

Rating Action: Renault S.A.

Moody's downgrades Renault's rating to Baa2 with a stable outlook

Approximately EUR 5.9 Billion of Debt Affected.

Frankfurt, October 27, 2008 -- Moody's Investors Service today downgraded Renault S.A's ("Renault") long term senior unsecured rating to Baa2 from Baa1. The Prime-2 short term rating remains unchanged. The outlook has been changed to stable.

Falk Frey, Senior Vice President and the lead analyst at Moody's for the European automotive sector, said: "The downgrade of Renault's rating reflects the inability of the company to improve its operating performance evidenced by the company's revised guidance for its 2008 operating margin target of between 2.5% and 3.0% from formerly 4.5% against a background of a deteriorating economic environment." Frey went on to say, "As Moody's does not expect the challenges to lessen in 2009 a rapid turnaround is not anticipated. However, at the Baa2 rating level, Renault has some moderate cushion to absorb a certain degree of weakness next year."

Downgrades:

..Issuer: Renault S.A.

....Multiple Seniority Medium-Term Note Program, Downgraded to a range of Baa3 to Baa2 from a range of Baa2 to Baa1

....Senior Unsecured Regular Bond/Debenture, Downgraded to Baa2 from Baa1

Outlook Actions:

..Issuer: Renault S.A.

....Outlook, Changed To Stable From Negative

Revenues in the third quarter 2008 decreased by 2.2% in the Automotive division and also on a consolidated Group basis when compared to the restated figures for Q3 '07. Unit sales decreased by 3.3% with international markets demand up 3.4% and European sales down 7.6%.

Having missed the expectations factored into the previous Baa1 rating (as expressed in our last press release dated June 10 which included substantially improved profitability levels, cash flow generation and financial metrics) and given Moody's anticipation of no marked recovery in 2009, we expect credit metrics will continue to remain below levels required for the Baa1 rating category.

The stable outlook reflects the balanced debt structure and good liquidity profile of Renault's industrial business which should enable the company to preserve a tolerable - even if on the high side - leverage (Debt/EBITDA) for the Baa2 rating category despite the expected negative free cash flows in 2009. Furthermore the rating assumes a sustainable strong operating performance and contribution from Nissan to Renault's profits and cash flows.

However, the ratings could come under further pressure in case of a further significant erosion in operating performance leading to metrics deteriorating further as evidenced by (i) Operating Margin trending towards 1.0% in 2009 translating into an EBITA margin (including the at equity contribution from Nissan and Volvo) below 5.0%, (ii) continued significant cash burn with a negative Free Cash Flow of more than € 1.0 billion and (iii) interest cover (EBIT/Interest Expense) falling below 3.5x.

A rating upgrade is unlikely over the next 12-18 months. But contrary to Moody's expectations the rating could be upgraded in case of significant improvements in performance in 2009 exemplified by an improved operating margin to above 4.0%, translating into an EBITA Margin of around 8.5% and a positive Free Cash Flow of more than EUR 1.0 billion.

Considering cash and cash equivalents, Renault's unused committed credit facilities of approx. EUR 4.2 billion as well as operating cash flow generation, Moody's views Renault's liquidity profile as good and sufficient to cover all cash needs over the next 12 months period, including day to day needs, capital expenditures, working capital needs and dividend payouts.

Moody's last rating action on Renault was an outlook change to negative from stable and a affirmation of the Baa1 rating on June 10, 2008.

Renault S.A., headquartered in Paris, France, is one of Europe's leading car manufacturers. The group's Renault brand is the Western European market leader in light commercial vehicles and ranks number four in passenger cars. The two other brands offered by Renault are Dacia (Romania) and Renault Samsung Motors (Korea). Renault also provides financing to dealers and end-customers through its wholly owned finance company, RCI Banque (rated A3/P-2). In fiscal 2007, the group sold 2.5 million vehicles and reported total revenues of EUR 40.7 billion.

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