

TREASURY STOCK

PEUGEOT S.A.

The Group has implemented stockholder-approved Peugeot S.A. share buyback programs. The main purposes of the share buybacks are to:

- Increase earnings per share, by canceling the shares bought back under the programs;
- Acquire shares for allocation to employees and officers of the Company and related entities upon exercise of stock options.

FAURECIA

Faurecia has been holding a certain number of shares in treasury stock since 1999 when they were acquired in connection with a business combination. The Company also has a stockholder-approved share buyback program, which is used mainly to allocate shares to employees and officers.

Current Accounting Practice

Shares acquired for allocation on exercise of stock options

Peugeot S.A. and Faurecia shares held for allocation to employees and officers of the Company and related entities upon exercise of stock options are recorded as assets, under Short-term Investments. They are stated at cost and written down, where necessary, to the lower of the option exercise price and market value.

Peugeot S.A. treasury stock

Shares acquired other than for allocation upon exercise of stock options are recorded as a deduction from stockholders' equity, at cost.

Proceeds from sales of treasury stock are credited to stockholders' equity, so that any disposal gains or losses have no impact on earnings.

Shares held for allocation on exercise of stock options are considered as issued and outstanding for the purpose of calculating earnings per share.

IFRS

Under IFRS, all Peugeot S.A. shares held by the Group are recorded as a deduction from stockholders' equity.

This difference will have no impact on the statement of income.