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## **Fitch: No Immediate Rating Impact for Daimler, Renault and Nissan from Cross-Shareholding**

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Fitch Ratings-Paris/Seoul/London-07 April 2010: Fitch Ratings says that the recent announcement that Daimler AG (Daimler), Renault SA (Renault) and Nissan Motor Co, Ltd (Nissan) will take minority equity stakes in each other and cooperate on cars and powertrains has no immediate rating implication because there is neither significant cash outflow nor immediate material benefit for the three companies.

Daimler is rated Long-term Issuer Default (IDR) 'BBB+' and Short-term IDR 'F2'; Nissan at Long-term IDR 'BBB-' and Short-term IDR 'F3'; and Renault at Long-term IDR 'BB'. The Outlooks for Daimler and Renault are Negative, while the Outlook for Nissan is Stable.

"While the immediate financial impact on the three groups is minimal, the expected increased cooperation between Daimler, Renault and Nissan should be positive for their business profiles and provide opportunities for material cost savings and improved capacity utilisation," said Emmanuel Bulle, Senior Director in Fitch's EMEA Industrials team. "However, cost savings should be limited in the short term and may only start materialising in the next two to three years."

Cooperation between manufacturers, in the form of specific agreements or partnerships, is common in the auto industry, to develop vehicles or engines, and does not necessarily entail an equity tie-up. However, cross-shareholding could pave the way for long-term collaborations and a signal that cooperation between the partners is strategic. Today's announcement is the latest of a series of alliances and partnerships, aimed at saving significant development costs, to comply notably with increasingly stringent environmental regulations.

Fitch considers the announced cooperation between the three groups positively, as this should provide further economies of scale to the partners and enable them to share development costs and engines. The three groups should benefit from each other's strengths, particularly as direct competition between Daimler and Renault/Nissan is limited. In particular, Daimler should benefit from Renault's expertise in small cars platforms and powertrains, notably for the development of its "smart" vehicles, and for fuel efficiency. Renault and Nissan will increase their capacity utilisation by providing engines to Daimler and will benefit from the supply of 6-cylinder engines from Daimler. The three groups will also share powertrains and collaborate on light commercial vehicles and pursue other opportunities on future projects such as electric vehicles.

In parallel, the three companies detailed a cross-shareholding structure, in which Daimler will have 3.1% in Renault, 3.1% in Nissan, while Nissan and Renault will each have 1.55% in Daimler. The bulk of the respective stocks to be acquired will be treasury shares and will not involve material cash inflows and outflows nor affect their respective credit metrics. The cross-shareholding will not fundamentally change the respective groups' shareholding structures. The French state will remain Renault's main shareholder with 15.01%, while Nissan will have 15% of Renault. Renault will have a 43.4% stake in Nissan.

While Daimler and Renault have gained some flexibility in their current ratings, the Outlooks are still Negative. In particular, the Negative Outlook reflects uncertainties about new car and truck sales development in 2010, in particular in their core European markets. Nissan's Outlook was revised to Stable from Negative in January 2010 in the wake of early improvement of the US market and an improved financial profile. Contacts: Emmanuel Bulle, Paris, Tel: +33 1 44 29 91 84; Frederic Gits, London, + 44 20 7682 7359; Jeong Min Pak, Seoul, +82 2 3278 8360.

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Note to Editors: Marc Ladreit de Lacharrière, Fitch's Chairman and member of the board, is also a member of Renault's (or Casino's or L'Oreal's) board. Mr. Ladreit de Lacharrière does not participate in any rating committees, including Renault (or Casino or L'Oreal).

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