

Paris, November 20<sup>th</sup> 2008

**Extraordinary Work's Council on December 2<sup>nd</sup> 2008  
concerning a jobs redeployment project**

The central work's council (WC) of Peugeot Citroën Automobiles is called to attend an extraordinary session on December 2<sup>nd</sup> 2008 to examine a Skills and Jobs Redeployment project, based on voluntary departures. It concerns a headcount reduction at all sites and in all group departments and will concern 2,700 employees in the organization (Professional workers – office staff, technicians, supervisors ETAM) - executives).

The projected submitted to the WC will mainly present measures to accelerate the departures which would have taken place in months and years to come: retirement at full rate, business start-ups, professional projects within the context of redeployment leave.... These measures are only aimed at employee volunteers.

This project takes place in a context of financial and industrial crisis affecting the whole economy which has resulted in a violent drop in volumes, especially in Q3 and Q4 2008, on the main European markets (around -17% in Q4). This recession will continue in 2009 (minimum forecast at least -10%).

In this way, the group should be able to reduce its headcount without resorting either to a collective redundancy program with lay-offs or early retirements.

With regard to the Rennes facility, trends in consumer demand have led to a significant drop in the mid to upper-range sedan markets, to the benefit of lower segment vehicles. This situation is reflected by high levels of under-activity exceeding 20 % at the Rennes plant, specialised in making cars in these segments.

As a consequence, a surplus of around 900 multi-skilled UEP workers needs to be redeployed on the sites manufacturing these lower-segment vehicles des segments: Sochaux, Mulhouse, Aulnay and Poissy or on other group sites.

In addition, due to the fall in volumes at the Rennes plant and the necessity to reduce overheads, 850 professional workers, ETAM and executives could be concerned by voluntary departure measures. These same measures would also be proposed to multi-skilled UEP workers who may not be mobile.

The future of the Rennes facility is not at all under question. It manufactures the new C5 launched on the market in 2008. A new vehicle, in fact, is planned for the end of 2010.

The year 2007 and the first half of 2008 have seen the first positive effects of the Cap 2010 program which was aimed at boosting group growth and profitability. However the financial and industrial crisis which is hitting the whole economy has led to a violent drop in the group's sales volumes on the main European markets.

This has led PSA PEUGEOT CITROËN to urgently develop new action plans, in addition to measures already undertaken which have resulted in a reduction in costs, a drop in plant capacity and short-time working.

In the words of Jean-Luc Vergne, HR Director: "It is not with pleasure that we are presenting a Skills and Jobs Redeployment project. However, doing nothing would be worse, possibly throwing into question, even, in the long run, the very survival of the group and its 200,000 jobs. In 2007, we showed that it is possible to solve headcount appropriateness issues without any disputes or human dramas, and by respecting our commitment 'to leave no-one alone to face an employment problem'. I am confident that we will know how to settle our current difficulties in the same frame of mind, and that we will come out of this crisis stronger and more competitive."

**Contacts:**

PRESS RELATIONS	INVESTOR RELATIONS
Hugues Dufour +33 (0) 1 40 66 53 81 hugues.dufour@mpsa.com	James Palmer +33 (0) 1 40 66 54 59 james.palmer@mpsa.com
Pierre-Olivier Salmon +33 (0) 1 40 66 49 94 pierreolivier.salmon@mpsa.com	Jean Hugues Duban +33 (0) 1 40 66 40 28 jeanhugues.duban@mpsa.com
Laurent Cicolella +33 (0) 1 40 66 52 04 laurent.cicolella@mpsa.com	Yasmine Casvigny +33 (0) 1 40 66 57 59 yasmine.casvigny@mpsa.com