

**RENAULT**

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# Mixed General Meeting

*on 29 April 2003*

## Notice on the share buyback programme

*Proposed to the Combined Ordinary and  
Extraordinary General Meeting of Shareholders  
of 29 April 2003*

**COB**

Pursuant to Article L 621-8 of the French Monetary and Finance Code, the Commission des Opérations de Bourse or COB approved this Notice under No. 03-229 on 7 April 2003, in accordance with the terms of its Regulation No. 98-02. This Notice, drawn up by the issuer, shall bind its signatories. The visa shall not entail approval of the share buyback programme or authentication of the accounting and financial information provided.



**RENAULT**

**P**ursuant to COB Regulation No. 98-02, this Notice aims to describe the goals and terms and conditions of the share buyback programme subject to authorisation by the Combined Ordinary and Extraordinary General Meeting of the shareholders of 29 April 2003 as well as the estimated impact of said programme on the shareholders' situation.

### Summary of the main features of the operation:

**COB approval No. 03-229 of 7 April 2003**

**Issuer:** Renault SA, Company listed on the Paris Euronext First Market, Sicovam code 13 190

**Share buyback programme:**

- Securities concerned: Renault shares
- Maximum percentage of capital that may be bought back: 10%
- Maximum purchase price per share: 90 euros
- Minimum sale price per share: 15 euros
- Goal per order of priority:
  - use all or part of the shares bought for transfer to the employees and corporate officers of the Company and the Group in accordance with the law,
  - adjust the price of the share by systematically trading against the market,
  - buy and/or sell on the stock exchange in light of market conditions,
  - use all or part of the shares bought to re-use them in the context of exchange transactions, by offerings or other means, as initiated by the Company,
  - manage its cash flow and its equity,
  - cancel them subject to the adoption of the 20<sup>th</sup> resolution of the Combined Ordinary and Extraordinary General Meeting of the shareholders.
- Term of the programme: up to the next Annual General Meeting called to approve the accounts, or no later than 18 months after the date of the General Meeting of 29 April 2003, i.e. no later than 29 October 2004.

## **1. Report on the previous share buyback programme**

In the scope of the previous share buyback programme authorised by the Combined Ordinary and Extraordinary General Meeting of 26 April 2002, Renault redeemed 1,859,000 of its own shares between August 2002 and September 2002, i.e. 0.65% of the capital, at a weighted average price of EUR 49.34, i.e. a total amount of EUR 91,724,207. The Commission des Opérations de Bourse approved the Notice drawn up in respect of said programme under No. 02-660 on 3 June 2002.

On 28 February 2003, the Company held in all 10,271,182 of its own shares, representing 3.6% of the capital. No shares have been cancelled.

The Company has not signed a market making or liquidity agreement.

## **2. Goals of the share buyback programme and use of the shares purchased**

Renault wishes to implement a share buyback programme. The goals of said programme, by order of priority, would be:

- to use all or part of the shares bought for transfer to the employees and corporate officers of the Company and its group, in accordance with the terms and conditions and methods provided for by law (stock options, employee profit-sharing schemes, sale of shares reserved for employees)
- adjust the price of the share by systematically trading against the market,
- buy and/or sell on the stock exchange in light of market conditions,
- use all or part of the shares bought to re-use them in the context of exchange transactions, by offerings or other means, as initiated by the Company,
- manage its cash flow and its equity,
- cancel them subject to the adoption of the 20<sup>th</sup> resolution of the Combined Ordinary and Extraordinary General Meeting of the shareholders of 29 April 2003, in its capacity as an Extraordinary Meeting.

The Company has no plans at the moment to cancel the shares it purchases.

## **3 – Cadre juridique**

The implementation of this programme shall be proposed to the Combined Ordinary and Extraordinary General Meeting of the shareholders of 29 April 2003 in the following resolution:

### **Eighteenth resolution**

*(Authorisation for the Company to trade in its own shares on the stock market)*

The General Meeting, having studied the report from the Board of Directors, hereby authorises the Board of Directors, pursuant to the provisions of Article L. 225-209 of the Commercial Code, to deal in the Company's own shares under the conditions and within the limits set forth in law and regulations.

The purpose of this authorisation is to allow the Company to make use of the possibilities accorded by the provisions of the law for dealing in its own shares, in particular in order to:

- proceed with the correction of the list price of its shares by buying and selling on the stock market;
- ensure the management of its cash-flow and equity;
- use all or part of the shares acquired
  - either to transfer them to the employees and officers of the Company and of its group, under those conditions and according to those terms provided for by law (stock options, employee profit-sharing schemes, sale of shares reserved to employees);
  - or in order to use them in the context of exchange transactions, by offerings or by other means, as initiated by the Company;
- cancel them, subject to adoption of the twentieth resolution within the competence of the Extraordinary General Meeting as appearing on the agenda of this General Meeting.

These purchases of shares may be undertaken by all means, including in over-the-counter sales and by block of shares or by use of derivatives, and at such times as the Board of Directors may think fit, and the shares so acquired may be sold or transferred by any means.

The General Meeting hereby fixes the maximum purchase price at 90 euros per share and the minimum sale price at 15 euros per share, on the one hand, and the maximum number of shares that may be acquired at 10% of the registered capital, on the other hand. The total amount that the company may dedicate to the acquisition of its own shares may not exceed 2,564,433,990 euros.

In the event of a capital increase by incorporation of reserves and allocation of shares gratuitously, or in the event of either a division or consolidation of shares, the prices indicated hereinabove shall be adjusted by a multiplying ratio equal to the ratio between the number of shares making up the registered capital prior to the operation and this number after the operation.

This authorisation is granted for a period which shall end on the next Annual General Meeting for the approval of the accounts, without however exceeding a maximum duration of eighteen months. All powers are hereby granted to the Board of Directors, with the possibility of delegation and sub-delegation, in order to proceed with all stock market orders, conclude any and all agreements, draw up all documents including in particular information documents, proceed with all formalities and declarations with all bodies and, in general, do all that is necessary.

The right of the Board of Directors to cancel the shares acquired by the company shall be subject to the approval of the Combined Ordinary and Extraordinary General Meeting of shareholders of 29 April 2003 in the following resolution:

### **Twentieth resolution**

*(Authorisation of the cancellation of the company's shares acquired by the company itself)*

The General Meeting, having examined the report from the Board of Directors and the special report from the Statutory Auditors, hereby authorises the Board of Directors, pursuant to Article L 225-209 of the Commercial Code, with the right to sub-delegate, as follows:

- to cancel, on one or more occasions, those shares acquired through the implementation of the authorisation granted in the eighteenth resolution presented to this General Meeting or any resolution which may be substituted for the same, per period of twenty-four months up to a limit of 10% of the total number of shares making up the registered capital at the date of the operation, and to reduce the registered capital correlatively while deducting the difference between the value for acquisition of the shares and their par value from any accounts representing reserves or share issue premiums.
- to amend the Articles of Association as a consequence and fulfil any necessary formalities.

This authorisation is granted for a period which shall end on the next Annual General Meeting for the approval of the accounts, without however exceeding a maximum duration of eighteen months.

## **4. Terms and conditions**

### **1/ Maximum amount of capital that may be bought and the maximum amount payable by Renault**

No more than 10 % of Renault's share capital, i.e. 28,493,712 shares on the date hereof, may be bought, which represents a maximum theoretical investment of EUR 2,564,433,990.

As a consequence and considering the 10,271,182 shares representing 3.6% of the capital that it already holds on 28 February 2003, the Company may buy only 6.4%, i.e. 18,222,530 shares under this programme to buyback its own shares, apart from the capital increase authorised by the Combined Ordinary and Extraordinary General Meeting.

In the event all the shares are bought at the maximum price authorised by the Meeting, i.e. EUR 90, Renault's buyback operation may not exceed the maximum amount of EUR 1,640,027,682.

The Company undertakes to permanently remain within the limit of direct or indirect ownership of 10% of the capital.

### **2/ Terms and conditions of buyback**

The shares may be purchased by all means, including on over-the-counter sales and by block of shares or by the use of derivatives. Renault shall ensure that use of derivatives does not increase the volatility of its share.

### 3/ Term and timetable of the buyback programme

Subject to its approval by the Combined Ordinary and Extraordinary General Meeting of the shareholders of 29 April 2003, this programme has been authorised for a term which shall expire at the next Annual General Meeting called to approve the accounts but which however may not exceed a period of eighteen months at most, i.e. 29 October 2004.

### 4/ Financing of the buyback programme

The buyback programme shall be financed with the Company's own funds or by any other form of financing.

Based on the assumptions described in §5, the cost of financing the purchase of its own shares would amount to EUR 18 million, net of tax.

Pursuant to the law, the amount of the programme may not exceed the amount of available reserves until the financial statements for the current financial year have been drawn up.

For information, based on the accounts published and audited at 31 December 2002, the amount of Renault S.A.'s own reserves amount to EUR 10 billion, i.e. an amount that is very significantly higher than the maximum theoretical amount of the share buyback programme as described in §4.1.

## 5. Information used to assess the impact of the buyback programme on Renault's financial position

Based on the priority goals of the share buyback programme (use all or part of the shares bought for transfer to employees and corporate officers of the Company or to adjust the price of the share by buying and selling on the stock exchange), said programme should not have a major impact on Renault's financial position or on its net earnings per share, apart from any profit or loss made upon the resale of the shares on the market.

For information, in the event of the buyback of its own shares exclusively earmarked for goals other than allocation to employees or to adjust the price, and on the basis of the following assumptions, the calculation of the maximum impact of the programme on the Renault Group's financial position at 31 December 2002 would be as follows:

- average purchase price of EUR 35 per share (said price is representative of the average of the last prices observed at 25 March 2003),
- interest rate, net of tax, charged to finance the purchase of 2.91% (i.e. 4.50% net of tax)
- purchase of 18,222,530 shares, i.e. 6.4% of the capital, as Renault already held 3.6% of its own shares at 28 February 2003.

	Consolidated accounts at 31 December 2002	Purchase of 18,222 thousand shares	Pro forma after purchase of 18,222 thousand shares	Impact of the purchase expressed as a percentage
Group's share of equity capital <i>(in millions of euros)</i>	11,828	(656)	11,172	- 5.55
Net financial indebtedness <i>(in millions of euros)</i>	2,495	656	3,151	26.29
Group's share of net profit/loss <i>(in millions of euros)</i>	1,956	(18)	1,938	- 0.92
Weighted number of shares in circulation <i>(in thousands)</i>	259,560	(18,222)	241,338	-
Net earnings per share <i>(in euros)</i>	7.53	-	8.03	6.64

## **6. Tax treatment of buybacks**

### **For the transferee:**

As the Company does not intend in principle to cancel the shares it buys back, the subsequent transfer thereof would have an impact on its taxable income insofar as said shares are sold at a price that differs from their buyback price.

### **For the transferor:**

As buybacks are made in accordance with Article L.225-209 of the Commercial Code, capital gains made at this time by companies shall be subject to the regulations applicable to capital gains on businesses provided for under Article 39 *duodecies* of the French Tax Code (*Code Général des Impôts*) and capital gains made by individuals with a private share portfolio to the regulations applicable to the transfer of investment securities or company shares (*droits sociaux*) provided for under Article 150-0 A of the Tax Code.

Non-resident shareholders whose share ownership is not actually attached to a permanent business establishment or a permanent base in France and who have not at any time held, directly or indirectly, alone or with related individuals or legal entities more than 25% of the corporate profits of the Company at a particular time over the five years prior to the Company's buyback of its own shares shall not be taxed in France on capital gains made on the buyback of their shares under this programme.

Investors are reminded that this information is only a summary of the applicable tax regulations and that they must review their own personal situation with their usual tax consultants.

## **7. Intention of the legal entity that controls the issuer alone or with others**

Shareholders that control the Company alone or with others have not on the date hereof expressed any intention to resell shares upon implementation of this share programme.

## **8. Allocation of the capital**

On 28 February 2003, Renault's share capital was comprised of 284,937,118 shares with a par value of EUR 3.81 each.

	Number of shares	% of the capital	% of voting rights
French State	73,829,004	25.91	31.83
Nissan Finance Co. Ltd.	42,740,568	15.00	–
Public (including employees of the Group)	158,096,364	55.49	68.17
Shares held by Company	10,271,182	3.60	–
<b>TOTAL</b>	<b>284,937,118</b>	<b>100.00</b>	<b>100.00</b>

No other securities grant access to the capital.

To the Company's knowledge, no other private investor owns 5% or more of the share capital and to its knowledge there is no shareholders' agreement. The agreement between the Group of Shareholding Partners since 21 November 1994 (the "Agreement") expired in 2002, after notice of termination of the Agreement and sale of their securities by the last members.

Moreover, under the *Alliance Master Agreement* that Renault and Nissan Motor entered into on 20 December 2001, measures were taken to reinforce their capital links. Said measures, described in the Notice approved by the COB under No. 02-275 on 26 March 2002, specified that up to 31 December 2004, neither Renault nor the Nissan Group could respectively transfer the other party's redeemable shares without the prior agreement of the Boards of Directors of Renault and of Nissan Motor Co. Ltd.

## ***9. Recent events***

The Renault reference document on the financial year ended 31 December 2002 was filed with the *Commission des Opérations de Bourse* on 7 March 2003 (No. D.03-0208) and it may be consulted on the Renault web site.

## ***10. Officer with responsibility for the notice***

To our knowledge, the information in this Notice reflects the facts: it includes all information that investors need to make an assessment of the Renault share buyback programme. It does not omit any information that may change the scope thereof.

Chairman and Chief Executive Officer  
Louis Schweitzer

