

Geneva – 28 February 2011

**BMW Group and PSA Peugeot Citroën  
to Invest 100 Million Euros in Joint Venture on Hybrid Technologies**

- Research and development to be located in the greater Munich area.
- Production facility would be in Mulhouse, France.
- 400 employees expected on board by end of 2011.

The BMW Group and PSA Peugeot Citroën plan to invest 100 million EUR in their intended joint venture on hybrid technology named “BMW Peugeot Citroën Electrification” both companies announced at a press conference in Geneva today.

The new company will operate out of two locations – in the greater Munich area, Germany and Mulhouse, France. 400 employees are expected to work for the joint venture by the end of 2011. Subject to approval by the relevant competition authorities, the new company is expected to launch its operations in the second quarter of 2011. The new hybrid components will equip both partners’ vehicles from 2014 onwards.

Quote Philippe Varin, Chairman of the Managing Board of PSA Peugeot Citroën: “As responsible carmakers, we aim to create an open European platform and foster the development of European standards for hybrid technologies. This joint venture will also enable us to develop advanced technological manufacturing expertise in Europe in the field of electric powertrains, and to retain all its potential for creating value.”

Quote Norbert Reithofer, Chairman of the Board of Management of BMW AG : “BMW Group and PSA share the same vision of the importance of hybridization in the future. The joint venture will enable us act more strategically and with a single, shared approach. For us, joining forces also means significant economies of scale, shared development costs, using standardized components and a faster development process.”

The greater Munich area is the designated location for all research, development and purchasing, while all production would take place in Mulhouse, France. The 400 employees expected to be on board by the end of the year will be based in Munich. Additional jobs in Mulhouse will be added in time for the start of production in 2014. When production has fully ramped up, the French facility will have about 250 employees.

The joint venture’s management, as well as its workforce, will be mostly drawn from employees of the two parent companies. Apart from this, plan is to fill 100 new positions with external candidates when the joint venture becomes operational later this year. Main job profiles needed are engineers specialized in electric mobility and electronics.

The BMW Group and PSA Peugeot Citroën have been cooperating for almost ten years. In 2002, both partners agreed to jointly design and produce 4-cylinder engines. Between 2006 and 2010, more than 1.8 million motors were built for a number of MINI, Peugeot and Citroën brand models. In February 2010, the two companies also agreed to develop the next generation of their jointly designed 4-cylinder gasoline engine, which will also meet EU 6 requirements.

In Oct. 2010, BMW Group and PSA Peugeot Citroën signed a Memorandum of Understanding designed to expand their existing cooperation to hybrid systems. On February 2<sup>nd</sup>, 2011, BMW Group and PSA Peugeot Citroën announced that this cooperation would take the form of a joint venture named “BMW Peugeot Citroën Electrification”. The initiative between the two companies is aimed at developing and producing standard hybrid components for the electrification of their respective vehicle ranges. It will focus on components like battery packs, E-machines, generators, power electronics, chargers, and software for hybrid systems. This joint venture will enable both partners to create an open platform on these technologies and support the European industry to structure itself in the field of hybridization.

To that end, the joint venture will be a full-fledged company and will both integrate suppliers by outsourcing development work as well as sell hybrid components to third parties.

## PSA Peugeot Citroën

*With its two world-renowned brands, Peugeot and Citroën, the Group sold 3 600 000 vehicles worldwide in 2010, including almost 40% outside Europe. As Europe’s second largest carmaker, it turned over 56.1 billion € in 2010.*

*PSA Peugeot Citroën has sales offices in 160 countries and employs 198 000 people worldwide. In 2010, it dedicated 2.1 billion € to research and development, especially in new energies. PSA Peugeot Citroën has also developed financing activities (Banque PSA Finance), logistics (Gefco) and automotive equipment (Faurecia).*

## BMW

*The BMW Group is one of the most successful manufacturers of automobiles and motorcycles in the world with its BMW, MINI and Rolls-Royce brands. As a global company, the BMW Group operates 24 production facilities in 13 countries and has a global sales network in more than 140 countries.*

*The BMW Group’s global sales volume for the 2010 financial year amounted to approximately 1.46 million automobiles and over 98,000 motorcycles.*

*The BMW Group achieved a global sales volume of approximately 1.29 million automobiles and over 87,000 motorcycles for the 2009 financial year. Revenues totaled euro 50.68 billion. At 31 December 2009, the company employed a global workforce of approximately 96,000 associates.*

*The success of the BMW Group has always been built on long-term thinking and responsible action. The company has therefore established ecological and social sustainability throughout the value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy. As a result of its efforts, the BMW Group has been ranked industry leader in the Dow Jones Sustainability Indexes for the last six years.*

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