of the Bonds, and references below to “Conditions” are, unless the context otherwise requires, to the numbered paragraphs below.

1 Form, Denomination and Title

The Bonds are issued in bearer form in the denomination of €1,000 each. Title to the Bonds will be evidenced by book entries in accordance with article L.211-4 of the French *Code monétaire et financier*. No physical document of title will be issued in respect of the Bonds (including *certificats représentatifs* issued pursuant to article 7 of French decree no. 83-359 of 2 May 1983).

The Bonds will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders. For the purpose of these Conditions, “Account Holder” shall mean any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”), and the depositary bank for Clearstream Banking, société anonyme (“Clearstream, Luxembourg”).

Title to the Bonds shall be evidenced by entries in the books of the Account Holders. Title will pass upon, and transfer of Bonds may only be effected through, registration of the transfer in such books.

2 Status of the Bonds

The Bonds constitute direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

3 Negative Pledge

So long as any of the Bonds remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not create or permit to subsist and will procure that none of the Issuer Principal Subsidiaries (as defined below) will create or permit to subsist any mortgage, charge, pledge or other security interest upon any of its assets or revenues, present or future, to secure any Relevant Indebtedness (as defined below) incurred or guaranteed by it (whether before or after the issue of the Bonds) unless the Issuer’s obligations under the Bonds are equally and rateably secured therewith.

For the purposes of these Conditions,

“Issuer Principal Subsidiary” means at any time, any Subsidiary (as defined below) of the Issuer (a) whose total assets or gross revenues (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets or gross consolidated revenues, as the case may be) attributable to the Issuer represent more than 10 per cent. of the total consolidated assets or the gross consolidated revenues of the Issuer, all as calculated by reference to the then latest audited accounts (or audited consolidated accounts as

the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated Subsidiaries, or (b) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer was an Issuer Principal Subsidiary, and “Issuer Principal Subsidiaries” shall be construed accordingly.

“Relevant Indebtedness” means any indebtedness in the form of, or represented by, bonds, notes, debentures or other securities which are, are to be, or are capable of being, quoted, listed, or ordinarily traded on any stock exchange, or on any over-the-counter securities market or other securities market.

“Subsidiary” means, with respect to any person at any particular time, any entity which is then directly or indirectly controlled, or at least 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned by such person and/or one or more of its Subsidiaries. For an entity to be “controlled” by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the Board of Directors or other governing body of that entity or otherwise contracts or has the power to control the affairs and policies of that entity.

4 Guarantee, Status of the Guarantee and Negative Pledge of the Guarantor

The due and punctual payment of any and all amounts due by the Issuer to the Bondholders under the Bonds whether in principal, interest, fees, expenses, costs or ancillary charges (including any Additional Amount as defined in Condition 8) is irrevocably and unconditionally guaranteed pursuant to a joint and several guarantee (*cautionnement solidaire*) granted by the Guarantor in favour of the Bondholders, the term of which are set out in the section “Guarantee of Peugeot S.A.” of this Offering Circular, and an original of which will be held by the Fiscal Agent on behalf of the Bondholders (the “Guarantee”).

The Guarantee constitutes a direct, unconditional, unsecured (subject to the provisions below) and unsubordinated obligation of the Guarantor and (subject to such exceptions as are from time to time mandatory under French law) ranks and will rank equally and rateably with all other present or future unsecured and unsubordinated obligations of the Guarantor, including guarantees and other similar obligations.

The Guarantor undertakes that, so long as any amount remains payable in respect of the Bonds, it will not create or permit to subsist and will procure that none of the Guarantor Principal Subsidiaries (as defined below) will create or permit to subsist any mortgage, charge, pledge or other security interest (a “Security”) upon any of its assets or revenues, present or future, to secure any Relevant Indebtedness (as defined above) incurred or guaranteed by it (whether before or after the issue of the Bonds), unless the Guarantor’s obligations under the Guarantee are equally and rateably secured therewith, except in relation to Banque PSA Finance (“BPF”) for so long as it is a Guarantor Principal Subsidiary:

- (a) Security granted by BPF over assets held in trust by another person, which assets are to be used by such other person solely for satisfying BPF’s scheduled payment obligations in respect of principal and/or interest in respect of any unsecured bonds or notes issued by BPF (the “BPF Obligations”) in circumstances where such other person has undertaken responsibility for the discharge of such BPF Obligations;
- (b) Security granted by BPF over assets or receivables of BPF which Security has been given in connection with the refinancing of such assets or receivables and where the risks (except in relation to any credit enhancement provided by BPF in respect of such assets or receivables) relating to non-payment in respect of such assets or receivables are, as a result of such refinancing, not to be borne by BPF;
- (c) Security granted by BPF over a deposit made by BPF using the proceeds of an issue of bonds or notes issued by BPF provided that (A) the depositary of such proceeds lends an amount at least equal to the amount of the deposit to another company or companies in the BPF Group and (B) such loan has a maturity date which is not earlier than the date for repayment of such deposit.

For the purposes of these Conditions,

“BPF Group” means BPF and its Subsidiaries (as defined above).

“Guarantor Principal Subsidiary” means (i) each of the members of the Issuer (except the Guarantor), which, for the time being, are Automobiles Peugeot, Automobiles Citroën, GEFCO and Peugeot Citroën Automobiles S.A., and includes any future member of the Issuer, and (ii) at any time, any Subsidiary (as defined above) of the Guarantor (a) whose total assets or gross revenues (or, where the subsidiary in question prepares consolidated accounts, whose total consolidated assets or gross consolidated revenues, as the case may be) attributable to the Guarantor represent more than 10 per cent. of the total consolidated assets or the gross consolidated revenues of the Guarantor, all as calculated by reference to the then latest audited accounts (or audited consolidated accounts as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Guarantor and its consolidated Subsidiaries, or (b) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer was a Guarantor Principal Subsidiary, and “Guarantor Principal Subsidiaries” shall be construed accordingly.

5 Interest

(a) Interest Payment Dates

The Bonds bear interest from and including 19 September 2003 at the rate of 6 per cent. per annum payable annually in arrear on 19 September in each year (each an “Interest Payment Date”). The first payment of interest will be made on 19 September 2004.

(b) Interest Payments

Each Bond will cease to bear interest from the due date for redemption unless payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at the rate of 6 per cent. per annum (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (ii) the day seven days after the Fiscal Agent has notified the Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Bondholder under these Conditions).

Where interest is to be calculated in respect of a period of less than a full year, it will be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the “Accrual Date”) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

6 Redemption and Purchase

The Bonds may not be redeemed otherwise than in accordance with this Condition 6.

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Bonds will be redeemed by the Issuer at their principal amount on 19 September 2033.

(b) Redemption for Taxation Reasons

(i) If French law or regulations, or the official application or interpretation thereof (a “Tax Regulation”), changes and such change becomes effective on or, after 19 September 2003, as a result of which the Issuer or, as the case may be, the Guarantor would on the occasion of the next payment due in respect of the Bonds, not be able to make such payment without having to pay Additional Amounts as defined in Condition 8 below, the Issuer or, as the case may be, the Guarantor may, subject to having given not more than 45 nor less than 30 days’ prior notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the outstanding Bonds at any time prior to such change becoming effective (but not earlier than 30 days prior to the

effective date of such change) at their principal amount plus accrued interest, if any, to the date set for redemption.

- (ii) If the Issuer or, as the case may be, the Guarantor would on the occasion of the next payment in respect of the Bonds be prevented by a Tax Regulation from making payment to the Bondholders of the full amount then due and payable, notwithstanding the undertaking to pay Additional Amounts contained in Condition 8 below, then the Issuer or, as the case may be, the Guarantor shall forthwith give notice of such fact to the Fiscal Agent and shall, upon giving not less than 7 nor more than 30 days' prior notice to the Bondholders in accordance with Condition 10, redeem all, but not some only, of the Bonds then outstanding at their principal amount plus accrued interest, if any, to the date set for redemption on the latest practicable date on which the Issuer or, as the case may be, the Guarantor could make payment of the full amount payable in respect of the Bonds without withholding for French taxes, or, if such date is past, as soon as practicable thereafter.

(c) *Purchases*

The Issuer may at any time purchase Bonds in the open market or otherwise at any price.

(d) *Cancellation*

All Bonds which are redeemed or purchased pursuant to paragraph (b)(i) or (ii) or (c) of this Condition will forthwith be surrendered to the Fiscal Agent for cancellation and accordingly may not be reissued or sold.

7 Payments

(a) *Method of Payment*

Payments of principal and interest in respect of the Bonds will be made in Euro by credit or transfer to a Euro-denominated account (or any other account to which Euro may be credited or transferred) specified by the payee in a city in which banks have access to the TARGET System. "TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.

Such payments shall be made for the benefit of the Bondholders to the Account Holders (including Euroclear and the depositary bank for Clearstream, Luxembourg) and all payments validly made to such Account Holders in favour of the Bondholders will be an effective discharge of the obligations of the Issuer and the Paying Agents in respect of such payments.

Payments of principal and interest on the Bonds will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

(b) *Payments on Business Days*

If any due date for payment of principal or interest in respect of any Bond is not a Business Day, then the holder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day and the holder shall not be entitled to any interest or other sums in respect of such postponed payment.

In these Conditions "Business Day" means a day on which the TARGET System is operating.

No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) *Fiscal Agent and Paying Agents*

The specified office of the initial Fiscal Agent and the names of the other initial Paying Agent and their specified offices are as follows, the initial Fiscal Agent being:

Kredietbank S.A. Luxembourgeoise

43, boulevard Royal
L-2955 Luxembourg
Luxembourg

and the initial Paying Agent being:

CCF
103, avenue des Champs Elysées
75008 Paris
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and/or appoint another Fiscal Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent or any Paying Agent acts, subject to having given notice to the Bondholders not more than 45 nor less than 30 days' prior to the next interest payment date, provided that there will at all times be (i) a Fiscal Agent having a specified office in a European city and, so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, a Paying Agent having a specified office in Luxembourg. Notice of any such termination or appointment and of any changes in the specified offices of the Fiscal Agent or any Paying Agent will be given to the Bondholders in accordance with Condition 10.

8 Taxation

(a) *Tax Exemption*

The Bonds being denominated in euro and being deemed to be issued outside the Republic of France, interest and other revenues in respect of the Bonds benefit under present law from the exemption, provided for in Article 131 *quater* of the *Code Général des Impôts* (General Tax Code), from deduction of tax at source. Accordingly, such payments do not give the right to any tax credit form any French source.

(b) *Additional Amounts*

If, by reason of a Tax Regulation, payments of principal or interest in respect of any Bond are required to be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Bond, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such withholding (the "Additional Amounts"); provided, however, that the Issuer shall not be liable to pay any such Additional Amounts in respect of any Bond:

- (i) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Republic of France other than the mere holding of such Bond; or
- (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any references in these Conditions to principal and interest shall be deemed also to refer to any Additional Amount which may be payable under the provisions of this Condition 8.

9 Events of Default

The Representative (as defined under Condition 13(b)) (upon request of the holder of any Bond) may, upon written notice to the Fiscal Agent given before the relevant default(s) shall have been cured, cause the principal amount of such Bond to become due and payable, together with accrued interest thereon, as of the date on which such demand for payment is received by the Fiscal Agent:

- (a) if the Issuer defaults in any payment when due on any amount on any Bond (including any Additional Amount), if such default continues for a period of more than 7 days from such due date; or
- (b) if the Guarantor defaults in any payment when due under the Guarantee (including any Additional Amount referred to in the Guarantee), if such default continues for a period of more than 7 days from such due date; or
- (c) if the Issuer or the Guarantor defaults in the performance of, or compliance with, any other provision of the Conditions or the Guarantee, as the case may be, if such default shall not have been cured within 20 days after receipt by the Fiscal Agent of written notice of such default given by the Representative upon request of the holder of such Bond; or
- (d) if any other present or future indebtedness for borrowed monies or guarantee thereof (including contingent obligations) of the Issuer, the Guarantor or any Principal Subsidiary (as defined below) in excess of €15,000,000 or its equivalent in any other currency, individually or in the aggregate, shall become due and payable prior to its originally stated maturity as a result of a default thereunder, or any such indebtedness or guarantee thereof (including contingent obligations) of the Issuer, the Guarantor or any Principal Subsidiary shall not be paid when due or, as the case may be, within any applicable grace period therefor or any steps shall be taken to enforce any security in respect of any such indebtedness or guarantee thereof (including contingent obligations) of the Issuer, the Guarantor or any Principal Subsidiary which shall not be honoured when due and called upon; or
- (e) if the Issuer, the Guarantor or a Principal Subsidiary makes any proposal for a general moratorium in relation to its debt or applies for the appointment of a conciliator (*conciliateur*) or enters into an amicable settlement (*accord amiable*) with its creditors or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer, the Guarantor or any Principal Subsidiary or if the Issuer, the Guarantor or any Principal Subsidiary is, to the extent permitted by applicable law, subject to any insolvency or bankruptcy proceedings, makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors or if any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in this paragraph (e); or
- (f) if the Issuer, the Guarantor or any Principal Subsidiary is dissolved or liquidated, or is merged or consolidated into another company or entity unless (i) the pro-forma balance sheet of the legal entity surviving such merger or consolidation shows, as at the date of such merger or consolidation, a shareholders' equity equivalent to or greater than that of the merged or consolidated entity on the day before the date of such merger or consolidation and (ii), as regards the Issuer and the Guarantor only, the legal entity surviving such merger or consolidation is a corporation established in a member country of the European Community, Switzerland or in the United States of America and expressly assumes all the obligations of the Issuer or the Guarantor, as the case may be, under the Bonds or the Guarantee, as the case may be, and has obtained all necessary authorisation therefor, and (iii) notice of such merger or consolidation shall have been given to the Bondholders as provided under Condition 10 below not later than the effective date thereof; or

- (g) if any obligation of the Guarantor under the Guarantee is or will become unlawful, inapplicable, unenforceable, null, cancelled, terminated or invalid, or is so alleged by the Guarantor; or
- (h) if the Guarantor ceases to own directly or indirectly the majority of the share capital and voting rights of the Issuer.

For the purposes of these Conditions “Principal Subsidiary” means each Issuer Principal Subsidiary and Guarantor Principal Subsidiary and “Principal Subsidiaries” shall be construed accordingly.

10 Notices

Any notice to the Bondholders shall be validly given if published (i) in a daily English language newspaper of general circulation in London, which is expected to be the *Financial Times*, and (ii), so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of that stock exchange so require, in a leading newspaper of general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*, or if publication therein shall not be practicable, in such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the Bondholders. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

11 Prescription

Claims against the Issuer or, as the case may be, the Guarantor for the payment of principal and interest in respect of the Bonds shall become prescribed ten years (in the case of principal) and five years (in the case of interest) from the due date for payment thereof respectively.

12 Further Issues

The Issuer may from time to time without the consent of the Bondholders issue further bonds to be assimilated (*assimilables*) with the Bonds as regards their financial service, provided that such further bonds and the Bonds shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further bonds shall provide for such assimilation. In the event of such an assimilation, the holders of such further bonds and the Bondholders will for the defence or their common interests be grouped in a single *Masse* having legal personality. References in these conditions to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to this Condition and assimilated with the Bonds.

13 Representation of the Bondholders

(a) *The Masse*

The *Masse* will be governed by the provisions of the French *Code de Commerce* (the “Code”), with the exception of articles L.228-48 and L.228-59, by the decree no. 67-236 of 23 March 1967, with the exception of articles 218, 222 and 224, and the conditions set out below, provided that notices calling a general meeting of the Bondholders (a “General Meeting”) and the resolutions passed at any General Meeting and any other decision to be published pursuant to French legal and regulatory provisions will be published only as provided under Condition 10.

(b) *Legal Personality*

The *Masse* will, by virtue of Article L 228-46 of the Code, be a separate legal entity and will act in part through a representative (the “Representative”) and in part through a General Meeting.

The *Masse* alone, to the exclusion of all individual Bondholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Bonds.

(c) *Representative*

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- (i) the Issuer;
- (ii) companies possessing at least 10 per cent. of the share capital of the Issuer or of which the Issuer possesses at least 10 per cent. of the share capital;
- (iii) companies guaranteeing all or part of the obligations of the Issuer;
- (iv) the *administrateur*, the members of the Executive Board (*Directoire*), the members of the Supervisory Board (*Conseil de Surveillance*), the managers, employees, statutory auditors of the entities mentioned under paragraphs (i) and (iii) above, and their respective ascendants, descendants and spouses;
- (v) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The initial Representative shall be Xavier Boisseau, residing at 58, rue du Maréchal Foch, 78000 Versailles, France.

The alternative representative of the *Masse* (the “Alternative Representative”) will be Martine Laurent, residing at 51 bis, avenue de la Concorde, 78500 Sartrouville, France.

In the event the Representative is unable to perform his duties, he will be replaced by the Alternative Representative.

The Alternative Representative replaces the Representative when the Representative is no longer able to fulfil his duties upon his receipt of notice by registered mail from the Representative, the Issuer or any other interested party of the inability of the Representative to fulfil his duties. In case of such replacement, the Alternative Representative shall have the same powers as the replaced Representative.

Following such replacement, in the event of death, retirement or revocation of the Representative, a replacement will be elected by a General Meeting.

The Issuer shall pay to the Representative an amount of €300 per year, payable on 19 September of each year during the issue, commencing on 19 September 2004. The Alternative Representative will not be remunerated until, and if, he effectively replaces the Representative.

All interested parties will at all times have the right to obtain the name and the address of the Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

(d) *Powers of the Representative*

The Representative shall, in the absence of any decision to the contrary of the General Meeting, have the power to take all acts of management to defend the common interests of the Bondholders.

All legal proceedings against the Bondholders or initiated by them in order to be justifiable, must be brought against the Representative or by him, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

(e) *General Meetings*

General Meetings may be held at any time, on convocation either by the Issuer or by the Representative. One or more Bondholders, holding together at least one-thirtieth of outstanding Bonds may address to the Issuer and the Representative a demand for convocation of the General Meeting; if such General Meeting has not been convened within two months from such demand, such Bondholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of any General Meeting will be published as provided under Condition 10 not less than 15 days prior to the date of the General Meeting.

Each Bondholder has the right to participate in General Meetings in person or by proxy. Each €1,000 principal amount of Bond carries the right to one vote.

(f) *Powers of General Meetings*

A General Meeting is empowered to deliberate on the dismissal and replacement of the Representative, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Bonds, including authorising the Representative to act in law as plaintiff or defendant.

A General Meeting may further deliberate on:

- (i) any proposal relating to the modification of the Conditions of the Bonds, including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, in each case relating to the Bonds; and
- (ii) any proposal relating to the issue of securities carrying a right of preference compared to the rights of the Bondholder.

it being specified, however, that a General Meeting may not increase amounts payable by the Bondholders, nor authorise or accept a postponement in the maturity for the payment of interest or a modification of the terms of repayment or of the rate of interest, nor establish any unequal treatment between the Bondholders, nor decide to convert the Bonds into shares of the Issuer or any other entity.

General Meetings may deliberate validly on first convocation only if Bondholders present or represented hold at least one quarter of the principal amount of the Bonds then outstanding. On second convocation, no quorum shall be required. Decisions at General Meetings shall be taken by a simple majority of votes cast by the Bondholders attending such meeting or represented thereat.

(g) *Notice of Decisions*

Decisions of the General Meetings must be published in accordance with the provisions set out in Condition 10 not more than 90 days from the date thereof.

(h) *Information to the Bondholders*

Each Bondholder or representative thereof will have the right, during the 15 day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented thereat, which will be available for inspection at the principal office of the Issuer, at the offices of the Paying Agents and at any other place specified in the notice of such General Meeting.

(i) *Expenses*

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of General Meetings and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by a General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable on the Bonds.

14 Governing Law and Jurisdiction

(a) *Governing Law*

The Bonds are governed by and shall be construed in accordance with French law.

(b) *Jurisdiction*

In relation to any legal action or proceedings arising out of or in connection with the Bonds, the Issuer irrevocably submits to the exclusive jurisdiction of the competent courts located in the jurisdiction of the Paris *Court d'Appel* and waives any immunity of jurisdiction and execution to which it may be entitled in any action before any such court. This submission is made for the exclusive benefit of the Bondholders.

GUARANTEE OF PEUGEOT S.A.

The following is the text of the Guarantee of Peugeot S.A.

1. The undersigned, Peugeot S.A., a *société anonyme a directoire et conseil de surveillance* with a share capital of €259,109,146, registered with the *Registre du Commerce et des Sociétés* of Paris under number 552 100 554 and having its registered office located at 75, avenue de la Grande Armée, 75116 Paris, France, (hereafter referred to as the “Guarantor”) represented by Yann Delabrière, duly empowered and authorised for this purpose by a resolution of its Executive Board (*Directoire*) dated 4 September 2003 and by a resolution of its Supervisory Board (*Conseil de Surveillance*) dated 15 April 2003,

making express reference to the subscription agreement dated 17 September 2003 (the “Agreement”) entered into between GIE PSA Trésorerie, a *groupement d'intérêt économique*, having its registered office at 75, avenue de la Grande Armée, 75116 Paris, France, registered with the *Registre du Commerce et des Sociétés* of Paris under number 377 791 967, as issuer (the “Issuer”) and the Guarantor, on the first part, and the managers named therein, on the other part, relating to the issue outside France by the Issuer of its €600,000,000 6 per cent. Bonds due 2033 (the “Bonds”), and to the terms and conditions of the Bonds attached hereto (the “Conditions”),

hereby irrevocably and unconditionally guarantees to each Bondholder, as joint and several guarantor (*caution solidaire*), in the event that, for whatever reason, the Issuer would not make a payment or repayment of principal, interest, fees, expenses, costs and ancillary charges due under any Bond held by such Bondholder (including any Additional Amount due under Condition 8) at or prior to its stated maturity, the payment or repayment of any and all such sums. Acceptance of the benefit of this Guarantee by each Bondholder will result from the mere subscription or purchase of the Bond(s) held by it.

2. The Guarantor expressly renounces and waives any right which it may have to request the Bondholders or any of them (i) to first seek payment from the Issuer (*bénéfice de discussion*) and (ii) to make demand on, enforce or claim any share in any other guarantee or security (*bénéfice de division*) both with respect to any other principal debtors and/or co-obligors (*cofidéjusseurs*).

The Guarantor expressly agrees that this Guarantee shall continue in full force and effect notwithstanding any rescheduling (*prorogation d'échéance*), renewal (implied or not), amendment or modification of any of the clauses, terms or provisions of the Conditions, and the Guarantor hereby expressly waives any rights which it may have to claim that any such event operates as a novation or releases it from its obligations under this Guarantee, or, in the event of a rescheduling (*prorogation d'échéance*), entitles it to make any demand, claim or action in order to obtain from the Issuer the payment of amounts due in principal, interest, fees, expenses, costs and ancillary charges (including any Additional Amount due under Condition 8).

The Guarantor further expressly waives and renounces any rights which it may have to claim a novation and release under the Guarantee because of a change in the legal form of the Issuer or in the case of any merger of the Issuer with another company even if such change or merger leads to the creation of a new legal entity. Similarly, the Guarantor agrees that it shall continue to be bound by the terms of this Guarantee notwithstanding its merger with another company or any modification of its legal form, even if such change or merger leads to the creation of a new legal entity. This Guarantee shall continue in full force and effect should the Issuer or the Guarantor be subject to a general moratorium in relation to its debts, a judicial recovery or liquidation proceedings, or to any similar proceedings as described in Condition 9, or should the Guarantor and the Issuer cease to have any connection, legal or other, with each other.

3. The Guarantor’s obligations as a *caution solidaire* under this Guarantee shall be irrevocable and unconditional, shall take effect as from the date hereof and shall continue to be in full force and effect until all sums due or which may become due to any Bondholder under or in connection with any Bond have been fully paid and discharged.

4. This Guarantee may be called by written notice given to the Guarantor by the Representative, acting in its sole discretion or upon request of any Bondholder, by registered letter. All payments or repayments made by the Guarantor under this Guarantee shall be made to the Fiscal Agent, on behalf of the relevant Bondholders, within two Business Days following receipt of such notice. For the purpose hereof, "Business Day" means a day on which the TARGET System is operating.
5. The Guarantor undertakes to the Bondholders to make the payments or repayments of all sums due by it under this Guarantee, in accordance with the provisions of the Conditions. Furthermore, all payments or repayments made by the Guarantor to, or for the account of, each Bondholder under this Guarantee shall be made without any set-off against any sum otherwise due to the relevant Bondholder or its representative, and without any deduction or withholding in France.

If, by reason of a Tax Regulation (as defined in Condition 6(b)(i)), payments of principal or interest due under the Guarantee are required to be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Guarantor shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the relevant Bondholder, after such deduction or withholding, receive the full amount then due and payable under the Guarantee in the absence of such withholding; provided, however, that the Guarantor shall not be liable to pay any such Additional Amount in respect of any Bond (i) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Republic of France other than the mere holding of such Bond, or (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

6. Until all amounts due or which may become due to the Bondholders under or in connection with the Bonds have been fully paid and discharged, the Guarantor (i) renounces and waives any rights which it may have to be subrogated to the rights of the Bondholders in respect of payments made by it under this Guarantee, if any, and (ii) undertakes that it shall not take any measures which could result in it competing with the Representative, acting on behalf of the Bondholders, against the Issuer, it being understood, however, that should the Issuer be subject to a judicial recovery or liquidation proceedings or to any similar proceedings as described in Condition 9, the Guarantor will not be entitled to file any claim in relation to its debt, unless a claim is filed in the same terms for the benefit of the Bondholders or any of them.
7. The Guarantee constitutes a direct, unconditional, unsecured (subject to the provisions below) and unsubordinated obligation of the Guarantor and (subject to such exceptions as are from time to time mandatory under French law) ranks and will rank equally and rateably with all other present or future unsecured and unsubordinated obligations of the Guarantor, including guarantees and other similar obligations.

The Guarantor undertakes that, so long as any amount remains payable in respect of the Bonds, it will not create or permit to subsist, and will procure that none of the Guarantor Principal Subsidiaries (as defined below) will create or permit to subsist, any mortgage, charge, pledge or other security interest (a "Security") upon any of its assets or revenues, present or future, to secure any Relevant Indebtedness (as defined below) incurred or guaranteed by it (whether before or after the issue of the Bonds), unless the Guarantor's obligations under this Guarantee are equally and rateably secured therewith, except in relation to Banque PSA Finance ("BPF") for so long as it is a Guarantor Principal Subsidiary:

- (a) Security granted by BPF over assets held in trust by another person, which assets are to be used by such other person solely for satisfying BPF's scheduled payment obligations in respect of principal and/or interest in respect of any unsecured bonds or notes issued by BPF (the "BPF Obligations") in circumstances where such other person has undertaken responsibility for the discharge of such BPF Obligations;

- (b) Security granted by BPF over assets or receivables of BPF which Security has been given in connection with the refinancing of such assets or receivables and where the risks (except in relation to any credit enhancement provided by BPF in respect of such assets or receivables) relating to non-payment in respect of such assets or receivables are, as a result of such refinancing, not to be borne by BPF;
- (c) Security granted by BPF over a deposit made by BPF using the proceeds of an issue of bonds or notes issued by BPF provided that (A) the depositary of such proceeds lends an amount at least equal to the amount of the deposit to another company or companies in the BPF Group and (B) that such loan has a maturity date which is not earlier than the date for repayment of such deposit.

For the purposes hereof,

“BPF Group” means BPF and its Subsidiaries (as defined below).

“Guarantor Principal Subsidiary” means (i) each of the members of the Issuer (except the Guarantor), which, for the time being, are Automobiles Peugeot, Automobiles Citroën, GEFCO and Peugeot Citroën Automobiles S.A., and includes any future member of the Issuer, and (ii) at any time, any Subsidiary (as defined below) of the Guarantor (a) whose total assets or gross revenues (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets or gross consolidated revenues, as the case may be) attributable to the Guarantor represent more than 10 per cent. of the total consolidated assets or the gross consolidated revenues of the Guarantor, all as calculated by reference to the then latest audited accounts (or audited consolidated accounts as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Guarantor and its consolidated Subsidiaries, or (b) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer was a Guarantor Principal Subsidiary, and “Guarantor Principal Subsidiaries” shall be construed accordingly.

“Relevant Indebtedness” means any indebtedness in the form of, or represented by, bonds, notes, debentures or other securities which are, are to be, or are capable of being, quoted, listed, or ordinarily traded on any stock exchange, or on any over-the-counter securities market or other securities market.

“Subsidiary” means, with respect to any person at any particular time, any entity which is then directly or indirectly controlled, or at least 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned by such person and/or one or more of its Subsidiaries. For an entity to be “controlled” by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the Board of Directors or other governing body of that entity or otherwise controls or has the power to control the affairs and policies of that entity.

- 8. The obligations of the Guarantor under this Guarantee shall extend in the same manner to each of its assigns or transferees of the rights and obligations of the Guarantor, provided that the Guarantor shall not assign or transfer its rights and obligations hereunder without the prior written approval of the Representative, acting on behalf of the Bondholders.
- 9. All stamp duties, registration fees and expenses under or in connection with this Guarantee and its performance shall be borne by the Guarantor.
- 10. Terms and expressions defined in the Agreement and the Conditions shall have the same meaning as in this Guarantee, unless otherwise defined herein.
- 11. This Guarantee shall be governed by French law. In relation to any legal action or proceedings arising out of or in connection with the Guarantee, the Guarantor irrevocably submits to the exclusive jurisdiction of the competent courts located in the jurisdiction of the Paris *Cour d'Appel* and waives any immunity of jurisdiction and execution to which it may be entitled in any action before any such court. This submission is made for the exclusive benefit of the Bondholders.

Made in Paris on 19 September 2003,
in one (1) original.

Peugeot S.A.
By Yann Delabrière

USE OF PROCEEDS

The net proceeds of the issue of the Bonds are estimated to be approximately €597,180,480 and will be used for the general corporate purposes of the Issuer.

DESCRIPTION OF GIE PSA TRESORERIE

Legal Status

GIE PSA Trésorerie ("GIE PSA") is an "economic interest group" (in French, a *groupement d'intérêt économique* or "GIE").

Executive Order N° 67-281 of 23 September 1967, modified by law no. 89-377 of 13 June 1989, pursuant to the regulation of the Council of the European Community of 25 July 1985, created the legal basis for the establishment of GIEs in France. The purpose of a GIE is to facilitate or develop and improve the economic activity of its members, but not to seek profit for itself. Its activities must be in keeping with the economic activity of its members and can only be of an auxiliary nature.

The members of a GIE have unlimited, joint and several liability for its obligations. A GIE may be operated by natural persons or legal persons represented by a natural person, appointed as director(s) by the general meeting of all its members. The general meeting of the members of a GIE is authorised to take all decisions relating to the achievement of its purpose, in accordance with the memorandum of association. Apart from this, a GIE, having a legal form which combines certain features of an association and a company, has considerable freedom in defining its organisational structure and operations.

GIE PSA is registered with the *Registre du Commerce et des Sociétés* of Paris under number 377 791 967, and its registered office is located at 75, avenue de la Grande Armée, 75116 Paris, France.

GIE PSA was established on 23 April 1990 for an initial duration of 20 years, namely until 23 April 2010. On 27 August 2001, its initial duration was extended until 23 April 2040. The purpose of GIE PSA is to facilitate and develop its members financial operations by pooling their cash balances and providing them treasury services. GIE PSA was initially created with five members namely Peugeot S.A., Automobiles Peugeot, Automobiles Citroën, Gefco and ECIA- Equipements pour l'Industrie Automobile. More recently, the purpose of GIE PSA was expanded to include the financial operations and treasury services of three other companies which are part of the PSA Peugeot Citroën Group (namely Peugeot Citroën Automobiles SA, Société Commerciale Automobile and Société Commerciale Citroën, which then became members of GIE PSA). ECIA- Equipements pour l'Industrie Automobile, Société Commerciale Citroën and Société Commerciale Automobile resigned as members of the GIE PSA as from, respectively, 1 January 2000, 6 April 2002 and 12 April 2002.

GIE PSA has an authorised issued and paid up share capital of EUR 15,000 divided into 300 shares of EUR 50 each. The five members of GIE PSA are, as of the date hereof Peugeot S.A. (the Guarantor), which directly holds 296 of the shares, and Automobiles Peugeot, Automobiles Citroën, Peugeot Citroën Automobiles SA and Gefco, each of which holds one share and is directly or indirectly controlled by Peugeot S.A. Aside from Peugeot S.A., Automobiles Peugeot and Gefco, these companies have no outside shareholders.

GIE PSA is empowered by its memorandum of association to make and receive loans and issue all types of bonds and debt securities. GIE PSA complies with French law requirements to issue bonds, and in particular all of its members are companies which themselves may issue bonds. The present issue of bonds was authorised by a decision of the general meeting of the members of GIE PSA passed on 4 September 2003.

The memorandum of association of GIE PSA sets the conditions and procedure for the admission of new members or the withdrawal of existing members. According to the memorandum, any company who is more than 50% directly or indirectly controlled by Peugeot S.A. may apply to become a member of GIE PSA. The admission has to be decided by the director of GIE PSA, and approved by the general meeting of the existing members. It is expressly provided in the memorandum of association that new members will be exempt from liability for debts existing prior to their admission. Existing members may also withdraw from GIE PSA at any time, by giving one month's prior notice to the director of GIE PSA, provided that they have met all their obligations towards GIE PSA. In addition, any existing member who is no longer

more than 50% directly or indirectly controlled by Peugeot S.A. would be automatically excluded from GIE PSA. It is also expressly provided in the memorandum of association that members who withdraw (whether voluntarily or compulsorily) will remain liable for the debts incurred by GIE PSA before their withdrawal.

The sole director (*administrateur*) of GIE PSA is Peugeot S.A. GIE PSA operates under the administrative responsibility of the PSA Peugeot Citroën group Finance Department's Trésorerie Centrale Euro ("Central Euro Treasury"). GIE PSA itself has no employees. GIE PSA's accounts are audited by Pricewaterhousecoopers Audit SA, its statutory auditors. GIE PSA has no subsidiaries.

Activity

GIE PSA has provided cash management and treasury services for four French industrial and commercial companies of the PSA Peugeot Citroën Group since its establishment in 1990. These services were extended to all financial operations of the Group's industrial and commercial companies in the Euro zone in 1999, and in the United Kingdom in 2001.

Cash management

GIE PSA's main activities include:

- Through daily cash pooling and netting, to optimize the use of the Group's available funds and to satisfy the financial requirements of the Group's various Euro zone and UK industrial and commercial companies.
- To manage the exchange rate and liquidity risks of the Group's Euro zone and UK industrial and commercial companies.
- To control and reduce the financial and administrative costs of the Group's treasury operations.

Operation of the cash pooling system

Each day, for the Euro Zone, and four times a month, for the UK, each of the industrial and commercial companies of the Group pools its net positive or negative cash balances in a central bank account.

Each day, the balance in this account is returned to zero by transfer to a central bank account of GIE PSA.

GIE PSA opens an account in its books for each company which record daily fluctuations in that company's net cash balance. Interest, calculated on the basis of Eonia plus a spread is credited to or debited from this account, depending on its balance.

Therefore, the balance on the GIE PSA central account at all times reflects the net euro-denominated cash surplus or deficit of the Group as a whole.

The cash balance surplus is invested with, or the overall debit is funded, by GIE PSA's Central Euro treasury, which in turn transacts with the market and banks.

Liquidity Position

Since 1999, when the euro treasury was first pooled within the Group, the net cash position managed by GIE PSA has been structurally in surplus. In 2002, the average daily net cash position reached EUR 3,187 million. For the first six months of 2003, the average net cash position was EUR 3,622 million.

Cash balances are invested in accordance with counterparty limits set by a committee of the Administrator, PSA Peugeot Citroën Group's Finance Department. Counterparties are selected according to criteria established by the Administrator's Counterparties Committee. Maturities are set consistent with the monthly consolidated treasury forecasts for all of the Group's euro zone industrial and commercial companies.

As a result of GIE PSA's structural treasury surplus, it has rarely need to resort to external financing. Any requirement for debt, usually obtained through bank overdrafts, is likely to occur when the Group makes end of month payments to suppliers or when GIE PSA's Central Euro Treasury wants to avoid the cost of liquidating an investment. During 2002, such periodic overdraft usage averaged EUR 154 million.

In view of the cyclicity of the automotive industry and the need to be able take advantage of investment opportunities, the PSA Peugeot Citroën group keeps in place measures to protect itself against any reversal of its cash position. GIE PSA has arranged overdraft facilities aggregating EUR 850 million from a group of 12 banks, and a commercial paper program in an amount of EUR 1,200 million. This commercial paper program has not been used for a number of years. In addition, a standby line of credit is available for GIE PSA and Peugeot SA, which either company can utilise, for an amount of € 2,400 million.

As part of its strategic liquidity management strategy, GIE PSA occasionally accesses the international capital markets for longer term financing. In September 2001, a 10 year bond was issued for an amount of EUR 1,500 million. The bonds now being issued also form part of that strategy.

Interest rate risk management

GIE PSA manages interest rate risk on behalf of the Group in accordance with limits set by a committee of the Group's Finance Department. The resulting hedging operations between Group companies and GIE PSA are systematically reflected in symmetrical transactions with leading financial institutions within the framework of AFB and ISDA swap agreements.

Income

GIE PSA generates revenues from interest charged on current account with Group companies and from the income derived from investments of net available cash.

Its expenses consist mainly of interest paid on current account with Group companies, interest paid to banks for the use of overdraft facilities, interest paid on the bond issues and expenses and commissions incurred in relation to the establishment of the standby line of credit and the commercial paper programme.

GIE PSA has practically no fixed costs.

**STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF
GIE PSA TRESORERIE FOR THE YEAR ENDED 31 DECEMBER 2002**

(original French text)

Aux membres du GIE PSA TRESORERIE
75 avenue de la Grande Armée
75116 PARIS

Mesdames, Messieurs,

En exécution de la mission qui nous a été confiée par votre contrat constitutif, nous vous présentons notre rapport relatif à l'exercice clos le 31 décembre 2002, sur le contrôle des comptes annuels du GIE PSA TRESORERIE établis en euros, tels qu'ils sont joints au présent rapport.

Les comptes annuels ont été arrêtés par votre administrateur. Il nous appartient, sur la base de notre audit, d'exprimer une opinion sur ces comptes.

Nous avons effectué notre audit selon les normes professionnelles applicables en France ; ces normes requièrent la mise en œuvre de diligences permettant d'obtenir l'assurance raisonnable que les comptes annuels ne comportent pas d'anomalies significatives. Un audit consiste à examiner, par sondages, les éléments probants justifiant les données contenues dans ces comptes. Il consiste également à apprécier les principes comptables suivis et les estimations significatives retenues pour l'arrêté des comptes et à apprécier leur présentation d'ensemble. Nous estimons que nos contrôles fournissent une base raisonnable à l'opinion exprimée ci-après.

A notre avis, les comptes annuels présentent sincèrement, dans tous leurs aspects significatifs, la situation financière de la société au 31 décembre 2002, ainsi que le résultat de ses opérations pour l'exercice clos à cette date, conformément aux règles et principes comptables français.

Fait à Paris le 30 janvier 2003

Le Contrôleur des Comptes
Coopers & Lybrand Audit

Agnès Hussherr

(Free translation of the original French report for information purposes only)

To the members of

GIE PSA TRESORERIE

75 avenue de la Grande Armée

75116 Paris

In accordance with the terms of our appointment specified in the Articles of Association, we have audited the accompanying financial statements of GIE PSA Trésorerie, presented in euros, for the year ended 31 December 2002.

The financial statements have been approved by the Director. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with French generally accepted auditing standards. Those standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free from 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 in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly the assets and liabilities and financial position of GIE PSA Trésorerie at 31 December 2002 and the results of operations for the year then ended, in accordance with French generally accepted accounting principles.

Paris, 30 January 2003

The Statutory Auditors

Coopers & Lybrand Audit

Agnès Hussherr

**ANNUAL FINANCIAL STATEMENTS OF GIE PSA TRESORERIE
FOR THE YEAR ENDED 31 DECEMBER 2002 AND 2001**

Balance sheet at 31 December 2002

(in EUR thousands)

Assets	2002	2001
Receivables	34,082	27,245
Cash equivalents	9,312,597	10,056,660
Cash	16,317	1,093
Current assets	9,362,996	10,084,998
Prepaid expenses	830	213
Bond redemption premium	10,145	11,305
Total assets	9,373,971	10,096,516
Liabilities and members' equity	2002	2001
Capital stock	15	15
Net income (loss) for the year	(3,375)	(1,784)
Members' equity	(3,360)	(1,769)
Reserves for contingencies	271	344
Bonds and debentures	1,523,178	1,523,178
Bank borrowings	155,234	140,316
Other borrowings	7,569,063	8,412,948
Total long and short-term debt	9,247,475	10,076,442
Accounts payable – trade	17	368
Accrued taxes	329	271
Total payables	346	639
Other liabilities	119,390	18,367
Deferred income	9,849	2,493
Total liabilities and members' equity	9,373,971	10,096,516

GIE PSA TRESORERIE
Statement of Income for the year ended 31 December 2002
(in EUR thousands)

	2002	2001
Purchases and external charges	867	6,388
Taxes other than on income	328	268
Operating expenses	1,195	6,656
Operating loss	(1,195)	(6,656)
Interest income	479,441	421,545
Reversals of allowances and expense transfers	344	–
Interest income	479,785	421,545
Allowances	1,431	649
Interest expense	480,534	416,024
Interest expense	481,965	416,673
Net interest income (expense)	(2,180)	4,872
Net income (loss)	(3,375)	(1,784)

GIE PSA TRESORERIE**Statement of Sources and Uses of Funds for the year ended 31 December 2002**

(in EUR thousands)

	2002	2001
Net income (loss) for the year	(3,375)	(1,784)
Amortisation of bonds redemption premium	1,161	305
Net change in allowances	(73)	344
Cash flow	(2,287)	(1,135)
Increase / (Decrease) in other debtors	13,510	(15,950)
Increase / (Decrease) in suppliers	(351)	353
Increase / (Decrease) in others creditors	11,977	15,725
Change in Working Capital Requirement	25,136	128
Operating Cash Flow	22,849	(1,007)
Investment Cash Flow		
Dividends paid	–	(3,883)
New other long-term debt	–	1,500,000
Others (+/-)	1,784	(11,610)
Financial Operation Net Cash Flow	1,784	1,484,507
Total Cash Flow	24,633	1,483,500
Change in cash and cash equivalents	24,633	1,483,500
Cash and cash equivalents at beginning of period	1,621,541	138,041
Cash and cash equivalents at period-end	1,646,174	1,621,541

GIE PSA TRESORERIE

Notes to the financial statements for the year ended 31 December 2002

The following notes provide additional information about the balance sheet at 31 December 2002, showing total assets of EUR 9,373,971 thousand, and the income statement for the year then ended, showing net income loss of EUR 3,375 thousand.

The financial statements cover the twelve-month period from 1 January to 31 December 2002.

Notes 1 to 11, including the related tables, form an integral part of the financial statements.

The financial statements were approved by the Director of GIE PSA Trésorerie on 29 January 2003.

Note 1: Description of the business

GIE PSA Trésorerie manages the PSA Peugeot Citroën Group cash pool.

GIE PSA Trésorerie offers its services since 1999 to the Group's manufacturing and sales subsidiaries in the euro zone. In 2001 its services were extended to subsidiaries in the UK. The primary role of GIE PSA Trésorerie is to:

- collect cash from French and other euro-zone companies with cash surpluses
- make short-term advances to French and other euro-zone companies with a negative cash position, in line with the objectives assigned to it.

Where necessary, GIE PSA Trésorerie borrows funds on the market to meet the short-term financing needs of the cash pool members. Any net cash balances held by GIE PSA Trésorerie are invested on the market.

Since August 1999, GIE PSA Trésorerie also hedges the interest rate risks of PSA Peugeot Citroën Group manufacturing and sales companies.

Note 2: Income appropriation

The income and losses of GIE PSA Trésorerie are allocated to its members pro rata to their equity in the Company's capital.

Profits may be distributed to members as and when they are earned, in the form of monthly interim dividends, by decision of the Director of GIE PSA Trésorerie.

Note 3: Summary of significant accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles, including the true and fair view principle. They are presented according to the accruals method and the historical cost convention, on a going concern basis. Accounting methods are applied consistently from one year to the next. The year end cut-off procedures are also applied.

The main accounting policies applied are as follows:

(a) Loans and receivables

Loans and receivables are stated at nominal value. Allowances are recorded to cover any impairment in value.

(b) Cash and cash equivalents

Cash and cash equivalents include cash advances received from Group companies and short-term investments, consisting mainly of mutual fund units or funds under management and money market securities.

Mutual fund units and funds under management are stated at their net asset value at year-end, less any performance fee or attributable to the fund manager. An allowance is booked for any impairment in value.

Accrued interest on money market securities at the year-end is credited to the income statement.

(c) Long and short-term debt

This item corresponds primarily to short-term advances to Group subsidiaries.

(d) Foreign currency transactions

Foreign currency revenues and expenses are converted at the exchange rate ruling on the transaction date. Receivables, payables and cash equivalents denominated in foreign currencies are converted at the year-end rate.

Cash equivalents and other monetary assets and liabilities on which the currency risk has been hedged are converted or restated at the hedging rate on the date when the hedge becomes effective. The resulting unrealized exchange gain or loss – corresponding to the difference between the spot rate on the date when the hedge becomes effective and the hedging rate – is credited or debited to the income statement over the life of the hedging instrument.

(e) Interest rate hedges

Proprietary transactions

GIE PSA Trésorerie uses hedging instruments to limit its exposure to interest rate risks.

Transactions carried out on behalf of cash pool members

Interest rate swaps with Group companies are systematically matched by offsetting contracts entered into with market counterparties, in order to neutralize GIE PSA Trésorerie's exposure to interest rate risks on these transactions.

Information about the main instruments used and the notional amounts is provided in Note 9 "Financial commitments".

In all cases, profits and losses on interest rate hedges are recognized on a symmetrical basis with the loss or profit on the hedged item.

(f) Changes in valuation methods

There were no changes in valuation methods during the year.

Note 4: Bonds

On 27 September 2001 GIE PSA-TRESORERIE carried out a €1,500 million 5.87% fixed rate bond issue. The bonds are secured by Peugeot S.A and mature on 27 September 2011. The bonds were issued at a price of €992.26 for a face value of €1,000. The redemption price is the face value.

The value of these bonds was recorded as a liability in the "other borrowings" entry for its nominal amount, i.e. €1,500 million. The redemption premium, amortized over the term of the loan appears as an asset in the "Bond redemption premium" entry for its net value.

Note 5: Maturities of assets and liabilities

Maturities of assets (in EUR thousands)	Total	Due within one year	Due beyond one year
Other receivables	34,082	34,082	
Cash equivalents	9,312,597	8,869,297	443,300
Subtotal	9,346,679	8,903,379	443,300
Prepaid expenses	830	830	
Total	9,347,509	8,904,209	443,300

Maturities of liabilities (in EUR thousands)	Total	Due within one year	Due in 1 to 5 years	Due beyond 5 years
Long and short-term debt				
Bonds	1,523,178	23,178		1,500,000
Bank borrowings	155,234	18,059	137,175	
Other borrowings (short-term advances)	7,569,063	7,569,063		
Subtotal	9,247,475	7,610,300	137,175	1,500,000
Payables				
Accounts payable – trade	17	17		
Accrued taxes	329	329		
Subtotal	346	346		
Other liabilities	119,390	119,390		
Deferred income	9,849	9,849		
Total	9,377,060	7,739,885	137,175	1,500,000

Note 6: Items included in several balance sheet or income statement captions (related party transactions)

Balance sheet items (in EUR thousands)	Members	Other related parties*
Assets		
Receivables	6,134	4,466
Cash equivalents (short-term advances)	2,282,508	2,317,597
Cash	–	15,004
Liabilities		
Borrowings (short-term advances)	5,702,854	1,772,408
Other liabilities	1,576	6,131
Income statement items		
(in EUR thousands)	Members	Other related parties*

Income		
Interest income	84,084	90,971

Expenses		
Interest expense	186,292	28,019

* Other companies included in the consolidated financial statements of the PSA Peugeot Citroën Group, including companies accounted for by the equity method.

Note 7: Accrued income and expenses

Accrued income and expenses included in other balance sheet captions are as follows:

Accrued income (in EUR thousands)	31 December 2002	31 December 2001
Accrued interest included in "Cash equivalents"	24,080	45,044
Accrued income included in "Receivables"	34,082	27,245
	58,162	72,289

Accrued expenses (in EUR thousands)	31 December 2002	31 December 2001
Accrued interest included in "Bonds and debentures"	23,178	23,178
Accrued interest included in "Bank borrowings"	2,379	2,880
Accrued interest included in "Other borrowings"	21,039	22,040
Accrued expenses included in "Accounts payable - trade"	17	358
Accrued taxes	329	271
Accrued expenses included in "Other liabilities"	24,434	18,367
	71,376	67,094

Note 8: Annuity Transactions

Sales/Purchases of bonds from member states have been carried out during the financial in the context of arbitrage transactions.

Annuities related to these transactions amounted to €91,613 million on 31 December.

Note 9: Financial commitments

(in EUR thousands)	31 December 2002	31 December 2001
Commitments received		
Guarantee received relating to bond issues	1,500,000	1,500,000
Currency hedges		
Currency swaps	931,792	336,482
Interest rate hedges		
Hedges of interest rate risks on cash equivalents (proprietary transactions)	5,451,600	4,182,771
Other hedges of interest rate risks (hedges carried out on behalf of cash pool members)	3,808,996	2,718,695
Other interest rate hedging agreements	20,000	150,000
	9,280,596	7,051,466
Total reciprocal commitments	10,212,388	7,387,948

Commitments made with related businesses

Commitments received	1,500,000	1,500,000
Reciprocal Commitments	2,211,065	1,281,720

Note 10: Capital stock

The capital stock of GIE PSA Trésorerie is made up of 300 shares with a par value of EUR 50 each, all fully paid-up.

Note 11: Employee information

GIE PSA Trésorerie does not have any employees. The Director of the company does not receive any remuneration.

CAPITALISATION TABLE OF GIE PSA TRESORERIE

The capitalisation statement of GIE PSA Trésorerie as of 31 December 2002 set forth below has been derived from the consolidated financial statements of GIE PSA Trésorerie included elsewhere in this Offering Circular:

	<u>31 December 2002</u>
	(euro thousands)
Stockholders' equity	
Common stock	15
Long-term debt	
Bonds	1,500,000
Other borrowings	<u>137,175</u>
Total capitalisation	<u><u>1,637,190</u></u>

Notes:

Long term debt designates debt with a residual maturity greater than one year

(1) Reimbursed on February 2003

Save as provided above, there has been no material change in the capitalisation of GIE PSA Trésorerie, and no issue of debt or equity by the Issuer, since 31 December 2002.

DESCRIPTION OF PEUGEOT S.A.

Introduction

Peugeot S.A. (the "Guarantor") is the holding company for the PSA Peugeot Citroën group of companies (the "Group"). The name PSA Peugeot Citroën refers to the entire group of companies owned by Peugeot S.A. The Guarantor was incorporated in 1896 and exists as a *société anonyme* (joint stock corporation) registered with the Registry of Commerce of Paris under registration number B 552 100 554. The Guarantor's business identification (APE) code is 741 J. The Guarantor's term of incorporation will expire on 31 December 2058, unless extended or dissolved before such date. The Guarantor is governed by a Managing Board and a Supervisory Board under the terms of the French *Code de Commerce*.

The Guarantor's registered office and administrative headquarters are located at 75, avenue de la Grande-Armée, 75116 Paris, France.

Share Capital

As of 31 December 2002, the Guarantor's capital stock amounted to €259,109,146 divided into 259,109,146 shares each with a par value of €1.00. All outstanding shares are fully-paid and of the same class. Shares may be held in registered or bearer form, at the option of the stockholder. As of 30 June 2003, the Guarantor's capital stock amounted to €259,109,146 divided into 259,109,146 shares, each with a par value of €1.00. There has been no material change in the share capital of Peugeot S.A. since 31 December 2002.

The share buyback program launched by the Guarantor in 1999 was pursued in 2002, when a net total of 12,231,422 Peugeot S.A. shares were bought back, at an average price of €45.42, under authorisations granted at the Annual Stockholders' Meetings on May 16, 2001 (seventh resolution) and 15 May 2002 (seventh resolution).

At 31 December, Peugeot S.A. held 15,208,709 shares of its own stock in treasury, of which 2,783,200 were allocated to stock option plans.

At the Annual Stockholder's Meeting of 28 May 2003 the Guarantor received an authorisation to carry out a share buy-back programme for a period of 18 months under which it may acquire up to a maximum of 25,000,000 issued shares outstanding. The Guarantor intends to use the authorisation to take advantage of price opportunities to buy back shares, within the specified limits and while maintaining control over its net financial position.

The last authorisation of the Annual Stockholder's Meeting of 28 May 2003, granted in the thirteenth resolution, authorises the Managing Board to cancel shares held in treasury, representing up to 10 per cent. of total Peugeot S.A. shares outstanding per 24-month period. Ultimately, the Guarantor intends to cancel almost all of the shares acquired.

History

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

In December 1974, Peugeot S.A. began a process of joining forces with Automobiles Citroën, which at that 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 30 September 1976.

Under the terms of an agreement signed on 10 August 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 brand, were transferred to Automobiles Peugeot.

In 1979 Peugeot S.A. acquired Chrysler Financial Corporation's European commercial financing subsidiaries, 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, a company established prior to the Guarantor's establishment, engaged in the manufacture of tools and car components, was renamed Ecia in 1987 and then again renamed Faurecia in 1998 following its friendly merger with automotive equipment manufacturer Bertrand Faure.

The Automobile Division of Peugeot S.A. was reorganised on 31 December 1998 to align the legal structures with the new functional organisation introduced in January 1998. As part of the reorganisation, 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 semester of 2001, Faurecia acquired Sommer Allibert's automotive equipment business.

Ownership structure of Peugeot S.A.

As of 31 December 2002, the capital stock consisted of 93,135,701 registered shares, held by 576 stockholders, and of 165,973,445 bearer shares. There has been no material change in the ownership structure of Peugeot S.A. since 31 December 2002.

	31 December 2002		31 December 2001	
	per cent. interest	per cent. voting rights	per cent. interest	per cent. voting rights
Ets Peugeot Frères	2.67	4.42	2.67	4.19
La Française de Participations Financières – LFPPF	3.78	6.26	3.78	5.93
Société Foncière, Financière et de Participations – FFP	19.99	30.99	19.99	29.38
Comtoise de Participation	0.01	0.01	0.01	0.01
Peugeot Family Group	26.46	41.68	26.46	39.52
Michelin Group	1.09	1.80	1.09	1.71
Société Générale Group	0.92	1.08	3.13	4.22
Caisse des Dépôts Group	2.83	2.34	3.06	2.40
Treasury Stock	5.87	-	1.16	-
PSA Corporate Mutual Fund	1.40	1.15	1.06	0.83

Structure of PSA Peugeot Citroën

Peugeot S.A. is the parent company of the Group. The Group's activities are organised into five business segments:

- The Automobile Division business, which comprises Peugeot Citroën Automobiles, Automobiles Peugeot, Automobiles Citroën and their subsidiaries. The Guarantor is the world's sixth largest carmaker in terms of units sold with a 5.8 per cent market share. It ranks as number two in terms of units sold in the European car market with a 15.5 per cent. market share in Europe in 2002. The

Group sold 3,267,500 units worldwide in 2002. In 2002 the top selling models for the Peugeot brand were the 206 (832,000 units), the 307 (543,200 units) and the 406 (132,700 units). In the same period the top selling models for the Citroën brand were the Xsara Picasso (251,000 units), the Xsara (193,200 units) and the C3 (181,800 units). The main assembly plants of the Group are Mulhouse, Sochaux, Aulnay, Poissy and Rennes (in France), Vigo and Madrid (in Spain), Ryton (in the UK), Mangualde (in Portugal), Palomar (in Argentina) and Porto Real (in Brasil). Addition sites are run under cooperation agreements in Valenciennes, Val di Sangro, Wuhan. Two plants are being built in the Czech Republic and Slovakia.

- The Automotive Equipment business, which is made up of Faurecia and its subsidiaries. Faurecia is a European leader in vehicle interiors, exhaust systems and front-end modules. The acquisition of Sommer Allibert's automotive equipment business in October 2000 was a vital strategic move for Faurecia, which now ranks as a market leader in all its business areas. PSA Peugeot Citroën, Volkswagen, Renault/Nissan and Ford are its major customers and together account for 75 per cent. of Faurecia's sales.
- The Transportation Business, which is conducted by Gefco and its subsidiaries. Gefco supplies three major services to the Group and customers outside the Group: car preparation and distribution, groupage and part/full load transport and logistics. It ships freight by road, rail, sea and air. It is the second largest transport and logistics company in France in terms of sales and amongst the top ten in Europe.
- The Finance Division, which consists of Banque PSA Finance and its subsidiaries. The role of Banque PSA Finance is to provide financing for the Group's sales network worldwide and to the customers of Peugeot and Citroën. Banque PSA Finance has extended its presence abroad in eleven European countries as well as in Argentina, Brasil (2000), Poland (2001), the Czech Republic (2002) and Slovakia (2002) through local banking licences. In 2002, the outstanding amount of wholesale and retail financings handled by Banque PSA Finance, including securitised loans, totalled €18.7 billion, up by 8.6 per cent. on the previous year.
- Other Businesses, which include:
 - Peugeot Motorcycles, which ranks among the largest motorcycle manufacturer in Europe in terms of units sold;
 - Peugeot Citroën Moteurs, which sells engines and gearboxes to customers outside the Group;
 - Process Conception Ingénierie, which designs, develops and builds industrial equipment such as processes, machines, tooling, prototype component machining and stamping systems for the Group's plants and for a wide range of carmakers worldwide; and
 - Société de Construction Mécanique Panhard & Levassor which specialises in the production of light armoured vehicles.

Consolidated sales revenues by Business segments

(in millions of Euro)	Year ended 31 December 2002	Year ended 31 December 2001	Year ended 31 December 2000
Automotive Division	43,727	41,306	37,242
Automotive Equipment	7,662	7,452	4,279
Transportation and Logistics	979	983	932
Finance Companies	1,530	1,375	1,203
Other businesses	538	547	525

Total	54,436	51,663	44,181
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**Consolidated operating margin by
business segments**

<i>(in millions of Euro)</i>	Year ended		
	31	31	31
	December	December	December
	2002	2001	2000
Automotive Division	2,183	1,992	1,579
Automotive Equipment	251	262	176
Transportation and Logistics	134	119	100
Finance Companies	319	248	264
Other Businesses	26	31	2
Total	2,913	2,652	2,121

**Consolidated sales revenues by
region**

<i>(in millions of Euro)</i>	Year ended				per cent. change 2002 vs. 2001
	31 December	31 December	31 December		
	2002	2001	2000		
Western Europe	46,874	44,750	38,743	+ 4.7	
Rest of Europe and Turkey	2,174	1,670	1,602	+ 30.2	
Latin America	1,276	1,541	1,268	-17.2	
Rest of the world	4,112	3,702	2,568	+11.1	
Total	54,436	51,663	44,181	+5.4	

Passenger car and light commercial vehicle registration in Europe by country

	Year ended 31 December 2002		Year ended 31 December 2001		Year ended 31 December 2000	
	UNITS	MARKET SHARE (per cent.)	UNITS	UNITS	UNITS	MARKET SHARE (per cent.)
FRANCE	864,600	33.9	913,400	34.0	811,100	31.8
AUSTRIA	26,300	8.7	25,700	8.1	23,400	7.0
BELGIUM – LUXEMBOURG	123,800	21.9	121,300	20.4	111,400	18.1
DENMARK	36,900	25.6	31,300	24.5	28,100	19.3
FINLAND	16,400	12.4	13,900	11.2	14,000	9.3
GERMANY	186,400	5.4	171,300	4.8	162,200	4.5
GREECE	41,000	14.3	38,200	12.7	39,000	12.5
IRELAND	18,200	9.5	17,600	8.6	21,000	7.7
ITALY	243,900	9.7	209,600	7.9	194,300	7.4
NETHERLANDS	87,200	14.7	83,600	13.6	79,400	11.4
NORWAY	13,400	11.9	14,900	11.8	11,200	8.7
PORTUGAL	57,400	18.8	59,700	16.8	60,300	14.7
SPAIN	361,400	22.6	382,300	22.3	374,900	22.3
SWEDEN	27,400	9.7	20,700	7.5	16,100	5.0
SWITZERLAND	28,800	9.0	28,700	8.4	27,000	7.9
UNITED KINGDOM	377,900	13.3	371,800	13.7	305,100	12.4
TOTAL	2,511,000	15.5	2,504,000	15.0	2,278,500	13.7

Group worldwide production by model

	Year ended 31 December 2002	Year ended 31 December 2001	Year ended 31 December 2000
PEUGEOT BRAND:			
106	69,500	112,400	137,500
206	843,900	820,100	737,400
306	15,500	124,900	278,300
307	534,500	308,200	500
405	124,000	80,000	57,400
406	125,500	192,100	259,500
504	3,100	4,900	5,800
607	27,200	37,800	23,500
806	-	20,000	22,400
807	14,800	-	-
EXPERT	28,600	32,300	29,500
PARTNER	118,100	130,000	110,600
J9	-	-	3,000
BOXER	42,500	43,600	44,400
TOTAL	1,947,200	1,906,300	1,709,800
(OF WHICH DIESEL – POWERED VERSIONS)	(888,700)	(852,000)	(767,700)
(OF WHICH PASSENGERS CARS)	(1,764,500)	(1,720,100)	(1,528,900)
(OF WHICH COMMERCIAL VEHICLES)	(182,700)	(186,200)	(180,900)
CITROEN BRAND:			

SAXO	155,600	242,800	289,300
C3	204,300	300	-
ZX	79,400	52,900	53,900
XSARA	449,800	459,600	453,700
C5	157,100	157,100	800
XANTIA	-	26,300	79,600
XM	-	-	2,400
SYNERGIE / EVASION	-	17,500	17,500
C8	11,900	-	-
DISPATCH / JUMPY	24,900	26,700	24,100
C15	30,600	34,600	40,100
BERLINGO	162,300	170,400	168,400
RELAY / JUMPER	39,000	41,800	37,800
TOTAL	1,314,900	1,230,000	1,167,600
(OF WHICH DIESEL – POWERED VERSIONS)	(735,300)	(689,300)	(637,100)
(OF WHICH PASSENGERS CARS)	(1,129,500)	(1,037,600)	(981,300)
(OF WHICH COMMERCIAL VEHICLES)	(185,500)	(192,400)	(186,300)
TOTAL PSA Peugeot Citroën	3,262,100	3,136,300	2,877,400
(OF WHICH DIESEL – POWERED VERSIONS)	(1,624,000)	(1,541,300)	(1,404,800)
(OF WHICH PASSENGERS CARS)	(2,894,000)	(2,757,700)	(2,510,200)
(OF WHICH COMMERCIAL VEHICLES)	(368,100)	(378,600)	(367,200)

Strategy

One Group, two brands

PSA Peugeot Citroën is building its development on two strong broadline brands, each with a global presence and a clearly defined personality, as part of coordinated international strategies and an aligned product plan. The plan organises a comprehensive model lineup for each brand, designed to support the consistency of each of Peugeot's and Citroën's conceptual and stylistic identity. It also defines a product launch schedule that ensures the steady renewal of the Group's offer in each market segment.

Both brands enjoy the independence needed to lead separate and often competitive strategies in the area of marketing, sales and, more generally, customer relations. On the other hand, the Automobile Division's technological, manufacturing, administrative and financial structures have been combined into a single unit to create greater efficiency and economies of scale.

In addition to its core business of making automobiles, PSA Peugeot Citroën is involved in three other major activities: financing for the two brands' dealers and customers, transportation and logistics, and the design and manufacture of automotive components and systems.

Banque PSA Finance finances new vehicle and replacement part inventory for dealers and offers a comprehensive array of financing and related services for Peugeot and Citroën car buyers. It operates in thirteen countries, corresponding to the two brands' leading markets, and plays a key role in the Group's strategic vision.

Gefco is France's second largest transportation and logistics company and ranks among the top ten in Europe. While continuing its traditional activities of supplying Group plants and distributing Peugeot and Citroën cars and replacement parts, Gefco represents a long-term growth business for the Group and is actively expanding its base of other customers.

PSA Peugeot Citroën is also the majority stockholder of Faurecia, Europe's second largest original automotive equipment manufacturer and a world leader in each of its businesses, i.e. vehicle interiors, exhaust systems and front-end modules. An independently managed company, Faurecia supplies not only the Group but also most of the world's leading carmakers.

A long-term vision of the future

The Group is firmly engaged in a sustainable sales dynamic, with the goal of selling four million vehicles and CKD (Completely Knocked Down) units a year by 2006. Sales are expected to expand both in Western Europe, where the Group enjoys a considerable margin for improvement, particularly in countries where its market share is still below potential, and in the rest of the world, notably in Central and Eastern Europe, Latin America and China.

PSA Peugeot Citroën's strategy is shaped by the conviction that in an increasingly segmented and diversified market, a world-class automobile manufacturer's future success depends on the ability to rapidly design and introduce a wide range of vehicles to satisfy an increasingly demanding and diverse customer base.

The Group is continuously developing innovative products that significantly enhance brand image and customer appeal, while sustaining its leadership positions in critical automotive technologies in the areas of environmental protection, safety and the driving experience.

Diesel technology is now recognized as environmentally friendly, thanks in particular to the Group's development of high-pressure, direct-injection engines—for which the HDI engine sets the market standard—and its launch of the world's first particle filter. The range of diesel engines using these technologies is being expanded, and recent developments have confirmed the Group's leadership in this area.

Costs, platforms and cooperative ventures

To help control costs, PSA Peugeot Citroën has deployed an ambitious platform strategy. Three new platforms introduced at the end of 2001 serve as the floor plans for all new vehicles, and common parts account for 60 per cent. of the production cost of vehicles made on the same platform. Gradually, each assembly plant in Europe is being organised around a single platform, with the exception of the facility in Vigo, Spain, which is dedicated to high vehicles. As it helps diversify the model portfolio, this strategy is also substantially reducing development costs, shortening time-to-market cycles and cutting process engineering outlays, production costs, and purchasing prices for parts and systems. In particular, it is now allowing the Group to control Research and Development (R&D) budgets and stabilize capital expenditure, while shortening new model development cycles. In 2006, 90 per cent. of all models will be produced on the three new platforms.

To speed growth and reduce costs beyond what is being done internally with the platforms, the Group implements strategic cooperation agreements involving specific, ongoing programs to share, with other independent carmakers, the development and production of components for which economies of scale make sense. In this area, PSA Peugeot Citroën has for decades demonstrated an ability to forge technological and manufacturing agreements that respect each partner's personality and independence. It has worked with Renault on V6 engines and automatic transmissions for approximately 30 years, with Fiat on MPVs (multi-purposes vehicles) and light commercial vehicles for some 20 years and with the Ford Motor Company on diesel engines since 1998. The Guarantor believes that its alliance with Ford will enable PSA Peugeot Citroën to become the world's leading manufacturer of diesel engines by 2004 and to benefit from related economies of scale.

After the 2001 agreement with Toyota to develop and manufacture entry-level vehicles in a jointly-owned plant in the Czech Republic, a new cooperative venture was formed with BMW in 2002 to jointly develop and produce a new family of small diesel engines, which will equip cars made by both partners.

These agreements allow the partners to share development costs and pool skills and resources, thereby generating the economies of scale a carmaker needs in order to be competitive. For PSA Peugeot Citroën, this type of alliance, in which each partner remains independent, is the best way to respond to the challenges and opportunities offered by market globalization and changing customer expectations.

A focus on profitability

Return on capital employed has been selected as the relevant indicator for measuring the efficiency of manufacturing and marketing operations. Regardless of business conditions, the Group is committed to achieving an after-tax return on capital employed of at least 8.5 per cent. per annum. This covers the cost of capital employed and corresponds to a 3 per cent. per annum operating margin in the Automobile Division. However, the Group's goal is to report an after-tax return of at least 13.5 per cent. per annum, corresponding to a 6 per cent. per annum operating margin in the Automobile Division.

Management

Since 1972, Peugeot S.A. has been managed by 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 within Peugeot S.A., as reflected in the principles of good corporate governance.

Supervisory Board

The Supervisory Board meets at least four times each year and is responsible for reviewing the Managing Board's quarterly reports on the operations and results of the Group's businesses, examining the consolidated and non-consolidated financial statements, discussing strategic transactions and authorizing commitments.

Following the death of Pierre Peugeot, Thierry Peugeot was appointed to the Supervisory Board and elected as its chairman on 19 December 2002.

The members of the Supervisory Board are:

Thierry Peugeot	Chairman
Jean Boillot	Vice Chairman
Jean-Philippe Peugeot	Vice Chairman
Pierre Banzet	
Jean-Louis Dumas	
Marc Friedel	
Jean-Louis Masurel	
François Michelin	
Jean-Paul Parayre	
Marie-Hélène Roncoroni	
Ernest Antoine Seillière de Laborde	
Joseph F. Toot Jr	
Roland Peugeot	Adviser to the Supervisory Board
Bertrand Peugeot	Adviser to the Supervisory Board

The Supervisory Board has created three specialized committees: the Strategy Committee (created in 1998), the Compensation and Appointments Committee (created in 1998) and the Finance Committee (created in 2002).

The Strategy Committee is made up of:

Jean-Philippe Peugeot Chairman

Jean Boillot

Jean-Louis Dumas

François Michelin

Jean-Paul Parayre

Thierry Peugeot

Ernest-Antoine Seillière de Laborde.

The Compensation and Appointments Committee is made up of:

Thierry Peugeot Chairman

François Michelin

Ernest-Antoine Seillière de Laborde

The Compensation Committee's duties were broadened on 11 February 2003 to include preparing the Supervisory Board's decisions concerning the appointment of new members of the Supervisory Board and new members of the Managing Board.

The Finance Committee is made up of :

Marc Friedel Chairman

Jean-Louis Masurel

Marie-Hélène Roncoroni

Set up in 2002, this Committee is responsible for informing the Supervisory Board of its opinion on the parent company and consolidated accounts of Peugeot S.A. during the presentation of the interim and annual financial statements.

Managing Board

The Managing Board of Peugeot S.A. has three members:

Jean-Martin Folz, Chairman

Frédéric Saint-Geours, Chief Executive Officer of Automobiles Peugeot

Claude Satinet, Chief Executive Officer of Automobiles Citroën

The nine-member Executive Committee is responsible for the executive management of the Group. The Group Executive Committee is made up of the three members of the Managing Board plus Yann Delabrière (Finance, Control and Performance), Gilles Michel (Platforms, Technical affairs and Purchasing), Jean-Marc Nicolle (Group Strategy and Products), Robert Peugeot (Innovation and Quality), Roland Vardanega (Manufacturing and Components) and Jean-Luc Vergne (Employee Relations and Human Resources).

The Executive Committee is supported by a Senior Management team, whose four members report directly to the Chairman of the Managing Board. They are Xavier Fels (External Relations), Jean-Louis Grégoire (Executive Development), Jean-Claude Hanus (Legal Affairs) and Liliane Lacourt (Communication).

The Executive Committee and the Senior Management team meet on a weekly basis to discuss issues concerning the day-to-day management of the Group and the Automobile Division. Specific committees have been set up for each of the other businesses and meet once a month to discuss issues related to the management of the business concerned.

The day-to-day management of the Group is the responsibility of the Vice Presidents Committee made up of senior line executives. As of 1 March 2003, the Vice Presidents Committee comprised 52 senior executives, as well as the members of the Executive Committee and the Senior Management team. It meets on a monthly basis.

Recent developments

Consolidated sales for the six months ended 30 June 2003

In the six months ended 30 June 2003, the Group's consolidated sales reached EUR 27,763 million, up 1.4 per cent. on the EUR 27,371 million reported in the first six months of 2002.

In the same period, the Automobile Division sales increased slightly by 1.4 per cent. to EUR 22,396 million, while unit sales increased by 1.9 per cent. to 1,689,200 cars and light commercial vehicles compared to the six month period ended 30 June 2002. Lifted by a series of new models and surging demand in China, sales of Citroën vehicles rose 10.6 per cent. to 725,800 units, while the Peugeot brand was directly affected by weaker demand in its markets, recording a decline of 3.7 per cent. to 963,400 units, in each case compared to the six month period ended 30 June 2002.

In Western Europe, where demand decreased by 2.8 per cent. during the period, registrations of Group cars and light commercial vehicles rose by 0.4 per cent. compared to the six month period ended 30 June 2002. The slight growth in Peugeot and Citroën registrations in a slack Western European market drove a further increase in the Group's market share, to an aggregate 15.9 per cent. from 15.4 per cent. in first-half 2002. This increase was achieved in spite of trends in national markets that were clearly unfavourable for Peugeot and Citroën, with demand declining sharply in France, Belgium and Portugal. At 30 June 2003 PSA Peugeot Citroën's market share exceeded 10 per cent. in 13 countries, compared with 10 countries at 31 December 2002.

Outside Western Europe, Peugeot and Citroën sales increased by 5.4 per cent. to 362,200 units and accounted for 21.4 per cent. of aggregate sales.

In the Automotive Equipment division, sales increased by 5.7 per cent. to EUR 5,242 million compared to the six month period ended 30 June 2002. Excluding changes in exchange rates and the price impact of precious metals used in catalytic converters, sales rose 12 per cent. during the period compared to the six month period ended 30 June 2002. This sustained expansion, at a time of declining European automobile production, attests to the quality of Faurecia's customer portfolio and its strong positioning in new products.

In the Transportation and Logistics division recorded first-half, sales of EUR 1,405 million, up 5.6 per cent. compared to the six month period ended 30 June 2002. Sales to the Automobile Division rose 8.4 per cent. compared to the six month period ended 30 June 2002, in tandem with the growth in Group volumes, which was especially strong in the international markets where Gefco operates. In a generally sluggish European economy, revenues from non-Group customers rose by 1.0 per cent. to EUR 504 million compared to the six month period ended 30 June 2002.

Finance company revenues rose 1.7 per cent. to EUR 860 million compared to the six month period ended 30 June 2002. This increase reflects a decline in interest rates charged to customers, linked to the fall in refinancing rates, the impact of the second EUR 1.5 billion securitization program carried out in July 2002 and continued business growth.

Banque PSA Finance's outstandings loans, including securitised loans, totalled EUR 19.5 billion at 30 June 2003, up 9.8 per cent. on the figure for the first half of 2002.

Revenues from Other Businesses declined by 2.6 per cent. to EUR 483 million for the period.

Consolidated income for the six months ended 30 June 2003

The Group's interim consolidated operating margin amounted to EUR 1,278 million, compared to EUR 1,524 million in first-half of 2002, and represented 4.6 per cent. of sales, compared to 5.6 per cent. for the six month period ended 30 June 2002.

The Automobile Division's operating margin totaled EUR 835 million, representing 3.7 per cent. of sales, down from EUR 1,151 million and 5.2 per cent. of sales in the first half of 2002. This decline was mainly due to the highly negative impact of the increase in the euro against other currencies, especially the pound sterling and the currencies of Eastern Europe and Latin America, which are important for Peugeot and Citroën sales. Excluding the effect of such currency differences, both brands confirmed their ability to leverage the popularity of their models to generally maintain transaction prices in a highly competitive environment due to their growing use of incentives. The Group also confirmed its ability to continually reduce production costs. A gain of € 305 million from the production cost saving programme was achieved compared with the first half of 2002.

The Group's Finance company's operating margin rose 24.5 per cent. to EUR 198 million, from EUR 159 million in the first half of 2002, and represented 2.1 per cent. of average net outstandings compared with 1.8 per cent. for the six month period ended 30 June 2002. Such growth was led by the increase in business, an improved financial margin on new business and tight control over operating costs.

The Automotive equipment division's operating margin totaled EUR 161 million and 3.1 per cent. of sales, compared with EUR 129 million and 2.6 per cent. for the six month period ended 30 June 2002. This increase was due to a substantial growth in business, the initial productivity gains from restructuring (despite the negative impact of a few programs that are still having difficulties), a decline in start-up costs on new products and a reduction in administrative and selling expenses.

The Transportation and Logistics Division's operating margin increased to EUR 74 million and 5.3 per cent. of sales from EUR 69 million and 5.2 per cent. of sales in the first half of 2002. The gain was attributable to an improvement in a mix in the revenues (reflecting growing sales of value-added services), the Division's ability to pass on higher costs to non-Group customers because of the quality of its service, and its disciplined management of operating expenses.

Earnings from companies at equity rose to EUR 44 million, from EUR 6 million in the first half of 2002, reflecting the sustained increase in income from Dongfeng Peugeot Citroën Automobile in China.

Interim net income of the Group totaled EUR 869 million, compared to EUR 985 million in the first half of 2002.

Earnings per EUR 1.00 par-value share amounted to EUR 3.54, compared with EUR 3.83 for the first six months of 2002, a limited decline of 7.6 per cent. despite an unfavourable economic and currency environment.

Consolidated finances for the six months ended 30 June 2003

Working capital provided by the operations of the Group's manufacturing and sales companies amounted to EUR 1,985 million, down 10.6 per cent. from the first half of 2002, and represented 7.3 per cent. of Group sales. Working capital requirements declined slightly by EUR 48 million over the period, despite a EUR 742 million rise in inventory, primarily due to a temporary spike in Group new car inventories (excluding Group owned dealers) to 287,000 units at 30 June 2003, compared to 216,500 at 31 December 2002 and 229,000 at 30 June 2002. This increase resulted from the weakness in European markets that was especially apparent during the second quarter.

Capital expenditure, dedicated primarily to new model launches and the Group's international expansion, totaled EUR 1,427 million, versus EUR 1,586 million for the first six month of 2002 and EUR 2,790 million for the year ended 31 December 2002. In addition to these capital outlays, investments were made in two joint ventures, Dongfeng Peugeot Citroën Automobile (EUR 73 million) and Toyota Peugeot Citroën Automobile (EUR 118 million). These figures attest to the Group's sustained capital discipline.

Management took advantage of market opportunities to pursue its share buyback program, while maintaining a net positive cash position at the manufacturing and sales companies level. In this way, 3,080,007 Peugeot S.A. shares were bought back during the first-half at an average of EUR 37.53 per share, for a total outlay of EUR 116 million. As of 30 June 2003, a total of 18,288,716 Peugeot S.A. shares were held in treasury, representing 7.1 per cent. of issued capital.

The net financial position of the Group's manufacturing and sales companies remained stable for the period, at EUR 571 million versus EUR 594 million as of 31 December 2002.

STATUTORY AUDITORS' REPORT ON THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF PEUGEOT S.A. FOR THE YEAR ENDED 31 DECEMBER 2002

To the stockholders,

In accordance with the terms of our appointment as auditors at the Annual Stockholders' Meeting, we have audited the accompanying consolidated financial statements of Peugeot S.A. and its subsidiaries, stated in euros, for the years ended 31 December, 2000, 2001 and 2002. These consolidated financial statements are the responsibility of the Managing Board. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted the audit in accordance with the professional standards applied in France. Those standards require that we plan and perform our audits to obtain reasonable assurance that the financial statements are free from 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 in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. 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 consolidated financial position and assets and liabilities of Peugeot S.A. and its subsidiaries at 31 December 2000, 2001 and 2002 and of the consolidated results of operations for each of the three years then ended, in accordance with French accounting principles and regulations.

We have also reviewed the information given in the report of the Managing Board . We have no comments as to its fair presentation and its conformity with the consolidated financial statements.

Paris, 7 March 2003

The Statutory Auditors

Constantin Associés

Jean-François Serval Laurent Lévesque

Coopers & Lybrand Audit SARL
Member of PricewaterhouseCoopers

Pierre-Bernard Anglade Eric Bertier

**SUMMARY OF ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF
PEUGEOT S.A. FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001**

CONSOLIDATED STATEMENTS OF INCOME

(in millions of euros)	For the year ended 31 December	
	2002	2001
MANUFACTURING AND SALES COMPANIES		
Net sales	52,906	50,288
Operating expenses		
Cost of goods and services sold	(40,196)	(38,647)
Selling, general and administrative expenses	(8,251)	(7,504)
Research and development costs	(1,865)	(1,733)
	(50,312)	(47,884)
Operating margin	2,594	2,404
Early-termination plan costs	(158)	(31)
Other income and (expenses), net		
Restructuring costs	(124)	(115)
Interest income (expense), net	(25)	(48)
Other income and (expense), net	22	193
	(127)	30
Income before tax of fully-consolidated companies	2,309	2,403
Income taxes	(666)	(750)
Net income of fully-consolidated manufacturing and sales companies	1,643	1,653
FINANCE COMPANIES		
Net revenues		
From third parties	1,530	1,375
<i>From Group manufacturing and sales companies</i>	170	212
	1,700	1,587
Operating expenses	(1,381)	(1,339)
Operating margin	319	248
Other income and (expenses), net	(3)	(4)
Income before tax of fully-consolidated companies	316	244
Income taxes	(111)	(85)
Net income of fully-consolidated finance companies	205	159
Net income of fully-consolidated companies	1,848	1,812
Net earnings of companies at equity	22	9
Amortization of goodwill	(163)	(140)
Net income before minority interests	1,707	1,681
(Income) loss attributable to minority interests	(17)	10
Net income	1,690	1,691
Basic earnings per €1 par value share		
- average number of common shares outstanding	254,201,332	263,357,148
- in euros, per share	6.65	6.42

CONSOLIDATED BALANCE SHEETS
ASSETS

(in millions of euros)	As at 31 December	
	2002	2001
MANUFACTURING AND SALES COMPANIES		
Goodwill	2,120	2,225
Intangible assets	194	183
Property, plant and equipment	11,545	11,461
Investments		
Receivables and investment securities	929	624
Investments in companies at equity	351	215
Shares in non-consolidated companies	85	238
	1,365	1,077
Other non-current assets		
Long-term deferred income tax assets	308	184
Other non-current assets	257	204
	565	388
Current operating assets		
Inventories	6,167	6,218
Accounts and notes receivable	3,381	3,451
Short-term income tax assets	980	935
Other receivables	2,619	2,585
<i>Receivables from Group finance companies</i>	238	306
	13,385	13,495
Current financial assets		
Short-term loans	397	260
Short-term investments	1,089	1,013
Cash and cash equivalents	4,532	5,520
<i>Current account balances with Group finance companies</i>	97	123
	6,115	6,916
Total manufacturing and sales companies	35,289	35,745
FINANCE COMPANIES		
Goodwill	80	86
Non-current assets		
Intangible assets	30	21
Property and equipment	51	52
Long-term deferred income tax assets	47	29
Other	202	206
	330	308
Accounts receivable		
Finance receivables	15,732	15,740
Other customer loans	295	242
<i>Receivables from manufacturing and sales companies</i>	208	241
	16,235	16,223
Other operating assets		
Short-term income tax assets	63	53
Other receivables	923	742
<i>Receivables from manufacturing and sales companies</i>	65	41
	1,051	836
Current financial assets		
Short-term investments	87	71
Cash and cash equivalents	2,936	2,146
<i>Receivables from manufacturing and sales companies</i>	-	1
	3,023	2,218
Total finance companies	20,719	19,671
TOTAL ASSETS	56,008	55,416

CONSOLIDATED BALANCE SHEETS
LIABILITIES AND STOCKHOLDERS' EQUITY

	As at 31 December	
(in millions of euros)	2002	2001
Stockholders' equity		
Common stock	259	259
Capital in excess of par value of stock	-	-
Retained earnings	11,875	10,479
Treasury stock	(568)	(51)
Cumulative translation adjustment	(582)	(405)
	10,984	10,282
MANUFACTURING AND SALES COMPANIES		
Minority interests	640	689
Non-current liabilities		
Long-term deferred income tax liabilities	1,104	1,163
Reserves for contingencies and liabilities	1,727	1,394
Other long-term liabilities	95	69
	2,926	2,626
Long-term debt	3,499	3,635
Current liabilities		
Accounts and notes payable	9,912	9,173
Short-term income tax liabilities	646	808
Other payables	5,228	5,409
<i>Due to Group finance companies</i>	84	86
	15,870	15,476
Short-term debt		
Convertible debentures	-	-
Current portion of long-term debt	311	299
Short-term financing and bank overdrafts	2,451	3,920
<i>Bank overdrafts from Group finance companies</i>	189	197
	2,951	4,416
Total manufacturing and sales companies	25,886	26,842
FINANCE COMPANIES		
Minority interests	91	103
Non-current liabilities		
Long-term deferred income tax liabilities	150	122
Reserves for contingencies and liabilities	53	45
Other long-term liabilities	-	14
	203	181
Financing liabilities		
Borrowings	17,085	16,143
Other financing liabilities	111	120
Bank overdrafts	86	125
<i>Current account advances from Group manufacturing and sales</i>	45	14
	17,327	16,402
Customer deposits		
Customer deposits	113	85
<i>Deposits from Group manufacturing and sales companies</i>	52	109
	165	194
Other operating liabilities		
Short-term income tax liabilities	64	106
Other payables	1,050	1,000
<i>Due to Group manufacturing and sales companies</i>	238	306
	1,352	1,412
Total finance companies	19,138	18,292
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	56,008	55,416

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December

(in millions of euros)	2002	2001
MANUFACTURING AND SALES COMPANIES		
Net income of fully-consolidated companies	1,643	1,653
Adjustments to reconcile net income to net cash provided by operations		
- Depreciation and amortization	2,165	1,974
- Net increase (decrease) in allowances and reserves	352	8
- Change in long-term deferred income taxes	(80)	(107)
- (Gains) losses on disposals of assets and other	(17)	(88)
Dividends received from companies at equity	(4)	-
Working capital provided by operations	4,059	3,440
Change in operating assets and liabilities	330	(422)
Net cash provided by operations - manufacturing and sales companies	4,389	3,018
Proceeds from disposals of investments in non-consolidated companies	5	23
Proceeds from disposals of property, plant and equipment	172	443
Capital expenditure	(2,790)	(2,938)
Acquisitions of shares in subsidiaries	(56)	(1,575)
Investments in non-consolidated companies	(25)	(33)
Effect of changes in scope of consolidation and other	(268)	54
Net cash used by investing activities – manufacturing and sales companies	(2,962)	(4,026)
FINANCE COMPANIES		
Net income of fully-consolidated companies	205	159
Adjustments to reconcile net income to net cash provided by operations	34	1
Working capital provided by operations	239	160
Change in operating assets and liabilities	557	1,660
Net cash provided (used) by operations - finance companies	796	1,820
Net cash provided (used) by investing activities – finance companies	80	68
GROUP		
Dividends paid:		
- to Peugeot S.A. stockholders	(294)	(217)
- to minority stockholders of consolidated companies	(43)	(13)
Issuance of shares	-	109
Purchases of treasury stock	(517)	(458)
Change in other financial assets and liabilities	(1,666)	3,872
Other	46	123
Net cash used by financing activities	(2,474)	3,416
Effect of exchange rate changes	(27)	(24)
Increase (decrease) in cash and cash equivalents	(198)	4,272
Cash and cash equivalents at beginning of period	7,666	3,394
Cash and cash equivalents at period-end	7,468	7,666

**STATUTORY AUDITORS' REPORT
ON THE SEMI-ANNUAL
CONSOLIDATED FINANCIAL STATEMENTS OF PEUGEOT S.A.
FOR THE SIX MONTHS ENDED 30 JUNE 2003**

(original French text)

Mesdames, Messieurs,

En notre qualité de Commissaires aux Comptes de votre société, nous avons effectué un examen limité des comptes semestriels consolidés de Peugeot SA établis en euros et couvrant la période du 1er janvier au 30 juin 2003, tels qu'ils sont joints au présent rapport.

Ces comptes semestriels consolidés ont été établis sous la responsabilité de votre Directoire. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

Nous avons effectué cet examen selon les normes de la profession applicables en France ; ces normes requièrent la mise en œuvre de diligences limitées conduisant à une assurance, moins élevée que celle résultant d'un audit, que les comptes semestriels consolidés ne comportent pas d'anomalies significatives. Un examen de cette nature ne comprend pas tous les contrôles propres à un audit, mais se limite à mettre en œuvre des procédures analytiques et à obtenir des dirigeants et de toute personne compétente les informations que nous avons estimé nécessaires.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause la régularité et la sincérité des comptes semestriels consolidés établis conformément aux règles et principes comptables français et l'image fidèle qu'ils donnent du résultat consolidé des opérations de la période écoulée ainsi que de la situation financière et du patrimoine du Groupe à la fin de cette période.

Par ailleurs, en application des dispositions prévues à l'article L.232.7 du Code de Commerce, nous avons également procédé à la vérification des informations données dans le rapport semestriel venant compléter les comptes semestriels consolidés sur lesquels a porté notre examen limité. Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes semestriels consolidés.

Fait à Paris, le 23 juillet 2003

Les Commissaires aux Comptes

Constantin Associés

PricewaterhouseCoopers Audit

Jean-François Serval

Laurent Lévesque

Pierre-Bernard Anglade

Eric Bertier

Associé,

Associé, Fondateur

Mandataire social

pouvoir et Responsable
technique

(free translation of the original French text for information purposes only)

To the Stockholders,

Peugeot SA

75, avenue de la Grande Armée

75016 Paris

In our capacity as Statutory Auditors, we have performed a limited review of the accompanying consolidated financial statements of Peugeot S.A. for the period from 1 January to 30 June 2003, presented in euros.

These consolidated financial statements are the responsibility of the Managing Board. Our responsibility, based on our limited review, is to report our conclusions on these consolidated financial statements.

We conducted our limited review in accordance with the standards generally accepted in France. Those standards require that we perform limited procedures to obtain reasonable assurance, below the level resulting from a full audit, that the interim consolidated financial statements do not contain any material errors. A limited review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope in audit conducted in accordance with auditing standards generally accepted in France.

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements, in order to present fairly the consolidated results of operations for the six months ended 30 June 2003 and the consolidated financial position and assets of the Group at that date, in accordance with accounting principles generally accepted in France.

As required by Section L.232-7 of the Commercial Code, we have also examined the information given in the interim report accompanying the consolidated financial statements that were the subject of our limited review. We have no matters to report concerning the fairness of the information given in this report and its consistence with the consolidated financial statements.

Paris, 23 July 2003

The Statutory Auditors

Constantin Associés

PricewaterhouseCoopers Audit

Jean-François Serval

Laurent Lévesque

Pierre-Bernard Anglade

Eric Bertier

**SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF PEUGEOT S.A.
FOR THE SIX MONTHS ENDED 30 JUNE 2003 AND 2002**

INTERIM CONSOLIDATED STATEMENTS OF INCOME

(in millions of euros)	Six months ended 30 June	
	2003	2002
MANUFACTURING AND SALES COMPANIES		
Net sales	26,987	26,612
Operating expenses		
Cost of goods and services sold	(20,438)	(20,376)
Selling, general and administrative expenses	(4,395)	(3,921)
Research and development costs	(1,074)	(950)
	(25,907)	(25,247)
Operating margin	1,080	1,365
Early-termination plan costs	(9)	(6)
Other income and (expenses), net		
Restructuring costs	(17)	(38)
Interest income (expense), net	12	(2)
Other income and (expense), net	32	30
	27	(10)
Income before tax of fully-consolidated companies	1,098	1,349
Income taxes	(339)	(390)
Net income of fully-consolidated manufacturing and sales	759	959
FINANCE COMPANIES		
Net revenues		
From third parties	776	759
<i>From Group manufacturing and sales companies</i>	84	87
	860	846
Operating expenses	(662)	(687)
Operating margin	198	159
Other income and (expenses), net	(2)	(1)
Income before tax of fully-consolidated companies	196	158
Income taxes	(49)	(53)
Net income of fully-consolidated finance companies	147	105
Net income of fully-consolidated companies	906	1,064
Net earnings of companies at equity	44	6
Amortization of goodwill	(65)	(64)
Net income before minority interests	885	1,006
(Income) loss attributable to minority interests	(16)	(21)
Net income	869	985
Basic earnings per €1 par value share		
- average number of common shares outstanding	245,140,644	257,430,913
- in euros, per share	3.54	3.83

INTERIM CONSOLIDATED BALANCE SHEETS
ASSETS

(in millions of euros)	Six month ended 30 June	
	2003	2002
MANUFACTURING AND SALES COMPANIES		
Goodwill	2,056	2,140
Intangible assets	194	185
Property, plant and equipment	11,720	11,532
Investments		
Receivables and investment securities	935	573
Investments in companies at equity	541	338
Shares in non-consolidated companies	77	91
	1,553	1,002
Other non-current assets		
Long-term deferred income tax assets	394	267
Other non-current assets	243	247
	637	514
Current operating assets		
Inventories	6,880	6,199
Accounts and notes receivable	3,840	3,837
Short-term income tax assets	627	940
Other receivables	3,055	3,289
<i>Receivables from Group finance companies</i>	421	458
	14,823	14,723
Current financial assets		
Short-term loans	419	287
Short-term investments	809	1,035
Cash and cash equivalents	4,487	5,996
<i>Current account balances with Group finance companies</i>	123	115
	5,838	7,433
Total manufacturing and sales companies	36,821	37,529

	Six month ended 30 June	
(in millions of euros)	2003	2002
FINANCE COMPANIES		
Goodwill	78	83
Non-current assets		
Intangible assets	36	20
Property and equipment	50	52
Long-term deferred income tax assets	48	37
Investment securities	185	186
Other	43	16
	362	311
Accounts receivable		
Finance receivables	16,674	16,264
Other customer loans	92	282
<i>Receivables from manufacturing and sales companies</i>	271	217
	17,037	16,763
Other operating assets		
Short-term income tax assets	85	64
Other receivables	933	929
<i>Receivables from manufacturing and sales companies</i>	51	84
	1,069	1,077
Current financial assets		
Short-term investments	2,272	1,521
Cash and cash equivalents	655	765
<i>Receivables from manufacturing and sales companies</i>	-	1
	2,927	2,287
Total finance companies	21,473	20,521
TOTAL ASSETS	58,294	58,050

INTERIM CONSOLIDATED BALANCE SHEETS
LIABILITIES AND STOCKHOLDERS' EQUITY

(in millions of euros)	Six month ended 30 June	
	2003	2002
Stockholders' equity		
Common stock	259	259
Retained earnings	12,419	11,170
Treasury stock	(684)	(227)
Cumulative translation adjustment	(638)	(660)
	11,356	10,542
MANUFACTURING AND SALES COMPANIES		
Minority interests	634	665
Non-current liabilities		
Long-term deferred income tax liabilities	1,176	1,301
Reserves for contingencies and liabilities	1,702	1,541
Other long-term liabilities	70	101
	2,948	2,943
Long-term debt	3,284	3,777
Current liabilities		
Accounts and notes payable	10,616	10,165
Short-term income tax liabilities	455	701
Other payables	6,192	6,162
<i>Due to Group finance companies</i>	71	110
	17,334	17,138
Short-term debt		
Current portion of long-term debt	291	197
Short-term financing and bank overdrafts	2,376	3,478
<i>Bank overdrafts from Group finance companies</i>	251	192
	2,918	3,867
Total manufacturing and sales companies	27,118	28,390
FINANCE COMPANIES		
Minority interests	67	94
Non-current liabilities		
Long-term deferred income tax liabilities	156	136
Reserves for contingencies and liabilities	56	49
Subordinated and other debt	65	107
	277	292
Financing liabilities		
Bank borrowings	6,572	6,152
Other borrowings	10,725	10,478
Bank overdrafts	138	142
	17,435	16,772
Customer deposits		
Customer deposits	215	133
<i>Deposits from Group manufacturing and sales companies</i>	123	115
	338	248

(in millions of euros)	Six month ended 30 June	
	2003	2002
Other operating liabilities		
Short-term income tax liabilities	82	80
Other payables	1,200	1,174
<i>Due to Group manufacturing and sales companies</i>	<i>421</i>	<i>458</i>
	1,703	1,712
Total finance companies	19,820	19,118
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	58,294	58,050

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of euros)	Six months ended 30 June	
	2003	2002
MANUFACTURING AND SALES COMPANIES		
Net income of fully-consolidated companies	759	959
Adjustments to reconcile net income to net cash provided by operations		
- Depreciation and amortization	1,189	1,124
- Net increase (decrease) in allowances and reserves	1	169
- Change in long-term deferred income taxes	(8)	23
- (Gains) losses on disposals of assets and other	23	(68)
Dividends received from companies at equity	21	14
Working capital provided by operations	1,985	2,221
Change in operating assets and liabilities	48	345
Net cash provided by operations - manufacturing and sales companies	2,033	2,566
Proceeds from disposals of investments in non-consolidated companies	6	6
Proceeds from disposals of property, plant and equipment	67	108
Capital expenditure	(1,427)	(1,586)
Acquisitions of shares in subsidiaries	(191)	(37)
Investments in non-consolidated companies	(15)	(17)
Effect of changes in scope of consolidation and other	(38)	(82)
Net cash used by investing activities – manufacturing and sales companies	(1,598)	(1,608)
FINANCE COMPANIES		
Net income of fully-consolidated companies	147	105
Adjustments to reconcile net income to net cash provided by operations	35	33
Working capital provided by operations	182	138
Change in operating assets and liabilities	(133)	(113)
Net cash provided (used) by operations - finance companies	49	25
Net cash provided (used) by investing activities – finance companies	(3)	(46)
GROUP		
Dividends paid:		
- to Peugeot S.A. stockholders	(325)	(294)
- to minority stockholders of consolidated companies	(38)	(21)
Purchases of treasury stock	(116)	(176)
Change in other financial assets and liabilities	(97)	(47)
Other	(25)	59
Net cash used by financing activities	(601)	(479)
Effect of exchange rate changes	(32)	(28)
Increase (decrease) in cash and cash equivalents	(152)	430
Cash and cash equivalents at beginning of period	5,294	6,331
Cash and cash equivalents at period-end	5,142	6,761

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

<i>(in millions of euros)</i>	STOCK- HOLDERS' EQUITY	COMMON STOCK	RETAINED EARNINGS	TREASURY STOCK	CUMULATIVE TRANSLATION ADJUSTMENT
<u>Balance as of 31 December 2001</u>	10,282	259	10,479	(51)	(405)
2002 net income	1,690	-	1,690	-	-
Dividend (€1.15 per share)	(294)		(294)		
Purchases of treasury stock	(517)			(517)	
Translation adjustment	(177)				(177)
<u>Balance as of 31 December 2002</u>	10,984	259	11,875	(568)	(582)
First-half 2003 net income	869	-	869	-	-
Dividend (€1.35 per share)	(325)	-	(325)	-	-
Purchases of treasury stock	(116)			(116)	
Translation adjustment	(56)				(56)
<u>Balance as of 30 June 2003</u>	11,356	259	12,419	(684)	(638)

CAPITALISATION TABLE OF PEUGEOT S.A.

The capitalisation statement of Peugeot S.A. as of 30 June 2003 set forth below has been derived from the unaudited consolidated financial statements of Peugeot SA included elsewhere in this Offering Circular except for the long term debt figures included in that statement which have been extracted from the accounting records and/or the back office systems of the Guarantor.

	30 June 2003
	(euro millions)
Stockholders' equity	
Common stock	259
Capital in excess of par value of stock	-
Retained earnings	12 419
Treasury stock ⁽¹⁾	(684)
Cumulative translation adjustment	(638)
Total stockholders' equity	11 356
Minority interest	701
Long-term debt ⁽²⁾	
Manufacturing and sales companies	3 284
Bonds and Notes ⁽³⁾⁽⁴⁾	1 559
Other borrowings	1 725
Finance companies	9 651
Bonds and Notes ⁽³⁾⁽⁴⁾	6 541
Other borrowings	2 906
Subordinated debt	204
Total long-term debt	12 935
Total capitalisation ⁽⁵⁾	24 992

Notes:

(1) In accordance with the stockholder-approved buy-back programs, 1,350,000 shares of common stock have been bought back since 30 June 2003.

(2) Long term debt designates debt with a residual maturity greater than one year.

(3) The breakdown of those Bonds and Notes which were outstanding in an amount greater than EUR 50,000,000 is as follows:

30 June 2003

Principal amount outstanding due after one year:

(euro millions)

Peugeot S.A. 1998 debenture indexed to Peugeot S.A. share price EUR 68,602,000 due 2006	69
GIE PSA TRESORERIE 2001 5,875% EUR 1,500,000,000 Bonds due 2011	1 500
CREDIPAR 1994 BMTN EUR 68,602,057 Notes due 2006	69
PFI NV 2003 EMTN EUR 137,200,000 Notes due 2013	137
BPF 1998 0.57% debenture indexed to CAC40 EUR 91,468,000 due 2006	91
BPF 2001 BMTN EUR 233,300,000 Notes due 2005	233
BPF 2002 BMTN EUR 232,500,000 Notes due 2006	233
BPF 2000 EMTN EUR 150,000,000 Notes due 2010	150
BPF 2001 EMTN EUR 350,000,000 Notes due 2006	350
BPF 2002 EMTN EUR 600,000,000 Notes due 2007	600
BPF 2002 EMTN EUR 600,000,000 Notes due 2005	600
BPF 2002 EMTN EUR 75,000,000 Notes due 2007	75
BPF 2002 EMTN EUR 500,000,000 Notes due 2008	500
BPF 2003 EMTN EUR 275,000,000 Notes due 2005	275
BPF 2003 EMTN EUR 100,000,000 Notes due 2005	100
BPF 2003 EMTN EUR 300,000,000 Notes due 2005	300
BPF 2003 EMTN EUR 300,000,000 Notes due 2004	300
BPF 2003 EMTN EUR 200,000,000 Notes due 2005	200
BPF 2003 EMTN EUR 200,000,000 Notes due 2006	200
BPF 2003 EMTN EUR 250,000,000 Notes due 2008	250
BPF 2003 EMTN EUR 200,000,000 Notes due 2005	200
BPF 2003 EMTN EUR 300,000,000 Notes due 2010	300
BPF 2003 EMTN EUR 56,000,000 Notes due 2004	56
BPF 2003 EMTN EUR 250,000,000 Notes due 2005	250
BPF 2003 EMTN EUR 50,000,000 Notes due 2005	50
BPF 2003 EMTN EUR 50,000,000 Notes due 2008	50
BPF 2003 EMTN EUR 300,000,000 Notes due 2007	300
BPF 2003 EMTN EUR 100,000,000 Notes due 2005	100
BPF 2003 EMTN JPY 5,000,000,000 Notes due 2008	50
BPF 2003 EMTN JPY 5,000,000,000 Notes due 2005	50
BPF 2003 EMTN JPY 5,000,000,000 Notes due 2008	50
BPF 2000 EMTN USD 200,000,000 Notes due 2005	217

(4) Since 30 June 2003, long term Bonds and Notes totalling EUR 908 million at 30 June 2003 have become short term, reducing the total capitalisation by this amount, and new long term Bonds and Notes have totalled EUR 985 million of which issue in an amount greater than EUR 50,000,000, are as follow, as of 19 September 2003.

BPF 2003 EMTN EUR 250,000,000 Notes due 2005	250
BPF 2003 EMTN EUR 50,000,000 Notes due 2008	50
BPF 2003 EMTN EUR 300,000,000 Notes due 2007	300
BPF 2003 EMTN EUR 100,000,000 Notes due 2005	100
BPF 2003 EMTN JPY 5,000,000,000 Notes due 2008	50
BPF 2003 EMTN EUR 200,000,000 Notes due 2008	200

(5) Save as provided above, there has been no material adverse change in the capitalisation of the Guarantor since 30 June 2003.

SUBSCRIPTION AND SALE

Underwriting Arrangements

ABN AMRO Bank N.V., BNP Paribas, Citigroup Global Markets Limited, CCF, Crédit Suisse First Boston (Europe) Limited, Deutsche Bank AG London, J.P. Morgan Securities Ltd. and Société Générale (the “Managers”) have pursuant to a subscription agreement dated 17 September 2003 (the “Subscription Agreement”), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the Bonds at a price equal to 99.828 per cent. of their principal amount less a combined selling and underwriting commission of 0.55 per cent. of such principal amount. In addition, the Issuer, failing which the Guarantor, has agreed to reimburse the Managers in respect of certain of their legal and other expenses incurred in connection with the issue of the Bonds. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer and the Guarantor have jointly and severally agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Bonds.

General Restrictions

Each of the Managers has agreed to observe all applicable securities laws and regulations in each jurisdiction in or from which it may acquire, offer, sell, or deliver Bonds or have in its possession or distribute this Offering Circular or any other offering material relating to the Bonds. No action has been, or will be, taken in any country or jurisdiction that would permit a public offering of the Bonds, or the possession or distribution of this Offering Circular or any other offering material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any circular, prospectus, form of application, advertisement or other offering material relating to the Bonds may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

United States

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933 as amended (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“Regulation S”).

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Bonds, (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the issue date of the Bonds, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bonds are being offered and sold outside the United States in an offshore transaction in reliance on Regulation S. In addition, until 40 days after the commencement of the offering, an offer and sale of the Bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

- (a) it has not offered or sold and, prior to the date six months after the issue of the Bonds, will not offer or sell, any Bonds to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances that have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Market Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

France

Each of the Managers, the Issuer and the Guarantor has represented and agreed that (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Bonds to the public in France and has not distributed or caused to be distributed, and will not distribute or cause to be distributed, to the public in France the Offering Circular or any other offering material relating to the Bonds, and that any such offers, sales of the Bonds and/or distributions will be made in France only to qualified investors (*investisseurs qualifiés*) as defined in and in accordance with Article L.411-2 of the French *Code monétaire et financier* and Decree no. 98-880 dated 1 October 1998.

Germany

Each Manager has represented and agreed that the Bonds are being issued under the "Euro-Securities" exemption, pursuant to § 4 Section (1) No. 1 in connection with § 4 Section (2) of the German Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*, the "Prospectus Act") of 9 September 1998, as amended, and accordingly that no securities sales prospectus (*Wertpapier-Verkaufsprospekt*) pursuant to the Prospectus Act has been prepared. Each Manager has represented and agreed that it has complied with and will comply with the Prospectus Act and the restrictions applying to the offer and distribution of securities in the Federal Republic of Germany, and in particular that it has not publicly promoted and will not publicly promote the distribution of the Bonds in the Federal Republic of Germany.

Netherlands

The Bonds may not be offered, transferred, delivered or sold in or from the Netherlands as part of their distribution or as part of any re-offering thereof, and neither this Offering circular nor any other document in respect of the offering of the Bonds may be distributed or circulated in the Netherlands, other than to individuals or legal entities who are considered to be professional market parties pursuant to the Netherlands Banking Act (*Wet toezicht kredietwezen 1992*) and which trade or invest in securities in the conduct of their profession or trade pursuant to the Netherlands Securities Act (*Wet toezicht effectenverkeer 1995*) (which includes (among others) duly supervised banks, insurance companies, securities institutions, investment institutions and pension funds), provided that a confirmation or other notice, setting forth this selling restriction, is sent to each person in the Netherlands to which the Bonds will be sold, stating that by purchasing any such Bond, each purchaser represents and agrees that it will send to any other person in the

Netherlands to whom it sells any such Bond a notice containing substantially the same statement as contained in this sentence.

GENERAL INFORMATION

- 1 The Bonds have been accepted for clearance through Clearstream, Luxembourg and Euroclear with the Common Code number of 017638149 and through Euroclear France. The International Securities Identification Number (ISIN) for the Bonds is FR0010014845.
- 2 In connection with the application to list the Bonds on the Luxembourg Stock Exchange, a legal notice relating to the issue of the Bonds and copies of the *Contrat de groupement* of the Issuer will be deposited with the Luxembourg Trade and Company Register (*registre de commerce et des sociétés de Luxembourg*), where such documents may be examined and copies obtained.
- 3 The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the issue and performance of their respective obligations under the Bonds or the Guarantee, as appropriate. The issue of the Bonds was authorised by a decision of the Ordinary General Meeting of the members of the Issuer passed on 4 September 2003. The Guarantee has been authorised by the Executive Board (*Directoire*) of the Guarantor on 4 September 2003, acting pursuant to an authorisation of the Supervisory Board (*Conseil de Surveillance*) of the Guarantor dated 15 April 2003.
- 4 For so long as any of the Bonds are outstanding, copies of the following documents may be obtained, free of charge, during normal business hours at the specified office of each Paying Agent:
 - (a) the latest published audited year-end financial statement of the Issuer;
 - (b) the latest published audited year-end non-consolidated and consolidated financial statements of the Guarantor; and
 - (c) the latest published unaudited semi-annual consolidated financial statements of the Guarantor.
- 5 Except as disclosed in this Offering Circular, there has been no material adverse change in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or of the Guarantor and its consolidated subsidiaries since 31 December 2002.
- 6 Neither the Issuer, nor the Guarantor nor any of its consolidated subsidiaries, is involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Bonds, nor so far as the Issuer and the Guarantor are aware is any such litigation or arbitration contemplated, pending or threatened.
- 7 So long as any of the Bonds remain outstanding, copies of the *contrat de groupement* of the Issuer will be available for inspection and copies of the most recent annual financial statements of the Issuer and of the most recent annual consolidated and non-consolidated financial statements and semi annual consolidated financial statements of the Guarantor will be obtainable, free of charge, at the specified offices for the time being of the Fiscal Agent and the Paying Agents during normal business hours. The annual and semi-annual non consolidated financial statements of the Guarantor are available in the French language only. The Issuer does not prepare any consolidated annual financial statements nor any semi-annual or other interim financial statements. The Fiscal Agency Agreement prepared in relation to the issue of the Bonds will be made available for inspection at the offices of the Fiscal Agent and the Paying Agents during normal business hours.
- 8 The statutory auditors of the Issuer are PricewaterhouseCoopers Audit, who have rendered unqualified audit reports on the non-consolidated financial statements of the Issuer for the years ended 31 December 2001 and 31 December 2002. The current statutory auditors of the Guarantor are PricewaterhouseCoopers Audit and Constantin Associés, who have rendered unqualified audit reports on the consolidated and non-consolidated financial statements of the Guarantor for the years ended 31 December 2001 and 2002.

- 9 The Council of the European Union has adopted a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, Member States will be required from 1 January 2005 to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to or for the benefit of an individual resident in that other Member State, except that Belgium, Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such payments.

ISSUER

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