



**Boulogne-Billancourt, 13 February 2014**

## **COMPONENTS OF THE REMUNERATION OF RENAULT'S CEO IN 2013 AND LONG-TERM INCENTIVE PLAN FOR 2014**

Renault's Board of Directors met on 12 February 2014 to evaluate the achievement of the performance criteria for the different components of the CEO's remuneration for the year 2013 and the period 2011-2013 and also to introduce a long-term incentive plan for 2014.

These points were discussed at a Board of Directors meeting on the proposal of the Remuneration Committee. The Remuneration Committee worked with the help of a specialized consulting firm and its proposals were based on benchmarks of the CEO compensation packages granted in comparable companies of the CAC 40 and in foreign groups with a similar activity.

### **1. Components of the 2013 remuneration**

On 29 April 2011, on a proposal from the Remuneration Committee, the Board of Directors granted the CEO stock options for the period 2011-2013.

On 13 December 2012, on a proposal from the Remuneration Committee, the Board of Directors approved the different components of the CEO's remuneration:

- i. the fixed amount, unchanged compared with 2012 (*i.e.* Euro 1,230,000);
- ii. the terms of calculation and payment of the variable portion for 2013;
- iii. the stock options to be allocated for 2013.

On 12 February 2014, the Board of Directors evaluated the achievement of the performance criteria applicable to the variable portion of the CEO's 2013 remuneration, the stock options allocated for the financial year 2013 and the stock options for the period 2011-2013.

#### **1.1. 2013 variable portion**

The variable portion of the CEO's remuneration is a percentage of his fixed remuneration, which can be up to 150%, depending on achievement of the following performance criteria:

- Return on equity (maximum 15%);
- Operating margin (maximum 25%);
- Free cash flow (maximum 50%);
- A quality criteria based on management quality, assessed according to the following considerations: implementation of the industrial strategy, leadership on environmental issues, the drafting of a multi-year R&D strategy, CSR, Daimler and Alliance synergies (maximum 60%).

The elements which are estimated for each of the six aforementioned criteria are detailed in the 2013 Registration document.

On 12 February 2014, on a proposal from the Remuneration Committee, the Board of Directors decided that the financial criteria had been met to the tune of 60.6% and the quality criteria to the tune of 52%.

Thus, for the year 2013, the Board of Directors decided the variable portion of the CEO's salary would be 112.6% of his fixed remuneration, *i.e.* Euro 1,384,980 (compared to 117% of his fixed remuneration, *i.e.* Euro 1,439,100 for 2012).

The Board, on a proposal from the Remuneration Committee, also confirmed that the variable portion of his salary would be paid as follows:

- variable salary paid in cash: the equivalent of 25% of the variable portion, *i.e.* Euro 346,245;
- variable salary to be received as a deferred payment in shares: the equivalent of 75% of the variable portion, *i.e.* Euro 1,038,735.

For the record, the shares received as part of the deferred payment of the variable 2013 salary will not vest until 2018 and will be subject to the following conditions:

- i. the CEO must still be employed by Renault in 2018;
- ii. performance conditions based on the financial targets set for the variable portion of the CEO's remuneration, evaluated for the financial years 2014, 2015 and 2016.

### 1.2. Long-term incentive plan for 2013

As authorised by the Extraordinary General Meeting of 29 April 2011, on 13 December 2012 the Board of Directors, on the proposal of the Remuneration Committee, granted the CEO 150,000 stock options for the year 2013. The exercise of these options is subject to the following performance criteria:

- Free cash flow for 80% of the options;
- The operating margin for 20% of the options.

On 12 February 2014, on a proposal from the Remuneration Committee, the Board of Directors stated that 88.48% of the 150,000 stock options granted were exercisable, given that the aforementioned performance targets had been partially met.

The options may be exercised over a period of four years from their allocation, following a lock-in period of the same length, *i.e.* from 13 December 2016 until 12 December 2020.

### 1.3. Long-term incentive plan for the period 2011-2013

As authorised by the Extraordinary General Meeting of 29 April 2011, on 29 April 2011 the Board of Directors, on a proposal from the Remuneration Committee, granted the CEO 100,000 stock options for the period 2011-2013<sup>1</sup>. The exercise of these options was dependent on a performance target based on free cash flow.

On 12 February 2014, on a proposal from the Remuneration Committee, the Board of Directors stated that 100% of the 100,000 stock options granted for the period 2011-2013 were exercisable, given that the performance target had been met.

The options may be exercised over a period of four years from their allocation, following a lock-in period of the same length, *i.e.* from 30 April 2015 until 28 April 2019.

For the record, the CEO is obliged to hold shares equivalent to 50% of the net capital gain (net of tax and mandatory contributions) made on exercise of the options for the 2013 plan and the plan for the period 2011-2013 until such time as he leaves his position.

### **2. Long-term incentive plan for 2014**

It should be noted that Renault has decided to discontinue its stock option plans from 2013. As a result, from 2014 the CEO will qualify for performance shares in the same capacity as the other Group executives, but subject to an additional performance target applied to corporate officers.

As authorised by the Extraordinary General Meeting of 30 April 2013 (fourteenth resolution), on 12 February 2014 the Board of Directors, on a proposal from the Remuneration Committee, granted the CEO 100,000 performance shares for 2014.

For whatever purpose it may serve, we list below the ceilings which apply to the performance shares granted under the aforementioned authorisation:

- the total number of performance shares allocated cannot exceed 1.5% of the share capital over three years, *i.e.* 0.5% of the share capital per annum,
- the CEO cannot receive more than 15% of the total number of performance shares allocated.

The allocation of performance shares, according to the fourteenth resolution of the General Meeting held on 30 April 2013, does not imply any dilution for shareholders. The shares allocated by the company are treasury shares held by the company in order to cover plans.

The number of shares vested will depend on the following performance criteria, evaluated over the period 2014, 2015 and 2016:

- free cash flow, for a third of the shares;
- the percentage variation in the auto operating margin compared to a sample group of auto manufacturers with the same geographical and sector drivers, for a third of the shares (PSA auto, Fiat auto EMEA, VW Brand and Skoda Brand);
- an external criterion based on the total share return (TSR), in line with CAC 40 practices, for a third of the shares.

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<sup>1</sup> On 29 April 2011, the Board of Directors formally noted the CEO's decision to surrender 50,000 of the 150,000 options initially proposed by the Board.

With the exception of the last criterion (TSR), which applies only to the CEO, the same criteria will apply to all recipients of performance shares.

For reasons of confidentiality, Renault is not disclosing the target figures for each of the criteria listed above. However, Renault will publish the percentage achievement of these criteria.

The CEO is obliged to retain 25% of the performance shares vested at the end of the acquisition period for as long as he remains in his current position.