

FFP

A *société anonyme* established under the laws of the Republic of France
having a share capital of €24,922,589.00
with its registered office at 66 Avenue Charles de Gaulle,
92200 Neuilly-sur-Seine, France
562 075 390 RCS Nanterre

(the “**Company**”)

GENERAL MEETING OF 23 JULY 2020

**REPORT OF THE BOARD OF DIRECTORS
TO THE GENERAL MEETING OF HOLDERS OF**

€212,500,000 2.50 per cent. Notes due 3 July 2025 issued in two tranches
on 3 July 2017 and 6 December 2017

ISIN: FR0013265485 – Common Code: 163991349

(the “**Notes**”)

Dear Noteholders,

In accordance with the provisions of Articles L.228-65, I 3°, L.236-18 and L.236-22 of the French *Code de commerce*, we have convened a general meeting in order to submit for your approval a proposed partial asset contribution governed by the legal regime for spin-offs (the “**FFP Contribution**”) from the Company to its subsidiary Maillot I, a French *société par actions simplifiée*, with a share capital of €50,000 having its registered office at 66, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, registered with *Registre du commerce et des sociétés* of Nanterre under number 528 818 073 (“**Maillot I**”) pursuant to the terms and conditions of the partial asset contribution agreement entered into by and between the Company, Etablissements Peugeot Frères (“**EPF**”) and Maillot I on 22 June 2020.

For the vote of the **first resolution**, the Company’s General Meeting of Noteholders is requested, in accordance with Articles L.228-65, I 3°, L.236-18 and L.236-22 of the French *Code de commerce* to approve the Contribution as described in more details below.

For the vote of the **second resolution**, the Company’s General Meeting of Noteholders is requested to decide, in accordance with article R.228-74 paragraph 1 of the French *Code de commerce* that the attendance sheet, the powers of the represented holders of the Notes set out in the Participation Forms and the minutes of the present General Meeting will be deposited at the registered office of the Company, in order to allow each noteholder involved to exercise the right of communication granted to it by law.

Subject to the approval of all of the resolutions set out above by the General Meeting, the Company will pay to each Noteholder an amount denominated in Euros of 0.05% of the aggregate nominal amount of the Notes held by such noteholder if the resolutions are approved by the General Meeting on first or second convocation.

This report is available to Noteholders on the Company’s website (<http://www.groupe-ffp.fr>) and can also be obtained from the Company’s headquarters pursuant to applicable laws and regulations.

PROPOSED PARTIAL ASSET CONTRIBUTION GOVERNED BY THE LEGAL REGIME FOR SPIN-OFFS

INTRODUCTION

At 31 May 2020, FFP holds 84,323,161 shares of Peugeot S.A. (“PSA”), Europe’s second largest car manufacturer, representing 9.32% of the share capital and 13.43% of the voting rights of PSA. Etablissements Peugeot Frères (“EPF”), the holding company of the Peugeot family which holds 79.98% of the share capital of FFP, holds, at 31 May 2020, 26,298,895 shares of PSA, representing 2.91% of the share capital and 4.19% of the voting rights of PSA.

In December 2019, PSA and Fiat Chrysler Automobiles B.V. (“FCA”) signed a merger agreement in order to combine their businesses aimed at creating one of the largest global OEMs. The merger is subject to obtaining customary authorisations for this type of transactions.

As this merger will have an impact on the position of FFP and EPF within the new entity created from the merger between PSA and FCA, FFP and EPF wish to reorganize, prior to this merger, their stakes directly and indirectly held in PSA and in Faurecia, a French automotive equipment manufacturer (“Faurecia”).

The implementation of the Contribution will enable to create an automotive division within the FFP group by gathering within subsidiary of FFP, Maillot I, the stakes held by EPF and FFP in PSA, in order to strengthen the shareholding structure of the first French shareholder of the new group which will emerge from the PSA/FCA merger, as well as identifying a single decision-making centre with a clear governance within the same entity. The implementation of the Contribution will also offer the opportunity to create an expertise division dedicated to the automotive sector having its own resources and ensuring a better protection of economic and industrial French interests as well as those of the Peugeot family by benefitting from a single entity having the ability to participate in structuring transactions of the merged entity.

In this context, FFP and EPF will make respectively the FFP Contribution and EPF Contribution (each as defined below) to Maillot I, a French *société par actions simplifiée*, with a share capital of €50,000 having its registered office at 66, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine (“Maillot I”), by way of partial asset contributions governed by the legal regime for spin-offs.

Further to the Contribution, FFP will hold 76.5% and EPF will hold 23.5% of the share capital of Maillot I, which will itself hold 12.23% of the share capital of PSA.

The implementation of the Contribution will enable to create an automotive division within the FFP group by gathering within subsidiary of FFP, Maillot I, the stakes held by EPF and FFP in PSA, in order to strengthen the shareholding structure of the first French shareholder of the new group which will emerge from the PSA/FCA merger, as well as identifying a single decision-making centre with a clear governance within the same entity. The implementation of the Contribution will also offer the opportunity to create an expertise division dedicated to the automotive sector having its own resources and ensuring a better protection of economic and industrial French interests as well as those of the Peugeot family by benefitting from a single entity having the ability to participate in structuring transactions of the merged entity.

Mr. Didier Faury was appointed as merger and contribution auditor by order of the Presiding Magistrate of the Nanterre commercial court on 14 May 2020 to draw up reports on the valuation of the Contribution and the fairness of the exchange ratio pursuant to the provisions of Article L.236-10 of the French *Code de commerce*.

In this context, we are inviting you to approve the FFP Contribution.

This report explains the legal and business rationale behind the Contribution (as defined below) in particular with respect to the remuneration of the Contribution and the valuation methods used. The terms and conditions of the Contribution are set forth in more details in the Contribution Agreement available at the Company's registered office, on the Company's website (<http://www.groupe-ffp.fr>) and upon request from the Centralizing Agent, i.e. Société Générale Securities Services (32 Rue du Champ de Tir - CS 30812, 44308 Nantes Cedex 3, +33 2 51 85 65 93, agobligataire.fr@socgen.com).

Key characteristics of the Contribution

1. Purpose and objectives of the transaction

The Contribution is part of the corporate reorganization implemented by FFP and EPF in the context of the merger between PSA and FCA, as described in the introduction to this report.

2. Relationships between the companies

As of the date hereof, FFP holds 80% and EPF holds 20% of the share capital of Maillot I. The Chairman of Maillot I is FFP, represented by its Chief Executive Office, Mr. Bertrand Finet.

3. Description of the Contribution

The Contribution (as defined below) will include:

(a) Contributions by FFP to Maillot I (together, the “**FFP Contribution**”):

- 84,323,161 shares of PSA;
- 510,000 shares of Faurecia;
- The Equity Swap Agreement (as defined in the Contribution Agreement) entered into with Natixis on 6 March 2020 as amended on 16 March 2020, pursuant to which FFP may acquire shares of PSA representing 2% of PSA’s share capital; and
- The benefit and charge of all assets and rights attached to the contributed shares of PSA, shares of Faurecia and the Equity Swap Agreement required for the exercise of the rights and obligations relating to these assets (together, the “**FFP Contributed Shares and Financial Instruments**”).

(b) Contributions by EPF to Maillot I (together, the “**EPF Contribution**” and together with the FFP Contribution, the “**Contribution**”):

- 26,298,895 shares of PSA;
- The benefit and charge of all assets and rights attached to the contributed shares of PSA, required for the exercise of the rights and obligations relating to these assets (together, the “**EPF Contributed Shares**” and together with the FFP Contributed Shares and Financial Instruments, the “**Contributed Shares and Financial Instruments**”).

4. Contribution and merger auditor

Mr. Didier Faury was appointed as merger and contribution auditor by order of the Presiding Magistrate of the Nanterre commercial court on 14 May 2020.

The report on the valuation of the Contribution prepared by the merger and contribution auditor will be filed at the commercial court registry in accordance with the applicable rules.

5. Legal regime applicable to the transaction and rights of opposition

The Contribution is subject to the provisions of Articles L.236-16 to L.236-21 of the French *Code de commerce* pursuant to the option provided for in Article L.236-22 of the French *Code de commerce*. Accordingly, the Contribution will entail the transfer to Maillot I of all the assets and liabilities comprising the FFP Contribution and the EPF Contribution and Maillot I will be subrogated to all the rights and obligations of FFP and EPF with respect to the FFP Contribution and the EPF Contribution as of the Effective Date (as defined below).

FFP, EPF and Maillot I have expressly agreed that there will be no joint or several liability between them, either as regards FFP and EPF liabilities or the liabilities transferred, in accordance with the provisions of Article L.236-21 of the French *Code de commerce*. Accordingly, Maillot I will be solely liable for the liabilities transferred pursuant to the Contribution as of the Effective Date (as defined below) and FFP and EPF will remain solely liable for the liabilities retained by it (including, with respect to FFP, the notes issued by FFP, which will remain at the level of FFP).

Pursuant to the provisions of Articles L.236-14 and L.236-21 of the French *Code de commerce*, creditors other than noteholders of FFP, EPF and Maillot I whose claims date before publication of the Contribution Agreement may oppose the Contribution within the time period and on the conditions provided for under applicable laws and regulations.

Furthermore, pursuant to the provisions of Articles L.228-65, I 3°, L.236-18 and L.236-22 of the French *Code de commerce* and as described above, the FFP Contribution will be subject to approval at general meeting of FFP's noteholders.

6. Conditions precedent and effective date

Completion of the Contribution is subject to fulfillment of the following conditions precedent (the "**Conditions Precedent**"):

- a) The prior approval of the *Direction générale des finances publiques* for the application of the demergers legal regime (article 210 B, 3 of the French *Code général des impôts*) to the Contribution;
- b) approval of the Contribution Agreement at an extraordinary general meeting of FFP's shareholders;
- c) approval of the Contribution Agreement at an extraordinary general meeting of EPF's shareholders; and
- d) approval of the Contribution Agreement at an extraordinary general meeting of Maillot I's shareholders.

If the Conditions Precedent are not fulfilled by 31 December 2020 at the latest, the provisions of the Contribution Agreement will be considered as null and void.

Upon fulfillment of all Conditions Precedent as described above, the Contribution will become effective (including for accounting and fiscal purposes) as of 18 March 2020 (the "**Effective Date**").

7. Financial statements of the relevant companies used to set the terms and conditions of the proposed Contribution

As the contribution shall take effect as from 18 March 2020, each of FFP, EPF and Maillot I have closed an accounting position at 18 March 2020.

8. Method of valuing the Contribution

As the FFP Contribution and the EPF Contribution do not constitute a spin-off of a stand-alone business activity and do not entrust to Maillot I any right of control within Peugeot SA or Faurecia, they are not governed by regulation n°2017-01 of 5 May 2017 of the French *Autorité des normes comptables*. Accordingly, the FFP Contribution and the EPF Contribution will be completed and will be accounted for at their real market value.

9. Valuation of the Contribution

The FFP Contribution and the EPF Contribution have been valued at their real market value as follows:

- the shares of the listed companies PSA and Faurecia have been valued at the average share price of the shares on Euronext Paris over the 20-days period ending on 18 March 2020, i.e. €14.85 per PSA share and €36.39 per Faurecia share;

- for the Equity Swap Contract, the value of such contract corresponds to the costs borne by FFP between the signing date of the contract and the Effective Date, i.e. €616,269.

The value of the FFP Contribution and EPF Contribution have been comforted with a multicriteria analysis of the real value of the assets comprised in each Contribution.

To that effect, the Board of directors of FFP has appointed Cabinet Ledouble on 25 March 2020 in order to conduct an independent expertise, the conclusions of which are summarized in Annex I of the Contribution Agreement.

10. Consideration for the Contribution

a) Method used to determine the consideration for the Contribution

Based on the FFP Contribution valuation of €1,271,097,443, Maillot I will make a capital increase of €1,171,880,822 by issuing 1,171,880,822 new shares each with a par value of €1 to FFP.

Based on the EPF Contribution valuation of €390,452,234, Maillot I will make a capital increase of €359,975,144 by issuing 359,975,144 new shares each with a par value of €1 to EPF.

b) Contribution premium

The difference between the value of the FFP Contribution and the par value of Maillot I capital increase will constitute a share premium of €99,216,621. The difference between the value of the EPF Contribution and the par value of Maillot I capital increase will constitute a share premium of €30,477,090. The share premium will be recorded in additional paid-in capital in the Company's balance sheet.

For further information, please consult the Contribution Agreement and the reports of the contribution and merger auditor on the valuation of and consideration for the contributions, which are available on the Company's website (<http://www.groupe-ffp.fr>) and from the Company's headquarters, in accordance with the applicable laws and regulations.

In the event that the FFP Contribution is not approved at the first or second meetings, the Board of Directors of the Company may decide, in accordance with the provisions of Article L.228-73 of the French *Code de commerce*, to proceed with the transaction notwithstanding the rejection. Such decision will be published in accordance with applicable laws.

The Board of Directors