



RENAULT

French limited company (*société anonyme*) with capital of €1,085,610,419.58
Registered offices at 13 - 15, Quai Le Gallo, 92 100 Boulogne Billancourt
Recorded in the Nanterre trade and companies register under the number 441 639 465

Memorandum on a share buyback program proposed to the Joint General Meeting of shareholders on April 29, 2005 (April 18, 2005 – first notice)



Pursuant to Article L 621-8 of the Monetary and Financial Code, the Autorité des Marchés Financiers (AMF) recorded this memorandum under visa No. 05-187, dated March 25, 2005, in accordance with the provisions of Articles 241-1 to 241-7 of the AMF General Regulations. This memorandum was drawn up by the issuer and shall be binding on its signatories. The visa does not signify approval of the share buyback program or authentication of the accounting and financial information provided.

Pursuant to the AMF General Regulations, this memorandum aims to describe the objectives and terms and conditions of the share buyback program submitted for the approval of the Joint General Meeting of shareholders on April 29, 2005, as well as the estimated impact of the program on the situation of shareholders.

Summary of the program's main features:

AMF visa No. 05-187, dated March 25, 2005

Issuer: Renault SA, a company listed on the Euronext Paris Eurolist, ISIN Code FR0000131906

Share buyback program:

- Securities affected: Renault shares
- Maximum percentage of capital that may be bought back: 10%
- Maximum purchase price per share: €85
- Minimum sale price per share: €60
- Objectives, in order of priority:
 - use all or part of the shares bought for transfer to employees and senior managers of the company and group in accordance with the law (including coverage of stock options);
 - remit the shares on the exercise of rights attached to securities giving entitlement, by means of conversion, exercise, redemption or exchange, to an allocation of the company's shares, within the framework of market regulations;
 - trade in the secondary market or enhance the liquidity of the Renault share through an investment services provider on the basis of a liquidity contract, in accordance with the code of good conduct recognized by the AMF;
 - hold all or part of the shares bought for subsequent remittance as a means of exchange or payment in external growth operations;
 - cancel the shares, subject to adoption of the twelfth resolution by the Joint General Meeting of shareholders.
- Term of the program: up to the next Annual General Meeting called to approve the financial statements, or no later than 18 months after the Annual General Meeting of April 29, 2005, i.e. no later than October 30, 2006.

1. REPORT ON THE PREVIOUS SHARE BUYBACK PROGRAM

Renault did not purchase any of its own shares under the last share buyback program, which was authorized by the Joint General Meeting of April 30, 2004.

The last program was described in a memorandum that received visa No. 04-229 from the Commission des Opérations de Bourse (COB) on March 31, 2004.

Statement by the issuer on transactions in its own shares between March 31, 2004 and February 28, 2005

Percentage of capital held directly or indirectly as treasury stock ⁽¹⁾: 3.7%
 Number of shares canceled in the last 24 months: none
 Number of shares held in the portfolio ⁽¹⁾: 10,602,827
 Book value of the portfolio ⁽¹⁾: €500 million
 Market value of the portfolio ⁽¹⁾: €725 million

⁽¹⁾ At February 28, 2005.

	Cumulative gross flows		Open positions at memorandum filing date			
	Purchases	Sales / Transfers	Open call positions		Open put positions	
Number of shares		41,300	Call options purchased	Forward purchases	Call options sold	Forward sales
Maximum average maturity						
Average price		64.99				
Average strike price						
Amount		2.68				

Renault did not use derivatives.

Share buybacks carried out before October 13, 2004 were designed to cover call option plans. This was the objective behind the purchase of all treasury shares currently held .

2. OBJECTIVES OF THE PROGRAM AND USE OF SHARES PURCHASED

Renault wishes to implement a share buyback program. The objectives of this program are, in order of priority:

- use all or part of the shares bought for transfer to employees and senior managers of the company and group in accordance with the law (including coverage of stock options);
- remit the shares on the exercise of rights attached to securities giving entitlement, by means of conversion, exercise, redemption or exchange, to an allocation of the company's shares, within the framework of market regulations;
- trade in the secondary market or enhance the liquidity of the Renault share through an investment services provider on the basis of a liquidity contract, in accordance with the code of good conduct recognized by the AMF;
- use all or part of the shares bought for remittance in share exchanges initiated by the company as part of tender offers or under other circumstances;
- cancel the shares, subject to adoption of the twelfth resolution by the Joint General Meeting of shareholders.

3. LEGAL FRAMEWORK

The program comes under the provisions of Articles L.225-209 *et seq.* of the Commercial Code, and of European Regulation 2273/2003 of September 22, 2003, implementing Market Abuse Directive 2003/6/EC of January 28, 2003, which came into effect on October 13, 2004. Implementation of this program shall be proposed to the Joint General Meeting of shareholders on April 29, 2005 in the following resolution:

“Tenth resolution (*Authorization for the company to trade in its own shares on the stock market*)

The General Meeting, having studied the report by the Board of Directors, hereby authorizes 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 the regulations. The purpose of this authorization 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:

- use all or part of the shares bought for transfer to employees and senior managers of the company and group in accordance with the law;
- remit the shares on the exercise of rights attached to securities giving entitlement, by means of conversion, exercise, redemption or exchange, to an allocation of the company’s shares, within the framework of market regulations;
- trade in the secondary market or enhance the liquidity of the Renault share through an investment services provider on the basis of a liquidity contract, in accordance with the code of good conduct recognized by the AMF;
- hold all or part of the shares bought for subsequent remittance as a means of exchange or payment in external growth operations;
- cancel the shares, subject to adoption of the twelfth resolution by the Joint General Meeting of shareholders.

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

The General Meeting hereby fixes the maximum purchase price at €85 per share and the minimum sale price at €60 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 €2,421,965,435.

In the event of a capital increase by capitalization of reserves and bonus issues of shares, or in the event of a split or reverse split, the prices indicated above shall be adjusted by a multiplication coefficient equal to the ratio between the number of shares making up the registered capital before and after the capital increase or split.

The General Meeting takes formal note that shareholders shall be informed at the next Annual General Meeting of exactly how any and all purchased shares are assigned to the stated objectives;

The General Meeting hereby decides that this authorization shall hold during cash tenders offers and/or share exchange offers and during standing offers, in accordance with the regulations in force.

As regards shares acquired before October 13, 2004, the General Assembly hereby grants the Board of Directors the powers needed to do the following, in accordance with the procedures decided by the AMF:

- assign the shares to an objective with safe harbor status as provided under European Regulation 2273/2003 of December 22, 2003; or
- use the shares for one of two accepted market practices (liquidity contract signed with an investment services provider acting in accordance with the terms set down for this practice; hold and subsequently remit shares as a means of exchange or payment in external growth operations; or
- transfer them via an independent investment services provider.

This authorization is granted for a term that shall end at the next Annual General Meeting called to approve the financial statements, without however exceeding a maximum duration of 18 months. All powers are hereby granted to the Board of Directors, with the possibility of sub-delegation, to place stock market orders, conclude any and all agreements, draw up documents, notably for information purposes, attend to all formalities and declarations with respect to 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 approval of the following resolution by the Joint General Meeting of shareholders on April 29, 2005:

“Twelfth resolution (*Authorization to cancel holdings of the company’s own shares*)

The General Meeting, having examined the report from the Board of Directors and the special report of the statutory auditors, hereby authorizes the Board of Directors, pursuant to Article L 225-209 of the Commercial Code, with the possibility to sub-delegate such authorization:

- to cancel, on one or more occasions, any shares acquired through implementation of the authorization granted in the twelfth resolution submitted to this General Meeting, or any resolution that may be substituted for the same, up to a limit, within any period of 24 months, of 10% of the total number of shares making up the registered capital at the time of such operation, and to reduce the registered capital correspondingly, deducting the difference between the redemption value of the shares and their par value from any items carried in the premium or reserve accounts.
- to amend the Articles of Association as a consequence and attend to all necessary formalities.

This authorization has been granted for a term that shall end at the next Annual General Meeting called to approve the financial statements, without however exceeding a maximum duration of 18 months.”

4. TERMS AND CONDITIONS

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

No more than 10% of Renault’s share capital, i.e. 28,493,711 shares at the date hereof, may be bought, which represents a maximum theoretical investment of €2,421,965,435.

As a consequence and considering the 10,602,827 shares representing 3.7% of the capital that it already held as at February 28, 2005, the company may buy only 6.3%, i.e. 17,890,885 shares, under this program to buy back its own shares, apart from any capital increase authorized by the Joint General Meeting.

In the event that all the shares are bought at the maximum price authorized by the Meeting, i.e. €85, the maximum amount of Renault’s buyback would total €1,520,725,208.

The company undertakes to remain at all times within the limit of direct or indirect ownership of 10% of the capital.

2/ Terms and conditions of buyback

Shares may be purchased by any means, including over-the-counter sales, block trades and derivatives. Renault shall ensure that the use of derivatives does not increase the volatility of its share.

3/ Term and timetable of the buyback program

Subject to its approval by the Joint General Meeting of shareholders on April 29, 2005, this program has been authorized for a term that shall expire at the next Annual General Meeting called to approve the financial statements, without however exceeding a maximum duration of 18 months, i.e. October 30, 2006.

4/ Financing the buyback program

The buyback program shall be financed with the company’s own funds, although no other forms of financing shall be excluded.

Based on the assumptions described in §5, the annual cost of financing the purchase of the company’s own shares shall amount to €16 million, net of tax.

Pursuant to the law, the amount of the program may not exceed the amount of reserves available up to year-end. For information, based on the financial statements published and audited at December 31, 2004, Renault SA’s available reserves stand at €10 billion, i.e. very significantly higher than the maximum theoretical amount of the share buyback program as described in §4.1.

For information, based on the consolidated financial statements as at December 31, 2004, the Automobile Division had a net cash position of €4,451 million, shareholders' equity of €16,096 million and financial indebtedness of €7,754 million.

5. INFORMATION USED TO ASSESS THE IMPACT OF THE BUYBACK PROGRAM ON RENAULT'S FINANCIAL POSITION

Based on its priority objective, the share buyback program should not have a major impact on Renault's financial position or on its earnings per share, apart from any profit or loss made on the resale of the shares on the market.

For information, in the event of a buyback of shares exclusively earmarked for objectives other than allocation to employees or trading in the secondary market, and based on the assumptions given below, the maximum impact of the program on the Renault Group's financial position at December 31, 2004 would be as follows:

- average purchase price of €55.61 per share (average closing price between January 1, 2005 and March 7, 2005),
- interest rate, net of tax, charged to finance the purchase of 1.40% (i.e. 2.15% excluding tax impact),
- purchase of 17,890,885 shares, i.e. 6.3% of the capital, as Renault already held 3.7% of its own shares at February 28, 2005.

	Consolidated financial statements at December 31, 2004	Purchase of 17,891,000 shares	Pro forma after purchase of 17,891,000 shares	Impact of the purchase expressed as a percentage
Group's share of shareholders' equity (€million)	16,060	(1,190)	14,870	(7.41)%
Net financial indebtedness (€million)	541	1,190	1,731	219.96%
Group's share of net income or loss (€million)	3,551	(16)	3,535	(0.45)%
Average weighted number of shares outstanding (thousands) ⁽¹⁾	265,960	(17,891)	248,069	-
Earnings per share (€)	13.35	-	14.31	+7.19%

(1) In accordance with French accounting regulations, treasury shares held for the purposes of stock options plans awarded to managers and executives are considered to be in circulation.

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 taxable income insofar as these 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 in this context by companies shall be subject to corporation tax and, where applicable, to the regulations on capital gains by businesses provided for under Article 39 *duodecies* of the French Tax Code.

Capital gains made by individuals holding the shares in a private portfolio are subject to the regulations applicable to the transfer of investment securities or voting rights (*droits sociaux*) provided for under Article 150-0 A of the

Tax Code. According to these regulations, capital gains are taxed at 16% (27% with social security levies) only if the total amount of securities transferred annually per household (for tax purposes) exceeds €15,000.

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 program.

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

7. INTENTIONS OF THE PARTY THAT, ALONE OR JOINTLY, HAS A CONTROLLING INTEREST IN THE ISSUER

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

8. OWNERSHIP OF SHARES

As at February 28, 2005, Renault's share capital was made up of 284,937,118 shares with a par value of €3.81.

	Number of shares	% of capital	% of voting rights
French State	44,585,950	15.65	19.25
Nissan Finance Co. Ltd.	42,740,568	15.00	-
Public (including group employees)	187,007,773	65.63	80.75
Treasury stock	10,602,827	3.72	-
TOTAL	284,937,118	100.00	100.00

As at this date, there were no other securities giving entitlement to an equity interest. An option plan giving entitlement to subscribe for shares was allocated in September 2004 in respect of 2,145,650 shares. These options shall be exercisable as of September 15, 2008.

To the company's knowledge, no private investor owns 5% or more of the share capital, nor is there, to the company's knowledge, a shareholders' agreement.

9. RECENT EVENTS

The Renault registration document for the financial year ended December 31, 2004 was filed with the AMF on March 10, 2005 (No. D.05-0199). It is available on the Renault website, www.renault.com, in the Financial Information section under AMF Prospectuses. The document is also posted on the AMF website, www.amf-france.org.

10. PARTY WITH RESPONSIBILITY FOR THE MEMORANDUM

To the best of our knowledge, the facts contained in this memorandum are true and accurate: they include all the information that investors need to make an assessment of the Renault share buyback program. There are no omissions that could alter the substance of the memorandum.

Chairman and Chief Executive Officer

