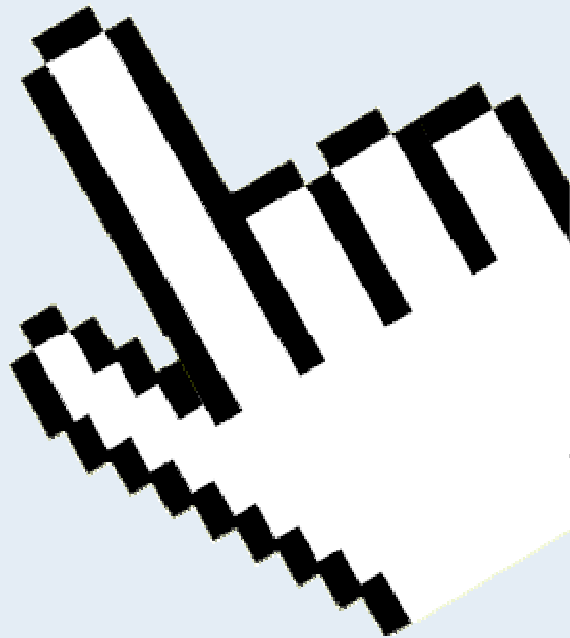


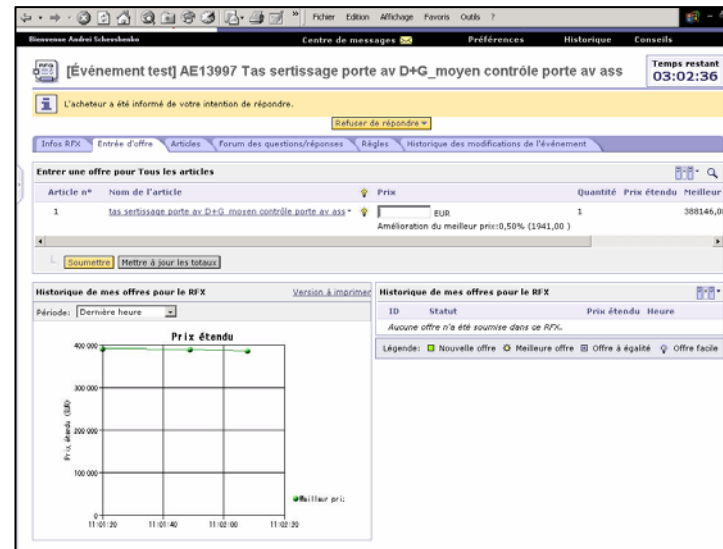
Modernising our purchasing process to optimise our collaboration



Through reverse e-Auctions we bring transparency to our relationships !

How does it work ?

- An e-mail is sent to the selected suppliers
- Synertrade contacts each supplier for a training.
- Participation to an auction



Platforms, Technical Affairs and Purchasing Department
Purchasing Department

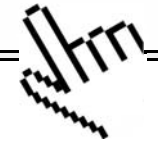
<http://b2b.psa-peugeot-citroen.com>
contact-psa-b2b@mpsa.com

e-Auctions

Through e-Auctions we will optimise our commercial relations.



Synertrade, an international e-marketplace, was chosen by PSA Peugeot Citroën to improve collaboration with our partners and suppliers



Reverse e-Auctions, The Internet price negotiation tool of PSA Peugeot Citroën.

Intervening at the end of a supplier consultation, the reverse e-auction tool is a complement to existing negotiating tools. It does not replace buyer-supplier relations.

Our aim : to optimize our commercial relationships.

You

- you benefit from more precise specifications.
- you are assured of complete equity between suppliers
- you gain a greater perception of your competitive market position

We

- we reduce negotiation times
- we decrease the buyer's administrative burden
- we bring greater transparency to our supplier relationships

Auctions

All you need to know...

Why use auctions ?

Modernising our purchasing processes, to bring greater transparency to our supplier relationships and to optimise our competitive position.

More precise specifications.

The tool requires a better formulation of PSA requirements so that supplier bids are comparable to one another. As a result, we will apply ourselves in order to improve the precision of the specifications.

Prices negotiated during a single event that brings together all suppliers.

With reverse e-Auctions, the negotiation is held in a secure environment and over a set time period, via the Internet. The supplier's anonymity is preserved. Business is awarded only once a thorough (commercial and technical) analysis of the supplier bids, made during the auction, has been completed.

Transparency brought to our relations

E-Auctions introduce transparency to the buyer-supplier relationship. Thanks to his tool, you are able to gain greater visibility of the market and of your own competitiveness. This openness can lead to you improving your competitiveness, by understanding your market position and analysing your internal processes.

Auctions at PSA PEUGEOT CITROËN

2001, deployment strategy validated.

2002, deployment year :

- 250 Auctions,
- 80% of business awarded to the best placed supplier during the auction ,
- all sectors of activity concerned : Direct and Non-Direct purchasing.

2003, standardisation year :

- 750 Auctions.

2004 :

- 1000 Auctions.

What is the PSA Peugeot Citroën Auction Code of Conduct ?

- Every auction leads to business being awarded.
- The technical and qualitative elements of suppliers' tenders are examined prior to the auction.
- Only those suppliers that PSA decides to invite to the auction may participate in the event.
- Bidders must honour the bids they make during an auction.
- PSA will not place « phantom » bids during an auction.
- Business will only be awarded to a supplier that has participated in the auction.
- The definitive supplier choice is made after the auction, once all the technical, qualitative and economic criteria of each supplier tender have been evaluated.

How to manage the change ?

Better preparation.

The reduced negotiation time means that you should prepare your commercial strategy prior to the auction by conducting : a price breakdown, cost analysis... The auction is so dynamic that you will need to react instantly to your competitor's bids.

Ensure delegation of responsibility.

There is no place for improvisation on the day of an auction; you must make decisions in minutes that are binding for your company. It is essential that decision-makers are available on the day of the auction or that they have ensured an appropriate delegation of responsibility.

Participate in a trial auction in order to master the tool.

A trial auction is organised by PSA before the real auction. This will enable you to test your Internet connection and to familiarise yourself with the tool.