PRESS RELEASE

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Rueil-Malmaison and London, October 31st 2019

Groupe PSA and FCA plan to join forces to build a world leader for a new era in sustainable mobility

Discussions have opened a path to the creation of a new group with global scale and resources owned 50% by Groupe PSA shareholders and 50% by FCA shareholders. In a rapidly changing environment, with new challenges in connected, electrified, shared and autonomous mobility, the combined entity would leverage its strong global R&D footprint and ecosystem to foster innovation and meet these challenges with speed and capital efficiency.

- **The combination would create the 4th largest global OEM in terms of annual unit sales (8.7m vehicles)**
- **At its inception, the combined company would realize among the highest margins in the markets where it would operate, based on FCA's strength in North America and Latin America and Groupe PSA's in Europe**
- **The combination would unite the groups' respective brand strengths across Luxury, Premium, Mainstream Passenger Car, SUV and Trucks & Light Commercial – making them stronger together**
- **The merged entity would bring together the companies' extensive and growing capabilities in the technologies shaping the new era of sustainable mobility, including electrified powertrain, autonomous driving and digital connectivity**
- **Approximately €3.7 billion estimated annual run-rate synergies without any plant closures resulting from the transaction**
- **Highly respected combined management team recognised for exceptional value creation and with proven success in previous OEM combinations**

- **Dutch parent company Board would have balanced representation and a majority of independent Directors. John Elkann as Chairman and Carlos Tavares as CEO and member of the Board**

Rueil-Malmaison and London*, 31 October 2019.* The Supervisory Board of Peugeot S.A. and the Board of Directors of Fiat Chrysler Automobiles N.V. (“FCA”) (NYSE: FCAU / MTA: FCA) have each unanimously agreed to work towards a full combination of their respective businesses by way of a 50/50 merger. Both boards have given the mandate to their respective teams to finalize the discussions to reach a binding Memorandum of Understanding in the coming weeks.

The plan to combine the Groupe PSA and FCA businesses follows intensive discussions between the senior managements of the two companies. Both share the conviction that there is compelling logic for a bold and decisive move that would create an industry leader with the scale, capabilities and resources to capture successfully the opportunities and manage effectively the challenges of the new era in mobility.

The proposed combination would create the 4th largest global OEM in terms of unit sales (8.7 million vehicles), with combined revenues of nearly €170 billion[1] and recurring operating profit of over €11 billion[2] on a simple aggregated basis of 2018 results excluding Magneti Marelli and Faurecia. The significant value accretion resulting from the transaction is estimated to be approximately €3.7 billion in annual run-rate synergies derived principally from a more efficient allocation of resources for large-scale investments in vehicle platforms, powertrain and technology and from the enhanced purchasing capability inherent in the combined group’s new scale. These synergy estimates are not based on any plant closures.

It is projected that 80% of the synergies would be achieved after 4 years. The total one-time cost of achieving the synergies is estimated at €2.8 billion.

The shareholders of each company would own 50% of the equity of the newly combined group and would therefore share equally in the benefits arising from the combination. The transaction would be affected by way of a merger under a Dutch parent company and the governance structure of the new company would be balanced between the contributing shareholders, with the majority of the directors being independent. The Board would be composed of 11 members. Five Board members would be nominated by FCA (including John Elkann as Chairman) and five would be nominated by Groupe PSA (including the Senior Independent Director and the Vice Chairman)[3]. The Chief Executive Officer would be Carlos Tavares for an initial term of five years and he would also be a member of the Board.

Carlos Tavares said: “This convergence brings significant value to all the stakeholders and opens a bright future for the combined entity. I’m pleased with the work already done with Mike and will be very happy to work with him to build a great company together.”

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[1] Represents FCA Net Revenues, excluding Magneti Marelli, and Groupe PSA Revenue excluding Faurecia Revenue to Third Parties.

[2] Represents FCA Adjusted EBIT, excluding Magneti Marelli, and Groupe PSA Recurring Operating Income excluding Faurecia

[3] Employee representatives would be defined based on legal requirements at all levels

Mike Manley said, "I'm delighted by the opportunity to work with Carlos and his team on this potentially industry-changing combination. We have a long history of successful cooperation with Groupe PSA and I am convinced that together with our great people we can create a world class global mobility company."

The new group's Dutch-domiciled parent company would be listed on Euronext (Paris), the Borsa Italiana (Milan) and the New York Stock Exchange and would continue to maintain significant presences in the current operating head-office locations in France, Italy and the US.

It is proposed that the by-laws of the new combined company would provide that the loyalty voting program will not operate to grant voting rights to any single shareholder in the Shareholders Meeting exceeding 30%[4] of the total votes cast. It is also foreseen that there would be no carry over of existing double voting rights but that new double voting rights would accrue after a three-year holding period after completion of the merger.

A standstill in respect of the shareholdings of EXOR N.V., Bpifrance Participations SA, DFG and the Peugeot Family would apply for a period of 7 years following completion of the merger. EXOR, Bpifrance Participations and the Peugeot Family would be subject to a 3-year lock-up in respect of their shareholdings except that the Peugeot Family would be permitted to increase its shareholding by up to 2.5% during the first 3 years following the closing, only by acquiring shares from Bpifrance Participations and DFG.

Prior to the completion of the transaction, FCA would distribute to its shareholders a special dividend of €5.5 billion, as well as its shareholding in Comau. In addition, prior to completion, Peugeot would distribute to its shareholders its 46% stake in Faurecia. This would enable the combined groups' shareholders to equally share in the synergies and benefits that would flow from a merger while recognizing the significant value of FCA's differentiated platform in North America and strong position in Latin America, including its market-leading margins in those regions. It would also reflect the added value that FCA's higher-end global brands Alfa Romeo and Maserati would bring given their substantial development potential.

The extended portfolio would cover all market segments with iconic brands and strong products based on rationalized platforms and optimization of investments.

The proposal would be submitted to the information and consultation process of the relevant employee bodies, and would be subject to customary closing conditions, including final board approvals of the binding Memorandum of Understanding and agreement on definitive documentation.

Contacts:

Investor enquiries:

FCA	**Groupe PSA**
Joe Veltri	Andrea Bandinelli

[4] No blocking minority in a Dutch entity; all the decisions made by simple majority of votes of quorum>50%

Vice President, Investor Relations Tel: +1 248 576 9257 investor.relations@fcagroup.com	Senior Vice President, Investor Relations Tel : + 33 6 82 58 86 04 communication-financiere@mpsa.com

Media enquiries:

FCA	**Groupe PSA**
Niel Golightly, +1 248 933-6285 niel.golightly@fcagroup.com	Pierre Olivier Salmon, +33 6 76 86 45 48 pierreolivier.salmon@mpsa.com
Shawn Morgan, +1 248 512-2692 shawn.morgan@fcagroup.com	Karine Douet, +33 6 61 64 03 83 karine.douet@mpsa.com
Andrea Pallard, +39 0110030675 andrea.pallard@fcagroup.com	
Fernao Silveira, +55 11 4949-3901 fernao.silveira@fcagroup.com	
Leonardo Guan, +86 21 2218 7896 corp.communication@fcagroup.com.cn	
Lucy McLellan, +61 3 8698 0200 lucy.mclellan@fcagroup.com	
UK/USA	
Sard Verbinnen & Co Jon Aarons, Robert Rendine +44 20 7467 1050/+1 212 687 8080 fca@sardverb.com	
ITALY	
Community, Strategic Communications Advisers Auro Palomba, Marco Rubino +39 02 89404231 fca@communitygroup.it	
FRANCE	
Image 7 Anne-France Malrieu, Flore Larger +33 1 53 70 74 95/+33 1 53 70 74 90	

fca@image7.fr

About FCA

Fiat Chrysler Automobiles (FCA) is a global automaker that designs, engineers, manufactures and sells vehicles in a portfolio of exciting brands, including Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Fiat Professional, Jeep®, Lancia, Ram and Maserati. It also sells parts and services under the Mopar name and operates in the components and production systems sectors under the Comau and Teksid brands. FCA employs nearly 200,000 people around the globe. For more information regarding FCA, please visit www.fcagroup.com

About Groupe PSA

Groupe PSA designs unique automotive experiences and delivers mobility solutions to meet all customer expectations. The Group, which employs 210,000 people, has five car brands, Peugeot, Citroën, DS, Opel and Vauxhall and provides a wide array of mobility and smart services under the Free2Move brand. Its 'Push to Pass' strategic plan represents a first step towards the achievement of the Group's vision to be "a global carmaker with cutting-edge efficiency and a leading mobility provider sustaining lifetime customer relationships". An early innovator in the field of autonomous and connected cars, Groupe PSA is also involved in financing activities through Banque PSA Finance and in automotive equipment via Faurecia.

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GROUPE PSA FORWARD-LOOKING STATEMENTS

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