2008 REGISTRATION DOCUMENT

RENAULT

CONTENTS

REGISTRATION DOCUMENT

2008

INCLUDING THE MANAGEMENT REPORT APPROVED BY THE BOARD OF DIRECTORS ON FEBRUARY 11, 2009

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

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01

RENAULT AND THE GROUP 01

1.1 PRESENTATION OF RENAULT AND THE GROUP

1.1.1 KEY FIGURES ✦

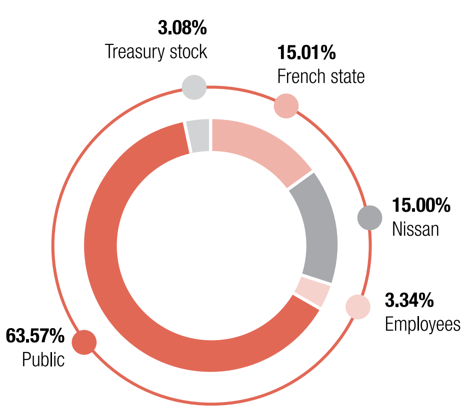
THREE-YEAR CONSOLIDATED FIGURES – PUBLISHED DATA (1)

(€ million)	**2008**	**2007**	**2006**
Revenues	37,791	40,682	41,528
Operating margin	212	1,354	1,063
Share in Nissan Motor – net income	345	1,288	1,789 (2)
Renault net income	571	2,669	2,869
Earnings per share (euro*)*	2.23	10.32	11.17
Capital	1,086	1,086	1,086
Shareholders' equity	19,416	22,069	21,201
TOTAL ASSETS	**63,831**	**68,198**	**68,766**
Dividends *(euro)*	**0** (3)	**3.8**	**3.1**
Cashflow, Automobile	**3,061**	**4,552**	**4,313**
Net financial debt, Automobile	**7,944**	**2,088**	**2,414**
Total staff at December 31 (excl. CASA – early retirement plan)	129,068	130,179	128,893

(1) This information is for reference only and is not always directly comparable year-on-year, since it may include changes in scope and/or changes in accounting practices. Cf. chapter 7 note 3 in the notes to the consolidated financial statements.
(2) Excluding non-recurring income of €82 million in 2006. Cf. chapter 7 note 13 in the notes to the consolidated financial statements.
(3) Dividend proposal to Combined General Meeting of May 6, 2009.

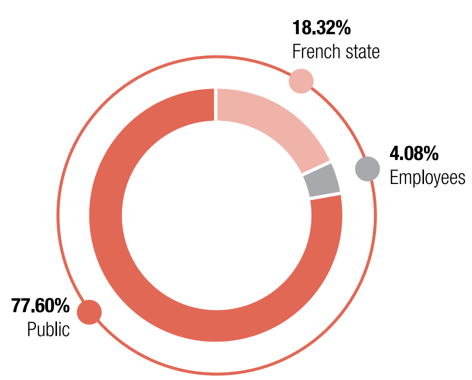
RENAULT SHAREHOLDERS AT DECEMBER 31, 2008

BREAKDOWN OF CAPITAL AS A % OF SHARES



See chapter 5.2.6.

BREAKDOWN OF CAPITAL AS A % OF VOTING RIGHTS



See chapters 5.2.1 to 5.2.5.

1.1.2 BACKGROUND AND HIGHLIGHTS

1898

Société Renault Frères was formed to manufacture motor vehicles, taking advantage of patents such as the first direct-drive transmission. Based in the Paris suburb of Billancourt, the company achieved international renown through its success in motor sports, and initially specialized in the construction of passenger cars and taxis. During the First World War, it produced substantial volumes of trucks, light tanks and aircraft engines.

1922

Having expanded strongly in the passenger car and commercial vehicle markets, Renault became a limited company. Establishing production centers in France and abroad, Renault gradually emerged as the French market leader.

1945

The company was nationalized in January, renamed "Régie Nationale des Usines Renault", and concentrated on producing the 4CV.

1972

Renault 5 arrived on the market. It remains one of the Group's best-selling models ever.

THE 1980s

Through to the mid-1980s, Renault followed a strategy of diversification in the industrial, financial and service sectors, while at the same time growing its industrial and commercial activities internationally. But in 1984, the company ran into financial difficulties. As a result, it concentrated on restructuring and refocusing on core activities, and returned to profit in 1987.

THE 1990s

In 1990, Renault became a limited company once again. In the same year, it signed an agreement for close cooperation with the Volvo group. In 1991, the two groups linked their automobile and commercial vehicle businesses *via* cross-shareholdings. This arrangement was unwound after plans to merge the two groups were shelved in late 1993.

On November 17, 1994 the French government opened Renault to outside capital, a first step towards privatization, which took place in July 1996.

In 1998, the year of its centenary, Renault opened the Technocentre in Guyancourt for its design and development teams, and a bodywork/assembly plant in Curitiba, Brazil.

The year 1999 marked the start of a new era in Renault's history with the signing of an Alliance with Nissan, on March 27 in Tokyo. In the same year, Renault acquired a new brand by taking a 51% stake in Romanian carmaker Dacia.

2000

Renault raised its stake in Dacia to 80.1% and acquired a new brand – Samsung Motors – in South Korea.

2001

Renault and Volvo joined forces to form the world's second-biggest truck manufacturer. Renault became the main shareholder in the Volvo group, with a 20% stake, after selling the Renault V.I./Mack group to Volvo.

2002

Renault and Nissan implemented the second stage of their Alliance, aimed at strengthening their equity ties and creating a joint strategic structure. Renault raised its stake in Nissan from 36.8% to 44.4%. At the same time, Nissan took a 15% ownership interest in Renault. The French government's ownership interest was reduced to 25.9% and then to 15.7% in 2003 by selling shares both to company employees and on the market.

2003

This was the year of Mégane II. With five body styles (Scénic II, Grand Scénic, Mégane coupé-cabriolet, Mégane 4-door sedan and Mégane Sport Tourer) completing the two models launched in 2002, a total of seven models were launched in 17 months. Mégane II became Europe's best-selling model.

2004

The year was marked by two major product launches: Modus and Logan. Modus is Renault's entry-level MPV. It was the first Renault-badged vehicle built on the B platform shared with Nissan, and the first vehicle in its class to score five stars in Euro NCAP crash tests. Logan, developed by Renault and manufactured and marketed by Dacia, offers excellent value for money. It has enjoyed great success since its launch, both on its domestic market of Romania, and on export markets. The car will be the spearhead of Renault's international expansion in the years ahead.

2005

At the Annual General Meeting on April 29, Carlos Ghosn was named Chief Executive Officer of Renault. Louis Schweitzer kept his position as Chairman of the Board of Directors. The Group pursued its international expansion with the development of industrial facilities for Logan in Russia, Colombia and Morocco. Renault signed an agreement with Mahindra & Mahindra to manufacture and market Logan in India from 2007. It launched two landmark products: Clio III, the eighth Renault vehicle to obtain five stars in Euro NCAP crash tests and "Car of the Year 2006", and the 2.0 dCi engine, the first diesel powerplant developed by the Renault-Nissan Alliance. Also this year, the Renault F1 Team scored a double win, taking the World Constructors' and Drivers' Championship titles.

2006

On February 9, Carlos Ghosn announced Renault Commitment 2009, a plan based on three key commitments: quality, profitability and growth. The aim is to position Renault as Europe's most profitable volume auto maker. For the second year running, the Renault F1 Team scored a double win with the new R26, taking the World Constructors' and Drivers' Championship titles. At the Paris motor-show, Renault unveiled the Twingo Concept show-car, and Koleos Concept, the first future cross-over vehicle in the range.

2007

The product offensive began with the launch of New Twingo (produced in Slovenia) in May and of New Laguna (produced in France) in October. Both vehicles aim to achieve the highest standards of quality and reliability. In Korea, Renault Samsung Motors began production of QM5, a Koleos-based cross-over vehicle, designed by Renault and developed by Nissan. Half of the total output is scheduled for export. Expanding its international presence, Renault founded new subsidiaries in Ireland and Scandinavia, increased its production capacity in Russia, and signed a memorandum of understanding for a future industrial complex in Morocco. In May, Renault launched the eco² label for its most ecological and economical vehicles. Eco² vehicles are produced in certified plants and emit less than 140g of CO_2 per km or run on biofuel. They also include at least 5% recycled plastics, and are 95% recyclable.

2008

The global economy was hit by a severe financial and economic crisis on an exceptional scale. In July, Renault put in place a new action plan aimed primarily at limiting inventories and cutting costs and investments in order to reflect new market realities. New business locations planned by the Renault-Nissan Alliance in Tangiers (Morocco) and in Chennai (India) were deferred or put on hold. To take advantage of the high growth potential of the Russian market, Renault is relying on its subsidiary Avtoframos, which produces Logan and sells a range of imported Renault vehicles, and also on its strategic partnership with AvtoVAZ. Renault signed several agreements to market electric vehicles, including one in Israel with Project Better Place, one in Denmark and one in Portugal. In October, Patrick Pélata was appointed Chief Operating Officer, reflecting Carlos Ghosn's decision to reinforce operational management through grassroots managerial practices and fast decision-making. All Renault industrial sites are now ISO 14001 certified. The vehicle range is undergoing a renewal with the launches of New Mégane, Kangoo, Koleos and Sandero.

1.1.3 MAIN ACTIVITIES

Since the final agreement signed with Volvo on January 2, 2001, the Group's activities have been divided into two main sectors:

- Automobile;
- Sales financing.

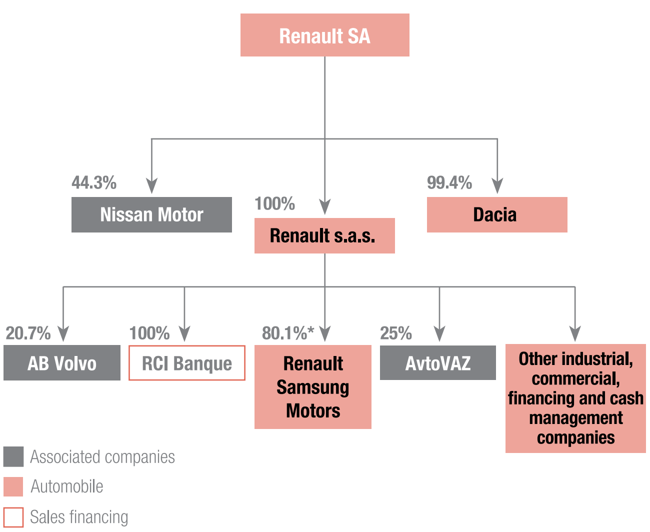
In addition to these two activities, Renault has three strategic investments in associates:

- in AB Volvo;
- in Nissan;
- in AvtoVAZ.

These holdings are accounted for by the equity method in the Group's financial statements.

STRUCTURE OF THE RENAULT GROUP ✦

SIMPLIFIED ORGANIZATION CHART AT DECEMBER 31, 2008 (AS A % OF SHARES)



* Company indirectly owned by Renault s.a.s.

1.1.3.1 AUTOMOBILE

Renault designs, develops and markets passenger cars and light commercial vehicles.

Following the acquisition of the Romanian carmaker Dacia and of Samsung Motors' operating assets in South Korea, Renault has three automobile brands, Renault, Dacia and Samsung.

RENAULT GROUP RANGES ✦

Renault brand

For more than one hundred years, Renault has been one of the manufacturers writing the history of the car. Although the company and its workforce are driven by a passion for mechanics, design and technological progress, Renault's vision is expressed first and foremost by an emphasis on people. Renault believes that cars should adapt to people and not the other way round.

Progress is worth little unless it is shared by everybody. For this reason, all Renault vehicles meet criteria in quality, comfort, roadholding, ergonomics, safety and environmental protection. These criteria represent the Renault Standard.

The world is changing and this process of change is a unique opportunity to venture off the beaten track and try out new solutions.

One example is the "Renault eco^2" label. Renault has taken a major step forwards with a commitment to reducing the ecological impact of its vehicles throughout their life cycle: from design and production through to recycling. In 2008, 62% of the vehicles sold by Renault in Europe satisfied this ecological commitment.

Passenger cars

In the small-car segment (A and B segments, and passenger-carrying vans), Renault markets six complementary models: Logan, Twingo, Clio II and III, Modus and Kangoo.

Logan is the main driving force behind Renault's international development. At end-2008 it was sold under the Renault brand name in 21 countries, including Russia, Colombia, Venezuela, Ecuador, Brazil, Argentina, Iran (under the name Tondar) and India (in partnership with Mahindra). In 2008 Logan was launched in a number of new countries including Egypt and South Africa. With this broad industrial deployment, Renault is able to produce Logan close to its main markets in Russia, India, Iran, Brazil and Colombia. From 2009 Sandero will be produced in South Africa. (Also see the deployment of Logan in chapter 2.1.1.1). An affordable, spacious and robust vehicle, offering unbeatable value for money, Logan is a real success.

In *the A segment* of city cars, **New Twingo** is a great success. Launched across Europe from mid-2007, it is now pursuing an international career in South Africa and Japan. In Europe it had market share of 9.6% in its segment at end-2008. Twingo II is consolidating its leadership in France where it has a segment share of almost 30% with sales volumes triple that of its main competitor since launch. Twingo II is available in a wide and attractive range of upbeat versions (Dynamique, GT, RS, Initiale) with prices starting at just €7,990. With this full range, Twingo II has successfully expanded its customer base, attracting former Twingo I owners as well as younger buyers and a higher percentage of men (Dynamique and GT versions). The range has been further expanded by a number of limited series (Nokia, Night & Day and Rip Curl), which are particularly popular with customers in the AB social category.

Twingo II is reaping the full benefits of current tax incentives in France and Spain with an engine range including a number of diesels (32% of the mix in France in 2008) including one emitting 104g of CO_2 and a 1.2 16v LEV engine emitting 120g of CO_2, eligible for a bonus of €700 in France.

Twingo I is still produced and sold in Colombia, while New Twingo is produced at the Novo Mesto site (Slovenia) for all other countries where this model is available.

In *the B segment*, **Clio III** consolidated its success in 2008 despite a widely renewed offering from the competition. Voted Car of the Year 2006, Clio III is considered as the benchmark in its segment in terms of quality and performance. In 2008 Renault launched a number of limited series models (Rip Curl, Exception) with great success. At the start of 2008, the Clio range gained a station wagon version (the "Estate" or "GrandTour"). This attractive new version meets the requirements of customers looking for a car that combines dynamic design with generous load space. After one year on the market, Clio III estate ranks among the leaders in the B-Estate segment.

Most models in the Clio range carry the eco² label, and both the hatchback and estate versions boast CO_2 emissions of less than 120g/km for two of the three diesel engines. With its range of low CO_2 engines, Clio is able to take full advantage of the strong tax incentives put in place in most European countries.

Clio III is manufactured at Flins (France), Valladolid (Spain) and Bursa (Turkey). The Renault Sport model is produced in Dieppe (France).

For a wider B segment offering, Renault elected to continue manufacturing Clio II, renamed **Clio Campus**, with a focus on entry-level versions. Clio II is manufactured at the Novo Mesto site (Slovenia). It is also assembled in Mercosur at the sites in Cordoba (Argentina), Envigado (Colombia), and in Nissan's Aguascalientes plant (Mexico).

Renault is consolidating its presence in the sedan segment with **Clio Symbol**, the sedan version of Clio II. This model has enjoyed unflagging success since 2000, with more than 600,000 units sold worldwide. The **New Symbol** was unveiled at the Moscow Motor Show in August 2008. With its modern design and frugal high-performance engines, the New Symbol has all the qualities necessary to attract family-car buyers in Central and Eastern Europe, Russia, Turkey and North-West Africa. Like its predecessor, the New Symbol is produced at the Bursa site in Turkey. In Mercosur the sedan version of Clio II is still produced at the sites in Cordoba (Argentina), Envigado (Colombia), and in Nissan's Aguascalientes plant (Mexico) under the Nissan brand name. The New Symbol is scheduled for launch in Mercosur in first half 2009.

In 2004, Renault expanded its B segment range with **Modus**, a subcompact minivan combining exceptional interior space with a remarkably compact size. Modus is the first vehicle in its class to score five stars in Euro NCAP crash tests. The Modus range was renewed in early 2008 with the launch of **New Modus**, a vehicle featuring new design, and, more particularly, **Grand Modus**, a version that is 20cm longer. This is a highly versatile MPV with a generous boot, sliding, modular rear bench, generous stowage and wide range of practical features such as flipdown trays. Grand Modus boasts real on-road performance and has all the qualities necessary to become the main family car. In Europe Modus and Grand Modus had a 12.9% share of the small MPV segment at end-December 2008. After the Grand Modus launch, sales increased 28.2% between 2007 and 2008. They are both produced at the Valladolid site (Spain).

Launched in late 1997, **Kangoo V.P.** car expands Renault's offering in the *passenger-carrying vans segment*. With the launch of New Kangoo in 2008 on a segment undergoing complete renewal, Renault has regained its position as leader. Kangoo is making strong process in the leisure-activity vehicle segment with sales in Europe surging by 31% on previous year. These results highlight Renault's ability to meet customer needs with a vehicle that is more functional and more comfortable than both its predecessor and its competitors.

New Kangoo V.P. car is produced in Maubeuge (France), but its predecessor remains on the market. It is still produced at Cordoba (Argentina), as well as at the Somaca plant (Morocco) and Kuala Lumpur (Malaysia).

On the **lower mid-range C segment**, the biggest in the European automotive market by volume, Renault renewed its offering at end-2008 with the launch of New Mégane Hatch. In January 2009, New Mégane Coupé was launched, followed by four other body styles.

From launch, **New Mégane Hatch** scored a maximum 37/37 for adult protection in Euro NCAP tests, making it the safest car on the market in any category. New Mégane also boasts a range of technological innovations, often from the next segment up, such as the Renault hands free card with automatic locking or the executive navigation system Carminat Bluetooth® DVD.

New Mégane Hatch and Coupé ship with a wide choice of engines combining driveability with frugal fuel consumption and respect for the environment. This commitment is reflected by the seven eco² engines available with New Mégane. Renault has taken all measures possible to limit the impact of New Mégane on the environment, from design through to end of life.

The Mégane family is at the core of Renault's expertise. Mégane has sold in 8.5 million units worldwide since its launch in 1995. The Mégane family is also the core range for European customers, since the C segment accounts for one-third of vehicle sales in Europe.

With six models in the Mégane family, each with its own strong personality, Renault is able to meet the specific needs of each customer. In 2009 Renault will build on the qualities of this extensively renewed, high-performance, safe and attractive range to establish itself as a leader in the fiercely competitive C segment.

In June 2003, Scénic was replaced by **Scénic II**, renewing Renault's offering in the compact minivan segment. Scénic II scored five stars in Euro NCAP crash tests, becoming the safest compact minivan on the market. September 2006 saw the arrival of Scénic phase 2, with the ninth version in the program[1], the five-seater Grand Scénic. In September 2008, Renault streamlined and simplified the Scénic range, while upgrading in-car equipment. Note that the seven-seater Grand Scénic dCi 105, which carries the eco² label, is the only seven-seater MPV to emit just 140g of CO_2. Following the renewal at end-2008 of Mégane Hatch and the launch of Mégane Coupé, second-quarter 2009 will see the arrival of Scénic III. The new vehicle will aim to reclaim its place as Europe's leading compact MPV.

(1) Five-door hatchback, three-door hatchback, Scénic (five-seater) and Grand Scénic (seven-seater), coupé-cabriolet, station wagon, four-door sedan, Renault Sport.

Koleos, Renault's first cross-over, was launched in June 2008 and will be available in more than 40 countries worldwide by the end of first-quarter 2009. This highly versatile vehicle is available in two versions, with two- or four-wheel drive. With Koleos, Renault takes up a position in the coveted *SUV/cross-over segment*, with a model that features the best of both types of vehicle. Koleos combines the comfort of a sedan, with the modular design of a compact MPV and the on-road capacities of a 4WD. Koleos has been acclaimed by the press worldwide. In November 2008 it was named "SUV of the Year" in Australia. Through Koleos, Renault is building its presence on strategic international markets such as Russia, Australia, Mexico, Colombia and South Africa.

In the upper mid-range D segment, **New Laguna** made its debut in 2007. It replaced Laguna II, produced in more than 1,106,000 units during its six-year career, and sold in more than 50 countries.

Launched in fall 2007, Laguna III is spearheading Renault's drive to meet stringent new quality criteria. The vehicle was designed to rank among the top three in its segment for product and service quality. It ships with a three-year/150,000km manufacturer's warranty. At end-January 2009, Laguna III had sold 122,811 units.

In 2008 Laguna III was launched in countries outside Europe whrere it is enjoying real success. Renault D segment volumes have doubled in Morocco and tripled in Turkey.

Available in two versions, hatch and station wagon, Laguna III delivers an enjoyable and relaxing drive, combining top-level safety (five stars in Euro NCAP), unbeatable comfort (driving comfort, excellent acoustics, air conditioning, etc.) and easy use (ergonomics, navigation system, automatic parking brake, easy break function). It is an eminently drivable vehicle, with high-quality engines (including a 1.5 dCi with very low CO_2 emissions and a 2.0 dCi recognized by the trade press as one of the best in its category in terms of driving pleasure and performance) mated to 6-speed manual or automatic transmissions, and a precise, responsive chassis.

Laguna GT, launched in first half 2008, takes drivability one step further and sets new standards in active safety. It is equipped with 4Control, the active drive four-wheel steering system. This allows the rear wheels to move both in parallel and in opposition to the direction of the front wheels, depending on vehicle speed and the angle of the steering wheel. At low speeds, Laguna GT is exceptionally nimble and easy to handle. At higher speeds, the active drive chassis keeps the car on course when sudden changes in direction are made, as in swerving maneuvers. Laguna GT ships with two engines specific to this model: a 2.0 l turbocharged gasoline engine developing 205hp and 300Nm. and a 2.0 l dCi engine developing 180hp and 400Nm. The press was unanimous in its praise of this GT version. The 4Control system is considered to set the standard at this level of the range in terms of safety and driving efficiency.

Also in 2008 Laguna Coupé was launched at the Paris Motor Show in October, after being unveiled at the Monaco Grand Prix in May. The Coupé features clean, elegant flowing lines, similar to the concept-car presented at Frankfurt. Available with the 4Control chassis, it is also the first vehicle to ship with the two new V6 engines developed by the Alliance. The 240hp V6 gasoline engine, which develops maximum torque of 330 Nm, already complies with the Euro 5 emission standard. The same is true of the 235hp V6 dCi engine, which strikes a masterly balance between performance, consumption and noise levels. These two V6 engines ship with the 6-speed automatic gearbox. Laguna Coupé, Renault's flagship vehicle, features the latest in onboard technology, such as the Bose Sound System, Carminat Bluetooth DVD navigation and a hands-free card.

In 2009 Renault will continue to roll out Laguna Coupé across Europe as well as in countries further afield.

In the luxury E segment, Renault launched **Vel Satis** in Europe in 2002. Vel Satis was awarded the maximum 5-star rating by Euro NCAP, ranking best in class for safety. Renault launched New Vel Satis in April 2005. In 2006, alongside the 3.0 dCi 180 V6 diesel mated to the 6-speed proactive gearbox, Vel Satis gained two new diesel engines developed through the Alliance: the 2.0 dCi equipped with a particulate filter and available in 150hp and 175hp versions. In 2009, the 175hp 2.0 dCi version will be mated to an automatic gearbox, cutting CO_2 emissions from 226g with the old version (2.2 dCi Automatic) to 199g. This year again Vel Satis will be the official fleet vehicle at the Cannes International Film Festival between May 13 and 24.

Vel Satis is produced at Sandouville (France), like New Laguna. It therefore reaps the full benefits of the progress made in terms of quality. On January 1, 2008 Vel Satis gained the same manufacturer's warranty (three years or 150,000km) as New Laguna.

At end-2002 Renault launched **Espace IV**, the fourth generation of a revolutionary vehicle launched in 1984 in partnership with Matra Automobile. Espace was Europe's first minivan. More than 1.2 million vehicles have been manufactured, across several generations. Espace IV "phase 2" was launched in March 2006. It features the new 2.0 dCi diesel engine developed by the Alliance, available in 150hp and 175hp versions, with a particulate filter. A version mated to an automatic transmission was also introduced in 2007. In 2008 Espace remained on the podium in Europe's large MPV segment with market share of 12.5% at end-December in a segment that was down by almost 30%. The Argos special series, which accounts for 20% of total sales, contributed to this result, as did the continued leadership of Espace in France.

In 2009 Renault is simplifying the Espace range. Trim levels Privilège and Dynamique will merge to form a single trim: Exception. In April, a special series called 25th will be launched to celebrate the twenty-fifth anniversary of Espace. This special series will feature a 7" 16/9 color Navigation screen, a 4x20 mono CD radio with an MP3 player, Bluetooth, rear video with a DVD player, pearlescent black exterior trim, a special body colour, alloy wheels and roof bars.

In terms of engines, Espace will gain a NOx & H2S Trap Euro 5 version of the 175hp 2.0 dCi engine in the second half of the year. This technological innovation, for which Renault has filed 36 patents, works with the catalytic converter and particulate filter to cut NOx emissions by between 50% and 80%.

Espace IV is produced at Sandouville (France). It therefore reaps the full benefits of the progress made in terms of quality. Like Vel Satis, Espace gained the same manufacturer's warranty (three years or 150,000km) as New Laguna on January 1, 2008. The same terms and conditions thus apply to all Renault's executive vehicles.

Light commercial vehicles

Renault has one of the newest and most extensive ranges of light commercial vehicles in Europe. Vehicle sizes range from 1.6 to 6.5 tons, thus matching the needs of a broad customer base. With the arrival of New Kangoo, Renault consolidated its position as European leader in LCV sales, a position it has held since 1998.

In the small van segment (under 2 tons), Renault took back the European No. 1 spot, which it lost in 2007, with **New Kangoo Express**. The van version of Kangoo is proving popular with self-employed people and with shopkeepers in a market where competition is fiercer than in previous years and where the number of players has increased. New Kangoo meets customer needs, particularly in terms of fuel consumption, which is among the lowest on the market. At end-2008, Kangoo Express had market share of 17% in Europe.

Like the car version, Kangoo Express is produced and sold on four continents. The proportion of international sales is continuing to increase and now stands at 31% of total Kangoo Express sales.

In the van segment (between 2 and 6.5 tons), Renault renewed its range in 2006 with **New Trafic** and **New Master**. Available with the 2.0 dCi (90hp and 115hp) and 2.5 dCi (120hp and 150hp) engines, these two vehicles are B30 compatible.

Since its launch at end-2001, **Trafic** has become the benchmark in the *compact van segment* (between 2.7 and 2.9 tons). Developed in partnership with General Motors, Trafic is produced at GM plant in Luton (UK) and in the Nissan plant in Barcelona (Spain).

In 2008 Trafic was impacted by falling sales in its segment. It had market share of 10.4%, down 0.7% on 2007. At the same time, international sales increased, surging by 26% in the Americas Region, 16% in Euromed and 21% in Asia-Africa.

With a 6.9% market share in the *passenger-carrying van segment* in France, Renault is keen to further develop sales to consumers. At the start of 2009 Renault launched a more ecological and more economical version of Trafic Combi. As well as being lighter, Trafic Combi gained the upgraded 90hp and 115hp 2.0 dCi engines, designed to cut both fuel consumption and CO_2 emissions, which fall below the 200g mark.

In the *large van segment*, Renault is selling a full range of **Master** vehicles in three heights, three lengths and with three gross vehicle weights of between 2.8 and 3.5 tons to meet the needs of professionals carrying goods or people. Master is produced at the Batilly site in France and at the Curitiba site in Brazil.

Although the segment features a completely renewed offering from the competition, Master is holding its own, although it has been impacted by the downward trend on the van market. At end-2008 Master had market share of 5.7% in Europe, down 0.3 point on 2007. However, this fall in sales is relative. Master posted record sales in 2007 of almost 80,000 units**.**

Renault also markets a Master Propulsion (3.5 to 6.5 tons), which ships in van, dumper, double cab and high-volume versions.

After eleven years in production and more than 88 versions, Master continues to enjoy unflagging success. The vehicle will be renewed at year-end 2009.

Dacia brand

At end-2008, Dacia brand vehicles were available in fifty countries (Europe, North-West Africa, Turkey, Africa, Asia). The brand's objective is to sell sturdy, modern and roomy vehicles at affordable prices on new automotive markets and in Europe.

In September 2004, Dacia launched Logan, developed on the Renault-Nissan Alliance's B platform, used for Nissan Micra and Renault Modus. The Dacia range was expanded with the launch of Dacia Logan MCV end-2006 and Dacia Logan Van (commercial vehicle) in 2007. In 2008 the range was renewed with the launch of Dacia **Logan Pick-up** in April, Dacia **Sandero** in June, **New Dacia Logan** in July and **New Logan MCV** in November. Dacia vehicles ship with a wide range of Renault powertrains, both gasoline and diesel.

Dacia is now applying the same environmental standards as Renault with the launch of the Dacia eco^2 label. In 2008 Italy launched an LPG offering on Sandero. In 2009 the ecological offensive is continuing with the launch of the LPG engine in France and the D4F engine (75hp, 139g CO_2) in Europe on Logan and Sandero. Finland and Sweden are selling vehicles compatible with E85 (Sandero K7M and Dacia Logan MCV K4M).

Dacia is seeing steady sales growth. In 2008 the brand sold more than 257,800 Logan and Sandero units, a 12% increase on 2007. In Europe in 2008 Dacia grew sales by 39%, on the back of the success of the Dacia Logan MCV and the newly launched Sandero.

Dacia models are manufactured at the Pitesti plant in Romania, which has undergone radical modernization and restructuring since 1999. Since second-half 2005, the Dacia-badged Logan has also been produced at the Somaca site in Casablanca (Morocco). Pitesti supplies CKDs to all other Group sites producing Logan.

Renault Samsung brand

Renault Samsung Motors sells four passenger cars in South Korea (SM5, SM3, SM7 and QM5) covering the M1, M2 S and SUV segments. These four segments account for more than 72% of passenger car sales in South Korea.

- **SM5**, an executive sedan, has enjoyed continued success since 2001. A new version of SM5 was launched in January 2005 and restyled in June 2007. It enjoys high market share of 26.7% in its segment with sales of 55,640 units;
- **SM3**, launched in September 2002, was restyled in August 2005. A total 19,246 units were sold in 2008 for market share of 10.2% in its segment;
- **SM7**, a roomy sedan with a comfortable and luxurious interior and high-end safety features, launched in November 2004. This executive vehicle, shipping with the 3.5 V6 and 2.3 Neo VQ engines, incorporates the latest technology from the Renault-Nissan Alliance. It has consolidated its position following a major facelift in January 2008. With 15,263 units sold in 2007, SM7 claimed market share of 9.8% in the "Large and Luxury" segment;

- **QM5**, a new model launched in December 2007, is the first real cross-over on the Korean market. It sold 11,832 units in 2008, taking a 9.6% share of its segment.

The four models in the range are manufactured at the Busan plant in South Korea.

Renault Koleos is the first vehicle in the Renault range to be produced in this plant. It is exported to more than 40 countries worldwide (45,100 units at end-November 2008). As part of Alliance agreements, RSM is continuing to export SM3 under the Nissan brand (46,132 units in 2008). In July 2008, RSM started exporting SM5 to Gulf markets under the Renault brand (1,559 units in 2008).

At end-November 2008 RSM had sold more than 195,000 vehicles, of which more than 101,980 in South Korea. RSM is fourth on its domestic market.

RSM has been the leader in Product and Service quality for seven years running. This was confirmed in a survey by *Marketing Insight*, which is considered to set the standard on the Korean market.

POWERTRAIN RANGE

Renault is constantly pursuing a threefold challenge, aimed at combining respect for the environment with driveability and reliability. The 5,600-strong mechanical engineering team are developing a full range of powertrain sub-systems meeting increasingly high standards of performance. The diesel dCi and gasoline TCe engines combine strength, low fuel consumption, performance and power. They are designed to respond instantly – across all operating ranges – to driver input.

In 2008 Renault expanded the range of dCi diesel engines, already recognized for their performance and low fuel consumption. The new dCi 110 and dCi 130 engines shipping with New Mégane were developed to deliver power from the lowest engine speeds. And with 110hp and 130hp for 120g and 135g of CO_2/km respectively, they provide the best balance between driving comfort and fuel consumption on the market.

Another highlight in 2008 was the market debut of the V6 dCi 235 engine. Designed and developed by Renault's mechanical engineering team as part of the Renault-Nissan Alliance, it will ship with the executive vehicles of both Renault (Laguna Coupé from early 2009) and Nissan. Developing 235hp, this diesel engine is the most powerful in the dCi range. It is also the flagship for driveability. Particular emphasis was placed on the acoustics of the engine, which ranks among the quietest on the market. Allying low fuel consumption and low emissions, it also meets the Euro 5 standard, which comes into application at end-2009.

The range of TCe gasoline engines is also expanding. Referred to by the name of TCe (*Turbo Control efficiency*), these feisty turbocharged gasoline engines deliver performance from the lowest engine speeds, with smooth and easy ramp-up. These engines are designed to deliver power in response to driver needs, across all operating ranges. They are also economical, with running and maintenance costs among the lowest on the market.

After the TCe 100, which made its debut last year on A and B segment vehicles (Twingo, Clio and Modus), the TCe 130 engine, revealed at the Paris Motor Show in October 2008, made its debut in early 2009. Developed as part of the Renault-Nissan Alliance, it reflects the synergies between the two manufacturers: the expertise of Nissan in the development of gasoline engines and the experience of Renault in combustion and turbocharging. Based on the normally aspirated engines in the Nissan range, the new TCe 130 engine features an aluminum sump and "single scroll" turbocharger. The profile of the intake ports has been modified compared with the normally aspirated engines. The aim was to create a tumble effect inside the combustion chamber to ensure a more homogeneous blend for better combustion. This technique promotes a more even spread of the flame and thus improves torque at low speeds, without hampering performance at higher engine speeds.

This turbocharged range of gasoline engines satisfies growing market demand for frugal gasoline engines that respect the environment, with the transition to the Euro 5 standard. The TCe range comprises three engines: the TCe 100, TCe 130 and TCe 180.

With the dCi diesel and TCe gasoline engine ranges, almost 70% of the engines shipping with New Mégane carry the Renault eco[2] label: ecological and economical.

STATE-OF-THE-ART TECHNOLOGIES

■ **Technologies for air quality: the NOxtrap ✦**

The NOxtrap is part of Renault's drive to cut pollutant emissions. It traps nitrogen oxides and turns them into neutral gases. Renault has filed 36 patents for this post-treatment technology. In 2008 it was used by private fleets in France and Germany on the Renault Espace with the dCi 175 engine. The NOxtrap rounds out the studies carried out by Renault engineers on improving combustion in order to reduce pollutant emissions.

■ **CVT: greater comfort in use**

Continuously Variable Transmission (CVT) is an innovative technology developed by Nissan and used by Renault through the Alliance. By delivering seamless acceleration on gearshifts, it contributes to smooth, comfortable performance. Based on detailed studies by Alliance engineers, the CVT marketed by Renault ranks among the best in its category in terms of acceleration-ramp-up response. CVT improves engine operation including during transient states. In this way, it contributes to lower fuel consumption and CO_2 emissions on conventional gasoline engines. The 2.0 l 16v (140hp) engines of New Mégane were the first to benefit from this technology.

MAIN MANUFACTURING SITES

Renault has more than 30 manufacturing sites for its automobile business. Under cooperative cost-sharing agreements, the Group also uses facilities operated by its partners, notably General Motors Europe's site in the UK.

Also, thanks to the 1999 Alliance with Nissan, Renault can take advantage of its partner's industrial facilities in areas where Nissan already has operations, such as Mexico. In Spain, Renault uses Nissan's Barcelona plant to manufacture Trafic.

In 2008, the bulk of production by the three brands making up the Renault group, for both cars/LCVs and powertrain sub-systems, was managed primarily by the following plants.

MAIN MANUFACTURING SITES BY BRAND – 2008 PRODUCTION (UNITS) ✦

RENAULT BRAND			
Renault sites			
France	Flins	159,618	Clio II, Clio III
	Douai	168,107	Mégane II (hatch, coupé-cabriolet), Scénic II and Scénic III (5- and 7-seater)
	Sandouville	104,810	Laguna III (hatch, Estate, Coupé), Vel Satis, Espace IV
	Maubeuge	178,602	Kangoo Generation 2006, Kangoo III (1)
	Batilly	98,973	Master II (2), Mascott II (3)
	Dieppe	6,581	Clio III Renault Sport, Mégane II Renault Sport (hatch, coupé)
	Cléon	1,222,417	Engines, transmissions
	Le Mans	6,568,303	Front/rear axles, subframes, bottom arms, pedal assemblies
	Choisy-le-Roi	103,714	European center for reconditioned powertrain sub-systems (engines, transmissions, injection pumps, nozzle holders, sub-assemblies), new engines and powertrain components, Twingo rear axles
	Grand-Couronne	n.d.	Shipment of CKD kits
Spain	Palencia	164,794	Mégane II, Mégane III
	Valladolid	93,150	Clio III, Modus
		982,332	Engines
	Seville	805,575	Transmissions
Portugal	Cacia	10,928,942	Transmissions, powertrain components
Slovenia	Novo Mesto	197,843	Clio II, Twingo II
Russia	Avtoframos	73,186	Logan (Renault)
Turkey	Bursa	286,695	Mégane II (4-door hatch), Clio II Thalia/Symbol, Clio III (sedan)
		992,632	Engines, transmissions
Morocco	Casablanca	34,303	Logan (5), Kangoo Generation 2006
Argentina	Cordoba	74,974	Clio II, Clio II sedan, Clio II Thalia/Symbol, Mégane I (hatch, sedan), Kangoo, Kangoo Express

Brazil	Curitiba	122,404	Scénic I, Mégane II (hatch, sedan), Logan (Renault) (4)
		204,687	Engines
Colombia	Envigado	34,168	Twingo, Clio II (hatch and sedan), Mégane I sedan, Logan (Renault)
Chile	Los Andes	290,416	Transmissions, powertrain components
Iran	Teheran	56,150	Logan (Renault) (6)
		308,616	Front/rear axles, subframes, bottom arms
India	Nashik	18,407	Logan (Renault)
Nissan sites			
Spain	Barcelona	55,996	Trafic II (7)
Mexico	Aguascalientes	8,906	Clio II (8)
General Motors Europe site			
UK	Luton	23,593	Trafic II
DACIA BRAND			
Romania	Pitesti	242,065	Logan, Logan van, Logan station wagon, Sandero
		3,052,932	Engines, transmissions
RENAULT SAMSUNG BRAND			
South Korea	Busan	189,260	SM7, SM5, SM3, QM5 (Koleos)
		136,774	Engines

(1) Maubeuge also builds Kangoo vehicles for Nissan, sold under the name Kubistar (a Nissan brand).
(2) Batilly also manufactures Master for General Motors Europe and Nissan. These vehicles are sold under the name Movano for the Opel and Vauxhall brands, and Interstar for the Nissan brand.
(3) Mascott has been distributed by Renault Trucks (formerly Renault V.I.) since 1999 and by Renault since January 1, 2003, under the name Master Propulsion.
(4) The Curitiba LCV plant also produces Nissan's Frontier pickup and X-Terra.
(5) Dacia-badged Logan.
(6) In partnership with the Iranian companies Pars Khodro and Iran Khodro.
(7) Nissan's Barcelona plant also manufactures compact vans marketed under the names Primastar and Vivaro by Nissan and Opel respectively.
(8) Nissan's Aguascalientes plant in Mexico also makes Platina (Nissan brand) on a Renault Clio Thalia base.

RENAULT DISTRIBUTION NETWORK IN EUROPE ✦

Organization of the Renault network in Europe

The Renault group distributes its vehicles in Europe through a primary and a secondary distribution network.

The primary network is contractually linked to Renault and comprises:

- private dealers who can sell and service Renault vehicles;
- branches belonging to the Renault group's business distribution unit, REAGROUP, which changed its name on January 1, 2008, to become Renault Retail Group;
- partners from the primary network specialized solely in after-sales (approved repairers).

The secondary distribution network is made up of Renault's subdealers, generally small businesses with contractual ties to a dealer in the primary network.

Renault's distribution network in Europe complies strictly with regulations (EC 1400/2002):

- in sales, Renault has opted for a selective distribution system, based on qualitative and quantitative factors, which authorizes the Group to choose its distributors and establish the numbers required;
- in after-sales, Renault selects its approved repairers on the basis of qualitative criteria with no restriction on numbers.

	2008		2007	
NUMBER OF RENAULT CONTRACTS	**EUROPE (1)**	**O/W FRANCE**	**EUROPE (1)**	**O/W FRANCE**
Branches and subsidiaries	11	1 (3)	36	1 (2)
Dealerships	1,449 (4)	318	1,371	311
Subdealerships	8,058	4,562	8,411	4,698
TOTAL	**9,518**	**4,881**	**9,818**	**5,010**

(1) Europe: includes the ten Western European subsidiaries plus Poland, Hungary, Croatia, the Czech Republic, Slovenia, Slovakia and the four countries of the NORDIC region (not included in 2007).
(2) REAGROUP, wholly owned by Renault SA, had 63 outlets organized into legal entity.
(3) A single Renault Retail Group contract covers 62 outlets.
(4) Including 105 contracts for the NORDIC subsidiary.

Renault Retail Group

This fully owned Renault commercial subsidiary is the Group's biggest in terms of revenues (€7.9 billion in 2008) and workforce (12,845 employees). It distributes products and services for the Renault, Nissan and Dacia brands on around 350 sites in 12 European countries.

The product range covers new vehicles, used vehicles and spare parts. It also includes services: servicing, powertrains, bodywork, express repairs (Renault Minute and Renault Minute bodyshops), short-term rental (Renault Rent), financing and brokerage.

The Renault Retail Group Vision 2009 plan is based on three commitments:

- quality: be consistently better than private dealerships;
- profitability: achieve operating margin of 6% on the additional revenues created for Renault;
- volumes: sell 300,000 new vehicles by the end of the plan.

In 2008 Renault Retail Group continued the actions rolled out as part of RRG vision:

- objective 1: improve organization and costs;
- objective 2: satisfy the customer;
- objective 3: build volumes and profitability.

RENAULT RETAIL GROUP FIGURES AT END-DECEMBER 2008	EUROPE	O/W FRANCE
New vehicles *(units)*	282,162	170,198
Used vehicles *(units)*	191,000	127,339
New and used vehicles *(units)*	473,162	297,537
Consolidated revenues *(€ thousands)*	7,932,186	4,995,822

HIGHLIGHTS IN GROUP NETWORK STRATEGY IN 2008

Changes to Dacia network strategy

For the roll-out of Logan in Western Europe, the distribution networks were structured using the existing Renault networks. The approach adopted keeps the brands separate (different contracts and images).

To ensure that sales outlets provided sufficient coverage, and to minimize investments, a number of Dacia corners were set up in Renault showrooms.

The roll-out of the Dacia brand in Western Europe has proved to be a huge success. In France, Dacia ranked twelfth on the market in 2008 with 43,514 car/LCV registrations.

Additional NV display areas are required to underpin the drive to double Dacia's European sales volumes between 2007 and 2009, and support the launch of two new models, alongside the accelerated development of the Renault range. A pragmatic approach has been adopted, through which separate Dacia showrooms will gradually be put in place, according to the potential of local markets.

CASH MANAGEMENT IN AUTOMOBILE

For Automobile, the Renault group has established a financial organization whose aims are to:

- automate the processing of routine cash inflows and outflows, with improved security and reliability;
- pool the surplus cash of Group subsidiaries and meet their refinancing, requirements;
- centralize the handling of euro-denominated and foreign exchange transactions for better management of currency, interest-rate and counterparty risks, while reducing financial and administrative costs;
- centralize all financing operations, including securities issuance, bank loans and credit agreements, at parent-company level.

Within this framework, Renault's Corporate Treasury department, in charge of cash management and financing for the Group's industrial and commercial activities in France and Europe, has a specialized entity, Renault Finance, to manage:

- capital market trading, after intra-Group netting: forex, fixed-income securities, short-term investments;
- payments in foreign currencies by French and European subsidiaries;
- foreign currency cash-pooling by some subsidiaries.

In 2007 Renault's Corporate Treasury Department reviewed its arrangements for centralizing Group cashflows, which will lead to the closure of *Société Financière et Foncière* in 2009. For the euro zone, cash will be centralized through an IT platform that pools all the euro-denominated transactions of the subsidiaries, and that interfaces with Automobile's banks. The role of Renault Finance in cashflow management has been broadened to cover foreign currency payments by French and European subsidiaries. Outside the euro zone, the cashflows of certain subsidiaries are centralized in Renault Finance's books.

Renault Finance

Renault Finance, a Swiss corporation based in Lausanne, is an active player on the forex and fixed-income markets and in the market for hedging industrial metals transactions. It respects strict rules on risk management in all its trades. Through its arbitraging business, it can obtain competitive quotes for all financial products. The company is therefore Renault's natural counterparty for most of Automobile's financial market transactions. By extending that service to the Nissan group, Renault Finance has become the Alliance's trading floor. It manages spot and forward foreign exchange transactions with Renault and Nissan, and hedges itself in the market accordingly. Renault Finance takes no risks on behalf of any entity in the Nissan or Renault groups.

Aside from financial market transactions, and as part of the reorganization of Automobile's cashflow management procedures, Renault Finance launched some new services in 2008, namely commercial and financial payments in foreign currencies for Renault (and to a lesser extent for Nissan's financial flows), and a forex cash-pooling service for a number of Renault entities (Switzerland, UK, Czech Republic). Other foreign currency cash-pooling operations will follow.

At end-December 2008, parent-company net income was €54.8 million (against €40.3 million at end-December 2007) and total parent-company assets amounted to €3.870 billion (versus €4.218 billion at end-December 2007).

Société Financière et Foncière

Société Financière et Foncière (SFF) is a fully-fledged bank within the Renault group.

SFF was in charge of virtually all cashflows of Renault as well as the first-tier and second-tier subsidiaries of Automobile in France and Europe.

The system through which SFF centralized cashflows for Renault and its subsidiaries was gradually replaced in 2008 by a cash management platform covering almost 200 Group entities and managed by Renault SA.

The process of decentralizing the flows handled by SFF, including commercial flows for Nissan France, started in 2007 and will be completed in first half 2009. In all, 80% of operations had been decentralized at December 31, 2008.

In 2008, SFF reported parent-company net income of €4.85 million, compared with €6.15 million in 2007. Total parent-company assets at December 31, 2008 amounted to €180 million (€340 million at December 31, 2007).

1.1.3.2 SALES FINANCING ✦

Sales Financing's activities are handled by RCI Banque[2] and its subsidiaries. RCI Banque is the entity that finances sales and services for the Renault group brands (Renault, Dacia, Samsung) worldwide and for the Nissan brand, mainly in Europe.

The role of the RCI Banque group is to provide a full range of financing solutions and services for its three main customer constituencies:

- consumers and corporate clients, for which RCI Banque provides credit solutions for the acquisition of new and used vehicles, rental with purchase option, leasing and contract hire, as well as the associated services, namely contracts for maintenance, extended warranty, insurance, assistance and fleet management;
- the networks that distribute Renault, Nissan and Dacia brands, for which RCI Banque finances inventories of new and used vehicles and spare parts, as well as their short-term cashflow needs.

At December 31, 2008 the RCI Banque group had total assets of €23.1 billion, and an average workforce of 3,162, of which 43.4% was based in France.

The RCI Banque group operates:

- in France;
- in 24 European countries: Austria, Belgium/Luxembourg, Bosnia Herzogovina, Croatia, Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, Italy, Latvia, Lithuania, the Netherlands, Norway, Poland, Portugal, Serbia, Slovenia, Slovakia, Spain, Sweden, Switzerland, and the UK;
- in the Euromed Region: in Romania, Morocco, Algeria, Russia and Ukraine;
- in the Americas Region: in Argentina, Brazil, Colombia and Mexico;
- in the Africa-Asia Region: in South Korea.

In 2008, RCI Banque financed 32.1% of new vehicles sold by the Renault group and Nissan brands in the Western European countries in which it operates.

CONSUMER MARKET

Consumer-related business accounts for 52.1% of RCI Banque's average loans outstanding, or €11.8 billion.

In this field, RCI Banque plays a three-fold role:

- offer and develop financing solutions to facilitate and accelerate sales of Renault and Nissan vehicles;
- integrate financing solutions and services to encourage car use and build loyalty to Group brands;
- help automakers organize sales promotions.

CORPORATE CLIENTS

Consumer-related business accounted for 21.7% of RCI Banque's average loans outstanding, or €4.9 billion at end-2008. In this field, RCI Banque has five aims:

- establish RCI Banque's financial and business-services strategy and implement it in the subsidiaries;
- plan the marketing strategy and brand policy for the corporate market;
- implement best practices for business-oriented products and services wherever RCI is present;
- help Renault and Nissan establish international protocols;
- monitor and guide economic performance by ensuring that profitability is in line with Group targets.

(2) For more information about RCI Banque and its business, visit www.rcibanque.com.

NETWORKS

At end-2008, network financing accounted for 26.2% of average loans outstanding, or €5.9 billion. RCI Banque has a four-fold remit in this field:

- finance inventories of new and used vehicles and spare parts, and fund dealers' long-term financing operations;
- manage and control risks;
- secure the network's future by standardizing financial procedures and monitoring them on a regular basis;
- act as financial partner to the network.

1.1.3.3 ASSOCIATED COMPANIES, PARTNERS AND COLLABORATIVE PROJECTS

Renault has three major stakeholdings in associated companies:

NISSAN

Renault's shareholding in Nissan is described in detail in chapter 1.3 on the Alliance.

The market capitalization of Nissan at December 31, 2008 was €11.4 billion, based on a closing price of ¥320 per share.

Renault holds 44.3% of the capital of Nissan. At December 31, 2008 the market value of the shares held by Renault totaled €5.1 billion.

Renault accounts for its shareholding in Nissan by the equity method, as described in chapter 7 note 13 of the notes to the consolidated financial statements.

AB VOLVO

Renault is the principal shareholder in Volvo, the leading truck manufacturer in Europe and number two worldwide. It holds 20.7% of the outstanding shares, and 21.8% of voting rights after the inclusion of stock held in treasury by AB Volvo.

Renault is represented on Volvo's Board by Louis Schweitzer, Chairman of Renault's Board of Directors, and by Philippe Klein, Executive Vice President, Plan, Product Planning and Programs.

In the CV sector, the Group now comprises four brands: Volvo, Renault Trucks, Mack and Nissan Diesel. This range accounts for two-thirds of Group sales. Other sectors of activity concern worksite vehicles, coaches and buses, engines, aerospace and financial services.

The commercial vehicle offering ranges from light commercial vehicles to heavy trucks, sold through a vast network covering more than 130 countries in Europe, Russia, and North and South America, as well as in Asia, where the Group is increasing its presence.

Worldwide deliveries in 2008 totaled more than 251,000 vehicles (236,356 in 2007), with Nissan Diesel included from April 2007.

The Group was impacted by the crisis. In response to falling deliveries (-5% in Europe and -9.4% in North America) and cancelled orders, it was forced to implement a plan to cut costs and to stop production in Europe in order to avoid increasing inventory. In South America and Asia, however, deliveries rose strongly, by 18.5% and 52% respectively.

International expansion continued. After Russia and Turkey in 2007, Volvo decided to invest in India, the world's fourth biggest market, to reinforce its position in this country. A joint-venture has been set up with Eicher, a manufacturer of trucks and buses.

In April 2008, a dividend of SEK5.5 per share was paid out for 2007. Renault thus received €259 million in dividends in 2008, compared with €477 million in 2007.

An ordinary dividend of SEK 2 per share for 2008 will be submitted for the approval of the next General Meeting.

In 2008, Volvo's contribution to Renault's net income was €226 million, compared with €352 million in 2007 (see chapter 7, note 14 of the notes to the consolidated financial statements).

		2008			2007	
In millions		SEK	EUR*	CHANGE	SEK	EUR**
Net revenues		303,667	31,566	6%	285,405 (1)	30,848
Operating income		15,851	1,648	-29%	22,231	2,403
Net income		10,016	1,041	-33%	15,029	1,624
Dividend per share in SEK		5.5	for fiscal	-78%	25	for fiscal
Super dividend in SEK			year 2007		25	year 2006
Closing at Dec. 31 (EUR = SEK10.87)	Volvo A share	43.7	4.02	-59%	108	
	Volvo B share	42.9	3.95	-60%	108.5	

* *EUR1 = SEK9.62.*
** *EUR1 = SEK9.25.*
(1) Restated.

At December 31, 2008, based on a share price of SEK43.7 for Volvo A shares and SEK42.9 for Volvo B shares, Renault's holding in AB Volvo was valued at €1,753 million (€5,067 million at December 31, 2007). The market capitalization of Volvo at this date was €8,450 million.

AVTOVAZ

In first-quarter 2008 in Russia, on a strongly growing automotive market, Renault invested US$1 billion in AvtoVAZ – Russia's leading manufacturer – to acquire a 25% stake plus one share, on an equal basis with Russian Technologies. The aim is to create a long-term partnership that will accelerate the transformation of AvtoVAZ into a global automotive player with a production capacity of over one million vehicles/year.

The partnership will seek to accelerate the growth of AvtoVAZ, to renew and expand its vehicle range, and to develop the Lada brand while respecting its identity to enable it to maintain its leading position on the Russian market. The partnership will also exchange technological expertise and share know-how.

In pursuit of these aims, Renault and AvtoVAZ have put in place a Joint Strategic Committee to define strategy and coordinate the joint activities of the two companies. Renault has put forward a number of managers to sit on the AvtoVAZ management committee. At the same time, two major licence agreements worth €220 million were signed in September 2008 to assemble the RF 90 vehicle and produce engines and transmissions.

Renault accounts for its shareholding in AvtoVAZ by the equity method, as described in chapter 7 note 14 of the notes to the consolidated financial statements.

PARTNERSHIPS AND COLLABORATIVE PROJECTS

Supplier relations and support ✦

To maintain and enhance its competitive edge in the automotive industry, Renault is continuing its policy aimed at optimizing purchases. It has also stepped up efforts in terms of profitability and quality, in close relation with suppliers.

Renault has outlined relations with suppliers in a common charter with Nissan called the Renault-Nissan Purchasing Way. The charter is based on two key principles:

- achieve a high level of performance in quality, costs and delivery times, respecting clear processes that are deployed globally;
- share Alliance values of trust, respect and transparency.

Renault views supplier relations over the long-term, and is conducting a policy of active support in the following areas:

- product development: Renault works in close cooperation with its suppliers at the very start of projects, with a view to meeting price and quality targets and cutting development times;
- quality: Renault has seconded 120 quality experts, of whom half are outside France, to work with its suppliers. These experts aim to boost quality by implementing strict tools and processes from the very start of the project, during service life, and for after-sales parts;
- competitiveness: Renault has seconded 40 experts to supplier development, to improve their competitiveness and that of their own supply chain;
- logistics: Renault is implementing EVALOG – a tool designed to improve logistics performance – with suppliers;
- innovation: Renault is implementing co-innovation contracts with its most innovative suppliers. These contracts clearly set out the objectives pursued, the breakdown of costs, ownership rights, exclusivity periods, etc.

In return for the resources supplied by Renault and the prospects of long-term business volumes, suppliers agree to improve their performance and contribute to Renault's international development. At the same time, Renault expects tier-1 suppliers to conduct a similar policy with their own suppliers.

At global level, Global Supply Chain (DSCM) manages and coordinates all strategic and operational aspects of the supply chain, from the suppliers' factory gate through to delivery of the vehicle to the customer. The aim is to ensure reliable delivery times and quality at satisfactory cost, while keeping inventory to a minimum.

Strategic aspects include the management of production and transport capacities, transport organization and planning, and packaging.

Operational aspects cover plant scheduling, parts supplies and vehicle distribution.

In co-design and manufacturing, the main partnerships are as follows:

- Renault has entered into a number of cooperation agreements with PSA Peugeot Citroën. The two groups have worked together since 1966 on developing powertrain components: notably engines at their jointly-owned affiliate, Française de Mécanique, in Douvrin (France), and automatic transmissions at Société de Transmissions Automatiques in Ruitz (France);
- Renault has also signed a number of commercial agreements for the sale of subsystems, notably transmissions and engines for Volvo and MMC and, since January 2004, a diesel engine for Suzuki Jimny;
- for light commercial vehicles, Renault and General Motors signed a framework agreement in 1996 for a cooperative undertaking. The aim is for the two manufacturers to increase their market presence in Europe and to share development costs. Concerning compact vans, Renault Trafic and Opel/Vauxhall (GM) Vivaro have been produced at the GM Europe plant in Luton (UK) since 2001, and at the Nissan plant in Barcelona (Spain) since 2002. Phase 2 production began in the last quarter of 2006. The large vans, Renault Master and Opel/Vauxhall (GM) Movano have been produced by Renault at its Batilly plant (France) since 2000. The Movano is sold to GM as part of a supply agreement.

  At end-2007, Renault and Opel signed a new commercial contract to supply a new heavy van, the future replacement for Master/Movano.

  Master and Master Pro vehicles produced at Batilly are distributed by the Renault Trucks network (Master and Mascott). In December 2007, a letter of intent was signed to supply the future replacement for Master to Renault Trucks.

✦ Global Reporting Initiative (GRI) Directives

To accelerate the pace of international expansion ✦

Several agreements were signed with local partners (manufacturers, local authorities).

In Russia, alongside the partnership with AvtoVAZ, Renault and Moscow City Hall implemented their new partnership as part of plans to increase the production capacity of the Moscow plant to more than 160,000 vehicles/year from mid-2009. In the first quarter of 2008 they set up a new joint entity in which Renault holds a majority stake, with the land and buildings necessary for phase 2. This increased capacity will support the success of Logan on the Russian market and make it possible to introduce new models.

In India:

- in Chennai, the Alliance is building its first joint production site as part of a 50/50 joint-venture (JV RNAIPL). Renault has put the project on hold for the present;
- in the same region, the joint-venture set up by Renault and Nissan, RNTBCI, started providing services in engineering and information systems in 2008;
- in July 2008 Renault and Nissan signed a memorandum of understanding (MOU) with Bajaj – India's second biggest motorbike producer and leader in the 3-wheeled vehicle segment – to set up a joint-venture (25% Renault, 25% Nissan, 50% Bajaj) to develop, produce and sell an ultra-low cost vehicle (ULC), from 2011 with prices starting at US$2,500. The ULC will be produced at a plant to be built in Chakan (state of Maharashtra), which will have a long-term capacity of 400,000 vehicles/year;
- with its industrial and commercial partner Mahindra & Mahindra, Renault is continuing to produce and sell Logan sedan. Logan now has a 6% share of the C segment with more than 36,000 vehicles sold since launch in May 2007. It ranked 5th on its segment in India in 2008.

In Iran, the framework agreement for the Logan project, signed in October 2003 by Renault and IDRO (Industrial Development and Renovation Organization – a holding company linked to the Iranian ministry of industry and mines) – makes provision for the redeployment of the Renault brand in Iran, based initially on the 90 family and the 90 platform (Logan). The plan is that each of the two main Iranian manufacturers (Iran Khodro and SAIPA/Pars Khodro) assemble and distribute L90s. The installed capacity will be 300,000 vehicles/year split equally between the two manufacturers. The joint-venture Renault Pars founded in May 2004, 51% owned by Renault and 49% by AIDCo (Iran Khodro 26%, SAIPA 26%, IDRO 48%), is managing the industrial project. The specific roles assigned to Renault Pars mainly concern purchasing, engineering, processes, quality procedures and sales coordination. The partners have agreed to cover the investments and expenses incurred before launching the first vehicle through a capital increase. More than 72,500 Tondar (local name of Logan) vehicles have been produced since March 2007, of which more than 57,500 in 2008. At the same time, with the ramp-up in production in second-half 2008, 1,767 Mégane vehicles were assembled in partnership with Pars Khodro.

In South Africa, following a cooperation agreement signed in May 2007, the Alliance invested ZAR1 billion (€88 million) for the local assembly of vehicles from the Logan range (Pick-up and Sandero) at the Nissan plant in Rosslyn, starting in early 2009. The Pick-up will be assembled by Nissan which will sell it under its own brand name. Sandero, which will also be assembled by Nissan, will be sold by the subsidiary Renault South Africa. Nissan will purchase CKD parts from Renault and will cover all specific investments.

In Morocco, Renault signed an agreement with the Kingdom of Morocco at the start of the year to build an industrial complex in the region of Tangiers, using the TangerMed port platform. This industrial complex will use the advanced logistics infrastructure developed by the Kingdom of Morocco in the northern part of the country. Implementation of this project has been put back.

In view of the success of Logan and Kangoo on Moroccan and export markets, Renault decided to double the production capacity of Somaca, 80% owned by the Group, for an investment of €45 million and to start production of a new vehicle – based on the Logan range – from 2009.

In Colombia, the industrial and commercial cooperation agreements between Sofasa and Toyota and the shareholders agreement between Renault Toyota and Mitsui, which hold 60%, 28% and 12% of Sofasa respectively, expired on December 31, 2008.

On December 19, 2008 Renault, Toyota and Mitsui signed a Share Purchase Agreement executed on January 7, 2009. Renault takes a 100% stake in Sofasa to support the development of its activities in the northern part of Latin America.

In distribution

The Mascott van, manufactured at Renault's Batilly plant, has been distributed by the Renault Trucks network since 1999, and also by Renault, since January 2003 under the name Master Propulsion.

In the environment

Renault Environnement, a fully owned subsidiary of Renault s.a.s., was founded in May 2008. The role of this company is to take a number of stakeholdings and form partnerships to develop new business in the environmental sector (vehicle recycling, eco-driving, "green" products, etc.). This objective was confirmed by the Executive Committee (CEG) on October 14 last.

The first operation of this type took place in May 2008 when Renault Environnement took a 40% stake in Indra Investissements, a company with a network of 200 breakers in France, including three wholly-owned vehicle dismantling sites. The purpose of the holding is to upgrade the end-of-life vehicle treatment process, starting with France. It was contributed to a 50/50 joint-venture, set up with SITA France, Re Sources Industries Holding, which aims to develop its business in the recycling industry in the broadest sense of the term.

1.1.4 MAIN SUBSIDIARIES AND ORGANIZATION CHART ✦

1.1.4.1 MAIN SUBSIDIARIES

RENAULT S.A.S.

13-15, quai Le Gallo
92512 Boulogne-Billancourt Cedex (France)

Wholly-owned subsidiary of Renault SA.

Business: design, manufacture, sale, repair, maintenance and leasing of motor vehicles (commercial, light commercial and passenger vehicles, tractors, farm machinery and construction equipment) as well as the design and production of spare parts and accessories used in connection with the manufacture and operation of vehicles. Also, all types of services relative to such activities and, more generally, all industrial, commercial, financial, investment and real-estate transactions relating directly or indirectly, in whole or in part, to any of the above purposes (see Article 3 of the articles of incorporation).

2008 revenues: €29,275 million (local data to Group standards, external format).

Workforce at December 31, 2008: 40,787 (excl. CASA – early retirement plan).

RENAULT ESPAÑA

Carretera de Madrid, km 185
47 001 Valladolid (Spain)

99.78% owned by Renault s.a.s.

Business: manufacture and marketing, via its sales subsidiary Recsa, of Renault passenger cars and light commercial vehicles in Spain.

Plants in Valladolid, Palencia and Seville.

2008 revenues: €4,083 million (local data to Group standards, external format).

Workforce at December 31, 2008: 10,132.

RENAULT DEUTSCHLAND A.G.

Renault-Nissan strasse 6-10
50321 Brühl (Germany)

60% owned by Renault s.a.s.

Business: Renault Nissan commercial organization in Germany.

2008 revenues: €2,291 million (local data to Group standards, external format).

Workforce at December 31, 2008: 537.

OYAK-RENAULT OTOMOBIL FABRIKALARI

Barbaros Plaza C blok No 145 K/6
80 700 Dikilitas Besiktas Istanbul (Turkey)

51% owned by Renault s.a.s.

Business: assembly and manufacture of Renault vehicles.

Plant in Bursa.

2008 revenues: TRL 4,932 million (local data to Group standards, external format).

Workforce at December 31, 2008: 6,276.

DACIA

Calea Floreasca Nr. 133-137 – Sector 1
Bucaresti (Romania)

99.43% owned by Renault SA

Business: manufacture and marketing of motor vehicles.

Plant in Pitesti.

2008 revenues: ROL 7,390 million (local data to Group standards, external format).

Workforce at December 31, 2008: 13,215.

RENAULT ITALIA

Via Tiburtina 1159
Rome (Italy)

100% owned by Renault s.a.s.

Business: marketing of Renault passenger cars and light commercial vehicles.

2008 revenues: €1,559 million (local data to Group standards, external format).

Workforce at December 31, 2008: 379.

REVOZ

Belokranska Cesta 4
8000 Novo Mesto (Slovenia)

100% owned by Renault s.a.s.

Business: manufacture of vehicles.

Plant at Novo Mesto.

2008 revenues: €1,212 million (local data to Group standards, external format).

Workforce at December 31, 2008: 2,559.

✦ Global Reporting Initiative (GRI) Directives

RENAULT FINANCE

48, avenue de Rhodanie
Case postale 1002 Lausanne (Switzerland)

100% owned by Renault s.a.s.

Business: capital market transactions (foreign exchange, interest rates, hedging of industrial metals transactions) for Renault and Nissan; interbank dealing for own account.

Total assets at December 31, 2008: €3,901 million.

Workforce at December 31, 2008: 31.

RCI BANQUE

14, avenue du Pavé Neuf
93168 Noisy-le-Grand Cedex (France)

100% owned by Renault s.a.s.

Business: holding company for the sales financing and customer services entities of Renault and Nissan. Inventory financing (vehicles and spare parts) for Renault and Nissan Europe.

2008 revenues: €1,013 million (local data to Group standards, external format).

Net financings in 2008: €9.0 billion.

Total assets (RCI group) at December 31, 2008: €23,067 million.

Workforce at December 31, 2008: 3,047.

RENAULT SAMSUNG MOTOR

17th FL, HSBC Building
25, Bongrae-Dong 1-Ga, Jung-Gu
Seoul, 100-161 (Korea)

80.10% owned by Renault group

Business: manufacture and marketing of motor vehicles.

Plant in Busan.

2008 revenues: KRW3,652 billion (local data to Group standards, external format).

Workforce at December 31, 2008: 5,598.

RENAULT UK LTD.

The Rivers Office Park
Denham Way Maple Cross
WD3 9YS Rickmansworth Hertfordshire (UK)

100% owned by Renault group.

Business: marketing of Renault passenger cars and light commercial vehicles.

2008 revenues: GBP1,077 million (local data to Group standards, external format).

Workforce at December 31, 2008: 353.

RENAULT RETAIL GROUP SA

117-199, avenue Victor Hugo
92100 Boulogne-Billancourt (France)

100% owned by Renault s.a.s.

Business: trade, repair, maintenance and leasing of passenger cars and light commercial vehicles.

62 branches in France.

2008 revenues: €4,403 million (local data to Group standards, external format).

Workforce at December 31, 2008: 8,296.

AVTOFRAMOS

35, avenue Vorontsovskaia
109 147 Moscow (Russia)

94.10% owned by Renault group

Business: assembly, import, marketing and sale of Renault vehicles.

2008 revenues: RUB34,932 million (local data to Group standards, external format).

Workforce at December 31, 2008: 2,260.

RENAULT DO BRASIL

1300 av. Renault, Borda do Campo
State of Parana Sao Jose dos pinhais (Brazil)

99.81% owned by Renault group

Business: vehicle production and assembly, production of equipment, parts and accessories for vehicles.

2008 revenues: BRL4,217 million (local data to Group standards, external format).

Workforce at December 31, 2008: 4,391.

RENAULT ARGENTINA

Fray Justo Santa Maria de Oro 1744
1414 Buenos Aires (Argentina)

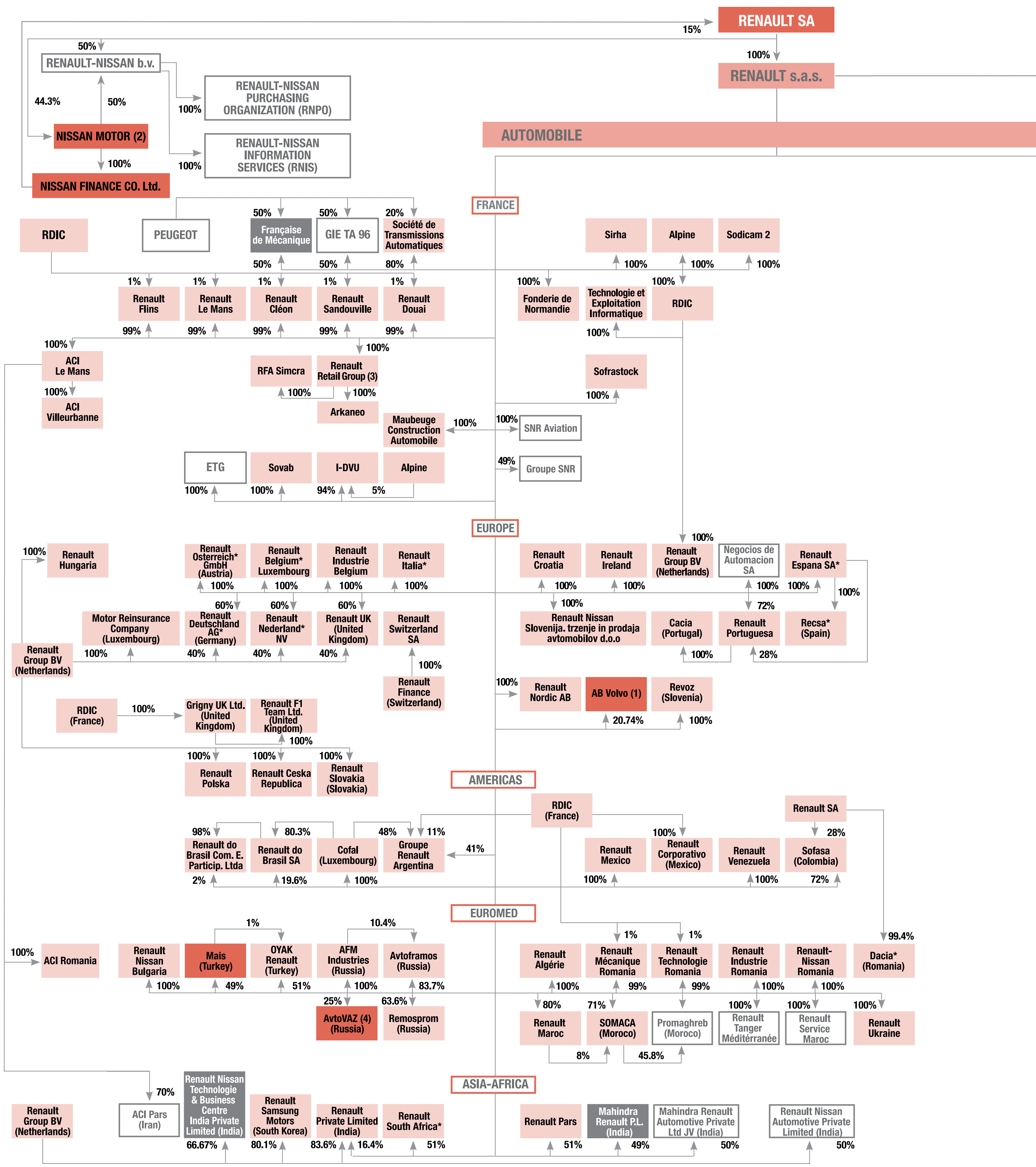
100% owned by Renault group.

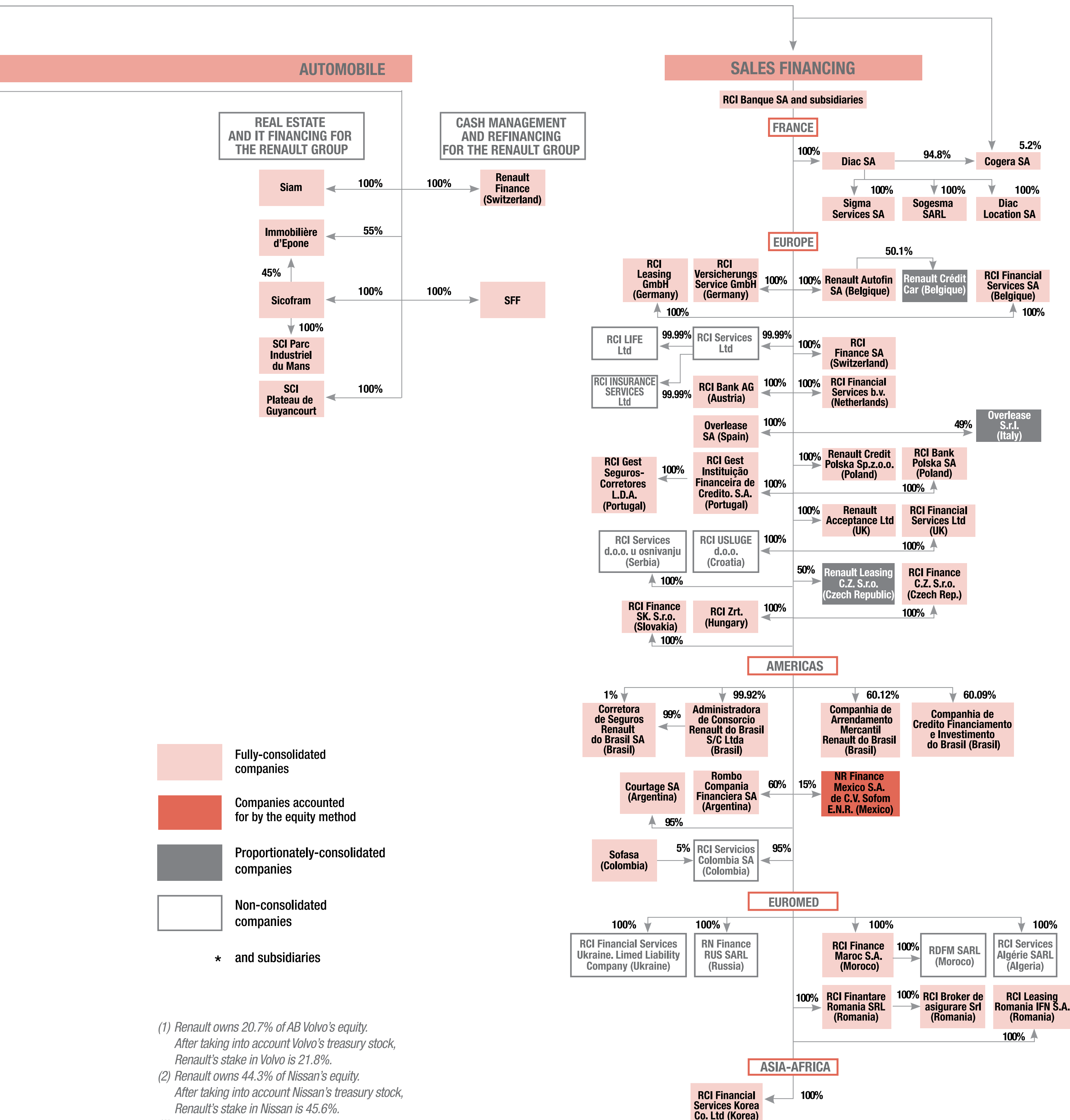
Business: manufacture and marketing of Renault vehicles.

2008 revenues: ARS4,711 million (local data to Group standards, external format).

Workforce at December 31, 2008: 1,931.

1.1.4.2 DETAILED ORGANIZATION CHART OF THE GROUP





(1) Renault owns 20.7% of AB Volvo's equity. After taking into account Volvo's treasury stock, Renault's stake in Volvo is 21.8%.
(2) Renault owns 44.3% of Nissan's equity. After taking into account Nissan's treasury stock, Renault's stake in Nissan is 45.6%.
(3) REAGROUP was renamed Renault Retail Group as of January 1, 2008.
(4) Renault owns 25% + 1 share of AvtoVAZ's equity.

1.2 RISK FACTORS ✦

In the course of its business, the Renault group is exposed to a number of risks that can affect its assets, liabilities and financial performance. The main risks are outlined below.

Details on how they are managed can be found in chapter 2.3 of the Registration document (2.3.1: Financial risks; 2.3.2: Operational risks).

1.2.1 FINANCIAL RISKS

- The Renault group is exposed to liquidity risk through its industrial and commercial activities and Sales Financing business.

  The net debt of Automobile operations makes it necessary to regularly borrow from banks and on capital markets. Automobile is thus exposed to liquidity risk in the event that these markets are closed and/or if liquidity becomes more expensive.

  The Sales Financing business relies on access to financial resources. Restricted access to banking and financial markets would reduce the supply and/or raise the cost of financing.

  (See chapter 7.2.6 note 26-B1 of the notes to the consolidated financial statement)

- The Group is noted by rating agencies. A downgrade could restrict and/or raise the cost of access to capital market.

  (See chapter 2.3.1.2 “Rating”)

- Automobile is exposed to foreign exchange risk through its industrial and commercial activities. Exchange rate fluctuations can have an impact at five levels: operating margin, financial income, income of associated companies, shareholders’ equity, and net financial debt. The main exposures concern operating margin, which is vulnerable to euro appreciation, and net financial debt, for the portion of the debt denominated in yen.

  (See chapter 7.2.6 notes 2-F, 6-E, 8, 19-E, 26-B2 to the consolidated financial statement)

- The Renault group is exposed to interest rate risk through the Sales Financing business of its subsidiary RCI Banque in relation to its portfolio of commercial assets. Subsidiaries engage in systematic hedging to protect their trading margin and limit this risk. Interest rate sensitivity of RCI Banque is €5.5 million per 100 basis points.

  (See chapter 7.2.6 note 26-B3 of the notes to the consolidated financial statement)

- The Renault group is exposed to counterparty risk in its financial-market and banking transactions, in its management of foreign exchange and interest rate risk, and in the management of payment flows. In 2008, the Group suffered no financial impact arising from the failure of a banking counterparty.

  (See chapter 7.2.6 note 26-B6 of the notes to the consolidated financial statement)

- The Group is exposed to changes in the price and availability of raw materials. A substantial and lasting rise in supply costs for certain materials could affect the company’s profitability. The steel price accounts for two-thirds of the company’s direct and indirect exposure in this regard.

  (See chapter 7.2.6 note 26-B5 of the notes to the consolidated financial statement)

- The Group’s 44.3% holding in Nissan Motor Co. Ltd. (“Nissan Motor”), accounted for by the equity method in its consolidated financial statements, has a major impact on its financial results.

  (See chapter 7.2.6 note 13 of the notes to the consolidated financial statement)

1.2.2 OPERATIONAL RISKS

- The Group is exposed to risk linked to the long-term dependability of its supplier base and supply quality (see chapter 2.3.2.1). If certain suppliers experience economic difficulties, the Group could be affected operationally (parts reliability, supply disruption) and/or financially (supplier support).
- The Group has commercial and/or industrial operations in countries outside Europe[3], notably South Korea, Romania, Brazil, Argentina, Turkey, Colombia, Chile, Russia, Morocco, Iran and India. These operations account for 27% of Renault's revenues (see chapter 2.3.2.2). Key risks include GDP volatility, economic and political instability, new regulations, payment collection problems, labor unrest, sharp fluctuations in interest and exchange rates, and foreign exchange controls.
- Since the Group generates 47% of its sales in the compact and mid-size vehicle segments (C segment), its financial results depend on the success of these product lines.
- Through the Sales Financing business of its subsidiary RCI Banque, the Group is exposed to risks arising from the creditworthiness of its individual and corporate customers and the financial situation of its dealer networks (see chapter 2.3.2.3).
- In terms of product distribution, the type of risks to which Renault is exposed depends on the distribution channel (see chapter 2.3.2.4):
  - at the commercial import subsidiaries, the main risks are related to the use of commercial resources allocated to these firms,
  - at its own distribution subsidiaries, organized in Europe under the umbrella of Renault Retail Group, the risks are primarily related to the decentralization and the diversity of the markets in which these entities operate,
  - for networks, the risks arise from the financial situation of the dealerships.
- Risks affecting the quality of its products, which involve a wide variety of complex technologies, mean that quality is a top priority and that special attention is paid to the reliability of mechanisms and equipment providing active and passive safety (see chapter 2.3.2.5).
- The Group's exposure to industrial risk (see chapter 2.3.2.6) is potentially significant because its industrial operations are highly concentrated and its plants are interdependent. It is also dependent on its main suppliers.
- There are three main aspects of environmental risk (see chapter 2.3.2.7) for Renault:
  - environmental impact of waste and potential malfunctions in its plants;
  - harm to individuals (personnel and people living near the plants);
  - pollution of subsoil and groundwater.
- Renault depends on the orderly operation of its IT systems (see chapter 2.3.2.8). Most of the Group's functions and processes rely on the software tools and technical infrastructure connecting its sites. The main risks pertain to the disruption of IT services, and the confidentiality and integrity of data.

1.2.3 OTHER RISKS

- The Group is exposed to the risk of changes in European automobile regulations leading to tighter vehicle emission standards and restrictions on the use of certain substances used to build vehicles (European "REACH" Regulation 1907/2006 of December 18, 2006).
- The European Commission has issued recommendations aimed at amending Directive 98/71 on the legal protection of designs and models. These recommendations call for the abolition of protection of spare parts under design and model law. If the amended version of the Directive is adopted, it could have a negative impact on the earnings of the Group.

(3) "Outside Europe" corresponds to the three Regions Euromed, Asia-Africa and Americas. From March 1, 2009 a new distribution of the Regions has been decided for the geographical management organization by the Regions Management Committees (CMR) (see countries list at the end of chap. 2.1.1).

1.3 THE RENAULT-NISSAN ALLIANCE

On March 27, 1999 Renault acquired a 36.8% equity stake in Nissan, together with Nissan's European finance subsidiaries, for a transaction amount of ¥643 billion (approximately €5 billion or $5.4 billion at that time).

Renault now holds 44.3% of Nissan and Nissan owns 15% of Renault. Each company has a direct interest in the results of its partner.

The Alliance has demonstrated its capacity to improve the individual performance of both partners, while protecting their respective corporate and brand identities, as the result of founding principles chosen to promote balance within the partnership and to capitalize on the complementary strengths of two groups with a global presence.

Renault and Nissan sold a combined total of 6,090,304 units in 2008, giving global market share of 9.4% for the Alliance.

1.3.1 OBJECTIVES OF THE ALLIANCE

1.3.1.1 VISION – DESTINATION OF THE RENAULT-NISSAN ALLIANCE

March 27, 2004 marked the fifth anniversary of the agreement heralding the creation of the Renault-Nissan Alliance.

Both Renault and Nissan took this opportunity to restate the values and principles underpinning the Alliance and to announce new ambitions for the future in the shape of a common "Alliance Vision – Destination" document. "Alliance Vision – Destination" was approved by the Alliance Board and has been shared with all employees in both groups.

The Renault-Nissan Alliance is a unique partnership of two global companies united for performance and linked by cross-shareholdings. It is based on two founding principles:

- developing all potential synergies by combining the strengths of both companies through constructive approaches to deliver win-win results;
- preserving each company's autonomy and respecting their own corporate and brand identities.

The principles of the Alliance

The Alliance is based on trust and mutual respect. Its organization is transparent. It ensures:

- clear decision-making for speed, accountability and a high level of performance;
- maximum efficiency by combining the strengths of both companies and developing synergies through common organizations, cross-company teams, shared platforms and components.

The Alliance attracts and retains the best talents, provides good working conditions and challenging opportunities: it grows people to have a global and entrepreneurial mindset.

The Alliance implements the best established standards of corporate governance.

The Alliance contributes to global sustainable development.

Three objectives for the future

The Alliance develops and implements a strategy of profitable growth and sets itself the following objectives:

- to be recognized by customers as being among the best three automotive groups in the quality and value of its products and services in each region and market segment;
- to be among the best three automotive groups in key technologies, each partner being a leader in specific fields of excellence;
- to consistently generate a total operating profit among the top three automotive groups in the world, by maintaining a high operating profit margin and pursuing growth.

The objectives of "Vision – Destination of the Renault-Nissan Alliance" were confirmed at the Third Alliance Convention in Tokyo on October 18, 2005, which was attended by some 300 senior executives from Renault and Nissan and other key players in the Alliance. In his opening speech, Carlos Ghosn, President and CEO of Renault and Nissan, repeated that the groups were united in their quest for performance, while each company retained its own identity. Up to now, there have been two Alliance Conventions in 2006 and 2008 to reaffirm these principals and objectives.

1.3.1.2 RENAULT'S MAJOR BENEFITS FROM THE ALLIANCE

IN RESEARCH AND ADVANCED ENGINEERING

Announcements around the world for zero emission

From Tennessee to Israel and Japan, the Alliance partners have made a series of breakthrough announcements during 2008:

- in Israel, for the first time in history, all the conditions necessary for electric vehicles mass-marketing will be brought together in a partnership between the Alliance, Project Better Place and the Israeli government. The target date is 2011. Renault will provide the vehicles and their lithium-ion batteries will be provided by Nissan through its Automotive Energy Supply Company joint-venture;
- in Portugal and Denmark, similar ZEV projects have been announced;
- in Paris, Renault rolled out the ZE concept at the Motor Show in October giving a preview of the company's zero emissions technology and based on the Kangoo Be Bop that also debuted at the Show. The ZE concept is powered by a lithium-ion battery pack. Electrical requirements are reduced by using LEDs for the headlights. Aerodynamic losses have been cut by replacing the external mirrors with small cameras. Exterior panels are coated in a heat reflecting paint and body panels are insulated;
- also in Paris, Renault and French electric utility EDF signed an agreement to create a large-scale, zero-emissions individual transport and travel system, starting with France. The objective is to establish electric cars as a viable and attractive transport solution for consumers.

Fuel cell vehicles

The Alliance is developing fuel cell-powered electric vehicles (FCV). Two prototypes are currently in an advanced engineering phase:

- Nissan's pioneering X-Trail fuel cell vehicle has been undergoing 'real-world' testing for more than two years, with examples leased to government authorities in Japan;
- Renault's prototype Scénic ZEV H2, based on a Renault Grand Scenic, is a joint Alliance development. It features Nissan's in-house developed fuel cell stack, high-pressure hydrogen storage tank and compact lithium-ion batteries. Renault engineers and technicians prepared the Grand Scénic architecture to accept the different FCV elements under the floor, thus managing to keep ample cabin space for five adults, and to integrate Renault and Nissan electric and electronic systems.

Both vehicles took part in a series of environmental road shows across Europe in the summer of 2008 while Renault showcased the Scénic ZEV H2 at its Environmental Workshop.

IN POWERTRAINS

New Alliance V6 diesel engine (V6 dCi)

The Renault-Nissan Alliance unveiled its brand-new V6 dCi diesel engine (V9X type) on Laguna Coupé at the Paris Motor Show. This engine is the first diesel V6 engine developed and produced by the Alliance. It will be fitted in upper-range vehicles to meet the growing worldwide demand for engines that are powerful and yet fuel and CO_2 efficient.

The Alliance cooperation has made it possible for both Renault and Nissan to offer a state-of-the-art premium powertrain to their customers, all around the world. For Renault models, it is already available on Laguna Coupé, and offered on Laguna Sedan and Laguna Estate, from early 2009.

2.0 dCi launch in Japan

In the fall of 2008, the first Alliance-developed diesel engine made its debut in Japan on the Nissan X-TRAIL. Based on the M9R engine, this has met Japan's stringent "Post New Long-term Regulations" – the first vehicle in the world to do so. It has been well accepted by the Japanese market, with more than 1,000 orders in the first two weeks after start of sales, exceeding the objective of 100 units per month. The Nissan M9R clean diesel engine was named 2008-2009 Car Technology of the Year by JAHFA, Japan Automobile Hall Of Fame, as the best technology equipped with all domestic/imported passenger vehicles in Japan. The M9R won the award for complying with Japan's stringent Post New Long-term Regulations emission standards, providing high torque and good performance along with quiet operation and low vibration.

TCe 130 engine and CVT transmission on Mégane

A new Alliance-developed petrol engine, the TCe 130 will be added to the new Renault Mégane line-up in the spring of 2009. Developed within the framework of the Renault-Nissan Alliance, the TCe 130 is a perfect illustration of the expertise that has been acquired in the realm of downsizing. This new, fuel-efficient 1,397 cc block packs the power of a 1.8-litre engine (130hp) and the torque of a 2.0 (190Nm), yet its CO_2 emissions are less than those of a 1.6, making it particularly respectful of the environment. Depending on version, these engines can be mated to 5- or 6-speed manual or automatic transmissions. Among the other engines for the new Mégane is a 2.0-litre 16v 140, available from launch with a 6-speed manual gearbox, but benefiting from Nissan's continuously variable transmission (CVT) at a later date.

IN MANUFACTURING

- In South Africa, the Alliance partners have confirmed the launch of a new manufacturing project using Nissan's manufacturing plant at Rosslyn. The plan encompasses the adaptation of two cars, the Nissan NP200 half-ton Pickup and the Renault Sandero to the South African market (eg right-hand drive), the preparation of the plant, and the development of the local components and accessories supply chain. The local integration rate will be 25% at the start of production and gradually increase afterwards. Production (around 16,000 pick-ups and 7,500 Sandero) will initially be sold in the local market. The Sandero will be the first Renault product built in South Africa.
- In Brazil, Nissan started production for its first passenger cars, the Livina and Grand Livina - in Curitiba, Brazil. The two models are marketed worldwide in growing markets such as China, Indonesia and South Africa. The Curitiba plant already manufactures three Nissan 4x4 models, Frontier, X-Terra and the New Frontier.

IN SALES & MARKETING

Common media buying in Europe

The Renault-Nissan Purchasing Organization has for the first time chosen a single agency, Omnicom-OMD, to manage media purchasing across all media in Europe. This will be for 24 countries for Nissan and 30 countries in greater Europe for Renault. The combined budget is approximately €800 million per year.

Common warehouse in Russia

The Alliance opened a joint Russian distribution centre close to Moscow to provide spare parts for the Nissan, Renault and Dacia dealer network all over the country. The joint warehouse covers a potential storage and service area of 45,000 square metres and its capacity allows for the expected expansion of the parts business in Russia over the next three years. The new centre is run by DSV (De Sammensluttede Vognmænd) and provides inbound linehaul transportation, outbound transportation, customs clearance and warehousing.

IN DIVERSITY

Renault partnered the Women's Forum in France for the third year running and this year was joined by Nissan because the Renault-Nissan Alliance is keen to contribute to promoting diversity and to take part in the discussions initiated by the Forum on the key issues facing society. Carlos Ghosn, President of Renault and Nissan opened a session entitled "How much diversity are we prepared to accept?" and presented the "Women for Education" prize.

2008 theme of "Progress" is particularly relevant to the active presence of Renault and Nissan at the Women's Forum. As a global industrial and economic player, the Renault-Nissan Alliance talked about its experience:

- the Alliance as a testing ground in talent and cultural diversity to promote economic performance;
- the Alliance as a contributor to progress on environmental and mobility issues (electric vehicles, range of low-cost vehicles);
- the Alliance as a corporate citizen, contributing to economic and social development in the countries where it is present (support of social projects such as "Women for Education").

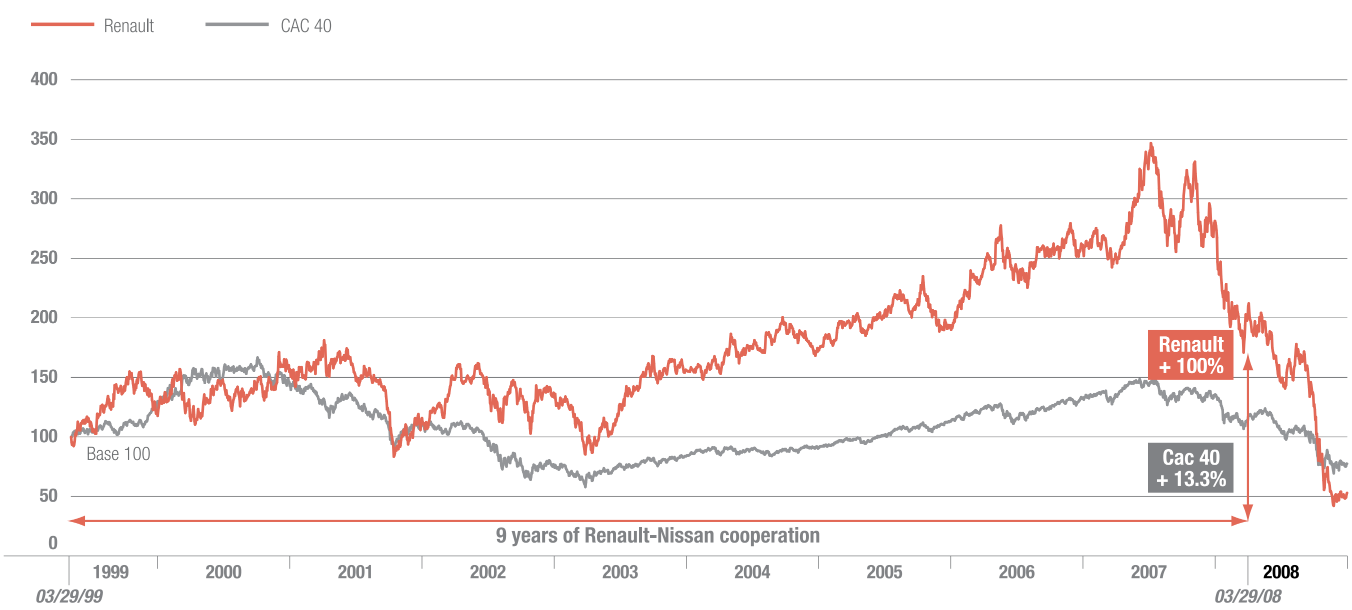
1.3.1.3 THE ECONOMIC AND FINANCIAL CRISIS IMPLICATIONS

SHARE VALUES

The first eight years of the Alliance saw a period of strong share price growth for both Renault and Nissan. However, since the beginning of the downturn in the US and the onslaught of the worldwide crisis throughout the world stock markets, the share prices of both Renault and Nissan have fallen sharply along with the rest of the worlwide automotive sector.

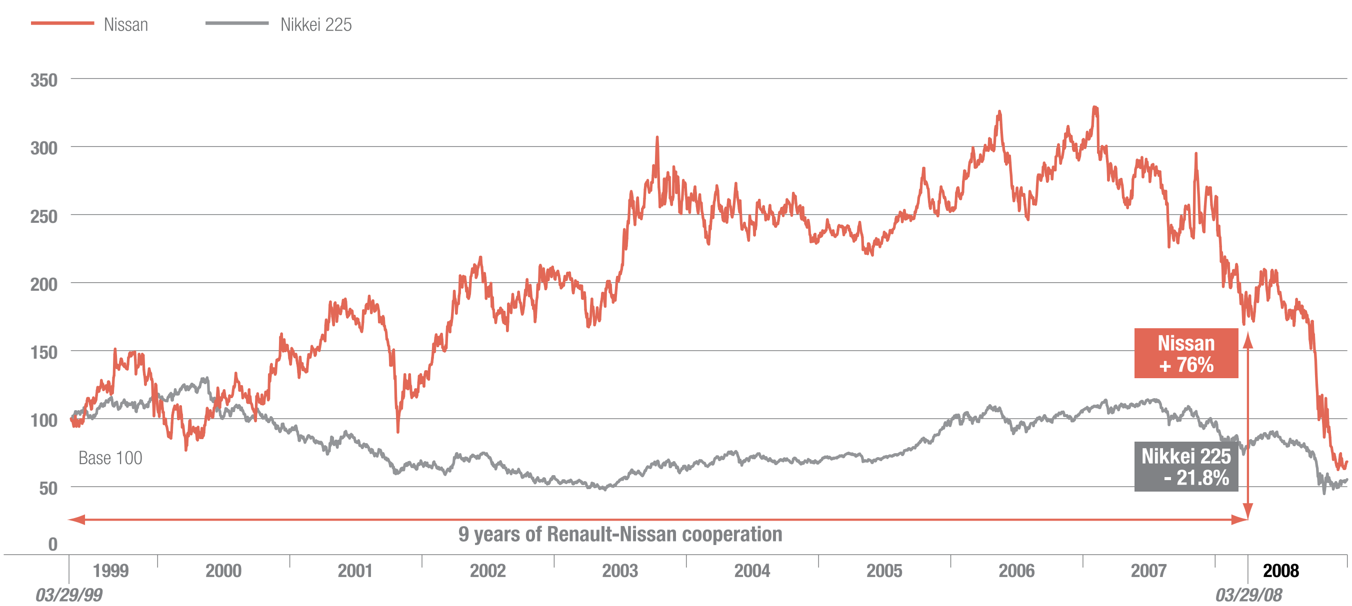
As at December 31, 2008, Renault's share price has fallen 49% compared to March 29, 1999 (vs.-22% for the CAC 40 over the same period) and Nissan's share price has fallen 33% (Nikkei -46%). The resulting market capitalization for Renault was €5,286 million and €11,423 million for Nissan (€ = ¥120).

RENAULT SHARE PRICE FROM MARCH 29, 1999 TO END DECEMBER 2008



Source: Reuters.

NISSAN SHARE PRICE FROM MARCH 29, 1999 TO END DECEMBER 2008



Source: Reuters.

AUTOMAKERS MARKET CAPITALIZATION – MARCH 1999 VS DECEMBER 2008

(€ million)	MARCH 29, 1999	RANKING	*(€ million)*	DEC. 31, 2008	RANKING
Toyota	96,736	1	Toyota	79,094	1
Daimler	81,541	2	Volkswagen	77,648	2
Ford	59,848	3	Honda	27,615	3
GM	52,518	4	Daimler	25,752	4
Honda	39,961	5	BMW	13,748	5
VW	22,159	6	**NISSAN**	**11,423**	**6**
BMW	16,277	7	Porsche	9,599	7
Fiat	13,522	8	Volvo AB	8,409	8
Volvo (A+B)	10,439	9	Fiat	5,508	9
NISSAN	**9,049**	**10**	Hyundai Motor	5,423	10
RENAULT	**8,393**	**11**	Mitsubishi Motors	5,335	11
Peugeot	6,615	12	**RENAULT**	**5,286**	**12**
Suzuki	6,065	13	Suzuki	5,262	13
Mazda	4,459	14	Ford	3,457	14
Porsche	3,990	15	Peugeot	2,844	15
Fuji Heavy	3,521	16	Mazda	1,669	16
Mitsubishi	3,043	17	Fuji Heavy	1,477	17
Hyundai Motor	678	18	GM	1,398	18

Source: Reuters.

1.3.2 OPERATIONAL STRUCTURE OF THE ALLIANCE ✦

1.3.2.1 MAIN STAGES IN THE CONSTRUCTION OF THE ALLIANCE

In accordance with the principles set out in the initial agreement signed in March 1999, the second stage of the Renault-Nissan Alliance was engaged in 2002. This phase strengthened the community of interests between Renault and Nissan, underpinned by stronger equity ties. It involved establishing an Alliance Board tasked with defining Alliance strategy and developing a joint long-term vision.

On March 1, 2002, Renault increased its equity stake in Nissan from 36.8% to 44.3% by exercising the warrants it had held since 1999.

At the same time, Nissan took a stake in Renault's capital through its wholly-owned subsidiary, Nissan Finance Co, Ltd, which acquired 15% of Renault's capital through two reserved capital increases, on March 29 and May 28, 2002.

By acquiring a stake in Renault, Nissan gained a direct interest in its partner's results, as was already the case for Renault in Nissan. Nissan also obtained a second seat on Renault's Board of Directors.

The purpose of the second phase of the Alliance in 2002 was to provide the Alliance with a common strategic vision, which resulted in the creation of Renault-Nissan b.v. and a specific corporate governance policy.

1.3.2.2 GOVERNANCE AND OPERATIONAL STRUCTURE

CREATION OF RENAULT-NISSAN B.V.

Formed on March 28, 2002 Renault-Nissan b.v. is a joint company, incorporated under Dutch law and equally owned by Renault SA and Nissan Motor Co., Ltd., responsible for the strategic management of the Alliance.

This structure decides on medium- and long-term strategy, as described below under "Powers of Renault-Nissan b.v.". It bolsters the management of the Renault-Nissan Alliance and coordinates joint activities at a global level, allowing for decisions to be made while respecting the autonomy of each partner and guaranteeing a consensual operating procedure.

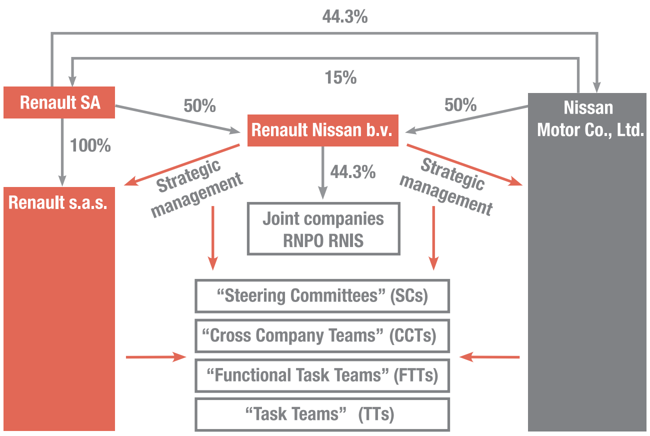
Renault-Nissan b.v. possesses clearly defined powers over both Renault and Nissan Motor Co., Ltd.

Renault-Nissan b.v. holds all the shares of existing and future joint subsidiaries of Renault and Nissan Motor Co., Ltd.

Examples include Renault-Nissan Purchasing Organization (RNPO), which has been equally owned by Renault and Nissan since its creation in April 2001. These shares were transferred to Renault-Nissan b.v., which has owned 100% of RNPO since June 2003.

Renault-Nissan Information Services (RNIS) is a common information systems company, created in July 2002 and wholly owned by Renault-Nissan b.v.

STRUCTURE OF THE ALLIANCE



POWERS OF RENAULT-NISSAN B.V.

Renault-Nissan b.v. implements the decisions made by the Alliance Board set up by Renault SA and Nissan Motor Co., Ltd.

Renault-Nissan b.v. has limited **decision-making power** with respect to Nissan Motor Co., Ltd. and Renault s.a.s. In terms of their level of importance, these decisions are those that it would be difficult for the two companies to take separately while being sure that they would be able to pursue global implementation and thus take advantage of economies of scale. This decision making power is limited to the following areas:

- adoption of three-, five- and 10-year plans (strategic company projects, with quantified data);
- approval of product plans (parts of strategic projects corresponding to the design, development, manufacture and sale of current or future products, vehicles and components);
- decisions concerning the commonization of products and powertrains (such as platforms, vehicles, gearboxes, engines and other components);
- financial policy, including:
  - rates of discount used for ROIC studies and hurdle rates, applicable to future models and investments,
  - risk-management rules and the policy governing them,
  - rules on financing and cash management,
  - debt leverage;
- management of common subsidiaries, and steering of Cross-Company Teams (CCT) and Functional Task Teams (FTT) including CCT/FTT/TT (Task Teams) creation, modification or disbandment;
- any other subject or project assigned to Renault-Nissan b.v. on a joint basis by Nissan Motor Co., Ltd., and Renault s.a.s.

Renault-Nissan b.v. also has the exclusive **power to make proposals** on a range of decisions by the two operating companies, Nissan Motor Co., Ltd. and Renault s.a.s. These two entities are free to accept or reject these proposals. However, they can implement these decisions only if a proposal has been made by Renault-Nissan b.v. The power of initiative of Renault-Nissan b.v. thus ensures that the two partners harmonize their policies.

The areas covered include:

- creation and scope of joint subsidiaries;
- supplementary financial incentive schemes;
- significant changes in scope, whether geographic or in terms of products, for total amounts of $100 million or more;
- strategic investments, i.e. investments other than product-related investments, amounting to $500 million or more;
- strategic cooperation between Nissan Motor Co., Ltd. or Renault s.a.s. and other companies.

All other aspects relating to Renault SA and Nissan Motor Co., Ltd., whether operational, commercial, financial or labor-related, are managed independently by each company and the corresponding decisions will be taken independently by these companies' respective governing bodies. The two companies retain their autonomy of management, the identity of their respective brands, their employee-representative bodies and their employees. They are also responsible for their own results.

THE ALLIANCE BOARD

The role of the Alliance Board

The Alliance Board (AB) held its first meeting on May 29, 2002. AB is the decision-making body for all issues affecting the Alliance's future, and normally meets eight times a year.

Both Renault and Nissan continue to manage their business and perform as two separate companies. The operational management of each group remains in the hands of senior management accountable to their own Board of Directors.

Alliance Board members

As of February 26, 2009, the Board is presided by Carlos Ghosn, President and CEO of Renault and President and CEO of Nissan. The Alliance Board also includes three members from Renault (Odile Desforges, Patrick Pélata and Jérôme Stoll) and three from Nissan (Toshiyuki Shiga, Mitsuhiko Yamashita and Hidetoshi Imazu).

The Alliance Board meeting (ABM) focuses on strategic matters and is attended by all the members of Renault's and Nissan's Executive Committees, the Alliance Board secretary and heads of CEO Offices. Decisions taken at the meetings are officially approved by the Alliance Board.

As Renault-Nissan b.v. is a joint company incorporated under Dutch law, it has no Supervisory Board. Neverthless, as Renault-Nissan b.v. is not a parent-company but a joint subsidiary set up by Renault SA and Nissan Motor Co., Ltd, the managers of Renault-Nissan b.v. can be dismissed by the parent-companies.

A FOUNDATION TO MAINTAIN THE STABILITY OF THE ALLIANCE

A foundation linked to Renault-Nissan b.v. has been set up under Dutch law to ensure that the ownership structure of Renault and Nissan remains stable. Without preventing a takeover bid, the foundation can subscribe for more than 50% of the capital of Renault-Nissan b.v. if a third-party or a group of third-parties acting in concert attempts to acquire control through a creeping takeover or, more specifically, when the threshold of 15% of the capital of Renault or Nissan is breached, other than by a takeover bid. The period during which the foundation may control Renault Nissan b.v. cannot exceed 18 months.

COORDINATION BUREAU

A single representative of Renault and Nissan is responsible for the two Alliance Coordination Bureau Offices in Paris (CBPO) and Tokyo (CBTO) which include the support function of the Alliance Board meeting (ABM), human resources and communications.

The Coordination Bureau is tasked with the following missions:

- planning the agendas for and preparing the ABM;
- providing functional support for the Steering Committees (SC), Cross-Company Teams (CCT), Functional Task Teams (FTT) and Task Teams (TT);
- assessing the workings of the Alliance, making occasional surveys and reporting on changes;
- managing cascading meetings in Renault and Nissan, sharing information with the representatives of the SCs, CCTs, FTTs and TTs and drawing up clearly defined action plans to implement the decisions taken by the ABM;
- promoting the cross-functional visibility of the Alliance and joint actions together with the Corporate Communication Departments at Renault and Nissan.

The Alliance Coordination Bureau reports to the Alliance Board.

STEERING COMMITTEES (SCs)

The Steering Committees are tasked with defining the Alliance's cross-functional strategic operational priorities, submitting topics to the ABM that may be given priority status in the agenda and coordinating the activities of the Cross-Company Teams (CCTs), Functional Task Teams (FTTs) and Task Teams (TTs) that fall within the scope of the steering committees. They take operational decisions that are not within the scope of the CCTs, report on progress to the ABM and, wherever necessary, seek arbitration on and/or confirmation for decisions.

There are nine SCs, each focusing on a different field, that support the CCTs and FTTs in the implementation of Alliance projects:

1. Planning
2. Product Development and Manufacturing
3. Control and Finance
4. Sales and Marketing
5. Information Systems
6. Global Services Breakthrough
7. Asia, Africa and Middle East
8. America
9. Europe

CROSS-COMPANY TEAMS (CCTs)

The CCTs are working groups comprising staff and experts from both companies that are tasked with exploring possible areas of cooperation and synergy between Renault and Nissan, defining and concretely specifying projects and then monitoring the implementation of projects approved by the Board. There are 12 teams working in the following areas:

1. Product Planning
2. Light Commercial Vehicle
3. Research & Advanced Engineering
4. Vehicle Engineering
5. Powertrain
6. Process Engineering
7. Manufacturing
8. Logistics
9. Parts and Accessories
10. Purchasing
11. Korea
12. South Africa

The CCTs are headed by two co-leaders, one from Renault and one from Nissan.

The 12 CCTs report to the Alliance Board on the state of progress of their work and their results through the SCs.

FUNCTIONAL TASK TEAMS (FTTs)

The FTTs are made up of experts from both Renault and Nissan and provide the CCTs with essential support in terms of benchmarking, the promotion of best practices and the harmonization of tools used in the support functions.

There are 12 FTTs that continue to cover the following key areas:

1. Corporate Planning
2. Product Engineering Performance
3. Quality
4. Industrial Strategy
5. Cost Management & Control
6. Customs, Trade & Global Tax
7. Marketing
8. Sales & Service
9. Legal & Intellectual Property
10. Communications
11. Human Resources
12. External and Government Affairs

TASK TEAMS (TTs)

As soon as a specific issue is identified, a Task Team (TT) is appointed to work on the issue within a certain timeframe.

There are currently 7 TTs working on the following topics:

1. Europe
2. Eastern Europe
3. Maghreb
4. GCC
5. Mexico
6. Mercosur
7. Alliance Dealer Evaluation Standard

1.3.3 THE STATUS OF SYNERGIES

Since the Alliance agreement was signed in 1999, Renault and Nissan have initiated cooperation programs in a broad range of fields of activity. The synergies generated can be classified into two categories:

- structural cooperation;
- regional cooperation.

1.3.3.1 STRUCTURAL COOPERATION

VEHICLE ENGINEERING

The sharing of platform or engineering architecture and, more significantly, the sharing of major components have been a key element of the Alliance's success. The partners can develop this sharing as they renew their line-ups.

B and C Platforms

An initial common platform (a Nissan-led project), the B platform, has been used by Nissan since 2002 with the new March (Micra in Europe) and Cube. This was followed in 2004 by the launch of the Tiida and Tiida Latio in the Japanese domestic market and the Nissan Note launched in January 2005. Tiida has subsequently gone on sale in selected global markets, including the US where it is sold as the Versa. Two additional vehicles, the Nissan Wingroad (launched in November 2005) and the Nissan Bluebird Sylphy (launched in December 2005), are also based on the B platform.

On May 19, 2004, Renault unveiled a new model, Modus, its first vehicle to use the common B platform. It was marketed mainly in Europe from September of the same year. In September 2005, Renault launched Clio III, also built on this platform.

The Logan, initially marketed under the Dacia and Renault brands, but to be sold as a Nissan in certain markets and as a Mahindra-Renault in India, was launched in September 2004. The Logan is based on a derivative of the common B platform.

A second common platform (a Renault-led project), the C platform, was launched by Renault at end-2002 for production of its new Mégane II. In December 2004, the Lafesta, a new minivan, was launched in Japan as the first model in Nissan to adopt the common C platform. Nissan launched the new Serena minivan in May 2005, and the new Sentra in October 2006 in the United States; both vehicles are also based on this platform. In 2007, the Nissan Qashqai (Dualis in Japan and Australia) and Renault Samsung QM5 were launched, based on the same platform.

Utilization of these two platforms will continue as the renewed Renault Mégane and Nissan Cube are updated versions of the C and B platforms respectively.

Interchangeable components

Complementary to the common platform strategy, Renault and Nissan have implemented a new approach to enable the exchange of components across platforms: the Interchangeable components policy (ICP). This strategy is based on a functional analysis of customers' needs and goes beyond sharing. ICP consists of using same parts or fittings on different models, across several platforms and segments. Expanding the scope of common platforms by designing components that can be used for different platforms or segments, this offers greater scope for vehicle and market differentiation.

This contributes to improving cost efficiency, enhancing manufacturing flexibility and supporting global expansion while preserving the specific identity of each brand and the features of each vehicle.

The result is a variable level of commonality for each component allowing greater flexibility for vehicle differentiation, while aiming for cost reduction and quality improvement.

POWERTRAINS (ENGINES AND GEARBOXES)

The Alliance is generating economies of scale for the future. Renault and Nissan are jointly developing new engines and gearboxes that fit in both Renault and Nissan models. Substantial economies of scale are expected, especially in terms of the recovery of development costs, but also in the areas of manufacturing and logistics. This is already the case for the co-developed M1D (diesel) and M1G, S2G (petrol) engines and a 6-speed manual transmission.

In addition to this, a brand-new commonly developed V6 dCi diesel engine (V9X) made its debut on the Laguna Coupé and a new turbo charged petrol engine, TCe 130, was based on the co-developed 1.5-1.6 petrol engine that will be used in the new Mégane from 2009.

As of April 2009, a new organization named Alliance Powertrain Planning Office will be created. Its role is to maximize convergence of the powertrain line-ups of Renault and Nissan.

COMMON POWERTRAINS DEVELOPED JOINTLY BY RENAULT AND NISSAN

	1.5-LITER – 1.6-LITER GASOLINE ENGINE	1.8-LITER – 2.0-LITER GASOLINE ENGINE	2.0-LITER DIESEL ENGINE	240NM 6-SPEED MANUAL TRANSMISSION
RENAULT MODELS				
Clio III		*(M4R)		*
Laguna III		*(M4R)	*(M9R)	*
Mégane III	*(H4Jt)		*(M9R)	*
Espace			*(M9R)	
Vel Satis			*(M9R)	
Trafic			*(M9R)	
Modus				*
NISSAN MODELS				
March/Micra	*(HR15DE, HR16DE)			
Cube	*(HR15DE)			
Tiida/Tiida Latio/Versa	*(HR15DE, HR16DE)	*(MR18DE)		*
Note	*(HR15DE, HR16DE)			
Wingroad	*(HR15DE)	*(MR18DE)		
Bluebird Sylphy	*(HR15DE, HR16DE)	*(MR20DE)		
AD-Van	*(HR15DE)			
Lafesta		*(MR20DE)		
Serena		*(MR20DE)		
Sentra		*(MR20DE)		*
Livina Geniss	*(HR15DE)	*(MR18DE)		*
Qashqai/Dualis		*(MR20DE)	*(M9R)	*
X-Trail		*(MR20DE)	*(M9R)	*
Primastar			*(M9R)	

* *Specific engine codes used in each company are mentioned in brackets.*

RESEARCH AND ADVANCED ENGINEERING

Optimizing the allocation of resources

Renault and Nissan are co-operating in strategic fields of research and advanced engineering in which they have common interests. This co-operation aims to optimize the allocation of resources of both groups covering a broader range of potential technical solutions and accelerating work to achieve technology breakthroughs to bring new products to the market.

Renault and Nissan have a technology plan [T] which is composed of four common pillars. These are safety, environment-CO_2, life-on-board and dynamic performance. These four pillars determine the priority areas of investment for key technologies and innovations.

By using their unique strengths and international market knowledge and networks, the two groups are well positioned to increase their technological portfolio and deliver innovative solutions to place the Alliance among the best three automotive groups in key technologies.

Facing environmental challenges

In December 2006, Nissan introduced Nissan Green Program 2010, a new mid-term environmental action plan. Nissan is focused on three core areas related to the environment: 1. Reducing CO_2 emissions, both from products as well as from day-to-day corporate activities, 2. Reducing exhaust emissions, and 3. Accelerating recycling efforts.

In order to realize these different yet complementary programs, the Alliance is prepared to invest across a wide range of technologies, including electric vehicles (EV), fuel cell, hybrid technologies and improvement of current diesel/gasoline engines or transmissions.

Taking an example for EV, Renault is leading the development of electric powertrain and Nissan is taking the lead in battery development, aiming for introduction in the next decade. This has evolved in common strategy to partner with several organizations and governments around the world to launch a mass marketed zero emission mobility solutions.

QUALITY

Alliance Quality Charter ✦

The Charter precisely defines the joint quality directives and procedures; it is applied to all Alliance projects.

The Charter covers all the key quality processes: customer quality surveys, Group quality targets, quality control in the development of new models, production quality assurance, quality assurance of outsourced components, service quality assurance (sales and after-sales), quality of technical progress, and warranty policy and procedures.

The Charter brings Renault and Nissan closer together through the use of common quality tools, such as Alliance Vehicle Evaluation System (AVES), Alliance New Product Quality Procedure (ANPQP), Alliance Supplier Evaluation System (ASES) and the definition of the parts per million (PPM) targets for parts manufactured outside the Group. In particular:

- ANPQP, a quality measurement system developed for suppliers, has been extended to all new projects;
- ASES is used to assess the controls and performance of suppliers and their technical skills in the field of quality.

Exchange of best practices

The Quality FTT has studied best practices in an effort to boost progress in the realm of quality in both companies and to help achieve targets. The best practices are sourced from Renault or Nissan (Japan, United States, Europe) and are upgraded by both companies if necessary.

Both companies have been contributing to the Renault Quality Plan and the Nissan Quality 3-3-3 since 2003.

Synergies

Renault and Nissan are improving together by developing common quality synergies:

- AEEP (Alliance Engineer Exchange Program). To contribute to the development of the Renault-Nissan Alliance Strategic Vision, the Quality FTT has set up an Engineer Exchange Program on key topics;
- breakthrough items for a better understanding of customer expectations around the world:
  - white books: gathering and sharing all information on market needs coming from each company,
  - AVES: development of AVES region by region to fit market needs better,
  - “JD Power” survey: improvement of the result prediction method.

PURCHASING

The Alliance has been able to make substantial cost savings by pursuing a joint purchasing strategy and building a network of common suppliers.

Renault-Nissan Purchasing Organization (RNPO)

The Renault-Nissan Purchasing Organization (RNPO) was established in April 2001 as the first Alliance joint-venture company. RNPO initially managed about 30% of Nissan’s and Renault’s global annual purchasing turnover. By November 1, 2006, this percentage had increased to 75% and is 92% as of June 2008. The geographical scope of RNPO has been extended to all the regions where Renault and Nissan have production activities in an effort to respond to worldwide needs. As a joint Renault and Nissan procurement structure, RNPO helps to improve purchasing efficiency by using a global management system for purchases coming within the scope of the Alliance, while local purchasing departments work increasingly for both companies as a single purchasing organization. A survey shows that suppliers strongly support RNPO as it brings value to the business.

MANUFACTURING

Renault and Nissan have actively exchanged know-how and implemented best practices in the area of manufacturing. Both are now jointly working on new steps for further improvement of the Renault production way/*Système de Production Renault (SPR)* and the Nissan production way (NPW).

Exchange of know-how and implementation of associated best practices in manufacturing processes: Renault has upgraded its SPR by introducing shop floor management with the support of Nissan experts, such as standardization at the workstation, implementation of TPM (Total Productive Maintenance), QC (Quality Control), JIT (Just In Time) and sequenced production, etc.

In parallel, Renault’s ideas introduced at Nissan include standards and analysis tools for workstation ergonomics and cost-control methods.

Through the above-mentioned activities, Renault and Nissan found opportunities and jointly worked on activities that more directly contribute to the improvement of manufacturing performance based on KPI (key performance indicators) monitoring. Common KPIs have been selected and reported to ABM in order to stimulate progress and accelerate best practices through internal benchmarking activities.

Cross-Production

Thanks to the Alliance, Renault is boosting capacity utilization at its existing production facilities. An Industrial Strategy FTT is organized to maximize production efficiency, minimize investment and production preparation lead time by utilizing both companies’ production sites for both companies’ models so as to maximize the effect of the Alliance by cutting production, purchasing and other costs.

The first joint manufacturing operation in the Alliance was the Renault Scénic at Nissan’s Cuernavaca plant in Mexico from December 2000, and then followed by the Clio built at the Aguascalientes plant from 2001.

The Renault Master, Nissan Frontier and Nissan X-Terra (Frontier/X-Terra also built at Nissan Smyrna, Tennessee) are built at Renault Curitiba LCV plant in Brazil. The plant started production of two new Nissan products, Livina and Grand Livina in 2009.

✦ Global Reporting Initiative (GRI) Directives

In Spain, Renault Trafic/Nissan Primastar/Opel (Vauxhall) Vivaro are manufactured in Nissan's Barcelona plant.

In Nissan's South Africa plant, the production of the Renault Sandero started from Janurary 2009.

The Renault Samsung plant in Busan, Korea, is producing vehicles for export to Russia and other countries under the Nissan name.

LOGISTICS

The Logistics CCT was created to capitalize on the geographical fit between the Alliance production facilities worldwide. The Logistics CTT is also tasked with forecasting the Alliance's fast-growing international business.

For parts transport, synergies include joint call for tenders since 2001 on container sea freight, and the establishment of common logistics platforms in Europe (France, Spain). Studies continue to make cross-use of Renault-Nissan import/export logistics platforms, especially to support the development of new projects and the sourcing of parts in LCC (Leading Competitive Countries).

The implementation of a common approach to the design of new packaging has reduced both costs and development times and has generated new opportunities for synergy through the consolidation of purchased volumes of future common packaging.

Since 2002, for vehicle transport, a sea shuttle between Santander (Spain) and Newcastle (United Kingdom), via Le Havre (France) and Zeebrugge (Belgium), has been transporting Renault vehicles from the plants in Spain and France northwards, and carrying Nissan vehicles manufactured in the Sunderland plant (UK) southwards. Since 2005, Renault-Nissan call for joint tenders on sea freight for overseas vehicles and further studies are ongoing to consolidate vehicles flows in the future, along with the Alliance expansion on new markets.

1.3.3.2 TRENDS IN REGIONAL COOPERATION

Renault and Nissan are highly complementary in terms of markets, products and know-how, leveraging their presence in nearly all the major global automotive markets. Each can thus move into new markets at a lower cost, relying either on the other partner's distribution network or manufacturing facilities or both. This close fit also enables the Groups to round out their respective product and service offers. Moreover, Renault and Nissan each benefit from exchanging know-how in research and development, processes and marketing. Generally, the partners will pursue separate sales and marketing strategies but share back-office functions, including finance and consumer credit solutions.

Recent progress was seen in common media buying in Europe and an additional common parts warehouse opening in Russia (see chapter 1.3.1.2).

1.3.3.3 HUMAN RESOURCES IN THE ALLIANCE

Human resources management in the Alliance covers staff exchanges between the two Groups and the Alliance Business Way Program, a training scheme specially developed to promote mutual understanding and enable staff to work together effectively and efficiently.

STAFF EXCHANGES

Since the beginning of the Alliance, Renault and Nissan have been developing personnel exchanges in order to enhance Alliance performance. These exchanges are now shifting to the next stage, with more geographical expansion. The personnel exchange focuses more on corporate/functional/regional high potential persons or experts in order to promote the following objectives:

- develop Alliance global leaders with cross-cultural experience;
- share expertise and excellence;
- support regional expansion especially in new developing countries;
- develop knowledge-sharing in critical expertise.

As of September 1, 2008, 111 employees are currently participating in Renault-Nissan personnel exchanges, 33 Renault employees are currently at Nissan in Japan, nine Renault employees are at Nissan North America, and three in other Nissan countries. In addition, 29 Renault employees have been seconded to Nissan Europe. On the other hand, 23 NML (Nissan in Japan) employees have been sent to Renault and 14 others from elsewhere in Nissan to other Renault companies.

More transfers are expected in the future as geographical expansion increases in ASEAN and South America Regions as the Alliance business expands, with HR continuing to support these personnel exchanges to enhance the Alliance performance.

ALLIANCE BUSINESS WAY PROGRAM

The Alliance Business Way Program aims to boost the global success of the Alliance by improving team performance and individual skills. The program strives to build positive win-win relationships inside the Alliance.

The following training programs are on offer:

- "Working with Japanese and French partners": this training course is available at both Renault and Nissan and is designed for the Alliance's key contributors. The purpose of the course is to gain a better understanding of cultural heritage and styles of working by focusing on three topics: communication, project management and problem solving while retaining a positive partnership;

- Team-Working Seminars (TWS) are designed for staff working in the Alliance entities, such as the CCTs and FTTs and common organizations. They aim to:
  - improve team work,
  - strengthen personal bonds and mutual trust,
  - create a team identity,
  - share common team goals;
- Alliance Engineer Exchange Program (AEEP). The AEEP program was launched in 2005. Used to manage joint Renault-Nissan technical projects, it offers promising young engineers the opportunity to become involved in the Alliance.

1.3.4 NISSAN'S STRATEGY AND RESULTS IN 2008

Nissan's financial statements are prepared under Japanese accounting standards, which differ from the standards used by Renault. The statements include intermediate operating totals and some Nissan-specific indicators. To measure the contribution to Renault's results, Nissan's financial statements are restated, as described in chapter 7, note 13 of the notes to the consolidated financial statements.

Nissan has more than 186,000 employees and operates production facilities in over 40 countries. In 2007, Nissan sold 3,777,000 units worldwide. The company is managed in four major regions: Japan, the Americas, Europe and general overseas markets (GOM).

Key figures for the fiscal year ending March 31, 2008:

- worldwide vehicle sales: 3.77 million units (+8.2%);
- consolidated net revenue: ¥10,824 billion (+11.6%/same scope, +3.4%/published data);
- consolidated operating profit: ¥790.8 billion, or 7.3% of revenues;
- consolidated net income: ¥482.3 billion (+7.4% published data);
- return on invested capital (ROIC): 16.0%.

1.3.4.1 NISSAN'S STRATEGY AND GROWTH

FISCAL YEAR 2008 AFTER NINE MONTHS

On February 9, 2009, Nissan announced financial results for the third quarter of fiscal year 2008, ending March 31, 2009, as well as for the first nine months. In the third quarter, the consolidated net loss after tax came to ¥83.2 billion (US$0.81 billion, €0.55 billion), compared to net income of ¥132.2 billion (US$1.28 billion, €0.87 billion) from the same period a year ago. The loss is driven by the severe downturn in the global economy in the second half of calendar year 2008 and, in particular, the negative impact of the strong yen, the sharp decline in consumer confidence in all major markets and product mix deterioration.

Net revenue was down 34.4% to ¥1.8165 trillion (US$17.65 billion, €12.02 billion). Nissan's operating loss totaled ¥99.2 billion (US$0.96 billion, €0.66 billion). Ordinary loss amounted to ¥112.7 billion (US$1.1 billion, €0.75 billion).

Nissan sold a total of 731,000 vehicles worldwide in the October-to-December 2008 period, down 18.6%.

In the April-to-December 2008 period, net income after tax totaled ¥43.2 billion (US$0.42 billion, €0.29 billion), down 87.5% compared with the previous year. Net revenue fell 14.7% to ¥6.6858 trillion (US$64.97 billion, €44.25 billion). Operating profit totaled ¥92.5 billion (US$0.9 billion, €0.61 billion), down 84.0%. Operating profit margin came to 1.4%. Ordinary profit amounted to ¥90.0 billion (US$0.87 billion, €0.6 billion), down 84.0%.

Globally, Nissan sold a total of 2,633,000 vehicles in the first nine months, down 3.0% compared with last year.

In fiscal year 2008, Nissan will launch a total of eight all-new products globally. Four new products were introduced in the third quarter: NP200 in South Africa and KIX mini-SUV, Cube and Fairlady Z in Japan.

Due to the worsening state of the global economy and associated deterioration in global auto markets, the company has further revised its forecast for the full fiscal year 2008. Nissan filed the following revised forecast for the fiscal year ending March 31, 2009, with the Tokyo Stock exchange:

- consolidated net revenues of ¥8.3 trillion (US$80.66 billion, €54.93 billion);
- operating loss of ¥180 billion (US$1.75 billion, €1.19 billion);
- ordinary loss of ¥190 billion (US$1.85 billion, €1.26 billion); and
- net loss of ¥265 billion (US$2.58 billion, €1.75 billion).

(Notes: Amounts in dollars and euros are translated for the convenience of the reader at the foreign exchange rates of 102.9 yen/dollar and 151.1 yen/euro, the average rates for the first nine months of the fiscal year ending March 31, 2009).

NISSAN'S RECOVERY ACTIONS DURING THE CRISIS

Nissan also announced on February 9, 2009, recovery actions designed to enhance the company's performance during the current global economic and financial crisis. The company also revealed a new organizational structure to guide Nissan through current challenges and support its future direction.

Despite actions already taken during 2008 to respond to the global crisis, worsening conditions are prompting the need for further changes to the company's cash management strategy, business structure and investment plans. Countermeasures include the following:

- in order to focus on recovery actions, the 2008-2012 midterm business plan, Nissan GT 2012, will be suspended, but commitments on quality and zero-emission vehicles will be retained;
- labor costs will be reduced in line with the decrease in revenues. During FY 2009 labor costs in high-cost countries will be reduced by 20%, from ¥875 billion to ¥700 billion;
- bonus payments to the Board of Directors will be eliminated for FY 2008. Starting in March and until the situation clearly improves, salaries paid to board members and corporate officers will be reduced by 10% and those paid to managers in NML and affiliate companies in Japan by 5%;
- Nissan will negotiate the implementation of a work sharing scheme for staff workers, to be announced by the end of the fiscal year;
- global headcount will be reduced by 20,000 through FY 2009, reducing Nissan's headcount from 235,000 to 215,000;
- inventory will be tightly controlled. In March 2008, company and dealer inventory was 630,000 units; that level will be reduced by 20%, to 480,000, by March 2009;
- production will be right-sized through changes such as shift elimination, non-production days and shorter working hours. These actions will reduce global production by 787,000 units – a 20% decrease compared to planned volume – by the end of this fiscal year;
- capital expenditure reductions will result in a 21% contribution to saving cash by the end of FY 2008 compared to FY 2007. An additional reduction of 14% will be made in FY 2009, taking overall capital expenditures from ¥384 billion in FY 2008 to less than ¥330 billion in FY 2009;
- joint manufacturing projects with Alliance partner Renault in Morocco and India will be revised:
  - in Chennai, India, the joint plant will proceed with a reduced ramp-up speed,
  - in Morocco, Nissan will suspend its participation in the industrial project near Tangiers;
- the product portfolio will be revised, including the cancellation of selected future programs. Nissan will launch an average of 10 all-new vehicles per year in the 2009-2012 period, including the company's all-new A-platform entry-car lineup and a dedicated all-electric vehicle;
- by improving working capital, mainly accounts payable and receivable, Nissan will generate ¥130 billion of cash in FY 2009;
- a detailed review is ongoing to identify deeper synergy opportunities within the Renault-Nissan Alliance. The focus is on future investments in products, technology, support functions and purchasing cost reductions. Each company will contribute to free cashflow with a minimum of ¥90 billion (€750 million) in synergy benefits during FY 2009.

NEW ORGANIZATIONAL STRUCTURE

In addition to actions being taken to streamline its business, Nissan announced changes to its executive management structure in order to provide an enhanced focus on both regional and functional activities.

1.3.4.2 NISSAN'S 2008 CONTRIBUTION TO RENAULT'S RESULTS

CONTRIBUTION TO RENAULT' CONSOLIDATED NET INCOME

Nissan contributed €345 million to Renault in 2008, compared with €1,288 million in 2007, recorded in the financial statements as a share in net income of companies accounted for by the equity method.

(See chapter 7 note 13 to the consolidated finantial statement)

DIVIDEND PAYOUT

Renault received €418 million in dividends in 2008 from Nissan, compared with €456 million in 2007. The 2008 figure comprises:

- the second dividend payment for FY 2007 of ¥20 per share, received in June, 2008 (€239 million);
- the first payment for FY 2008 of ¥11 per share, received in November, 2008 (€179 million).

Nissan announced that no dividend will be paid for the second half of FY 2008.

1.3.5 ALLIANCE COMBINED SALES PERFORMANCE AND FINANCIAL INDICATORS

1.3.5.1 ALLIANCE COMBINED SALES FOR 2008

In a global market that fell 5%, Renault and Nissan reported a 1.1% drop in sales for 2008. With a total of 6,090,304 vehicles sold in 2008, the Renault-Nissan Alliance captured a 9.4%[4] share of the global new vehicle market, up 0.3% point from 2007.

Renault and Nissan sold 2,382,230 and 3,708,074 vehicles respectively. Renault's worldwide sales decreased by 4.1%, while Nissan's rose by 0.9%.

RENAULT RESILIENT AMID A GLOBAL MARKET CRISIS

In a global market that fell by 5%, the Renault group reported a 4.1% drop in sales, while market share increased to 3.6%. The Renault group (Renault, Dacia and Renault Samsung brands) pursued international growth with a 1.5% rise in sales outside Europe to a total of 873,798 units, accounting for almost 37% of all Renault group global sales.

In Europe, in a crisis-struck market that fell 8.1%, the Renault group grew its market share 0.2 point to 9%.

Outside Europe the most significant performances are:

- in Brazil, the Renault group increased sales by 56.4% to a record of 115,000 vehicles. Group market share rose 1.2 point to 4.3% and Renault became one of the top six brands in Brazil. Nearly 40,000 Sanderos and more than 36,500 Logans were sold in Brazil;
- in Russia, Renault group sales increased 6.8%, topping the 100,000 sales mark for the second consecutive year;
- in Morocco, the Group continued to lead the market, with 27.8% market share.

Nine new models were launched in 2008: Clio Estate, Grand Modus, Mégane, Laguna Coupé, Kangoo car and LCV, Kangoo Compact, Logan Pick-Up and Thalia/Symbol. By end-2009, the Renault group will boast the youngest range in Europe with an average age of 2.2 years (compared with 3.8 years in 2005).

Entry range products from Renault and Dacia brands provided strong growth with 510,000 units sold, a 38.7% growth compared to 2007. Renault signed on February 28, 2008 a partnership agreement with the leading Russian carmaker, AvtoVAZ, which counts for a total of 669,972 Lada sales between March and December 2008. As they are not representing a full year, they are not incorporated to Renault 2008 total sales.

NISSAN GLOBAL SALES BOOSTED BY A STRONG PRODUCT LINE-UP

Despite declines in many of its major markets, Nissan (Nissan and Infiniti brands) closed 2008 with global sales rising 0.9% year-on-year to 3,708,074 units. Sales were boosted by the launch of eight all-new products including the Teana, Infiniti FX, Maxima, NP200 pickup, Qashqai+2, KIX mini-SUV, Cube, and 370Z.

In Japan, Nissan sold 678,126 units, down 5.9% year-on-year in a market that saw its lowest volumes since 1980. Market share was down 0.2 percentage points to 13.3% compared to 2007.

In the US, where the market saw a sharp decline of 18.0% to 13,242,701 vehicles compared to 2007, Nissan sales were down a lesser 10.9%. Combined sales from Nissan and Infiniti totaled 951,350 units. Nissan's market share in the US stood at a record 7.2%.

European sales (including Russia) reached a new record of 591,139 units, representing an increase of 5.0% versus 2007 (the previous highest sales year). This was largely driven by the popularity of the Qashqai which sold 183,294 units. Russia remained Nissan's largest market in Europe, recording sales of 154,340 units, an increase of 26.5% compared with the previous year.

The general overseas markets (GOM) ended the year with double digit growth, with sales up 12.7% from the previous year to 1,404,008 units. Sales in China were up 19.1% due to the success of Tiida, Livina series and Sylphy. Sales in the GCC were up 17.1%, due to popularity of the Tiida and Altima.

WORLDWIDE SALES ✦

(in units)	2008	2007	% CHANGE 2008/2007
Renault group	2,382,230	2,485,041	-4.1
Nissan group	3,708,074	3,675,584	0.9
RENAULT-NISSAN ALLIANCE	6,090,304	6,160,625	-1.1

(4) Preliminary figure.

WESTERN EUROPE

(in units)	2008	2007	% CHANGE 2008/2007
Renault group	1,407,209	1,527,945	-7.9
Nissan	380,924	391,159	-2.6
RENAULT-NISSAN ALLIANCE	1,788,133	1,919,104	-6.8

CENTRAL & EASTERN EUROPE

(in units)	2008	2007	% CHANGE 2008/2007
Renault group	504,734	520,437	-3.0
Nissan	210,215	172,086	22.2
RENAULT-NISSAN ALLIANCE	714,949	692,523	3.2

NORTH AMERICA

(in units)	2008	2007	% CHANGE 2008/2007
Nissan	1,034,801	1,145,021	-9.6

JAPAN

(in units)	2008	2007	% CHANGE 2008/2007
Renault group	2,251	2,470	-8.9
Nissan	678,126	720,975	-5.9
RENAULT-NISSAN ALLIANCE	680,377	723,445	-6.0

LATIN AND SOUTH AMERICA

(in units)	2008	2007	% CHANGE 2008/2007
Renault group	254,959	244,926	4.1
Nissan	326,211	320,672	1.7
RENAULT-NISSAN ALLIANCE	581,170	565,598	2.8

MIDDLE EAST AND AFRICA

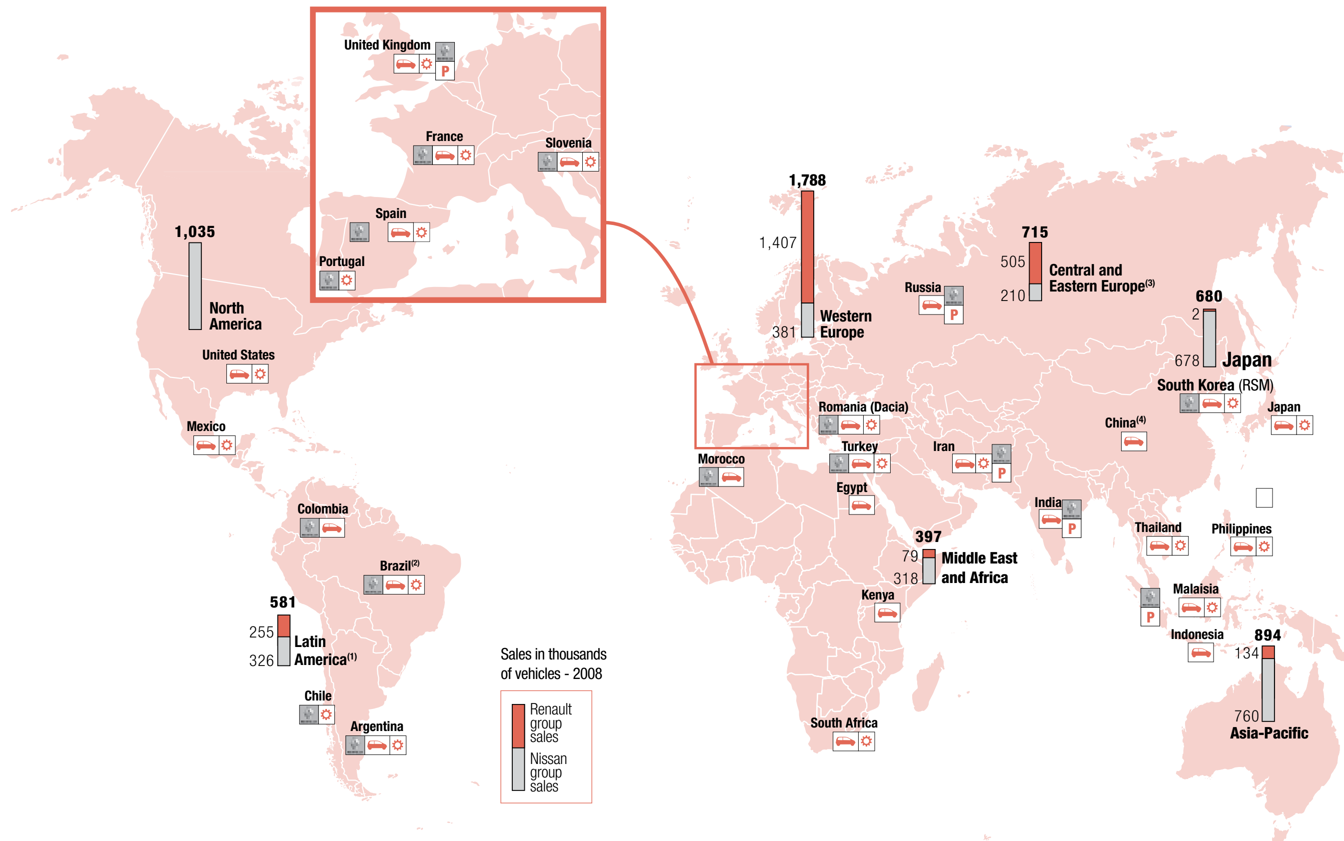
(in units)	2008	2007	% CHANGE 2008/2007
Renault group	78,502	37,710	108.2
Nissan	318,040	258,931	22.8
RENAULT-NISSAN ALLIANCE	396,542	296,641	33.7

ASIA AND PACIFIC

(in units)	2008	2007	% CHANGE 2008/2007
Renault group	134,575	151,553	-11.2
Nissan	759,757	666,740	14.0
RENAULT-NISSAN ALLIANCE	894,332	818,293	9.3

WORLDWIDE SALES AND PRODUCTION SITES ✦

Number of units sold worldwide - 2008	
Renault group	2,382,230
Nissan group	3,708,074
Renault-Nissan Alliance	6,090,304
Renault group (including AvtoVAZ)	3,002,034



Renault group plants (Renault, Dacia and Renault Samsung Motors)

Nissan plants | Body assembly | Powertrain

Plants of Renault partners
- in Iran, Iran Khodro and SAIPA
- in India, Mahindra & Mahindra
- in the UK, General Motors
- in Malaysia, TCEC
- in Russia, AvtoVAZ

(1) o/w Mexico.
(2) Including the joint LCV plant.
(3) o/w Russia and Turkey.
(4) Nissan and Dongfeng Motor have set up a joint-venture to produce and sell a range of vehicles.

1.3.5.2 VALUE OF JOINT OPERATIONS

Renault sales to Nissan and Renault purchases from Nissan in 2008 are estimated at €1.6 billion and €1.4 billion, respectively, as mentioned in chapter 7, note 13-J of the notes to the consolidated financial statements.

1.3.5.3 FINANCIAL INFORMATION ON THE ALLIANCE

See chapter 2.1.3.

02

MANAGEMENT REPORT 02

2.1 EARNINGS REPORT

IN BRIEF

KEY FIGURES

		2008	2007	CHANGE
Group worldwide sales	million vehicles	2.38	2.48	-4.1%
Group revenues	€ million	37,791	40,682	-7.0%
Operating margin	€ million	212	1,354	-1,142
	% revenues	0.6	3.3	
Contribution from associated companies	€ million	437	1,675	-73.9%
o/w Nissan		*345*	*1,288*	
o/w AB Volvo		*226*	*352*	
Net income	€ million	599	2,734	-2,135
Net income, Group share	€ million	571	2,669	-2,098
Earnings per share	€	2.23	10.32	-78.4%
Net financial debt, Automobile	€ million	7,944	2,088	5,856
Debt-to-equity ratio	%	40.9	9.5	+31.4 points
Average loans outstanding, Sales Financing	€ billion	22.7	22.9	-0.9%

OVERVIEW

Worldwide sales of the Renault group in 2008 fell 4.1% to 2,382,000 units, with contrasting patterns between Regions:

- in a crisis-hit European market that contracted by 8.0%, the Group's sales declined 7.2% to 1,507,228 units. Its market share grew 0.15 percentage point to 9.0% at end-2008. In France the Renault group reported a 1.7% increase in registrations and took 25.4% of the market, up 0.6 point. The Group continued to win market share in the Netherlands, Austria, Ireland, Belgium, Germany, and Switzerland. With markets in steep decline (-29.8% in Spain, -12.6% in Italy, and -11.7% in the UK), the Group's sales fell 31.7%, 18.4%, and 27.7%, respectively;
- outside Europe, markets in the Americas Region grew 1.7% and the Renault group continued to expand, driven by Brazil and Argentina. In Asia-Africa the Group's sales grew by a significant 12.3%. Sales in Euromed were down 4.6% despite the continued popularity of Logan in Russia and a good performance in North Africa.

Group **revenues** were €37,791 million, down 7% on 2007 on a consistent basis.

Operating margin contracted 2.7 percentage points to €212 million, or 0.6% of revenues, in 2008 compared with €1,354 million and 3.3% in 2007. In a deteriorating environment, the operating margin of **Automobile** declined by €1,157 million to a negative €275 million (-0.8% of its revenues). This was chiefly due to a fall in volumes and a steep reduction in production, fierce commercial pressures compounded by financial assistance to dealers, higher raw materials costs, and a negative exchange rate effect. Against this backdrop, cost-cutting efforts were stepped up at every level of the company.

Sales Financing (RCI Banque) contributed €487 million to operating margin, equivalent to 23.9% of its revenues, compared with €472 million and 23.6% in 2007.

Renault reported a €437 million profit from its **share in associated companies,** mainly Nissan and AB Volvo. Net income for the year was €599 million.

Automobile's net financial debt grew €5,856 million to €7,944 million at December 31, 2008. The debt-to-equity ratio was 40.9% at end-December 2008, compared with 9.5% one year earlier.

Automobile free cashflow[4] came to a negative €3,028 million in 2008.

(4) Free cashflow = financing capacity less property, plant, equipment and intangibles net of disposals +/- change in the working capital requirement.

2009: OUTLOOK

Renault expects market conditions to worsen further in 2009. This environment has led the Group to focus its efforts on optimizing free cashflow and has rendered unachievable the commitments on volumes and operating margin made under Renault Commitment 2009.

The priorities for the Renault group in 2009 will be to:

- control working capital requirement, in particular by reducing inventories by a further €800 million to one billion;
- focus capital expenditure and research & development programs on strategic projects, including electric vehicles and environment-friendly engine performance. Investments already made at the international level will be exploited to the full. Investments for vehicle projects have been put on hold at Chennai (India) and delayed at Tangiers (Morocco). Total investments in 2009 will be at least 20% lower than in 2008;
- step up the policy of cutting fixed costs, notably by controlling total salary costs and reducing G&A;
- strengthen operational synergies with Nissan in order to seize new opportunities, in particular by converging the engine range, and working together on electric vehicles.

The Board of Directors meeting on February 11, 2009 decided to recommend to the Annual General Meeting of May 6 that dividends not be paid on 2008 earnings.

In 2009 Renault can look forward to eight product launches, (including New Renault Scénic) as well as New Mégane Renault Sport, Clio phase 2 and Trafic phase 3. These launches will give Renault the youngest range in Europe, with performances that meet the market's new environmental standards and quality standards that reflect the advances made in the past years.

Renault will take rapid steps to adjust these measures should the economic environment deteriorate further.

These measures are designed to mobilize the entire company around a single priority in 2009: namely aiming for positive free cashflow.

2.1.1 SALES PERFORMANCE

The Renault group's sales were down 4.1% in a world market that shrank by 5.0%. Its market share stabilized at 3.6%, a gain of 0.05 point.

The Group's worldwide sales of passenger cars and light commercial vehicles (PC + LCV) totaled 2,382,230 units.

Nine new models were launched in 2008: Clio Estate, Grand Modus, New Mégane, Laguna Coupé, Kangoo car and LCV, Kangoo Compact, Logan Pick-up, and Thalia/Symbol.

EUROPE

In a crisis-plagued European market that contracted by 8.0%, Group sales decreased 7.2% to 1,507,228 units. Group market share edged up 0.15 point, ending the year at 9.0%.

The Renault group reported 1.7% growth in registrations and a market share of 25.4%, a 0.6-point improvement, in a French market (PC + LCV) that contracted by 0.6%.

The Group continued to grow market share in the Netherlands (+1.4 point), Austria (+0.9 point), Ireland (+0.5 point), Belgium (+0.4 point), Germany (+0.3 point) and Switzerland (+0.3 point).

In the sharply contracting markets of Spain (-29.8%), Italy (-12.6%) and the UK (-11.7%), Group sales were down, respectively 31.7%, 18.4% and 27.7%.

OUTSIDE EUROPE

In the Americas Region, where markets (PC + LCV) went up 1.7%, Renault group sales continued to grow. The 4.1% increase was driven by sales in Brazil, which surged 56.4% to 115,153 units, and in Argentina, where they rose 3.2% to more than 69,100 units.

In the Asia-Africa Region, the Group reported 12.3% growth in sales, a strong improvement that far outstripped the market's 2.2% expansion.

The Renault brand's performance improved a robust 54.0%, with sales of nearly 110,000 vehicles (PC + LCV). In Iran, sales of Tondar (the local name of Logan) increased fivefold to 54,425 units. In South Korea, Renault Samsung Motors (RSM) sales totaled 101,981 units, a 13.0% decline attributable to weaker-than-expected sales of SM5 and QM5. RSM will unveil a new version of its SM3 at the Seoul Motor Show 2009.

In the Euromed Region, Group sales (PC + LCV) were down 4.6% despite the continued success of Logan in Russia and strong performances in North Africa.

Under the partnership agreement signed with the Russian manufacturer AvtoVAZ on February 28, 2008, the Renault group has included Lada vehicles in its sales figures since March 1, 2008. From March to December 2008, 672,379 Lada-branded vehicles were sold, to be added to the worldwide sales mentioned above.

2.1.1.1 AUTOMOBILE

RENAULT GROUP WORLDWIDE SALES

PC + LCVs (EXCL. LADA) *(in units)*	2008*	2007	% CHANGE
GROUP	**2,382,230**	**2,485,041**	**-4.1**
BY REGION			
France	654,142	656,523	-0.4
Europe excl. France	853,086	967,738	-11.8
Europe	**1,507,228**	**1,624,261**	**-7.2**
Euromed	404,715	424,121	-4.6
Americas	254,959	244,926	+4.1
Asia-Africa	215,328	191,733	+12.3
Euromed + Americas + Asia-Africa	**875,002**	**860,780**	**+1.7**
BY BRAND			
Renault	2,019,274	2,134,949	-5.4
Dacia	258,472	230,535	+12.1
Renault Samsung	104,484	119,557	-12.6
BY VEHICLE TYPE			
Passenger cars	2,017,942	2,081,486	-3.1
Light commercial vehicles	364,288	403,555	-9.7

* *Preliminary figures.*

LADA SALES *(in units)*	**MARCH TO END DEC., 2008**
Passenger cars	672,267
Light commercial vehicles	112
PC + LCVs	**672,379**

The year 2008 saw the unfolding of an unprecedented global financial and economic crisis whose impact spread month after month to the worldwide automobile market, which shrank 5.0%. Against this backdrop Renault managed to hold its market share steady at 3.6%, despite a 4.1% fall in sales to 2,382,230 units.

This decline is the result of several trends:

- first, during the first four months of the year, when only the Spanish and Italian markets showed signs of a slowdown, Group sales were on the rise, lifted by a strong performance in France and the Group's other markets;
- then, when the contraction of European markets worsened and, from October, the crisis spread to the main emerging markets where Renault is present, the Group had to revise its growth targets for 2008. However, it held up well in the downturn, as shown by the fact that its market share remained stable (+0.05 point).

In 2008 Renault brand sales worldwide decreased by 5.4% and those of Renault Samsung Motors were down 12.6%.

The Dacia brand recorded a 12.1% increase in worldwide sales to 258,472 vehicles, with a strong boost from its successful Entry Range.

EUROPE REGION – GROUP SALES BY BRAND

PC + LCVs *(in units)*	2008*	2007	% CHANGE
France			
Renault	610,464	623,839	-2.14
Dacia	43,678	32,684	+33.6
GROUP	**654,142**	**656,523**	**-0.36**
Europe (excl. France)			
Renault	784,652	920,144	-14.7
Dacia	68,434	47,594	+43.7
GROUP	**853,086**	**967,738**	**-11.84**
Total Europe			
Renault	1,395,116	1,543,983	-9.6
Dacia	112,112	80,278	+39.6
GROUP	**1,507,228**	**1,624,261**	**-7.2**

* *Preliminary figures.*

In a crisis-afflicted passenger car and light commercial vehicle market that contracted by 1,453,912 units to 16,616,600 units (-8.0%), Group sales decreased by 7.2%. Market share nevertheless increased by 0.15 point to 9.0%.

In **France,** the Renault group reported a 1.7% increase in registrations (PC + LCV) to 637,651 units, despite a 6.3% market decline in the second half-year.

In **Germany,** the Group withstood a 1.7% decline in the market, posting 4.7% growth in sales and a 0.3-point gain in market share.

In the severely depressed markets of **Spain** (-29.8%), **Italy** (-12.6%), and the **UK** (-11.7%), Renault group sales decreased by 31.7%, 18.4% and 27.7%, respectively. UK sales were also hurt by the unfavorable GBP/EUR exchange rate.

Despite the crisis affecting all European countries in the second half, the Group nevertheless continued to expand its market shares in **Belgium** and **Luxembourg** (+0.4 point to 10.25%), the **Netherlands** (+1.4 point to 8.91%), **Austria** (+0.9 point to 6.8%), **Switzerland** (+0.3 point to 6.31%) and **Ireland** (+0.5 point to 4.25%).

Renault brand

With 1,378,660 vehicles registered in 2008, the Renault brand ranks third in the passenger car and light commercial vehicle market, with an 8.30% market share, down 0.08 point.

By country

In **France**, Renault consolidated its ranking as the leading brand, with 594,084 registrations (PC + LCV) and a market share of 23.66%, up 0.15 point.

Twingo remained the leader in the city car segment, with 65,333 registrations, or 3.2% of the passenger car market.

Registrations of Modus and Grand Modus (launched in January 2008 in France) increased by 65.6% to 35,034 units.

Clio sales were up 5.0%, totaling 152,578 registrations.

Twingo, Modus and Clio sales put Renault in the lead in the I segment, with a 25.7% share.

Registrations of New Mégane Hatch, launched in November 2008, totaled 7,944.

Laguna is the leader in the family sedan segment, with over 33,000 registrations, up 10.3% compared with 2007; the Estate version accounted for 31.6% of registrations.

In the Europe Region, excluding France, Renault remained the number one brand in **Portugal** (12.3% market share) and **Slovenia** (16.7%).

The Renault brand's market share grew in the **Netherlands** (+0.9 point), **Ireland** (+0.5 point), **Austria** (+0.3 point), **Poland** (+0.2 point), and **Belgium** and **Luxembourg** (+0.18 point).

By model – passenger cars

The passenger car market in the Europe Region totaled 14,572,858 vehicles, down 7.7% on 2007. The Renault brand held onto its market share, which stood at 7.51%.

- In the *city car segment (A segment)*, the ever-popular **Twingo** continued its class-leading performance, with 130,892 registrations in 2008. Twingo now has a 9.6% share of the A segment in Europe.

  In France, Twingo is the unchallenged leader in its segment, with a 29.70% share.

  In 2008, this model gained ground in other countries:

  - in Belgium, Twingo is now number one in its segment, with a 14.2% share,
  - in Germany and the Netherlands, it ranks second, with segment shares of 11.1% and 11.4% respectively,
  - in Austria it ranks third, with an 11% share of its segment.

  Renault has enhanced its diesel offering for Twingo by introducing the dCi 85. This new Renault Twingo eco² emits only 104g of CO_2/km.

- With its twin product offering – **Modus** and **Clio/Thalia** – Renault took a 10.37% share of the *small car segment B segment,* a 0.26-point improvement.

  In January 2008 Renault enhanced its B segment offering by launching **New Modus** and **Grand Modus** (16cm longer than Modus).

  Registrations of Modus and Grand Modus increased by 28.3% to 76,799 units, giving them a 12.9% share of the mini-MPV segment.

  Sales of **Clio Estate** totaled 51,372. Launched in 2008 and manufactured in the Oyak Renault plant in Turkey, this station wagon broadens the brand's customer base in the B segment.

  The **Clio** offering, which consists of Clio III Hatch, Clio II (renamed Clio Campus), Clio Estate, and a three-box Clio marketed since 2008 as the Symbol or Thalia, ranks third in the B segment, with an 8.3% market share.

  With the strong performance of Modus and Grand Modus supplementing Twingo's success and Clio's excellent results, Renault's sales in the A+B segment (Twingo, Modus, Clio) increased by 2.3% in Europe.

- Launched 10 years ago, **Kangoo car** was a real success, selling 718,965 units in 2008. New Kangoo car, released in January 2008, rapidly made its mark, with market share of 13.0%, compared with 10.8% in 2007 for the previous version.

  Kangoo car (Kangoo I/Kangoo II) is No. 2 in the *passenger-carrying van segment.*

- In 2008, 334,305 **Méganes** (II and III) were sold in the Europe Region *in the C segment*, which contracted by 10.6%. Renault is using the Mégane range to debut its first E85 bioethanol engine in Europe. The new powerplant has been offered in France on Mégane Hatch Sedan and Mégane Estate since late June 2007. The full effect of the Mégane family renewal, which began in November 2008 with New Mégane Hatch, will be felt in 2009 with the launch of other versions.

  Also in this segment, sales of **Scénic II** – due to be replaced in six months' time – reached 171,707 units, down 33.5%.

- In the *upper midrange D segment*, **Laguna**, launched in October 2007, sold 90,813 units in 2008.

- In France, Laguna has been way out in front in *the D segment* since its release and now has a 16.2% share.

  The model also got off to an impressive start in Germany, with 12,469 registrations since the beginning of the year. Sales of Laguna Estate totaled 8,877 vehicles since its launch in January, accounting for 71.6% of Laguna III volumes in this country.

- In the *MPV S segment* (or *Large MPV segment*), which shrank 29.0%, **Espace IV**'s share of the segment dropped 2.4 points to 12.4%, putting it in third place. Espace led its segment in France (34.1%), and was No. 2 in Croatia (20.5%), the Netherlands (19.8%), Belgium and Luxembourg (19%) and Slovenia (14.1%).

- **Koleos**, the first 4x4 *cross-over* in the Renault range, was launched in the first half of 2008 and racked up 17,784 registrations in a market that declined by 8.8% in Europe.

By model – light commercial vehicles

The light commercial vehicle market in the Europe Region totaled 2,043,742 vehicles, down 10.3% on 2007.

Despite an 11.8% decline in LCV registrations, the Renault brand captured 13.92% of the market (down 0.2 point) and held its lead for the eleventh year running. This performance is especially important because the LCV range is one of the most profitable components of Renault's offering.

Renault sales were up substantially in the Netherlands (+13.4%), Austria (+6.5%), Germany (+1.2%) and in most of the other countries in Central Europe (Czech Republic, +10.1%; Hungary, +8.1%; Slovakia, +7.4%; Slovenia, +2.5%, etc.).

- In the *small van segment*, **New Kangoo** and **Kangoo Express** sold a combined total of 86,076 units, putting Kangoo in first place in the Europe Region, with a 17.0% share of the segment.

- In the *car-derived van segment*, **Clio Van** remained in the lead, with a 14.9% share, up 0.3 point on 2007. Registrations of Mégane Van fell by 15.5%, giving it a 4.8% share of the segment.

02

- In the *van segment*, Renault had a market share of 12.1%, down 0.5 point. In this segment, which contracted by 9.2%, registrations of **Trafic** and **Master** fell by 16.3% and 12.4%, respectively.

Dacia brand

Dacia continued to grow in Europe, with 112,000 vehicles registered, a 39.6% increase on 2007. With 244,117 **Logans** sold since its European launch in 2004, Dacia has established itself successfully in this region. The station wagon version of Logan accounted for 82.3% of Logan family sales.

Sandero, the latest model in the Entry Range, has been on the market since late June 2008 and has already sold 27,258 units.

In 2008, sales of Entry Range vehicles increased to 111,548 units, up 39.4% on 2007.

EUROMED REGION – GROUP SALES BY BRAND

PC + LCVs *(in units)*	2008*	2007	% CHANGE
Renault	262,560	277,499	-5.4
Dacia	142,155	146,622	-3.0
GROUP	**404,715**	**424,121**	**-4.6**

* *Preliminary figures.*

The automobile market in the Euromed Region grew by 8% in 2008, compared with the previous year. Group sales declined by 4.6% to 404,715 vehicles, representing 8.0% of the market and 17.0% of the Renault group's worldwide sales.

Renault brand

In **Russia**, where a still-buoyant market (PC + LCV) grew by 13.4%, the brand's sales increased by 6.8% in 2008 on the continuing success of Logan, sold under the Renault brand.

Logan sold more than 74,300 units in Russia, accounting for 68.8% of the Group's sales in that country, making Russia the biggest market for this model after Romania.

In **Turkey**, sales were down by 22.5% in a market that plunged 16.9% compared with 2007. Renault remained the leader in the passenger car market, with a 15.03% share, 1.76 point lower than in 2007.

In **Romania**, where the market slumped 11.9%, the Renault brand had a 7.17% market share. A sizable tax cut on used vehicles (UV) resulted in a large influx from Western Europe. The Romanian government rectified this situation in December by raising the taxes on used vehicles.

Sales of Clio (not including Thalia) went down by 53%.

Sales of Mégane also decreased, by 47.1%, prior to the release of its replacement.

In **Morocco**, Renault confirmed its leadership, with a 15.90% share of a market that expanded by 17.1%. In 2008, sales of the Renault brand rose 10.2%, boosted by the performance of Kangoo (+18.6%) and Clio (Clio II/ Clio III), whose sales were up 9.9%. With a 10.6% market share in 2008, Kangoo remains the second biggest selling model in Morocco after Logan.

In **Algeria**, Renault's sales increased by 32.1% in a dynamic market that grew by 25.4%.

Dacia brand

Dacia sales in the Euromed Region were down 3.0%.

In **Romania**, Dacia sales dropped 16.8% to 84,709 units in a market that went into a steep decline towards year-end. Dacia remained in first place, with a 27.3% share, and sold 75,792 Logans, down 25.5% on 2007.

Logan accounted for 71% of the Group's registrations (PC + LCV) in Romania. The Entry Range was extended, and the Pitesi plant now manufactures five models (Logan, Logan MCV, Logan Van, Logan Pick-up and Sandero). The Logan sales mix breaks down as follows: Logan, 67.5%; Logan MCV, 20.0%; Logan Van, 7.0%; and Logan Pick-up, 5.5%. A total of 8,917 Sanderos were sold since the beginning of the year.

In **Morocco**, Dacia has a 12.33% market share and ranks second, just behind the Renault brand. Logan is still the top-selling vehicle across all categories in the Moroccan market, with a PC market share of 14.7%. In 2009 the Somaca plant will start producing Sandero under the Dacia name.

AMERICAS REGION – GROUP SALES BY BRAND

PC + LCVs *(in units)*	2008*	2007	% CHANGE
Renault	251,643	242,064	+4.0
Dacia	813	509	+59.7
Renault Samsung	2,503	2,353	+6.4
GROUP	**254,959**	**244,926**	**+4.1**

* *Preliminary figures.*

The automobile market (PC + LCV) in the Americas Region grew by 1.7%. Boosted by strong demand in Brazil and Argentina, the Renault group's sales continued to improve, expanding 4.1% to 254,959 vehicles. Group sales in this Region accounted for 10.7% of Renault's worldwide sales.

A full 98.7% of the Group's sales in the Americas Region came from the Renault brand, whose volumes grew by 4.0%, giving the brand a 4.59% market share at year-end 2008.

In **Brazil**, where a dynamic market expanded 13.7%, Renault group sales surged 56.4%, reaching a record of 115,153 units. The Group's market share increased by 1.2 point. Renault is now one of the top six brands in the Brazilian market.

Logan, which is manufactured locally in the Curitiba plant, made its successful debut with bioethanol engines on the Brazilian market in July 2007. A total of 36,603 Logans were sold in 2008.

The Curitiba plant also started producing Sandero (under the Renault brand) in early 2008. A total of 39,634 have been sold since February 2008. These two models now account for 66.2% of Renault do Brasil's sales.

The LCV offering, consisting of Kangoo and Master, also contributed to the growth, with sales gains of 91.7% and 12.0%, respectively, in 2008.

In **Argentina**, the automobile market grew by 7.6% in 2008, while Group sales rose by 3.2%. With 69,100 vehicles sold, Renault's market share remained substantial, at 12.0%.

The launch of Logan in June 2007 and Sandero in January 2008 (under the Renault badge) increased the brand's presence in this market. Sales were, respectively, 4,766 and 4,219 units.

LCVs also turned in strong performances, with 11,414 Kangoos (+3.1%) and 2,910 Masters sold.

In **Colombia**, Renault sales dropped by 30.5% in a market that contracted by 11.3%. Renault sold 27,200 vehicles with a market share of 13.6%.

In **Mexico**, the market has contracted by 7.7% since it became legal to import used vehicles, thus creating stiff competition for vehicles priced under $15,000. Renault's sales fell by 13.7% to 16,063 units, while its market share remained virtually unchanged at 1.6%.

In **Venezuela**, Group sales declined by 65.1% to 9,913 units due to the introduction of import quotas. Logan sales totaled 4,132 units.

ASIA-AFRICA REGION – GROUP SALES BY BRAND

PC + LCVs *(in units)*	2008*	2007	% CHANGE
Renault	109,955	71,403	+54.0
Dacia	3,392	3,126	+8.5
Renault Samsung	101,981	117,204	-13.0
GROUP	**215,328**	**191,733**	**+12.3**

* *Preliminary figures*

In the Asia-Africa Region, Group sales grew by 12.3%, faster than the market's 2.2%. With 215,328 vehicles sold, the Group had a market share of 0.9%. Sales in the Asia-Africa Region accounted for 9.0% of Renault's worldwide sales.

Renault Samsung brand

Sales of Renault Samsung Motors in South Korea fell by 13% to 101,981 units. Renault Samsung's share of the passenger car market in this country was 9.99%, down 1.27 point.

QM5, the Group's first cross-over vehicle, was launched in late 2007. Sales totaled 11,832 units, giving it a 1.2% market share. Sales of this product were hurt by its price, considered high in the fiercely competitive SUV segment in South Korea.

SM7 sales grew by 8.0% to 15,263 units in 2008.

SM5 sales totaled 55,640, down 23.8% on 2007.

Sales of **SM3**, launched six years ago, were 19,246 units. RSM will unveil a new version of the car at the Seoul Motor Show 2009.

At year-end 2008, almost 95.043 vehicles had been exported by Renault Samsung Motors, most to be sold by Nissan (through Alliance agreements) and Renault under their own brands.

Renault brand

Renault brand sales increased by 54%, with nearly 110,000 vehicles (PC + LCV) sold.

In **India**, despite a crisis situation in the second half of 2008, almost 19,000 Logans were delivered, an increase of 6.8% on 2007. To boost sales, Renault has revamped the Logan range to make it more appealing to Indian customers.

In **Iran**, despite start-up delays owing to supply problems, sales of Tondar (the local name for Logan) went up fivefold to 54,425 units. Production has increased steadily since September.

Group sales also increased in numerous other countries: Israel (+7.7%), Saudi Arabia (+43.1%), French-speaking Africa (+15.5%), English-speaking Africa (+16.2%) and Lebanon (+49.5%).

INTERNATIONAL ROLLOUT OF THE ENTRY RANGE

LOGAN SALES *(in units)*	**2008***	**2007**	**SINCE SEPT. 2004**
DACIA BRAND			
Europe	84,290	80,042	244,117
o/w France	34,251	32,684	95,524
Euromed	130,716	146,622	535,097
o/w Romania	75,792	101,799	382,177
o/w Morocco	14,958	12,638	42,818
o/w Algeria	11,465	9,090	31,934
Americas	666	504	1,749
Asia-Africa	3,357	3,126	10,849
TOTAL LOGAN UNDER THE DACIA BRAND	**219,029**	**230,294**	**791,812**
RENAULT BRAND			
Euromed	74,300	67,844	198,524
o/w Russia	74,300	67,844	198,524
Americas	56,734	40,466	113,869
o/w Venezuela	4,132	12,619	22,477
o/w Colombia	7,736	9,450	26,299
Asia-Africa	75,113	28,432	103,545
o/w India	18,976	17,771	36,747
o/w Iran	54,425	10,656	65,081
TOTAL LOGAN UNDER THE RENAULT BRAND	**206,147**	**136,742**	**415,938**
TOTAL LOGAN	**425,176**	**367,036**	**1,207,750**

* *Preliminary figures.*

INCREASE OF THE ENTRY RANGE SALES

In 2008 the Group sold 510,385 Entry Range units (Logan + Sandero), a 39.0% increase on 2007. Logan is now sold in 75 markets.

In the Euromed Region, 205,016 Logans (down 4.4% on 2007) and 11,415 Sanderos were sold in 2008.

With 103,931 units sold, the Americas Region accounted for 20.4% of Entry Range sales, an increase of 152.0% on 2007. This performance was driven by the strong growth in Logan sales (+40.1%) since its launch in Brazil and Argentina, and the success of Sandero (46,531 units) since it was released in South America in early 2008.

In Europe, including France, Entry Range sales rose by 39.4%, buoyed by Logan's solid success and the arrival of Sandero.

In Asia-Africa, Logan sold 78,470 units, an increase of 148.7% on 2007, following the release of Logan in India and Iran.

The top ten countries for Logan sales are Romania, Russia, France, Iran, Brazil, Germany, Morocco, India, Turkey and Algeria.

2.1.1.2 SALES FINANCING

RCI Banque's average loans outstanding dipped 0.7% on a consistent basis to €22.7 billion in 2008.

PROPORTION OF NEW VEHICLE REGISTRATIONS FINANCED

In 2008, RCI Banque financed 32.3% of new Renault, Nissan and Dacia registrations in the **Europe Region** (down from 33.1% in 2007). RCI Banque financed 34.9% of Renault registrations (versus 35.4% in 2007) and 23.2% of Nissan registrations (versus 24.1% in 2007).

RCI Banque's share of registrations decreased in the **Americas Region** (20.5% versus 26.2% in 2007). Figures fell in both Brazil and Argentina.

RCI Banque's share rose to 36.8% in South Korea, RCI's only outlet in the **Asia-Africa Region**, from 26.6% in 2007.

RCI Banque's performance in the **Euromed Region** (Romania and Morocco – a local subsidiary consolidated since April 2008) fell to 28.0% (from 31.4% in 2007).

NEW FINANCING CONTRACTS AND AVERAGE LOANS OUTSTANDING

RCI Banque generated €8.9 billion in new financing contracts excluding "card" business and personal loans in 2008 (versus €9.4 billion in 2007, a drop of 5%), with 858,024 new vehicle contracts in 2008, compared with 898,334 in 2007 (a drop of 4%).

RCI Banque's average loans outstanding slipped slightly to €22.7 billion (down 0.7% on 2007).

INTERNATIONAL GROWTH

In 2008, RCI Banque's financing business went into operation in the Nordic countries. It started business on January 1, 2008 in Denmark, Sweden, Finland and Norway, with 100% network financing and commercial agreements for customer business.

At the end of January 2008, RCI Banque opened a financing business in Ukraine through a commercial agreement with a local bank, Index Bank, which is a subsidiary of Crédit Agricole group.

RCI Banque also strengthened its presence in the Baltic States, by starting up a network financing business in April 2008.

RCI Banque established a presence in Serbia-Bosnia by signing a commercial agreement with Unicredit and setting up a legal entity in Bosnia.

In the area of services, RCI Banque founded two captive insurance firms in Malta. These firms take over the credit insurance business in Germany, from January 1, 2009, as well as in France, Italy and Spain (over the next few years).

2.1.1.3 SALES AND PRODUCTION STATISTICS ✦

TOTAL INDUSTRY VOLUME – REGISTRATIONS

Main Renault group markets

PC + LCVs *(in units)*	2008*	2007	% CHANGE
FRANCE	**2,510,556**	**2,526,005**	**-0.6**
EUROPE EXCL. FRANCE	**14,106,044**	**15,544,507**	**-9.3**
o/w: Germany	3,319,996	3,376,019	-1.7
Italy	2,385,264	2,730,611	-12.6
UK	2,431,290	2,752,184	-11.7
Spain + Canaries	1,327,937	1,891,508	-29.8
Belgium + Luxembourg	660,682	648,429	1.9
Poland	376,877	349,617	7.8
EUROPE REGION	**16,616,600**	**18,070,512**	**-8.0**
EUROMED	**5,040,837**	**4,669,122**	**8.0**
o/w: Romania	310,244	352,052	-11.9
Russia	2,929,002	2,582,682	13.4
Turkey	494,023	594,762	-16.9
Algeria	246,597	196,702	25.4
Morocco	121,360	103,597	17.1
AMERICAS REGION	**5,483,500**	**5,394,183**	**1.7**
o/w: Mexico	1,009,043	1,093,379	-7.7
Colombia	200,135	225,613	-11.3
Brazil	2,661,431	2,339,920	13.7
Argentina	575,000	534,199	7.6
ASIA-AFRICA	**23,028,890**	**22,530,620**	**2.2**
o/w: South Africa and Namibi	459,501	582,412	-21.1
South Korea	1,200,969	1,252,586	-4.1
EUROMED + AMERICAS + ASIA-AFRICA**	**33,553,227**	**32,593,925**	**2.9**

* *Preliminary figures.*
** *Excl. North America.*

RENAULT GROUP – REGISTRATIONS (REG'S) AND MARKET SHARE (MKT SH.)

Performance in main markets

	2008*		2007	
	REG'S	MKT SH.	REG'S	MKT SH.
PC + LCVs *(in units)*	*(in units)*	*(%)*	*(in units)*	*(%)*
FRANCE	**637,651**	**25.40**	**626,705**	**24.81**
EUROPE (EXCL. FRANCE)	**853,010**	**6.05**	**967,657**	**6.23**
o/w: Germany	165,475	4.98	157,996	4.68
Italy	117,921	4.94	144,449	5.29
UK	107,711	4.43	148,970	5.41
Spain + Canaries	136,015	10.24	199,110	10.53
Belgium + Luxembourg	67,688	10.25	63,738	9.83
Poland	28,612	7.59	25,807	7.38
EUROPE REGION	**1,490,661**	**8.97**	**1,594,362**	**8.82**
EUROMED REGION	**404,715**	**8.00**	**424,121**	**9.02**
o/w: Romania	106,951	34.47	134,177	38.11
Russia	108,070	3.69	101,166	3.92
Turkey	73,662	14.91	91,645	15.41
Algeria	43,338	17.57	32,667	16.61
Morocco	34,253	28.22	30,150	29.10
AMERICAS REGION	**254,959**	**4.65**	**244,926**	**4.54**
o/w: Mexico	16,063	1.59	18,613	1.70
Colombia	27,123	13.55	39,053	17.31
Brazil	115,153	4.33	73,614	3.15
Argentina	69,100	12.02	66,969	12.54
ASIA-AFRICA REGION	**215,328**	**0.94**	**191,733**	**0.85**
o/w: South Africa and Namibia	4,217	0.92	8,407	1.44
South Korea	101,981	8.49	117,204	9.36
EUROMED + AMERICAS + ASIA-AFRICA REGIONS**	**875,002**	**2.60**	**860,780**	**2.63**

* *Preliminary figures.*
** *Excl. North America.*

RENAULT GROUP – REGISTRATIONS IN EUROPE REGION BY MODEL

PC + LCVs *(in units)*	2008*	2007	% CHANGE
Twingo/Twingo II	135,207	88,685	+52.5
Clio II/Clio III	383,359	434,455	-11.8
Thalia/Thalia II	6,586	6,611	-0.4
Sandero	27,250	-	+++
Modus	77,292	62,825	+23.0
Logan	84,187	79,995	+5.2
Mégane/Mégane II/Mégane III	347,894	488,793	-28.8
Koleos	17,839	-	+++
Laguna II/Laguna III	91,227	71,386	+27.8
Vel Satis	1,667	3,045	-45.3
Espace/Espace IV	24,191	40,636	-40.5
Kangoo/Kangoo II	139,495	142,133	-1.9
Trafic/Trafic II	74,594	88,997	-16.2
Master/Master II	67,091	76,490	-12.3
Mascott**/RWD Master/Maxity**	11,698	9,581	+22.1
Other	1,084	730	+48.5
REGISTRATIONS IN EUROPE REGION	**1,490,661**	**1,594,362**	**-6.5**

* *Preliminary figures.*
** *Mascott and Maxity are distributed by Renault Trucks, a subsidiary of AB Volvo.*

RENAULT GROUP – REGISTRATIONS IN EUROMED, AMERICAS AND ASIA-AFRICA REGIONS BY MODEL – EXCL. LADA

PC + LCVs *(in units)*	2008*	2007	% CHANGE
Twingo/Twingo II	8,740	14,309	-38.9
Clio II/Clio III	76,295	97,794	-22.0
Thalia/Thalia II/Symbol	69,793	94,301	-26.0
Sandero	57,951	279	+++
Modus	254	1,441	-82.4
Logan	340,886	286,994	+18.8
Mégane/Mégane II	115,085	149,622	-23.1
Koleos	2,884	-	-
Laguna II/Laguna III	6,474	4,149	+56.0
Vel Satis	26	65	-60.0
Espace/Espace IV	104	139	-25.2
SM3	21,362	29,448	-27.5
SM5	55,932	73,346	-23.7
SM7	15,358	14,233	+7.9
Safrane II	444	-	+++
QM5	11,832	2,518	+++
Kangoo/Kangoo II	68,959	72,255	-4.6
Trafic/Trafic II	4,822	4,077	+18.3
Master/Master II	17,197	15,404	+11.6
Mascott**/RWD Master/Maxity**	499	333	+49.8
Other	105	73	+43.8
REGISTRATIONS IN EUROMED + AMERICAS + ASIA-AFRICA REGIONS	**875,002**	**860,780**	**+1.7**

* *Preliminary figures.*
** *Mascott and Maxity are distributed by Renault Trucks, a subsidiary of AB Volvo.*

RENAULT GROUP – SALES PERFORMANCE OF MODELS BY SEGMENT IN EUROPE REGION*

SEGMENT	% CHANGE SEGMENT 2008/2007		RENAULT'S SHARE 2008	2007	% CHANGE 2008/2007	RANK 2008
PASSENGER CARS						
A	+14.3	Twingo/Twingo II	9.60%	7.40%	+ 2.20	3
B	-9.0	Clio II/Clio III	8.30%	8.60%	-0.30	3
		Thalia	0.18%	0.47%	-0.29	34
		Modus	1.90%	1.30%	+ 0.60	16
		Logan	2.00%	1.80%	+ 0.20	14
		Sandero	0.70%	-	+ 0.70	27
C	-10.6	Mégane/Mégane II	7.60%	9.60%	-2.00	5
D	-5.6	Laguna/Laguna III	4.20%	3.10%	+ 1.10	7
D OR**	-8.8	Koleos	3.30%	-	+ 3.30	12
E1	-21.0	Vel Satis	0.30%	0.50%	- 0.20	22
MPV	-29.0	Espace/Espace IV	12.40%	14.8%	- 2.40	3
Passenger-carrying van	+7.7	Kangoo/Kangoo II	13.00%	10.8%	+ 2.20	2
		Trafic/Trafic II	3.30%	4.20%	- 0.90	10
		Master/Master II	0.80%	1.20%	- 0.40	19
LIGHT COMMERCIAL VEHICLES						
Company cars	-10.2	Twingo	1.5%	0.2%	+ 1.3	21
		Clio	14.9%	14.6%	+ 0.3	1
		Modus	0.17%	0.93%	- 0.76	30
		Mégane/Mégane II	4.8%	5.1%	- 0.3	7
Small vans	-7.2	Kangoo/Kangoo II	16.8%	18.3%	- 1.5	1
Vans	-9.2	Trafic/Trafic II	5.8%	6.3%	- 0.5	5
		Master/Master II	5.7%	6.0%	- 0.3	6
		Mascott/RWD Master	0.69%	0.57%	+ 0.12	20

* *Preliminary figures.*
** *OR: Off-road vehicles.*

RENAULT GROUP – WORLDWIDE PRODUCTION BY MODEL AND BY SEGMENT (1)

PC + LCVs *(in units)*	2008*	2007	% CHANGE
Logan	416,157	420,255	-1
Sandero	110,832	0	-
ENTRY SEGMENT	**526,989**	**420,255**	**+25**
Twingo	6,353	42,840	-85
Twingo II	132,203	75,242	+76
Clio II (2)	117,678	181,242	-35
Clio III	328,530	351,066	-6
Thalia	63,712	99,259	-36
New Clio three box (Thalia/Symbol)	21,765	0	
Modus	72,590	67,514	+8
A AND B SEGMENTS	**742,831**	**817,163**	**-9**
Mégane/Mégane II	398,317	629,612	-37
Mégane III	39,281	0	-
SM3	65,590	82,650	-21
Koléos / QM5	55,139	5,241	+952
C SEGMENT	**558,327**	**717,503**	**-22**
Laguna II	0	45,128	-100
Laguna III	81,453	54,384	+50
SM5	53,987	76,363	-29
SM7	14,433	15,081	-4
Espace IV	21,672	40,674	-47
VelSatis	1,685	2,812	-40
D, E, MPV SEGMENTS	**173,230**	**234,442**	**-26**
Kangoo	113,728	220,038	-48
Nouveau Kangoo	102,902	7,226	+1324
Trafic II (3)	96,225	115,904	-17
Master II	98,387	119,120	-17
Mascott	8,399	7,585	+11
SMALL VANS, VANS AND PICK-UPS	**419,641**	**469,873**	**-11**
GROUP WORLDWIDE PRODUCTION	**2,421,018**	**2,659,236**	**-9**

(1) Production data concern the number of vehicles leaving the production line.
(2) Including Clios under the Renault brand name built in Aguascalientes (Nissan plant in Mexico) in 2008.
(3) New Trafic production at the GM Europe plant in Luton (UK) and at the Nissan plant in Barcelona (Spain) was not recorded as Renault production.
** Preliminary figures.*

RENAULT GROUP'S GEOGRAPHICAL ORGANIZATION BY REGION – COUNTRIES IN EACH REGION

From March 1, 2009

AMERICAS	
Northern Latin America:	Colombia, Costa Rica, Cuba, Ecuador, Honduras, Mexico, Nicaragua, Panama, El Salvador, Venezuela, Dominican Rep., Guadeloupe, French Guiana, Martinique
Southern Latin America:	Argentina, Brazil, Bolivia, Chile, Paraguay, Peru, Uruguay
ASIA & AFRICA	
Asia-Pacific:	Australia, Indonesia, Japan, Malaysia, New-Caledonia, New-Zealand, Singapore, Tahiti, Thaïland
India	
Middle East and French-speaking Africa:	Saudi Arabia, Egypt, Jordan, Lebanon, Libya, Pakistan, Gulf States, Syria + French-speaking African countries
Africa & Indian Ocean:	South Africa, + sub-saharian African countries, Indian Ocean Islands
Korea	
Iran	
China:	Hong Kong, Taiwan
Israel	
EUROMED	
Eastern Europe:	Bulgaria, Moldova, Romania
Turkey:	Turkey, Turkish Cyprus
North Africa:	Algeria, Morocco, Tunisia
EUROPE	
Metropolitan France, Austria, Germany, Belgium-Lux., Bosnia, Cyprus, Croatia, Denmark, Spain, Finland, Greece, Hungary, Ireland, Iceland, Italy, Kosovo, Macedonia, Malta, Montenegro, Norway, Baltic States, Netherlands, Poland, Portugal, Czech Rep., UK, Serbia, Slovakia, Slovenia, Sweden, Switzerland	
EURASIA	
Russia, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kirghizistan, Ouzbakistan, Tadjikistan, Turkmenistan, Ukraine	

2.1.2 FINANCIAL RESULTS

The Group's consolidated revenues, heavily impacted by the slowdown in activity, came to €37,791 million in 2008, down 7.0% on 2007 on a consistent basis[5].

Operating margin was €212 million, or 0.6% of revenues, down €1,142 million on 2007. ✦

Other Group operating income and expenses showed a net charge of €329 million, compared with a net charge of €116 million in 2007.

The financial result showed a positive net balance of €441 million, compared with €76 million in 2007.

Nissan's contribution to Renault group results was €345 million, compared with €1,288 million in 2007. AB Volvo's contribution was €226 million, compared with €352 million in 2007.

Net income for the year totaled €599 million, vs €2,734 million in 2007.

Net income per share equaled €2.23 (€10.32 in 2007).

The Automobile generated a cashflow of €3,061 million. Investments net of disposals amounted to €3,385 million. The working capital requirement increased by €2,704 million.

Automobile's free cashflow[6] was a negative €3,028 million. Net financial Automobile debt increased by €5,856 million compared with December 31, 2007 to €7,944 million.

Group shareholders' equity stood at €19,416 million at December 31, 2008. The debt-to-equity ratio was 40.9% (9.5% at end-December 2007).

2.1.2.1 CONSOLIDATED INCOME STATEMENT

Group revenues reached €37,791 million, down 7.0% on 2007 on a consistent basis.

(5) The changes relate to scope only with the exclusion of SNR in 2007.

(6) Free cashflow = cashflow less investments in property, plant, equipment and intangibles net of disposals +/- change in the working capital requirement.

Division contribution to Group revenues ✦

(€ million)	2008 REPORTED Q1	Q2	Q3	Q4	YEAR	2007 RESTATED FOR 2008 SCOPE AND METHODS (1) Q1	Q2	Q3	Q4	YEAR	2007 REPORTED YEAR
Automobile	9,697	10,19	8,637	7,233	35,757	9,306	10,145	8,83	10,327	38,608	38,679
Sales Financing	506	549	512	467	2,034	487	527	525	473	2,012	2,003
TOTAL	**10,203**	**10,739**	**9,149**	**7,700**	**37,791**	**9,793**	**10,672**	**9,355**	**10,800**	**40,620**	**40,682**

(1) The changes relate to scope only with the exclusion of SNR in 2007.

	CHANGE 2008/2007 Q1	Q2	Q3	Q4	YEAR
Automobile	+4.2%	+0.4%	-2.2%	-30.0%	-7.4%
Sales Financing	+3.9%	+4.2%	-2.5%	-1.3%	+1.1%
TOTAL	**+4.2%**	**+0.6%**	**-2.2%**	**-28.7%**	**-7.0%**

The revenue contribution from **Sales financing** rose 1.1% on 2007 to €2,034 million.

Automobile was heavily impacted in 2008 by the unprecedented global economic crisis. The sudden dramatic downturn in automotive markets worldwide caused a significant decline in Automobile's revenues, particularly in the fourth quarter. Automobile's total contribution fell 7.4% on a consistent basis to €35,757 million.

That trend resulted from the slowdown in the automotive market, which occurred as early as the second quarter in some European countries, and in the final quarter in emerging countries:

- the Europe Region accounted for 6.0 points of the decline, in a market that was hard hit by shrinking volumes and fierce competition;
- only 0.4 point of the decline was attributable to international operations, i.e. in Euromed, Americas and Asia-Africa Regions, although trends varied in each region. Despite a sharp drop in sales in the final quarter, the Euromed and Americas Regions made a positive contribution to annual revenues through continuous improvements in the product mix throughout the year, especially in Euromed. By contrast, positive developments in the product mix in the Asia-Africa Region were not enough to offset the negative currency effects caused by the depreciation of the Korean won;
- lower sales of powertrains and vehicles to partners, also affected by the crisis, took one point off revenues.

The Group's **operating margin** fell by 2.7 points to €212 million in 2008, or 0.6% of revenues, compared with €1,354 million, or 3.3% of revenues in 2007.

Divisional contribution to Group operating margin

(€ million)	H1 2008	H2 2008	2008	2007	CHANGE
Automobile	**598**	**-873**	**-275**	**882**	**-1,157**
% of revenues	*3.0%*	*-5.5%*	*-0.8%*	*2.3%*	
Sales Financing	**267**	**220**	**487**	**472**	**15**
% of revenues	*25.3%*	*22.5%*	*23.9%*	*23.6%*	
TOTAL	**865**	**-653**	**212**	**1,354**	**-1,142**
% of revenues	*4.1%*	*-3.9%*	*0.6%*	*3.3%*	

In a tough environment in 2008, **Automobile**'s operating margin fell by €1,157 million to a negative €275 million, or -0.8% of revenues. The decline can be attributed to a combination of:

- a fall in volumes and a steep reduction in production, in excess of the market decline, undertaken in a determined effort to reduce inventories; this had a negative impact of €504 million;
- fierce competitive pressures, compounded by commercial aids for dealers to help them reduce inventories of new and used vehicles, and an increase in provisions for a decline in the residual value of vehicles, producing a combined negative impact of €816 million;
- a €271 million rise in the cost of raw materials;
- a negative exchange-rate effect of €174 million, attributable mainly to the depreciation of the sterling.

Amid these extremely difficult economic conditions, cost-cutting efforts were stepped up at every level of the company:

- excluding the impact of raw materials and compensations paid to suppliers, savings on purchases amounted to €353 million;
- G&A expense declined by €121 million.

The sale of licenses to AvtoVAZ made a positive contribution of €165 million.

In an environment of rising refinancing costs, RCI Banque managed to maintain its margins. The contribution of **Sales financing** to Group operating margin was €487 million, up 3.2% on 2007.

The main components of that evolution include:

- a 1% increase in net banking income in 2008 compared with 2007. Careful management of margins, amid rising refinancing costs, offset the impact of the decline in average loans outstanding;
- total risk-related costs (including country risk) rose from 0.68% of average outstandings in 2007 to 0.87% in 2008, due to the negative impact of Spain. Risk-related costs in other countries were stable;
- a 13% improvement in operating expenses compared with 2007, resulting from ongoing actions to improve the Group's organizational structures.

Renault group – R&D Expenses*

(€ million)	H1 2008	H2 2008	YEAR 2008	YEAR 2007
R&D expenses	**1,218**	**1,017**	**2,235**	**2,462**
% of revenues	*5.8%*	*6.0%*	*5.9%*	*6.1%*
Capitalized development expenses	**-619**	**-506**	**-1,125**	**-1,287**
% of R&D expenses	*50.8%*	*49.9%*	*50.3%*	*52.3%*
Amortization and depreciation	**321**	**427**	**748**	**675**
o/w impairment	0	114	114	0
GROSS R&D EXPENSES RECORDED IN THE INCOME STATEMENT	**920**	**938**	**1,858**	**1,850**

* *R&D expenses are fully incurred by Automobile.*

Research and Development expenses totaled €2,235 million in 2008, 9.2% less than in 2007. Expenditures to develop the vehicle range under Renault Commitment 2009 started to decline in 2008, since most of them had been committed in previous years, in line with progress on the product plan. Furthermore, the measures taken by the Group to cope with the crisis began to pay off at the end of the year.

Capitalized development expenses amounted to €1,125 million, or 50.3% of the total in 2008, compared with 52.3% in 2007, in line with the program development cycle.

Amortization and depreciation expense amounted to €748 million. This item includes €114 million of impairment on intangible assets in light of the expected impact of the financial crisis on future volumes for two models.

Total R&D expenses recorded in the income statement amounted to €1,858 million, or 4.9% of Renault group revenues, compared with €1,850 million, or 4.5%, in 2007.

Other operating income and expenses showed a net charge of €329 million in 2008, compared with a net charge of €116 million in 2007.

In 2008 this item essentially comprised:

- €489 million in costs and provisions for restructuring and workforce adjustment, including the voluntary departure plan in France, as well as range restructuring expenses. This compares with €143 million in 2007;
- net capital gains on real estate for €150 million, mainly relating to the sale of land in France, compared with €86 million in 2007.

After recognizing this item, the Group posted an **operating** loss of €117 million, compared with income of €1,238 million in 2007.

Net financial result showed income of €441 million in 2008, up €365 million on 2007. The main components of this item were:

- a €509 million positive impact resulting from the fair value change in Renault SA's redeemable shares (€53 million in 2007);
- a decrease in interest income due to a decline in the Group's cash balance and lower interest rates;
- an increase in the interest expense caused by the rise in the Group's indebtedness.

In 2008 Renault's share in **associated companies** generated a profit of €437 million, of which:

- €345 million from Nissan;
- €226 million from AB Volvo;
- -€117 million from AvtoVAZ of which €84 million of goodwill impairment.

Current and deferred taxes resulted in a net charge of €162 million, and the effective tax rate was 50% in 2008. Given the lack of visibility on short- and medium-term tax results, and regardless of the fact that tax losses can be carried forward indefinitely, the deferred tax assets from French tax consolidation were not recorded in the Group's income statement in 2008, resulting in a negative impact of €96 million on the year's tax charge. Restated for that item, the effective tax rate would have been 20% in 2008, compared with 19% in 2007.

Net income totaled €599 million, compared with €2,734 million in 2007. Excluding Renault shares owned by Nissan and treasury stock, net income per share worked out at €2.23, compared with €10.32 in 2007.

2.1.2.2 INVESTMENTS AND FUTURE-RELATED COSTS

Automobile's tangible and intangible investments net of disposals came to €3,385 million in 2008 (including €1,125 million in capitalized R&D expenses) compared with €3,565 million in 2007 (including €1,287 million in capitalized R&D expenses).

Tangible and intangible investments net of disposals, by division

(€ million)	2008	2007
Tangible investments	3,043	3,160
Intangible investments	1,177	1,347
o/w capitalized R&D	1,125	1,287
o/w other intangible investments	52	60
Total acquisitions	4,220	4,507
Disposal gains	(835)	(942)
TOTAL – AUTOMOBILE	**3,385**	**3,565**
TOTAL – SALES FINANCING	**57**	**-7**
TOTAL – GROUP	**3,442**	**3,558**

In 2008 Automobile capital expenditure was directed primarily at renewing product ranges and components and upgrading facilities:

- in Europe, range-related investments accounted for 74% of total gross outlays. Funds were allocated chiefly to New Mégane and the future Master;
- investments outside Europe accounted for 36% of the total gross spend and were allocated primarily to Korea, Turkey and Romania to renew and extend the range.

Continuing on from 2007 the non-range related investment policy was focused chiefly on quality, working conditions and the environment.

Renault group – Future-related costs

(€ million)	2008	2007*
Investments net of disposals	3,442	3,558
Capitalized development expenses	(1,125)	(1,287)
Leased vehicles (net of disposals)	-203	-95
Net industrial and commercial investments (1)	**2,114**	**2,176**
% of revenues	*5.6%*	*5.3%*
R&D expenses (2)	**2,235**	**2,462**
o/w billed to third parties (3)	*150*	*127*
R&D expenses for the Groupe (2) - (3) % of revenues	*5.5%*	*5.7%*
Future-related costs (1) + (2) - (3)	**4,197**	**4,511**
% of revenues	*11.1%*	*11.1%*

* *For restated revenues.*

2.1.2.3 AUTOMOBILE DEBT

At December 31, 2008 **Automobile's net financial debt** rose to €7,944 million, or 40.9% of shareholders' equity, compared with 9.5% of shareholders' equity at December 31, 2007.

The €5,856 million increase in net debt can be attributed to:

- cashflow of €3,061 million, a decline of €1,491 million on 2007. The decrease is attributable to falls in operating margin and dividends from associated companies, breaking down as:
  - €418 million from Nissan, down from €456 million in 2007,
  - €258 million from AB Volvo, down from €477 million in 2007;
- a €2,704 million increase in the working capital requirement in 2008: despite a significant €583 million fall in inventory, the increase in the working capital requirement was mainly due to a significant decline in accounts payable to suppliers, as a result of the steep reduction in the Group's industrial activity at the end of the year, and to a lesser extent fiscal and social debts;
- €662 million in equity investments, mainly related to the acquisition of 25% of the capital plus one share of AvtoVAZ;
- €1,600 million in negative foreign exchange differences, almost all of which are related to the impact of yen appreciation (€1,613 million) on the hedge against the Group's share in Nissan.

At end-2008 Automobile's free cashflow was negative at €3,028 million.

The Group paid €1,076 million in dividends, compared with €913 million in 2007 of which €1,049 million paid by Renault SA.

Automobile – Net financial debt

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007
Non-current financial liabilities	5,511	5,141
Current financial liabilities including derivatives on financial operations	5,705	2,413
Non-current financial assets – other securities, loans and derivatives on financial operations	(964)	(585)
Current financial assets	(1,167)	(1,184)
Cash and cash equivalents	(1,141)	(3,697)
NET FINANCIAL DEBT	**7,944**	**2,088**

2.1.2.4 CASH AT DECEMBER 31, 2008

At December 31, 2008 Automobile had:

- €1,141 million in cash and cash equivalents;
- and €3,702 million in undrawn confirmed credit lines.

At December 31, 2008 RCI Banque had:

- a liquidity reserve of €3,988 million. This represents available liquidity surplus to the certificates of deposit and commercial paper outstandings;
- available gross liquidity amounts to €6,491 million, which covers more than twice all outstanding commercial paper and certificates of deposit. They include €4,992 million in undrawn confirmed credit lines, €1,514 million in Central Bank eligible collateral, and €485 million in cash and cash equivalents.

2.1.2.5 SHAREHOLDERS' EQUITY

At December 31, 2008, **shareholders' equity** had decreased by €2,653 million to €19,416 million, compared with €22,069 million at December 31, 2007.

The main reasons for this change are:

- recognition of €599 million in net income in 2008;
- a dividend payout by Renault of €975 million, or €3.80 per share, for 2007, adjusted for Renault's equity interest in Nissan and treasury stock;
- a €1,319 million decrease in translation adjustments, including the indirect impact from Nissan, net of yen hedging;
- a €113 million increase in treasury stock compared since December 31, 2007. This is the result of shares purchased in the first half of 2008 to cover employee stock-option schemes;
- a €291 million decline in the financial instrument revaluation reserve (cashflow hedges and available-for-sale financial instruments).

2.1.3 FINANCIAL INFORMATION ON THE ALLIANCE

The purpose of the financial data in this section is twofold: to broadly quantify the economic significance of the Renault-Nissan Alliance through key performance indicators, and to make it easier to compare the assets and liabilities of the two Groups. The data of both Groups comply with the accounting standards applied by Renault in 2008.

The characteristics of the Alliance mean, among other things, that Renault and Nissan's assets and liabilities cannot be combined. Consequently, these data do not correspond to a consolidation as defined by generally accepted accounting principles and are not certified by the statutory auditors.

The information concerning Renault is based on the consolidated figures released at December 31, 2008, while the information concerning Nissan is based on the restated consolidated figures prepared for the purposes of the Renault consolidation, covering the period from January 1 to December 31, 2008 whereas Nissan's financial year-end is March 31.

2.1.3.1 KEY PERFORMANCE INDICATORS

The preparation of the key performance indicators under Renault accounting policies takes into account the following differences from the figures published by Nissan under Japanese accounting standards:

- revenues are presented net of discounts and rebates;
- sales with buy-back commitments have been restated as leases;
- reclassifications have been made when necessary to harmonize the presentation of the main income statement items;
- restatements for harmonization of accounting standards and adjustments to fair value applied by Renault for acquisitions of 1999 and 2002 are included.

Revenues 2008 (December 31)

(€ million)	RENAULT	NISSAN (1)	INTERCOMPANY ELIMINATIONS	ALLIANCE
Sales of goods and services	36,241	57,612	(2,678)	91,175
Sales financing revenues	1,550	4,579	-	6,129
REVENUES	**37,791**	**62,191**	**(2,678)**	**97,304**

(1) Converted at the average exchange rate for 2008: EUR1 = JPY152.3.

The Alliance's intercompany business mainly consists of commercial dealings between Renault and Nissan. These items have been eliminated to produce the revenue indicator. Their value is estimated on the basis of Renault's 2008 results.

The **operating margin, operating income and net income** of the Alliance in 2008 are as follows:

(€ million)	OPERATING MARGIN	OPERATING INCOME	NET INCOME (2)
Renault	212	(117)	254
Nissan (1)	1,414	1,319	999
ALLIANCE	**1,626**	**1,202**	**1,253**

(1) Converted at the average exchange rate for 2008: EUR1 = JPY152.3.
(2) Renault's net income is adjusted to exclude Nissan's contribution and Nissan's net income is similarly adjusted to exclude Renault's contribution.

Intercompany transactions impacting the indicators are minor and have therefore not been eliminated.

For the Alliance, the operating margin is equivalent to 1.7% of revenues.

In 2008, the Alliance's **research and development expenses**, after capitalization, amortization and impairment, are as follows:

(€ million)	
Renault	1,858
Nissan	2,380
ALLIANCE	**4,238**

2.1.3.2 BALANCE SHEET INDICATORS

CONDENSED RENAULT AND NISSAN BALANCE SHEETS

Renault at December 31, 2008

ASSETS	*(€ million)*
Intangible assets	4,313
Property, plant and equipment	12,818
Investments in associates (excluding Alliance)	2,215
Deferred tax assets	252
Inventories	5,266
Sales financing receivables	18,318
Automobile receivables	1,752
Other assets	5,286
Cash and cash equivalents	2,058
Total assets excluding investment in Nissan	**52,278**
Investment in Nissan	11,553
TOTAL ASSETS	**63,831**

SHAREHOLDERS' EQUITY AND LIABILITIES	*(€ million)*
Shareholders' equity	19,416
Deferred tax liabilities	132
Provisions for pension and other long-term employee benefit obligations	1,056
Financial liabilities of the Automobile division	10,730
Financial liabilities of the Sales Financing division and sales financing debts	19,212
Other liabilities	13,285
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**63,831**

Nissan at December 31, 2008 (1)

ASSETS	*(€ million)*
Intangible assets	6,198
Property, plant and equipment	35,163
Investments in associates (excluding Alliance)	240
Deferred tax assets	288
Inventories	8,874
Sales financing receivables	23,628
Automobile receivables	4,183
Other assets	7,006
Cash and cash equivalents	3,729
Total assets excluding investment in Renault	**89,309**
Investment in Renault	2,473
TOTAL ASSETS	**91,782**

SHAREHOLDERS' EQUITY AND LIABILITIES	*(€ million)*
Shareholders' equity	28,901
Deferred tax liabilities	1,929
Provisions for pension and other long-term employee benefit obligations	3,767
Financial liabilities of the Automobile division	9,794
Financial liabilities of the Sales Financing division and sales financing debts	30,965
Other liabilities	16,426
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**91,782**

(1) Converted at the closing rate for 2008: EUR1 = JPY126.1.

The values shown for Nissan assets and liabilities reflect restatements for harmonization of accounting standards and adjustments to fair value applied by Renault for acquisitions made in 1999 and 2002, mainly concerning revaluation of land and other tangible fixed assets, capitalization of development expenses, and pension-related provisions.

Balance sheet items have been reclassified where necessary to make the data consistent across both Groups.

Nissan's restated balance sheet includes the securitized items presented off-balance sheet in Nissan's financial statements under Japanese GAAP.

Purchases of property, plant and equipment by both Alliance groups for 2008, excluding leased vehicles, amount to:

(€ million)	
Renault	2,315
Nissan	2,473
ALLIANCE	**4,788**

Based on the best available information, Renault estimates that the impact of full consolidation of Nissan on its shareholders' equity calculated under current accounting policies would result in:

- a maximum 5-10% decrease in shareholders' equity – Group share;
- a €17 billion increase in shareholders' equity – minority interests' share.

2.2 RESEARCH AND DEVELOPMENT

Renault's R&D is a source of innovation and sharpens the company's competitive edge. With investments of more than €2.2 billion, Renault has demonstrated its determination to rise to the challenges of the automotive industry and to converge with major technological and social trends.

Research and Development expenditure *

UNDER IFRS	2008	2007**	2006	2005
R&D expenditure *(€ million)*	2,235	2,462	2,400	2,264
Group revenues *(€ million)*	37,791	40,620**	39,969	41,338
R&D spend ratio	5.9%	6.1%	6.0%	5.5%
R&D headcount, Renault group	17,775	16,219	15,658	12,939
Renault group patents	793	998	933	895

* *All R&D expenditure is incurred by Automobile.*
** *2008 scope.*

These figures conceal multi-faceted yet convergent situations that can be analyzed from different viewpoints.

2.2.1 2008 R&D HIGHLIGHTS

The most recent successes of Renault R&D are demonstrated by the latest models.

LAGUNA	MÉGANE	POWERTRAIN SYSTEMS
4Control Improved protection against side impacts	3D Sound by Arkamys Navigation system in partnership with TomTom Horned subframe CVT (continuously variable transmission) 5 Euro NCAP stars – score: 37/37 2 to 10g/km of CO_2 gained 22kg of recycled plastics, 12kg of renewable materials New Mégane features numerous accessories usually found in higher segments	TCe 130 CVT NOx Trap

STANDARD INNOVATIONS – THE 2008 VINTAGE

LAGUNA COUPÉ AND GT

4Control: a chassis fitted with four steering wheels. The rear wheel can turn by more or less 3.5° in the same direction as the front wheels or in the opposite direction. Drivers benefit from improved maneuverability and comfort, resulting in greater safety and driving pleasure. This technology was jointly developed by Renault and Renault Sport Technologies.

Special attention has been paid to side impacts, which result in a high number of road deaths. Laguna III has a unique system, comprising two sensors in the front door and the center pillar, that is capable of detecting and reacting up to two times faster than previous systems. A special algorithm adapts the processing time to the violence of the impact and controls a latest-generation double-chamber side airbag (thorax + pelvis).

NEW MÉGANE

New Mégane sets the standard for safety. It reached the maximum score of 37/37 and was awarded five stars in the Euro NCAP tests for passive safety. Active safety systems include devices that guarantee perfect control of the vehicle and help to correct the trajectory in emergencies.

Weighing in at 15kg less than Laguna II, New Mégane hatch and coupé are 8 kilos lighter than their predecessors with the same engine and equipment, and they are bigger.

Renault opted for a completely renewed range of gasoline and diesel engines for this vehicle that are both efficient and ecological. The four diesel units emit between 118 and 120g/km.

At end of life, 95% by weight of the components of New Mégane can be recycled and almost 12% of the plastics used to build the vehicle are recycled.

In partnership with Arkamys, a company specialized in sound processing, in particular for movie post-production, Renault has developed the "3D Sound by Arkamys" system, which is unique on the automotive market. This digital processing software is built into the car radio and delivers three-dimensional sound.

New Mégane is fitted with a new horned cradle that restricts sideways movements of the cradle in relation to the chassis in order to guarantee perfectly precise steering.

As part of the partnership with TomTom, Renault offers fully integrated navigation systems on several models at highly competitive prices (less than €500).

ENGINES

TCe 130: this new engine was developed under the Renault-Nissan Alliance. It illustrates the expertise that has been acquired in the realm of downsizing. The performance of this engine puts it in the forefront of its category, with the power of a 1.8-liter powerplant, plus the torque of a 2.0-liter engine and fuel consumption of 6.5 l/100km.

CVT (continuously variable transmission): this transmission, developed by the Renault-Nissan Alliance, has been inaugurated in New Mégane. By doing away with gear shifts, and the lulls in acceleration that they cause, this new system makes for a much smoother drive. It also optimizes engine performance, delivering gains in terms of consumption, emissions and noise levels. Fuel consumption is lower than with a conventional automatic transmission.

NOx Trap: this system captures nitrogen oxides and converts them into neutral gases. Completely transparent for the user, it cuts nitrogen oxide emissions by between 50% and 80%, depending on the vehicle's mileage.

(See the powertrain range in chapter 1 for more details)

2.2.2 THE TECHNOLOGY PLAN

Renault's technology plan organizes the company's advanced research and development activities involving the engineering functions into quantified, planned and prioritized projects.

These projects fall into four priority groups:

- CO_2 and the environment;
- safety;
- life on board;
- dynamic performance.

2.2.2.1 CO_2 AND THE ENVIRONMENT ✦

ELECTRIC VEHICLES: A TOP PRIORITY

Reducing CO_2 emissions is a major concern, especially for R&D. Every method of cutting emissions, from lighter vehicles to reduced friction, is investigated and incorporated into Group-branded models. The electric vehicle is a strategic priority for Renault, occupying center stage of the Group's development projects and – for a more distant future – its research activity.

Renault is already preparing to mass-market electric vehicles in the next few years. It has already sold electric vehicles in the past, in particular for fleets, and has taken part in implementing innovative electric mobility solutions. Building on this experience, Renault is gearing up to satisfy new market requirements. A new division specializing in electric powertrains has been set up, along with Technical Range divisions.

This new generation of vehicles is still derived from the architecture of existing internal combustion vehicles. However, it will use Li-ion technology that reduces battery weight and makes it possible to carry more energy on board. Special projects are ongoing to optimize the performance and reliability of batteries.

Moreover, through its partnerships with different players in the mobility sector, Renault has formed close links with the organization and deployment of a recharging infrastructure and has developed a new business model, two factors that give it a key advantage for mass-marketing.

Vehicles designed specially for electric engines will appear in the medium-term. Renault is already working on the technological building blocks – the architecture and customer requirements – of specifically electric vehicles. The ZE Concept unveiled at the Paris Motor Show is an illustration of the Group's R&D policy.

The long-term goal is to develop an electric vehicle with increased range. Scénic ZEV H2, which was unveiled in June 2008, demonstrated the feasibility of a fuel cell-based solution and the Alliance's strengths and expertise in this field.

ZE CONCEPT

Unveiled at the Paris Motor Show, ZE Concept represents Renault's vision of zero-emission mobility in the future.

This concept-car was designed to optimize the energy consumption of all the functions that consume electricity and to limit energy losses in an effort to increase range. Features include:

- windows offering optimal thermal insulation;
- athermal paint and insulating bodywork made up of a dual skin that traps air in the same way as a thermos flask. This solution limits the difference between the temperature inside and outside the vehicle in order to reduce energy consumption by the air conditioning and heating units;
- for improved aerodynamics, the wing mirrors have been replaced by low-line, low-consumption cameras, powered by the solar panels on the roof;
- the dash-board includes a display that shows where the nearest recharging stations are, in view of the remaining power reserves;
- the cabin temperature control system is powered by solar panels;
- the innovative architecture of the heating and air conditioning distribution is based on an optimal balance between comfort and consumption;
- the headlights are fitted with low-consumption LEDs;
- a luminous strip shows how much power is left before entering the vehicle.

SCÉNIC ZEV H2

Scénic ZEV H2 is a fuel-cell vehicle based on technologies developed by the Alliance. It illustrates the possibility of building Nissan's research work into fuel cells into a Renault vehicle. It demonstrates Renault's ability to benefit from the synergies generated within the Alliance.

The two Alliance partners proved a number of points by developing this fuel cell-based vehicle in less than 18 months.

First, they confirmed that fuel cell technology is a realistic solution. The performance of Scénic ZEV H2 is very close to that of a conventional internal combustion vehicle with equivalent power on every level: speed, acceleration, comfort, roadholding, braking, etc. The use of fuel cell technology does not significantly diminish driving pleasure.

Renault and Nissan have also demonstrated their capacity to work together on complex projects both efficiently and quickly (this prototype was developed in less than 18 months). This point is important because in disruptive technologies, such as fuel cells, synergy is a decisive factor in developing and marketing economically competitive vehicles.

Lastly, this project was an opportunity for both partners to gain skills and know-how in a leading-edge technology. While it may still be difficult to predict exactly which role fuel cells will play in the coming decades, there can be no doubt that they do have a role to play.

So who did what? Nissan supplied the fuel cell stack, the high-pressure hydrogen storage tank and the lithium-ion battery. The engineers at Renault adapted the Grand Scénic architecture to accommodate the different subsystems in the vehicle's sub-frame. Changes were made to the floor and the vehicle was raised by 60mm.

Renault engineering integrated the Renault and Nissan electrical and electronic systems, since the fuel cell has to communicate with a number of the vehicle's subsystems, such as the dash-board, ABS/ESP, air conditioning and the airbags.

What are the benefits? Zero emissions, no CO_2, and extended range. The Scénic ZEV H2 demonstration vehicle offers a range of advantages. The vehicle's performance compares well with that of a conventional Scenic. And pleasure at the wheel is enhanced by a silent drive.

Technical specifications

- 90kW electric motor;
- 25kW lithium-ion battery (range of 2 to 3km);
- Fuel cell powered by hydrogen gas, compressed to 350 bars;
- Optimized hydrogen consumption: kinetic energy recovery system;
- Top speed: ~ 160kph;
- Range: about 350km in the NEDC with a 350 bar hydrogen storage tank (3.7kg of H2);
- Low noise levels: no engine noise, running noise at low speed and wind noise at high speed. 60-62 decibels;
- The interior comfort of the cabin remains intact (the same as a standard Scenic);
- Easy to use: the dash-board is the same as in a standard vehicle, but also displays information relating to the hydrogen. The Renault navigation screen includes an energy display;
- Weight: 1,850kg (compared with 1,550kg for Long Scénic 1.9 l dCi).

R&D TO CUT CO_2

While electric vehicles may be a priority, the optimization of engines, gearboxes and other vehicle parameters that contribute to the reduction of CO_2 remains a major issue. For example, 2008 saw the introduction of the TCe 130 and CVT (the engine will be available in 2009).

Progress must be made in three directions in order to cut vehicle CO_2 emissions:

- reducing the energy required to propel the vehicle and to power its accessories. To reach this target, the vehicle's fundamentals must come under scrutiny: weight, aerodynamics, friction in the platform, electric accessories;
- optimizing the efficiency of the powertrain, in particular through downsizing, which is Renault engineering's response to the need to cut CO_2 emissions without sacrificing performance. Downsizing consists in reducing an engine's cubic capacity, while increasing its specific performances (torque and power per liter of cubic capacity) through turbocharging;
- improving energy generation (energy conversion, treatment of pollutant emissions).

Furthermore, since driving style has a significant impact on fuel consumption, Renault is also working on aids to encourage economical driving. New vehicles, such as Laguna III and New Mégane, feature as standard a gearshift indicator that helps drivers to use the gearbox efficiently, making fuel savings of up to 8%. Other devices are being investigated.

2.2.2.2 SAFETY

Renault has been researching and developing technologies to improve automotive safety for more than 50 years. It now sets the standard in road safety.

The safety aspects of a vehicle's specifications are derived from accidentology, i.e. research into road traffic accidents. In this way, new safety devices are based on the actual risks that road users face. This approach goes well beyond the demands of both regulators and consumers. Efforts focus mainly on more efficient technologies for the prevention of risks, the correction of unexpected situations and, finally, protection in the event of an impact.

TOWARDS INTERACTIVE SAFETY

The latest progress in vehicles for Western European markets applies to side impacts (see above, 2008 Innovations). While front impacts still account for most fatal accidents (45%), the proportion of deaths attributable to side impacts is on the increase (27% in 1990, 33% in 2003).

Europe set itself the target of drastically reducing the number of road deaths in 2000, with a target of zero by 2025, that will only be reached by combining a number of solutions. Renault is working in this direction. These solutions include:

- preventive systems (an extension of emergency brake assist, ESP, etc.) and assistance at the moment of impact.

  Example of a path of investigation: a new generation of navigation systems. Prevention is the first link in the safety chain. The analysis of road traffic accidents that happen every day shows that a majority of them are due to problems of perception. In other words, in most cases drivers misinterpret the situation preceding the impact. This point is therefore one of Renault's R&D priorities. One of the missions that Renault wants its vehicles to accomplish is to make up for this natural lack of perception by informing drivers of what will happen if they do not react. For example, R&D is working on extending the driver's vision. This will be achieved by developing an onboard navigation system that provides more information. In addition to simply indicating an itinerary, the system will, for instance, be capable of informing drivers when they enter a hazardous zone: dangerous junctions, schools or even objects in motion. Drivers will benefit from enhanced map software and a tool capable of analyzing situations in real time.

  In more general terms, the purpose of such systems is to supply the information drivers need, at the right time and in the right place. And in the right way too, through a user interface that is efficient, easy to use, adaptable to different usages and that provides structured information;
- communications systems that enable emergency services to quickly reach the scene of an accident;
- collaborative road systems based on vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communications.

  In this field, the convergence of all the players involved is key to success, which is the reason why Renault is taking part in several programs in cooperation with numerous other European carmakers.

  One example is the European C2C-C (*Car-to-Car Communication*) program, which involves seven carmakers, one motorcycle manufacturer and one truck-maker. This consortium has produced a roadmap for deploying cooperative systems, including a number of demonstrations. In October 2008 Renault took part in the first demonstration of interoperability between standard vehicles of different makes. Dialog is possible on a dedicated frequency.

  This demonstration included a series of scenarios of elementary usage illustrating the types of service that could be made available in a few years. Using a Laguna fitted with a transceiver, Renault made a full-scale demonstration of its compatibility with the European standard and of its ability to communicate with other vehicles. Interactive safety is now one step closer.

REAL SAFETY ON AN INTERNATIONAL SCALE

Renault's extensive international expansion inevitably results in the design and launch of vehicles that meet the needs and safety requirements of the Group's new markets. The causes of accidents and injury in these new regions are different from those encountered on European markets. Consequently, Renault is extending its research into accidents beyond Europe in its decentralized engineering centers and is acquiring the local expertise that laboratories and universities on the spot can bring.

In 2008 Renault set up its first team in Romania.

A Local Technical Leader was appointed and tasked with collecting and analyzing accidentology data. Teams of accident researchers will collect data from local police forces and hospitals and by inspecting vehicles that have been involved in accidents.

International accidentology

The following figures illustrate the importance of road safety on a worldwide scale:

- number of deaths on the road: ~1.2 million per year;
- number of injured: ~ 50 million;
- levels of accidents and road deaths in emerging countries: ~ 10 times higher than in developed countries;
- forecast: without new efforts or initiatives, the total number of deaths and injuries on roads worldwide will increase by around 65% between 2000 and 2020. This trend will not be uniform. The number of deaths and serious injuries in developed countries, or in countries that are developing strongly, will drop by 30%. On the other hand, the sharp rise in vehicle numbers in developing countries will result in 80% more deaths and serious injuries on the road.

International observation has shown that, when countries progress from low to moderate incomes, they experience a spectacular rise in the number of deaths per million vehicles. The sharp initial growth in the number of vehicles of all types is not immediately accompanied by the political decisions, improvements to infrastructure and safety awareness campaigns that are made necessary by the arrival of the automobile. All walks of life must recognize the issues related to road safety if this trend is to be contained and then reversed. The sooner countries recognize this need, the sooner they can take the necessary action.

It should be possible to limit the negative effects of increased mobility by looking at the experience of developed countries, every time an emerging country enters a period of fast growth in vehicle numbers. But there is no universal solution for road safety in emerging countries. The challenge we face today is to hand over the know-how of developed countries, while tailoring it to the specific social, political and economic constraints in emerging countries.

2.2.2.3 TRAVELLING COMFORT

The notion of travelling comfort covers every aspect of the functional and emotional dimensions of on-board comfort for drivers and occupants. This spans a wide range of areas – acoustics, climate control, visibility, ease of use, sensorial analysis, materials – in which Renault has often innovated. Its latest innovation is the 3D Surround by Arkamys system installed in Laguna and New Mégane (see above).

One example of research in these fields is the Oscars project ("Oscars" is a French acronym for "Tools for the Simulation of Comfort and Assistance in the Development of Seats"), carried out in cooperation with ESI. Seats are complex systems that are difficult to develop because they bring together a range of requirements, from comfort and safety to ease of use, design and weight. Furthermore, it is difficult to come to any objective conclusions on the compromise between these requirements without making a physical prototype. A fact that is all the truer of innovative seat concepts.

The Oscars project aims to reconcile quality and competitive performance by defining robust comfort criteria for seats and developing predictive digital tools for the design of seats that can be used to specify the design parameters of the components as early as possible.

The tool will be capable of creating a virtual seat using the design CAD/CAM input and of simulating its performance in static and dynamic use and when subject to vibrations.

"Oscars"

Tests on human subjects and special dummies are used to characterize the comfort of the seat under dynamic conditions. A range of test methods are used to objectively analyze the way in which the seat amplifies or filters the vertical acceleration of the vehicle's bodyshell, or how the seat reacts to irregularities in the road surface, such as potholes or cracks.

Digital simulation methods have already been used for some time for passive safety purposes when designing seats. But the rise in computing power has now made it possible to address seat design from the perspective of comfort. The physical phenomena involved (including phenomena caused by driving and by the occupant) are so complex that seat comfort is simulated using modeling techniques from stamping simulation applications. This is especially true of the precision of the deformation of the covers and the foam parts. It is also necessary to take account of friction, viscous effects and losses due to hysteresis.

2.2.2.4 DYNAMIC PERFORMANCE

Dynamic performance, which includes vehicle stability, trajectory management and also determines the quality of drive, relies essentially on the chassis. This is part of Renault's core business. The 4-wheel steering system was unveiled in 2008 (see 4Control above).

Future systems are being developed in projects such as Global Chassis Control (GCC). Why global chassis control? The number of piloted systems has increased significantly in recent years: ABS, traction control, emergency brake assist and ESP, plus other systems for the suspension, steering (controlled assistance, variable ratio, rear steering wheels) and traction. These systems boost the capacity of the chassis, do away with some of the compromises imposed by passive systems and offer customers various types of drive. The multiplication of these systems gives rise to the problem of their coordination. These systems must exchange information on their respective actions in order to avoid conflicts.

One of the major challenges facing the GCC project is to improve the coordination of piloted systems. In more technical terms, to define and develop a functional architecture that can integrate several piloted systems, whose combined use achieves the expected levels of performance, while limiting the complexity of cooperation between systems and establishing interfaces with the subsystems from equipment suppliers.

Rising to these challenges will result in improved active safety (braking, roadholding), comfort (bodyshell behavior) and driving pleasure (agility, traction) for the customer.

2.2.3 SKILLS, EXPERTISE AND PARTNERSHIPS

2.2.3.1 ADAPTING TO THE PREVAILING TRENDS

Social changes are often driven by trends in socio-economic aspirations (customization, health and environmental issues, communications and connections) and by significant technical progress (electronics, materials, etc.). The automotive industry must take these changes into consideration.

To achieve this, R&D needs the time to explore fields that can produce new ideas and paths leading to innovation and breakthroughs. By building on the most promising skills, specialists and expertise, Renault can remain innovative and in the forefront of a range of technologies.

An example from the world of materials:

- artificial muscles are a sort of membrane made of gel that responds to electrical stimuli. Renault has patented this development. The benefits: improve driver comfort by adapting the seat to the behavior of the vehicle;
- in addition to these smart materials that react to stimuli, work is also being done on the increasing functionality of materials, that now have made-to-measure properties: antiperspirant or stain-proof textiles, self-repairing varnishes, self-cleaning glass and paints;
- the development of the materials of the future can sometimes lead to unexpected paths. By way of example, Renault is investigating the feet of the gecko lizard as an alternative to glue, or lotus leaves, on which drops of water move without spreading.

Renault is exploring and discovering a host of fields of research.

2.2.3.2 SCIENTIFIC AND TECHNICAL PARTNERSHIPS

Renault has been involved in research partnerships for many years. The Group has always looked far and wide for the most advanced and precise scientific and technical skills, in France, in Europe and outside Europe. The Group has bi- and multi-party partnerships in France, Europe and elsewhere.

In 2008 Renault entered 104 cooperative contracts (same figure as in 2007) with a view to sharing R&D costs, while boosting the performance of the resources engaged in terms of knowledge and new ideas.

2.3 RISK MANAGEMENT ✦

The Renault group makes every effort to control the risks relating to its activities, namely operational risk, financial risk and legal risk. These have been described in chapter 1.2 Risk Factors. The present chapter 2.3 details the main risks and the company's strategies to reduce their likelihood and severity. However, as the Group expands internationally, enters new partnerships, and becomes more IT-dependent – and as new malicious behaviors emerge – existing risks are aggravated and new ones created. These factors can increase the severity of potential crises and the damage they may cause.

Risk management, an inevitability for any global industrial corporation, needs to be reinforced and made proactive. It is therefore an integral part of the Renault group's operational management procedures.

The organization is two-pronged:

- at corporate level: the Risk Management department provides methods and an overall vision to identify and prevent major risks, in particular by monitoring them with risk-mapping techniques and implementing preventive measures in high-risk areas;
- in all entities involved in business-critical processes, the competencies and experts capable of identifying, prioritizing and supplying risk mitigation solutions are identified.

2.3.1 FINANCIAL RISKS

2.3.1.1 GENERAL FRAMEWORK FOR CONTROLLING FINANCIAL RISK

Market risk management at Automobile mainly concerns the Central Cash Management and Financing department of Renault SA and Renault Finance, the main activities of which are described in chapter 1.1.3.1 of the Registration document.

Sales Financing (RCI Banque – see chapter 1.1.3.2) manages the market risk on its activities. Securities trades executed by companies in the RCI Banque group are intended solely to hedge away the risks related to the financing of the sales and inventories of the distribution networks. Most of these transactions are made by the trading room of RCI Banque, which plays a pivotal role in refinancing the RCI Banque group.

Monitoring and control tools exist for each entity and, where necessary, at the consolidated Renault group level. The results of these controls are reported on a monthly basis.

For each entity, financial risks are monitored at three levels:

- first-level control: self-monitoring by line personnel and formalized monitoring by each business-line manager;
- second-level control: carried out by internal auditors under the authority of the chief executive of the entity;
- third-level control: carried out by the control bodies (Renault Internal Audit or external firms commissioned by it). The third-level control organizations make a critical, independent analysis of the quality of the control system. The statutory auditors also contribute an analysis under the terms of their assignment.

Furthermore, because RCI Banque is chartered as a credit institution, it is required to implement a special internal control system that meets the requirements of the French banking supervisor.

Information on the analyses carried out to measure the sensitivity of financial instruments can be found in note 26-B to the consolidated financial statements.

2.3.1.2 TYPES OF FINANCIAL RISK

LIQUIDITY RISK

Automobile

Automobile must have sufficient financial resources at all times to finance the day-to-day running of the business and the investments needed for future expansion. In 2008 the net financial debt of Automobile increased to €7,944 million at 12/31/2008 (compared with €2,088 million at 12/31/2007). Automobile therefore needs to borrow regularly from banks and on capital markets to refinance its debt. This creates a liquidity risk if markets are frozen or credit is hard to access.

Renault SA raises most of the refinancing for Automobile in the capital markets, mainly through long-term financial instruments (bonds, private placement), or short-term financing, such as commercial paper or bank financing. In 2008 it obtained €1,8 billion in new financing, net of repayments and redemptions (excluding drawings on existing credit lines).

✦ Global Reporting Initiative (GRI) Directives

To this end Renault SA has an EMTN program, updated in June 2008, for a maximum €7 billion. A total of €360 million was issued through this program in 2008.

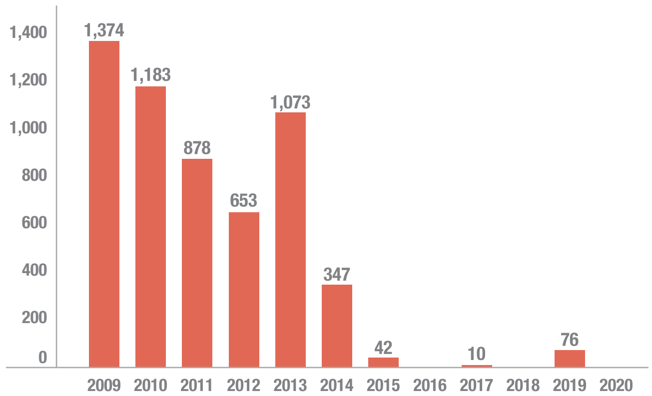
Other medium-term financings obtained by Renault SA in 2008 totaled €773 billion, for maturity schedules extending out to 2015. In particular, €220 million was raised in the form of "Schuldschein Darlehen" promissory notes from a group of German investors.

To diversify its sources of long-term financing, Renault SA has increased its presence in the domestic Japanese bond market by issuing eight Samurai bonds in yen since 2001, including a ¥50 billion bond in 2008. Renault SA has specific, simplified documentation for domestic Japanese issues (Shelf Registration Statement) with a maximum amount of ¥150 billion available until September 2009. At December 31, 2008 the maturity schedule of these issues ranged from one to five years.

In November 2008 Renault SA increased the ceiling on its commercial paper program to €2.5 billion. The total outstanding at December 31, 2008 was €1,019 million.

MATURITY SCHEDULE FOR RENAULT SA BONDS AND EQUIVALENT DEBT AT DECEMBER 31, 2008 (1)

(in € million)



(1) Nominal amounts marked to market at December 31, 2008.

Furthermore, Renault SA benefits from confirmed renewable credit lines with banking institutions for a total amount of €4,220 million with maturities out to 2013. At December 31, 2008 Renault SA had drawn down €518 million on these credit lines. These credits provide a liquidity reserve for Automobile and are also partly intended as back-up lines for the issuance of short-term commercial paper.

The liquidity reserve at December 31, 2008 stood at €3,824 million, after covering the outstanding total in commercial paper.

In 2009, the French government will support Renault with a €3 billion loan with a five-year maturity.

The contractual documentation on these confirmed lines of credit contains no clauses that could affect the raising or continued supply of credit following a change in either Renault's rating or its financial ratios. Moreover, Renault has signed no clauses affecting the financial terms or repayment schedules of these contracts. This means that contracts contain none of the following types of clause:

- cross default (stipulating that all borrowings must be repaid if the company or one of the Group entities defaults on a single loan);
- material adverse change (a major negative change in economic conditions);
- negative pledge (prohibiting the borrower from creating security interests on certain assets).

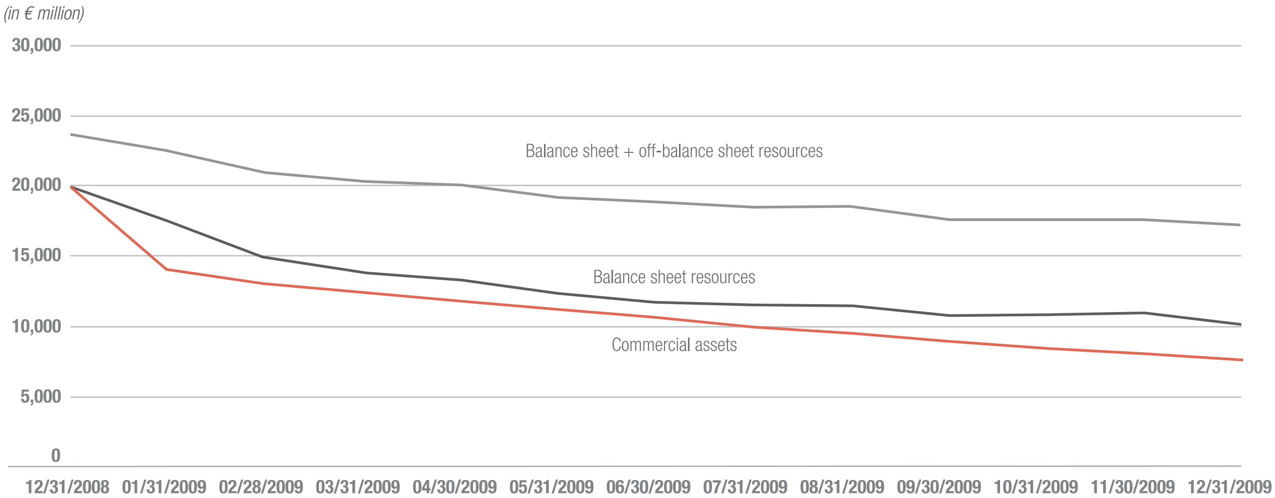
The same policy applies to the confirmed lines of credit taken out by RCI Banque.

Sales financing

Sales financing depends on access to financial resources for its business activities. Restricted access to banking and financial markets would force it to scale down its financing activities and/or increase the cost of financing solutions.

Liquidity risk is closely monitored on a regular basis. The static liquidity position has always been positive in recent years, indicating an excess of long-term sources over uses. The level is currently similar to that of previous years. As a result, RCI Banque has used the funds it raised several months earlier to grant loans, thus holding its financial margin steady.

LIQUIDITY POSITION OF RCI BANQUE GROUP

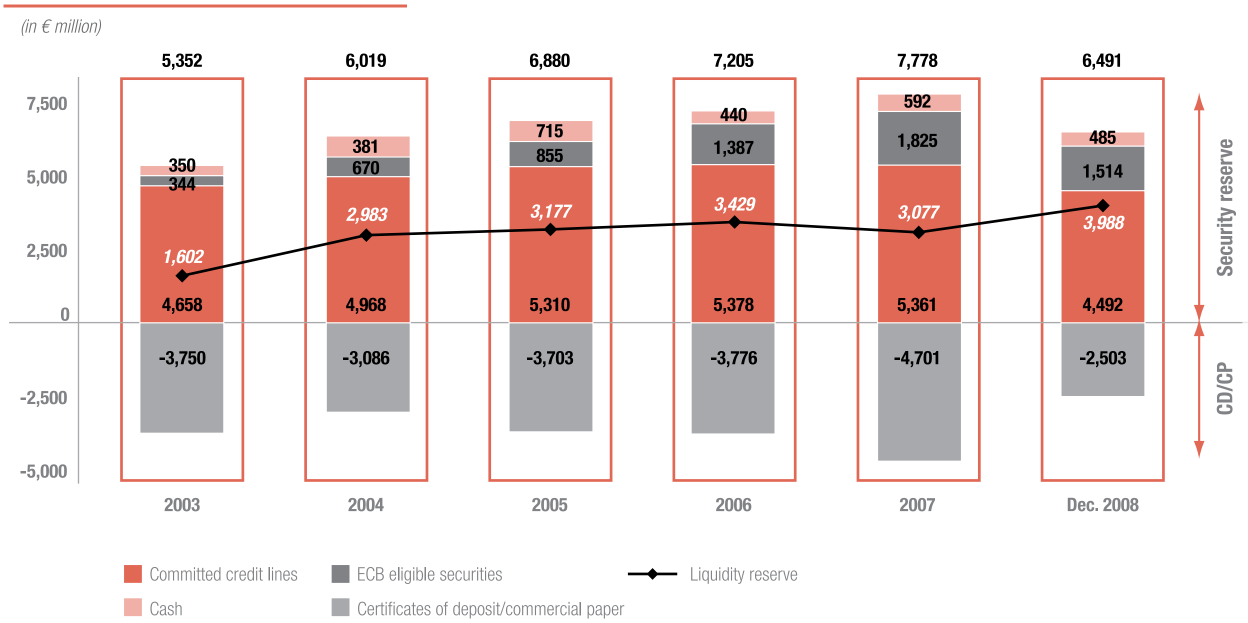


Furthermore, RCI Banque has confirmed renewable credit lines for a total amount of €5,245 million, of which €753 million had been drawn at end-December 2008.

Available liquidity reserves of €6,491 million (€4,492 million of undrawn confirmed credit lines, €1,514 million of cash eligible to the European Central Bank, €485 million of cash and equivalents) cover more than two times the total outstanding in commercial paper and certificates of deposit.

The liquidity reserve has risen to €4 billion, representing the excess of available liquidity reserves over the total outstanding in commercial paper and CDs. The Group needs to maintain sources of alternative liquidity that exceed the total outstanding in short-term negotiable debt.

RCI BANQUE – LIQUIDITY RESERVES AT DECEMBER 31, 2008



Amid difficult conditions, RCI Banque sought to continuously adjust its refinancing terms and its pricing to the new market environment. It borrowed €3.6 billion at one year or more (of which 25% realized during the first half–year through bank financing at more than one year). This figure should be viewed against long-term redemptions of €4.7 billion and a €1.5 billion contraction in the customer portfolio. RCI Banque has thus covered the financing requirements resulting from its business.

Like all French banks, RCI Banque has access to financial resources provided on attractive terms by Société de Financement de l'Économie Française (SFEF), a state-controlled financing agency. RCI Banque was one of the first companies that is not a SFEF shareholder to receive financing and to benefit from an allocation of €500 million. The unused portion of this allocation, €240 million, will be used in early 2009 once a mechanism has been put in place for using leasing contracts as collateral, via a securitization fund (FCT).

In 2009 the allocation from SFEF to RCI Banque is increased to €1 billion.

RCI Banque has also operated a securitization program since 2002 that enables the entire RCI Banque group to diversify its financial resources, broaden its investor base and increase its access to Central Bank financing. In this program, the assets of French or foreign subsidiaries are transferred to local special-purpose vehicles (SPV) operating as Master Trusts. The entire pool of loans in a business segment meeting eligibility criteria is transferred on a continuous basis to the SPV. The portfolio is then partly financed by medium-term securities subscribed by investors in the European market. The difference between the transferred portfolio and the amount of the medium-term debt securities is financed by short-term private placement. In view of the characteristics of these transactions, and in accordance with the Group's accounting rules, these securitized receivables are still recorded as assets in the consolidated balance sheet.

Eligibility criteria are specific to each structure and are explained in the Offering circular document of each operation. The Group sells complete portfolios in each issue and only receivables that meet the issue criteria are selected. The main criteria are:

- legal existence of the receivable;
- no default at the time of the transfer;
- at least one payment date met.

The Group holds all the risk and provisions it in accordance with internal rules.

Issued notes are covered by a partial principal repayment mechanism to prevent a phase of early redemption in the event of a sharp decline in the underlying portfolio.

The difference between the amount of receivables transferred and the liability amount corresponds to the credit enhancement required for these issues and to the quota of notes held by RCI Banque, which make up a liquidity reserve.

Securitization – public issues

COUNTRY	FRANCE		ITALY	GERMANY	
Ceding entity	DIAC SA	COGERA SA	RCI Banque Succursale Italiana	RCI Bank Niederlassung	RCI Leasing GmbH
Start date	October 2006	January 2005	July 2007	October 2007	November 2008
Maximum term of fund	October 2020	January 2012	October 2023	October 2019	April 2023
Issuance vehicle	Cars Alliance Auto Loans France FCC	FCC Alliance DFP France	Alliance Auto Loans Italy SPV Loi 130	Cars Alliance Auto Loans Germany FCC	Cars Alliance Auto Leases Germany FCT
Initial purchase of receivables	**€2,323 million** automobile loans	**€1,372 million** independent dealer receivables	**€1,402 million** automobile loans	**€1,628 million** automobile loans	**€941.7 million** customer leasing contracts
Receivables purchased as of 12/31/2008	**€1,894 million**	**€1,370 million**	**€997.6 million**	**€1,633 million**	**€956.9 million**
Credit enhancement at 12/31/2008	0.10% cash collateral (€2.3 million) 4.5% over-collateralized receivables	4.5% over-collateralized receivables	1.75% over-collateralized receivables	0.20% cash collateral (€3.3 million) 5.5% over-collateralized receivables	0.30% cash collateral (€2.8 million) 25.8% over-collateralized receivables
Swap hedging for interest rate risk	Yes (with guarantee)	No	Yes (mirror swaps)	Yes (with guarantee)	Yes (with guarantee)
Issuance vehicle	Cars Alliance Auto Loans France FCC	Cars Alliance Funding PLC Ireland	Cars Alliance Funding PLC Ireland	Cars Alliance Auto Loans Germany FCC	Cars Alliance Auto Leases Germany FCT
Public issues Medium-term Outstanding at 12/31/2008	**Class A** rating: AAA €1,467.5 million	**Series 2005-1 Class A** rating: AAA €814 million	**Series 2007-1 Class A** rating: AAA €838.5 million	**Class A** rating: AAA €0 million	**Class A** rating: AAA €376.7 million
	Class B rating: A €94.3 million	**Series 2005-1 Class B** rating: A €36 million	**Series 2007-1 Class B** rating: A €35.5 million	**Class B** rating: A €0 million	**Class B** rating: A €48 million
Listed private placement* Short-term Notes in issue at 12/31/2008	**Class R** rating: AAA €11.9 million	**Series 2005-2 Class A** rating: AAA €50 million		**Class R** rating: AAA €1,443.7 million	**Class R** rating: AAA €297.8 million
Weighted average life	**April 2012**	**January 2010**	**January 2012**	**October 2009**	**November 2011**

* *Held at 12/31/2008 by RCI Banque, eliminated in the consolidated financial statements.*

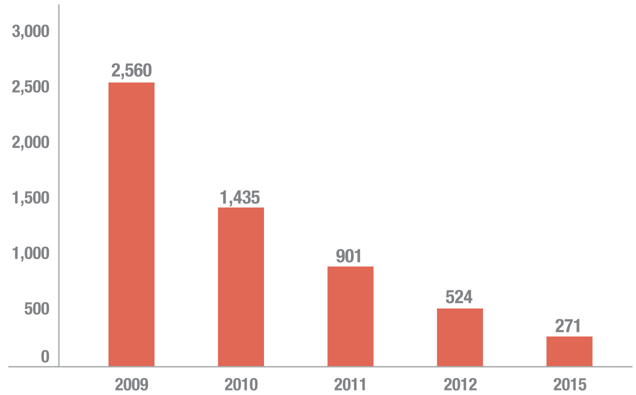
After securitizing the leasing portfolio of its German subsidiary in an FCT, the Group increased its ECB eligible collateral by €675 million as it waited for the securitization market to reopen. The mechanism whereby domestic commercial receivables can be declared to the Banque de France and used as collateral resumed operations, thus increasing potential access to Central Bank liquidity by a further €220 million. Central Bank refinancing, which is much more competitive than other sources of short-term funding, thus rose to €1.2 billion (up €750 million), offsetting the decline in CD and ECP outstandings.

RCI Banque actively pursued its bond financing program over the course of the year. The Group took advantage of improved market sentiment in May to launch a €700 million three-year public bond issue. In keeping with previous issues, and in an effort to diversify geographical distribution, the bond was underwritten by a group of five banks including two lead managers and three co-leads. Several EMTN and BMTN private issues were also launched, totaling €1,242 million. New bank borrowing at one year and over totaled €1,364 million.

As the financial crisis deepened and outstanding dealer financing declined, certificates of deposit outstanding fell sharply from €4,701 million at end-June 2008 to €2,671 million in September 2008.

MATURITY SCHEDULE FOR RCI BANQUE BONDS AT 12/31/2008

(in € million)



Group issuance programs and ratings at December 31, 2008

ISSUER	PROGRAM (1)	MARKET	CEILING *(in millions)*
Renault SA	CP	euro	EUR2,500
Renault SA	EMTN	euro	EUR7,000
Renault SA	Shelf documentation	yen	JPY150,000
RCI Banque	Euro CP	euro	EUR2,000
RCI Banque	Euro MTN	euro	EUR12,000
RCI Banque	CD	French	EUR4,000
RCI Banque	BMTN	French	EUR2,000
Diac	CD	French	EUR1,500
Diac	BMTN	French	EUR1,500
RCI Banque + Overlease + Renault AutoFin (RCI guarantee)	CP	Belgian	EUR500
Rombo Compania Financiera SA	Bond	Argentinean	ARS200*

* *Local ratings (S&P raA-*).*

(1) *CP: commercial paper; EMTN: Euro Medium Term Note: CD: Certificate of Deposit; BMTN: Negotiable Medium Term Note.*

The RCI Banque group's programs concern two issuers (RCI Banque and Diac) for a combined total of more than €23.5 billion.

RATING

Group ratings are as follows (long-term/short-term debt):

	AGENCY	RATING	OUTLOOK	REVISED ON	PREVIOUS RATING
Renault	Moody's	Ba1/NP	stable	02/20/2009	Baa2/P2 outlook stable
	S&P	BBB-/A3	negative	03/05/2009	BBB/A3 outlook negative
	Fitch	BBB-/-	negative	02/18/2009	BBB outlook negative
	R&I	A/a1	negative	10/17/2008	outlook stable
	JCR	A-/-	negative	02/27/2009	A negative
RCI Banque	Moody's	A3*/P2	stable	10/31/2008	outlook stable
	S&P	BBB/A2	negative	03/06/2009	BBB+/A2 outlook stable
	R&I	A/a1	negative	10/17/2008	outlook stable

* *under reviw for a possible downgrade.*

Early 2009 the ratings of both Renault and RCI Banque were lowered. Note that S&P rate RCI Banque one notch higher than Renault, and Moody's two notches.

A rating downgrade could limit access to capital markets and/or increase the cost of borrowing.

FOREIGN CURRENCY RISK

Automobile

Automobile is naturally exposed to foreign currency risk in the course of its industrial and commercial activities. Foreign currency risk on these activities is monitored through Renault's Central Cash Management and Financing department.

Almost all foreign exchange transactions are executed by Renault Finance. Exchange rate fluctuations may have an impact in five areas:

- operating margin;
- financial results;
- share in the net income of associated companies;
- shareholders' equity;
- net financial debt.

Impact on operating margin: Operating margin is subject to changes caused by exchange rate fluctuations. Currency hedges must be formally authorized by the Finance department or senior management. Once the hedges have been put in place, reports must be submitted to senior management on the results. No hedges were put in place in 2008.

Based on the structure of its results and operating cashflow In 2008 the Group estimates that a 1% appreciation of the euro against all other currencies has a negative impact of €28 million on annual operating margin. In 2008 the Group was exposed mainly to the pound sterling and the Russian rouble (annual negative impact estimated at €8 million and €6 million if the euro *rises* by 1% against these currencies), as well as the Romanian lei and Korean won (annual negative impact estimated at €9 million and €5 million if the euro *falls* by 1% against these currencies).

Impact on financial results: the key principle of Group management policy is to minimize the impact of currency risk on financial results. All Group exposures to such risk are aggregated and controlled by the Central Cash Management and Financing department, and are reported on a monthly basis.

Investments by Automobile subsidiaries are mainly financed through equity contributions. Where possible, other financing requirements are met by Renault SA in local currency. Financing flows in foreign currencies handled by Renault SA are hedged in the same currencies, ensuring that exchange rate fluctuations do not distort the financial results.

Where local circumstances prevent Renault SA from refinancing, the subsidiary may tap external funding sources. If external financing in non-local currencies is necessary, the parent-company oversees the transactions. Cash surpluses recognized in countries not centralized at the parent-company level are usually invested in the local currency under the supervision of the Group's Finance department.

Renault Finance may engage in foreign exchange transactions for its own account within strictly defined risk limits. Foreign exchange positions are monitored and marked to market in real time. Such proprietary transactions, intended chiefly to maintain the Group's expertise on the financial markets, involve only very short-term exposures that do not exceed some tens of millions of euros, and are managed so as to avoid material impacts on Renault's consolidated financial statements.

Impact on share in the net income of associated companies: On the basis of their contribution to 2008 results, a 1% rise in the euro against the Japanese yen or the Swedish krona would have lessened Nissan's contribution to Renault's income by €3 million and Volvo's contribution to Renault's income by €2 million, all other things being equal.

Impact on shareholders' equity: Equity investments in currencies other than the euro are not usually hedged. This may lead to translation adjustments, which are accounted for by the Group as shareholders' equity. However, the size of the Nissan investment was such that Renault's share in yen of Nissan's net worth has been covered by a specific foreign exchange hedge, amounting to ¥503 billion at December 31, 2008 with maturities out to 2014. The nature and amount of each transaction are indicated in note 13-G of the notes to the consolidated financial statements. These transactions are made up of private loans on the EMTN market (a total of ¥100 billion), bonds issued in yen on the Japanese market (a total of ¥182 billion) and currency swaps totaling ¥221 billion.

Hedging transactions fell by ¥321 billion in 2008.

Impact on net financial debt: As above-mentioned, a portion of Renault financial debt is denominated in yen so as to cover part of the investment in Nissan. A 1% increase in the euro against the yen would reduce Automobile's net debt by €40 million.

The appreciation of the yen against the euro in 2008 therefore increased Automobile's net debt by €1,613 million.

Sales financing

The consolidated foreign exchange position of RCI Banque has always been very small. No foreign exchange positions are permitted in connection with refinancing activity: RCI Banque's trading room systematically hedges all the cashflows concerned.

Sales Financing subsidiaries are required to refinance in their domestic currencies and therefore have no foreign exchange exposure.

However, there may be residual or temporary forex positions related to timing differences in funds flows, which are inevitable when managing a multi-currency cash position. Any such positions are monitored daily and hedged systematically.

The foreign exchange position on December 31, 2008, was €6.4 million.

INTEREST RATE RISK

Automobile

Interest rate risk can be assessed on the basis of debt and financial investments and the payment terms set out in the indenture (fixed or variable rate). Detailed information on these debts is indicated in note 24 of the notes to the consolidated financial statements.

For Automobile, the interest rate risk management policy is based on two principles: long-term investments are financed at fixed interest rates while liquidity reserves are built up at floating rates. Further, yen-denominated financing to hedge Nissan's shareholders' equity is taken out at fixed rates for periods ranging from one month to seven years.

Automobile's financial liabilities totaled €11,216 million on December 31, 2008. The maturity schedule for these liabilities is shown in note 24-C to the consolidated financial statements. After stripping out derivatives, €2,216 million of that debt is yen-based (¥280 billion), consisting either of yen-denominated paper (samurai bonds, EMTNs) or synthetic debt (euro loans swapped for yen). Total fixed rate financings to be rolled over in 2009 amount to €206 billion.

As far as possible, Renault SA centralizes available cash, investing it exclusively in euro. Under its cash investment policy, Automobile held €1,141 million in cash and cash equivalents at December 31, 2008, invested overnight through Renault Finance.

Renault Finance also trades for its own account in interest-rate instruments within strictly defined risk limits. These positions are monitored and marked to market in real time. This activity carries very little risk and has no material impact on the Group's results.

Sales financing

The Renault group's exposure to interest rate risk is concentrated mainly in the Sales Financing business of RCI Banque and its subsidiaries.

Interest rate risk is monitored on a daily basis by measuring sensitivity for each currency, management entity and asset portfolio. The entire RCI Banque group uses a single set of methods to ensure that interest rate risk is measured in a standard manner across the entire scope of consolidation.

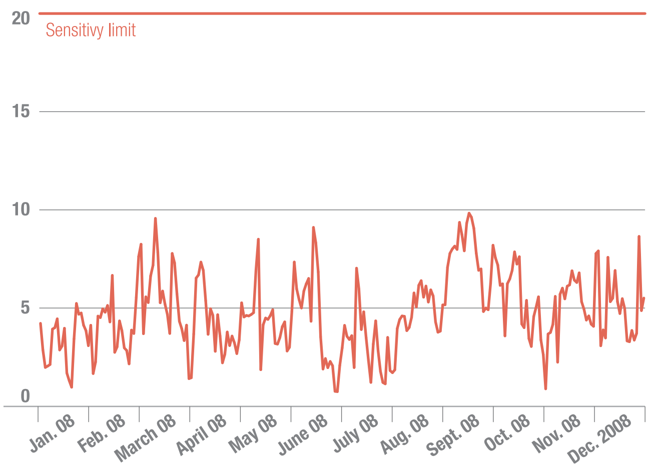
The portfolio of commercial assets is monitored daily on the basis of sensitivity and is hedged systematically. Each subsidiary aims to hedge its entire interest rate risk in order to protect its commercial margin. However, a slight degree of latitude is permitted in risk hedging, reflecting the difficulty of adjusting the borrowing structure to exactly match the structure of customer loans.

RCI Banque's consolidated exposure to interest rate risk over 2008 shows that sensitivity, i.e. the risk of a rise or fall in the Group's results caused by a 100-basis point rise or fall in interest rates, was limited.

RCI BANQUE GROUP: DAILY SENSITIVITY TO INTEREST RATE MOVEMENTS (2008)

(sensitivity to 100bp, absolute terms)

(in € million)



The interest rate risk sensitivity of RCI Banque at end-December 2008 was €5.5 million per 100 basis points.

See note 26 of the notes to the consolidated financial statements for details of consolidated off-balance sheet commitments in financial instruments and by type of activity.

COUNTERPARTY RISK

The Group is exposed to counterparty risk in its financial-market and banking transactions, in its management of foreign exchange and interest rate risk, and in the management of payment flows. It works with banking counterparties of the highest caliber and is not subject to any material concentration of risk.

Management of counterparty risk at the Group's entities is closely coordinated and uses a rating system based mainly on counterparties' long-term credit rating and the level of their shareholders' equity. This system is used by all companies of the Renault group that are exposed to counterparty risk.

Some Group companies have significant exposure to counterparty risk owing to the nature of their business. These companies are subject to daily checks to ensure they comply with authorized limits, in accordance with precise internal control procedures.

The Group has introduced a consolidated monthly reporting system that encompasses all its counterparties, organized by credit rating. These reports give a detailed analysis of compliance with limits in terms of amount, term and type, as well as a list of the main exposures.

In 2008 the Group suffered no financial impact arising from the failure of a banking counterparty.

CREDIT RISK

The Group does not trade in the credit derivatives market.

COMMODITY RISK

Renault's Purchasing department may hedge commodity risk by means of financial instruments. Hedging is limited to purchases by the Purchasing department of Renault and the Renault-Nissan Purchasing Organization for Renault projects in Europe. These hedges are linked to the physical purchasing operations carried out to meet plant needs.

The Group relies on Renault Finance to execute these hedging transactions in the markets. Renault Finance tracks the metals markets, and it marks all its hedging instruments to market on a daily basis. As the Alliance's dealing room, Renault Finance has extended this trading and monitoring activity to meet the needs of the Nissan group.

These transactions are authorized by senior management, with limits in terms of volume, maturity, and price thresholds. They are covered in monthly reports that detail hedge performance and the performance of hedged items. Commodity hedge decisions are made by an *ad hoc* steering committee, co-chaired by the Chief Financial Officer and the Senior Vice President, Purchasing, which meets quarterly. These proposals are then submitted to the President, who is the only person with decision-making power in this area.

In 2008 the hedge put in place for aluminum at end-2007 partially offset the average year-on-year price rise. At end-December 2008 no hedges were in place.

Renault's direct and indirect exposure to commodity prices is around 65% for steels, 15% for other non-indexed commodities and 30% for indexed metals including precious metals. In 2008 the main impact on operating margin came from steel prices: they went up between €30 and €90/metric ton depending on type and grade. Oil-linked commodities also had an unfavorable impact, since the oil price was US$40 higher on average than in 2007. The prices of indexed commodities remained steadier than expected through to mid-year, before unexpectedly plunging for the remainder of the year.

2.3.2 OPERATIONAL RISKS

2.3.2.1 SUPPLIER RISK

RISK FACTORS

The main risk factors are related to the quality and long-term dependability of deliveries, suppliers' financial situation and their compliance with regulations and sustainable development obligations.

MANAGEMENT PROCEDURES AND PRINCIPLES

Supplier failure

Suppliers' financial soundness is reviewed on the basis of two key criteria:

- a rating system based on an analysis of the supplier's annual report;
- dependence on Renault.

If a supplier is rated negatively on any financial criteria, this supplier is monitored at monthly meetings by the Supplier Risks Committee, which is made up of members of the Purchasing department Management Committee, alongside the Finance, Legal, Human Resources, Logistics and Public Affairs departments.

Additional measures may be taken and committee meetings held more frequently if special circumstances arise.

Operational Purchasing departments handle risks of other sorts, eg logistics, technological, industrial and so on. In the event of failure, these departments must respond, sometimes with very little time, by drawing on the supplier base to find replacement solutions to ensure unbroken supply.

The following points are regularly examined via operating performance reviews: engineering excellence, ability to respond to demand in terms of volume, quality, costs and delivery times, and suitability of logistics.

Suppliers' capacity to deliver the projected volumes of parts to plants is continually audited using the Group's "capacity benchmarking" process.

Non-compliance with sustainable development commitments

Non-compliance risk is controlled mainly by:

- including a "filter" in the supplier selection and sourcing processes;
- identifying non-compliance with standards, through self-assessments, assessments conducted by the Quality department of the Purchasing department and external audits;
- taking corrective actions if a major or critical non-compliance is detected at a supplier (performance reviews).

In accordance with Commitment 2009, actions relating to suppliers focused on the following:

- in the area of labor relations, the formal commitment by suppliers to the principles of the Renault Declaration of Employees' Fundamental Rights (including elimination of child labor, elimination of forced labor, and commitment to a work, health and safety policy consistent with the Group Working Conditions Policy). Suppliers are required to make this commitment before they can be approved;
- in the area of the environment, application of the European REACH Regulation on substances sold or produced in the European Community. Actions involved informing buyers and suppliers, notably by preparing a guide for them and by sending out a questionnaire;

- in the area of risk detection (labor and environmental):
  - 700 self-assessments sent to suppliers in 2008,
  - 214 assessments carried out by the Purchasing Quality department since 2007,
  - 15 or so external audits,
  - development of a labor/environmental management system for suppliers to enable data and ongoing actions to be processed and communicated more effectively, via the suppliers portal.

2.3.2.2 GEOGRAPHICAL RISK

RISK FACTORS

The Group has industrial and/or commercial operations in countries outside Europe[7], notably South Korea, Romania, Brazil, Argentina, Turkey, Colombia, Chile, Russia, Morocco, Iran, South Africa and India. Group sales outside Europe account for 27% of revenues. The risk monitoring system has been reconfigured to support this increase in vehicle sales.

The Group's activities in these countries carry various risks, most commonly GDP volatility, economic and political instability, new regulations, payment collection problems, labor unrest, sharp fluctuations in interest and exchange rates, and foreign exchange controls.

MANAGEMENT PROCEDURES AND PRINCIPLES

Renault's industrial and commercial investments outside Europe are geographically diversified, making it possible to pool the portfolio of risks at company level, particularly through a worldwide short-term policy with Coface, the French export credit insurance agency. Patterns of GDP growth and solvency vary from one region of activity to another and are often counter-cyclical.

Risk management and the Regional Management Committees

The Regional Management Committees (CMR) are responsible for overall tracking of country risk in their respective regions. The CMR can suggest waivers to the general rule, which must be approved by the Group Executive Committee.

Industrial bases

The decision to set up industrial bases in countries outside Europe was taken as part of a growth strategy that factors the risks of instability into an overall industrial approach.

The Group also seeks to continually increase local content in its emerging-country production units. The aim is to make these units more competitive in their local markets and to use their capacity more efficiently, exporting to other areas when domestic markets falter and where exchange rate changes improve the price competitiveness of products outside the country.

In Iran, Renault's investments are guaranteed by a credit insurer.

Commercial activities

The Group hedges all financial flows arising from commercial activities in emerging countries. The two main hedging instruments used are bank guarantees (standby letters of credit from leading banks) and short-term export credit guarantees (global/commercial/political cover from Coface).

International projects

Geographical risks are taken into account by demanding a higher rate of return from any new investment project in an emerging country. The risk premium added to the standard rate of return is determined from financial market and macroeconomic indicators.

Short-term liquidity risk, by country

A trend indicator is used to monitor risk, including liquidity risk, in the countries where the Group operates. By tracking this indicator, the Group can adjust the financing policy applied to its subsidiaries in the light of changes to the situation in each country and available macroeconomic data.

Intra-Group financial flows

To support its global growth, the Group has designed a radial financial scheme and "hub and spoke" invoicing system. The industrial subsidiaries sell their export production to Renault s.a.s., which on-sells it to the importing subsidiaries and independent importers by granting them supplier credit. The parent-company manages the risk associated with this credit.

The Group thus centralizes its financial-risk management activities and can use a single hedging procedure on competitive terms.

2.3.2.3 RCI BANQUE CUSTOMER AND NETWORK RISK

Risks linked to customer loan quality are assessed using a scoring system and monitored according to customer segment, i.e. consumer, enterprise or dealer.

The procedures for granting loans to retail and corporate customers are based on credit-scoring systems and searches of external databases. Disputes are managed on a case-by-case basis, in accordance with a strict set of procedures that comply with the regulatory requirements set down by banking supervisors. The aim of these procedures is to recover quickly the outstanding sums or the vehicles, either amicably or through the courts.

(7) "Outside Europe" means in the three Regions - Euromed, Asia-Africa and Americas; from March 1, 2009 a new Region is added as part of the new geographical organization steered by the Regional Management Committees (see the country list end of chapter 2.1.1).

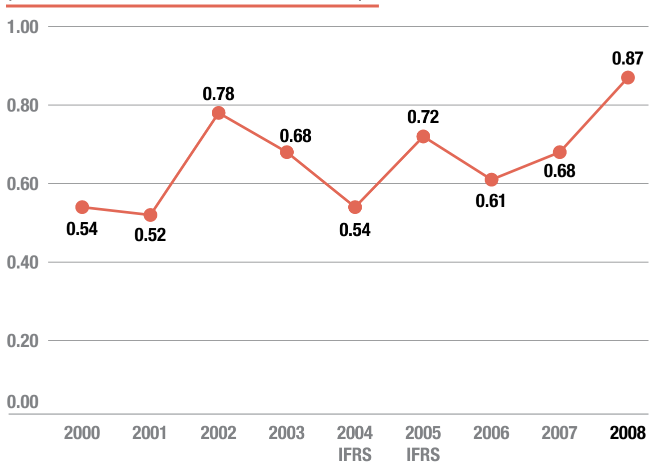
Financing is granted to the network on the basis of an internal rating system that takes into account the financial position of dealers. A policy of standardizing the rules for network risk (notably as regards provisioning) has been in place for several years. This has made it possible to strengthen the monitoring and provisioning of risk. Since 2002, the cost of risk has reflected a conservative policy that takes in account the new European regulations on car distribution as well as the deterioration in economic conditions.

Owing to the downturn in the automobile market, and hence in new financing, outstanding customer financing at end-December 2008 was down €1.5 billion relative to December 31, 2007.

Outstanding dealer financing fell €1 billion over the same period, reflecting careful inventory management by manufacturers and dealers during the crisis.

The cost of customer risk deteriorated further in the second half, particularly in Spain, continuing a trend that began in the early part of the year. RCI Banque has always pursued a strict policy on acceptance. In an uncertain economic environment, the company constantly adjusted this policy to keep total losses on customer financing at below 1%.

RCI BANQUE: TOTAL LOSSES ON CUSTOMER FINANCING (% OF AVERAGE PERFORMING LOANS OUTSTANDING)



"Average loans outstanding" refers to the average amount of capital (excluding manufacturer and dealer contributions, but including spreadable distribution costs) owed by customers and/or dealers over a given period (eg one month, one year).

Overdue delinquent loans outstanding and doubtful loans outstanding are excluded from the metric because it concerns interest-generating loans. Delinquent outstandings that are not yet due and non-delinquent outstandings are included.

2.3.2.4 DISTRIBUTION RISK

RISK FACTORS

The type of risks to which Renault is exposed depends on the type of product distribution channel involved:

- at commercial import subsidiaries, the main risks are related to the use of sales and marketing resources;
- at its own distribution subsidiaries, grouped under the umbrella of Renault Retail Group (formerly REAGROUP), Renault's risks are primarily related to decentralization and the diversity of these entities;
- the financial situation of dealership networks is also a source of risk.

Another risk related to the Group's commercial activities is customer default.

MANAGEMENT PROCEDURES AND PRINCIPLES

Import subsidiaries

Central and local systems and procedures have been set up to enable the Group's import subsidiaries to control costs and the financial assistance paid to the network.

Independent auditors perform inspections in some countries to ensure that dealerships can substantiate the assistance they receive.

In 2006, an annual self-assessment on internal control was set up with a standard format designed jointly with the Group Audit department.

In 2007, the Sales and Marketing department gradually rolled out a tool for the payment and subsequent control of the commercial support provided to the network.

European distribution subsidiaries (Renault Retail Group)

Internal control at the Group's distribution subsidiaries (Renault Retail Group) is based on a set of standards and procedures. Annual self-assessments carried out using the Internal Control Quality tools have been extended to all countries since end-2006.

These tools were developed in collaboration with the Audit department. Use of the self-assessments is checked regularly by auditors from the Audit department or by specialized audit firms from outside the Group.

Dealership network

Renault and RCI Banque (RCI) jointly monitor the financial situation of dealerships in countries where RCI is present. A rating system is used to prevent and limit the risk of default or outstanding accounts. In other countries, Renault sets up a credit monitoring system.

Risk committees meet each month in countries where RCI Banque operates. In other countries, particularly in Central Europe, a Risk Supervision committee meets at head office every four months to examine monthly operating reports on the network's financial situation and on payment receivables.

Default risk is transferred to RCI Banque in geographical regions where it relies on ad hoc bodies to bear risk from the network and individual customers. If RCI cannot cover this risk, Renault bears it directly.

In 2007 the Credit Management structure put in place a reporting system with indicators to monitor the debt of Automobile's customers. These tools improve the monitoring and management of payment periods and help to manage customer risk more effectively.

Parts and Accessories department

The Group Parts and Accessories department, which is responsible for the commercial management of the distribution of spare parts and accessories to all Renault entities, set up an action program based on the risk maps drawn up in 2004 and updated in 2007. The action plans are focused on the risk of a disruption in supply caused by supplier, logistics or IT failure. A special risk committee monitors these actions regularly.

2.3.2.5 PRODUCT QUALITY RISK

RISK FACTORS

As it evolves, the automotive industry constantly develops new kinds of equipment to enhance the safety and comfort of drivers, who broadly welcome these advances.

Owing to these developments, the modern automobile boasts an ever-more sophisticated array of systems, from power steering to braking and restraint systems.

MANAGEMENT PROCEDURES AND PRINCIPLES

When a new vehicle is designed, Renault sets up a system to identify, assess and control risks created by the equipment it installs:

- this system includes
  - a specific organization for managing risks,
  - defining and ensuring compliance with design standards, and methods and tools for operational safety,
  - monitoring adverse customer incidents and reasonably foreseeable practices (involving both physical components and logical systems) that could expose vehicle users to danger;
- it extends to the phases of manufacturing, vehicle delivery, maintenance-repair and end-of-life.

Renault has set up a system to detect, analyze and process customer incidents. The aim is to reduce the number of vehicles likely to be affected by an incident, to assess the seriousness and safety aspect of incidents, and to address the risk as swiftly as possible, notably through recall campaigns where necessary:

- in addition to information provided by the network, Renault uses various indicators, including a media watch, a customer platform and customer satisfaction surveys, to detect customer incidents rapidly;
- after documentation, a technical analysis of incidents is performed to decide on a preventive or a corrective response, and standards are upgraded so that the information can benefit future projects;
- assistance is also provided to the network in the event of difficulties in diagnosing or resolving an incident.

The "Vigilance Committee", chaired by the Quality department, sees that measures for detecting, preventing and handling incidents are properly carried out.

Meanwhile, the organization with regard to regulations ensures the following at global level:

- identification of new regulations that must be taken into account right from the design phase;
- product compliance with regulations.

Further to discussions that began in 2006 with other carmakers, government authorities and standard-setters on common standards for defining and assessing risk, Renault has introduced new quality and operational safety initiatives for its products. These include:

- preparing an annual update of undesirable customer incidents likely to endanger users and identifying reasonably foreseeable uses that could expose users to danger;
- continuing efforts begun in 2007 to deploy awareness-raising and training programs in general product safety and operational safety throughout the company;
- taking part in ISO standard-setting working groups on functional security of onboard electric/electronic systems;
- working within the Federation of Vehicle Equipment Industries to define the content of safety files that suppliers must provide to demonstrate risk control for purchased products.

In addition to measures to reduce customer incidents, regular customer satisfaction surveys are conducted. The survey findings are taken into account in the continuous process of product improvement.

2.3.2.6 PRODUCTION RISK

RISK FACTORS

The Group's exposure to industrial risk is potentially significant because its industrial operations are highly concentrated (see table of manufacturing sites, chapter 1.1.3.1) and its plants are interdependent. An active formal prevention policy is applied at all production plants, covering personal safety and the security of property.

MANAGEMENT PROCEDURES AND PRINCIPLES

For many years, the Group has endeavored to reduce the risks of fire, explosion and machine breakdown, giving priority in this effort to powertrain and body assembly plants. Most of the existing plants have obtained the Highly Protected Risk rating, an international standard for risk prevention, awarded by insurance companies that verify the application of prevention and protection rules every year.

Risks related to natural disasters such as storms, flooding, typhoons (particularly in South Korea) and earthquakes (Romania, Chile and Turkey) are incorporated into the prevention policy.

The prevention policy is supported by a team of experts at headquarters who set the standards for worldwide application and take part in all projects to modernize or extend existing plants or to open new ones. The experts at headquarters are supported at each plant by local teams organized in a network.

2.3.2.7 ENVIRONMENTAL RISK

RISK FACTORS

Alongside the systems and policies to reduce the environmental impact of vehicles in the design, manufacture, operation and recycling phases (see chapter 3.2 Environmental Performance), environmental risk at Renault comprises environmental impacts owing to malfunctions in its plants; harm to individuals; and pollution caused by past activities.

MANAGEMENT PROCEDURES AND PRINCIPLES

Renault has no high-risk facilities. Nevertheless, it has put in place a management system to prevent environmental risks. This system is ISO 14001 certified and since 2005 has been integrated into the Renault production way through the management of chemical products and waste at workstations and more generally in each site's environment and risk management plan.

A central team of experts coordinates the tasks performed under the system. Techniques and structures for identifying risks, quantifying their impact, organizing prevention and protection and defining control and management methods are implemented at all sites.

Methods and tools have been defined for every stage of environmental risk management: risk identification, choice of prevention and/or protection solutions, management and training procedures, questionnaire to self-assess risks at body assembly and powertrain manufacturing plants.

2.3.2.8 IT RISK

RISK FACTORS

The Renault group's business depends in part on the orderly operation of Group IT systems. These are under the responsibility of the Information Systems department (DSIR), which has put in place a security policy, technical frameworks and processes to combat risks associated with:

- interruption of IT services, regardless of the cause;
- theft and destruction of computer data (confidentiality, integrity).

MANAGEMENT PROCEDURES AND PRINCIPLES

Risks are controlled through:

- an IT Risk Committee, at Group level, organized by the Information Systems department in conjunction with the Internal Audit and Risk Management departments, and with representatives of other corporate departments;
- Security Committees, at DSIR level, that carry out checks at operational level to verify the effective application of IT security procedures, in line with international best practices (policies and standards such as ISO 27001);
- a security approval structure for the main projects, interconnections and security upgrades;
- audits carried out by the Information Systems department in partnership with the Internal Audit department.

The main security programs in 2008 sought to:

- strengthen deployment of the security policy defined in association with Nissan;
- deploy security measures that reflect the new issues raised by the Group's international expansion and partnerships (access management and confidentiality);
- reinforce the emergency resources and procedures in place at the Group's main IT centers.

2.3.2.9 INSURING OPERATIONAL RISKS

At the Renault group, insurance for operational risks has three facets:

- high-impact low-probability risks are transferred to the insurance and reinsurance markets;
- common risks that are statistically known and financially coverable are provisioned by the Group, unless there is a legal requirement to insure them;
- the Group negotiates global insurance policies that provide Group-wide cover.

The majority of the Group's entities are covered by these global insurance policies. In accordance with the risk transfer policy, their ceilings are high – up to €1.5 billion. Deductibles, which must be paid by the Group before the insurance companies pay for any loss, are also high. The highest deductible amount is €24 million per claim. Some risks, such as defects covered by the manufacturer's warranty and recall campaigns, are not covered by insurance.

The reasons for keeping deductibles high include the Group's consistent policy of prevention, the fact that there have been no major claims in recent years, and a desire to make each risk-bearing sector more accountable. No major change to Renault's risk transfer policy is planned for 2009.

2.3.3 OTHER RISKS

2.3.3.1 LEGAL RISK

DESCRIPTION OF THE INTERNAL CONTROL PROCESS

From the legal standpoint, internal control is based on two main guidelines:

- responsive reporting, which relies on the networking and meshing of the legal function within the Renault group via a dual system of line and staff reporting. Attorneys are selected on the basis of qualitative criteria and cost/delivery ratios. The enforcement of these selection criteria is reviewed annually;
- the precautionary principle, which stems from two factors:
  - each member of the legal function has a highly developed sense of responsibility and is used to working on a collaborative, cross-functional and ethical basis at all times,
  - legal teams are brought in at a very early stage for major cases and play a proactive role in solving subsequent disputes.

GRANTING OF LICENSES FOR INDUSTRIAL PROPERTY RIGHTS

The Group may use patents held by third parties under licensing agreements negotiated with such parties.

Each year, Renault s.a.s. files several hundred patents (see chapter 2.2, Research and Development), some of which are included in fee-paying licenses granted to third parties.

As part of the sale of Renault V.I. to Volvo, Renault granted a license to use the Renault brand name to the Volvo group in a contract signed on January 2, 2001 regarding commercial vehicles (3.5 tons and over). This is a perpetual worldwide license used by the Volvo group at its own risk.

Furthermore, under an agreement signed on August 5, 2000 Samsung granted Renault Samsung Motors a worldwide non-exclusive license to use the Samsung brand name on the vehicles that it assembles and manufactures in South Korea. This license initially runs until 2010, but may be renewed by an amendment.

On September 14, 2004 the European Commission issued recommendations aimed at amending Directive 98/71 concerning the protection of designs and models. These recommendations call for the abrogation of protection of spare parts under design law. This proposal has been approved by the European Parliament with an amendment providing for a five-year transition period, and it must now be discussed by the European Council of Ministers. The sale of copies of spare parts after this date could have a negative impact on the earnings of the Group, which currently generates around 1.5% of its revenues from the sale of so-called captive parts, which are protected under design law.

2.3.3.2 OFF-BALANCE SHEET COMMITMENTS

The main commitments concern guarantees and endorsements granted by the Group in the normal course of business, as well as savings plans in Argentina. Off-balance sheet commitments are discussed in notes to the consolidated financial statements (of which note 29). To the knowledge of senior management, no material off-balance sheet commitments have been omitted.

2.3.3.3 RISKS LINKED TO PENSION COMMITMENTS

Renault operates in countries where, in general, pension systems are publicly run. Renault's commitments in this respect consist primarily of retirement compensation, as specified in note 20 of the notes to the consolidated financial statements. These commitments may be sensitive to changes in the parameters used to calculate them (funding, labor factors, interest rates).

2.3.3.4 TAX AND CUSTOMS RISKS

The Group is regularly subject to tax inspections in the countries in which it carries its business. Valid demands for tax arrears are booked via provisions. Disputed demands are taken into account on a case-by-case basis according to estimates that build in the risk that the disputed demands may not be overturned even though the Group's actions and appeals are well founded.

2.3.3.5 DISPUTES

In general, all known legal disputes in which Renault or Group companies are involved are examined at year-end. After seeking the opinion of the appropriate advisors, the Group sets up the provisions deemed necessary to cover the estimated risk.

In the normal course of its business, the Group is involved in various legal proceedings connected with the use of its products. At present, Renault estimates that none of these actions is likely to materially affect its assets, financial position, activities or earnings.

In the last twelve months, there has been no governmental, court or arbitration procedure (including any procedure that the issuer knows is pending or possible) that could have or has recently had a material impact on the financial situation or profitability of the issuer and/or Group.

03

SUSTAINABLE DEVELOPMENT 03

3.1 EMPLOYEE-RELATIONS PERFORMANCE

The commitment and expertise of Renault employees are the key assets that guarantee the success of the company. A development-centered Human Resources policy plays an essential role in the sustainable performance of the company. It is focused on three key objectives:

1. **develop employees' commitment** by bringing the HR function closer to them, and fostering high-quality management and a clear and efficient system that rewards individual performance;
2. **contribute to the Group's performance** by preparing for future skill requirements and enhancing competitiveness;
3. **promote a social strategy** which contributes to cohesion and solidarity in a worldwide, multicultural group.

The Group's HR function is organized on the basis of two simple principles:

- give the HR function strong presence alongside all employees. Local HR Officers work at grassroots level to support managers and listen to staff;
- increase the role of HR in skills management through a global and international approach. This is the task of the Careers and Skills Development Advisors in each of the global functions.

These local and global aspects are both directly linked to the central corporate HR department grouping expertise in HR activities and which relies on HR departments in each Region to deploy the Human Resources policy worldwide.

This new organization is designed to support the three priorities set for the Group's Human Resources function:

- make sure that the HR function meets world-class standards in terms of costs and added value. HR is working to improve the efficiency and quality of the services it provides to its clients and thus to become one of the most effective functions;
- promote excellence, because management quality is a key factor both in employee commitment and in Group performance. HR focuses on setting up a Group-wide management system and developing the associated facilitation, training and coaching activities;
- put in place a homogenous, coherent and cross-functional system of HR management at global level through Group-wide policies and standards This is the role of the HR departments set up in each Region in 2007. The departments ensure that Group HR policies are applied uniformly in all entities and that they meet the needs for functional skills.

Renault is ranked among the leaders in this field by sustainability ratings agencies. The Human Resources activity makes a strong contribution to these results.

3.1.1 DEVELOPING EMPLOYEE COMMITMENT

Employee motivation depends on management's ability to bring staff together, to set clear achievable individual targets that can be monitored and that contribute to the Group's success, and to support them. Recognizing employee performance is another key factor. In 2008 Human Resources sought to improve the quality of management and to reinforce the system of rewarding performance in order to promote employee commitment.

3.1.1.1 PAY CLOSER ATTENTION TO EACH AND EVERY EMPLOYEE

Group HR, assisted by the Local HR Officers in each affiliate or subsidiary, has stepped up its efforts since 2007 to support managers and listen to staff. The aim is to ensure that each and every employee feels valued, both on a daily basis and in the development of their career. Another aim is to help managers with the routine administration of their teams, firstly by informing them about the Group's HR rules, tools and methods (eg the annual performance and development review, promotion plans) and secondly by ensuring that employees are treated fairly and in accordance with prevailing regulations and statutes. The Local HR Officers report to the HR director of the affiliate or subsidiary, and act as grassroots counselors for all HR-related issues, including career management, job mobility, training, and working conditions. By the end of 2008, the first full year of the new HR organization, managers and employees had acknowledged the skills of the Local HR Officers and their hands-on effectiveness. In 2009 the system will be extended to other Group entities.

3.1.1.2 IMPROVE MANAGEMENT QUALITY

COMMITMENT SURVEY

Renault has been conducting a Commitment Survey among Group staff since 2006 in order to identify areas for improvement and determine action plans for each site, department, subsidiary and country with a view to improving management quality and employee commitment. The Group has now incorporated the commitment survey into its processes as a tool for achieving continual progress.

On average more than 100,000 employees have taken part in the survey, a response rate of some 88%. The results, presented to the entire workforce, brought to light a high level of commitment and attachment to the company. Detailed analysis of the findings has given rise to a host of progress-centered actions at both corporate and local levels.

MANAGEMENT AND INTEGRATION TRAINING ✦

In 2008 the Group continued to organize a range of management training course in two modes:

- corporate: these general purpose courses are chiefly intended to develop managerial skills;
- business-line: these courses are aimed at developing the technical skills needed in each of the Group's business areas.

In parallel, a major effort was made to provide all Group managers with the resources to understand and carry out their duties throughout their career.

Starting in 2009 Renault intends to introduce two types of Group-wide procedures:

- integration training for all professional and administrative staff;
- management training for all managers.

Integration training

The purpose of this program, known as 1stSteps@RenaultGroup, is to encourage the integration of new white collar staff into the Group, to build a common corporate culture and a genuine feeling of belonging. The program takes place over three separate days:

- Welcome Day: discovering Renault and its role in the global auto industry;
- Business-Line Project: discovering Renault's functional skills and how they contribute to the design and production of a vehicle;
- Issues and Strategy: find out about the key issues that Renault will have to address going forward.

Note that all Renault facilities have their own formal integration process for manual workers. Some of them may extend the Welcome Day to blue collar workers.

Management training

The aim of these programs is to improve the standard of management and raise employee commitment with a view to enhancing performance.

All line and staff managers are given the resources to perform their duties as:

- leader, for the deployment of company strategy;
- coach, for assisting and supporting co-workers;
- pathfinder, guiding co-workers towards the future and progress.

The guidelines of the Management Training project are underpinned by a set of core skills common to all business-lines, which serve as a foundation for country- or activity-specific skills:

- support for line and staff managers, depending on their level of operational responsibility;
- teaching materials and methods based on interactivity and example-setting;
- encouragement for cross-functional approaches and greater networking;
- action-based teaching that makes greater use of e-tools;
- delayed assessment by trainees and their managers;
- program architecture designed for worldwide deployment.

MANAGEMENT TEAMS

The arrangement for developing and training management teams are organized in accordance with the principles of managerial quality, both individual and collective.

The programs, which take account of the international situation of the Group, are targeted on:

- growing the business, with emphasis both on the overall and strategic perspectives and on economic and financial management practices;
- improving the contribution to performance;
- broadening the strategic vision and making greater use of benchmarking in this regard;
- developing communication techniques and enhancing their impact (in English and French).

COACHING

To help managers improve practices, individual and group coaching sessions were organized for management committees keen to develop their managerial qualities. The development of cooperation skills and the management of complex situations were addressed in management workshops.

3.1.1.3 IMPLEMENT A PERFORMANCE RECOGNITION SYSTEM

ASSESSMENT: THE ANNUAL PERFORMANCE AND DEVELOPMENT REVIEW ✦

At Renault, the annual performance and development review is a unique opportunity for employees and their immediate managers to communicate and dialogue together. It is an important managerial task that serves to set targets, assess performance and identify how each employee can best pursue his/her personal and professional development.

This exercise makes it possible to address the contribution made by each member of staff to the Group's priorities and to focus the annual review on clear, prioritized and measureable objectives.

The assessment of each employee's performance is based on a factual review. It looks at whether the employee has achieved their targets and in what way (i.e. professional skills, workplace behavior, and, for executive-level staff, managerial qualities).

If results fall short of expectations, a program of improvement is implemented by the manager and employee, in order to give fresh impetus to individual performance.

The link between this performance assessment and the promotion plan (changes in job position or coefficient, revision of fixed remuneration/basic salary, bonuses where applicable) is coherent. The promotion plan looks not only at whether objectives were achieved but also how.

Every year Human Resources organizes a series of individual assessments for managers and supplies a practical guide setting out all aspects of the annual performance and development review in detail. Hands-on training in the conduct of the annual performance and development review is also made available.

In 2008 a detailed analysis of the quality of the annual review made it possible to further improve the process and the materials made available to managers. A "review quality" score was computed for all Group divisions.

REMUNERATION

Pay settlements

Renault is conducting a dynamic policy on resources.

At Renault s.a.s., management and trade unions (CFDT, CFE-CGC, CFTC and FO) signed a pay agreement on February 21, 2008 that included an overall pay increase for production and non-managerial staff of 3.9% for the period from April 1, 2008 to March 31, 2009. These measures include an overall pay rise of 2.5%, individual awards and promotions of 1.2%, a 0.2% seniority-related rise and a 15% increase review of the transportation allowance.

Outside France, the remuneration policy respects local market standards.

The subject of senior executives' pay is addressed in chapter 4.4 on corporate governance.

Performance bonuses

The system of corporate bonuses is directly linked to managers' success in meeting collective and individual annual targets. Deployed throughout the Group, it concerns nearly 2,900 managers.

3.1.1.4 SHARING THE BENEFITS OF GROUP PERFORMANCE

INCENTIVE SCHEMES ✦

Renault operates an incentive scheme that includes the redistribution of profits. It may also take the form of bonus payments for local performance.

Four trade unions (CFE-CGC, CFDT, FO, CFTC) signed an agreement on December 18, 2007. Most of the Group's French facilities have signed up to the agreement, which includes:

- maintaining local incentive schemes, based on the facilities' performance;
- basing a portion of the bonus on the Group's financial results.

The agreement came into effect on January 1, 2008.

Over the past three years, incentive and performance-related bonuses at Renault s.a.s. have totaled the following amounts:

YEAR	TOTAL *(in € million)*
2006	210.08
2007	206.99
2008	**186.80**

EMPLOYEE STOCK OWNERSHIP AND SAVING

In France Renault operates a voluntary company savings plan open to all subsidiaries that are more than 50% owned. The plan consists of four employee savings funds invested in accordance with Socially Responsible Investment (SRI) standards and endorsed by the trade union assessment body *Comité Intersyndical de l'Épargne Salariale*, and a profit-sharing fund invested in the company's shares (Renault share, ISIN code FR0000131906). The securities held in the SRI portfolios are selected on the basis of the issuer's employment policies, working conditions, corporate governance, and compliance with environmental standards. Employees can make top-up payments into all five funds throughout the year.

In 2008 total payments into Renault's company savings scheme totaled €44 million (down 13.7% on 2007), of which 90.4% in the form of discretionary bonus transfers. The total value of the company savings plan at December 31, 2008 was €442.85 million.

The following data relate to the Group:

	BREAKDOWN OF COMPANY INVESTMENT FUND	NO. OF INVESTORS AT DECEMBER 31, 2008	ASSETS *(in € million)*	PERFORMANCE IN 2008 *(%)*
Fonds Actions Renault (1) (4)	Almost 100% Renault shares	56,481	147.95	-79.73
Fonds Renault Shares (2)	Almost 100% Renault shares	13,309	29.27	-79.72
Fonds Renault Italia (3)	Almost 100% Renault shares	156	0.34	-79.66
Fructi ISR Performance (4)	100% European shares	6,095	21.03	-40.82
Fructi ISR Équilibre (4)	50% French/foreign equities	17,222	121.67	-20.59
Expansor compartiment 3 (4)	95% diversified bonds	12,594	86.04	5.03
Fructi ISR Sécurité (4)	100% cash	10,758	36.55	4.17

(1) "Actions Renault" savings fund for French tax residents.
(2) "Renault Shares" savings fund for tax residents outside France and Italy.
(3) "Renault Italia" savings fund for Italian tax residents.
(4) Fund to which top-up payments can be made throughout the year.

COLLABORATIVE INNOVATION

Involving all personnel in a process of collaborative innovation has been part of the Renault's corporate culture for more than twenty years. For the Group, this is more than simply a tool.

The Practical Suggestions for Improvement (PSI) initiative was developed through a full-fledged idea-management approach based on an organization structure, an innovation-led culture, and a system of recognition and status-enhancement. The approach is based on Group-wide fundamentals, thus ensuring overall cohesion while leaving sufficient leeway to take account of the diversity of cultures, laws and rules in each country.

By asking employees for suggestions, involving them in Renault's strategy and enhancing their status by acknowledging their contributions, the collaborative innovation process has several beneficial impacts:

- making performance sustainable;
- strengthening employees commitment;
- improving management quality.

Renault pursued this process in 2008, deploying it in Russia and Morocco and building it up in Romania. Data for Renault in 2008 are as follows (consolidated data for 87,000 people compared with 83,000 in 2007):

- a participation rate of 58% (67% in 2007);
- PSIs processed in 1.7 months on average (2.7 months in 2007);
- savings of €107 million, an average of €1,252 per person (€135 million, or €1,626 on average per person in 2007);
- 3.7 PSIs per person in 2008 (4.1 in 2007).

In 2009 Renault plans to continue rolling out the collaborative innovation plan in its new subsidiaries, particularly in Argentina.

3.1.2 CONTRIBUTING TO GROUP PERFORMANCE

Contributing to Group performance involves discovering and developing the talents that are essential to Renault's performance. In 2008 the Human Resources function pursued policies designed to sharpen the Group's competitive edge. It also sought to improve its own performance through increased standardization and best-of-breed comparison.

3.1.2.1 DEVELOPING STRATEGIC SKILLS

INTERNATIONAL EXPANSION AND ANTICIPATION

The automotive industry operates against a backdrop of global competition and requires a range of specific skills and expertise.

The Renault group has identified skills management as being key to its international growth and a factor that sets it apart from the competition.

Business-lines and competencies evolve because of factors such as technological change, innovation, the social and economic environment, regulations, and markets.

The Renault Skills Program has generated sustainable momentum to anticipate changes in business-lines and their impact on skills.

SKILLS REQUIREMENTS AND ASSOCIATED ACTION PLANS

Managing competencies under the Renault Skills Program is guided by an integrated approach that is calibrated to the company's strategy. It consists in:

- finding and incorporating new skills in the right place at the right time;
- training for development, by aligning training programs on the strategy and needs of the business-lines and making e-learning a top priority;
- making career paths visible;
- enhancing the value of expertise by identifying strategic areas of know-how and incorporating them into the career management process.

The Renault Skills Program provides solid and cohesive support for the Group's growth and international development by identifying business-critical skills within the framework of global functions and implementing the necessary competencies wherever Renault operates.

The program fosters a close alliance between the Human Resources function and line managers, which work together to tailor skills.

A total of 48 Skills Leaders coordinate their skill sets on a cross-functional basis at global level. Appointed by the CEO, they are assisted by a business-line advisor and a careers and skills development advisor.

Together, they identify the strategic and business-critical skills to be managed, as well as any new skills that need to be developed in order to support the company's international growth.

After measuring the skills gap, the leaders prepare a skills development plan using a number of tools, including guidance for recruitment, career planning, and training.

OPTIMIZING TRAINING PROGRAMS

Strong emphasis was placed on training in 2008. With the assistance of training project managers, the Skills Leaders analyzed and optimized training programs to align the business-lines' requirements with them.

Also in 2008 work was done on the management and coordination of know-how, drawing on a benchmarking exercise carried out with Nissan, among others. The results will be deployed in 2009 in an effort to update the map of Renault's strategic skill areas and to appoint experts to coordinate them.

3.1.2.2 CONDUCTING AN EMPLOYMENT POLICY

RENAULT GROUP WORKFORCE ✦

At December 31, 2008 the breakdown of Renault's workforce was as follows (excluding employees concerned by the CASA early retirement program):

Group workforce by activity ✦

	2008	2007	2006	% VAR 2008/2007
Automobile	125,992	127,069	125,827	-1%
Sales financing	3,076	3,110	3,066	-1%
TOTAL	**129,068**	**130,179**	**128,893**	**-1%**

Changes in the scope of consolidation had an overall impact of +933 employees in 2008. These concern:

- companies consolidated in 2008: +1,244 employees;
- removal from the scope of consolidation of ETG, Reagroup Budapest KFT, Renault Amsterdam b.v.: -291 employees.

On a like-for-like basis on 2007, Renault's workforce totaled 128,135 at December 31, 2008.

Group workforce by geographical region and profile at December 31, 2008

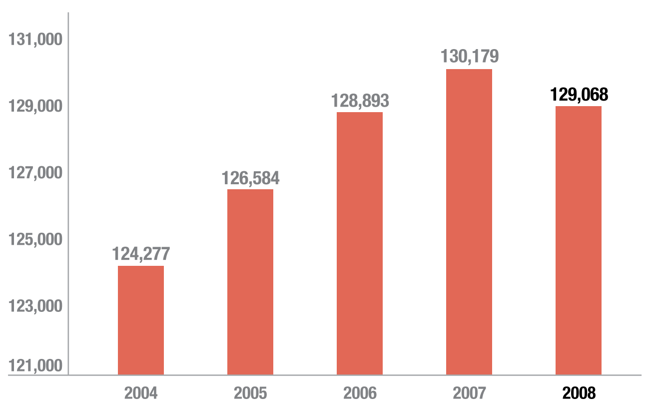
	WORKFORCE	% OF GROUP TOTAL	% BLUE COLLAR	% WOMEN
France	60,065	46.6	37.9	15.5
Europe (ex France)	23,647	18.3	51.9	17.2
Euromed	28,643	22.2	67.2	24
Asia-Africa	7,425	5.7	44.3	9
Americas	9,288	7.2	56.6	9.6
TOTAL	**129,068**	**100%**	**48.7**	**16.9**

For 2008, Group turnover totaled 7%.

This figure is calculated as follows (based on the workforce under permanent contract): (total incoming staff in 2008 + total outgoing staff in 2008) / (2 × average workforce).

On the whole, the Group's headcount contracted slightly at the end of 2008, with differing regional patterns marked by growth in Euromed and Asia/Africa and a decline in Europe and France. The share of the French headcount in the total headcount decreased by 2 percentage points year on year in 2008. The proportions for the Europe and Americas Regions remained comparable to 2007, while Euromed and Asia-Africa saw an increase.

RENAULT GROUP WORKFORCE EVOLUTION



SHARPENING THE COMPETITIVE EDGE

In 2008 the global economic downturn forced Renault to adjust its production activities and employment policy so as to maintain competitiveness, profitability and long-term development capability.

The employment section of the action plan has three main strands:

- freezing recruitment in Europe;
- contributing to a 10% reduction in overheads, in particular through a voluntary departure program concentrated in Europe;
- reorganizing production plants to adapt to changing patterns of market demand; this consisted in particular of moving to single-shift working at Sandouville owing to a decline in sales of M2 segment saloons in Europe.

A freeze on hiring in France and Europe was announced in July, thus limiting new entrants in these areas to some 1,500 persons for 2008. In all, the headcount for these areas declined by approximately 3,400 in 2008.

A departure plan was introduced in the fourth quarter after consultation with employee representative bodies whenever appropriate.

Covering almost all the Group's entities in France and Europe, the plan is aimed solely at overhead staff (i.e. employees not directly linked to production, and white-collar workers directly linked to in-plant manufacturing).

The plan was also opened to employees at Sandouville in order to ensure that the transition to single-shift working at the plant could take place under the best possible conditions for the workforce.

Under the plan, a target of 6,000 departures was set for the Europe Region between July 1, 2008 and December 31, 2009.

THE RENAULT VOLUNTARY DEPARTURE PROJECT AT RENAULT S.A.S.

As part of the overhead reduction plan, the Renault Voluntary Project (PRV) was set up to provide individual support and financial assistance for employees wishing to leave the company in order to pursue a professional or personal project.

An approach based on voluntary participation

As the name suggests, the Renault Voluntary Project is based solely on voluntary participation. The target is 3,000 voluntary departures of employees not directly linked to manufacturing, plus a further 1,000 or so Sandouville employees, including production staff.

In all these measures potentially apply to 28,600 Renault s.a.s employees.

Two types of measure

- Support measures for persons wishing to depart the company to:
  - pursue a personal or professional project,
  - take voluntary retirement,
  - take redeployment leave,
  - return to the home country,
  - plus different types of assistance for business creation.
- Measures aimed at reorganizing personal worktime, taking a long-term leave of absence or encouraging employees to relocate.

Advice Areas for close professional support

Advice Areas have been set up at each Renault s.a.s. site, run by teams of advisors from external firms and internal Renault advisors. A dedicated website area and toll-free number enable employees to contact advisors.

Advisors provide interested employees with advice, information and support, in total confidentiality. Together with employees, they look into any training action that can help employees find a new job outside the company.

Employees also receive help in specific areas, such as CV writing, job hunting techniques and job market appraisals by sector. Theme-based workshops are organized collectively, depending on needs.

In addition a selection of local, regional and national job offers is displayed in each Advice Area, as well as being posted on a special intranet site.

Measures specific to Sandouville (taking into account the special situation of this plant)

The PRV measures have been enhanced (increased compensation, greater assistance for relocation, etc.) and a principle of solidarity has been established to encourage employees to relocate from Sandouville to other plants.

The solidarity principle should make it easier to redeploy Sandouville employees to other sites where the direct labor force is not concerned by the PRV. In consequence, voluntary departure measures are being extended to employees directly linked to manufacturing at other plants, on condition that they are replaced by a Sandouville production employee.

Local support measures have also been stepped up. They include the listing both of local job offers outside the company and of internal vacancies, with priority given to Sandouville employees for job offers within the Group.

Alongside the ongoing adjustment program, measures to balance workforce numbers between sites were pursued in 2008 to limit the impact of idling at some plants and, in particular, short-time working. In France, a total of 1,421 employees were loaned to establishments that expressed staffing requirements during the year.

A fourth-quarter slump in the automotive market prompted Renault to scale down production. Non-work days were introduced in several plants in France and the rest of Europe, including Sandouville, Flins, Valladolid and the Dacia plant at Pitesti (Romania). In most cases, employees lost no pay thanks to existing flextime agreements. Sometimes, however, short-time working had to be introduced.

SUPPORTING INTERNATIONAL GROWTH

In 2008 Renault continued to develop its international presence on the basis of projects initiated in previous years in Romania, India, and Morocco. This resulted in a sharp increase in the headcount in the Asia-Africa and Euromed Regions (+17.9% and +5.6% respectively).

These gains were made possible by further hiring in the Asia-Africa, Americas and Euromed regions, with more than 6,700 people joining the company in 2008. This reflects the ongoing international development underway for several years.

However, this policy was revised in second-half 2008 to reflect market trends and to bring about a sharp deceleration in hiring in the fourth quarter.

To support its international expansion, Renault set a target in 2000 of recruiting 20% of managerial staff with international backgrounds in terms of training or nationality. This steady increase in diversity, seen in most departments in France, provides rich input in discussions and greater insight into practices and habits. It also creates a large pool of employees who can be mobilized as part of Renault's international development.

In 2008, 21% of the engineers and managerial staff recruited by Renault s.a.s. had international backgrounds.

To achieve this goal, Renault is working through a dedicated team of recruiters. The company establishes partnerships with international schools and universities, awards study grants to foreign students, and organizes internships for foreign trainees (30% of trainee engineers and managers at Renault s.a.s.). It also operates International Corporate Volunteer schemes (45 in 18 countries).

Renault's corporate website, http://www.renault.com, offers a regularly updated range of vacancies. Candidates can also submit their applications online and learn about the professional skills needed by the Group. More than 300 job and internship offers were published in France in 2008, receiving nearly 20,000 applications. In addition a single platform for collating and processing applications by means of a new computer application was set up in mid-year. This has enhanced the performance of recruiters in terms of cost, quality and leadtimes, while improving the service provided to internal clients, such as managers and Human Resources, and also to job applicants and external recruitment partners.

Web users can also consult the local job offers published on the HR sites in a number of countries: Belgium, France, Germany, Iran, Italy, Romania, Russia, Spain and the UK.

COOPERATION WITH THE FRENCH EDUCATION AUTHORITIES TO BUILD THE PROFESSIONAL SKILLS OF YOUNG PEOPLE

Paving the way for the recruitment process, Renault is putting in place a series of initiatives that seek to match training programs with the skills needed by the Group and the professional expertise of young people.

Renault is working actively with national and regional educational authorities to encourage training programs that develop the skills needed by the Group. In several instances, this educational cooperation has resulted in the introduction of special training courses for the staff of the national education system, including careers guidance counselors/psychologists, head teachers, and technology instructors at high schools and universities.

Renault also forged ahead with its partnering policy. In 2008 it signed an agreement with *La Fondation Nationale des Sciences Politiques*. Under the terms of the accord Renault has undertaken to support the diversity outreach policy pursued by the Paris Institute of Political Science (*SciencesPo*) in order to make high-level recruitments from social groups whose talents are often undervalued. Renault is contributing €150,000 per year for three years to these outreach projects and will be represented on the *Jurys des Conventions Education Prioritaire*, a separate *SciencesPo* admissions system for young people from disadvantaged areas. In addition a number of senior Renault managers will speak at conferences to share their own experiences of diversity. See chapter 3.3.

Renault also maintains close ties with a large number of engineering and management schools and universities on a wide range of partnership activities. This involves end-of-study internships, apprenticeship contracts for students with five years in higher education, and sponsoring of course options. Other activities include the Phénix program, participation in administrative and/or teaching committees, research projects, in-house training and involvement in academic chairs and foundations.

Renault also paid €8.6 million in apprenticeship tax in 2008 to around 500 French schools.

INFORMING YOUNG PEOPLE ABOUT AUTOMOTIVE PROFESSIONS

Providing information on the wide variety of careers available in the automotive industry is another way to attract young people and to encourage them to undertake scientific and technical studies.

In France, Renault has signed a business commitment charter to promote equal opportunity in education. It is also supporting initiatives to promote its activities, particularly through:

- the "Course en Cours" high school prize. This teaching project is based on an original approach in which high schools, universities and companies are involved in a single project. The challenge is to get high school pupils – both boys and girls – from the least privileged social and cultural backgrounds to design, validate, manufacture and promote a mini Formula 1 car that will compete in international events. Students from higher education act as tutors for their project. They encourage the young participants to plan their future careers and build a personal project. At the same time, participants discover the realities of the workplace. On October 22, 2008 Renault was awarded the Best Initiative Trophy in the Education category for "Course en Cours" at a special event organized by IMS Entreprendre to encourage corporate involvement in deprived urban areas;
- the opening of a special class at the prestigious *Lycée Henri IV* in Paris, giving scholarship students the best possible chance of passing the entry exams for the most selective business and engineering schools. The *Lycée Henri IV* has given Renault the opportunity to sponsor a class over a period of three years. Managers from the company will act as tutors and bring young people the benefits of their enthusiasm and assistance through site visits, study support, and so on.

In 2008 the Group took part in 23 forums for leading business, engineering and educational establishments in France and abroad.

More information about Renault's commitment to training underskilled young people is available in chapter 3.3.5.1 (Social Performance).

WELCOMING YOUNG PEOPLE

In 2008 Renault conducted a dynamic policy vis-à-vis young people, with special emphasis on welcoming as many of them as possible in an equal opportunities environment. The aim of this open-door policy is to continue raising awareness of the company's business-lines.

To reach that objective Renault has put in place a uniform selection procedure that is simpler and faster than the earlier arrangements and is intended for all apprentices and interns, regardless of educational qualifications.

Positive results have already been achieved. In particular the number of apprentices with five years' higher education has increased five-fold.

3.1.2.3 GREATER SUPPORT FOR INTERNAL MOBILITY

CAREER PATHS AND DEVELOPMENT ✦

Against a constantly changing backdrop, career paths provide the basis to build and develop skills over time, through the gradual accumulation of experience.

Through its policy of professional advancement, the Renault group aims to always have the skills it needs and to motivate employees by providing attractive career prospects. Renault therefore places strong emphasis on internal mobility, which takes priority over external recruitment.

The approach is based on a "Mobility Charter", with seven key rules setting out the rights and duties associated with job transfers within the Group, for both employees and managers, as well as the conditions governing the way mobility works.

Employees can use a range of tools available on the Group's intranet to build their career path:

- Careers@Renault describes the main job positions available in France in the company's key business-lines, from design to support functions, through production, sales, and sales financing. It also illustrates the wide diversity of career paths available, both within and between business-lines. More than 1,000 benchmark positions (jobs representing key career development stages within a business-line) and bridging positions (jobs that make it possible to move from one business-line to another) have been described and published;
- JobAccess is a job opportunities site in five languages.

Forward career planning is organized by the Human Resources function, which draws on information from the careers committees, the individual management committees, as well as on the employee's annual performance and development review.

Enhanced management of internal mobility will begin in January 2009 in an effort to fill vacancies more quickly and strengthen the employee advice and support role played by the Human Resources function.

At the same time, Renault s.a.s. has reviewed a significant part of the rules applying to the management of staff categories through a range of company agreements. These agreements concern:

- production staff.

  A new skills acquisition program promotes the professional advancement of all production staff. International deployment is continuing across all Group manufacturing sites. The objective is to provide common skills standards and training programs in order to guarantee the best production conditions for product quality, regardless of geographical location, and to maximize the sharing of resources and expertise;
- non-managerial staff.

  Three agreements specify the terms of integration for new non-managerial staff (recruited with a higher technical diploma), career paths for team supervisors and shop foremen, and the career management rules for non-managerial staff with promotion potential;
- access of non-managerial staff to managerial status through internal promotion.

  Promotions to managerial status within Renault s.a.s and Renault's French subsidiaries (excluding Renault Retail Group and RCI Banque) are governed by a company agreement, which plays a key role in internal promotions. It concerns between 100 and 120 employees a year across all business-lines. Managers promoted through this plan now make up more than 20% of the total. Tools were developed in 2008 to improve the monitoring of applicants, from the moment they are spotted until their promotion to manager.

3.1.2.4 SUPPORT THROUGH TRAINING

Vocational training is key to the skills development process. For the company, training underpins technological change and the implementation of strategy. For employees, training is a way to maintain the highest level of professional expertise and to acquire new skills that will be useful to their careers.

TRAINING FOR EVERYBODY

Renault is committed to training all its employees, regardless of age, status or position in the Group.

Training is organized for professional skills, foreign languages, management, and office automation systems and collaborative tools. The programs are either designed internally or sourced from an external provider.

The development of skills schools continues. Following in the footsteps of Manufacturing, Logistics, Engineering, Purchasing and Management-Finance, the IT and Design divisions have also set up a school.

E-learning is now widely used: more than 141,800 hours of courses were followed in 2008. This teaching method, whether combined with face-to-face tuition or used in an individual training environment with online tutoring, allows employees to acquire theoretical and fundamental knowledge at their own pace according to their needs.

Renault e-learning programs cover corporate topics such as management, personal and managerial efficiency, math, French, English, and office tools. They are regularly expanded to incorporate business-line content, including finance, administration, engineering, purchasing, manufacturing, quality, parts and accessories, marketing, and IT. E-learning has become an indispensable tool for responding effectively to the ever-growing need for skilling throughout the Group.

With the adoption and roll-out of its unique platform, Renault is now able to implement distance training around the world and to support the Group's international development strategy.

Classroom training provides richer interaction and is dedicated more to case studies and role playing.

The Group has restated its language policy. The working language for the Renault group is French, while the Renault-Nissan Alliance works in English. Group managers as well as employees and technicians using one of the two languages, should aim for a minimum score of 750 points in the test of English for international communication (TOEIC) for managers recruited by the Group and 750 points in the TFI international French test for managers recruited in France and whose mother tongue is not French. The target level for senior managers and managerial staff with high potential is 850 points.

The fluency of managerial staff in English and French is being assessed on a progressive basis: across the Group 23,723 employees have taken the TOEIC and more than 4,564 have sat the TFI.

EFFICIENT TRAINING

The 2008 training plan reflects efforts to contribute to the company's aims, in terms of training efficiency and cost management. To this end, Renault is pursuing several objectives:

- match training plans with the needs expressed by the skills development leaders. Training courses are developed at the request of business-lines;
- standardize the training offering Group-wide and optimize deployment;
- publish the available courses on the corporate intranet and provide regular updates. The Training Guide lists the courses on offer, while the skills schools provide employees of each business-line with the training they need to do their job and to meet their objectives;
- assess the quality of training: the quality of training, as perceived by the trainees, is systematically assessed by on-the-spot questionnaires, issued at the end of each session. The role of these questionnaires is to ensure that training courses meet objectives. In the case of major programs, surveys of employees and their managers are organized a few months after the event to assess the efficiency of training;
- optimize costs: with the help of the Purchasing function, cut the cost of training purchases, particularly by working on the supplier base. A number of other initiatives have been set up at the same time to cut the costs of training and the associated logistics. They concern:
  - developing the policy of in-house facilitators,
  - cutting the operating costs of training (accommodation, rental of premises, organization, etc.),
  - standardizing and rationalizing the supply of training programs and courses,
  - placing greater emphasis on the use of e-learning,
  - monitoring attendance on a regular basis.

MANAGED TRAINING

Common indicators are used to keep track of the implementation of the training policy in all countries, and to measure:

- access to training: across the Group as a whole, an average of four out of every five employees attend one training course each year, representing a training access rate of 83.5%;
- total training expenditure as a percentage of payroll: at Group level, the investment was €162 million, or 4.7% of the payroll;
- average number of training hours per person: the Group provided 4.6 million hours of training, or 35.5 hours per employee;
- the breakdown of training hours by skills area. The Renault group training program can be broken down as follows: ✦

	2008	%
Purchasing	27,977	0.61
Sales/Marketing	333,753	7.29
Design	6,410	0.14
Environment	43,548	0.95
Production	2,027,620	44.26
Engineering	334,341	7.30
Languages	546,427	11.93
Logistics	90,392	1.97
Management	368,660	8.05
Quality	247,172	5.40
Support: HR, Management, Finance, IS, etc.	554,464	12.10

HOURS OF TRAINING ORGANIZED IN THE RENAULT GROUP

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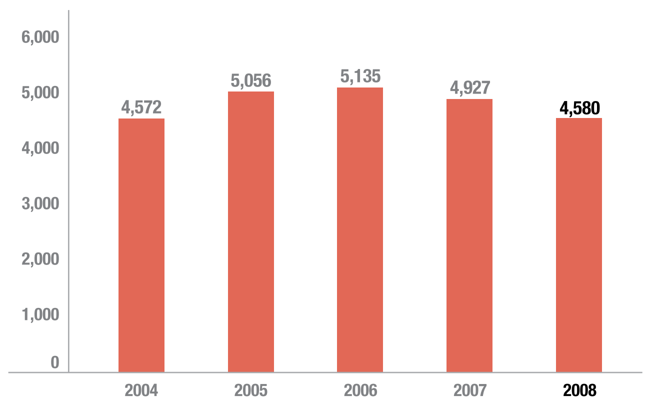


3.1.2.5 MAKE ORGANIZATION MORE FLEXIBLE

In accordance with national legislation and local industrial relations, Renault is developing a policy to reorganize working hours in order to meet the needs of the company's customers and sharpen the Group's competitive edge.

This reorganization has several aims:

- improve use of resources by developing 2x8 hour and 3x8 hour shift rosters and weekend shifts, and by introducing alternating 6-day and 4-day working weeks;
- develop worktime flexibility: by lengthening daily shifts and introducing Saturday shifts for week-day teams, with recovery of overtime during less busy periods via systems such as "time capital" accounts;
- minimize the use of short-time working: several facilities have amended their local agreements to cope with specific organizational problems (a rise or fall in activity, short-time working, night shifts, etc.).

✦ Global Reporting Initiative (GRI) Directives

Renault is adapting its expertise in the organization of working hours in industry to a number of international projects, in order to help production sites in other countries cope with fluctuating levels of activity.

A total 39.5% of Renault s.a.s. employees work in shifts (40.5% in 2007). The breakdown is as follows:

2008	BREAKDOWN
Women	7.8%
Men	92.2%

3.1.2.6 STANDARDIZE TOOLS AND CAPITALIZE ON BEST PRACTICES

INFORMATION SYSTEM

In terms of performance, the Human Resources function depends on the efficiency of its information system. It therefore devoted much of its time in 2008, along with the IT function, to setting up a master plan for a human resources information system.

The heart of the system is still the Group-wide personnel database called BPU (*Base de personnel unique*), set up to manage Human Resources on an international scale. In time, the system will be able to manage the Group's entire workforce.

BPU consists of a common core of HR information, including data on Group organization and individual employee data. The organizational data can be read by all the Group's companies in different countries. Access to individual employee data is governed by confidentiality rules.

BPU also covers HR management functionalities such as worktime, pay, recruitment and individual management. BPU is designed for human resources experts, but also for managers to help them address the HR requirements of their work teams in terms of career and training management, skills development, work time management, and so on.

Deployment of BPU throughout Romania was completed in 2008. The database is now in use in 122 Group companies (compared with 129 in 2007 following the legal reorganization of several Group entities) in 22 countries (France, Spain, Belgium, Switzerland, Italy, Brazil, UK, Slovakia, Austria, Netherlands, Poland, Czech Republic, Germany, Portugal, Croatia, Slovenia, Argentina, Chile, Hungary, Korea, Romania, Serbia). It thus totals several thousand users and more than 105,000 employees managed.

Another highlight of 2008 was the introduction of a new information system for managing recruitments. The system has been deployed throughout France and in India and will also be put in place in Morocco.

THE ALLIANCE WITH NISSAN

The Human Resources function has its own Functional Task Team to provide stronger support for the Alliance's activities through staff exchanges and joint training, including the Alliance Business Way Program. It has also conducted a series of benchmarking exercises to facilitate the transfer of best practices between the two groups.

Staff exchanges

Since the inception of the Alliance, Renault and Nissan developed a number of staff exchanges to forge closer links between the two companies. More than 100 employees are involved in these exchanges, which focus on staff with particularly strong potential or on business-line experts. The objectives are fourfold:

- develop global leaders with cross-cultural experience within the Alliance;
- develop international expertise;
- support expansion in countries with strong development potential;
- develop rare skills.

Training programs

The Alliance Business Way Program aims to boost the global achievements of the Alliance by improving team performance and individual skills.

- Work Better Together: designed for key employees, this training course is available both at Renault and Nissan. The aim is to help trainees understand differences arising from culture, communications and project management practices.
- Team seminars: a variety of sessions are organized to boost teamwork efficiency and share common goals.
- Engineer Exchange Program: the AEEP program was launched in 2005 to manage joint Renault-Nissan technical projects with promising young engineers who may ultimately join the Alliance.

3.1.3 PROMOTING A SOCIAL STRATEGY ✦

Renault has become a global and multicultural company. For that reason it is essential to promote and share the Group's social strategy, which contributes to cohesion and solidarity. That strategy is based on global principles and rules that are written into the Declaration of Employees' Fundamental Rights and that encompass diversity, non-discrimination, social dialogue at all levels of the company, and a continuous focus on conditions in the workplace.

3.1.3.1 UPHOLDING THE DECLARATION OF EMPLOYEES' FUNDAMENTAL RIGHTS ✦

For Renault, a sense of social responsibility is key to its long-term success. It is therefore natural for the Group to make social responsibility one of the values applied at all its sites worldwide.

To this end, the Renault group's Declaration of Employees' Fundamental Rights was signed on October 12, 2004 by Renault, the International Metalworkers' Federation, the Renault group Works council (CGR), and the trade union organizations that signed the agreement of April 4, 2003 relating to the CGR (FGTB, CFDT, CFTC, CGT, CCOO, CSC, FO, UGT, CFE-CGC). This declaration is based on International Labor Organization standards and on the human rights set out in the Global Compact created by the United Nations, and adopted by Renault on July 26, 2001.

The Declaration concerns all Renault group employees worldwide. Suppliers to the Group are also involved.

As part of this Declaration, Renault has committed "to respecting company employees worldwide and helping them prosper, fostering freedom, ensuring the full transparency of information, applying the principle of fairness and complying with the Renault Code of good conduct". The Code of good conduct was recently modified to include a new function, "Compliance", and a whistleblowing system aimed at preventing ethical risk.

The Declaration implements global rules and principles, including Renault's commitment in the fields of health, safety and working conditions, and the refusal to use child labor and forced labor. The commitment made by suppliers in this area will be a selection criterion. The Declaration also restates the Group's commitment to equal opportunities at work, the right to training for employees, and fair remuneration. ✦

Signatories conducted a third enforcement review on May 27, 2008. This was an opportunity to assess the action taken, the standards applicable in all countries and the synergies developed within the Group and extended to suppliers.

3.1.3.2 FOSTERING DIVERSITY AND ENSURING EQUAL OPPORTUNITIES ✦

Renault is keen to take advantage of the cultural wealth and diverse experience of all components of the markets in which it operates. Diversity is a key driver of performance, motivation and commitment for employees; it also enhances the attractiveness of a locally focused and socially responsible company.

Diversity is also a decisive competitive advantage because a multiplicity of training, talent and career paths generates innovation. In this era of globalization, it is only by reflecting the diversity of the 118 countries in which it sells cars that Renault can understand its customers and satisfy their expectations.

Renault decided to go even further down that road in 2008 and to structure the many measures already taken in this area. It therefore appointed a Diversity Leader to the Group Human Resources division to lead cross-sector projects worldwide.

It also held two separate one-day events around the topic of diversity, organized on a participative basis under the patronage of Carlos Ghosn, in order to broaden the scope of input.

On May 28 some 100 employees from all backgrounds attended an in-house Diversity Day, which produced a number of breakthrough proposals for using diversity as a means to boost employee motivation and corporate performance. The proposals are currently being addressed through eight cross-functional projects, the findings of which are due to be published in June 2009.

The following day, May 29, Renault organized a conference on diversity, in association with SciencesPo. This international event was attended by academics renowned for their work in this field, as well as high-level business leaders who explained what was happening in their corporations. The conference minutes have been posted online at:

http://www.renault.com/fr/Lists/ArchivesDocuments/2008%20Renault%20diversity%20symposium.pdf

These initiatives are part of Renault's long-standing commitment to promote non-discrimination and equal opportunities. In 2004 it signed the Group's Declaration of Employees' Fundamental Rights and a diversity Charter. It has also taken a range of measures to foster the recruitment, career development and equal treatment of all members of society, in particular young people from disadvantaged backgrounds, women, people with disabilities, and seniors.

Renault's 1999 Alliance with Nissan was founded on the mutual respect of two very different corporate cultures – one French, the other Japanese – and on the ability to carry out joint projects from a win-win perspective. It was in that same spirit of pursuing the Group's diversity strategy that the Renault Foundation was established. Since then numerous international partnerships have been formed in Korea, Romania, Brazil, Iran, Morocco, Russia, India, and Israel. The opportunities provided by these partnerships highlight the fact that, more than ever, diversity is a powerful force for leveraging performance and growth in the Renault group (see also chapter 3.3.5).

INITIATIVES TO PROMOTE DIVERSITY

For young people

Renault, which is closely involved with the French educational system, signed a number of partnerships in 2008 with establishments such as the *Lycée Henri IV* and *SciencesPo*. And through the *Course en Cours* program, it is forging links between school-goers and the world of business.

On February 15, 2008 it signed up to *Plan Espoir Banlieue*, an urban revival program, and committed to taking on interns and young people on work experience and to hiring youngsters from deprived urban areas (see chapter 3.1.2.2).

For women

Renault actively promotes the role of women in the company and in society at large. For example, Renault s.a.s. has signed an agreement to establish professional equality between male and female employees and to encourage a healthy work/life balance. The agreement includes measures to establish gender equality, such as analyzing the recruitment of women, cooperating with educational authorities in an effort to make automotive industry professions more attractive to women, and creating commissions for gender equality in the Works councils. Other measures relate to maternity or parental leave, including interviews with management, training, access to information, and equal treatment guaranteed during maternity leave. And plans are also under way to provide practical and financial improvements and to organize childcare facilities in an effort to better reconcile employees' professional and private lives.

For the third year running Renault partnered the Women's Forum, held in the seaside resort of Deauville (France) in October. For the 2008 event Renault was joined by Nissan, because the Renault-Nissan Alliance wanted to play an active part in promoting diversity and contributing to discussions on the key social issues initiated by the Forum.

Carlos Ghosn, Chairman of Renault and Nissan, chaired a session titled "To what extent are we willing to accept diversity?". He also presented the Women for Education prize to the Basha Research and Publication Centre (see chapter 3.3.5.2).

For disabled people

For more than a decade Renault has been helping disabled people to find and keep jobs. It also operates a support policy for handicapped employees.

In 2008 it pursued its efforts to:

- include disabled young people in internships and work experience programs;
- strengthen its partnership with the organization specialized in labor market integration for the disabled;
- raise awareness of disability issues among Renault employees and managers and inform them about the company-wide agreement in this respect;
- redesign workstations so that disabled workers can keep their jobs;
- provide financial assistance to disabled workers and their families.

The Renault agreement on disabled employees expired in 2008 but has been extended for 2009.

NON-DISCRIMINATION

Renault's goal is to ensure equal opportunity: all employees must be able to express themselves in line with their commitment, skill and talent. To this end, Renault prevents all forms of discrimination. The principle of non-discrimination implies equal treatment based on the application of identical rules and criteria for all employees, at all stages of Human Resources management (recruitment, training, promotion). Renault set up an initiative to educate all those involved in human resources and the members of the management committees on discrimination issues.

3.1.3.3 MANAGEMENT-LABOR DIALOGUE ✦

Renault aims to maintain continuous and responsible dialogue between management and labor at all levels of the company. This dialogue proceeds in parallel with the technical, economic and social changes stemming from the implementation of corporate strategy. The company encourages negotiation to promote decision-making at grassroots level, and to prepare and manage change by seeking a balance and a convergence of interests between the company and its employees.

In October 2005 a Group-wide policy for relations with staff representatives was defined to make sure that Renault assumes this social responsibility in every country where it does business. The policy reflects the Declaration of Employees' Fundamental Rights signed on October 12, 2004 and confirms the Group's commitment to staff representation.

In 2000 the Renault group Works council became the only employee representative body spanning the entire Group. Its role is to establish a transnational dialogue between management and labor on the situation and strategy of the Group, and on major developments. Following the renewal of the agreement on the Renault Works council on April 26, 2007, two new full members, Romania and Poland, have joined, along with a Russian observer. The council now comprises 34 representatives from 19 countries, working for Renault's majority-owned subsidiaries in the European Union and worldwide (Brazil, Argentina, Korea, Turkey, Russia). Two additional European deputy secretaries, Slovenia and Romania, have joined the Select Committee. In 2008 the Works council met once in plenary session. The European Group Committee met once, and the Select Committee, composed of ten members (including five European secretaries excluding France) met seven times.

The Works council of Renault s.a.s is regularly informed and/or consulted on the general operation of the company and its subsidiaries, addressing matters such as the formation of subsidiaries outside France, and the Renault Voluntary Project. The Works council met nine times in 2008, its bureau seven times. The economic commission met six times and the central training commission twice.

In 2008 six collective agreements were signed at Renault s.a.s. These concerned wages (agreement signed on February 21, 2008), ways of increasing additional compensation for short-time working under the solidarity measures of the voluntary plan for 2008 (signed on November 21), employee representation and social dialogue (two amendments to the June 23, 2000 agreement were signed, one on March 12, 2008 on the contribution to the functioning of France's metalworking unions, and the other on July 8, 2008 on the membership of the Works council). Furthermore, for the election of employee representatives to the Board of Directors, a pre-electoral memorandum of understanding and an agreement on electronic voting – organized for the first time for this type of election – were signed on May 6, 2008.

Discussions on forward planning for manpower and skills requirements were held with the trade unions in 2008. The talks gave rise to four meetings at which the participants shared information and opinions on the economic environment, corporate strategy, the methodology for job description templates, measures to encourage mobility, and trend forecasts for business-lines and skills. Two negotiation meetings were also held on these topics.

Management and employee representatives collaborated in order to put together the Renault Voluntary Project. For France, the Works council was informed and consulted twice, the economic commission met three times, and the central union delegates attended two meetings with management that resulted in improvements to the project's measures. For Europe the Select Committee of the Group Works council and the European Group Committee also held meetings. In addition employee representative bodies monitored the implementation of these measures, both in France and at European level.

Employees of Renault France were called upon between October 2 and 7 to elect the three employee representatives who would serve on the Board of Directors for a four-year term. For the first time the election took place electronically. The overall participation rate for all professional colleges of the company was 47.16% (i.e. 27,381 of the 58,059 people registered cast their vote). For the "Engineers and Executives" college, the CFE-CGC/CFTC/FO/CFDT list garnered more than half of the votes validly cast. For the "Other Employees" college, the CGT list won 45.38% of the votes and the FO/CFTC/CFE-CGC/CFDT list 45.26%.

3.1.3.4 PROVIDING INTERNAL INFORMATION

Renault communicates with its employees on a continuous basis about the company's situation, strategy and objectives in all areas. Topics include the Renault-Nissan Alliance, new products, industrial and commercial activity, motor racing, financial results, and human resources policy.

The main internal print medium is an international magazine called "Global" (between eight and ten issues per year). It has a circulation of more than 100,000 in French and English, alongside four local editions (Spain, Mexico, Russia and Turkey).

An internal medium, videostreaming, is used to broadcast videos over the intranet. A number of announcements can be broadcast internally, both live and in recorded form. Alongside videostreaming, Renault is making increased use of the many possibilities offered by new information technologies, such as animation and computer graphics.

Many countries have set up intranet sites in their own language, accessible through the company's international portal. The dual-language (French and English) intranet portal, which has some 60,000 terminals connected worldwide, is used continuously to transmit in-house news bulletins, factsheets and videos. In addition, communications kits are produced for management so they can keep employees informed of events within the company and issues relating to Group strategy.

3.1.3.5 PROTECT EMPLOYEE HEALTH AND WORKING CONDITIONS

The health and safety of the workforce are essential values for the Group. They play a key role in its efforts to enhance the quality of life of employees while boosting its own overall performance.

Consistent with the Renault Declaration of Employees' Fundamental Rights, this policy is based on values that apply throughout the Group as it pursues its international expansion and continues to develop both socially and industrially.

The methods used by Renault to assess occupational welfare are organized around:

- a management system;
- an international network of specialists in healthcare, safety and working conditions (engineers, technicians, physicians, nurses, social workers);
- an assessment of risks from the standpoint of safety and ergonomics;
- the commitment of management and personnel in this area;
- a proactive approach to human factors, particularly in new projects and in countries that have recently joined the Group.

To measure implementation of the occupational welfare policy, assessments based on a management standard are carried out in the various Group entities, both by internal experts and an outside body. If conditions are met, the "Renault Management System for Safety and Working Conditions" accreditation is awarded for a renewable three-year period. It can be withdrawn in the event of a serious anomaly.

Since the initiative was launched in 2000, Renault has organized audits at its industrial, support, engineering and commercial sites.

- 97% of industrial, support and engineering sites have obtained accreditation, which has already been renewed in some cases. The sites that have not yet been accredited are those have been consolidated only recently (new business locations, sites recently purchased by Renault, etc.);

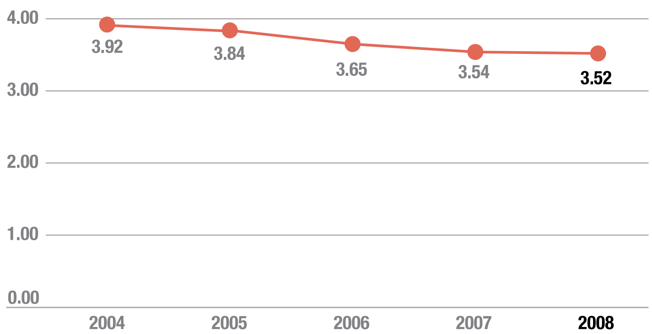
- 83% of sales sites in France have been accredited since the initiative was launched in 2005.

In 2009 Renault plans to:

- conduct another 11 audits for industrial, support and engineering sites and around 20 for sales sites. The purpose in most cases will be to renew the sites' accreditation;
- support efforts to deploy the accreditation process in new sites;
- reduce the number of accidents on a continual basis;
- continue encouraging managers to be proactive on occupational welfare issues.

NUMBER OF LOST-TIME OCCUPATIONAL ACCIDENTS: FREQUENCY ✦

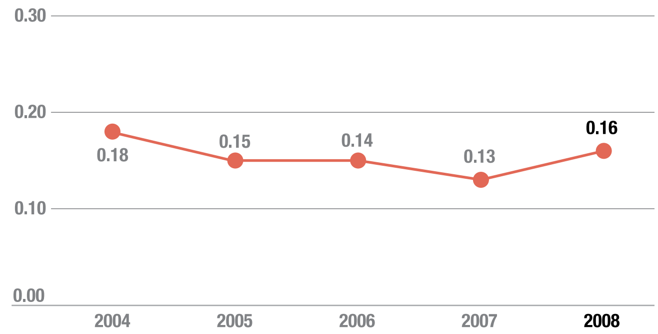
(per million hours worked)



Since 2004 the frequency of lost-time accidents within the Group has fallen by more than 10%.

NUMBER OF DAYS LOST THROUGH OCCUPATIONAL ACCIDENTS: SEVERITY ✦

(per thousand hours worked)



Overall the severity of occupational accidents within the Group has decreased slightly (11%) since 2004.

Group figures on occupational accidents concern 98.3% of the total workforce.

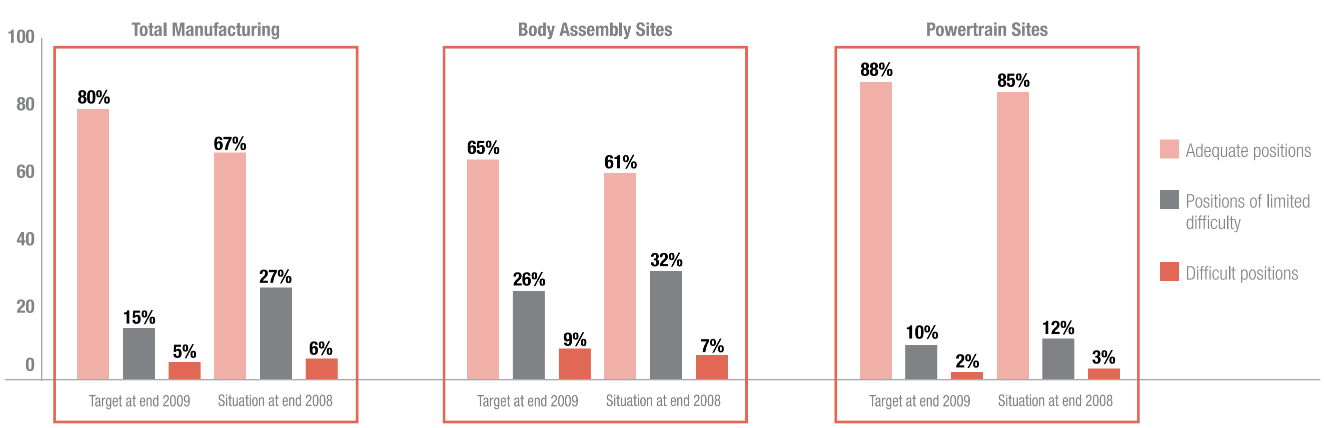
The Group's policy on health and occupational welfare comprises a number of other facets.

ERGONOMICS

Renault applies an ergonomic analysis method to its workstations. The third version of this proprietary system aims to protect the health of production operators, particularly by reducing musculoskeletal complaints, and thus to improve performance. Used in all Renault production plants worldwide, the method has also been extended to other companies. At the same time, Renault has developed a simplified safety and ergonomics data sheet to help unit managers analyze the risks inherent in the workstations for which they are responsible and to improve working conditions on an ongoing basis.

Good ergonomics involves making sure that workstations are suited to the people who work at them, with particular emphasis of the age of employees. This involves conducting an ergonomic analysis of workstations, emphasizing ergonomics in projects (see below), doing away with job positions classed as "difficult" on the ergonomic analysis scale, and improving skills in this area.

A system of monthly reports makes it possible to track changes in workstation geography in all industrial plants.



For each major industrial project, such as vehicle replacement, the project team now systematically appoints a socio-technical project manager whose role is to:

- ensure that projects put greater stress on ergonomics;
- handle questions relating to occupational health and safety as well as to design ergonomics (new production facilities, product upgrades, etc.).

Each project thus provides an opportunity to aim for progress targets set jointly by the engineering departments and production plants.

Renault plans to extend these initiatives in 2009 to:

- ensuring employability;
- preventing occupational illnesses, notably musculoskeletal complaints.

HEALTH ✦

The aim of Renault's health policy is to promote the physical and mental well-being of staff members throughout their working life.

Regular checkups allow for preventive action, early detection of diseases, and career-long medical follow-up. Renault also organizes information and training campaigns on themes including ergonomics, smoking, alcohol, drugs, healthy eating, obesity, the dangers of sunburn, etc.

The health departments and occupational welfare departments work hand in hand to maintain a healthy workplace, using techniques such as workstation ratings and environmental sampling.

In 2008 Renault:

- trained a significant percentage of the medical team to deal with alcohol abuse;
- trained physicians and nurses in the prevention of post-traumatic stress;
- continued to standardize and harmonize various practices, such as monitoring welding shop staff, and employees on foreign assignments;
- harmonized psychosocial and health risk indicators at international level to improve the targeting of global prevention campaigns;
- arranged consultations with psychologists in certain occupational medicine departments;
- renewed its prevention campaigns in areas such as sleep, alertness and addiction (tobacco, alcohol, etc.).

In 2009 Renault plans to:

- step up the harmonization of international medical teams' practices in five areas: longer working lives, management of disabled workers, musculoskeletal disorders, psychosocial risk, physical and mental health indicators;
- support focus groups dealing with the roles and duties of nurses in the area of occupational health;
- set up help-lines for occupational physicians (in France) dealing with mental health in the workplace.

PSYCHOSOCIAL RISKS AND WORK-RELATED STRESS

Preventing workplace stress is an integral part of the Group's health and working conditions policy.

To that end Renault pursues a multidisciplinary approach. Health departments collaborate closely with working-conditions departments to achieve a proper work/health balance.

Stress is detected through a set of collective indicators, including the Group-wide survey of management quality and employee commitment, absenteeism, accident levels, and expert assessment of psychosocial risks for engineering facilities, as well as through individual initiatives such as the *Observatoire Médical du Stress, de l'Anxiété et de la Dépression* (OMSAD), a unit that deals with stress, anxiety and depression.

Set up in 1998 and relying on volunteers, OMSAD carried out more than 73,000 tests in 2008 in connection with employees' annual physical examination.

Preventive action at both individual and collective levels is taken in parallel with these initiatives:

- stress management training for managers and non-managerial staff;
- stress awareness activities;
- training all members of staff involved in risk prevention to assess psychosocial risks;
- training to develop the ability of Human Resources personnel to identify persons in difficulty;
- training occupational health staff in the prevention of post-traumatic stress so that they can react immediately to prevent psychological shock;
- relaxation training for employees;
- posting of information on the "medical intranet";
- ongoing action to improve health, safety, ergonomics, and working conditions in all Group entities;
- action plans to prevent specific risks and improve working conditions plans in Group facilities.

A multidisciplinary working group composed of representatives of Group Human Resources, occupational health and safety specialists, occupational physicians, ergonomists, and HR managers and department heads has been active at Group level since 2007. Its aim is to make concrete proposals for achieving continuous progress through benchmarking, analyzing the experiences of each entity, and designing standard tools such as surveys and training programs.

Naturally, the Human Resources function in general and local HR heads in particular support the actions taken in each entity.

In 2009 Renault plans to:

- intensify its preventive approach by setting up a multidisciplinary steering committee specialized in preventing psychosocial risks for each entity;

- make a quantitative and qualitative analysis of stress levels and stress-inducing factors so as to pursue action plans in each entity;
- upgrade OMADS with a view to more accurate targeting of action for risk-prone groups;
- continue training prevention staff in the assessment of psychosocial risks.

ROAD RISK PREVENTION

In 2008 further to the commitments made to the authorities and the publication of the Renault Driver's Charter, the Group:

- organized awareness forums (braking tests, personal vehicle safety checks, reflex testing, etc.) via its sites and subsidiaries;
- promoted practical training sessions to increase awareness of accident risks (some 600 employees were trained in 2008);
- conducted a "forcing" campaign to make motorcycle and scooter riders aware of the dangers of the home/work commute. Organized with the police, the campaign reached 220 riders at 12 sites;
- continued to train employees via the driving simulator;
- organized a training session for road safety institutions on the basis of a crash test at the Lardy technical center.

(For more details, see chapter 3.3.4.3, Social performance).

The action taken by Renault on a regular basis helps to reduce the number of lost-time accidents on the home/work commute, although the decline has been less pronounced in recent years.

For 2008 Renault reported 2.28 lost-time accidents on the home/work commute for 1,000 employees. The breakdown of these accidents is as follows:

2008	CARS	2-WHEELED VEHICLES	PEDESTRIANS	OTHER
Commuting accidents	36%	26%	26%	12%
Lost days	28%	48%	17%	7%

The number of lost-days accidents occurring during work-related journeys in 2008 was just 11, as low as it is every year.

Renault has also opened a carpooling website accessible to all employees of French sites. By end December, a total of 2,400 journeys had been logged (see chapter 3.3.3.3). Plans are afoot to deploy the site internationally.

3.2 ENVIRONMENTAL PERFORMANCE

3.2.1 ENVIRONMENTAL CHALLENGES

The survival of natural environments depends on maintaining a delicate balance between fauna, flora and humans. This balance is threatened today by human activities and their impact on the environment: population growth, economic expansion and consumer trends. Increasing global consumption of water, fossil resources (oil, gas) and other non-renewable raw materials is dangerously reducing the natural resources that will be available to future generations, since these resources cannot be renewed in the same proportions.

Greenhouse gases, including CO_2, are contributing to climate change. Chemical substances released into the atmosphere contribute to phenomena like acid rain and the formation of tropospheric ozone. When these substances are discharged in bodies of water, eutrophication can occur. This encourages the proliferation of algae, which asphyxiate other aquatic organisms.

Renault's environmental policy addresses the major environmental challenges that are specifically related to the automotive industry:

- the manufacture and use of vehicles consume natural resources and produce waste;
- vehicle operation produces carbon dioxide, a greenhouse gas;
- the sulfur dioxide and nitrogen oxides emitted by vehicles contribute to acid rain and acid soil;
- vehicle use increases environmental noise levels.

Renault has defined five priorities for its environmental policy:

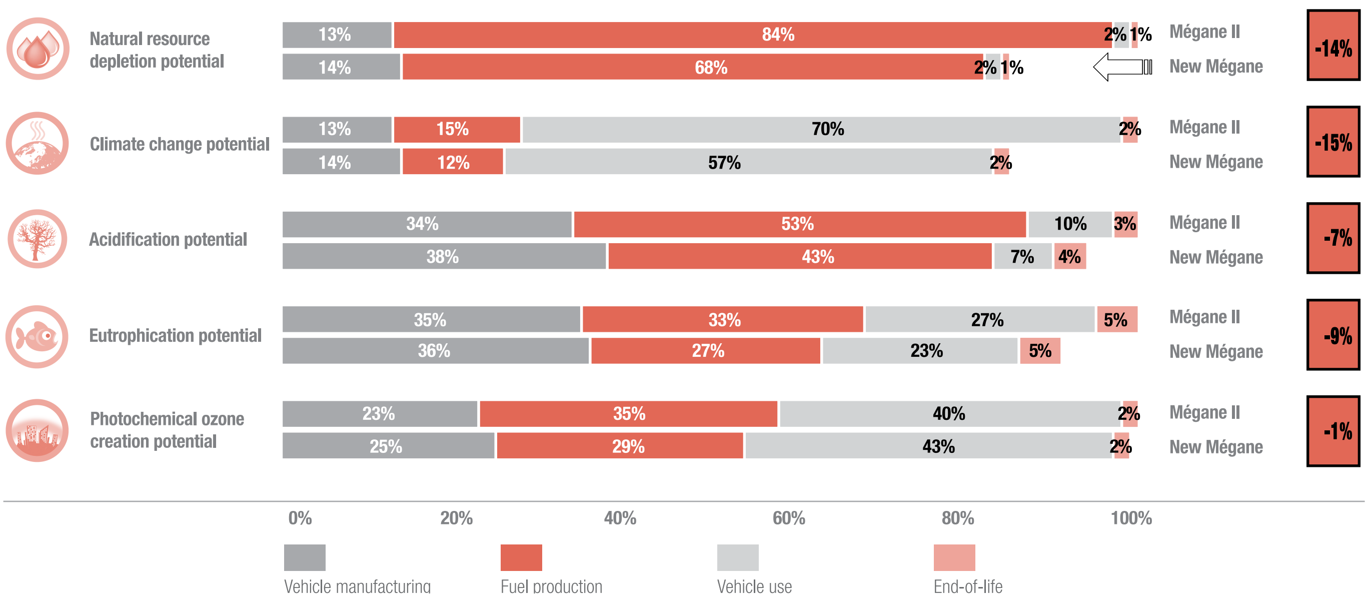
- preserve natural resources;
- eliminate or mitigate environmental impacts;
- develop products and services that are compatible with environmental protection;
- implement environmental management across the company and throughout the product life-cycle;
- organize communication on environmental issues.

At Renault, actively protecting the environment means creating a range of vehicles and services that will maintain the ecological balance, not just in the local ecosystem but also at planetary level, by factoring in the environmental and economic situations in each market.

For many years Renault has relied on the life-cycle approach when making trade-offs between different environmental impacts, not to mention other vital factors such as selling prices, safety, comfort, and the cost per ton of CO_2 abated. This approach captures all the environmental impacts generated by a vehicle, from design to decommissioning. The roll-out of the Renault eco² tagline in 2007 provided the opportunity to dialogue more intensively with customers on the life-cycle approach. That dialogue was further enhanced by the measures taken under a government-sponsored environmental protection scheme to encourage people to purchase vehicles with lower CO_2 emissions.

Renault has been making precise measurements of environmental flows during the phases of vehicle production and use. It is also gradually gaining a clearer picture of flows in other life-cycle phases such as the supplier chain and the treatment of end-of-life vehicles (ELVs). More and more comparisons are being made between vehicles of different generations in the same segment. The Mégane II/New Mégane comparison has confirmed that regular progress is being made.

COMPARISON OF MÉGANE II AND NEW MÉGANE (GASOLINE VERSION) ✦



In 2008 Renault achieved its objective of developing ecological solutions that can be widely implemented for an immediate and significant impact on the environment. This was reflected in a shift in sales towards low-CO_2 emitting cars, which themselves emit less pollution than the previous generation.

Through this comprehensive vision of the full life-cycle, Renault and the Renault-Nissan Alliance are able to work on a broad range of technologies (hybrids, fuel cells, electric vehicles) as well as on the potential of alternative fuels, including compressed natural gas (CNG), liquefied petroleum gas (LPG) and biofuels (both existing and future varieties). These solutions will be applied to Renault's vehicles when there is market demand for them, taking local resources into consideration.

Since January 2008 the Renault-Nissan Alliance have signed agreements with various countries and regions with a view to bringing electric vehicles to the mass market by 2011.

3.2.2 ENVIRONMENTAL INDICATORS

For several years Renault has used environmental indicators based on quantifiable and reliable data for the products and operations at Renault sites. An analysis of supplier chain impacts is now starting through external databases. It will take several years to inventory the life-cycle of suppliers' processes. The environmental impact of ELV recycling is starting to be evaluated with the introduction of processing networks.

After Scénic II, finalized in 2004, Renault conducted life-cycle inventories on Modus, Clio II and Clio III in 2005, Clio II flexfuel, Twingo and New Twingo in 2006, Laguna II and New Laguna in 2007, and Kangoo II, the Dacia range, Mégane II, New Mégane and Koleos in 2008. Absolute figures are not given because they have not received the independent verification necessary to guarantee reliability and compliance with methodological standards.

In 2008 the focus for industrial plants' environmental performance was placed on the competitive reduction of environmental impacts using the 4R method: Reduce, Re-use, Recycle, and Recover Energy. Sites have identified and exchanged best practices in these areas in order to mitigate or even cancel out their residual impacts. Managed at central level, this initiative concerns the major impacts of manufacturing and contributes to the sustainable development of production plants.

3.2.2.1 ENERGY RESOURCES AND CO_2 EMISSIONS

MANUFACTURING

Logistics ✦

Environmental indicators are being progressively integrated in the purchasing process to see how improvements can be made in the supply and distribution chain. This includes taking into account the regulatory pollutant emission levels for vehicles on the road. Greenhouse gas emissions have been lowered by reducing the amount of fuel used for transportation through route optimization, staff training in eco-driving, and so on. However, Renault wants to collect better quantitative data by assembling an array of indicators for physical flows.

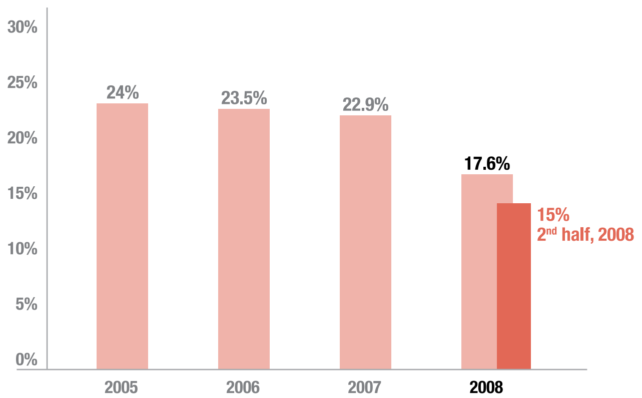
In 2008 containers were transported by river barge between the ports of Rouen and Le Havre, thus reducing the number of truck journeys and cutting CO_2 emissions by 46%.

Energy consumption ✦

To preserve natural resources and limit global warming, a strategy of saving energy and using renewable energies is being piloted in sites throughout the world. This strategy relies on rigorous, standardized management of non-production time and on convergent best practice in facility design and control. The main avenue of progress are:

- increasing energy efficiency when boilers are renewed;
- cutting energy consumption through technical measures such as recycling calories from discharged air in paint shops and modifying sites so that they can re-start more easily after a shutdown. For example, electricity consumption during weekends and/or idle periods has been reduced to 15% on average during second-half 2008, a 40% improvement on 2005;

EXAMPLE OF CUTTING ELECTRICITY CONSUMPTION ON MANUFACTURING SITES*



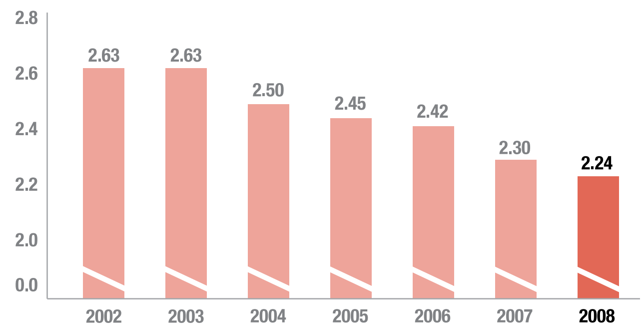
* 2008 manufacturing scope excl. services and technical sites.

- replacing fuel oil with gas;
- developing renewable energies: new solar thermal applications were implemented to generate energy both for staff facilities and for processes, such as TTS baths at Valladolid and the central detergent unit for mechanical part washing at Seville. Other larger projects involving biomass boilers, and photovoltaic and wind power are currently in the decision-making phase.

The results of these efforts are visible in a 15% reduction in energy consumption per vehicle between 2002 and 2008 on a same-scope basis.

ENERGY CONSUMPTION BETWEEN 1998 AND 2008*

(MWh/vehicle)



(*) 2008 reporting scope includes manufacturing logistics and engineering sites (see chapter 8.4.2). The number of vehicles taken into account in the production figures corresponds to the industrial sites in which Renault financial participation is above 50%.

Greenhouse gases ✦

In 2003, aware of the impact of its activities on greenhouse gas emissions, Renault conducted an inventory of greenhouse gas (GHG) sources at all the production, logistics and office sites included in the scope of environmental reporting, and reviewed its reporting system with the assistance of an independent organization. Renault's reporting system is compliant with the France EPE (*Entreprises pour l'environnement*) standard for GHG inventories, and also the Greenhouse Gas Protocol, thus guaranteeing the reliability of the results.

Renault tallies its direct GHG emissions arising from on-site combustion of fossil fuels (Scope 1), as well as indirect emissions relating to the electric power it purchases (Scope 2). In 2008 it tallied and took into account the GHG relating to fossil fuel combustion by its own-use vehicles, i.e. company cars, taxi pool and shuttle vehicles, and handling appliances. This accounting process also allows Renault to be totally consistent with Scope 1 of the Greenhouse Gas Protocol.

It is implementing a four-pronged strategy for cutting GHG from its industrial activities:

- increase energy efficiency;
- reduce energy consumption;
- change fuels;
- develop renewable energies.

These actions are included in site management plans so that targets can be set for future vehicle projects.

Total direct GHG emissions have fallen from 755kteq CO_2 (kilotons of equivalent CO_2) in 2003 to 615kteq CO_2 in 2008, based on a larger number of sites and including own-use vehicles. On a like-for-like basis with 2003, GHG emissions in 2008 totaled 532kteq CO_2, a drop of 30%.

Renault is also involved with the European CO_2 Emissions Trading Scheme (ETS), the first phase of which came into effect in 2005. A total of thirteen Renault group industrial sites (seven in France, four in Spain, one in Slovenia and one in Romania) are now part of the scheme.

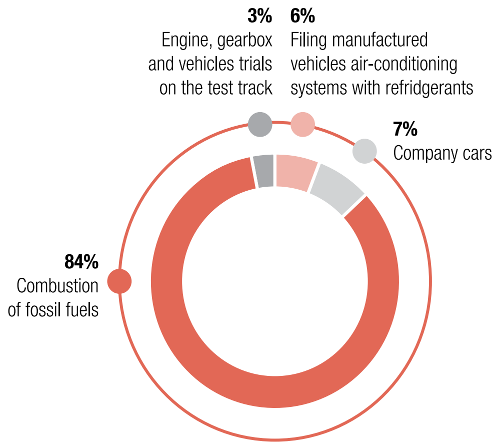
Renault has opted to manage all its emissions allowances with a single broker in order to increase efficiency and prepare joint action for progress at all its industrial sites around the world.

During the first phase of the ETS (2005/2007), the sites concerned cut their CO_2 emissions by 13.8% per year, or 46,452 tons of CO_2, for the period.

In 2008 CO_2 emissions from ETS-liable facilities declined by 10% compared with 2007, a reduction of more than 20,000 tons of CO_2 in one year.

For the second phase (2008/2012) Renault has an annual allowance of 450 kilotons of CO_2 for all the sites involved in the scheme. Viewed against the European market total[8] of 369,315 kilotons, this figure shows that the Group accounts for just a modest share of emissions on the trading market.

BREAKDOWN OF GREENHOUSE GAS EMISSIONS IN 2008 BY SOURCE TYPE* ✦



(*) 2008 reporting scope includes manufacturing, logistics and engineering sites (see chapter 8.4.2). Company cars includes individually assigned vehicles, Pool vehicles, shuttles, manufacturing related vehicles, trolleys using GPL or propane.

CAR USE ✦

Renault is among the top three carmakers in Europe in terms of reduced CO_2 emissions and fuel consumption. The range of available energy options is gradually expanding.

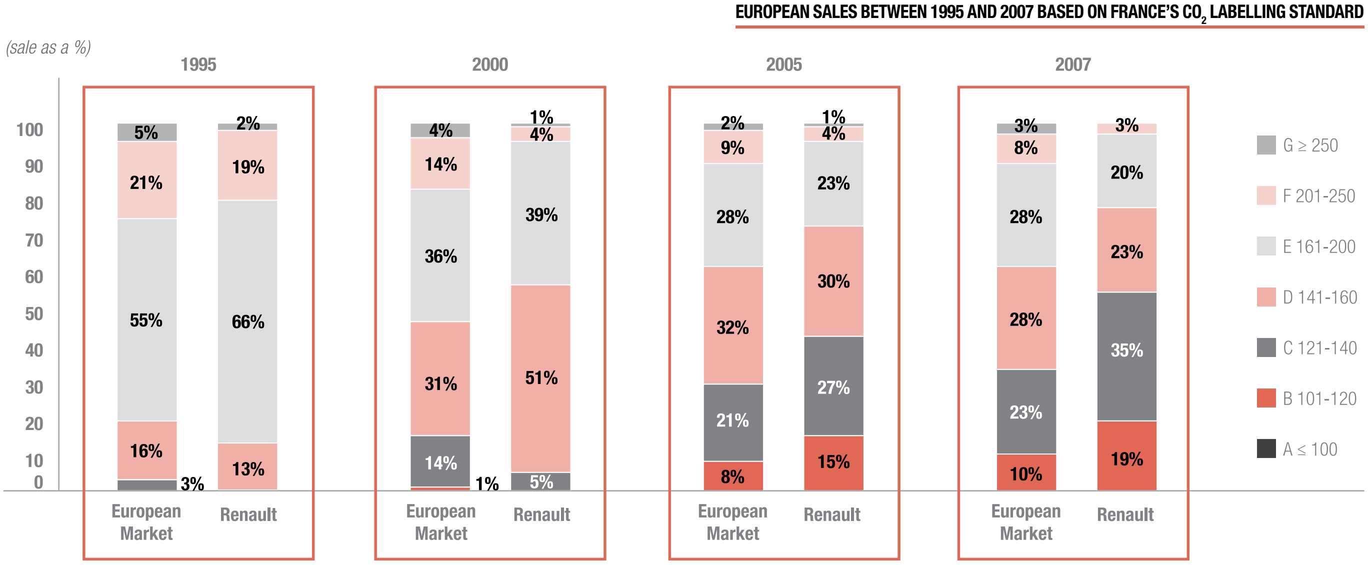
The indirect CO_2 emissions that Renault generates through its customers' use of their vehicles (Scope 3) are estimated at 90 million tons per year.

Gasoline and diesel

Renault is committed to cutting CO_2 emissions in the following terms: "As of 2008, sell one million vehicles emitting less than 140 grams of CO_2 per km, with one-third of them emitting less than 120 grams."

In the 27-member EU, according to monitoring by the *Association auxiliaire automobile* (*AAA*), 866,752 vehicles sold by Renault in 2007 emitted 140 grams or less of CO_2 per km, and 323,052 of them emitted 120 grams or less of CO_2 per km. The graph below shows the progress made by Renault in this segment compared with the overall market, according to the CO_2 labeling system applied in France.

EUROPEAN SALES BETWEEN 1995 AND 2007 BASED ON FRANCE'S CO_2 LABELLING STANDARD



(8) Quotas allocated to the European countries where Renault is present and which are subject to quotas (France + Spain + Slovenia + Romania).

Internal analyses conducted by Renault in 2008 for the 27-member EU indicate that 922,946 vehicles sold emit 140 grams or less of CO_2 per km, with 39% of them emitting 120 grams or less of CO_2 per km.

In 1998 carmakers made a commitment to the European Commission to bring average emissions down to 140g of CO_2/km by 2008 for all cars on the road, i.e. 25% lower than in 1995. Negotiations are in progress at the European Commission to reach the next stage by 2012 or 2015, i.e. a reduction to 130g/km of CO_2 on average for Europe's motor industry. In fact, under the terms of the projects, each carmaker will be assigned a CO_2 emissions cap based on the gross weight rating of its vehicles. In this case heavy vehicle manufacturers would have a higher cap than those that design light cars. The penalties for breaching the threshold would increase progressively during the implementation period.

This CO_2 emissions indicator is called Corporate Average Fuel Economy (CAFE) for Europe. Renault's CAFE indicator decreased slightly in 2008, placing it once again among the top three European carmakers.

Renault used three methods to achieve these results.

Method 1, which concerns all projects, involves optimizing all vehicle parameters that have an effect on fuel consumption and CO_2 emissions:

- for the vehicle: careful management of vehicle weight, lower aerodynamic drag and road noise, and lower consumption by accessories such as power steering and climate control in order to manage electrical energy more efficiently;
- for the engine: greater efficiency and less friction, increased use of multivalve technology, smaller turbochargers on diesel and gasoline engines, a sixth gear added to many manual gearboxes, introduction of five- and six-speed automatic transmissions and Continuously Variable Transmission (CVT). The 130hp TCE (Turbo Control Efficiency) engine combines drivability and low fuel consumption. This new gasoline powerplant combines the power of a 1.8 l engine (100hp) with the torque of a 2.0 l engine (190Nm) and the low consumption of a 1.4 l engine (5.9 l/100km over a combined cycle).

Method 2 is the cross-functional deployment, led by the Vice-President of Strategic Environmental Planning, of the "120-140g objective" under Renault Commitment 2009: sell one million vehicles emitting less than 140g of CO_2, with one-third of them emitting less than 120 grams.

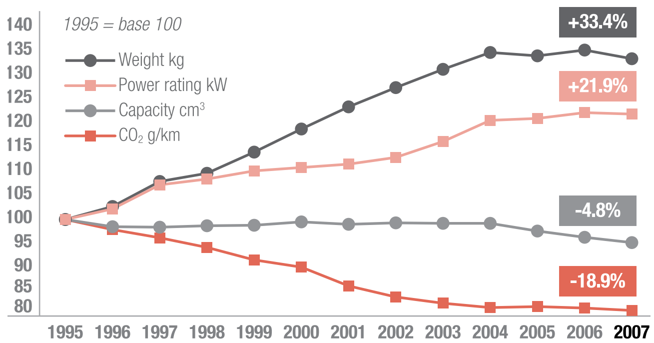
To reach that target by 2008 the European sales network introduced Renault eco² in 2007. This eco-mark is based on a number of criteria that enable customers to easily identify Renault vehicles emitting less than 140 grams of CO_2. The mark thus reinforces the official CO_2 labeling stating the approved values for the vehicle on sale. The Dacia eco² mark was introduced in 2008.

In 2008 70% of New Mégane versions carried the Renault eco² mark, meaning that they emit 140g of CO_2/km or less.

At end-2008 more than 160 versions of production vehicles moved below the 140g threshold, of which 39% were below 120 grams.

Despite the greater vehicle weight related to safety features and the increased power for enhanced comfort, engine capacity and CO_2 emissions decreased sharply between 1995 and 2007:

ILLUSTRATION OF THE IMPROVEMENT IN CORPORATE AVERAGE FUEL ECONOMY (CAFE) FOR DIFFERENT GENERATIONS OF RENAULT VEHICLES (1995 = 100)



Method 3 is to continue introducing vehicles that run on alternative fuels. After LPG, CNG and biofuels, added to the range depending on the specific regional characteristics, the available infrastructure for the distribution of each type of fuel, and customers' habits, Renault is now focusing its attention on battery-supplied electric power, with a view to mass marketing by 2011. The next stage will be an electric vehicle powered by a fuel cell.

Alternative energies ✦

Biofuels

On February 9, 2006 Renault announced that it would progressively bring two types of biofuel vehicles to the European market by 2009:

- 50% of gasoline-powered vehicles will be able to run on a mixture of gasoline and ethanol, up to a maximum content of 85% ethanol;
- 100% of diesel-powered vehicles will be able to run on a mixture of diesel fuel and biodiesel (up to a maximum of 30%).

These vehicles will join those already on sale in Brazil and pave the way for the emergence of these two new energies elsewhere in the world, pending the arrival by 2015 of second-generation biofuels, which are among the most environment-friendly synthetic fuels.

Liquefied petroleum gas (LPG) and compressed natural gas for vehicles (CNG)

In 2008 Renault sold 13,108 dual-fuel vehicles (gas and gasoline) in Europe. Two gas fuels are currently available on the market: LPG and CNG. These two fuels simultaneously meet two challenges: they increase independence from conventional fuels, 98% of which are oil-based; and they reduce the environmental impact of fuels by cutting CO_2 tailpipe emissions and exhaust gases.

LPG and CNG versions of Kangoo, Clio and Scénic have been brought out in Europe along with other products specifically designed for markets seeking to make use of local resources. In 2007 a Logan LPG was launched mainly for Romania. In first half 2008 the Logan CNG went on sale in Iran. Sandero LPG was rolled out in Italy in October.

"Zero-emission" battery-powered electric vehicle ✦

Renault has adopted a clear policy in this field, with plans to mass-market this type of car. Alliance vehicles equipped with this technology are set to debut in 2011, with electric production vehicles scheduled to arrive on the market in 2012. Renault-Nissan and Project Better Place signed a memorandum of understanding in January 2008 for the first application on the Israeli market of 100% electric vehicles equipped with lithium-ion batteries for greater range and longevity. Throughout 2008 other memoranda of understanding aimed at creating zero-emission personal transportation systems on a large scale were signed with countries such as Denmark and Portugal, and also with companies, including France's electric power utility EDF. The objective is to convince consumers that electric vehicles are an attractive and reliable mobility solution.

In cities, the debate over whether CO_2 emissions should be cut by 20% or 30% will be obsolete: the target will be "zero emissions" for all pollutants, meaning CO_2, NOx, particles, and noise. Investments are heavily focused on batteries, with major efforts in lithium-ion technology. Today research shows that 20% of vehicles are used primarily in cities. In Europe alone, that's a market of between three and four million vehicles. Many public authorities (post office, electric utilities) and municipalities are interested and have already contacted Renault. The market is ripe for an electric vehicle that offers a favorable trade-off between performance, maintenance, recharging time and cost. But a good battery is not the only requirement; a good concept, an attractive design and effective range are also needed. To meet the latter objective the Renault Nissan Alliance and EDF intend to investigate an innovative commercial concept, open to other participants, to create a so-called Electric Mobility Operator. This purpose is to provide a complete nationwide infrastructure of recharging and range-management stations for electric vehicle drivers.

Fuel cell electric vehicles ✦

The Renault-Nissan Alliance has broken fresh ground with its work on prototype electric vehicles powered by fuel cells. A fuel cell supplies electricity to the car engine, which emits only water. The Scénic ZEV H2 prototype, developed in just 15 months, is a full-fledged vehicle in terms of both traveling comfort and drivability. It was tested in October 2008 by France's Ministry of the environment, energy, sustainable development and regional development. At present, however, fuel cells are prohibitively expensive so consumers will have to wait some time before Renault can mass-produce these cars.

3.2.2.2 AIR QUALITY

MANUFACTURING SITES

Volatile organic compounds

The volatile organic compounds (VOCs) released by solvents used in paint shops are the main source of atmospheric emissions generated by Renault's activities. Reducing VOC emissions is a top priority to bodywork assembly plants. This is evidenced in the fact that the objectives laid down in 2007 have been reached and a new target, $40g/m^2$ per vehicle, has been set for 2012.

In 2008 VOC emissions were cut by 9% compared with 2007. This good performance was achieved through investments in the latest clean technologies combined with continual-improvement activities.

One example of best practice that delivers both significant reductions in VOC emissions and substantial savings is the optimization of solvent recovery systems. This improvement was led by the Painters' Club, responsible for ongoing international coordination of paintshop activities. For example the Palencia site has optimized solvent recovery during color changes by more than 90%.

Combustion emissions of SO_2 and NOx ✦

Renault is continuing its program to change the fuel used in its plants, by replacing fuel-oil by natural gas. The aim is to cut sulfur dioxide (SO_2) and nitrogen oxide (NOx) emissions. The percentage of fuel-oil and coal in the thermal energy consumed by Renault fell from 14% in 1999 to 1% in 2008. For the next stage of the progress plan, Renault is installing boilers with low-NOx burners.

Since 2003 SO_2 and NOx emissions have been evaluated by taking into account all types of combustion. Between 2003 and 2008 SO_2 emissions were reduced by 81% and NOx emissions by 26% on a same-scope basis.

VEHICLES IN USE ✦

All the passenger cars and light commercial vehicles sold in Europe as at end-2008 complied with Euro 4, the new standard that requires a reduction of almost 50% in car emissions in relation to Euro 3. For its other markets Renault is adapting the technical specifications of its powertrains to suit local conditions (fuel quality, climate, dust, etc.). In general, Renault is well within local regulatory requirements, since most of the versions it sells are Euro 3-compliant.

Efforts are continuing, particularly with a gradual introduction into Renault's ranges of vehicles equipped with new technologies, such as the catalytic particulate filter and new-generation Common Rail infection systems. From launch, both New Laguna and New Mégane 2.0 dCi respect the pollutant emission thresholds set by the Euro 5 standard which becomes applicable in September 2009. Renault's determination to cut pollution emissions is epitomized in its NOx Trap, a chemical system that captures harmful nitrogen oxides and converts them to neutral gases. This post-combustion system, which will probably be mandatory when Euro 6 comes into force in 2014, is available on private fleets of 2.0 dCi Renault Espaces. In addition to processing NOx, this catalytic convertor helps oxidize hydrocarbons and carbon monoxide produced by partial combustion.

3.2.2.3 NOISE ✦

Several years ago Renault set a highly ambitious target of 71dB (A) of external noise for its new vehicles and undertook a number of major initiatives to reach it.

Some versions of New Laguna have joined the club of vehicles with noise levels that are 3dB (A) lower than the regulatory requirement of 74dB (A), alongside Vel Satis, Espace, Twingo and Modus.

The number of New Mégane models reaching the -3dB target is limited because of environmental and cost-related trade-offs, notably with regard to lower fuel consumption targets.

3.2.2.4 WASTE ✦

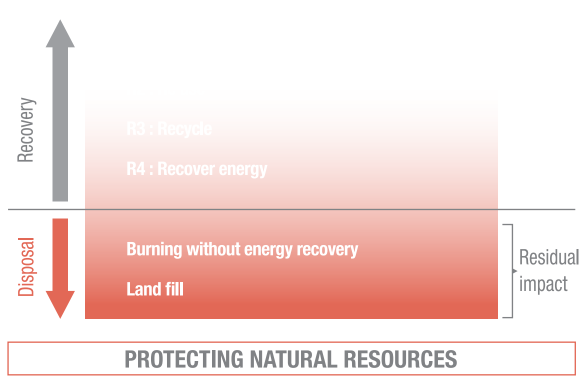
MANUFACTURING

Renault aims to reduce or eliminate waste competitively. In 2008 it launched the 4R approach (Reduce, Re-use, Recycle and Recover Energy) and adopted ambitious targets for 2015.

The waste management process is broken down into four ranked stages:

- **R1 (Reduce)**, means mitigating impacts at-source. One example consists in reducing the volume of paint sludge by boosting the yield of the application and thus reducing the amount lost to sludge;
- **R2 (Re-use**), means recovering materials and putting them to similar use. For example the Douai plant in France recovers 100% of its waste wax and re-uses it in the industrial process, thus generating environmental gains and cost savings;
- **R3 (Recycle)**, consists in recovering the materials from a component or expendable item and using it as an alternative raw material for a different purpose. The plants' waste recycling rate rose by 20% in 2008 compared with 2003, largely because of optimized recycling of plastic parts;
- **R4 (Recover Energy)**, means using waste as an alternative fuel or recovering the energy produced by incineration. One example is the use of waste oil and evaporation concentrates from mechanical engineering plants to replace fossil fuels such as petroleum coke, coal and heavy fuel-oil. The raw minerals used to manufacture cement are sintered at 1,450°C. This very high temperature makes it possible to incinerate waste and destroy almost all the heavy metal content.

THE 4 R AND WASTE MANAGEMENT



The world of tomorrow is a society
of sustainable development with zero residual impact

USE

Use-phase waste is generated by the commercial activities of vehicle maintenance and repair. Renault cannot quantify this waste single-handedly, but is involved in local and regional actions to establish quantitative indicators.

In France the Sales & Marketing department assists the network by providing a panel of national service providers for waste collection and treatment. Renault has selected Autoeco.com to help the network to monitor the volume and traceability of its waste. Renault is also partnering the CNPA (National Council of Motor Industry Professionals) in the "Environment Challenge" and ADEME (Environment and Energy Management Agency) in the "Clean Oil Operation". These national-level actions are part of the policy of global waste management and continuous improvement.

Initiatives such as these exist in several European countries and are conducted through a network of recycling correspondents in each country.

END-OF-LIFE ✦

Building on the Group's commitment to the operational implementation of new recycling processes for end-of-life vehicles (ELVs), and on the development of in-house eco-design processes, Renault aims to include 50kg of recycled plastic in its cars by 2015, i.e. 20% of the average quantity used. Results will improve from generation to generation, as the sources of recycled plastic increase with the development of the plastics recycling industry. The following figures are true for all Renault vehicles: 95% recyclable by weight, with vehicles in the Renault eco² range using more than 5% of recycled plastics. In 2008 New Mégane used 22kg of recycled plastic, or 11% of the total plastics content. It is the first vehicle to be certified in this regard.

3.2.2.5 PROTECTING THE ENVIRONMENT: WATER TABLES AND SOIL

Pollution from past activities can potentially come into contact with humans and the natural environment through the soil and water tables. Renault therefore implements a policy to prevent pollution of these resources, and decides on specific management strategies when there is suspicion of past pollution. In some cases, if environmental or health hazards are identified, remediation is undertaken. Management of past pollution of the subsoil is based on an assessment of the state of the environment, and aims to reach the best trade-off between impacts and use. The sustainable development section of Renault's website contains a description of the approach used and explains the rehabilitation of two major worksites: Boulogne-Billancourt (France) and Dacia (Romania). All of the sites in which Renault has a majority interest are now managed through this approach. In 2008 work began at Gennevilliers (France) to rehabilitate the land on which the former ETG production plant stood. Local residents are kept informed.

Renault's know-how in the field is recognized nationally: a specialist from Renault was appointed by the French Ministry for the environment and sustainable development to the group of French experts on site and soil pollution.

✦ Global Reporting Initiative (GRI) Directives

Renault's prevention strategy is based on a detailed environmental assessment of potentially hazardous facilities and sites. It aims to identify and organize by order of priority the upgrades to be included in management plans. To date, this approach has been deployed in 70% of plants.

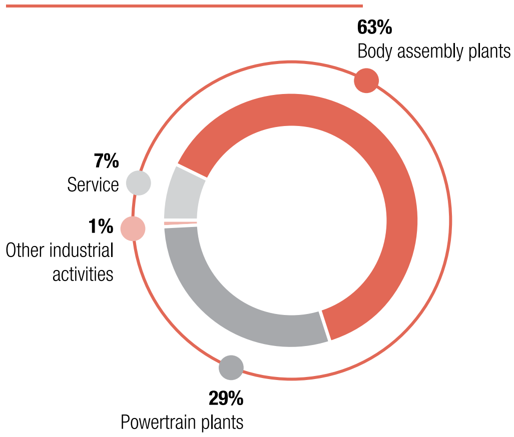
3.2.2.6 WATER RESOURCES

MANUFACTURING

Water consumption ✦

Water consumption in the Group fell by more than 60% between 1998 and 2008 on a same-scope basis, and by 50% on an extended scope, to a total of 11.5 million cubic meters in 2008.

BREAKDOWN OF WATER CONSUMPTION BY ACTIVITY



The following results have been achieved in collaboration with the manufacturing plants:

- compare water consumption station by station at each plant;
- identify and collate best practices for optimizing water consumption;
- identify areas for progress and the best practices to be introduced at each site.

Best practices for reducing water consumption include:

- R1 (Reduce): monitoring consumption and identifying deviations from target by implementing a corrective action plan as quickly as possible;
- R2 (Re-use): closed-circuit management of end-of-line sealing booths;
- R3 (Recycle): recycling storm water (Maubeuge and Technocentre).

These best practices will be deployed gradually so that, once the targets for all plant have been consolidated, the Group can reduce its water consumption by 15% by 2012.

Discharges to water ✦

Alongside its policy of cutting water consumption, the Group is continuing its efforts to mitigate the environmental impact of its effluent discharges.

At powertrain sites

All Group powertrain sites are aiming to be "zero discharge" facilities by 2015. To date:

- five powertrain plants have already reached their zero discharge target;
- five other plants have partially reached the target of zero discharge or are in the process of doing so;
- all new powertrain projects satisfy the commitment on zero discharge.

The principle of zero liquid effluents at powertrain sites functions as follows:

- Aqueous production waste (drips from swarf, changes of machining and cleaning fluids, liquid carried by parts, leaking pumps and valves, system cleaning operations) is reduced at source. Measures include:
  - extending the life of baths for cutting and cleaning fluids: implementing treatment at source, chemical monitoring of baths, automatic top-ups, etc.,
  - controlling discharge volumes: reducing the diversity of chemicals used, reducing drips from swarf with a return system, reducing carry from parts and swarf, optimizing the number of cleaning facilities, and using "waterfall" cleaning,
  - centralizing machines,
  - using water of adequate quality.
- Residual effluents are processed using a vacuum evaporation system with recycling of treated waste.

At bodywork-assembly sites

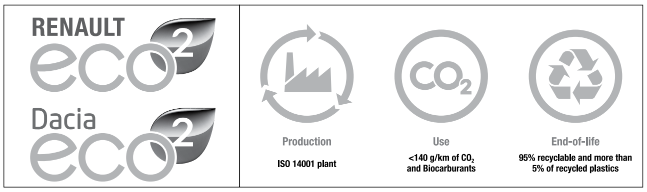
In the same way as at powertrain sites, Renault's main aim is to reduce the impact of wastewater at source by promoting the use of "clean" technologies. These solutions are implemented at or near the process level: for example, by ensuring that paint pits are "zero discharge", or by mixing the sulfamic acid used in electrocoating baths with acetic acid to reduce nitrogen discharge.

Alongside these solutions to cut discharges at source, Renault is pursuing efforts to improve and upgrade internal effluent treatment systems, particularly in Romania and Russia.

Through the Renault-Nissan Alliance, Renault is studying the possibility of applying zero discharge standards to bodywork/assembly plants as well as to powertrain plants. This task will involve experts from all areas of the site production process: metal pressing, painting, body assembly and final assembly, as well as the utilities center.

3.2.2.7 ECO² MARKS, AN ENVIRONMENTAL INDICATOR FOR THE GENERAL PUBLIC ✦

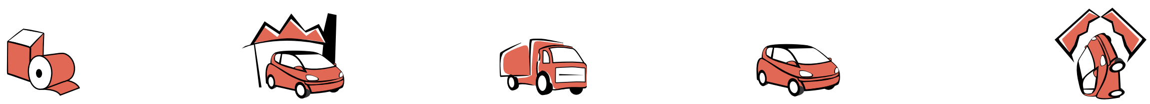
In May 2007 Renault launched the eco² eco-mark. The mark provides a basis for dialogue between Renault and the public on the three main stages in a car's life-cycle: production, use and recycling. In October 2008 the Dacia brand launched its own eco-mark, Dacia eco², based on the same environmental scoring criteria as the Renault brand. For the Renault group, environmental results must be identical for all brands and on all segments. A number of quantifiable and auditable criteria have been determined and will gradually be tightened up.



This mark illustrates Renault's cross-cutting approach to environmental management. The approach harnesses the efforts of manufacturers, engineers, purchasing staff, and sales teams to achieve a single objective: offering the customer an environment-friendly and economical range of vehicles.

3.2.3 CROSS-FUNCTIONAL MANAGEMENT OF THE ENVIRONMENTAL ISSUES ✦

The following key events illustrate how these issues are managed across the vehicle life-cycle:



SUPPLY	MANUFACTURING	TRANSPORT	USE	END-OF-LIFE
1996: Packaging **2000:** Reporting on substances and recycling, training	**Before 1995**, management of waste, water and energy **1995:** Industrial environmental policy		Reduction of environmental impacts: atmospheric emissions, noise, recyclability, etc.	**1995:** Framework agreement. Since then, players concerned by recycling (manufacturers, government bodies, breakers, etc.) have been working to achieve 85% recyclability in 2006 and 95% in 2015 in each country
2004: Life-Cycle Inventory (LCI) external database	**2004:** Global management with certified data	**2004:** Database on impacts caused by supply transport	**2004:** Plan to deploy environmental management in the commercial function	
2005: Working groups launched	**2005:** Dacia ISO 14001 certified	**2005:** Working groups launched to reduce environmental impacts of transport	**2005:** Key account sales personnel trained	
2006: Sustainable development self-assessment by suppliers	**2006:** Eco-design introduced in manufacturing programs	**2006:** First consolidation method for logistics-related CO_2 tonnage	**2006:** Renault Commitment 2009	**2006:** European networks set up to collect end-of-life vehicles (ELVs)
2007: Renault launches its eco²-mark: the starting point of a dialogue with the general public on environmental progress across the vehicle life-cycle **2007:** SD assessment of suppliers				
2008: New SD self-assessment by suppliers	**2008:** 100% of Renault group sites are ISO 14001, Launch of 4R methodology		**2008:** Eco-driving simulator, electric vehicle project, ZEV H2 prototype	**2008:** Recycling approval for Mégane, and joint-venture with Sita
2008: Dacia launches its Dacia eco²-mark, consolidating the dialogue with the general public on environmental progress across the vehicle life-cycle				

For environmental management purposes, all Renault business areas are now involved in decision-making processes. And the process of organizing the logistics and sales functions to this end is being finalized.

3.2.3.1 ENVIRONMENTAL ORGANIZATION

The focal areas of Renault's environmental policy, included since 2002 in the broader commitment to sustainable development, are debated and decided by the Group Executive Committee. The Strategic Environmental Planning department then implements this policy in the different sectors of the company.

The Vice-President, Strategic Environmental Planning, reports directly to the Executive Vice President, Plan, Product Planning and Programs. This organization involves direct reporting to the Group Executive Committee and highlights the cross-cutting importance of environmental issues.

The Strategic Environmental Planning department has nine members responsible for setting strategic targets, implementing environmental policy in different sectors, consolidating problems and managing communications. It is supported by a network organized to incorporate environmental protection in all the environment-related functions. In 2007, more than 420 "network heads" and around 2,000 managers coordinated environmental knowledge. Expertise in several areas (energy, water, fuel, recycling, air quality) was identified and expanded with the aim of supporting the environment network. Renault's policy places the emphasis on shared collective guidelines for all sectors of activity. Authority for implementing and managing environmental policy for the Group as a whole and responsibility for operational management, which is shared between all environment directors and functions, lies with the Executive Vice President, Plan, Product Planning and Programs.

The Vice-President, Strategic Environmental Planning presents the company's strategy and action plan to the Group Executive Committee so that decisions are taken at the highest level.

3.2.3.2 ENVIRONMENTAL MANAGEMENT DURING THE LIFE-CYCLE

ENVIRONMENTAL MANAGEMENT IN THE DESIGN PHASE

To effectively reduce pollutants generated in the different stages of the life-cycle, it is important to take action from the design and development stage. This takes place three to five years – depending on the innovations – before the car is released on the market.

With each new project, the development process better integrates choices of materials, fluid extractability, dismantling operations for recycling, pollutant emissions, fuel consumption, CO_2 emissions, outside noise and the environmental impact of product choices on industrial processes. At the same time, the development process continues to improve workstation ergonomics, occupant and pedestrian safety, and value for money.

Eco-design of industrial processes

Projects are managed through function-based industrial production contracts and, depending on the project, a quality assurance contract, with input from the support functions on issues such as energy, logistics and the environment, as well as social and technical aspects. Contractual and validation documents ensure the visibility and traceability of projects: policy circulars, industrial pre-contracts and final contracts for each business-line (the latter containing industrial production and "profitability indicators"), and technical agreements.

Eco-design of products ✦

Eco-design is a major development that involves not only Renault's own designers, but also the designers working for component and materials suppliers. To implement this new and complex approach, the network of external experts has been broadened to include specialists who take part in drafting future standards and establishing discussion platforms on methodologies, as well as building databases and prioritizing environmental impacts.

Renault's rationale is to integrate environmental issues into the usual development process followed by designers. With each project launch, environmental advances fitted on one vehicle can be applied to others. Some of these technological solutions can become technical policies.

New Mégane illustrates Renault's commitment to further reducing fuel consumption by including this concern right from the design and development phase.

Although the vehicle is more complex than its predecessor, fuel savings total 0.4 l/100km, or the equivalent of 10g of CO_2 per km. This was achieved by:

- an 8kg reduction in vehicle weight;
- a more efficient powertrain;
- better aerodynamics;
- electric power steering.

Aerodynamic engineering for New Mégane focused on all parts of the vehicle, including an area usually overlooked: the subframe. Front and rear spoilers deflect air from both sets of wheels, while the rear suspension fairing and under-engine fairing channel the air and stop it sweeping into cavities, causing a loss of energy and thus aerodynamics.

New Mégane reflects Renault's efforts to address the issue of end-of-life processing right from the design stage. It includes 22kg of recycled plastics compared with 15kg for the previous generation. These 22kg account for 11% of the total quantity of plastic used for the car. The innovative feature of New Mégane is that it has received approval for end-of-life processing, ahead of new regulatory requirements. Here are a few examples of eco-design:

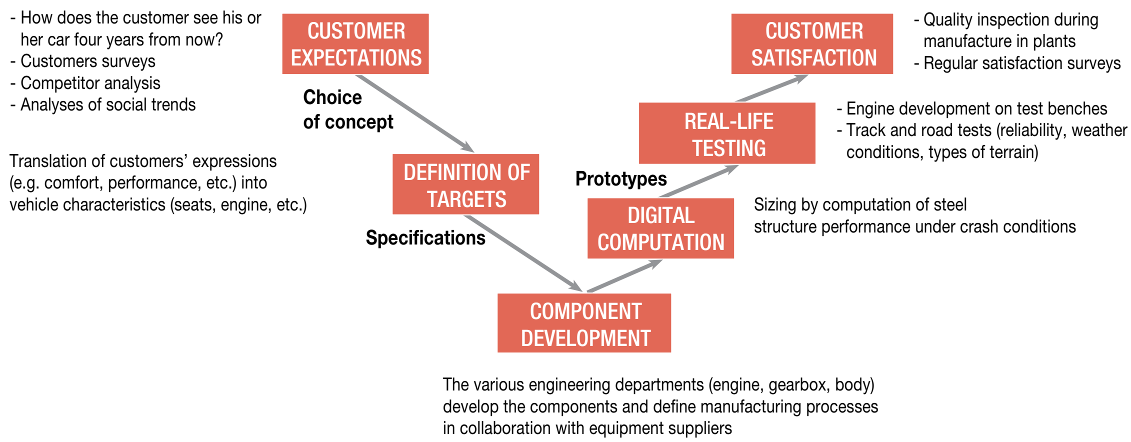
Easier 95% recovery of the vehicle at end-of-life:

- points marked on the fuel tank to extract a maximum amount of fluid;
- the windscreen washer and brake fluid reservoirs are designed so that a flexible rod can reach the bottom;
- the cooling radiator has been fitted with a quarter-turn valve so that it can be completely emptied;
- the front and rear bumpers are made from materials belonging to the same family of plastics and with the same recovery process;
- the seats use single-piece foam without inserts.

Inclusion of 22kg of recycled plastics:

- skid plate, wheel arch shields;
- aerodynamic fairings, canister fairing, rear suspension fairing;
- mounts for the rear bumper and rear lights;
- boot mat, soundproofing;
- sun visor housing, ECU protection, side closure on radiator tank.

VEHICLE DESIGN AND DEVELOPMENT PROCESS



Some results, particularly pollutant and CO_2 emissions, are used for vehicle type approval.

Supplier reports on the materials and substances used in parts delivered are checked in several ways:

- the Quality Assurance process implemented by Renault and Nissan;
- indicators on the quantitative monitoring of responses using a computer program that locates reports in the parts documentation system;
- two checks of a more qualitative nature when designers receive the parts and when the parts plans are signed.

Renault has been committed to eco-design and vehicle recycling for more than 15 years. In 2008, for the first time, it obtained formal approval for the recycling process applied to New Mégane. After studying the file compiled by Renault, the UTAC and CNRV – two French organizations involved in the conventional vehicle approval process – issued an acceptance certificate and approval report stating that New Mégane already complied with future regulatory requirements on recycling.

ENVIRONMENTAL MANAGEMENT IN THE PRODUCTION PHASE

Rather than teaching environmental experts about production processes, Renault has decided to teach its departments and employees about ecology through an industrial network covering all the company's industrial sites and production departments, and comprising around 300 people in 14 countries and 47 sites and subsidiaries.

This management approach is original because it is based on a cross-functional drive to improve the exchange of information and skills between members of the network. In consequence, Renault is able to implement actions and technologies that allow all those involved in environmental issues to move forward together.

Cross-functional tools

The environmental progress and risk prevention policy is supported by cross-functional tools:

- management of French and international environmental regulations, including in the sales network;
- Ecorisques – an expert system that identifies the most significant environmental impacts and the danger potential of installations to be addressed as a priority in each plant's environmental action plan;
- CHIMRISK – the Renault group's sole chemical risk management database, for both health and the environment. The base is now available in Slovenian, Russian, Turkish, Romanian and Brazilian. It is associated with the www.quickfds.fr server to provide safety data; to date 6,720 different products are documented;
- an organizational structure and internal network compliant with the REACH regulation (Registration, Evaluation, Authorization and Restriction of CHemicals), and active mobilization of suppliers to ensure continuous supply;
- a documentation base containing standards of best environmental practice and risk prevention, accessible to all members of the hygiene, environmental and risk prevention network; in 2008, this base – approved by experts from each function – included information on 4R best practices (Reduce, Re-use, Recycle, Recover Energy), for all impacts identified by sites.

Incorporating environmental issues into projects

The process of incorporating environmental management issues into projects covers 20 functions spanning all aspects of industrial projects, from beginning to end. In powertrain activities, a process has been rolled out in the Powertrain Engineering department to ensure that environmental issues are taken on board, in terms of both environmental compliance and efforts to reduce the environmental impacts of the Group's industrial activity. This approach is applied to all the projects undertaken at industrial sites. Each site makes a commitment to reaching a level of environmental performance comparable to that of a target plant within 10 years. In 2008 studies were extended to risk prevention and industrial hygiene.

A similar process is being rolled out for engineering projects in body painting/assembly.

For vehicle projects, the requirements relating to risk prevention and environmental protection are now included in the Group's start-up standards.

Environmental management at the plants

Setting up continuous improvement processes based on ISO 14001 ✦

Renault is pursuing a process of continuous improvement to achieve regulatory compliance, backed up by the skills and involvement of all its employees. The Group is implementing an environmental management system, for which it obtained its first ISO 14001 certifications in 1999.

In 2008 Renault had ISO 14001 certification for all its industrial activities, i.e. 38 industrial or design sites or subsidiaries.

The Renault eco^2 and Dacia eco^2 marks, which span the entire vehicle life-cycle, use ISO 14001 certification to show that the vehicles concerned were produced in clean plants.

Bringing the environment closer to grassroots with the Renault production way

Renault decided in 2004 to include its environmental standards in the Renault production way (SPR). Reflecting this objective, each worker implements environmental requirements day-by-day at his/or her workstation through the SPR process.

Defining the environmental requirements of each workstation is a three-stage process:

- engineering teams identify requirements relating to chemicals management and waste treatment;
- the site includes these requirements in the documentation for each workstation;
- operators are trained to perform the actions set out in these documents.

Staying one step ahead with the site environmental management plan

The environmental management plan launched in 2002 describes how the environment of each site is liable to evolve over the next ten years, in line with its ecological sensitivity. The documents associated with each industrial site cover continuous progress and the start-up of new vehicle or sub-system projects, as well as major changes to facilities. The plan contributes to the dialogue between engineers, building planners and plants by defining targets for reducing environmental impact at the earliest stage of project development. Plans are updated regularly. This approach was first introduced at production sites in Western Europe. Since then it has gradually been extended to other sites, including Busan (South Korea) and Curitiba (Brazil) in 2006, and Pitesti (Romania) and Envigado (Colombia) in 2007. Today, 27 industrial sites use this tool (15 body assembly and 12 powertrain sites).

The data produced by the management plans are used to set medium- and long-term targets for the function teams responsible for selecting manufacturing processes. This method provides decision-support for sites to help them identify their technical and managerial priorities, specify the expected results in collaboration with function teams, and establish performance levels in relation to the competition.

The environmental results of industrial sites, along with any changes in the course taken to meet the objectives and targets set out in the management plans, are monitored in monthly or quarterly coordination meetings.

The potential for reducing impacts is based on the widespread application of best practices implemented by the most efficient sites. The associated targets are then included in the annual revision of management plans and approved by the site management committee.

Inspection

Renault has developed its own audit standards. The ISO 14001 standard stipulates that sites should conduct internal audits to assess progress. The environmental network did not want to limit this process to the ISO 14001 standard alone, but to use it to pursue the progress made at sites over the long term, to exchange information, and to organize the Group's management. The audit serves in particular to inform plant managers about their performance, and about the state of their program and its implementation. It also guides the input provided by other functions to put appropriate measures into place. The audit also harmonizes communication with corporate or financial partners on environmental performance.

The management system is assessed by internal audits known as "network audits". Performed at all sites by members of the network, these audits make it possible to conduct cross-audits between several sites. These audits seek to promote dialogue between site managers and to encourage consultation between different functions in order to identify solutions and improve performance. Today, the network has 24 audit managers and 29 internal auditors trained by Renault.

ENVIRONMENTAL MANAGEMENT IN THE VEHICLE USE PHASE ✦

Numerous life-cycle analysis studies show that greenhouse gases account for around 80% of environmental impact during the vehicle use phase. Renault can take action in a number of areas to reduce this figure, including eco-design, driver behavior and sound ecological practices implemented by the sales network for sales and services activities.

Teaching consumers about eco-driving ✦

Renault is studying two possible lines of progress to promote eco-driving. The first is to design vehicles that help drivers cut fuel consumption, with onboard computers that provide real-time information on average consumption. Renault vehicles also feature a stress-free environment (comfort, acoustics, etc.) and safety equipment such as a monitoring system that detects low tire pressure. The second line of progress is to provide access to training in eco-driving. In 2007 New Laguna brought customers a new way to boost fuel economy: two arrows, pointing up or down, show the right time to change gears in order to consume less fuel. In 2008 Renault stepped up efforts to cut fuel consumption by making this gear-change alert available on new vehicles (New Mégane) and by developing an eco-driving simulator to educate the public about Renault models. 3,000 people have been able to take a lesson in eco-driving as part of various events and sales operations at the Atelier Renault and the Paris Motor-Show, as well as one-day events for consumers.

The press and consumer associations sometimes talk about vehicles using more fuel than announced in the sales literature. Fuel consumption figures are based on approved driving cycles and the best driving conditions, so the average driver may see differences of up to 20%. For this reason, it is important to show that eco-driving techniques can remedy this frequent occurrence by bringing down excess consumption.

The eco-driving simulator aims to teach a new style of driving. It shows drivers the scope for improving their skills at the wheel, illustrates the basic techniques, and provides three key pieces of advice:

- change gears as appropriate;
- anticipate road conditions to minimize fuel use;
- drive at optimum constant speed.

At World Environment Day on June 5, 2008, a number of events promoting eco-driving were organized at production and sales facilities around the world.

An event for the general public was organized on October 4 in Paris in partnership with yachtswoman Ellen MacArthur. Activities included free eco-driving lessons, practice on a driving simulator and a family eco-driving rally.

Virtual driving simulators will gradually be installed across the sales network. Customers will be able to assess their driving skills and see where they can improve.

A greater role for environmental management in the sales and marketing function

The Renault eco² mark is the commercial facet of Renault's commitment to environmental protection. All the company's business-lines are concerned by this approach.

The sales network provides the first contact between the manufacturer and customers in terms of products, values and brand identity.

The primary sales network, comprising 737 French sites, has made a strong commitment to environmental management. Through active efforts to maintain the value of its assets and protect Renault's brand image, it illustrates the commitments to sustainable development.

To meet the environmental management targets set for 2008, Renault supported the efforts of its sales network, by:

- encouraging each dealership in the network to appoint an environmental contact who can follow a special two-day training course in the management of environmental risks;
- holding meetings and field inspections with site management, and discussions on the environment in dealerships;
- including the environment as a theme for one of the commissions of the "Groupement des Concessionnaires" Renault dealers group;
- putting in place an environmental network of 60 "site environmental managers" appointed and trained to pilot the deployment of actions and good environmental practices at Renault Retail Group, Renault's sales subsidiary with 160 sites in France;
- extending the environmental network of Renault Retail Group to Europe;
- developing a range of environmental management tools to deploy and build on good environmental practices, to be used by the sales network (in progress).

ENVIRONMENTAL MANAGEMENT IN THE VEHICLE END-OF-LIFE PHASE

In line with its long-standing commitment to recycling, Renault has set up a new industrial system involving a wide range of European players and able to meet the targets set by regulations, namely 85% of end-of-life vehicles recovered, at moderate cost, from 2006 and 95% by 2015.

A network of approved collection and processing centers has been set up for Renault vehicles wherever necessary across Europe. Information on this network is sent to the last owners of end-of-life vehicles, and the vehicles are taken back from them free of charge.

Recyclers and energy recovery firms can obtain information on methods of decontamination, disassembly and recycling on the www.idis2.com site.

At the same time Renault is actively contributing to the economic and regulatory performance of dismantling processes through its leadership in the market for renewed and reconditioned parts, and the use of recycled materials. Renault Environnement, founded in 2008, is the key entity in this area (see chapter 1.1.3.3). Through Re-source Industries, the joint-venture set up by Renault and Sita, the end-of-life vehicle recovery process will satisfy new ambitions for environmental and economic performance. It will also unlock synergies between players and develop the materials recycling industries.

✦ Global Reporting Initiative (GRI) Directives

3.2.3.3 ENVIRONMENT-RELATED COMMUNICATION

In the space of a few years, environment-related communication has become a corporate and social issue. Companies want to inform stakeholders about the quality of their products or their environmental progress but they may run into media debates about the scientific rationality of particular solutions. And, given the high-media profile of environmental issues, they may also lay themselves open to accusations of greenwashing.

COMMUNICATING ON ENVIRONMENTAL IMPACTS

One of the fundamental principles of Renault's sustainable development policy is regular progress in improving the quality of information and making it available to all constituencies. Sustainability data have been included in Renault's Registration document since FY 2002.

Since 1999 environmental data from Automobile's industrial, design and logistics sites, collated in chapter 8.4.2, have been verified by the Renault group's statutory auditors. For 2008 the auditors issued a statement of "reasonable assurance" concerning data for Group sites, the highest level of assurance that the auditors can give.

Environmental information relating to automotive products is governed by standards or regulations, stipulated in the approvals required for releasing a product. These cover such aspects as fuel consumption, CO_2 emissions, pollutant emissions, noise, safety requirements, and – from 2008 – vehicle recyclability by weight. This information is set out in chapter 8.4.3.

In 2007 Renault developed a cross-functional communication and marketing plan. The aim is twofold: to improve Renault's image as an environmentally-aware company, and to boost sales of vehicles, particularly those emitting less than 140 grams of CO_2. In May 2007 the Renault eco² mark was launched in the 15-nation EU in order to initiate a dialogue with the public on the environmental progress made by the Renault group throughout the vehicle life-cycle over the past ten years. In 2008 Dacia launched its own eco-mark in pursuit of the same objective. Through Renault eco² and Dacia eco², customers are able to identify the most environment-friendly models in the range of each brand, based on three shared criteria, and thus to make their own contribution to ecological progress through Renault's affordable solutions.

The Dacia eco² mark was officially launched in October 2008 at the Paris Motor-Show.

COMMUNICATING WITH EMPLOYEES AND THEIR REPRESENTATIVES

A range of environment-related product events, conferences, articles, blogs and chatrooms provide the basis for a direct dialogue between personnel and the departments in charge of environmental issues.

An in-house blog was set up in early 2008 to give the environment network a more interactive basis and to promote sharing of environmental best practices. Regular publications in the blog and in Renault's house communication media highlight the active commitment of the workforce to implementing the sustainable development approach.

COMMUNICATING ON LOCAL AND REGIONAL ACTIONS AT THE PLANTS

The information on sustainable development attests to Renault's commitment, but it cannot answer all environmental questions concerning individual sites. The sites have therefore undertaken to publish environmental statements either on the Internet or in hardcopy form. Each statement sets out the actions and detailed results of each site. It provides clear information, and acts as a useful basis for dialogue between sites, personnel and local stakeholders, including residents, local councils, non-profit organizations, and government bodies.

In 2008, 14 sites published an environmental statement, which can be seen on the Renault group sustainable development website.

All Renault sites took part in World Environment Day on June 5 for the second year running. Open days, press conferences and other events were organized both inside and outside the company. In 2008 the emphasis was placed on the strong performance of Group sites with the achievement of ISO 14001 certification for all majority-owned industrial sites and industrial subsidiaries.

COMMUNICATING WITH CUSTOMERS

In 2005 the marketing function helped set up an organizational structure to meet the needs of key Account Customers for their vehicle fleets. This included a sales brochure explaining Renault's environmental policy and special analyses in the areas of fuel consumption, pollutant emissions and road safety.

In 2008 Renault meetings with Key Account Customers continued to focus on gaining a better understanding of environmental issues. An eco-diagnosis method has been developed for fleet vehicles; it includes progress scenarios to help companies match the objectives of their environmental policies to their vehicle fleets.

SHARING RENAULT'S KNOW-HOW WITH OUTSIDE PARTNERS

To promote the UN's Global Compact among small and medium-sized businesses in the Paris metropolitan area, Renault has joined forces with public administrations and businesses to form the Île-de-France Club for Sustainable Development. Taking part alongside Renault are the Paris region DRIRE (Regional Directorate for Industry, Research and the Environment), the *École Nationale Supérieure des Arts et Métiers* engineering school, industry leaders including LVMH and Veolia Environnement, as well as thirty small and midsized businesses and four inter-trade federations. At present the association comprises more than 35 small and midsized businesses and is partnering with the Greater Paris regional office of the French energy management agency, ADEME.

The objectives are to promote multilateral exchanges of experience and best practices through the use of collaborative tools and visits to industrial sites and conferences, with a view to helping companies make real progress. The goal is to encourage as many companies as possible to sign up to the Global Compact[9].

(9) The objective of the Global Compact, which functions within the framework of the UN, is to promote a set of fundamental values based on ten principles concerning the environment, human rights and the fight against corruption.

CREER (Cluster Research Excellence in Ecodesign & Recycling) is an organization composed of seven companies from a wide range of sectors: Cetim, SEB, Veolia Environnement, Plastic Omnium, Areva T&D, Steelcase, and Renault. The objective is to pool knowledge and expertise in eco-design and recycling in partnership with the *Ecole Nationale Supérieure des Arts et Métiers* in Chambéry (France). CREER's ambition is to expand the working group to include at least 200 new companies.

Renault and Sita are combining their fields of expertise – in vehicles and dismantling for Renault, and in materials recovery for Sita – in order to achieve more efficient recovery of recycled materials.

RECOGNIZING THE PERFORMANCE OF ENVIRONMENTAL MANAGEMENT SYSTEMS AND COMMUNICATION ✦

In 2008 the Cléon site received the French Quality Prize, in recognition of excellence. The award was presented by the Chairman of AFNOR, the French quality standards organization, in a ceremony attended by the French Secretary of State for Industry and Consumption.

With the exceptional success of Logan Renault eco^2 Concept in the Michelin Challenge Bibendum in Shanghai in November 2007, Renault proved that a car can be both ecological and economical, without neglecting performance and customer requirements. A range of technical optimizations and the eco-driving style of the driver enabled the Logan Renault eco^2 Concept – a diesel vehicle – to cover the 172km of the Bibendum Challenge on just 2.72 l/100km for CO_2 emissions of 71g/km! The vehicle finished second out of 74.

3.3 SOCIAL PERFORMANCE

Through Renault's growing international reach and the role that its products play in society, Renault's influence extends beyond the boundaries of the company.

Renault has close relationships with a wide range of stakeholders, including customers, suppliers, dealers, scientific experts, local communities and residents, associations, international organizations and government bodies.

These relationships are guided by two principles: building dialogue and promoting transparency and loyalty.

Renault is also involved in major social issues related to the automotive industry, such as sustainable mobility and road safety. It also takes part in initiatives to support civil society. ✦

3.3.1 ETHICS AND PERFORMANCE

3.3.1.1 INTERNAL STANDARDS ✦

CODE OF GOOD CONDUCT AND RULES OF COMPLIANCE ✦

In 1998 Renault introduced a Code of good conduct that provides a framework for relationships with all stakeholders, both inside and outside the Group. The Code is given to managerial staff and to suppliers in order to set out clearly defined principles for dealing with complex or unexpected situations.

Given the Group's steady international expansion and the wide variety of risks in the countries where it is present, Renault decided to reinforce its ethical approach by adding a "Compliance" function to the existing Code of good conduct. A new Code of good conduct and Rules of compliance was adopted by the Board of Directors in 2007 and distributed to all employees in 2008.

The Compliance function is an integral part of the Renault group's internal control procedures (see chapter 4.5.2.3).

In 2008 the Global Compliance Committee chaired by the Executive VP, Finance, met four times (see chapter 4.1.5, Activity of the Compliance Committee).

To enable employees to play an active role in risk prevention, Renault has set up a whistleblowing system. The aim is to encourage all members of staff to report any irregularities in the areas of accounting, finance and the fight against corruption. This procedure is governed by the terms of the CNIL (France's data protection commission) and guarantees the full confidentiality of the whistleblowing process.

DECLARATION OF EMPLOYEES' FUNDAMENTAL RIGHTS

The Declaration of Employees' Fundamental Rights was signed in 2004 by Renault, the secretary general of the International Metalworkers' Federation (IMF) and the trade unions. Covering all Renault personnel worldwide, the agreement is part of the Group's approach to sustainable development and reflects its international undertakings (see chapter 3.1.3.1 Employee-relations performance).

3.3.1.2 INTERNATIONAL REGULATIONS ✦

Pursuing the goals of transparency and progress, Renault adheres to international norms and standards established to regulate companies' social, employee relations and environmental practices. Renault joined the UN-sponsored Global Compact in 2001. It is also committed to the guidelines of the Organization for Economic Cooperation and Development (OECD) as well as to the Declaration of the International Labor Organization (ILO) on Fundamental Principles and Rights at Work. Renault complies with the Global Reporting Initiative (GRI), which seeks to develop indicators applicable worldwide to get a clearer picture of the economic, social, and environmental performance of publicly listed companies (see table at the end of the document).

In France in December 2007 Renault signed the charter drafted by the national association of advertisers, *Union des Annonceurs*, making a commitment to responsible communication across the Group, at both corporate and commercial level. In 2008 the commitments in the UDA Charter were adopted by the relevant personnel at head office and in the French subsidiary. The aim for 2009 is to share the charter principles with all Group subsidiaries. ✦

The UN Global Compact

Proposed by the then UN Secretary General Kofi Annan in July 2000, the Global Compact brings together major multinational companies, SMEs, UN agencies and non-governmental organizations (NGOs) around 10 principles of sustainable and responsible development laid down by the United Nations. The partners are asked to uphold and promote these principles both internally and externally. Renault officially joined the Global Compact in July 2001, meaning that each year it undertakes to submit a "Communication on Progress" and examples of best practices in support of the Global Compact. Renault is also a member of the *Forum des Amis du Pacte Mondial* (Forum of Friends of the Global Compact), which acts as the representative in France of the UN Global Compact Office in New York. The Forum aims to support the application of the Global Compact's 10 principles, extend the network of member companies and encourage members to learn from each another and to pool information.

3.3.2 RENAULT AND ITS STAKEHOLDERS

3.3.2.1 CUSTOMERS ✦

QUALITY OF PRODUCTS AND SERVICES ✦

The key to customer satisfaction lies in the quality of products and services. This is a key requirement for Renault, expressed through a process of continuous improvement.

To constantly build the satisfaction of customers, Renault seeks to identify their requirements:

- regular surveys are carried out to measure satisfaction with products and services, and to establish how customers see Renault in general;
- a Customer Relations department of almost 200 people listens to customers and helps them to find the most appropriate solution;
- the Renault network, which is in direct contact with customers, plays a key role in passing on their concerns and viewpoints.

The ISO 9000 certification of Market Area France and the French distribution network illustrate the active implementation of this system, set up to manage customer satisfaction. ✦

VEHICLES FOR THE GREATEST NUMBER

Renault seeks to provide high-quality affordable cars for the greatest number, with a wide range of products tailored to its broad customer base. With Logan, and more recently Sandero, the Renault group was the first to bring out family vehicles meeting environmental and road safety requirements at a highly attractive price.

ENVIRONMENT-FRIENDLY AND ECONOMICAL VEHICLES

The Renault eco^2 eco-mark showcases the most economical and environment-friendly vehicles in the Renault range. Through this pioneering approach, Renault is able to provide environmental data for its vehicles at every stage in the life-cycle, enabling customers to make a more ecological choice at no additional cost.

ROAD SAFETY

Renault is also a pioneer and a benchmark manufacturer in road safety, with many years of experience. It is the only manufacturer to have eleven vehicles scoring the maximum 5 stars in Euro NCAP crash tests. Renault's road safety policy aims to prevent accidents, correct human error and protect vehicle occupants when accidents do occur.

DISABLED DRIVERS

Renault has developed software that allows dealers to find information on the equipment and vehicles best suited to the needs of disabled drivers. More broadly, Renault is actively committed to helping disabled drivers. In France, it has published a practical guide on making cars accessible to disabled people. In the UK, it is partnering a system to promote the mobility of disabled people. For more information, see chapter 3.3.5.1.

RESPECT FOR EMPLOYEES AND THE ENVIRONMENT IN PRODUCTION

In compliance with the Group's values, expressed in its Declaration of Employees' Fundamental Rights and membership of the Global Compact, Renault selects and encourages its suppliers on the basis of strict principles in terms of human rights and the environment.

3.3.2.2 SUPPLIERS ✦

Suppliers make an essential contribution to Renault's sustainable development action plan.

Renault's supplier strategy is based on a continuous quest to improve performance. By forming long-term relationships in a climate of mutual respect, transparency and trust, Renault develops ongoing dialogue with suppliers. This approach enables each party to respond promptly to the other's requirements. It also encourages fast corrective action when problems relating to sustainable development arise.

Illustrating this relation, Renault has developed a process for continuous supplier improvement based on products and manufacturing. Structured tools will make it possible to continuously build compliance levels in social and environmental areas.

AT PRODUCTION PROCESS LEVEL

- to implement this strategy, the Purchasing department has put in place a filter to ensure that the supplier base includes only suppliers formally committed to the principles of the Declaration of Employees' Fundamental Rights, based essentially on ILO international conventions. The priorities are: refusing child labor and forced labor, and implementing a continuous health, hygiene, safety policy and risk prevention compatible with that of Renault. Today, all key suppliers have made this commitment; ✦
- supplier compliance with these standards is ensured through regular self-assessments (400 in 2008). After discussions with the supplier, action plans are implemented based on the non-conformities observed;
- supplier sites are also assessed (120 in 2008) by personnel from Renault's Quality department (working conditions and environment). Here again, action plans are put in place for any major non-conformities;
- external audits (around fifteen in 2008) are also carried out on supplier sites in the event of a critical non-conformity.

AT PRODUCT LEVEL

- Renault asks suppliers joining the base to commit to respecting applicable environmental standards;
- standards on "substances" (00 10 050) and "recycling" (00 10 060) help suppliers stay one step ahead of changes to legislation; this benefits not only the suppliers themselves, but also Renault and the environment;
- the IMDS (International Material Data System) is used to declare substances in the parts delivered by suppliers;
- Renault also put considerable effort into informing buyers and suppliers about the new REACH regulation in 2008. Suppliers were informed as part of the quarterly IFR (Renault Supplier Information) meetings, and through an amphitheatre event bringing together 250 key suppliers. Among other actions, Renault distributed guides to help suppliers deploy REACH.

In 2009, action will be taken to promote the recycling of vehicles and components and to limit the CO_2 emissions of vehicles.

These efforts to drive the sustainable development process forwards are reflected in the Purchasing process of RNPO (Renault-Nissan Purchasing Organization) and in the general terms and conditions of purchasing.

Renault's results in this area can be attributed to the sustainable development action plan approved in November 2004 by the Purchasing Management Committee. After the compliance phase, Renault's Purchasing department has entered a social and environmental performance phase, which will run over a number of years. The long-term aim is to reach the last phase of maturity: governance.

3.3.2.3 NON-PROFIT ORGANIZATIONS ✦

For example, Renault is a member of:

IN FRANCE

- *Entreprises pour l'environnement* (EPE): a discussion forum on environmental and sustainable development issues; Renault is an active participant in the working groups set up by this association in the areas of health, climate change and transport.
- *Observatoire sur la Responsabilité Sociétale des Entreprises* (ORSE): an association of companies, trade unions, investors, audit firms, and NGOs. A forum for discussion and proposals, ORSE seeks to promote sustainable development and the rating of companies' social performance. Renault has taken part in a number of working groups on diversity and employee rights, and is a particularly active member of the ORSE purchasing group set up to share good social and environmental practices in the Purchasing function.
- *Institut de Mécénat de Solidarité – Entreprendre pour la cité* (IMS): an association that encourages member companies to develop new ways of working with local communities by integrating innovative social practices in their policy of corporate social responsibility.
- Renault is also represented by the French Automobile Manufacturers' Committee (CCFA), in Airparif (a parastatal organization that monitors air pollution and measures emission levels in Paris) and Bruitparif (which monitors noise pollution in the greater Paris region).

IN EUROPE

- European Round Table of Industrialists (ERT): a forum of 45 leading European industrial firms that promotes economic competitiveness and growth in Europe. Since inception in 1983, ERT has contributed significantly to improving dialogue between industry and governments at both national and European levels. Renault is involved in most of the ERT's working groups.

WORLDWIDE

- World Economic Forum (WEF): founded in 1971, the Geneva-based WEF is an independent international organization that works to improve economic and social conditions around the world. Its members, drawn from all business sectors, work with universities, governments, religious organizations, NGOs, and artists.
- The Global Road Safety Partnership (GRSP) is one of the four Business Partnership for Development programs created by the World Bank. Its members include international institutions, government agencies, development organizations, and large multinational corporations. Its objective is to promote policies to improve road safety in the developing world through pilot programs in selected countries.

3.3.3 RENAULT ARCHITECT OF SUSTAINABLE MOBILITY ✦

3.3.3.1 THE CHALLENGES OF SUSTAINABLE MOBILITY

Sustainable mobility is the capacity to satisfy society's need for freedom of movement, accessibility, communication and trade, and also to meet these needs safely and at an acceptable cost, now and in the future, without sacrificing essential human and environmental values.

3.3.3.2 RENAULT'S POLICY ON SUSTAINABLE MOBILITY

The transport policy guiding Renault's efforts to achieve sustainable mobility aims to:

- reduce road risk and significantly decrease the number of accident victims (see chapter 3.3.4, "Renault and road safety");
- reduce the risks relating to urban traffic congestion and longer journey times; limit jams caused by road traffic;
- mitigate environmental impact and sustainably reduce greenhouse gas emissions;
- take action to promote public health and reduce the harmful effects of road transport (noise and pollution);
- narrow the disparities in mobility between countries in the northern and southern hemispheres and improve mobility prospects for all these populations.

To support this policy, Renault is setting up or taking part in initiatives to promote sustainable mobility in France, Europe, and elsewhere in the world.

3.3.3.3 RENAULT'S NATIONAL INITIATIVES TO SUPPORT SUSTAINABLE MOBILITY

INVOLVEMENT OF RENAULT EXPERTS IN THE DEBATE ON SUSTAINABLE MOBILITY

Renault is perceived as a leader in the search for innovative solutions on vehicle services, based on rationalizing and optimizing vehicle use in cities.

In 2008 Renault participated as an expert in the following working groups set up as part of PREDIT 4, an interministerial transport research program: "Transport Policy", "Mobility" and "Safety". Renault is also taking part in a scientific research steering committee set up by the French national institute for transport and safety research (INRETS) on advanced driver assistance systems.

DEVELOPMENT OF INNOVATIVE MOBILITY SERVICES AT RENAULT

Employee mobility plans at the new Equinove offices in Plessis Robinson, near Paris, and the Technocentre, in Guyancourt, are making it easier for Renault employees to move around.

Other solutions were provided with the Paris transport authority, RATP, in 2005. These included grouping bus shelters together and adding two shuttle services from the Versailles Chantiers railway station and the Pont-de-Sèvres metro station, with three buses running morning and evening on each route, transporting a total of 370 Group employees.

As a result of these initiatives, public transportation carries about 25% of the traffic, close to results for the Technocentre (public transport: 26%; car-pooling: 10% to 14.5%).

Promoting car-sharing

Renault first put in place an initiative to encourage car pooling among employees in 1996. In July 2007, Renault reviewed and relaunched its car pooling service. Trialed at the Rueil and Lardy sites, the service proved to be a success and was extended to all French sites on June 1, 2008. The idea could now be extended to international facilities. The intranet site makes it possible to form groups based on where employees live, their working hours and whether they wish to be driver or passenger. Recent studies by insurance companies have shown that the practice of car pooling brings down the number of road traffic accidents.

DEVELOPMENT OF INNOVATIVE MOBILITY SERVICES FOR SOCIETY

Educational program on eco-driving

To be a success, the Renault eco² program needs to bring about a change in behavior and to encourage people to adopt environmentally responsible driving practices. For this reason, Renault has decided to educate the general public on eco-driving. Two main initiatives have been set up as part of this program: an interactive, educational website "www.renault-eco2.com" and an event on the theme of eco-driving aimed at the general public.

Launched on October 4, 2008 in Paris, the operation to educate the general public on eco-driving was a great success. Renault provided free lessons, along with trials on eco-driving simulators, educational games for families and an eco-driving family challenge. The aim is to extend this operation to other major European cities.

3.3.3.4 RENAULT'S GLOBAL INITIATIVES TO PROMOTE SUSTAINABLE MOBILITY

Renault has taken part in an international project on sustainable mobility for 2030. As part of the World Business Council for Sustainable Development[10], 12 US, Japanese, and European companies from the automotive and oil industries launched a major study on what mobility should be in 2030 and how to achieve it.

The aim of Mobility 2030 is to develop a vision of sustainable mobility that takes account of needs and proposes solutions that are acceptable to consumers and society in terms of employment and the environment. It promotes concrete actions with the assistance of a support network in both developed and developing countries.

The final Mobility 2030 report was published in July 2004, following the earlier Mobility 2001 study, which analyzed the general situation. The partner companies then began discussing a road safety action plan for developing countries. This led to the creation of the GRSI by the Global Road Safety Partnership (see below).

In 2008 Renault continued to take part in a number of projects supported by the European Commission, such as CVIS, SMARTFOT and TISA. These projects involve life-size operational field tests of new vehicle-infrastructure communication systems and – more broadly – the implementation of new intelligent transport systems (ITS). Renault is also a member of the board of ERTICO. In 2008, it took part in the partners topics group "ICT for clean and efficient mobility" with a view to developing R&D proposals for new mobility systems in the areas of eco-driving and improved, economical navigation.

Through the Renault Foundation Paris Tech master's diploma in transportation and sustainable development, students from India, Iran and Brazil work together on issues relating to urban growth and the development of cars. The aim is to identify the conditions and measures necessary to support the development of motorization (see below).

(10) The World Business Council for Sustainable Development (WBCSD) consists of 180 international companies from 30 countries and 20 major industrial sectors that are engaged in implementing sustainable development in three key areas: environmental protection, social equity and economic prosperity. The Council's work focuses on eco-efficiency, innovation and social responsibility in the business community (www.wbcsd.org).

The electric vehicles program: a breakthrough for sustainable mobility ✦

Climate change has become one of the key global issues of the 21st century. Governments are making increasingly active efforts to protect the environment and living conditions. At the same time the world is facing a short-term energy challenge on a hitherto unparalleled scale. Climate change and dwindling fossil fuel reserves make it necessary to find alternatives to vehicles with combustion engines. All-electric vehicles clearly rank among the most sustainable solutions. They produce no CO_2 or other pollutant emissions (HC, NOx, particulates), and their silent engines reduce noise nuisance for users, residents and pedestrians. Also, depending on the method used to generate electricity (nuclear, hydroelectric, wind, sun, etc.), this is the only solution that cuts CO_2 emissions to near-zero levels.

For the Renault-Nissan Alliance, the real solution to sustainable mobility is to bring to market all-electric vehicles with zero emissions. New mobility needs, technologies, and infrastructure are converging with a political will to improve urban transport and reduce its contribution to climate change and pollution. Through the Alliance with Nissan, Renault is claiming a significant lead in product development. It is involved in a number of production programs that are expected to come to fruition from 2011 onwards. For the development of its electric vehicles, Renault signed or pursued partnerships in 2008 with Israel, France, Spain, Denmark and Portugal, as part of the Renault-Nissan Alliance. One of the objectives, with input from energy companies and governments, is to develop an original economic model to offset the additional investments and bring down cost-in-use to competitive levels. (See chapter 3.2.2.1).

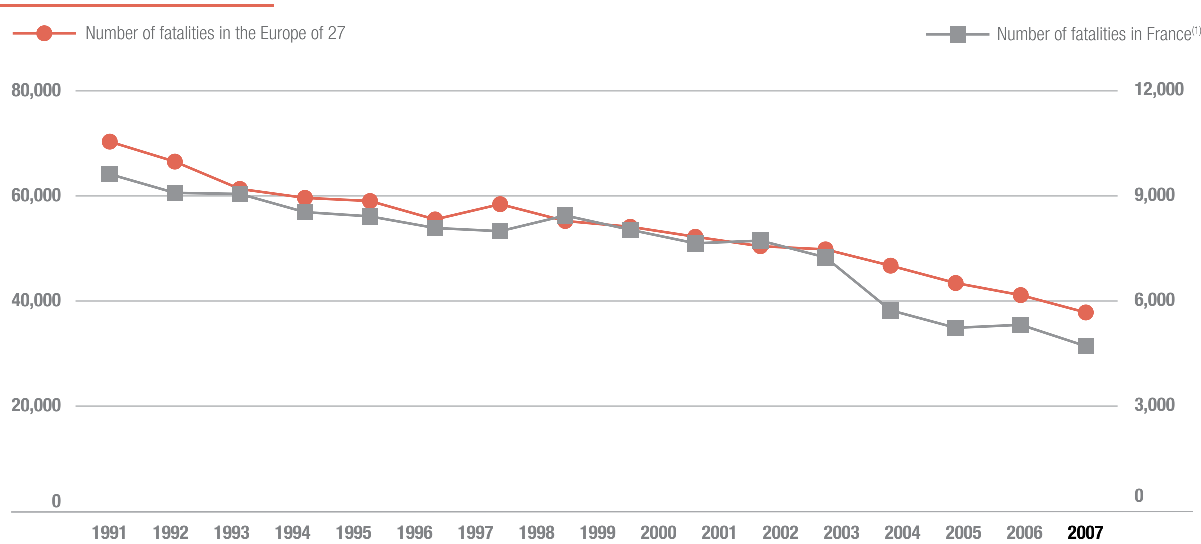
3.3.4 RENAULT AND ROAD SAFETY

3.3.4.1 THE CHALLENGES OF ROAD SAFETY

Road safety is a global public health issue, which concerns every continent. According to the World Health Organization (WHO), some 1.2 million people are killed and 50 million injured on the world's roads each year. If current trends continue, those numbers could rise by over 60% by 2020, taking road accidents to third place on the WHO's list of the ten leading causes of death and injury in the world, up from ninth place in 1990. This problem is not affecting all countries to the same extent. Most of these accidents occur in developing countries, where more and more people are using motorized transport.

As an international company, Renault considers itself a partner of governments throughout the world, and it aims to be an active partner in helping to improve road safety. In France and many other European countries, trends are encouraging, and the numbers of people killed or injured are going down.

ROAD DEATHS IN EUROPE AND FRANCE – 1991-2007



(1) Note that the definition of a road fatality in France changed in 2005. A traffic accident victim dying within 30 days of the accident is now considered as a road fatality. Previously, the victim's death had to occur within six days of the accident.

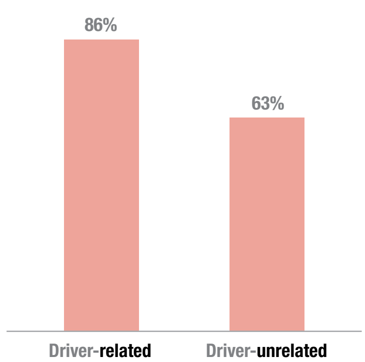
Source: EU 27 – CARE (EU 15 Germany).

The causes of accidents fall into two general categories.

The cause is related either to the driver (physical condition, driving experience, driving style) or to an external factor (road infrastructure, traffic conditions, or the state of the vehicle).

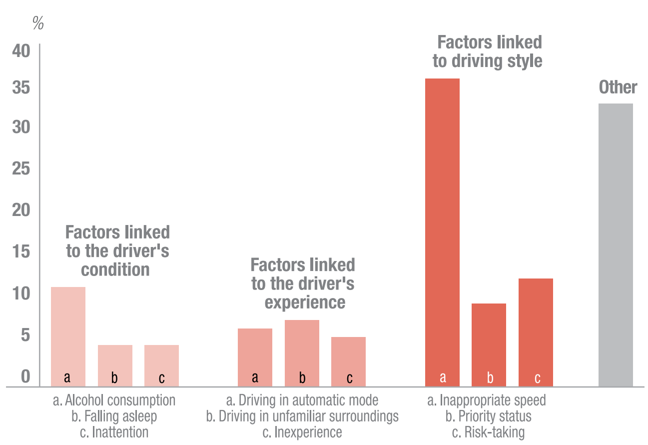
The graph below shows that driver error is involved in a large majority of accidents resulting in personal injury, but that an external factor will contribute to the accident in nearly two-thirds of cases. The graphs below show the main driver errors and external factors that cause accidents.

BREAKDOWN OF ACCIDENTS RESULTING IN PERSONAL INJURY WITH AT LEAST ONE CAUSE RELATED OR UNRELATED TO THE DRIVER



Source: LAB (see chap. 3.3.4.2).

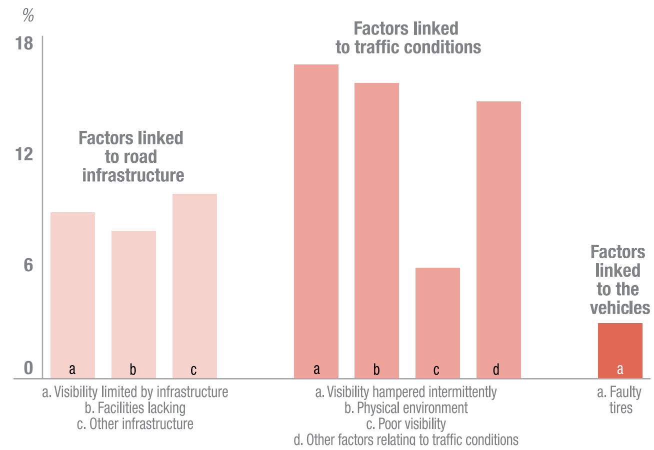
BREAKDOWN OF ACCIDENTS RESULTING IN PERSONAL INJURY AND INVOLVING AT LEAST ONE DRIVER-RELATED CAUSE



Source: LAB (see chap. 3.3.4.2).

The impact of alcohol consumption seems low because only non-fatal accidents resulting in injury are considered here. But alcohol is an aggravating factor in the consequences of accidents, and is involved in 30% of fatal accidents.

BREAKDOWN OF ACCIDENTS RESULTING IN PERSONAL INJURY AND INVOLVING AT LEAST ONE DRIVER-UNRELATED CAUSE



Source: LAB (see chap. 3.3.4.2).

3.3.4.2 RENAULT'S ROAD SAFETY POLICY ✦

Recognizing the importance of road safety, the Renault group created a Road Safety Policy department in March 2004. Headed by Professeur Jean-Yves Le Coz, its remit is to establish Renault's road safety policy and to coordinate its implementation.

Renault takes a comprehensive approach to road safety. People are central to the vehicle design process, which is based on a scientific understanding of accidents and on real safety. The aim is to develop products adapted to the realities of driving everywhere in the world.

Through its Laboratory for Accidentology, Biomechanics and Study of Human Behavior – Renault – PSA Peugeot Citroën (LAB), Renault possesses the world's largest accident research database. By providing a vast amount of information on how accidents happen and by evaluating the effectiveness of each safety system in terms of lives saved and injuries avoided, this database helps designers to decide which systems are the most important to install on vehicles to maximize their safety. With more than 50 years' commitment to research and development of technologies to improve the safety of its vehicles, Renault is recognized as an industry leader in automotive safety in Europe.

To adapt its vehicles to emerging markets, Renault is extending the accidentology studies conducted in Europe to regional engineering centers by setting up special teams, transferring knowledge and skills, and working with specialists at local universities.

Renault also supports all initiatives and equipment to promote careful and safe driving such as standardization of speed limits in Europe, and driver education programs.

The company is an active participant in working groups studying safety factors, contributing its expertise and analyses, and is also involved in an ambitious international educational program.

Renault is a member of the board of the Road Safety Foundation, which aims to identify, promote, and fund research projects aimed at contributing effectively to road safety. This public-private partnership initiative should enable the working group to share knowledge and results.

3.3.4.3 RENAULT'S INITIATIVES TO PROMOTE ROAD SAFETY

PREVENTION

Prevention involves helping drivers to anticipate risks. Part of the solution lies in encouraging more responsible driving. Drivers need to understand the limits beyond which they will be incapable of controlling their vehicle, and the situations in which they are putting themselves at risk. This is why Renault equips its vehicles with systems that enable drivers to behave more responsibly. The cruise control/speed limiter, for example, provides added comfort and safety by preventing the car from exceeding the speed set by the driver. Renault's range is better equipped with cruise-control/speed limiters than any other in Europe and perhaps even the world. These systems are optional or standard on models from Modus to Vel Satis, depending on the version. The visual and audible seatbelt reminder is an essential safety device, since 20% of lives lost in accidents each year in Europe could be saved if everyone wore a seatbelt. The seatbelt reminder system is fitted on all Renault vehicles.

Prevention also involves providing the driver with helpful information. The tire pressure monitoring system helps do just that. Burst tires are a contributing factor in some 6% of fatal highway accidents. This is why Renault is equipping much of its range with the monitoring system. Prevention also calls for the ability to properly assess conditions, which is why Renault has adopted xenon headlamps. Last, anticipating risks means allowing drivers to concentrate on driving by facilitating auxiliary tasks. Automatic activation of headlights and windshield wipers provide such assistance.

CORRECTION

Road holding and braking are fundamental vehicle dynamics. They are the basic factors in accident avoidance. Even so, there are situations where technology has to intervene to compensate as far as possible for driver error. This is the aim of driving aids, which are triggered in difficult or emergency situations, but never completely take over from the driver.

The Antilock Brake System (ABS) stops the wheels from locking during emergency braking to allow the driver to retain steering control. Electronic Brakeforce Distribution (EBD) is an additional function coupled with ABS. It automatically adjusts the amount of force applied to the front and rear brakes. Emergency Brake Assistance lets the driver use the full power of the braking system by maintaining maximum pressure on the pedal until the vehicle comes to a stop. These systems are fitted on all Renault vehicles. Meanwhile, the electronic stability program (ESP) helps the driver to maintain his or her intended direction should the vehicle veer off course during an emergency maneuver.

PROTECTION

A cornerstone of Renault's safety strategy aims to protect all car occupants by factoring in the severity of potential impact for all passengers, regardless of age, size and position in the vehicle, in small and large cars alike. Striving to go beyond Euro NCAP standards, Renault equips the rear seats of its vehicles with systems to provide optimal passenger protection. The protection of other road users (pedestrians, cyclists, etc.) is also one of its goals.

The results take the form of innovative, dedicated equipment fitted by Renault on its models, mostly as standard, regardless of range category.

Renault is currently the only automaker to market eleven models with a 5-star rating in Euro NCAP tests – the safest range on the European market.

RAISING AWARENESS

Renault has been a signatory of a road safety partnership charter with the French government since 2003, confirming the Group's commitment to raising the safety awareness of as many people as possible. Changing behavior over the long term and educating young people to the dangers on the road are important issues in the battle to improve road safety.

Renault has launched a series of road safety campaigns for Group employees in France and abroad, for the sales network, the general public, and children and young people.

Initiatives targeting Group employees

Renault has also signed a driver's charter for personnel, underlining the company's commitment to raising employees' awareness of the risks of the road. As part of this, Renault has implemented several initiatives at Group level. In 2008, Renault supervised a "forcing" operation with the police to raise the awareness of scooter- or motorbike-riding employees on the risks of the home-work journeys. For more details, see chapter 3.1.3.5.

Initiatives targeting the sales network

The theme of road safety receives broad coverage in network media, including *Synchro* magazine, Renault TV's *Warm-Up* program, in-service training, POS material, deployment meetings, etc. Vehicles' active and passive safety features are a central sales argument for network personnel.

Initiatives targeting suppliers

In 2006 a new selection criterion for logistics suppliers was added to existing considerations: the annual number of hours of training per driver. A working group set up to examine the issue found a strong correlation between the number of road accidents and the number of hours of driver training.

Initiatives targeting children and young people: the "Safety for All" international road safety program

According to LAB studies, the driver is at fault in 86% of accidents that cause personal injury, even though road or traffic conditions are contributing factors in 58% of cases. Because it is important to learn the right habits early, Renault is pursuing its "Safety for All" international road safety program, based on its knowledge and experience in this field.

This educational program is for children, teenagers and young drivers. Launched in 2000, it has already reached more than 10 million young people, making it the biggest road safety awareness campaign ever organized by a carmaker. So far, a total of 540,000 teaching kits have been distributed in 20 countries.

The Safety for All program: close-up on Iran and Poland

Renault Pars joins the program. In 2008 the "Kids on the Road" operation was rolled out in a number of pilot primary schools in Teheran. Teachers received a set of teaching aids to help them teach their 1,500 pupils about road safety. The children were able to take the program one step further by making drawings that can be seen on the dedicated website www.safety-for-all.ir.

Kids on the Road: an all-out operation in Poland. Alongside the educational kits handed out in schools, Renault Poland is conducting a national poster campaign based on the winning drawing and is also organizing a giant picnic and concert in Warsaw to raise public awareness. Woosh, the campaign mascot, is known all over the country. He guest-stars on children's TV and online community portals, and is also the hero of e-learning modules on road safety. He even has his own blog.

All Renault's educational initiatives on road safety in the 20 participating countries are described on the website: www.securite-pour-tous.com/www.safety-for-all.com.

3.3.4.4 THE INTERNATIONAL CHALLENGE OF ROAD SAFETY ✦

E-SAFETY, A EUROPEAN AMBITION

The European Commission has set the ambitious target of halving the number of road accident fatalities between 2000 and 2010.

It has launched the e-Safety Forum, a public-private consultation body that seeks to accelerate the development, deployment and use of new information and communication technologies in a bid to improve road safety in Europe.

At present, the e-Safety Forum has 10 working groups directed by industry, and a steering committee, of which Renault is a member.

Renault experts are making an active contribution to the work groups, particularly the eCall group, which aims to define an integrated strategy for pan-European emergency call services. Other groups in which Renault is involved include Man-Machine Interaction, Real Time Information and Smart Vehicles, which aims to promote electronic technologies to make vehicles safer, smarter and cleaner. The ESC (electronic stability control) system, clearly the most efficient safety aid, will become obligatory on all vehicles from 2012. Moreover, from 2009, vehicle manufacturers will no longer be able to score five stars in Euro NCAP tests without ESC as standard. As the manufacturer that has obtained five stars for eleven of its new models, Renault is highly attentive to this feature.

INTERNATIONAL ACCIDENTOLOGY RESEARCH

As part of its strong ongoing international expansion, Renault is naturally designing and marketing vehicles that meet the needs and safety requirements of these new markets. Because the causes of accidents and injury in these regions are not the same as on its conventional European markets, Renault is extending its accidentology research beyond Europe to its decentralized engineering centers. In this way, it is transferring its know-how and taking advantage of expertise from local laboratories and universities.

GRSP – GRSI

In the action plan drawn up after the Mobility 2030 program initiated by the World Business Council for sustainable development (WBCSD), Renault made a commitment to join the battle for road safety in developing countries. These countries are particularly vulnerable, since increased mobility could bring a strong increase in traffic accidents.

The Global Road Safety Initiative (GRSI) is an international road safety program that receives $10 million in funding from seven of the world's largest automotive and oil companies (Renault, Ford, GM, Honda, Toyota, Michelin and Shell). Its aim is to develop road safety initiatives in a number of developing countries, with the agreement of their governments. These initiatives include:

- the publication of safe driving manuals;
- the opening of regional training centers to allow the transfer of road safety information to these countries;
- financial assistance for locally initiated safety actions.

This initiative is being carried out under the Global Road Safety Partnership (GRSP), a larger-scale road safety program set up by the World Bank and several large corporations.

In 2008 the GRSI continued to develop its activities as part of the ASEAN, in China and Brazil. In Brazil, it pursued the successful pro-active partnership strategy (PPS) set up in 2000 to reduce both the number of road accidents and the number of people killed or injured. This approach is based on a partnership between local authorities, large private companies and NGOs. The PPS places particular emphasis on cities of between 100,000 and 600,000 inhabitants.

In these cities, the authorities work closely with schools, driving schools, professional drivers and the police. The aim is to make the population more vigilant, to increase pedestrian protection and to encourage calm, responsible driving. The first step is to educate people, and the second is to apply road safety regulations to the letter and to develop appropriate infrastructure. Eighteen cities in five states are currently applying this approach.

3.3.5 CONTRIBUTION TO CIVIL SOCIETY

3.3.5.1 THE SOCIO-ECONOMIC ENVIRONMENT

RENAULT TAKES ACTION FOR YOUNG PEOPLE FROM UNDERPRIVILEGED AREAS

Along with around thirty other French companies, Renault on February 15, 2008 signed a “national commitment to the professional insertion of young people from local communities” with the French Ministry of economy, finance and employment. Through this agreement, and as part of a policy put in place a number of years ago to help low-skilled young people, Renault agrees to recruit 420 young people between 2008 and 2010. During this same period, the company will also open its doors to 720 interns and 450 young people on work-study courses from underprivileged areas.

RENAULT’S COMMITMENT TO TRAINING LOW-SKILLED YOUNG PEOPLE

For several years Renault has been active in training low-skilled young people. On March 24, 2005 Renault and the French Ministry of employment, labor and social cohesion renewed for the fourth time their 1992 agreement aimed at getting more young people into the workforce. The agreement gives 600 young people the opportunity to take training to earn their first professional qualification. The program includes three to four months of training at an industrial site, followed by a work-study contract for 12 to 24 months and help finding a job. At the end of the program, participants receive an occupational certificate or diploma recognized in many sectors.

More than 3,000 young people, one-third of them women, have already taken part, with 90% receiving a diploma and 70% finding a job. Five of the Group’s plants in France (Douai, Le Mans, Flins, Cléon, Sandouville) are participating.

ACTION FOR THE DISABLED

Renault is involved in numerous local initiatives to assist the disadvantaged. Continuing its efforts for disabled people that began 50 years ago, Renault publishes “En Route”, the first practical guide for disabled car users (available free of charge at Renault dealerships and downloadable in French at www.renault.fr/handiservices). Renault’s website, www.renault.fr, also contains practical information for disabled people.

For several years, Renault has been an active partner of the Motability car scheme for the disabled in the UK.

3.3.5.2 SPONSORSHIP INITIATIVES ✦

Renault and its subsidiaries around the globe are involved in numerous sponsorship activities. In 2008, they contributed a total of €8.8 million. Sponsorship focuses on education, training and road safety as well as humanitarian, social and cultural works adapted to the local situation. Renault’s main sponsorship programs are listed below:

THE RENAULT FOUNDATION: BRINGING CULTURES TOGETHER

The Renault Foundation was set up in 2001 as part of the Group’s international strategy. It provides support to talented young people and helps them to develop in a multicultural environment. It fosters understanding and closer ties between different cultures as well as interaction between France and Europe and the countries where Renault has operations.

The Renault Foundation helps to train tomorrow’s managers by organizing and fully financing three programs of study in France, all conducted in French, for high-flying foreign students with degrees in higher education from institutions in their home country:

- the Dauphine-Sorbonne-Renault MBA, created in 2002 in partnership with the University of Paris-Dauphine and the University of Paris-Panthéon-Sorbonne’s business school;
- the Renault Foundation ParisTech Masters in transportation and sustainable development, with the *École Nationale des Ponts et Chaussées*, the *École Polytechnique* and the *École Nationale Supérieure des Mines de Paris*;
- the Renault Majors Cycle, with Paris Tech and University of Paris-Panthéon-Sorbonne.

Each year students preselected by the Foundation’s partner universities in Japan, South Korea, Brazil, Iran, Romania, Russia, India and lately in Morocco attend these programs. The Foundation has already contributed to the education of some 370 students from these eight countries.

In June 2007 the Foundation and partners *École Polytechnique* and HEC set up a new course of study: Multicultural Management and Corporate Performance. The purpose of this program, which is fully funded by the Renault Foundation, is to develop students’ capacity during their final year at HEC or Polytechnique to understand and use managerial practices suited to the diverse economic realities relating to national, professional and organizational culture. Activities will include a teaching program, in French: “un groupe de recherche sur des problématiques managériales propres aux entreprises à l’international”, a group of projects. The research results will be published.

Most of the Foundation’s work is done through its funding capacity.

"VALUED CITIZENS" PROGRAM IN SOUTH AFRICA

Renault has been a key sponsor of the Valued Citizens initiative in South Africa since 2001. The program's aim is to use the public schools to develop a sense of responsible citizenship in young people and by doing so, create a culture based on the values and principles established in the South African Constitution.

The program helps teachers and school principals to strengthen students' confidence and self-esteem. As a result, they take pride in their school and become aware of their potential, which in turn builds a stronger democratic culture and greater openness to the surrounding world. The idea is to develop an environment conducive to a respect for human rights, with the broader objective of fostering a flourishing civil society in South Africa.

To date, the Valued Citizens program has been taught in 1,558 primary and secondary schools in townships, rural and urban areas in the Gauteng, Free State, and Limpopo provinces. These multiracial, multiethnic and multilingual public schools embody the Rainbow Nation. Renault is proud to contribute to expanding the program, which has reached more than 423,000 students and more than 3,500 teachers and school principals since it was started.

RENAULT RETAIL GROUP'S HUMANITARIAN AND SOCIAL ASSISTANCE FUND

Since its founding in 2003 the social and humanitarian aid fund of Renault Retail Group (RRG), the Renault group's European distribution subsidiary, has financed more than 50 projects led by not-for-profit organizations (NGOs, associations, etc.).

Most of the initiatives were humanitarian projects conducted primarily in France and in the countries of Africa and Asia. In 2008, Renault Retail Group focused on:

- emergency aid: 50 tons of cereals sent to northern Mali and supplies provided for the canteen of a Malian orphanage for six months with *Planète Urgence*;
- health aid: a continuous supply of pharmaceutical products for the dispensary set up by RRG in Senegal;
- sponsorship of ten business creation projects by young people in difficulty, with the ADIE (a French association set up to help the socially excluded create their own business through microcredit);
- education and training (Aide et Action, Enfants de l'Ovale with Philippe Sella, a French rugby player);
- health missions: in Madagascar with Médecins de l'Océan Indien, in Togo with EVADEH (a humanitarian student association) and in Mauritania with Santé Sud);
- RRG allows employees to take "humanitarian service leave" in Africa through the organization *Planète Urgence*. The company finances the humanitarian work of employees who wish to use their skills to help local communities. Since 2004, 18 RRG employees have run training sessions in Mali (16 in the field of mechanics and two in office automation).

WOMEN FOR EDUCATION: PROMOTING WOMEN'S EDUCATION AND DIVERSITY

As part of its partnership with the Women's Forum, Renault sponsored this year's "Women for Education" prize as it did in 2007. The aim of this prize, organized with the ELLE foundation and the association Aide et Action, is to provide financial support for a project implemented by and for women on the theme of access to new information technologies.

In 2008 the prize was awarded to the Indian association Basha Research and Publication Center. This NGO works with 2,500 young women from underprivileged communities in the rural regions of Gujarat and Himachal Pradesh in an effort to break their cultural, economic and social isolation. Its four centers use new information technologies to educate women on health and reproduction and to develop vocational training for 960 young girls in response to local employment needs.

This initiative is part of a broader Renault policy aimed at developing training programs and promoting diversity in the company and more generally in the surrounding community.

OTHER EXAMPLES OF SPONSORSHIP BY FOREIGN SUBSIDIARIES

Renault subsidiaries around the world are engaged in a number of sponsorship actions to provide local support for projects, people and causes.

In India, major donations have been made to contribute to building houses, hospitals, police and fire stations in the region of Chennai.

In South Korea, a number of projects of many types have been put in place, for example to help sick children and disabled or elderly people, mainly in the Busan region. The "Arts for children" program, for example, provides art lessons for underprivileged children. Renault has also set up a voluntary program through which employees can help to clean up the beach in the region of Tae-an following an oil slick.

In Belgium, vehicles are placed at the disposal of UNICEF.

In Spain, a large number of vehicles are loaned or given to hospitals, training centers and humanitarian or cultural associations.

In Poland, Renault is supporting the Foundation "Free your dreams". The aim is to assist and support underprivileged or sick children and teenagers. This support promotes health protection and lets the young people continue their studies and give free rein to their artistic or sporting talents.

In Argentina, the Renault Foundation Argentina has supported a number of programs in the field of humanitarian aid, education, health, road safety and the environment over the past 50 years. For example, a donation was made to the Conin Chaco foundation to finance the construction of a centre to prevent infant malnutrition in the city of Barranqueras.

In Colombia, for every Renault Logan sold over a period of three months, Renault made a donation to the foundation Vision Mundial, which helps disadvantaged children.

3.4 RENAULT, A RESPONSIBLE COMPANY

Sustainability rating agencies and specialized departments of financial institutions assess companies on their commitments, policies and performance in terms of labor relations, environmental protection and corporate governance. Using analytical and scoring techniques, these assessments are designed to meet demand from socially responsible investors, who use the findings to select the companies in which they invest[11].

Methods vary from agency to agency. Some agencies are specialized by investment region (Europe, world, OECD, etc.) or asset class (large caps, small caps), have a sector focus, or base their analyses on a basket of weighted criteria, which can vary significantly depending on their targets.

Some of these rating agencies, usually working in partnership with providers of equity indexes, have developed special benchmarks composed of the top-rated companies for labor relations, environmental protection and corporate governance.

In 2008 Renault's performance received excellent ratings from the key sustainability ratings agencies.

3.4.1 RENAULT'S RATINGS IN 2008

SAM (SUSTAINABLE ASSET MANAGEMENT)

SAM is an independent Asset Management company founded in 1995 and based in Switzerland. It specializes in setting up investment strategies based on economic, environmental and social criteria, analyzed in terms of long-term value creation.

In 1999, together with Dow Jones & Company, SAM launched the Dow Jones Sustainability World index (DJSI World), a global index based on extra-financial criteria. The DJSI is comprised of 300 leading companies in terms of social responsibility as assessed by SAM, from among the 2,500 largest companies in the Dow Jones World index. A European index was launched in October 2001, the Dow Jones Sustainability Stoxx index, containing 20% of the 600 companies in the Dow Jones STOXX SM 600 Index.

Each year SAM analyses the companies covered by the two indexes. The results are used to determine the component stocks.

Ratings in 2008: for the second year running, Renault was included in the Dow Jones Sustainability World index, which is highly regarded in the financial markets. However, the Group's score was slightly down on 2007.

	RENAULT'S SCORE	LOWEST SCORE DJSI WORLD	INDUSTRY AVERAGE (2)
TOTAL SCORE (1)	77	76	59
Economic dimension	69	59	52
Environmental dimension	89	81	69
Social dimension	73	70	57

(1) Score out of 100.
(2) Automotive industry.

The next ratings are due in September 2009.

At the start of the year SAM presented the "Sustainability Yearbook 2008". This document is the world's most comprehensive publication on sustainability and the related challenges and opportunities for companies.

The Yearbook ranks the best levels of performance by sector, based on the DJSI World index, in three categories: Bronze, Silver and Gold.

In 2008 Renault received Gold Class ranking.

More information on: www.sam-group.com/yearbook.

OEKOM

Oekom, one of Germany's leading rating agencies, analyses 750 large and midsized companies and more than 100 small enterprises within a geographical universe that spans the OECD, new EU member states, Russia and leading Asian markets. The agency thus covers 80% of MSCI World index, which measures stock market performance in developed countries.

Results in 2006: Renault scored a B rating overall and the Group was ranked first out of the 17 automakers analyzed.

RATING SCALE A+ TO D-	OEKOM RATING	RANKING OUT OF 17 AUTOMAKERS
Social Cultural	B	1
Environmental	B	1
TOTAL SCORE	**B**	**1**

The next ratings are due in 2009.

(11) Socially responsible investments (SRI) are based on both the financial performance of the stocks tracked and factors such as the company's attitude towards its economic, environmental and social environment.

In 2007, Oekom created the Global Challenges index, a listing of 50 companies around the world that make substantial efforts to address major planetary issues such as climate change, drinking water availability, deforestation, biodiversity, poverty, and global governance. Renault has been included in this index from the start. More information on www.gcindex.com.

VIGEO

Vigeo is an independent rating agency founded in July 2002. The major shareholder, Caisse des Dépôts et Consignations, contributed the assets of Arese, which pioneered social and environmental rating in France. Vigeo is owned by some 50 shareholders, organized into three sub-groups: institutional investors, European trade unions, and multinational corporations. Vigeo's unique model is aimed both at investors, with investor-solicited ratings of Euro STOXX 600 companies, and corporations, with corporate-solicited ratings.

Results in May 2008: Renault obtained the highest score in four areas, thus confirming its inclusion in the ASPI index, made up of the 120 listed euro-zone companies with the best performances as assessed by Vigeo.

	BEST COMPANY	RENAULT	POSITION (1)
Human resources	78	76	++
Environment	74	74	+
Business behavior	65	65	++
Corporate governance	67	49	=
Community involvement	71	71	+
Human rights	84	70	+

(1) +: The company is active in terms of sustainability in its sector.
=: The company is average in terms of sustainability in its sector.

The results of the next review will be published in November 2009.

CARBON DISCLOSURE PROJECT

The carbon disclosure project (CDP), founded in 2000, is mandated by a group of institutional investors to enhance understanding of the potential impacts of climate change on the value of the assets managed by its signatories.

Since 2002 the CDP has sent a regular information request to companies in a standard format, asking them about their greenhouse gas emissions and policy on climate change. The most recent information request, CDP6, included the FT Global 500 – the largest companies in the world by market capitalization.

After the 2007 report, as for the previous two versions, the CDP compiled the Climate Leadership index, composed of the 50 companies in the FT500 assessed as having the best practices in terms of information on climate change.

Renault's rating in 2008: on the basis of its responses to the CDP6 questionnaire, available at www.cdproject.net, Renault achieved a score of 73/100 (compared with a sector average of 53/100), regaining its place in the CDLI index. For the first time, Renault also completed information on scope 3 emissions, an initiative that contributed to this year's good score.

Next review: the next CDP questionnaire, CDP7, will be sent out to companies in February 2009.

Note:

- Scope 1 concerns direct greenhouse gas emissions from sources owned or controlled by the company (boilers, furnaces, turbines, incinerators, engines, etc.), fuel combustion as part of transportation operations by or for the company (cars, commercial vehicles, aircraft, boats, trains, etc.) and physical or chemical processes (eg in manufacturing cement, cracking in petrochemical processing, aluminum smelting, etc.);
- Scope 2 concerns greenhouse gas emissions from the generation by another party of electricity, heat, cooling or steam that is purchased and consumed by the company. This is often described as "purchased electricity" as it represents the main source of scope 2 emissions;
- Scope 3 covers all other indirect emissions that occur from GHG sources that are not owned or controlled by the company.

3.4.2 RENAULT IS INCLUDED IN SOCIALLY RESPONSIBLE INDEXES

Renault is included in the following socially responsible investment indexes:

- the Dow Jones Sustainability World index (DJSI World) and Dow Jones Sustainability STOXX Index, based on the ratings of Swiss asset manager SAM;
- ASPI Eurozone (Advanced Sustainable Performance Indices), which tracks the performance of 120 European companies selected on the basis of Vigeo's ratings;
- Ethical Euro, developed by investment advisory firm E. Capital Partners, which contains 150 of the most socially responsible of Europe's largest companies;
- the Global Challenges Index, set up in 2007 by the German agency Oekom Research, lists 50 companies worldwide recognized for their contribution to sustainable development through their products and services, and for initiatives related to the development of their businesses.

Note: because of Renault's implicit involvement in military activities through its 21.8% interest in AB Volvo, the Group is not included in the FTSE 4 Good index, developed by Eiris rating agency in partnership with FTSE.

3.5 TABLE OF OBJECTIVES ✦

3.5.1 EMPLOYEE RELATIONS OBJECTIVES

MAIN HR OBJECTIVES	DATE OBJECTIVE SET	DUE DATE	SITUATION AT END-2008
DEVELOP EMPLOYEE COMMITMENT			
Implement corporate managerial training.	-	Ongoing	System under review.
Application of a stock ownership, employee savings, and incentive policy.	2007	Ongoing	€186.8 paid out in incentives. €44 million paid into the Group savings plan.
Encourage continuous improvement through collaborative innovation.	1990	Ongoing	Personnel involvement: 58%. Savings made: €107 million.
CONTRIBUTING TO GROUP PERFORMANCE			
Provide the Group with the skills it needs to fulfill its strategic goals.	2002	Ongoing	48 skills pilots.
Cooperation with the educational system.	-	Ongoing	Apprenticeship tax paid: €8.6 million.
Support career development.	2006	Ongoing	The job opportunities site – JobAccess – is available in five languages. careers@renault includes more than 1,000 benchmark positions.
Improve the quality of HR input while cutting the function's operating costs.	2006	2009	Number of people making up the workforce: 129,068. Training expenditure: €163.2 million. Average nbr of training hours per employee: 38.7. Number of training hours in e-learning: more than 141,800. Access to training: 83.5%
Increase the scope of BPU employee database, with an ultimate goal of including all personnel.	1998	Ongoing	Management of all Group personnel in the long term.
Strengthen the Alliance with Nissan.	1999	Ongoing	Staff exchanges: more than 100 employees concerned.
PROMOTE A SOCIAL STRATEGY			
Review application of the Declaration of Employees' Fundamental Rights.	2004	Ongoing	Review conducted yearly with the international signatories to the Declaration.
Promote pluralism and diversity by applying the diversity Charter.	2004	Ongoing	Diversity is promoted through the negotiation of agreements. In-house Diversity Day on May 28, 2008: eight cross-cutting projects adopted.
Continue labor-management dialogue at international level.	-	Ongoing	One plenary meeting of the Group Committee. Seven select Committee meetings.
Widely circulate internal information.	-	Ongoing	The house magazine "Global" has a circulation of more than 100,000 in French and English, alongside four local editions. Intranet sites: about 60,000 workstations connected.
Deploy the Health and Working Conditions policy.	- 2007	Ongoing Ongoing	More than 73,000 tests carried out at the stress, anxiety and depression clinic, leading to specific action. A multidisciplinary group was set up to initiate action on psychosocial and work-related stress risk. Reduction in the number of occupational accidents. Group F2 rate: 3.52. Group G rate: 0.16. 97% of plants, offices and engineering sites accredited.
Deploy operations to raise awareness on road risk.	-	Ongoing	"Forcing" campaign for motorcycle and scooter riders: more than 220 people trained. Practical training for 600 people in road risk management.

✦ Global Reporting Initiative (GRI) Directives

3.5.2 ENVIRONMENTAL OBJECTIVES

KEY ENVIRONMENTAL OBJECTIVES		DATE OBJECTIVE SET	DUE DATE	SITUATION AT END-2008 *(same scope as date objective set)*
CLIMATE CHANGE				
Manufacturing	Cut CO_2 emissions from fixed sources burning fossil fuel by 10% annually.	2007	2012	5,047,340tCO_2
Product	Like all European vehicle manufacturers, Renault is committed to achieving an average of 140g of CO_2/km for all vehicles sold in the European Union.	1998	2008	See below
Product	Sell 1,000,000 vehicles emitting less than 140g of CO_2/km of which one-third emitting less than 120g.	2006	2008	922,946 vehicles 364,091 vehicles
Product	Develop a two-pronged biofuel offering: - 100% of diesel engines able to run on B30 biodiesel, - 50% of petrol engines able to run on E85 bioethanol.	2006	2009	 Trafic, Master Mégane, Clio, Modus, Kangoo
Product	Expand the CNG and LPG vehicle range.	2005	Ongoing	13,108 LPG or CNG vehicles sold
AIR QUALITY				
Manufacturing	Cut VOC emissions by 10%.	2007	2012	46g/m³
Product	Apply the Euro 5 standard across the entire range.	2002	2009 2010	New types All types
NOISE REDUCTION				
Product	Bring external noise levels on new vehicles down to 71dB (A) for gasoline models and 72dB (A) for diesel models.	1998	Ongoing	Vel Satis, Laguna, Mégane, Scénic, Modus, Clio III, Twingo II
ENVIRONMENTAL REMEDIATION				
Oversee remediation work when future risks are identified.		2001	Ongoing	Boulogne-Billancourt, Dacia
WATER CONSERVATION				
Manufacturing	Cut water withdrawals from natural resources by 15%.	2007	2012	11,468,452m³
WASTE REDUCTION AND RECYCLING				
Logistics	For European plants: reduce packaging weight to 5kg for new vehicles at the final assembly stage.	2000	2009	Modus: 8kg Clio III: 6.4kg Twingo II: 8kg Laguna III: 7.5kg Mégane III: 10kg
Logistics	For plants outside Europe: establish quantified objectives for reducing packaging waste.	2004	2005	Underway
Manufacturing	Waste: Six production sites will have no landfill waste from 2012.	2007	2015	Two plants
Product	Use 20% recycled plastics for all new vehicles.	2004	2015	Scénic II: 8.1% Modus: 8.9% Clio III: 10% Twingo II: 9% Laguna III: >12% Mégane III: >11%
End-of-life	Achieve an effective recovery rate of 85% for materials from the vehicle recycling industry.	Depends on country	2006	Follow-up available by country
CONTINUOUS ENVIRONMENTAL MANAGEMENT				
Audit all sites annually for risk prevention and environmental protection.		2003	2007	Completed
Apply the principles of sustainable development to suppliers, through standards, training and assessments, etc.		2004	2007	Completed
Maintain the highest standards of environmental management: 100% of Renault majority-owned industrial sites and subsidiaries holding ISO14001 certification.		2007	Ongoing	

KEY ENVIRONMENTAL OBJECTIVES	DATE OBJECTIVE SET	DUE DATE	SITUATION AT END-2008 *(same scope as date objective set)*
Roll out environmental training			
• Manufacturing: Cap Éco 1;	2000	2005	Completed
• Design: Cap Éco 2;	2003	2006	Completed
• Sales and marketing: Cap Éco 3.	2004	2007	Completed
Establish the life-cycle inventory of new vehicles.	2005	Ongoing	Modus, Clio III, Twingo II, Laguna III, Koleos, Kangoo II, Logan Dacia, Mégane III.

3.5.3 SOCIAL OBJECTIVES

KEY SOCIAL OBJECTIVES	DATE OBJECTIVE SET	DUE DATE	SITUATION AT END-2008
ETHICS AND GOVERNANCE			
Update the Code of good conduct by creating a "Compliance" function and adopting the principles of a "whistleblowing" system dedicated to risk prevention.	2007	2007	Completed
Distribute the Code of good conduct to employees and implement a "whistleblowing" system dedicated to risk prevention.	2007	2008	Completed
Introduce a self-assessment questionnaire on application of the Code of good conduct and Compliance Rules, along with the associated action plan.	2007	2008	Underway
Adopt the key measures recommended in applicable reports for improving corporate governance.	2003	annual	Ongoing process
Alongside distribution of the Code of good conduct , distribute e-learning modules on Compliance programs (broken down by function).	2008	2011	Underway
PURCHASING POLICY			
Incorporate the Group's sustainable development approach in purchasing policy.	2004	2005	Completed
Obtain a formal commitment from suppliers to comply with the principles laid down in the Declaration of Employees' Fundamental Rights.	2004	2006	Completed
Introduce the Group's social and environmental standards into the purchasing process.	2005	2006	Completed
Prepare for the first external CSR inspections at supplier sites.	2006	2007	Completed
Phase out the use of chromium VI in vehicle components.	2005	2007	Completed
Phase out the use of lead in bushings and bearings.	2005	2006	Completed
Introduce the Group's social and environmental standards into the purchasing process.	2006	2008	Completed
Have quality controllers put in place a system of social and environmental assessment at supplier sites.	2007	2008	Completed
Introduce training for quality controllers across all international Purchasing delegations with an accompanying guide.	2007	2008	Completed
Introduce REACH training for buyers along with a supplier guide.	2007	2008	Completed
Launch a second wave of social and environmental self-assessments by suppliers.	2007	2008	Completed
Launch an e-learning course in sustainable development for buyers.	2007	2009	Underway
Put in place an interactive sustainable development management system for purchasing (suppliers/auditors/quality controllers/reporting).	2008	2009	Underway
Launch a sustainable development charter for purchasing.	2008	2009	Underway
Prepare for phasing out lead in electrical and electronic products.	2008	2010	Underway
ROAD SAFETY			
Deploy the educational road safety program for children: "Safety for All".	2000	annual	Ongoing process
Work out actions to improve road safety in developing countries. GRSI.	2004	2009	Underway
Assist in transferring road safety know-how to developing countries.	2004	annual	Ongoing process

KEY SOCIAL OBJECTIVES	DATE OBJECTIVE SET	DUE DATE	SITUATION AT END-2008
MOBILITY			
Develop innovative mobility services for company employees and society.	1998	2007 (car sharing)	Ongoing process
Promote sustainable mobility solutions in developing countries.	2004	_	Ongoing process
Set up and develop a national master's degree program in Transportation and Sustainable Development in association with Paris Tech.	2003	2004	Completed
RESPONSIBLE CITIZENSHIP AND RELATIONS WITH STAKEHOLDERS			
Produce one example of a practical application of Global Compact principles each year.	2002	annual	Ongoing process
Play a leading role in actions to promote Global Compact principles with small and mid-sized companies in the Paris region.	2004	_	Ongoing process
Conduct an annual "sponsorship/social actions" survey in order to better identify and steer Group initiatives.	2006	annual	Ongoing process
Develop Renault's relations with NGOs involved in sustainable development.	2004	_	Ongoing process
Create and develop a diversity management chair in partnership with the Ecole Polytechnique and HEC.	2006	2007	Completed

04

CORPORATE GOVERNANCE 04

This chapter describes the management and administration methods used by Renault SA, a public listed company and parent of the Renault group. The methods also apply to Renault s.a.s., the lead holding company for Renault's automotive and financial businesses.

Further to the Alliance with Nissan, the senior management of Renault s.a.s. has transferred some of its powers to the Alliance Board, without prejudice to the powers of the Board of Directors and the shareholders.

This Alliance-specific management method is described in chapter 1.3.2.2.

4.1 THE BOARD OF DIRECTORS

Renault has carefully and continually analyzed the best corporate governance practices described in the AFEP/MEDEF report, making every effort to incorporate the report's recommendations into its internal regulations (see chapter 8.3.1).

At its meeting on December 10, 2008, the Board of Directors examined the AFEP/MEDEF recommendations dated October 6, 2008 concerning the compensation of executive directors of listed companies. The Board considered that these recommendations were in line with the company's corporate governance approach.

Accordingly, the Board decided that the company would refer to the amended AFEP/MEDEF corporate governance code as from the current financial year when preparing the report provided for in Article L. 225-37 of the French Commercial Code.

The internal regulations define the role of the Board of Directors, who together represent the company's shareholders.

The internal regulations are accompanied by a charter that establishes the rights and duties of members of the Board of Directors (see chapter 8.3.2).

4.1.1 COMPOSITION AND OPERATING PROCEDURES OF THE BOARD OF DIRECTORS ✦

At December 31, 2008 the company was administered by a Board of Directors composed of 18 members:

- fourteen directors appointed by the Annual General meeting of Shareholders (AGM);
- three directors elected by employees;
- one director elected by the Annual General meeting of Shareholders on the recommendation of employee shareholders.

The term of office of directors elected by the AGM is four years. The AGM of April 29, 2008 reduced the terms of office of employee-elected directors and of the director appointed by the AGM on the recommendation of employee shareholders, from six to four years.

The Board of Directors appoints one of its members as Chairman. The Chairman, who must be a natural person, can be re-elected.

4.1.1.1 BOARD OF DIRECTORS AT DECEMBER 31, 2008

DIRECTORS	OFFICES/FUNCTIONS
Louis Schweitzer Chairman of the Appointments and governance committee Number of shares: 283,845 and 5,115 ESOP units Age: 66 Date of first term: May 1992 Current term expires (AGM): 2009	**Chairman of the Board** ✦ Current offices and functions in other companies: *France:* Chairman of the Supervisory Board: "Le Monde" Chairman: Haute Autorité de Lutte contre les Discriminations et pour l'Égalité (HALDE: French High Authority for countering discrimination and promoting equality) Director: BNP Paribas, L'Oréal, Veolia Environnement Chairman of the Board: Festival d'Avignon, Société des Amis du Musée du Quai Branly Member of the Consultative committee: Banque de France, Allianz Member of the Board of public-interest institutions or associations: Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Quai Branly *Abroad:* Chairman of the Board: AstraZeneca Director: AB Volvo Offices or functions in the past five years no longer held: Director: Cie Financière Renault, RCI Banque, Electricité de France Chairman of the Alliance Board: Renault-Nissan b.v. Chairman of MEDEF International, Member of the Board of Musée du Louvre, Vice-Chairman of the Supervisory Board of Philips.

DIRECTORS	OFFICES/FUNCTIONS
Carlos Ghosn Number of shares: 205,200 Age: 54 Date of first term: April 2002 Current term expires (AGM): 2010	**President and Chief Executive Officer** Current offices and functions in other companies: *France:* n/a *Abroad:* President of the European Automobile Manufacturers' Association (ACEA) Director: Alcoa, AvtoVAZ President and Chief Executive Officer: Nissan Motor Co., Ltd. Chairman of the Alliance Board: Renault-Nissan b.v. Offices or functions in the past five years no longer held: Director: Sony, IBM
Yves Audvard Director elected by employees Member of the International Strategy committee Number of shares: 6 shares and 200 ESOP units Age: 56 Date of first term: November 2002 Current term expires: November 2012	**Advanced Process Design Engineer, Renault**
Patrick Biau Director elected by employees Member of the International Strategy committee Number of shares: 688 ESOP units Age: 53 Date of first term: November 2008 Current term expires: November 2012	**Cost Control, Investments, Renault**
Catherine Bréchignac Member of the International Strategy committee Number of shares: [a] Age: 62 Date of first term: December 23, 2006[12] Current term expires (AGM): 2012	**President of the CNRS (National Center for Scientific Research)** Current offices and functions in other companies: *France:* Member: Institut Chair of the Board of Directors: Palais de la Découverte President: ICSU Member: Académie des Technologies Offices or functions in the past five years no longer held: President of the Institut Optique (Optical Institute) Member of the Conseil Scientifique de l'Association Franco-Israélienne pour la Recherche Scientifique et Technologique (Scientific Council of the Franco-Israeli Association for Scientific Research and Technology, AFIRST) Member of the Conseil Scientifique (Scientific Board) of the Cité des Sciences et de l'Industrie Member of the "Identification Committee" for the European Research Council Distinguished Visiting Scholar Professorship at Georgia Tech University
Alain Champigneux Director elected by employees Member of the Accounts and Audit committee Number of shares: 1,036 ESOP units Age: 55 Date of first term: November 2002 Current term expires: November 2012	**Renault Quality Document Manager**
Charles de Croisset* Member of the Accounts and Audit committee Number of shares: 1,000 Age: 65 Date of first term: April 2004 Current term expires (AGM): 2012	**International Advisor, Goldman Sachs International** Current offices and functions in other companies: *France:* Chairman of the Fondation du Patrimoine Director: Bouygues, Thalès, LVMH Member of the Supervisory Board: Euler & Hermès Non-voting director: Galeries Lafayette *Abroad:* Director: Thalès UK Offices or functions in the past five years no longer held: Chairman and CEO: CCF Chairman of the Supervisory committee: Nobel Executive Director: HSBC Holdings plc Director: HSBC Bank plc, HSBC CCF, Asset Management Group Board member: HSBC Guyerzeller Bank SA, HSBC Private Holding SA (Switzerland) Permanent representative of SRRE Luxembourg (HSBC group): Somarel Company

(12): Appointed by administrative order, December 21, 2006; co-opted at the Board meeting, February 7, 2007.

DIRECTORS	OFFICES/FUNCTIONS
Thierry Desmarest* Member of the Remuneration committee Number of shares: 1,500 Age: 63 Date of first term: April 2008 Current term expires (AGM): 2012	**Chairman of the Board of Total** Current offices and functions in other companies: *France:* Chairman: Fondation Total and Fondation de l'Ecole Polytechnique Director: Air Liquide, Sanofi-Aventis, Musée du Louvre Member of the Supervisory Board of Areva Member of the Board: AFEP and Ecole Polytechnique *Abroad:* n/a Offices or functions in the past five years no longer held: Chief executive officer of Total SA Chairman and Chief Executive Officer of Elf Aquitaine
Jean-Pierre Garnier* Member of the International Strategy committee Number of shares: 1,000 Age: 61 Date of first term: April 2008 Current term expires (AGM): 2012	**Chief executive officer and Chairman of the Management Board of Pierre Fabre SA** Current offices and functions in other companies: *France:* n/a *Abroad:* Director: United Technology Corp. Dubai Sovereign's Fund Adviser Chairman: NormsOxys Inc. Offices or functions in the past five years no longer held: Chairman and Chief Executive Officer of Glaxo SmithKline Beecham plc Chairman of GlaxoSmithKline plc Director: Glaxo SmithKline plc., Biotechnology Industry Ass, Eisenhower Exchange Fellowship
Itaru Koeda Number of shares: 500 Age: 67 Date of first term: July 2003 Current term expires (AGM): 2009	**Co-Chairman of the Board of Directors and Executive Vice President of Nissan Motor Co., Ltd.**
Marc Ladreit de Lacharrière* Member of the Remuneration committee Member of the Appointments and governance committee Number of shares: 1,020 Age: 68 Date of first term: October 2002 Current term expires (AGM): 2010	**Chairman and Chief Executive Officer, Fimalac** Current offices and functions in other companies: *France:* Member: Institut de France (Académie des Beaux-Arts) Chairman of the Board: Agence France Museums Director: Casino, L'Oréal Manager: Fimalac Participations Chairman of the Management Board: Groupe Marc de Lacharrière Honorary Chairman: Comité National des Conseillers du Commerce Extérieur de la France (National Committee of Foreign Trade Advisors) Member of the Consultative committee: Banque de France Main offices held with public-interest institutions or associations: Fondation Culture et Diversité, Fondation d'entreprise L'Oréal, Conseil Artistique des Musées Nationaux, Fondation Bettencourt Schueller, Fondation des Sciences Politiques, Musée des Arts Décoratifs. *Abroad:* Chairman of the Board: Fitch Group, Fitch Ratings Director: Algorithmics Offices or functions in the past five years no longer held: Chairman: Fitch Group Holdings Manager: Sibmar Director: Cassina, Établissement Public du Musée du Louvre Member: Conseil Stratégique pour l'Attractivité de la France
Dominique de La Garanderie* Member of the Accounts and Audit committee Member of the Appointments and governance committee Number of shares: 150 Age: 65 Date of first term: February 2003 Current term expires (AGM): 2009	**Barrister (La Garanderie & Associés)** Current offices and functions in other companies: *France:* President of the Institut Français d'Experts Juridiques Internationaux (French Institute of International Legal Experts - IFEJI) Member of the Supervisory Board and Audit Committee of Holcim Western Europe *Abroad:* n/a Offices or functions in the past five years no longer held: Former chair: Paris Bar Association Former member: French Bar Council Former member: French Bar Association

DIRECTORS	OFFICES/FUNCTIONS
Philippe Lagayette* Chairman of the Accounts and Audit committee Number of shares: 1,000 Age: 65 Date of first term: May 2007 Current term expires (AGM): 2011	**Vice-Chairman JPMorgan in EMEA** (Europe, Middle East and Africa) Current offices and functions in other companies: *France:* Board member of Pinault Printemps Redoute Board member of Fimalac *Abroad:* n/a Offices or functions in the past five years no longer held: Board member of La Poste Board member of Eurotunnel Member of the Supervisory Board of Club Méditerranée
Jean-Claude Paye* Member of the Accounts and Audit committee Chairman of the International Strategy committee Number of shares: 200 Age: 74 Date of first term: July 1996 Current term expires (AGM): 2010	**Attorney (Legal Advisor, Gide Loyrette Nouel)** Current offices and functions in other companies: n/a Offices or functions in the past five years no longer held: n/a
Franck Riboud* Chairman of the Remuneration committee Number of shares: 331 Age: 53 Date of first term: December 2000 Current term expires (AGM): 2010	**Chairman and Chief Executive Officer, Chairman of the executive committee of Danone Group** Current offices and functions in other companies: *France:* Chairman: Danone Communities Director: Association Nationale des Industries Agroalimentaires, Lacoste France SA, International Advisory Board HEC Business School Member of the Supervisory Board: Accor Member representing Danone Group: Conseil National du Développement durable *Abroad:* Director: Bagley Latinoamerica SA, Danone SA, Wadia BSN India Limited, Ona, Fondation GAIN (Global Alliance For Improved Nutrition) Offices or functions in the past five years no longer held: Chairman and director: Danone Asia Pte Limited Chairman and CEO: Compagnie Gervais Danone, Générale Biscuit Chairman of the Board: Compagnie Gervais Danone, Générale Biscuit Director: Abi Holdings Limited, ABIL, ANSA, Danone Finance, L'Oréal SA, Sofina, Quiksilver, Scottish & Newcastle plc Member of the Consultative Committee: Banque de France Member of the Supervisory Board: Eurazeo Permanent representative of Générale Biscuit: Groupe Danone, LU France Commissioner: P.T. Tirta Investama.
Rémy Rioux Member of the Accounts and Audit committee Number of shares: (a) Age: 39 Date of first term: February 2007 Current term expires (AGM): 2011	**Rapporteur at the Cour des comptes (Audit Office)** **Director of Shareholdings, Shareholding Agency, Ministry of the Economy, Finance, Industry and Employment** Current offices and functions in other companies: *France:* Director: Aéroports de Paris, RATP, SNCF, France Télévisions, ARTE G.E.I.E., AEF (Sté Audiovisuel Extérieur de la France) Offices or functions in the past five years no longer held: Head clerk, Directorate General of the Treasury and Economic Policy (DGPTE), Director: Franc Zone Central Banks and French Development Agency Member of the Cour des Comptes
Hiroto Saikawa Number of shares: 100 Age: 55 Date of first term: May 2006 Current term expires (AGM): 2010	**Executive Vice President Purchasing, Nissan Motor Co. Ltd.**
Georges Stcherbatcheff Director elected by employee shareholders Member of the International Strategy committee Number of shares: 40 shares and 1,894 ESOP units Age: 62 Date of first term: April 2004 Current term expires (AGM): 2009	**Renault Representative for Industry-Wide Standardization**

* *Independent director.*
(a) *Administrative regulations forbid these directors from owning shares as government representatives.*

Since Mr Schweitzer has said that he will not seek a new term, a change in the governance arrangements will be proposed to the Board of Directors following the AGM of May 6, 2009. Carlos Ghosn is to be appointed Chairman and CEO, taking on the role of Chairman of the Board of Directors in addition to his current duties. The 2005 decision to separate the functions had been prompted by the desire to ensure a smooth management transmission.

As provided in 2005 the departure of Louis Schweitzer would lead Renault to adjust its governance arrangements, while ensuring ongoing transparency between executive management and the Board of Directors and, more broadly, with regard to shareholders and the market.

The mean age of incumbent directors is 60.5. Each director must own at least one registered share[13]. However, administrative regulations forbid the directors appointed by the French State from owning shares as government representatives.

The directors are not related by family ties.

To Renault's knowledge, none of its directors or Senior Managers (Chairman of the Board of Directors, President and Chief Executive Officer) has been convicted of fraud in the past five years. None of the directors has been involved as an executive in bankruptcy, receivership or liquidation proceedings in the past five years, and none has been charged or sanctioned by a statutory or regulatory authority. None of the directors has been barred by a court from serving as a member of the Board of Directors or of the Supervisory Board of a securities issuer or from serving as a manager or officer of an issuer in the past five years.

To Renault's knowledge, there are no conflicts of interest between the directors' private interests and their duties towards the Company.

There are no service agreements binding the members of administrative or management bodies to the group or any of its subsidiaries providing for benefits at the expiration of such agreement.

Expiration of terms of office

CURRENT TERM EXPIRES	DIRECTOR
2009	Mr Koeda
	Mrs de La Garanderie
	Mr Schweitzer
	Mr Stcherbatcheff (2)
2010	Mr Ghosn
	Mr Ladreit de Lacharrière
	Mr Paye
	Mr Riboud
	Mr Saikawa
2011	Mr Lagayette
	Mr Rioux
2012	Mr Audvard (1)
	Mr Biau (1)
	Mrs Bréchignac
	Mr Champigneux (1)
	Mr de Croisset
	Mr Desmarest
	Mr Garnier

(1) Directors appointed by employees were chosen in elections by the appropriate colleges in October 2008. Following these elections, Mr Biau was appointed to replace Mr Barbier, while Mr Audvard's and Mr Champigneux's directorships were both renewed for four years.

(2) The 2009 AGM will be called on to consider the proposed candidates as part of the process of appointing the director selected by employee shareholders.

(13) Percentage of Renault's capital held by directors: 0.17%.

4.1.1.2 THE BOARD OF DIRECTORS IN 2008

The Board of Directors met seven times in 2008.

Meetings lasted an average of three hours, with the exception of the meeting devoted to strategy, which lasted a whole day. The attendance rate was 86.5%.

The Board gave its opinion on all business placed on its agenda pursuant to the legal and regulatory requirements in force in France. On the main matters, the Board took the following action:

ACCOUNTS AND BUDGET:

- approved the Group's consolidated financial statements and the individual financial statements of Renault SA and Renault s.a.s. for 2007, approved the consolidated financial statements for first-half 2008, and set the dividend to be proposed to the Annual General meeting (AGM);
- adopted the 2009 operating and investment budget;
- reviewed the action plan to preserve Renault's competitiveness and profitability in the light of the new economic situation.

CORPORATE GOVERNANCE:

- began preparing for the change in governance following Mr Schweitzer's decision not to seek a new term of office following the 2009 AGM;
- noted Mr Pélata's appointment as Chief Operating Officer;
- noted the succession plan for Renault's directors, in accordance with good governance practices;
- noted the AFEP/MEDEF recommendations dated October 6, 2008 concerning the compensation of executive directors of listed companies and decided that Renault would apply the amended AFEP/MEDEF corporate governance code and refer to it as from the current financial year when preparing the report provided for in Article L. 225-37 of the French Commercial Code;
- conducted a simplified self-assessment of its operating methods and decided on the definition of independent director;
- adopted the Chairman's report on internal control procedures;
- reviewed the sponsorship activities of Renault and its subsidiaries;
- analyzed and approved the answers to shareholders' questions ahead of the AGM.

GROUP STRATEGY:

- discussed Renault's strategic guidelines after Renault Commitment 2009 as part of a day devoted to this issue;
- approved the signature of agreements confirming the strategic partnership between AvtoVAZ and Renault;
- approved the signature of a Memorandum of Understanding between the Renault-Nissan Alliance and Project Better Place, aimed at achieving a breakthrough for electric vehicles on the Israeli market.

THE ALLIANCE:

- took knowledge of the summary of the Alliance Board's decisions and proposals.

REGULATED AGREEMENTS:

- no regulated agreements were submitted for Board approval.

The preparations for the Board meetings are described in the Chairman's report on the work of the Board, as per Article L. 225-37 of the Commercial Code, see chapter 4.5.1.

4.1.2 AUDIT OF THE BOARD OF DIRECTORS ✦

In accordance with market practice and the recommendations of the AFEP/MEDEF report, the Board of Directors conducted a simplified audit of its membership, organization and operating procedures. The audit confirmed the positive results of the detailed assessment conducted in 2007.

All the Board members wholeheartedly stress the strong trust between the Board and the CEO.

The Board expressed its satisfaction about the inclusion of working managers with strong industrial and international experience, who would ensure that the Board had the broad range of skills needed to address the issues facing the company in the future. This was an area that was flagged for action during the last assessment.

The work of the committees was considered to be highly positive and satisfactory.

The decision to dedicate a day in 2008 to the company's strategy after Renault Commitment 2009 was praised, and the exercise will be repeated in 2009.

The Board expressed an open opinion or requested improvements on the following points:

- closer monitoring of the company between Board meetings, particularly during times of upheaval;
- the need to provide certain documents further in advance of Board meetings;

- improved information for the Board on risk management and the evolution of the Renault-Nissan Alliance;
- the need for a more thorough examination of acquisitions and investments, as well as HR policy;
- directors' fees are considered on the whole lower than those of other similarly-sized CAC 40 companies, but conditions are not conducive to a revision of these fees.

The Chairman of the Board of Directors and the committees concerned will endeavor to give due consideration to the directors' requests on these points.

Furthermore, the informal lunch after the Board meeting, initiated in 2003, was repeated and will be pursued in the future. It gives directors an opportunity to exchange views with members of the Renault management committee.

4.1.3 ASSESSMENT OF DIRECTOR INDEPENDENCE ✦

At its meeting on December 10, 2008 the Board of Directors restated its intention to comply with the most thorough definition of corporate governance available in France, namely the AFEP/MEDEF report. According to the report, an independent director is one who, notably, "has no relations of any kind with the company, the Group or its managers likely to compromise his independence of judgment".

The Board also repeated the qualities that it expects from a director: experience of the company and the automotive industry, a personal commitment to the work of the Board and its committees, a sound grasp of business and finance, the courage to express minority opinions, international vision, integrity, and loyalty.

At December 31, 2008 Renault had eight independent directors on its Board: Dominique de La Garanderie, Charles de Croisset, Thierry Desmarest, Jean-Pierre Garnier, Marc Ladreit de Lacharrière, Philippe Lagayette, Jean-Claude Paye and Franck Riboud (see table chapter 4.1.1.1 above).

In particular, the fact that Mr Paye has been on the board for more than 12 years does not call into question his independence.

Representatives of the French State, employee-elected directors, the director elected by employee shareholders, the Chairman of the Board and the President and Chief Executive Officer (as corporate officers), as well as the two directors appointed by Nissan, which is linked to Renault, are all excluded from the list in accordance with the principle of director independence stated above.

The Board stressed, however, that the directors elected by employees and employee shareholders, in particular, are not dependent on the company's senior executives as far as their presence on the Board is concerned. This is illustrated by the special contribution they make to the Board's proceedings.

4.1.4 SPECIALIZED COMMITTEEES OF THE BOARD OF DIRECTORS ✦

Four specialized committees have been set up to permit in-depth examination of specific topics relating to the Board of Directors' role. The Chairs of each committee bring the committee's opinions to the attention of the Board.

The roles of these committees are described in the internal regulations in chapter 8.3.1.

4.1.4.1 ACCOUNTS AND AUDIT COMMITTEE

This committee has six members: Philippe Lagayette in the chair, Alain Champigneux, Charles de Croisset, Dominique de La Garanderie, Jean-Claude Paye and Rémy Rioux. Four of the six are independent directors.

The committee met three times in 2008 and the attendance rate was 100%.

In compliance with French legal and regulatory requirements, the Accounts and Audit committee dealt with the following matters in particular:

- the Group's consolidated financial statements and Renault SA's individual financial statements for 2007 and first-half 2008;
- the dividend to be proposed for FY 2008;
- the examination of the fees paid to the statutory auditors and their network, the renewal of their appointment, and their compliance with the Auditors' Charter which governs their work;
- the 2007 balance sheet and the breakdown of the 2008 and 2009 Internal Audit Plan;
- risk mapping and analysis methods used in the Group;
- financial risk management;
- the activity of the Compliance function;
- the impact of the Order of December 8, 2008 on the legal auditing of accounts.

The committee's examination of the financial statements was accompanied by a presentation from the auditors describing the highlights of their engagement and their conclusions, as well as the accounting policies used and the main regulatory developments in this area. In addition, the Chief Financial Officer submitted a memo describing the company's risk exposures and off-balance sheet commitments.

4.1.4.2 REMUNERATION COMMITTEE

The committee has three members, all of whom are independent directors: Franck Riboud in the chair, Thierry Desmarest and Marc Ladreit de Lacharrière.

Mr Desmarest was appointed to replace François de Combret on the Remuneration committee at the Board meeting of April 29, 2008.

The committee met twice in 2008 and the attendance rate was 100%. The main items on its agenda were:

- the AFEP/MEDEF recommendations dated October 6, 2008 concerning the compensation of executive directors of listed companies;
- the remuneration of the Chairman, President and CEO, and members of the executive committee;
- the 2009 performance indicators.

4.1.4.3 APPOINTMENTS AND GOVERNANCE COMMITTEE

This committee has three members: Louis Schweitzer in the chair, Marc Ladreit de Lacharrière and Dominique de La Garanderie. Two of the three members are independent directors.

The committee met twice in 2008 and the attendance rate was 100%. The main items on its agenda were:

- the composition of the Board and a simplified assessment of its functioning;
- a revision of the list of independent directors in accordance with AFEP/MEDEF criteria;
- Renault governance arrangements following the 2009 AGM;
- a succession plan for Renault's directors;
- a proposal to set a maximum age of 80 for directors.

4.1.4.4 INTERNATIONAL STRATEGY COMMITTEE

This committee has six members: Jean-Claude Paye in the chair, Yves Audvard, Patrick Biau, Catherine Bréchignac, Jean-Pierre Garnier and Georges Stcherbatcheff.

Mr Paye was appointed to replace Henri Martre as Chairman of the International Strategy committee at the Board meeting of April 29, 2008.

Mr Garnier was appointed to replace Mr Martre on the International Strategy committee at the Board meeting of April 29, 2008. Mr Biau was appointed to replace Michel Barbier on the International Strategy committee at the Board meeting of December 10, 2008.

Two of the six members are independent directors.

The committee met twice in 2008 and the attendance rate was 100%. The main items on its agenda were:

- Renault's electric vehicle strategy;
- Logan's success, profitability and future challenges.

4.1.5 COMPLIANCE COMMITTEE ✦

The Compliance committee met four times in 2008, under the chairmanship of the Chief Compliance Officer. Meetings were attended by the Senior Vice President, Legal department, the Senior Vice President, Corporate Controller, the Senior Vice President, Internal Audit, the Senior Vice President, Human Resources, and the Compliance Officer.

Committee meetings lasted an average of one and a half hours.

The committee's duties and responsibilities are set out in the Code of good conduct and Rules of compliance approved by the Board of Directors on December 5, 2007 (see chapter 4.5.2.3).

An integral part of the internal control system, the Compliance committee has the following core tasks:

- ensure compliance with the Rules of compliance set out in the code;
- run the whistleblowing system and examine cases reported through the warning system;
- make sure that the company's internal control system is effective and properly applied.

Accordingly, the committee took decisions on the following points:

- distributing the Code of good conduct to Group employees and deploying the warning system. One case was reported through the whistleblowing system and brought before the committee;
- preparing and circulating the Internal Control, Audit and Risk Management Charter in the first half of 2008 (revision to the previous Internal Control and Audit Charter);
- implementing and deploying the internal control system, to bring the Automobile internal control system into line with the AMF's reference framework;
- post-audit action plans (overall revision of procurement and expenditure procedures);
- reporting to the Senior Vice President, Internal Audit, on frauds detected within the Group;
- updating insider lists in accordance with AMF recommendations.

To reflect the increase in its activities in 2008, the committee decided to meet more often in 2009 (six meetings).

The Compliance Officer operates within the framework of the Compliance function.

In 2008 the Compliance Officer:

- updated the list of company employees holding inside information, and reiterated the rules governing securities trading;
- published memoranda, as in previous years, setting out the periods during which the persons named on the insider list are prohibited from trading in the Group's securities;
- answered all queries from employees regarding stock-option exercises (for which no shortcomings were observed).

The Compliance Officer also responded to requests from the Internal Control function regarding improvements to control processes, notably with regard to compliance risk or fraud risk.

4.1.6 DIRECTORS' FEES

The Annual General meeting may allocate directors' fees, the amount of which remains fixed until otherwise decided.

4.1.6.1 AMOUNT

The Annual General meeting on April 29, 2003 voted an annual amount of €600,000[14] to be apportioned among the directors for the current year and subsequent years, until further notice. The Board is responsible for allotting these fees.

4.1.6.2 METHOD OF ALLOTMENT

The directors' fees for FY 2008 are apportioned according to the following criteria:

- a fixed portion, linked to the responsibilities arising from Board membership, i.e. an amount of up to €14,000 (the sum is calculated on a time-apportioned basis);
- a variable portion, linked to directors' actual attendance, i.e. an amount of up to €14,000 (the sum is calculated on a time-apportioned basis).

Two additional payments may also be made:

- one for sitting on one of the Board's committees, i.e. up to €4,500 (calculated on a time-apportioned basis);
- one for chairing a committee, i.e. up to €4,500 (calculated on a time-apportioned basis).

Total fees allocated to directors in 2008 amounted to €557,475 (€557,770 in 2007).

(14) The amount of €600,000 is the median of directors' fees paid by other CAC 40 companies.

Fees allotted to Directors for the year, depending on attendance at Board and committee meetings

		TOTAL FEES RECEIVED IN € (1)	
DIRECTORS	**ATTENDANCE IN 2008**	**2008**	**2007**
Mr Schweitzer	7/7	28,000	28,000
Mr Ghosn	7/7	28,000	28,000
Mr Audvard	7/7	32,500	32,500
Mr Barbier (4)	5/7	25,770	32,500
Mr Biau (4)	1/7	4,730	/
Mrs Bréchignac (3)	6/7	30,500	27,864
Mr Champigneux	7/7	32,500	32,500
Mr de Combret (4)	1/7	9,541	30,500
Mr de Croisset	6/7	30,500 (2)	32,500 (2)
Mr Desmarest (4)	4/7	20,434	/
Mr Garnier (4)	3/7	18,434	/
Mr Koeda	3/7	20,000 (2)	18,000 (2)
Mr Ladreit de Lacharrière	7/7	37,000	35,000
Mrs de La Garanderie	6/7	35,000	37,000
Mr Lagayette	7/7	37,000	24,867
Mr Martre (4)	2/7	11,541	37,000
Mr Paye	7/7	40,025	37,000
Mr Riboud	3/7	29,000	28,600
Mr Rioux (3)	7/7	32,500	27,814
Mr Saikawa	5/7	24,000 (2)	22,000 (2)
Mr Stcherbatcheff	6/7	30,500	32,500

(1) Fees allocated on the basis of Board membership, attendance of Board meetings, membership and/or chairmanship of one of the Board's committees.
(2) Fees allocated to overseas directors correspond to the gross amount paid by Renault.
(3) These directors represent the French State.
(4) Directors whose appointment began or ended during the year.

In view of their conditions of office, some directors, particularly those representing the French State, waive their fees and pay them over to either the tax authorities or the trade union they represent.

4.2 MANAGEMENT BODIES AT MARCH 1, 2009 ✦

Strengthening management's operational capabilities:

Carlos Ghosn, President and CEO of Renault, appointed Patrick Pélata as Chief Operating Officer, effective October 13, 2008. The move was motivated by the President's long-standing determination to overhaul Renault's management. It will strengthen management's operational capabilities, at a time when a close focus is needed on day-to-day business matters.

Patrick Pélata has taken over operations. All members of the Renault executive committee will report to him, as will Regions leaders. It should be noted that, effective March 1, 2009, Renault has formed a Eurasia Region to reflect the strategic importance of this zone for the Group.

Carlos Ghosn will continue to have direct responsibility for strategic decision-making, legal issues, finance and public affairs.

Renault's senior management bodies are composed of two committees:

- the Group executive committee;
- the Renault management committee.

4.2.1 GROUP EXECUTIVE COMMITTEE

The Group executive committee comprises eight members:

- President and CEO;
- Chief Operating Officer;
- Executive Vice President, Sales and Marketing, and Light Commercial Vehicles;
- Executive Vice President, Plan, Product Planning and Programs;
- Executive Vice President, Manufacturing and Logistics;
- Executive Vice President, Chief Financial Officer, Compliance Officer;
- Executive Vice President, Engineering and Quality;
- RMC Leader, Asia-Africa.

It meets once a month and at seminars held twice a year.

4.2.2 RENAULT MANAGEMENT COMMITTEE

The Renault management committee comprises 25 members and includes the members of the Group executive committee.

The Chief Operating Officer, the Executive Vice President, Chief Financial Officer, the Senior Vice President, Legal department, the Senior Vice President, Public Affairs, the Senior Vice President, CEO Office and Senior Vice President, Renault F1 Team, and a special advisor report directly to the President and CEO.

The other members of the Renault management committee, including members of the Group executive committee, with the exception of the Executive Vice President, Chief Financial Officer, report to the Chief Operating Officer.

The Renault management committee meets once a month and at seminars held twice a year.

4.2.3 GROUP EXECUTIVE COMMITTEE AND RENAULT MANAGEMENT COMMITTEE AT MARCH 1, 2009

ALPHABETIC LIST AT MARCH 1, 2009

Carlos Ghosn*	President and CEO
Bruno Ancelin	Senior Vice President, C Segment Program
Michel Balthazard	Senior Vice President, Pre-Engineering, Projects and Requirements
Bernard Cambier	Senior Vice President, Market area France
Jacques Chauvet	RMC Leader, Euromed
Marie-Françoise Damesin	Senior Vice President, Corporate Communications
Odile Desforges*	Executive Vice President, Engineering and Quality
Christian Estève	RMC Leader, Eurasia, Chairman Avtoframos
Michel Faivre Duboz	Senior Vice President, Global supply chain
Philippe Gamba	Chairman and CEO, RCI Banque
Michel Gornet*	Executive Vice President, Manufacturing and Logistics
Christian Husson	Senior Vice President, Legal department
Philippe Klein*	Executive Vice President, Plan, Product Planning and Programs
Nadine Leclair	Senior Vice President, Vehicle Engineering Corporate Controller
Gérard Leclercq	Senior Vice President, Group Human Resources
Patrick Le Quement	Senior Vice President, Corporate Design
Christian Mardrus	Senior Vice President, Information Systems
Luc-Alexandre Ménard	Senior Vice President, Public Affairs
Thierry Moulonguet*	Executive Vice President, Chief Financial Officer, Chief Compliance Officer
Katsumi Nakamura*	RMC Leader, Asia-Africa
Stephen Norman	Senior Vice President, Global Marketing
Patrick Pélata*	Chief Operating Officer, RMC Leader, Americas
Jacques Prost	Senior Vice President, Powertrain Engineering
Bernard Rey	Senior Vice President, CEO Office and Senior Vice President, Renault F1 Team
Jérôme Stoll*	Executive Vice President, Sales and Marketing and LCV division, RMC Leader Europe (France + Europe)

* *Members of the Group executive committee (C.E.G).*

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ORGANIZATION CHART AT MARCH 1, 2009

- ♦ **Carlos Ghosn : President and CEO**
  - ♦ **Patrick Pélata** : Chief Operating Officer • RMC Leader, Americas
    - **Jacques Chauvet** : • RMC Leader, Euromed
  - **Marie-Françoise Damesin :** Senior Vice President, Corporate Communications
  - ♦ **Odile Desforges :** Executive Vice President, Engineering and Quality
    - **Michel Balthazard :** Senior Vice President, Pre-Engineering, Projects and Requirements
    - **Nadine Leclair :** Senior Vice President, Vehicle Engineering
    - **Christian Mardrus** : Senior Vice President, Information Systems
    - **Jacques Prost :** Senior Vice President, Powertrain Engineering
  - **Christian Esteve :** • RMC Leader, Eurasia, Chairman Avtoframos
  - ♦ **Michel Gornet :** Executive Vice President, Manufacturing and Logistics
    - **Michel Faivre-Duboz :** Executive Vice President, Global supply chain
    - **Gérard Leclercq :** Senior Vice President, Group Human Resources
  - ♦ **Philippe Klein :** Executive Vice President, Plan, Product Planning and Programs
    - **Bruno Ancelin :** Senior Vice President, C Segment Program
  - **Patrick Le Quement :** Senior Vice President, Corporate Design
  - ♦ **Katsumi Nakamura :** • RMC Leader, Asia-Africa
  - ♦ **Jérôme Stoll :** Executive Vice President, Sales and Marketing & LCV division
    • RMC Leader, Europe (France + Europe)
    - **Bernard Cambier :** Senior Vice President, Market area France
    - **Stephen Norman :** Vice President, Global Marketing
- **Christian Husson :** Senior Vice President, Legal department
- **Luc-Alexandre Ménard :** Senior Vice President, Public Affairs
- ♦ **Thierry Moulonguet :** Executive Vice President, Chief Financial Officer, Chief Compliance Officer
  - **Philippe Gamba :** Chairman and CEO, RCI Banque
- **Bernard Rey :** Senior Vice President, CEO Office and Senior Vice President, Renault F1 Team

♦ **Members of the Group executive committee.**

• RMC: Région management committee.

4.3 AUDITS

4.3.1 AUDITORS' CHARTER

The Financial Security Act, Title III, contains provisions on the legal auditing of accounts, particularly Article 104 on auditors' independence. Pursuant to those provisions, in 2004 Renault, together with the statutory auditors and under the Chairman's authority, took the initiative of drafting a Charter on Auditor engagements and independence and cosigning it with them. In addition to defining the scope of application, the Charter addresses the separation of engagements by specifying those inherent to the statutory auditors' function and therefore authorized automatically, and those that cannot be performed by statutory auditors and their network because they are incompatible with the auditors' mandate. Further, it specifies the additional or complementary assignments that may be performed by the statutory auditors and their network, and how those assignments are to be authorized and supervised. The Charter also includes the undertaking of independence and sets the rules for partner rotation.

The Charter governs the relationship between the Renault group (the parent-company and the fully-consolidated French and international subsidiaries) and its statutory auditors. The auditors are responsible for ensuring that the Charter is applied by members of their network acting as external auditors for fully-consolidated subsidiaries and also for policing compliance with the regulations in force in countries where Group companies are established.

4.3.2 AUDITORS

4.3.2.1 STATUTORY AUDITORS

Deloitte & Associés
represented by Pascale Chastaing-Doblin and Amadou Raimi
185, avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine - France

Ernst & Young Audit
represented by Daniel Mary-Dauphin and Aymeric de la Morandière
11, allée de l'Arche
92400 Courbevoie - France

Deloitte & Associates was appointed by the French Finance Ministry on April 25, 1990. It was reappointed by the Joint General meetings of June 7, 1996, April 26, 2002, and April 29, 2008 for further six-year terms. Its current term will expire at the close of the Annual General meeting convened to approve the accounts for 2013.

Ernst & Young Audit was appointed by the French Finance Ministry on March 27, 1979. It was reappointed by the Joint General meetings of June 7, 1996, April 26, 2002, and April 29, 2008 for further six-year terms. Its current term will expire at the close of the Annual General meeting convened to approve the accounts for 2013.

4.3.2.2 ALTERNATE AUDITORS

BEAS
Alternate for Deloitte & Associés
7-9, Villa Houssay
92200 Neuilly-sur-Seine - France

Gabriel Galet
Alternate for Ernst & Young Audit
11, allée de l'Arche
92400 Courbevoie - France

The alternate auditors were appointed by the Joint General meeting of June 7, 1996 for a six-year term. They were reappointed by the Joint General meetings of April 26, 2002 and April 29, 2008 for further six-year terms. Their terms of office will expire at the close of the Annual General meeting convened to approve the accounts for 2013.

4.3.3 FEES PAID TO STATUTORY AUDITORS AND THEIR NETWORK

The audit fees recognized in 2008 by Renault SA and its fully-consolidated subsidiaries for the engagements and assignments performed by the statutory auditors and their networks can be found in chapter 7 Note 30 of the notes to the consolidated financial statement.

For both networks, tax services mainly cover the Group's foreign subsidiaries.

4.4 INTERESTS OF SENIOR EXECUTIVES

4.4.1 REMUNERATION OF SENIOR EXECUTIVES AND CORPORATE OFFICERS

4.4.1.1 REMUNERATION OF SENIOR EXECUTIVES ✦

PROCEDURE FOR DETERMINING REMUNERATION

Members of the Renault management committee receive a consideration comprising a fixed and a variable portion. The variable portion is based on the company's economic performance in the previous year. It comprises five factors: (i) the difference between budgeted and actual operating margin, (ii) maximizing the items between operating margin and net income excluding equity income from Nissan and Volvo, (iii) the results achieved in terms of reducing warranty expenses, (iv) the reduction in general, commercial and administrative expenses, and (v) an individual criterion related to the performance of the sector for which the member in question is responsible.

REMUNERATION PAID IN 2008

In 2008 the total consideration paid to the 28 members of the Renault management committee amounted to €17,301,290 of which €9,450,350 for the fixed portion (of which €7,253,174 including €3,580,111 for the fixed portion for the 7 members of the Group executive committee), compared with €12,696,891 and €8,084,853 respectively in 2007. For the record, there were 22 members in 2007. Pursuant to Act 2008-11 of February 8, 2008, this total consideration includes compensation relating to flexible holiday entitlements in an amount of €2,190,144.

Renault management committee members do not receive directors' fees from Group companies in which they hold senior office.

4.4.1.2. REMUNERATION OF CORPORATE OFFICERS

This document has been updated to reflect the AFEP/MEDEF recommendations of October 2008.

The criteria for calculating the variable remuneration of the President and CEO were set by the Board of Directors in February 2008, on the recommendation of the Appointments and Remuneration committee. They are consistent with the criteria applied to the members of the Group executive committee and the Renault management committee:

- return on equity;
- difference between budgeted and actual operating margin.

There is an additional, qualitative criterion linked to strategy and management.

On February 11, 2009 the Board of Directors, upon President and CEO's request, decided that the amount of his variable remuneration be set at zero.

The total remuneration of the President and CEO was as follows (in €):

	2007		2008	
PRESIDENT AND CEO	OWING FOR 2007	PAID IN 2007	OWING FOR 2008	PAID IN 2008
Fixed remuneration	1,200,000	1,200,000	1,200,000	1,200,000
Variable remuneration (1)	1,392,000	1,392,000	0	1,392,000
Exceptional remuneration	0	0	0	0
Directors' fees (1)	28,000	28,000	28,000	28,000
In-kind benefits	14,429	14,429	10,014	10,014
TOTAL	**2,634,429**	**2,634,429**	**1,238,014**	**2,630,014**

(1) Paid the following year.

The total remuneration of the Chairman of the Board of Directors was as follows (in €):

	2007		2008	
CHAIRMAN OF THE BOARD OF DIRECTORS	**OWING FOR 2007**	**PAID IN 2007**	**OWING FOR 2008**	**PAID IN 2008**
Fixed remuneration	200,000	200,000	200,000	200,000
Variable remuneration (1)	0	0	0	0
Exceptional remuneration	0	0	0	0
Directors' fees (1)	28,000	28,000	28,000	28,000
In-kind benefits	5,334	5,334	4,785	4,785
TOTAL	**233,334**	**233,334**	**232,785**	**232,785**

(1) Paid the following year.

The President and CEO and the Chairman of the Board of Directors also have a supplementary pension scheme.

Further to the meeting of the Board of Directors on October 28, 2004, both the President and CEO and the Chairman are entitled to benefit from the supplementary pension scheme set up for members of the Group executive committee. This comprises:

- a defined contribution scheme equivalent to 8% of annual remuneration, paid for by the company and the beneficiary;
- a defined benefit scheme capped at 30% of remuneration;
- an additional defined benefit scheme capped at 15% of remuneration (with a specific requirement on length of tenure).

The combined total of these schemes – basic, supplementary and additional – is capped at 50% of remuneration.

Currently, total retirement benefits, including supplementary benefits, to which senior executives, including the President and CEO are entitled, are estimated at between 30% and 45% of their final remuneration, owing to differences in seniority at Renault and on the Group executive committee.

4.4.2 STOCK-OPTIONS GRANTED TO SENIOR EXECUTIVES AND CORPORATE OFFICERS

4.4.2.1 LEGAL FRAMEWORK

In its thirteenth resolution, the Joint General meeting of April 29, 2008 authorized the Board of Directors to make one or more grants of stock-options to employees of the company and its related companies, in conformity with Article L. 225-180 of the Commercial Code. These options give holders the right to subscribe for new shares of the company, issued in connection with a capital increase, or to buy shares of the company lawfully repurchased by it.

If these options are exercised, the number of shares thus purchased or subscribed shall not exceed 0.80% of the share capital at the date of the meeting.

The General meeting rules on the allocation and/or exercise of stock-options according to criteria of individual and collective performance in terms of completion of the company's medium-term plan.

In 2008 no stock-options were granted, nor were any shares granted free of consideration.

4.4.2.2 GENERAL GRANT POLICY

APPOINTMENTS AND REMUNERATION COMMITTEE

The Board of Directors approves the stock-option plan on the basis of the report of the Appointments and Remuneration committee. The committee examines proposals from the President and CEO, to grant options to Group employees, in compliance with the general arrangements set by the Annual General meeting. The President and CEO does not take part in the committee's proceedings when the matter under review concerns him personally.

AIMS OF THE STOCK-OPTION PLAN

The main aim of the stock-option plan is to involve Renault executives world-wide, particularly the members of management bodies, in building the value of the Group – and hence Renault's share price – by allowing them to have an ownership interest in the company.

The plan also makes it possible to single out those executives who, by their actions, make an especially positive contribution to the Group's results.

In addition, the plan helps to secure the loyalty of those executives for whom the Group has long-term ambitions, in particular "high-flyers", i.e. young executives with strong potential. Stock-options help to increase the commitment of these staff members and motivate them to work for the company's advancement and growth.

The plan buttresses the role of the Group's responsibility centers in Europe and the rest of the world. In Automobile it applies in particular to sales subsidiaries, vehicle and powertrain engineering teams, managers of body assembly and powertrain plants, industrial subsidiaries and all the heads of vehicle and powertrain programs and projects. The plan also applies to Sales Financing, and to the heads of the Group's major support functions.

GRANT POLICY ✦

Option grants vary according to the grantee's level of responsibility and contribution to the company, an appraisal of their performance and results, and, for younger staff members, an assessment of their development potential.

Performance criteria for all members of staff were introduced in 2006. They are based on satisfying the collective commitment regarding the company's operating margin (for 50% of the awards), and on individual performance conditions (for the remaining 50%). The individual performance indicators are associated, in quantity and/or quality, with each function or business segment which contributes to performance.

These criteria, deployed within the Group, are also applicable to senior management, it being specified that the 2008 plan (no. 15) included a new indicator associated with the company's net earnings, weighing in for 15%, in addition to the operating margin criterion, which counts for 35%. Senior management's individual performance criteria are very closely connected with the commercial, industrial, financial or economic performance of the Group, and the performance of the Regions for the Regional Leaders.

Whatever the circumstances, if the operating margin target is not achieved, none of the allotted options or shares can be exercised at the end of the qualified holding period.

Senior executives and managing executives

The senior executives are the President and CEO and the members of the Renault management committee, including the seven members of the Group executive committee.

In principle, other managing executives are granted options each year, based on the same criteria as those applicable to senior executives, namely levels of responsibility, performance and results. The quantity of options granted can vary significantly depending on individual appraisals. Some managing executives may receive none. The allocation factor ranges from 1 to 4, with a median of 1,500 options in 2007.

Other executives benefiting from the plan

The plan's other beneficiaries are generally Senior Managers and high-flyers with strong professional or managerial potential aged 45 and under. Grants are generally made every one to three years or more, but never more than two years running. An array of complementary systems is used to assess and select grantees (annual performance and development review, Careers committees, personal monitoring for high-flyers, performance-related bonuses). Taken together, these systems form a comprehensive observation platform used to single out the most deserving executives.

Annual performance and development reviews

Annual performance and development reviews are used to make a precise, written review of past performance and to define written goals for the coming year. All managerial staff without exception (i.e. including senior executives and managing executives) undertake a performance appraisal with their immediate superior and, where appropriate, their staff manager and project manager. The results of the session are reviewed and graded by the next level of management. The annual performance and development review provides the opportunity to precisely measure the interviewee's past inputs and the importance of his or her future missions. It is also used to closely analyze each individual's managerial capacity and the progress to be made *vis-à-vis* benchmarks set by senior management.

Careers committees

The purpose of Careers committees is to review all positions of responsibility within the company and to assess the contributions of the incumbents. They also seek to forecast possible changes in the job profile of individual staff members and the persons designated to replace them, either under normal circumstances or immediately should the need arise. The Careers committees meet monthly in all the Group's major divisions and departments throughout the world. This system makes it possible to permanently update collective assessments of individual staff members and it enables Senior Managers to submit the names of possible option grantees to the President and CEO with full knowledge of the facts. A General Careers committee, chaired by the President and CEO and composed of the members of the Group executive committee, examines nominations for 200 key positions (known as "A Positions") and is responsible for manpower planning for these jobs. With this method, managers at different levels can focus more tightly on future senior executives or managing executives.

High-flyers

Particular attention is paid to the action and development of young high-flyers, who are monitored closely. Each year, the Careers committees meticulously update the P List, comprising young high-flyers with strong professional or managerial potential likely to become Senior Managers, and the P1 List, composed of executives destined to become managing executives or senior executives. Additions to the P1 List are decided by the General Careers committee.

Since 1999, in an effort to improve transparency, high-flyers (P or P1) have been duly informed of their status by their managers during their annual performance and development review.

Senior managers and executives department

The Head of the senior managers and executives department (DCSD) ensures that the annual performance and development review process is functioning properly. He supervises and makes use of the reviews, prepares and coordinates the meetings of the General Careers committee, and proposes and keeps the high-flyer lists. He also prepares, standardizes and submits requests regarding options and share plans, so that the President can make proposals to the Board's Appointments and Remuneration committee. He is assisted by the careers and skills development officers (DDCCs) appointed in all major Group divisions and departments. DDCCs are responsible for assessing and permanently monitoring all the executives within his or her scope of activity. DDCCs are coordinated centrally on a regular basis. Managers can thus ensure that the Human Resources policy is properly implemented, that the above-mentioned processes are followed, and that individual careers are optimally managed, particularly in terms of mobility assignments and training. DDCCs are important because they marshal and summarize the assessments and judgments made by different managers and are therefore in a better position to select potential stock-option grantees.

Summary of plans

The options granted under Plans 1 to 9 give the right to buy existing shares. The options granted under plans numbered from 10 onwards give the right to subscribe for new issues. Plans 13 and 16 cover allocations of free shares, to which corporate officers are not entitled.

DATE OF GRANT/ BOARD MEETING		OPTION START DATE	EXPIRATION DATE	NO OF GRANTEES	TOTAL OPTIONS GRANTED	O/W MEMBERS OF RENAULT MANAGEMENT COMMITTEE (1) (2) (4)	STRIKE PRICE (€)	DISCOUNT	OPTIONS EXERCISED AT 12/31/2008	OPTIONS LAPSED AT 12/31/2008	OPTIONS OUTSTANDING AT 12/31/2008 (3)
AGM AUTHORIZATION GRANTED ON JUNE 7, 1996											
Plan no. 1	Oct. 22, 1996	Oct. 23, 1999	Oct. 21, 2006	273	446,250	128,000	17.57	5%	426,950	19,300	0
Plan no. 2	Oct. 28, 1997	Oct. 29, 2002	Oct. 27, 2007	310	553,750	163,000	24.89	5%	535,350	18,400	0
AGM AUTHORIZATION GRANTED ON JUNE 11, 1998											
Plan no. 3	Oct. 27, 1998	Oct. 28, 2003	Oct. 26, 2008	410	1,912,500	670,000	32.13	None	1,747,507	164,993	0
Plan no. 4	Mar. 16, 1999	Mar. 17, 2004	Mar. 15, 2009	4	300,000	280,000	40.82	None	270,000	30,000	0
Plan no. 5	Oct. 19, 1999	Oct. 20, 2004	Oct. 18, 2009	384	1,825,900	830,000	50.94	None	1,361,838	122,500	341,562
Plan no. 6	Sept. 7, 2000 and Oct. 24, 2000	Sept. 8, 2005 and Oct. 25, 2005	Sept. 6, 2010 and Oct. 23, 2010	638	1,889,300	750,000	49.27 and 49.57	None	1,295,313	125,450	468,537
Plan no. 7	Dec. 18, 2001	Dec. 19, 2006	Dec. 17, 2011	858	1,861,600	505,000	48.97	None	868,404	55,000	938,196
Plan no. 8	Sept. 5, 2002	Sept. 6, 2007	Sept. 4, 2012	809	2,009,000	645,000	49.21	None	443,987	32,800	1,532,213
AGM AUTHORIZATION GRANTED ON APRIL 29, 2003											
Plan no. 9	Sept. 8, 2003	Sept. 9, 2007	Sept. 7, 2011	813	1,922,000	605,000	53.36	None	285,453	15,500	1,621,047
Plan no. 10	Sept. 14, 2004	Sept. 15, 2008	Sept. 13, 2012	758	2,145,650	695,000	66.03	None	16,000	16,500	2,113,150
Plan no. 11	Sept. 13, 2005	Sept. 14, 2009	Sept. 12, 2013	639	1,631,093	650,000	72.98	None	3,000	17,700	1,610,393
AGM AUTHORIZATION GRANTED ON MAY 4, 2006											
Plan no. 12	May 4, 2006	May 5, 2010	May 3, 2014	693	1,674,700	556,000	87.98	None	3,000	231,048	1,440,652
Plan no. 13 Options Contrat 2009	May 4, 2006	May 5, 2010	May 3, 2014	650	2,741,700	1,550,000	87.98	None	2,000	19,000	2,720,700
Plan no. 13 bis Shares Contrat 2009	May 4, 2006	May 5, 2010	-	549	1,379,000	290,000	0	None	6,500	9,500	1,363,000
Plan no. 14	Dec. 5, 2006	Dec. 6, 2010	Dec. 4, 2014	710	1,843,300	680,000	93.86	None	0	205,435	1,637,865
Plan no. 15 (5)	Dec. 5, 2007	Dec. 6, 2011	Dec. 4, 2015	743	2,080,000	735,000	96.54	None	0	0	2,080,000
Plan no. 16 Options Compl. Contrat 2009	Dec. 5, 2007	Dec. 6, 2011	Dec. 4, 2015	199	797,787	160,000	96.54	None	0	35,287	762,500
Plan no. 16 bis Shares Compl. Contrat 2009/ Plan no. 15	Dec. 5, 2007	Dec. 6, 2011	-	199	132,166	60,000	0	None	0	2,466	129,700

(1) The Renault management committee at the date on which the stock-options were granted.

(2) Including grants to Mr Schweitzer of 20,000 stock-options in 1996, 30,000 in 1997, 140,000 in 1998, 200,000 in 1999, 140,000 in 2000, 100,000 in 2001, 130,000 in 2002, 100,000 in 2003 and 200,000 in 2004.

(3) Under Plans 1 to 9, a total of 4,901,555 options were unexercised at December 31, 2008.

(4) Including grants to Mr Ghosn of 20,000 options in 1997, 70,000 in 1998, 200,000 in 1999, 200,000 in 2005; in 2006: 100,000 under Plan 2006, 1,000,000 under Commitment 2009, 200,000 under Plan 2007 and 200,000 under Plan 2008.

(5) All the options of this plan are lost as the operating margin target has not been achieved (Board meeting February 11, 2009).

In FY 2008:

- no options were granted;
- options exercised by corporate officers included the following:

Options exercised by corporate officers during the financial year

	PLAN NO. AND DATE	NUMBER OF OPTIONS EXERCISED	EXERCISE PRICE	GRANT YEAR
Carlos Ghosn	8 Sept./05/2002	25,000	49.21	2002
Carlos Ghosn	9 Sept./08/2003	25,000	53.36	2003

- the ten largest lots exercised in 2008 (excluding options exercised by corporate officers) comprised 119,700 options at an average price of €43.70, i.e.:

36,000 options exercised	at €32.13	October 1998 plan
20,000	at €40.82	March 1999 plan
5,000	at €48.97	December 2001 plan
28,700	at €49.21	September 2002 plan
30,000	at €53.36	September 2003 plan

4.4.2.3 ADDITIONAL INFORMATION

Loss of entitlement is governed by regulatory provisions, i.e. total loss in the event of resignation, and individual decision in the event of dismissal, by the President and CEO who informs the Remuneration committee.

No Group subsidiary operates a stock-option plan for its own shares.

4.4.2.4 SUMMARY OF REMUNERATION PAID TO CORPORATE OFFICERS

Summary of remuneration and allocations of options

PRESIDENT AND CEO	2007	2008
Remuneration owing in respect of the year	2,634,429	1,238,014
Value of options granted during the year (1)	4,272,000	0
Value of performance shares granted during the year	0	0
TOTAL	**6,906,429**	**1,238,014**

(1) All options of this plan are lost as the operating margin target has not been achieved (Board meeting February 11, 2009).

CHAIRMAN OF THE BOARD OF DIRECTORS	2007	2008
Remuneration owing in respect of the year	233,334	232,785
Value of options granted during the year	0	0
Value of performance shares granted during the year	0	0
TOTAL	**233,334**	**232,785**

Stock-option allocations

	PLAN 1	PLAN 2	PLAN 3	PLAN 4	PLAN 5	PLAN 6	PLAN 7	PLAN 8
Louis Schweitzer	20,000	30,000	140,000	-	200,000	140,000	100,000	130,000
Carlos Ghosn	-	20,000	70,000	200,000	-	-	-	25,000*

	PLAN 9	PLAN 10	PLAN 11	PLAN 12	PLAN 13	PLAN 14	PLAN 15	PLAN 16
Louis Schweitzer	100,000	200,000	-	-	-	-	-	-
Carlos Ghosn	25,000*	200,000*	200,000	100,000	1,000,000	200,000	200,000	-

* *Was not a member of the Renault management committee.*

Benefits to senior executives corporate officers

EXECUTIVE CORPORATE OFFICERS	EMPLOYMENT CONTRACT		SUPPLEMENTARY PENSION SCHEME*		COMPENSATION OR BENEFITS OWED OR LIKELY TO BE OWED ON TERMINATION OR CHANGE OF FUNCTIONS		BENEFITS RELATING TO NON-COMPETITION CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
President and CEO **Carlos Ghosn**	-	No	Yes	-	-	No	-	No
Chairman of the Board of Directors **Louis Schweitzer**	-	No	Yes	-	-	No	-	No

* *See chapter 4.4.1.2.*

4.5 REPORT OF THE CHAIRMAN OF THE BOARD, PURSUANT TO ARTICLE L. 225-37 OF FRENCH COMPANY LAW *(CODE DE COMMERCE)*

Pursuant to Article L. 225-37 of the French Commercial Code, the Chairman of the Board of Directors is required to submit an additional report, appended to the management report.

The report under review was drawn up under the responsibility of the Chairman of the Board of Directors, on the basis of information supplied by the Group's senior management, which is responsible for organization and internal control.

The report is based on the work of a multi-disciplinary group composed of representatives from the Finance, Management Control and Group legal divisions.

This report was ratified by the Board of Directors at its meeting on February 11, 2009.

4.5.1 CHAIRMAN'S REPORT ON THE COMPOSITION OF THE BOARD OF DIRECTORS, THE PREPARATION AND ORGANIZATION OF ITS WORK, AND THE PROCEDURES FOR SHAREHOLDERS TO ATTEND GENERAL MEETINGS

The Board of Directors meets as often as the interests of the company require. Meetings are convened at least eight days in advance by the Chairman. Meeting papers that cannot be disseminated ahead of time are made available to directors before the beginning of each meeting.

The minutes of the Board meetings are made available within four weeks of each meeting.

The curbs placed by the Board of Directors on the powers of the President and CEO are described in the Board's internal regulations. These provide that, in addition to its legal and regulatory powers, "the Board of Directors shall discuss the strategic policies of the company, including in connection with the Alliance, and examine any changes to those policies once yearly. Further, it shall give its opinion before any major decision inconsistent with the company's strategy can be made."

The composition of the Board of Directors is laid down in detail in chapter 4.1.1 of the Registration document. The conditions for preparing and organizing the work of the Board are described in detail in chapters 4.1.2, 4.1.4 and 4.1.5.

In accordance with Article 21 of the Company's articles, General meetings are open to all shareholders who have registered their shares under their own name at least three clear days before the meeting, under the conditions stipulated below.

Pursuant to Article L. 228-1 of the Commercial Code, General meetings are open to all shareholders who have registered their shares under their own name or that of a registered intermediary acting on his or her behalf. The entry must be made by midnight (zero hours) CET on the third business day before the meeting, either in the registered share account kept by the company or in the bearer share account held by an authorized intermediary.

The registration or book entry of bearer shares in the accounts held by the authorized intermediary is evidenced by an attendance certificate issued by said intermediary.

All shareholders are entitled to be represented at a General meeting by proxy, either to another shareholder or their spouse. All legal shareholding entities may be represented at the General meetings by their legal representatives or any person designated by them.

Factors that may be material in the event of a public offering, as stipulated in Article L. 225-100-3, are described in chapter 1.3 on the Alliance.

4.5.2 CHAIRMAN'S REPORT ON INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT ✦

This report covers all fully-consolidated Group companies.

4.5.2.1 APPLICATION OF AMF STANDARDS

A review of Renault's internal control system, overseen by the Executive Vice President, Finance, and the Management Controller, was begun in 2007 and extended into mid-2008 to assess compliance with standards laid down by France's securities regulator, the *Autorité des marchés financiers* (AMF). The resources assigned to the project subsequently had to be adjusted because of new constraints resulting from the overall economic situation.

Nevertheless the aim remains the same: to make Automobile's internal control procedures fully compliant with AMF standards. In 2009 the emphasis will mainly be on operational processes with a direct impact on the Group's cashflows, e.g. new car sales and inventories, capital expenditure.

Sales Financing is subject to banking and financial regulations and therefore applies the internal control measures laid down in regulation 97-02 of the banking and finance regulator.

4.5.2.2 INTERNAL CONTROL SYSTEM OBJECTIVES

The Renault group encounters risks and contingencies, both internal and external, in the regular course of its business activities and strategy. It has therefore put in place an organized structure and procedures to identify, quantify, prevent and control these risks as far as possible, in order to mitigate their negative impact and thus help the company achieve its operational and strategic goals.

The internal control system has been implemented in all of the company's functional departments and for every area of activity. Its priorities are to:

- comply with legal requirements and the company's by-laws;
- control its industrial and commercial activities in relation to quality, cost and delays (QCD targets);
- ensure the quality, reliability and relevance of all internal and external information, notably financial and accounting disclosures;
- adapt the company's organizational structure to any changes in standards and regulations;
- match identified risks to objectives and expected benefits;
- control any risks the company might engender for its staff, customers, suppliers and shareholders, as well as for its union partners and stakeholders, and any risks it faces in running the business and implementing its strategy;
- reduce the company's exposure to fraud risk;
- prevent and, where necessary, punish unethical behavior.

However, as with any control system, there is no cast-iron guarantee that risks are completely under control. The system's role is to prioritize risks and to implement prevention plans that will reduce the likelihood of their occurrence.

4.5.2.3 INTERNAL CONTROL SYSTEM COMPONENTS ✦

SHARED CORPORATE VALUES AND PRACTICES

Code of good conduct and Rules of compliance

The Renault group has a Code of good conduct and Rules of compliance that were updated in 2007, approved by the Board of Directors on September 26, 2007, and brought into effect on January 1, 2008. This code has been disseminated to all staff members, and new employees are required to comply with it. Employees are asked during their individual year-end assessments whether they know and apply this code.

Compliance committee

Given the vital importance of applying standard Group regulations on an international scale, Renault decided to establish a permanent Compliance function charged with deploying and enforcing the Rules of compliance, under the authority of a Compliance committee chaired by a member of the executive committee, with the Regional Leader acting as the go-between for his or her Region. The Compliance function ensures that internal procedures comply with prevailing regulations and the Code of good conduct, especially in the following areas:

- professional ethics;
- corporate governance;
- the prevention of insider trading and share price manipulation;
- fairness and transparency in dealings with economic partners;
- personal transactions by staff members and management;
- the fight against corruption;
- the internal or external dissemination of data belonging to the Group.

The activities of the Compliance committee in 2008 are described in the chapter on corporate governance (chapter 4.1.5).

The Compliance committee has the powers to propose initiatives in all the above areas, for which it is empowered under the Code of good conduct. In the course of its duties, it has the authority to interview all employees of the Renault group and be informed about all documents, activities, files and data, including internal or external audits, and the minutes of management committee and Board meetings.

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✦ Global Reporting Initiative (GRI) Directives

The Chairman of the Compliance committee has direct access to the President and CEO, the Chairman of the Accounts and Audit committee, and the Group's auditors.

Placed under the authority of the President, the Compliance function is organized around the Global compliance committee.

Whistleblowing

The Group has a whistleblowing system that allows any member of staff to report irregularities arising in specific areas, namely accounting, finance, banking, and the fight against corruption.

Internal Control, Audit and Risk Management Charter

Renault group has rewritten the previous Internal Audit and Control Charter, which dated from 2000. A new Internal Control, Audit and Risk Management Charter was drawn up in the first half of 2008 and disseminated throughout the Group in June 2008. It takes into account the changes that have occurred since the previous Charter, including the establishment of a Risk Management division, which reports to the Management Control division. Il also describes the roles and responsibilities of all those involved in internal control (senior management, management audit, management, employees) and in the supervisory and control process (Audit committee, Compliance committee, internal audit, statutory auditors).

A DEDICATED ORGANIZATION

An Executive Vice President in charge of operations was appointed on October 13, 2008 to reinforce the company's operational management. The members of the Group executive committee and the regional managers all report to the EVP. However, strategic decisions and the monitoring of financial and legal issues and public affairs remain the direct responsibility of the President and CEO.

Strategic decisions are examined firstly by the Group executive committee, composed of the President and CEO, the Deputy Vice President and the six Executive Vice Presidents. Decisions are submitted to the Board of Directors, after seeking the opinion of the International Strategy committee should the need arise. The President and CEO informs the Board about the enforcement of such decisions.

The Renault management committee is composed of the Group executive committee and the heads of Renault's main divisions. Its members, working in conjunction with the management committees of the main operational departments, ensure that decisions are implemented in compliance with legal requirements in the countries where the Group operates. The executive committee keeps track of operations by monitoring budget outturns relative to the original budget. An update on the Group's commercial and financial position is presented at each Board meeting.

The Group is organized around a matrix-based system so as to coordinate the activities of the Regions and the Vehicles Program and Global Function departments (engineering, purchasing, manufacturing and marketing). Each Region (Europe, Americas, Asia-Africa, Euromed and March 1, 2009, Eurasia) is managed by a Regional management committee (CMR). CMRs are composed of representatives of Global Functions and Vehicles Programs and the managers of the major countries in the Region.

In addition to management reporting lines, the Group also introduced a system of staff reporting lines enabling support departments to conduct their activities on a cross-functional basis.

On February 6, 2008 the Group executive committee decided to hand over responsibility for Group internal audit to the Management Control division. Furthermore, to comply with international practices in the organization of internal controls, the Risk Management division has changed reporting lines. Effective September 1, 2008 it reports to the Internal Audit and Risk Management division, part of the Management Control division, instead of to the Internal Audit division.

CLEARLY DEFINED RESPONSIBILITIES AND POWERS

The decision-making process implemented by the Renault group is based on a system of delegation of responsibilities, starting with the powers of the President and CEO and working downwards. The system specifies precisely the levels at which the personnel are entitled to make decisions. Since March 2008 all delegation rules (decision-making rules, channels for gathering opinions and agreements) have been accessible to operational staff.

Delegation rules have been modified to accommodate:

- Renault's new three-pronged organization structure (Regions/Global Functions/Programs). The new rules reflect strong emphasis on delegation to the Regions and greater accountability for operational staff while ensuring that decisions are taken at the appropriate level;
- the appointment of the Executive Vice President (see above).

Some operations are not delegated. These include equity transactions for subsidiaries, sales and acquisitions of companies or businesses, partnerships and cooperation agreements, and hedging raw material or exchange rate risks. Such operations are examined by a committee of members drawn from the departments concerned. This committee gives its opinion before submitting operations for approval to the President and CEO.

MATCHING HUMAN RESOURCES TO THE SYSTEM

To ensure that decision-makers and line personnel have the skills and proficiencies needed for each post, the Group has established an organizational system based on functional skills and sectors. This system optimizes resources management through human resources committees tasked with matching skills to job requirements on the basis of career paths for key positions and training programs.

In the sphere of finance, the Management-Finance Academy created in 2006 offers professional development for careers in management and finance. It contributes to training in business economics for all company employees and to the deployment of management rules. In 2008 the following subjects were added to the training program: IFRS accounting standards, return on investment, free cashflow and ways of optimizing it, anti money-laundering measures, and better understanding of strategic performance indicators. In November 2008 an economics dictionary was made available to all employees to promote understanding of the main concepts and financial aggregates used in managing Renault group's economic performance.

PROCEDURES AND OPERATING METHODS

The multi-year plan introduced in 2004 to provide line managers with a standard set of procedures, including management procedures, operating rules and directives, was continued in 2008 through the following courses of action:

Consolidating management standards

In 2008 several Group-wide management standards were established for specific areas:

- international administrative information flows;
- management of capital expenditure and fixed assets.

Other standards were adopted for cross-functional processes:

- logistics flows, in connection with the creation of a Global supply chain division;
- decision-making rules for financial commitments and international management of human resources.

Disseminating management-related information within the Group

The action plans set in motion through the company's Business-to-Employees (B-to-E) program were pursued in 2008, the aim being to disseminate the full range of management-related information to all Group entities through the management function's intranet portal, and in particular:

- to provide access to all management information, whether activity-specific or cross-functional and cross-Group via a single portal;
- to improve on the efforts made in 2007 to simplify and harmonize management literature by communicating more actively on all new developments.

In addition, the Group's Accounting division now has an Accounting standards and policies department, which will ensure that applicable accounting policies are properly applied. Division personnel directly involved in preparing financial and accounting policies have access to all the information they need to carry out their duties. In 2008 training programs were organized to familiarize employees in the central departments and subsidiaries with changes to IFRS. These programs will continue through 2009.

In 2008 Sales Financing deployed a new tool to centralize and exhaustively verify procedures in all subsidiaries. The employees concerned will ultimately have access to all their subsidiary's procedures as well as those of the Group via this single tool. The main Sales Financing processes (e.g. acceptance, collection/disputes, refinancing, system security, physical asset security, risk monitoring and accounting) are covered by procedures based on the principle of segregated powers. These procedures ensure that decisions are taken at an appropriate level, with suitable means for controlling implementation.

The compliance Charter for Sales Financing has been converted to a set of procedures describing the compliance measures in place for each subsidiary. The procedures are monitored by the quarterly compliance committees.

4.5.2.4 RISK MANAGEMENT

In addition to the Audit and Risk Management's internal audit Charter, global risk management measures have been formalized by the Risk Management division in a document that describes Renault's organizational principles and methods.

The Risk Management division has two networks:

- one made up of experts who manage specific risk areas (described in chapter 2.3 of the Registration document) related to the Group's international expansion, product reliability and quality, supplier risk, production and environmental risk, information systems and financial and legal risks;
- the other composed of Risk Management division correspondents in all the Group's entities.

Renault applies a risk control method based on identifying and mapping all types of risk and on preparing action plans to eliminate, prevent, protect against or transfer those risks. Risk management committees are being set up in all operational entities to closely monitor the execution of these plans.

At the same time, tools are being introduced to promote information-sharing and make staff more aware of the need to anticipate risks.

The Group executive committee and the Accounts and Audit committee regularly monitor the implementation and functioning of these measures.

The French banking supervisor, *Commission Bancaire,* authorized RCI Banque to use the Advanced Internal Ratings Based Approach for credit risk assessment, part of the Basel II capital adequacy framework, as from January 1, 2008. This authorization applies to all RCI Banque's activities (consumers, companies and network) in France, Germany, Spain, and Italy. It covers approximately 70% of all credit risk and will be extended to the UK in 2009.

4.5.2.5 INFORMATION SYSTEMS

The Renault group has adopted a widely-recognized off-the-peg Enterprise Resource Planning (ERP) software to replace its auxiliary accounting systems and is gradually deploying it in all consolidated entities. The use of this highly structured software will enable each entity to apply its own internal control approach and ensure that processed information is both reliable and consistent. The definition and monitoring of user profiles make it possible to comply with task-separation rules. Logical security measures are currently being reinforced. In 2008 a project to create a profile control and task separation module in the ERP application was green-lighted and launched.

In each major business-line, this system is supplemented by management systems and relational, multidimensional databases fed directly with information from the operational and accounting systems. These standard systems are being implemented world-wide to harmonize and improve the management of the Group's global activities.

Control of basic transactions processed by operational systems, which exercise the first level of control, is key to ensuring reliable accounting and financial information. These operational systems feed data to the auxiliary accounting systems via a number of interfaces. These interfaces are constantly monitored to ensure they capture all economic events for each process and then centralize and send these data regularly to the accounting system. The financial and accounting teams carefully control transfers between non-integrated operational systems and accounting systems.

Furthermore, the accounting teams have developed a process in collaboration with IT personnel to protect the ERP application in the event of a major malfunction. A business continuity plan was introduced at central level and applied in subsidiaries that use this application. In 2008, working closely with the IT division, the accounting teams tested the continuity plan, and an action plan was subsequently drawn up to deal with the shortcomings observed.

4.5.2.6 CONTROL ACTIVITIES AND PARTICIPANTS

The Group's organization relies on the precisely interlinked responsibilities of the Board of Directors, senior executives (Group executive committee), the management committee, and operations and support functions.

BOARD OF DIRECTORS AND SENIOR EXECUTIVES

As Renault's controlling body, the Board of Directors helps to ensure an effective internal control process, relying on the skills and accountability of its members, clear and transparent decision-making, and the ever-watchful Accounts and Audit committee.

When carrying out its supervisory duties, the Board of Directors relies on the opinions of the committees set up in 1996 and in particular on the Accounts and Audit committee (see chapter 4.1.4.1).

CONTROLS PERFORMED BY MANAGEMENT CONTROL AND ACCOUNTING TEAMS

A key element of the internal audit system, the management control function coordinates and measures economic performance at various levels of the organization (Group, business area, operations).

Within the Group's management model, the management control function's specific role consists in:

- supervising the Group through:
  - organized and consistent adaptation of the performance measurement process so as to compute operating margin for each entity, Region and vehicles program,
  - key performance indicators that allow standardized measurement of business-line results,
  - use of indicators to monitor free cashflow,
- setting the company's economic targets and budget, and delivering operating reports;
- making an economic analysis of proposed management decision at every level, checking compliance with standards, plans and budgets, assessing economic relevance, and formulating an opinion and a recommendation in each case;
- implementing and controlling management of transfer pricing in line with OECD guidelines.

In line with the Internal Control, Audit and Risk Management Charter, the audit control function also carries out the following tasks:

- making periodic appraisals of internal control through a self-assessment questionnaire drawn up by the management controllers of each entity;
- analyzing the questionnaire answers to ensure that the applicable procedures are respected and to change the internal control system as needed.

Central and decentralized accounting teams analyze the accounts, clarify inter-period changes and, in conjunction with management controllers, help to analyze disparities between budgets, reforecasts and outruns. If this analysis, or any other verification procedures, reveals shortcomings in the quality of the information from the linked accounting and operational systems, actions plans are implemented to deal with the root causes, with the active involvement of line personnel and the management control function.

Assets, liabilities and off-balance sheet commitments are subject to control and audit, in conjunction with the legal, financial and general functions of the entities and the Group. The Group circulates special memos about off-balance sheet commitments, which are reported by means of the consolidation tool.

The Sales Financing division carries out first-level controls that are standardized for all the Group's key activities. Dedicated personnel are also charged with second-level permanent control missions, in line with banking regulations. The Group increased the number of accounting controls on subsidiaries in 2008 and covered most of RCI Banque group's subsidiaries.

INTERNAL AUDIT CONTROLS

Renault has a centralized, independent internal audit function that assesses the level and quality of internal controls, and helps management to carry out its duties. As part of the Compliance committee, the internal audit function warns of any behavior that goes against its Code of good conduct and, in broader terms, warns the Group executive committee about situations where control is insufficient. The function has jurisdiction over the entire Group. An annual audit plan is defined after consulting with all company entities and presented to the Group executive committee, which approves it, and the Accounts and Audit committee.

Whenever it intervenes, the internal audit function provides the President and CEO, the EVP in charge of operations, and the relevant members of the Group executive committee, a summary report outlining the level of internal controls, as well as the main strengths and weaknesses noted, and sets out its main recommendations with a list of commitments made by the entities in their action plan. An annual internal audit report is presented to the Group executive committee and the Accounts and Audit committee.

In 2008, as in previous years, internal audit controls covered:

- compliance of operations with internal and external rules;
- identification of factors for improving the effectiveness of audited processes;
- the effectiveness of the internal control system in preventing malfunctions and correcting their impact.

Line managers are tasked with implementing the audit function's recommendations. The internal audit function keeps precise track of action plans related to key recommendations, working closely with the Group's network of management controllers. A status report is presented half-yearly to the Group executive committee and to the Accounts and Audit committee, to help ensure that progress is effective across the company.

In 2008, IFACI-IIA certification – the international standard for the internal audit industry – awarded two years earlier to the corporate audit department, was confirmed.

4.5.2.7 ORGANIZATION OF PROCEDURES FOR PREPARING FINANCIAL AND ACCOUNTING INFORMATION

The Renault group's activities are divided into two separate arms, Automobile and Sales Financing (RCI Banque). The consolidated financial statements are prepared for publication using a single consolidation tool, organized according to an accounting charter common to all entities within the consolidation.

The Group's information systems support simultaneous generation of financial statements under local accounting rules to guarantee data consistency at a time when lead times for centralizing and consolidating information are being shortened.

PRINCIPLES USED IN PREPARING THE FINANCIAL STATEMENTS

Renault SA, the consolidating company, gives definitions for, coordinates and supervises the preparation of financial and accounting disclosures, notably by drawing up and disseminating consolidation instructions to subsidiaries at each period close. Working under the presidents and chief executives of the subsidiaries, management controllers and administrative and finance directors are responsible for preparing the parent-company's financial statement and the restated accounts used in the consolidated statements.

At all levels in the Group, the main principles used in preparing the financial statements are:

- exhaustive treatment of transactions;
- compliance of transactions with Group accounting policies. A manual defining the standards used in presenting and evaluating the Group (currently being updated) is supplied to all entities so that the information is reported in a uniform manner;
- periodic review of assets (inventories, fixed assets, accounts receivable, cash and cash equivalents).

Efficient linkages between the financial reporting mechanisms and the Group's operational systems lie at the heart of the procedures used to prepare financial and accounting information. The company relies on powerful and well-managed information systems that can cope with the large amounts of information to be processed, supply processed data to the necessary high standard, and meet the ever shorter deadlines required by senior management for the preparation of financial reports, which allow senior management to react.

GROUP FINANCIAL STATEMENTS PUBLISHED UNDER IFRS

Pursuant to regulation 1606/2002 passed on July 19, 2002 by the European Parliament and the Council of Europe, Renault's consolidated financial statements for 2008 were prepared under international financial reporting standards (IFRS) as issued by the International Accounting Standards Board (IASB) at December 31, 2008 and endorsed for application by European Commission regulations published in the Official Journal of the E.U. at year-end close.

The Group publishes half-yearly and annual statements. Preparations for these statements are made by organizing two anticipated close dates on May 31 for end June and 31 October for end December. Summary meetings are organized with the statutory auditors and attended by senior management. The Accounts and Audit committee participates in all the key stages of the approval process for financial and accounting disclosure.

THE STRUCTURAL ELEMENTS OF THE CONTROL PROCESS

The Renault group's two divisions have to manage the decentralization of business activities into subsidiaries in France and abroad, as well as major international expansion into countries like Romania, Russia, South Korea and India. As a result, Renault is continuing to bolster the internal control process across the board in long-standing entities, recently-acquired ones, as well as companies that are being set up. For this the Group relies on the core strategies already being used to obtain high-quality financial and accounting disclosures and reduce lead times for the preparation of financial statements:

- operational systems upstream of accounting are systematically standardized;
- the introduction of ERP financial and accounting modules into the industrial and/or commercial entities world-wide was pursued. This involved 66 legal entities in 27 countries. The roll-out of ERP in the South Korean subsidiary was launched in 2008 and completed in five subsidiaries;
- the project structure designed for international deployment of the business provides a target architecture combining operational and accounting information systems. The aim is to achieve a high degree of standardization and implement procedures that have already proved themselves in the rest of the Group;
- the consolidation tool has been audited with a view to upgrading its parameters. New users have been trained and a permanent surveillance system is now in service at technical and functional levels.

Renault has matched the essential account headings with the relevant control techniques to ensure the quality of the financial statement preparation process, in line with AMF recommendations on accounting procedures. The control systems in place for operating methods have gradually been strengthened and in 2008 Renault paid particular attention to:

- making systematic reviews of vehicles' useful lives in order to estimate their economic lives more accurately;
- implementing and fully exploiting revised procedures for inventories and fixed assets;
- designing and implementing a new inventory-profit elimination module, directly integrated into the Group's consolidation software, to replace an earlier system, which was cumbersome and inflexible.

4.5.3 PRINCIPLES AND RULES ADOPTED BY THE BOARD OF DIRECTORS FOR THE REMUNERATION OF CORPORATE OFFICERS

At its meeting of December 10, 2008 Renault's Board of Directors took note of the AFEP/MEDEF recommendations of October 6, 2008 on the remuneration of corporate officers of listed companies. The Board considers that these recommendations are fully in line with the Group's corporate governance system.

The Board of Directors decided that, effective this year, Renault would adopt the AFEP/MEDEF code, as amended by these recommendations, and would refer to it when drawing up the report required by Article L. 225-37 of French Commercial Code.

Copies of the code are available at corporate headquarters.

The remuneration and benefits received by the Chairman of the Board and the President and CEO are decided by the Board of Directors acting on the recommendation of the Appointments and Remuneration committee. (See summary table of remunerations and benefits paid to the corporate officers in chapter 4.4.2.4).

The remuneration of the President and CEO includes a variable portion ranging from zero to 150% of the fixed portion. The criteria for calculating the variable compensation of the President and CEO were set by the Board of Directors at its meeting in February 2008, on the recommendation of the Remuneration committee; they are consistent with those applicable to the members of the Group executive committee and the Renault management committee:

- return on equity;
- the difference between budgeted and actual operating margin;
- a qualitative criterion linked to strategy and management.

It also includes three option plans. The first is exercisable depending on whether the three commitments under Renault Commitment 2009 are achieved, the other two depend on reaching financial objectives in 2006 and 2007[15].

The Chairman of the Board is not entitled to these option plans but receives a lump sum of €200,000 in respect of his function.

Both men have a supplementary pension scheme. The annuity from this scheme combined with the other schemes, is capped at 50% of their remuneration.

The fees paid to the other directors are voted by the Group's Annual General meeting on the recommendation of the Board of Directors. The policy applied by the Group so far is that directors should receive the median of the fees paid by CAC 40 companies (see chapter 4.1.6).

(15) All the options of the plans are lost as the operating margin target has not been achieved (Board Meeting February 11, 2009).

4.6 STATUTORY AUDITORS' REPORT ON THE REPORT OF THE CHAIRMAN ✦

Renault

Year-ended December 31, 2008

Statutory auditors' report, prepared in accordance with Article L. 225-235 of French Company Law *(Code de commerce)*, on the report prepared by the Chairman of the Board of Directors

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of Renault and in accordance with Article L. 225-235 of French Company Law *(Code de commerce)*, we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of French Company Law *(Code de commerce)* for the year-ended December 31, 2008.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L. 225-37 of French Company Law *(Code de commerce)*, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L. 225-37 of French Company Law *(Code de commerce)*, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information given in respect of the Company's internal control procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of French Company Law *(Code de commerce)*.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 225-37 of French Company Law *(Code de commerce)*.

Neuilly-sur-Seine and Paris-La Défense, February 17, 2009

The Statutory Auditors

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

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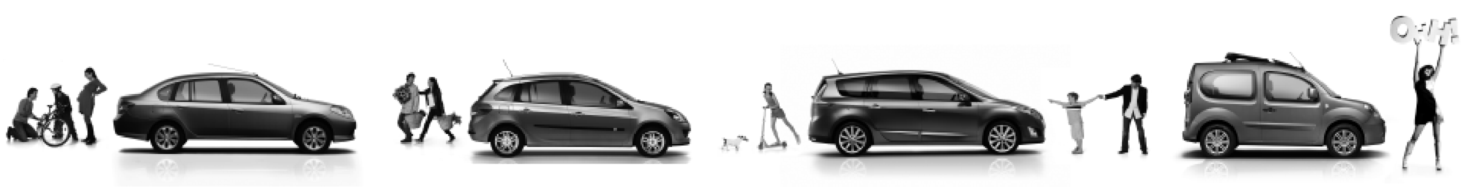


RENAULT AND ITS SHAREHOLDERS 05

5.1 GENERAL INFORMATION

5.1.1 OVERVIEW

5.1.1.1 BUSINESS NAME AND REGISTERED OFFICE ✦

Business name: Renault

Registered office: 13-15 quai Le Gallo, 92100 Boulogne Billancourt – France

Tel.: +33 (0)1 76 84 04 04.

5.1.1.2 LEGAL FORM ✦

Organized as a *société anonyme* (public limited company) under French law, Renault is governed by the provisions of Book II of the Commercial Code on commercial undertakings, and the provisions of the Employee profit-sharing Act Nº 94-640 of July 25, 1994.

5.1.1.3 DATE OF FORMATION AND DURATION OF THE COMPANY

The company was formed on January 16, 1945 and will cease to exist on December 31, 2088 except in the case of early termination or renewal.

5.1.1.4 PURPOSE

The company's corporate purpose includes the design, manufacture, trade, repair, maintenance and leasing of motor vehicles (commercial, light commercial and passenger vehicles, tractors, farm machinery and construction equipment) as well as the design and manufacture of spare parts and accessories used in connection with the manufacture and operation of vehicles. It also encompasses all types of services relative to such operations and, more generally, all industrial, commercial, financial, investment and real estate transactions relating directly or indirectly, in whole or in part, to any of the above purposes (see Article 3 of the articles of incorporation).

5.1.1.5 COMPANY REGISTRATION NUMBER

Renault is registered with the Registrar of Companies in Nanterre under the number 441 639 465 (APE code 341 Z);
Siret code: 441.639.465.03591.

5.1.1.6 ACCESS TO LEGAL DOCUMENTS

Legal documents such as the articles of incorporation, minutes of Annual General meetings, auditors' reports and all other documents made available to shareholders in accordance with law are available at the company's head office.

5.1.1.7 FISCAL YEAR

The company's fiscal year runs for 12 months from January 1 to December 31.

5.1.2 SPECIAL PROVISIONS OF THE ARTICLES OF INCORPORATION

5.1.2.1 APPROPRIATION OF NET INCOME

Net income is appropriated in compliance with existing legislation.

Distributable income consists of the current year's income, less previous losses and amounts transferred to the legal reserves, plus retained earnings brought forward from previous years as specified by law. Upon recommendation by the Board of Directors, the General meeting may then determine portions of this income to be allocated to optional ordinary and special reserves or to be carried over. The balance, if any, is divided among the shares in proportion to their paid-up and unamortized value.

In accordance with legal provisions, the General meeting has the authority to offer shareholders the option of receiving all or part of the dividend payout in cash or in shares. Requests for the payment of scrip dividends must be submitted within the time period established by the General meeting, without exceeding three months from the date of the meeting. The Board of Directors may choose to suspend this period for up to three months if the share capital is increased.

5.1.2.2 GENERAL MEETINGS OF SHAREHOLDERS

General meetings are convened in accordance with legal and regulatory provisions. The meetings are open to all shareholders who have registered their shares under their own name at least three clear days before the meeting. The right to attend the meeting is evidenced by a book entry in the name of the shareholder or the registered intermediary acting on his or her behalf, pursuant to Article L. 228-1 of the French Commercial Code. The entry must be made by midnight (zero hours) CET on the third business day before the General meeting, either in the registered share account kept by the company or in the bearer share accounts held by an authorized intermediary. Registration or book entry of bearer shares in the accounts held by the authorized intermediary is evidenced by an attendance certificate issued by said intermediary.

5.1.2.3 SHARES AND VOTING RIGHTS

Shares are registered in an account according to the provisions and terms established by law. Fully paid-up shares are in either registered or bearer form, at the discretion of their owner. However, shares that are not fully paid-up must be in registered form.

Shares entitle the holder to vote, within the limits of French regulations.

5.1.2.4 IDENTIFIABLE BEARER SHARES

The company is authorized to make use of the appropriate legal provisions for identifying shareholders having immediate or future voting rights in its own shareholders' meetings.

5.1.2.5 SHAREHOLDING DISCLOSURE

In addition to the legal requirement that shareholders inform the company if they hold certain percentages of its share capital or voting rights, every shareholder or fund management company that comes into possession of a number of shares greater than 2% of the share capital or voting rights, or a multiple of this percentage less than or equal to 5% of the share capital or voting rights, shall inform the company of the total number of shares held. That disclosure shall be made by registered letter with return-receipt within a time period set forth in a Conseil d'Etat decree, starting from the date of registration of the shares that took the shareholder's interest up to or beyond the threshold. In excess of 5%, the aforementioned disclosure requirement applies to 1% fractions of the share capital or voting rights. For the purposes of determining the thresholds described above, indirectly held shares or equity equivalents held as defined by the provisions of Article L. 233-7 of the Commercial Code will also be taken into account. The declarer must certify that the said declaration includes all shares held or owned within the meaning of the preceding paragraph, and must indicate the acquisition date(s). The disclosure requirement applies in the same manner if the holding falls below any of the aforementioned thresholds, 2% or 1% as applicable.

If the conditions described above are not respected, any shares exceeding the fraction that should have been declared are stripped of voting rights for all shareholders' meetings for a period of two years after the required disclosures are made, insofar as this is requested at the meeting by one or more shareholders who together hold at least 1% of share capital.

5.2 GENERAL INFORMATION ABOUT RENAULT'S SHARE CAPITAL

5.2.1 CAPITAL AND VOTING RIGHTS

At December 31, 2008, the share capital amounted to €1,085,610,419.58 (one billion eighty-five million six hundred and ten thousand, four hundred and nineteen euro and fifty-eight cents) consisting of 284,937,118 shares with a par value of €3.81. The shares are fully subscribed and paid in.

In view of the 8,773,698 shares of treasury stock and the 42,740,568 shares held by Nissan Finance Co., Ltd., the total number of voting rights at that date was 233,422,852.

5.2.2 CHANGE IN SHARE CAPITAL

The Extraordinary General meeting may, as specified by law, increase or reduce the share capital and authorize the Board of Directors to carry out such transactions, with the possibility of delegating them in accordance with law.

The most recent changes in the share capital occurred in 2002. For the second stage of the Alliance, the Extraordinary General meeting of March 28, 2002 endorsed a capital increase reserved for Nissan Finance Co., Ltd.[16].

This took place in two stages:

- March 29, 2002 on the decision of the Board of Directors meeting of March 28, 2002;
- May 28, 2002 on the decision of the Board of Directors meeting of May 24, 2002.

5.2.3 CHANGES IN CAPITAL OWNERSHIP

		RESULTING CAPITAL	
DATE	TRANSACTION	*in €*	*no. of shares**
01/2001	Conversion of share capital to euro	913,632,540.27	239,798,567
12/2001	Capital increase reserved for employees: 2,397,983 shares issued at €3.81 (par)	922,768,855.50	242,196,550
03/2002	Capital increase reserved for Nissan Finance Co., Ltd.: 37,799,462 shares issued at €50.39 (par: €3.81)	1,066,784,805.72	279,996,012
05/2002	Capital increase reserved for Nissan Finance Co., Ltd.: 4,941,106 shares issued at €52.91 (par: €3.81)	1,085,610,419.58	284,937,118

N.-B.: No changes in the share capital in FY 2000, 2003, 2004, 2005, 2006, 2007 and 2008.
** Per value: €3.81.*

Pursuant to Article L. 225-178 of the Commercial Code, the Board of Directors, at its meeting on February 11, 2009, noted the capital increase resulting from the creation of 10,000 new shares after the early exercise of 10,000 stock-options during FY 2008. The Board of Directors then cancelled 10,000 treasury shares which were no longer allotted to a specific allocation and reduced the share capital accordingly. Following these two transactions, the share capital and the number of shares remained unchanged and the articles of incorporation were not amended.

(16) *A prospectus registered with the French securities regulator (the then* Commission des Opérations de Bourse*) on March 26, 2002 under N°02-275 describes the arrangements for this issue. The document is available (in French only) online at www.renault.com > Finance and also on the website of the regulator, now called* Autorité des marchés financiers *(AMF) at www.amf-france.org.*

5.2.4 UNISSUED AUTHORIZED CAPITAL

5.2.4.1 OVERALL AUTHORIZATIONS

The General meeting of Shareholders of May 2, 2007 gave the Board of Directors an authorization for a maximum period of 26 months to proceed at its own discretion with miscellaneous financial transactions to increase the company's share capital, with or without preferential subscription rights.

At this writing, these authorizations have not been used.

5.2.4.2 TABLE OF CAPITAL INCREASE AUTHORIZATIONS

The following table summarizes the capital increase authorizations given by the General meeting to the Board of Directors and that are currently in force:

	DESCRIPTION OF AUTHORIZATION GIVEN TO THE BOARD OF DIRECTORS	UTILIZATION
12th resolution* GM 2007	Issue with preemptive rights of shares or securities granting access to the company's capital. Valid 26 months until the GM called to approve the 2008 financial statements.	N/A
13th resolution GM 2007	Issue without preemptive rights of shares as consideration for cash contributions. Valid 26 months until the GM called to approve the 2008 financial statements.	N/A
16th resolution GM 2007	Capital increase through capitalization of reserves, income or issuance or share premiums. Valid 26 months until the GM called to approve the 2008 financial statements. Capped at a nominal value of €1 billion.	N/A
14th resolution GM 2008	Capital increase through issuance of shares reserved for employees. Valid 26 months until the GM called to approve the 2009 financial statements. Capped at 4% of the share capital.	N/A

* *Overall ceiling: the maximum nominal amount of the capital increases that may be made, either immediately or in future, pursuant to the twelfth and thirteenth resolutions, is set in the seventeenth resolution at €500 million by the Combined General meeting of May 2, 2007.*

The authorizations granted to the Board of Directors will be submitted to a shareholder vote at the next General meeting.

5.2.5 POTENTIAL CAPITAL

5.2.5.1 OPTIONS

The fourteenth resolution of the Combined General meeting of May 4, 2006 authorized the Board of Directors to grant, on one or more occasions, in favor of certain employees in the company and in the companies and groupings which are bound to it under those conditions referred to in Article L. 225-180 of the Commercial Code, stock-options providing entitlement to the subscription of new shares in the company issued by way of a capital increase, or the purchase of shares in the company as repurchased by the company itself under statutory and regulatory conditions.

The total number of stock-options which may be granted in this way may not provide entitlement to the acquisition of a number of shares which is greater than 3.2% of the amount of the shares making up the registered capital at the present date.

The thirteenth resolution of the Combined General meeting of April 29, 2008 added to the allocation by authorizing the Board of Directors to grant stock-options on one or more occasions to certain employees in the company and in the companies and groupings linked to it as provided in Article L. 225-180 of the Commercial Code. Such options entitle the holder to subscribe for new shares in the company issued by way of a capital increase, to purchase shares originating from buybacks of the company's own stock, in accordance with statutory and regulatory requirements.

The total number of stock-options which may be granted in this way may not provide entitlement to the acquisition of a number of shares greater than 0.8% of the amount of the shares making up the registered capital at the present date.

For details of grants under the above authorizations, see chapter 4.4.2.2 of the Registration document.

5.2.5.2 BONUS SHARES

The fifteenth resolution of the Combined General meeting of May 4, 2006 authorized the Board of Directors to grant, on one or more occasions, in favor of certain employees in the company and in the companies and groupings which are bound to it under those conditions referred to in Article L. 225-197-2 of the Commercial Code a free allocation of existing or newly issued shares ("bonus shares").

The total number of shares that may be freely allotted shall not be greater than 0.53% of the amount of the shares making up the registered capital at the present date.

For details of grants under the above authorizations, see 4.4.2.2 of the Registration document.

5.2.5.3 SHARE BUYBACKS

At December 31, 2008, Renault SA held 8,773,698 shares of €3.81 par value and a book value of €613,329,005.

Pursuant to Article L. 225-209 of the Commercial Code, the tenth resolution of the Combined General meeting of April 29, 2008 authorized the Company to deal in its own stock in order to make use of the possibilities allowed by law for trading in own shares.

Renault SA did not purchase any of its own shares under this authorization or through the buyback program approved by the General meeting of April 29, 2008.

The 8,763,698 shares held directly or indirectly by Renault SA at February 28, 2009, are allocated as follows:

- 8,763,698 shares to cover stock-option plans for new and existing shares, and bonus share grants, in order to offset dilution arising from the exercise of options to subscribe for new shares;
- 0 shares remitted for the exercise of rights attached to securities creating the right to an allotment of company stock by conversion, exercise, redemption, exchange or any other method, in accordance with securities regulations;
- 0 shares to enable an investment services provider to maintain a secondary market in or ensure the liquidity of Renault shares under a liquidity contract compliant with an AMF-approved code of conduct;
- 0 shares retained and subsequently remitted in exchange or as consideration for possible acquisitions;
- 0 shares cancelled.

Percentage of directly and indirectly held treasury stock at February 28, 2009: 3.07%.

Number of shares cancelled over the 24 months preceding February 28, 2009: 21,000*.

Number of shares held in the portfolio at February 28, 2009: 8,763,698.

Book value at February 28, 2009: €612,243,305.

Portfolio value at February 28, 2009: €100,957,801.

* *On February 12, 2008, the Board of Directors of Renault SA noted the creation of 11,000 new shares resulting from the early exercise of 11,000 stock subscription options, and cancelled 11,000 treasury shares with no specific allocation.*
On February 11, 2009, the Board of Directors of Renault SA noted the creation of 10,000 new shares resulting from the early exercise of 10,000 stock subscription options, and cancelled 10,000 treasury shares with no specific allocation.

SALE, PURCHASE AND TRANSFER TRANSACTIONS AND OPEN POSITIONS OF PURCHASE OR SALE BY RENAULT OF ITS OWN STOCK FROM APRIL 1, 2008 TO FEBRUARY 28, 2009 (1)

PERIOD FROM APRIL 1, 2008 (1) TO FEBRUARY 28, 2009	TOTAL GROSS FLOW		POSITIONS OPEN AT FEBRUARY 28, 2009	
	PURCHASE	SALE/TRANSFER (2)	POSITIONS OPEN ON PURCHASES	POSITIONS OPEN ON SALES
Number of shares	none	237,101 shares	none	none
Average exercise price	none	€39.82/share	none	none
Total	none	€9,441,777	none	none

(1) Period starting at the end of the previous period listed in the table of the special report included in the description of the buyback program.
(2) Following the exercise of 234,101 stock purchase options by employees and/or managers and an anticipated 3,000 free shares grant.

Pursuant to Articles 241-1 to 242-7 of AMF General regulation, the details of the next share buybak program will be submitted to the AGM of May 6, 2009 and will be published on the Renault website www.renault.com, in the Finance section, under 'Regulated information', as well as on the AMF website www.amf-france.org.

5.2.6 RENAULT SHARE OWNERSHIP ✦

5.2.6.1 RENAULT SHAREHOLDERS AT DECEMBER 31, 2008

OWNERSHIP OF SHARES AND VOTING RIGHTS FOR THE LAST THREE FISCAL YEARS

	12/31/2008			12/31/2007			12/31/2006		
	NUMBER OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS	NUMBER OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS	NUMBER OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS
French State	42,759,571	15.01	18.32	42,759,571	15.01	18.22	42,759,571	15.01	18.23
Nissan Finance Co., Ltd.	42,740,568	15.00	-	42,740,568	15.00	-	42,740,568	15.00	-
Employees (1)	9,530,004	3.34	4.08	8,873,624	3.11	3.78	9,970,259	3.5	4.25
Treasury stock	8,773,698	3.08	-	7,555,139	2.65	-	7,681,580	2.7	-
Public	181,133,277	63.57	77.60	183,008,216	64.23	77.99	181,785,140	63.79	77.52
TOTAL	**284,937,118**	**100.00**	**100.00**	**284,937,118**	**100**	**100**	**284,937,118**	**100**	**100**

(1) The employee-owned shares (present and former employees) counted in this category are those held in company savings schemes.

Some of the major shareholdings changed slightly in 2008:

- the French State's holding was unchanged at 15.01%;
- the Nissan group, through its wholly-owned subsidiary Nissan Finance Co., Ltd., holds 15% of Renault's capital, the same percentage as at December 31, 2007. Nissan Finance Co., Ltd. is not entitled to exercise the voting rights attached to these shares, owing to Renault's ownership interest in Nissan;
- current and former Renault employees hold 3.34% of the capital in the form of shares managed through collective investment schemes;
- the percentage of treasury stock is 3.08%. These shares do not carry voting rights;
- in view of these changes, the free float is now 63.57% of the capital compared with 64.23% at December 31, 2007. One shareholder (AllianceBernstein) declared on April 7, 2008 to have exceeded the level of 5% of the capital and voting rights (as per Article 233-7 and 233-9 of the Commercial Code).

A survey of the holders of Renault shares was carried out on September 30, 2008 to obtain an estimated breakdown of the public's ownership interest. At that date, French and foreign institutions held approximately 58.44% of the capital, with French institutions holding 12.92% and foreign institutions 45.52%. The 10 largest French and foreign institutional investors held approximately 28.7% of the capital. Individual shareholders were estimated to own around 4.1% of the capital.

5.3 MARKET FOR RENAULT SHARES

5.3.1 RENAULT SHARES

5.3.1.1 LISTING EXCHANGE AND STOCK INDEXES

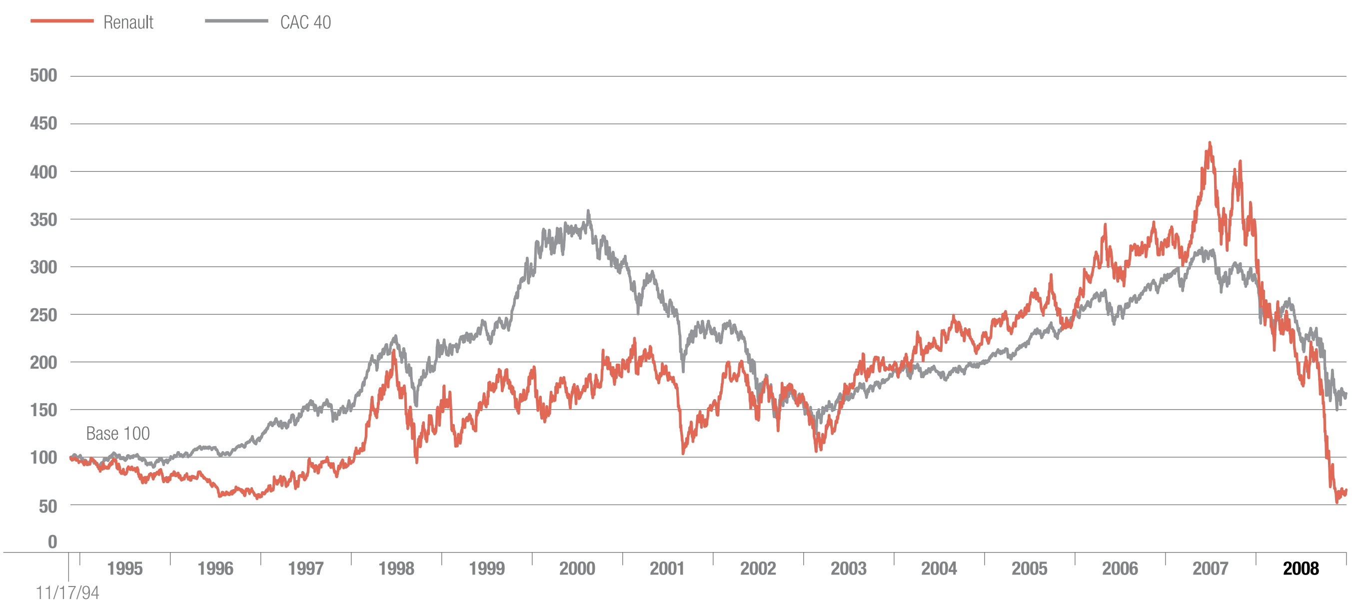
Renault is listed on Euronext Paris (formerly the Paris Bourse) since November 17, 1994, when the company was partially privatized. The issue price was FRF165 (€25.15). Renault was added to the CAC 40 index on February 9, 1995.

Renault shares (ISIN code FR0000131906, Mnemo: RNO) are listed on Euronext – compartment A and qualify for the deferred-settlement account system (SRD).

The share is also a component of the SBF 120 and SBF 250 indexes, as well as the Euronext 100, Euronext 150 and Euro STOXX 50 indexes.

Furthermore, Renault receives annual ratings from sustainability agencies for its performance in spheres such as risk management, labor relations and environmental protection. It is included in the Dow Jones Sustainability World index (SAM), the Ethibel Excellence Sustainability index and also in the Aspi eurozone and Ethical euro indexes. See chapter 3.4 for further details.

5.3.1.2 SHARE PRICE PERFORMANCE SINCE NOVEMBER 17, 1994



Source: Reuters.

5.3.1.3 SHARE PRICE AND TRADING VOLUMES OVER THE PAST 18 MONTHS

		CLOSING PRICE *(in €)*		
	NB OF SHARES TRADED	LAST	LOW	HIGH
September-07	35,135,378	101.62	89.37	101.77
October-07	41,658,409	115.90	104.15	115.90
November-07	43,850,639	99.45	90.94	112.47
December-07	30,626,798	97.01	93.79	103.63
January-08	61,704,754	75.79	72.80	95.74
February-08	61,063,764	71.20	67.31	77.42
March-08	52,088,341	70.10	59.81	70.98
April-08	42,961,446	66.05	64.60	74.23
May-08	35,034,477	66.00	62.09	71.48
June-08	47,168,239	52.10	51.49	65.66
July-08	52,106,658	53.71	49.23	57.84
August-08	33,307,254	57.27	51.67	62.32
September-08	57,606,696	44.56	44.02	60.07
October-08	88,531,105	23.86	19.40	42.98
November-08	67,720,614	17.22	14.70	26.07
December-08	58,685,224	18.55	15.98	18.89
January-09	73,201,775	15.16	14.10	20.76
February-09	72,950,905	11.52	11.29	17.82

Source: Reuters.

Renault shares lost 80.9% in 2008 in a particularly harsh economic and financial crisis that noticeably impacted the entire automotive industry. The lowest close was €14.70 on November 21, 2008 and the highest close was €95.74 on January 2, 2008.

The CAC 40 index of leading French shares lost 42.7% and the European auto sector index (DJEuro STOXX Auto) dropped 44.2% during the year.

In terms of market capitalization at December 31, 2008 Renault was the twelfth in the automotive industry rankings, with capitalization of €5,286 million.

Renault's share performance in 2008

			RENAULT		INDEXES	
					CHANGE SINCE DEC. 31, 2007	
CLOSING PRICE AT DEC. 31, 2008	MARKET CAPITALIZATION AT DEC. 31, 2008 *(€ million)*	HIGH IN 2008 (JAN. 2, 2008)	LOW IN 2008 (NOV. 21, 2008)	CHANGE SINCE DEC. 31, 2007	CAC 40	DJ STOXX AUTO
€18.55	5,286	€95.74	€14.70	-80.9%	-42.7%	-44.2%

Source: Reuters.

5.3.2 RENAULT AND DIAC REDEEMABLE SHARES ✦

5.3.2.1 RENAULT REDEEMABLE SHARES

CHARACTERISTICS

Renault has issued a total of 2,000,000 redeemable shares with a par value FRF1,000/€152.45, in two fungible issues of 1,000,000, in October 1983 and October 1984.

Renault redeemable shares are listed on Euronext Paris under ISIN code FR0000140014.

The issue prospectus (in French) can be downloaded from the Finance section of the renault.com site or obtained on request from the Investor Relations department (toll-free number +33 (0)800 650 650).

Between March and April 2004 Renault made a public buyback offer for its redeemable shares at €450 per share. In all, 1,202,341 shares, or 60.12% of the total, were bought back and cancelled. The number of shares outstanding after the buyback was 797,659.

NUMBER OF SHARES OUTSTANDING

A total of 797,659 Renault redeemable shares were still outstanding at December 31, 2008.

PAYOUT IN 2008

The interest on redeemable shares, paid on October 24, 2008 in respect of 2007, was €20.96 (€10.29 for the fixed portion and €10.67 for the variable portion).

The interest on redeemable shares for FY 2008, payable on October 26, 2009, will be €20.22 per share, breaking down into €10.29 for the fixed portion and €9.93 for the variable portion (based on consolidated revenues of 37,791 million for 2008 and 40,620 million for 2007 on a consistent basis).

TRADING VOLUMES AND PRICES OF RENAULT REDEEMABLE SHARES OVER THE PAST 18 MONTHS

		CLOSING PRICE *(in €)*		
	NB OF SHARES TRADED	LAST	LOW	HIGH
September-07	802	1,030.00	1,015.00	1,038.98
October-07	1,489	1,018.50	985.00	1,030,00
November-07	4,281	932.00	924.55	1,023.90
December-07	8,822	874.00	873.85	927.90
January-08	10,066	555.00	555,00	862.00
February-08	5,918	533.00	532.50	593.00
March-08	3,261	500.00	494.90	532.00
April-08	4,495	485.00	483.00	507.78
May-08	2,271	472.10	470.05	490.00
June-08	4,231	445.00	445.00	474.95
July-08	14,352	407.00	406.99	445.50
August-08	7,803	392.99	392.99	408.00
September-08	28,460	379.50	379.50	398.00
October-08	29,382	292.49	280.00	378.44
November-08	15,560	260.00	248.00	287.90
December-08	19,840	236.00	233.00	257.40
January-09	28,967	249.00	247.10	295.95
February-09	12,408	218.11	211.20	249.00

Source: Reuters.

5.3.2.2 DIAC REDEEMABLE SHARES

Diac, the French credit subsidiary of RCI Banque, issued 500,000 redeemable shares with a par value of FRF1,000/€152.45 in 1985.

Diac redeemable shares are listed on Euronext Paris under ISIN code FR000047821.

At December 31, 2008, the number of redeemable shares issued by Diac in 1985 and still outstanding was 69,269 (par value €152.45), for a total value of €10,560,059.05.

In the course of 2008 the share price fluctuated between €155.50 and €122.30 (closing price in 2008).

5.3.3 DIVIDENDS ✦

In the meeting of February 11, 2009 the Board of Directors proposed not to pay a dividend for the FY 2008. This will be put to vote at the Annual General meeting on May 6, 2009.

5.3.3.1 FIVE-YEAR DIVIDEND RECORD

Dividends are paid out at the times and places specified either by the Annual General meeting or, failing this, by the Board of Directors.

		EARNINGS PER SHARE *(in €)*			
	NUMBER OF SHARES IN THE AUTHORIZED CAPITAL	DIVIDEND	TAX CREDIT	TOTAL RETURN	DIVIDEND PAID ON
2004	284,937,118	1.8	note (2)	1.8	May 13, 2005
2005	284,937,118	2.4	-	2.4	May 15, 2006
2006	284,937,118	3.1	-	3.1	May 15, 2007
2007	284,937,118	3.8	-	3.8	May 15, 2008
2008	284,937,118	0 (1)	-	0	-

(1) In accordance with the proposal of the Board of Directors subject to the decision of the Combined General meeting of May 6, 2009.
(2) The tax credit was eliminated in 2005.

5.3.3.2 UNCLAIMED DIVIDENDS

Dividends remaining unclaimed after the five-year validity period shall lapse, as specified by law. Unclaimed dividends are paid over to the French Treasury.

5.4 INVESTOR RELATIONS POLICY ✦

Since it floated in November 1994 Renault has endeavored to provide all its institutional and individual investors with the same level of understandable and transparent information on a regular basis.

5.4.1 INDIVIDUAL SHAREHOLDERS

To meet shareholder requirements, the Group continued to introduce innovative services: a dedicated Web page, a toll free number with a voice server, an e-mail address for shareholder questions (communication.actionnaires@renault.com), a special e-mail address for written questions ahead of the Annual General meeting (ag.renault@renault.com), and an online web function to manage Renault registered shares.

In May 1995 Renault set up a Shareholders' Club, open to anyone holding at least one share, to provide investors with information on the Group's news, sites and products. Members are invited to themed breakfast events. They also receive the shareholders' newsletter and all the documents relating to the Annual General meeting of Shareholders, even if they hold bearer shares.

Renault organized more than 21 events for its Shareholders' Club in 2008.

Renault also allows shareholders to follow live webcasts of key events in the Group's financial calendar, such as the press conferences on the half-yearly and annual results and the Annual General meeting.

A twelve-member Shareholder consultative committee formed in 1996 helps to improve the communication media designed for individual shareholders. The committee met four times in 2008, with an agenda that included an online shareholders' guide, a new format for the shareholders' newsletter, new features for the financial pages of the Renault website, and market benchmarks.

In 2008 Renault was runner-up in the Synerfil prize for the best shareholders department (CAC 40 category).

5.4.2 INSTITUTIONAL INVESTORS

Renault also maintains regular relations with financial analysts and institutional investors from France and abroad. The Group organizes conferences with investment analysts when releasing its half and full year financial results or product launches (in 2008 New Mégane, Kangoo, Koleos and Sandero).

One-on-one meetings with investors are also held throughout the year, as well as road-shows in Europe and the USA.

5.4.3 2009 SCHEDULE FOR ANNUAL RELEASES

February 12 (before open)	2008 annual results
April 12 (after close)	First-quarter revenues, 2009
May 6	Annual General meeting
July 30 (before open)	Half-year results, 2009
October 29 (after close)	Nine-month revenues

5.4.4 CONTACTS ✦

INVESTOR RELATIONS DEPARTMENT

E-mail*:* communication.actionnaires@renault.com

Shareholder hotline: + 33 (0)1 76 84 59 99

Fax: +33 (0)1 76 89 13 30

Phone information for employee shareholders: +33 (0)1 76 84 33 38

Free voicemail: +33 (0)800 650 650

Website: www.renault.com > Finance

Contact:
Véronique Dosdat
Renault Investor Relations Director
Telephone: +33 (0)1 76 84 53 09 - Fax: +33 (0)1 76 89 13 30

Renault shares can be registered with BNP Paribas
Securities Service – Actionnariat Renault
Immeuble Tolbiac
75450 Paris Cedex 09 – France
Tel.: +33 (0)1 40 14 89 89 – Fax: +33 (0)1 55 77 34 17

5.4.5 DOCUMENTS ON DISPLAY

The following documents are available in the Finance section of the website at www.renault.com:

- the articles of incorporation of the Company;
- financial press releases;
- the regulated information that is disseminated fully and effectively by electronic means (including on the website of the *Autorité des Marchés Financiers*, AMF), in accordance with the Transparency Directive, through a primary information provider named on a list published by the AMF. This information includes the Registration documents for 2008, 2007 and 2006, all filed with the AMF.

06

MIXED GENERAL MEETING OF MAY 6, 2009 PRESENTATION OF THE RESOLUTIONS

06

Twenty-one resolutions are being submitted to the Mixed General Meeting which will be convened on May 6, 2009.

THE BOARD FIRST OF ALL PROPOSES THE ADOPTION OF ELEVEN RESOLUTIONS BY THE ORDINARY GENERAL MEETING

APPROVAL OF THE FINANCIAL STATEMENTS AND APPROPRIATION OF THE RESULTS

The **first two resolutions** deal with the approval of the consolidated financial statements and Renault's financial statements for the 2008 financial year.

The presented accounts have been drawn up in accordance with regulations in force, using IFRS (International Financial Reporting Standards) for the consolidated financial statements and in compliance with French statutory and regulatory provisions for the company's own annual financial statements.

The **third resolution** deals with the appropriation of the company's results for the 2008 financial year and the payment of dividends.

In the midst of an unprecedented crisis, the negative free cashflow of the Group in 2008 does not allow to distribute dividends for the financial year. To preserve the interests of Renault and its shareholders, without abandoning its competitive dividend policy on a long-term basis, the Group will give priority this year to the reinforcement of the equity capital.

REGULATED AGREEMENTS

In the **fourth resolution**, you are asked to approve the company's regulated conventions – agreements which are concluded by Renault with its senior executives or directors, or with another company having the same senior executives or directors – which have given rise to a report drafted by the Statutory Auditors. In accordance with statutory provisions, this report must be approved each year, even if there were no regulated agreements over the ended financial year.

That having been recalled, you are informed that no regulated agreements were concluded over the 2008 financial year.

RENEWAL OF THE TERM OF OFFICE OF A DIRECTOR

The **fifth resolution** asks you to approve the renewal of the term of office of Mrs Dominique de La Garanderie for a new term of four years. This term of office will expire at the end of the General Meeting which votes on the accounts of the financial year ending on December 31, 2012.

Mrs Dominique de La Garanderie, 65 years old, is a barrister (with the firm La Garanderie & Associés), and former President of the Paris Bar Council; she is a member of the Accounts and Audit Committee and of the Appointments and Corporate Governance Committee.

Mrs Dominique de La Garanderie meets the independence criteria set out in the AFEP/MEDEF report, as she has no ties of any nature whatsoever with Renault.

APPOINTMENT OF TWO DIRECTORS

The **sixth** and **seventh resolutions** ask you to:

- appoint Mr J.-P. Alain Belda to replace Mr Louis Schweitzer, who does not wish to be reappointed, for a term of four years which will expire at the end of the General Meeting which votes on the accounts of the financial year ending December 31, 2012.

  Mr Belda, 65 years old, holds office as non-executive Chairman of ALCOA.

  Mr Belda meets the independence criteria set out in the AFEP/MEDEF report, as he has no ties of any nature whatsoever with Renault;
- appoint Mr Takeshi Isayama to replace Mr Itaru Koeda, who does not wish to be reappointed, for a term of four years which will expire at the end of the General Meeting which votes on the accounts of the financial year ending December 31, 2012.

  Mr Takeshi Isayama, 66 years old, holds office as Chairman of the Carlyle Japan LLP. He is appointed as Nissan representative and consequently does not meet the independence criteria set out in the AFEP/MEDEF report.

The appointments of Mr Belda and Mr Isayama, who meet the individual qualities which Renault expects of a director, will make it possible to increase the proportion of directors with industrial and international experience, with a view to adjusting skills to the future concerns of the enterprise.

The competency, personality and international experience of these persons will constitute a precious contribution to Renault's Board.

Additional information about the positions held by the Directors is presented on pages 22 of the call notice and is taken up in Chapter 4, part 1 of the registration document. Moreover, the website www.renault.com/finance section allows you to find all of the information concerning the General Meeting.

APPOINTMENT OF THE DIRECTOR REPRESENTING THE EMPLOYEE SHAREHOLDERS

The **eighth** and **ninth resolutions** concern the appointment of a director nominated by the employee shareholders, to replace Mr Georges Stcherbatcheff whose term of office will expire at the end of this General Meeting. Following the elections which were organized on February 4, 2009, the candidates are Mr Philippe Chartier and Mr Michel Sailly.

The two candidacies shall be proposed for a vote by the Ordinary General Meeting (OGM) in May 2009, which will then appoint the director to Renault's Board of Directors for a term of office of 4 years.

Only the candidate who obtains the greatest number of votes, and required majority, shall be appointed. Votes in favour of both candidates will be null.

STATUTORY AUDITORS' REPORT ON REDEEMABLE SHARES

The **tenth resolution** proposes that the General Meeting take formal note of the Statutory Auditors' report on elements used to determine the remuneration of redeemable shares, including in particular its variable part tied to the development of Renault's consolidated turnover in 2008 as determined by constant methods with reference to a constant structure.

The coupon which will be paid to bearers of Renault redeemable shares on October 26, 2009 will amount to €20.22, comprising a fixed part of €10.29 and a variable part of €9.93.

AUTHORIZATION FOR THE BOARD TO PURCHASE THE COMPANY'S OWN SHARES

Over 2008, your Company acquired 1,618,000 shares pursuant to the authorization granted by the General Meeting of May 2, 2007. As at December 31, 2008, the portfolio contained 8,773,698 shares; this holding of treasury stock was equivalent to 3.08% of the company's share capital. Shares held as treasury stock are not entitled to dividends or voting rights.

In the **eleventh resolution**, you are asked to authorize the Board of Directors to put a programme into place for the acquisition of the company's own shares under those conditions and with those objectives laid down by law. This authorization is given for a maximum period of 18 months as of this General Meeting, and will substitute itself for the authorization given at the last General Meeting. This resolution provides that share acquisitions cannot be made during a takeover bid, except with strict compliance with the conditions defined by the General Regulations of the *Autorité des marchés financiers* (AMF), and solely in order to allow the Company to perform its prior commitments.

The presented resolution provides for a maximum purchase price of 50 euros per share, plus acquisition costs.

While this is a customary resolution, the maximum number of shares that may be acquired is limited, having regard to the current economic context, to 5% of the share capital (compared to 10% in 2008) and the maximum amount of funds that may be invested in the purchase of treasury stock is €712.3 million.

A document entitled "program description", describing the terms of these purchases can be consulted on the renault.com website under the "Finance" and "Regulatory Information" sections.

An overview of these operations will be presented to the General Meeting called to decide on the accounts for the 2009 financial year.

NEXT, NINE RESOLUTIONS ARE WITHIN THE POWERS OF THE EXTRAORDINARY GENERAL MEETING

AUTHORIZATION GIVEN TO THE BOARD TO REDUCE THE SHARE CAPITAL BY CANCELLING SHARES

In the **twelfth resolution**, it is proposed that the General Meeting authorize the Board, for a period of 18 months, to reduce the registered capital by cancelling shares acquired in the program for purchase of the company's own shares. The terms for these acquisitions are those defined in the eleventh resolution.

Cancelling shares causes a change in the amount of the registered capital, and consequently a change in the terms of the Articles of Association, which can only be authorized by the Extraordinary General Meeting. The purpose of this resolution is therefore to delegate such powers to the Board.

This authorization will cause any prior authorization of the same nature to lapse, with respect to any unused amounts thereunder.

The power to cancel shares was used by the Board of Directors at its meeting of February 11, 2009 in order to cover the stock dilution associated with the exercise of stock options following the death of their beneficiaries. This cancellation did not lead to any change in the share capital insofar as the treasury stock which had initially been earmarked to cover stock option plans was used.

CAPITAL INCREASE

The **thirteenth, fourteenth, fifteenth** and **sixteenth resolutions** are intended to provide the Board of your Company with a bundle of authorizations allowing it, where necessary, to proceed with various financial operations causing a capital increase for the Company. These authorizations, which cancel and replace those granted in the past, have an overall cap of €500 million for capital increases and three billion euros for bonds (**sixteenth resolution**).

In addition to this overall cap, there are individual caps which are in line with best market practices and which apply depending on the type of transaction planned:

- the maximum par value for issues of ordinary shares that may be decided upon by your Board of Directors (while maintaining the preferential subscription right) amounts to €500 million; this amount would lead to the creation of new shares equal to 46% of the existing share capital at the present date;
- the maximum par value for issues of ordinary shares that may be decided upon by your Board of Directors (while excluding the preferential subscription right) amounts to €350 million; this amount would lead to the creation of new shares equal to 32% of the existing share capital at the present date. This amount shall be comprised in the overall cap of €500 million. The shareholders' attention is drawn to the fact that the inconveniencies which would arise from a possible capital increase with the exclusion of the preferential subscription right are offset by the introduction, for the first time, of a compulsory priority period of five days covering the entire amount of the issue made by public offering in favour of the shareholders. It should furthermore be noted that the authorization provides, in accordance with the Ordinance of January 22, 2009 which, among other things, amended Article 225-136 of the Commercial Code, the possibility of proceeding with a capital increase by way of a private placement addressed to qualified investors or to a restricted circle of investors, up to a limit of 20% of the share capital per year. This amount shall be comprised in the overall cap of €350 million. The aim is to facilitate the use of this form of financing for companies, which is faster and simpler than a capital increase offered to the general public.

Issues made against a contribution in kind are limited to 10% of the share capital existing at the present date.

These resolutions, which Renault has never made use of, and which constitute habitual authorizations in accordance with market practices, have been specifically adjusted in order to take the expectations and concerns of the shareholders into account. Their aim is to provide Renault with all latitude to respond to the requirements of the market. As is the case every year, the shareholders shall be informed of any use made of these resolutions in the summary table of authorizations and powers which appears in chapter 5.2.4 of the 2008 registration document.

In the **seventeenth resolution**, capital increases arising from the incorporation into the capital of reserves, profits, premiums or any other element which could be incorporated into the capital shall be capped at €1 million (this amount being strictly identical to previous authorizations). The existence of a distinct and autonomous cap is justified by the quite different nature of incorporating reserves and other items into the capital because this arises either by the award of bonus shares to shareholders, or by the increase in the par value of existing shares, meaning that it is without dilution for the shareholders and without any effect on the volume of the Company's equity capital.

AUTHORIZATION GRANTED TO THE BOARD OF DIRECTORS TO GRANT OPTIONS FOR SUBSCRIPTION TO OR PURCHASE OF RENAULT SHARES/BONUS SHARE AWARDS

The **eighteenth** and **nineteenth resolutions** are tools for the motivation of staff, in line with the AFEP/MEDEF recommendations of October 2008 which Renault has adhered to.

Two new authorizations are being put to the vote, for a duration of 26 months each, respectively capped at 2% (stock options) and 0.5% (bonus shares), it being specified that each corporate officer will be eligible only for stock options and with a limit of 0.10% of the share capital.

In addition, these resolutions enter into the continuity of authorizations granted by the General Meeting on May 4, 2006 insofar as any exercise of stock options and/or award of bonus shares are conditional on very strict performance criteria.

Overview of the authorization given by the General Meeting of May 4, 2006:

Designed as a veritable management tool, making it possible to more closely link individual and collective levels of performance, this tool takes on its full dimension in the current context. Thus, none of the 2,080,000 options granted under the 2008 annual plan will be able to be exercised due to the failure to attain the performance criterion associated with the operating margin. More generally, the options and bonus shares granted in 2006 under the Renault Commitment 2009 plan will most likely not be able to be exercised in 2010. It follows that the neutralization of the above plans will bring the number of potentially exercisable options and bonus shares down to 5.48% of the share capital.

That said, while the performance conditions applicable to the plans granted under the authorization of May 4, 2006 were fixed on the basis of an operating margin commitment (for 50%) and on individual performance conditions (for 50%), the allocations that may be decided upon by the Board of Directors in the context of these new authorizations will be subject to a new performance indicator, namely free cashflow, it being recalled that attaining a positive free cashflow will, in 2009, be Renault's unique objective for which all of the staff is now mobilised.

Considering the nature of the performance conditions described above, stock options are increasingly being used as a veritable tool in order to have the interests of the beneficiaries converge with those of the shareholders; this is therefore a manner of sharing the same confidence in the strong and long-lasting growth of the enterprise.

AUTHORIZATION TO PROCEED WITH A CAPITAL INCREASE BY THE ISSUE OF SHARES RESERVED TO EMPLOYEES (TWENTIETH RESOLUTION)

As this Extraordinary General Meeting is being called upon to decide on authorization granted to the Board to attribute stock options, including notably subscription options which, if exercised, will increase the Company's registered capital, then in accordance with Article 225-129-6 of the Commercial Code we are asking the General Meeting to adopt a resolution concerning a capital increase reserved to employees in the framework of Articles L. 443-1 and L. 443-5 of the Employment code on employee shareholding, and Articles 225-138 and 225-138-1 of the Commercial Code. This **twentieth resolution** grants your Board power to proceed, on one or more occasions, with a capital increase reserved to employees who are members of a company savings scheme, by issuing new shares and, where applicable, the award of bonus shares, within a limit of 3% of the amount of shares making up the registered capital (compared to 4% in 2008).

The cap for this grant of powers has been reduced in order to put it in line with market practices which adjust the cap according to the level of employee holdings in the registered capital (*3.11% at December 31, 2008*)

POWERS FOR FORMALITIES

The twenty-first resolution is a standard resolution granting powers necessary to proceed with publication and other formalities.

07

FINANCIAL STATEMENTS 07

7.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS ✦

Renault

Year ended December 31, 2008

Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The Statutory Auditors' report on the consolidated financial statements includes information specifically required by French law in all audit reports, whether modified or not. This information presents below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report on the consolidated financial statements should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2008 on:

- the audit of the accompanying consolidated financial statements of Renault;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of≈Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts, and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2008 and of the results of its operations for the year then ended in accordance with the IFRSs as adopted by the European Union.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L. 823-9 of French Company Law (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- for the purpose of preparing the consolidated financial statements, Renault group management makes certain estimates and assumptions concerning, in particular, the value of certain asset, liability, income and expense accounts. Certain accounting estimates used in the preparation of the consolidated financial statements for the year ended December 31, 2008 were made in a context of economic crisis, leading to reduced visibility of the future and creating conditions specific to this year for the preparation of the financial statements. These general conditions are summarized in note 2-B to the consolidated financial statements. The following consolidated financial statements captions have been valued in an uncertain context:
  - intangible assets and Property, Plant and Equipment (notes 2-L and 12),
  - investments in associates (notes 2-L, 13 and 14),
  - second-hand vehicles held in inventories and leased vehicles recorded in property, plant and equipment or inventories, depending on the term of the related contracts (notes 2-G, 11-B and 15),
  - sales financing receivables (notes 2-G and 16),
  - deferred tax assets (notes 2-I and 9).
- for all the items detailed above, we assessed the appropriateness of the accounting rules and methods applied and disclosures provided in the notes to the financial statements; we reviewed the consistency of the underlying assumptions, the quantified impact thereof and available documentation and assessed on this basis the reasonableness of estimates made;
- finally, based on procedures performed and information communicated, we believe that note 26-B1 provides appropriate disclosures of the Group's exposure to liquidity risk;
- your company also makes estimates regarding, in particular, vehicle warranty provisions (note 2-G), provisions for pensions and other long-term employee benefit obligations (note 20-C) and workforce adjustment provisions (note 7-A). For all such estimates, we reviewed the available documentation and assessed the reasonableness of the assessments made;
- as disclosed in note 13-A to the consolidated financial statements, the Group accounts for its investments in Nissan under the equity method; our audit of the consolidation scope included a review of the factual and legal aspects of the Alliance which serve as the underlying basis for this accounting method;

- as part of our assessment of the accounting methods applied by the Group, we have reviewed the methodology adopted for the capitalization of development costs as intangible assets, their amortization and the verification of their recoverable amount and we satisfied ourselves that these methods were properly disclosed in notes 2-J and 11-A.

Such assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of our unqualified opinion in the first part of this report.

III. SPECIFIC VERIFICATION

In accordance with legislation, we also verified the information presented in the Group management report.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, February 17, 2009

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

7.2 CONSOLIDATED FINANCIAL STATEMENTS

7.2.1 CONSOLIDATED INCOME STATEMENTS ✦

(€ million)	**2008**	**2007**	**2006**
Sales of goods and services	36,241	39,190	38,901
Sales financing revenues	1,550	1,492	1,431
Revenues (note 4)	**37,791**	**40,682**	**40,332**
Cost of goods and services sold	(29,659)	(31,408)	(31,343)
Cost of Sales financing (note 5)	(1,292)	(1,121)	(985)
Research and development expenses (note 11-A)	(1,858)	(1,850)	(1,963)
Selling, general and administrative expenses	(4,770)	(4,949)	(4,978)
Operating margin (note 6)	**212**	**1,354**	**1,063**
Other operating income and expenses (note 7)	(329)	(116)	(186)
Operating income	**(117)**	**1,238**	**877**
Net interest income (expense)	(216)	(101)	(110)
Interest income	*157*	*274*	*223*
Interest expenses	*(373)*	*(375)*	*(333)*
Other financial income and expenses, net	657	177	171
Financial income (note 8)	**441**	**76**	**61**
Share in net income (loss) of associates	**437**	**1,675**	**2,277**
Nissan (note 13)	*345*	*1,288*	*1,888*
Other associates (note 14)	*92*	*387*	*389*
Pre-tax income	**761**	**2,989**	**3,215**
Current and deferred taxes (note 9)	(162)	(255)	(255)
Net income	**599**	**2,734**	**2,960**
Net income - minority interests' share	28	65	74
Net income - Renault share	571	2,669	2,886
Earnings per share [(1)] in € (note 10)	2.23	10.32	11.23
Diluted earnings per share [(1)] in € (note 10)	2.22	10.17	11.10
Number of shares outstanding (in thousands) (note 10)			
for earnings per share	*256,552*	*258,621*	*256,994*
for diluted earnings per share	*256,813*	*262,362*	*260,090*

(1) Net income – Renault share divided by number of shares stated.

7.2.2 CONSOLIDATED BALANCE SHEETS

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
ASSETS			
Non-current assets			
Intangible assets (note 11-A)	4,313	4,056	3,422
Property, plant and equipment (note 11-B)	12,818	13,055	13,166
Investments in associates	13,768	12,977	12,958
Nissan (note 13)	*11,553*	*10,966*	*10,777*
Other associates (note 14)	*2,215*	*2,011*	*2,181*
Non-current financial assets (notes 22 and 25)	982	606	563
Deferred tax assets (note 9)	252	220	313
Other non-current assets	420	504	376
TOTAL NON-CURRENT ASSETS	**32,553**	**31,418**	**30,798**
Current assets			
Inventories (note 15)	5,266	5,932	5,309
Sales financing receivables (notes 16 and 25)	18,318	20,430	20,360
Automobile receivables (notes 17 and 25)	1,752	2,083	2,102
Current financial assets (notes 22 and 25)	1,036	1,239	2,229
Other current assets (note 18)	2,848	2,375	2,043
Cash and cash equivalents (note 23)	2,058	4,721	6,010
TOTAL CURRENT ASSETS	**31,278**	**36,780**	**38,053**
TOTAL ASSETS	**63,831**	**68,198**	**68,851**

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	1,086	1,086	1,086
Share premium	3,453	3,453	3,453
Treasury shares	(612)	(499)	(373)
Revaluation of financial instruments	(223)	68	105
Translation adjustment	(2,241)	(982)	(269)
Reserves	16,925	15,782	13,700
Net income – Renault share	571	2,669	2,886
Shareholders' equity – Renault share	**18,959**	**21,577**	**20,588**
Shareholders' equity – minority interests' share	457	492	483
TOTAL SHAREHOLDERS' EQUITY (note 19)	**19,416**	**22,069**	**21,071**
Non-current liabilities			
Deferred tax liabilities (note 9)	132	118	251
Provisions – long-term (note 20)	1,543	1,765	1,847
Non-current financial liabilities (notes 24 and 25)	5,773	5,413	5,430
Other non-current liabilities	548	523	428
TOTAL NON-CURRENT LIABILITIES	**7,996**	**7,819**	**7,956**
Current liabilities			
Provisions – short-term (note 20)	1,264	954	1,053
Current financial liabilities (notes 24 and 25)	5,219	1,517	3,715
Sales financing debts (notes 24 and 25)	18,950	21,196	21,212
Trade payables (note 25)	5,420	8,224	7,384
Current tax liability	55	166	121
Other current liabilities (note 21)	5,511	6,253	6,339
TOTAL CURRENT LIABILITIES	**36,419**	**38,310**	**39,824**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**63,831**	**68,198**	**68,851**

7.2.3 CONSOLIDATED SHAREHOLDERS' EQUITY

A – STATEMENT OF INCOME AND EXPENSES FOR THE PERIOD

All amounts are reported net of taxes.

(€ million)	**2008**	**2007**	**2006**
Net income for the period	**599**	**2,734**	**2,960**
Actuarial gains and losses on defined-benefit pension plans [1]	(516)	(60)	21
Translation adjustment on foreign activities [1] [2]	(1,319)	(738)	(835)
Fair value adjustments on cashflow hedging instruments [1] [3]	(276)	(38)	85
Fair value adjustments on available-for-sale financial assets [1] [3]	(15)	1	(34)
Income and expenses recorded in shareholders' equity	**(2,126)**	**(835)**	**(763)**
TOTAL INCOME AND EXPENSES FOR THE PERIOD	**(1,527)**	**1,899**	**2,197**
Renault share	(1,495)	1,862	2,141
Minority interests' share	(32)	37	56

(1) Associates' share (€ million)

(€ million)	*2008*	*2007*	*2006*
Actuarial gains and losses	*(513)*	*(12)*	*77*
Translation adjustments on foreign activities	*931*	*(662)*	*(1,182)*
Cashflow hedges	*(77)*	*(18)*	*17*
Available-for-sale financial assets	*(29)*	*-*	*5*

(2) Including €(1,613) million for the partial hedge of the investment in Nissan in 2008 (€153 million in 2007 and €351 million in 2006).
(3) See note 19-F.

B – STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€ million)	NUMBER OF SHARES *(thousand)*	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	REVALUATION OF FINANCIAL INSTRUMENTS	TRANSLATION ADJUSTMENT	RESERVES	NET INCOME - RENAULT SHARE	SHARE-HOLDERS' EQUITY (RENAULT SHARE)	SHARE-HOLDERS' EQUITY (MINORITY INTERESTS)	TOTAL SHARE-HOLDERS' EQUITY
BALANCE AT DECEMBER 31, 2006	**284,937**	**1,086**	**3,453**	**(373)**	**105**	**(269)**	**13,700**	**2,886**	**20,588**	**483**	**21,071**
2007 net income								2,669	2,669	65	2,734
Income and expenses recorded in shareholders' equity					(37)	(713)	(57)		(807)	(28)	(835)
Total income and expenses for the period					**(37)**	**(713)**	**(57)**	**2,669**	**1,862**	**37**	**1,899**
Allocation of 2006 net income							2,886	(2,886)	-		-
Dividends							(803)		(803)	(50)	(853)
Cost of stock option plans							66		66		66
(Acquisitions)/diposals of treasury shares				(126)					(126)		(126)
Impact of changes in the scope of consolidation and capital increases (1)							(10)		(10)	22	12
BALANCE AT DECEMBER 31, 2007	**284,937**	**1,086**	**3,453**	**(499)**	**68**	**(982)**	**15,782**	**2,669**	**21,577**	**492**	**22,069**
2008 net income								571	571	28	599
Income and expenses recorded in shareholders' equity					(291)	(1,259)	(516)		(2,066)	(60)	(2,126)
Total income and expenses for the period					**(291)**	**(1,259)**	**(516)**	**571**	**(1,495)**	**(32)**	**(1,527)**
Allocation of 2007 net income							2,669	(2,669)	-	-	-
Dividends							(975)		(975)	(48)	(1,023)
Cost of stock option plans							(16)		(16)	-	(16)
(Acquisitions)/diposals of treasury shares				(113)					(113)	-	(113)
Impact of changes in the scope of consolidation and capital increases (1)							(19)		(19)	45	26
BALANCE AT DECEMBER 31, 2008	**284,937**	**1,086**	**3,453**	**(612)**	**(223)**	**(2,241)**	**16,925**	**571**	**18,959**	**457**	**19,416**

(1) The impact of changes in the scope of consolidation on the Renault share of shareholders' equity result from the treatment applied to acquisitions of minority interests and put options for buyouts of minority shareholdings in controlled companies (note 2-J).

Details of changes in consolidated shareholders' equity in 2008 are given in note 19.

7.2.4 CONSOLIDATED STATEMENTS OF CASHFLOWS

(€ million)	**2008**	**2007**	**2006**
Net income	**599**	**2,734**	**2,960**
Cancellation of unrealized income and expenses:			
Depreciation and amortization	2,943	2,865	2,835
Share in net income (loss) of associates	(437)	(1,675)	(2,277)
Dividends received from associates	688	936	602
Other unrealized income and expenses (note 27-A)	(496)	(114)	(430)
Cashflow	**3,297**	**4,746**	**3,690**
Financing for final customers	(10,506)	(11,114)	(12,008)
Customer repayments	11,378	11,708	12,300
Net change in renewable dealer financing	427	(37)	231
Decrease (increase) in Sales financing receivables	**1,299**	**557**	**523**
Bond issuance by the Sales financing division (note 24-A)	1,299	2,022	1,875
Bond redemption by the Sales financing division (note 24-A)	(3,455)	(3,139)	(2,966)
Net change in other Sales financing debts	48	1,265	(792)
Net change in other securities and loans of the Sales financing division	102	(359)	(58)
Net change in Sales financing financial assets and debts	**(2,006)**	**(211)**	**(1,941)**
Decrease (increase) in working capital (note 27-B)	**(2,833)**	**(347)**	**314**
CASHFLOWS FROM OPERATING ACTIVITIES	**(243)**	**4,745**	**2,586**
Capital expenditure (note 27-C)	(4,369)	(4,644)	(4,644)
Acquisitions of investments, net of cash acquired	(662)	(67)	(30)
Disposals of property, plant and equipment and intangibles	927	1,086	1,152
Disposals of investments, net of cash transferred, and other	74	63	55
Net decrease (increase) in other securities and loans of the Automobile division [1]	192	615	423
CASHFLOWS FROM INVESTING ACTIVITIES	**(3,838)**	**(2,947)**	**(3,044)**
Transactions with minority shareholders [2]	88	26	(131)
Dividends paid to parent company shareholders (note 19-D)	(1,049)	(863)	(664)
Dividends paid to minority shareholders	(28)	(50)	(22)
Purchases/sales of treasury shares	(113)	(126)	85
Cashflows with shareholders	**(1,102)**	**(1,013)**	**(732)**
Bond issuance by the Automobile division (note 24-A)	682	588	851
Bond redemption by the Automobile division (note 24-A)	(426)	(451)	(928)
Net increase (decrease) in other financial liabilities of the Automobile division	2,340	(2,065)	1,069
Net change in financial liabilities of the Automobile division	**2,596**	**(1,928)**	**992**
CASHFLOWS FROM FINANCING ACTIVITIES	**1,494**	**(2,941)**	**260**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,587)**	**(1,143)**	**(198)**

(1) In 2006, this includes a €135 million gain on the sale of Scania shares.
(2) Via capital increases or capital reductions and acquisitions of additional investments in controlled companies (note 2-J).

(€ million)	**2008**	**2007**	**2006**
Cash and cash equivalents: opening balance	**4,721**	**6,010**	**6,151**
Increase (decrease)	(2,587)	(1,143)	(198)
Effect of changes in exchange rate and other changes	(76)	(146)	57
Cash and cash equivalents: closing balance	**2,058**	**4,721**	**6,010**

Details of interest received and paid by the Automobile division are given in note 27-D.

Current taxes paid by the Group are reported in note 9-A.

7.2.5 SEGMENT INFORMATION

A – INFORMATION BY DIVISION

A1 –CONSOLIDATED INCOME STATEMENTS BY DIVISION

(€ million)	AUTOMOBILE	SALES FINANCING	INTERDIVISION TRANSACTIONS [1]	CONSOLIDATED TOTAL
2008				
Sales of goods and services	35,757	484	-	36,241
Sales financing revenues	-	1,550	-	1,550
External sales (note 4)	**35,757**	**2,034**	**-**	**37,791**
Interdivision sales [1]	(230)	372	(142)	-
Revenues	**35,527**	**2,406**	**(142)**	**37,791**
Operating margin	**(288)**	**487**	**13**	**212**
Operating income	**(608)**	**478**	**13**	**(117)**
Financial income				**441**
Share in net income (loss) of associates	**431**	**6**	**-**	**437**
Pre-tax income				**761**
Current and deferred taxes				(162)
Net income				**599**
2007				
Sales of goods and services	38,679	511	-	39,190
Sales financing revenues	-	1,492	-	1,492
External sales (note 4)	**38,679**	**2,003**	**-**	**40,682**
Interdivision sales [1]	(276)	327	(51)	-
Revenues	**38,403**	**2,330**	**(51)**	**40,682**
Operating margin	**858**	**472**	**24**	**1,354**
Operating income	**767**	**457**	**14**	**1,238**
Financial expense				**76**
Share in net income (loss) of associates	**1,668**	**7**	**-**	**1,675**
Pre-tax income				**2,989**
Current and deferred taxes				(255)
Net income				**2,734**
2006				
Sales of goods and services	38,409	492	-	38,901
Sales financing revenues	-	1,431	-	1,431
External sales (note 4)	**38,409**	**1,923**	**-**	**40,332**
Interdivision sales [1]	(203)	270	(67)	-
Revenues	**38,206**	**2,193**	**(67)**	**40,332**
Operating margin	**486**	**492**	**85**	**1,063**
Operating income	**303**	**489**	**85**	**877**
Financial expense				**61**
Share in net income (loss) of associates	**2,272**	**5**	**-**	**2,277**
Pre-tax income				**3,215**
Current and deferred taxes				(255)
Net income				**2,960**

(1) Interdivision transactions are carried out under near-market conditions.

A2 – CONSOLIDATED BALANCE SHEETS BY DIVISION

DECEMBER 31, 2008 (€ million)	AUTOMOBILE	SALES FINANCING	INTERDIVISION TRANSACTIONS [1]	CONSOLIDATED TOTAL
Non-current assets				
Property, plant and equipment and intangible assets	16,862	288	(19)	17,131
Investments in associates	13,745	23		13,768
Non-current financial assets – investments in non-controlled entities	2,186	1	(2,153)	34
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automobile division	964	-	(16)	948
Deferred tax assets and other non-current assets	523	140	9	672
TOTAL NON-CURRENT ASSETS	**34,280**	**452**	**(2,179)**	**32,553**
Current assets				
Inventories	5,261	5		5,266
Customer receivables	1,846	18,563	(339)	20,070
Current financial assets	1,167	515	(646)	1,036
Other current assets	2,106	2,473	(1,731)	2,848
Cash and cash equivalents	1,141	1,045	(128)	2,058
TOTAL CURRENT ASSETS	**11,521**	**22,601**	**(2,844)**	**31,278**
TOTAL ASSETS	**45,801**	**23,053**	**(5,023)**	**63,831**
SHAREHOLDERS' EQUITY	**19,316**	**2,158**	**(2,058)**	**19,416**
Non-current liabilities				
Deferred tax liabilities and long-term provisions	1,390	238	47	1,675
Non-current financial liabilities	5,511	262		5,773
Other non-current liabilities	437	111		548
TOTAL NON-CURRENT LIABILITIES	**7,338**	**611**	**47**	**7,996**
Current liabilities				
Short-term provisions	1,221	43		1,264
Current financial liabilities	5,705		(486)	5,219
Trade payables and Sales financing debts	5,468	19,654	(752)	24,370
Other current liabilities and current tax liability	6,753	587	(1,774)	5,566
TOTAL CURRENT LIABILITIES	**19,147**	**20,284**	**(3,012)**	**36,419**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**45,801**	**23,053**	**(5,023)**	**63,831**

(1) Interdivision transactions are carried out under near-market conditions.

DECEMBER 31, 2007 *(€ million)*	AUTOMOBILE	SALES FINANCING	INTERDIVISION TRANSACTIONS (1)	CONSOLIDATED TOTAL
Non-current assets				
Property, plant and equipment and intangible assets	16,788	343	(20)	17,111
Investments in associates	12,956	21		12,977
Non-current financial assets – investments in non-controlled entities	2,423	10	(2,395)	38
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automobile division	585		(17)	568
Deferred tax assets and other non-current assets	603	111	10	724
TOTAL NON-CURRENT ASSETS	**33,355**	**485**	**(2,422)**	**31,418**
Current assets				
Inventories	5,927	5	-	5,932
Customer receivables	2,177	21,104	(768)	22,513
Current financial assets	1,184	608	(553)	1,239
Other current assets	1,839	2,124	(1,588)	2,375
Cash and cash equivalents	3,697	1,319	(295)	4,721
TOTAL CURRENT ASSETS	**14,824**	**25,160**	**(3,204)**	**36,780**
TOTAL ASSETS	**48,179**	**25,645**	**(5,626)**	**68,198**
SHAREHOLDERS' EQUITY	**21,987**	**2,385**	**(2,303)**	**22,069**
Non-current liabilities				
Deferred tax liabilities and long-term provisions	1,582	248	53	1,883
Non-current financial liabilities	5,141	272	-	5,413
Other non-current liabilities	459	64	-	523
TOTAL NON-CURRENT LIABILITIES	**7,182**	**584**	**53**	**7,819**
Current liabilities				
Short-term provisions	902	52	-	954
Current financial liabilities	2,413	-	(896)	1,517
Trade payables and Sales financing debts	8,347	21,964	(891)	29,420
Other current liabilities and current tax liability	7,348	660	(1,589)	6,419
TOTAL CURRENT LIABILITIES	**19,010**	**22,676**	**(3,376)**	**38,310**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**48,179**	**25,645**	**(5,626)**	**68,198**

(1) Interdivision transactions are carried out under near-market conditions.

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DECEMBER 31, 2006 *(€ million)*	AUTOMOBILE	SALES FINANCING	INTERDIVISION TRANSACTIONS (1)	CONSOLIDATED TOTAL
Non-current assets				
Property, plant and equipment and intangible assets	16,263	371	(46)	16,588
Investments in associates	12,943	15	-	12,958
Non-current financial assets – investments in non-controlled entities	2,401	2	(2,367)	36
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automobile division	527	-	-	527
Deferred tax assets and other non-current assets	588	103	(2)	689
TOTAL NON-CURRENT ASSETS	**32,722**	**491**	**(2,415)**	**30,798**
Current assets				
Inventories	5,301	8	-	5,309
Customer receivables	2,210	20,869	(617)	22,462
Current financial assets	1,678	1,171	(620)	2,229
Other current assets	1,633	1,957	(1,547)	2,043
Cash and cash equivalents	4,963	1,077	(30)	6,010
TOTAL CURRENT ASSETS	**15,785**	**25,082**	**(2,814)**	**38,053**
TOTAL ASSETS	**48,507**	**25,573**	**(5,229)**	**68,851**
SHAREHOLDERS' EQUITY	**21,000**	**2,366**	**(2,295)**	**21,071**
Non-current liabilities				
Deferred tax liabilities and long-term provisions	1,776	268	54	2,098
Non-current financial liabilities	5,159	271	-	5,430
Other non-current liabilities	371	57	-	428
TOTAL NON-CURRENT LIABILITIES	**7,306**	**596**	**54**	**7,956**
Current liabilities				
Short-term provisions	994	59	-	1,053
Current financial liabilities	4,423	-	(708)	3,715
Trade payables and Sales financing debts	7,487	21,786	(677)	28,596
Other current liabilities and current tax liability	7,297	766	(1,603)	6,460
TOTAL CURRENT LIABILITIES	**20,201**	**22,611**	**(2,988)**	**39,824**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**48,507**	**25,573**	**(5,229)**	**68,851**

(1) Interdivision transactions are carried out under near-market conditions.

A3 – CONSOLIDATED CASHFLOW STATEMENTS BY DIVISION

(€ million)	AUTOMOBILE	SALES FINANCING	INTERDIVISION TRANSACTIONS [1]	CONSOLIDATED TOTAL
2008				
Net income	**556**	**325**	**(282)**	**599**
Cancellation of unrealized income and expenses:				
Depreciation and amortization	2,892	67	(16)	2,943
Share in net income (loss) of associates	(431)	(6)	-	(437)
Dividends received from associates	688	-	-	688
Other unrealized income and expenses	(644)	154	(6)	(496)
Cashflow	**3,061**	**540**	**(304)**	**3,297**
Decrease (increase) in Sales financing receivables	-	1,740	(441)	1,299
Net change in Sales financing financial assets and debts	-	(2,092)	86	(2,006)
Decrease (increase) in working capital	(2,704)	(147)	18	(2,833)
CASHFLOWS FROM OPERATING ACTIVITIES	**357**	**41**	**(641)**	**(243)**
Purchases of intangible assets	(1,177)	(1)	-	(1,178)
Purchases of property, plant and equipment [2]	(3,043)	(152)	4	(3,191)
Disposals of property, plant and equipment and intangibles [2]	835	92	-	927
Acquisition of investments, net of disposals and other	(587)	(1)	-	(588)
Net decrease (increase) in other securities and loans of the Automobile division	97	-	95	192
CASHFLOWS FROM INVESTING ACTIVITIES	**(3,875)**	**(62)**	**99**	**(3,838)**
Cashflows with shareholders	(1,167)	(236)	301	(1,102)
Net change in financial liabilities of the Automobile division	2,172	-	424	2,596
CASHFLOWS FROM FINANCING ACTIVITIES	**1,005**	**(236)**	**725**	**1,494**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,513)**	**(257)**	**183**	**(2,587)**

(1) Interdivision transactions are carried out under near-market conditions.
(2) Including impact of leased vehicles:

(€ million)	*Automobile*	*Sales financing*	*Group total*
Purchases of property, plant and equipment	*(734)*	*(142)*	*(876)*
Disposals of property, plant and equipment	*581*	*92*	*673*

(€ million)	AUTOMOBILE	SALES FINANCING	INTERDIVISION TRANSACTIONS (1)	CONSOLIDATED TOTAL
2007				
Net income	**2,654**	**323**	**(243)**	**2,734**
Cancellation of unrealized income and expenses:				
Depreciation and amortization	2,815	87	(37)	2,865
Share in net income (loss) of associates	(1,668)	(7)	-	(1,675)
Dividends received from associates	936	-	-	936
Other unrealized income and expenses	(185)	55	16	(114)
Cashflow	**4,552**	**458**	**(264)**	**4,746**
Decrease (increase) in Sales financing receivables	-	413	144	557
Net change in Sales financing financial assets and debts	-	13	(224)	(211)
Decrease (increase) in working capital	(26)	(336)	15	(347)
CASHFLOWS FROM OPERATING ACTIVITIES	**4,526**	**548**	**(329)**	**4,745**
Purchases of intangible assets	(1,347)	(1)	-	(1,348)
Purchases of property, plant and equipment (2)	(3,160)	(145)	9	(3,296)
Disposals of property, plant and equipment and intangibles (2)	942	141	3	1,086
Acquisition of investments, net of disposals and other	41	(45)	-	(4)
Net decrease (increase) in other securities and loans of the Automobile division	652	-	(37)	615
CASHFLOWS FROM INVESTING ACTIVITIES	**(2,872)**	**(50)**	**(25)**	**(2,947)**
Cashflows with shareholders	(1,017)	(248)	252	(1,013)
Net change in financial liabilities of the Automobile division	(1,765)	-	(163)	(1,928)
CASHFLOWS FROM FINANCING ACTIVITIES	**(2,782)**	**(248)**	**89**	**(2,941)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,128)**	**250**	**(265)**	**(1,143)**

(1) Interdivision transactions are carried out under near-market conditions.
(2) Including impact of leased vehicles:

(€ million)	*Automobile*	*Sales financing*	*Group total*
Purchases of property, plant and equipment	*(876)*	*(130)*	***(1 006)***
Disposals of property, plant and equipment	*767*	*144*	***911***

(€ million)	AUTOMOBILE	SALES FINANCING	INTERDIVISION TRANSACTIONS (1)	CONSOLIDATED TOTAL
2006				
Net income	**2,603**	**312**	**45**	**2,960**
Cancellation of unrealized income and expenses:				
Depreciation and amortization	2,817	86	(68)	2,835
Share in net income (loss) of associates	(2,272)	(5)	-	(2,277)
Dividends received from associates	602	-	-	602
Other unrealized income and expenses	(487)	32	25	(430)
Cashflow	**3,263**	**425**	**2**	**3,690**
Decrease (increase) in Sales financing receivables	-	524	(1)	523
Net change in Sales financing financial assets and debts	-	(1,935)	(6)	(1,941)
Decrease (increase) in working capital	281	70	(37)	314
CASHFLOWS FROM OPERATING ACTIVITIES	**3,544**	**(916)**	**(42)**	**2,586**
Purchases of intangible assets	(1,129)	(3)	-	(1,132)
Purchases of property, plant and equipment (2)	(3,340)	(193)	21	(3,512)
Disposals of property, plant and equipment and intangibles (2)	884	268	-	1,152
Acquisition of investments, net of disposals and other	23	2	-	25
Net decrease (increase) in other securities and loans of the Automobile division (3)	421	-	2	423
CASHFLOWS FROM INVESTING ACTIVITIES	**(3,141)**	**74**	**23**	**(3,044)**
Cashflows with shareholders	(719)	(14)	1	(732)
Net change in financial liabilities of the automobile division	966	-	26	992
CASHFLOWS FROM FINANCING ACTIVITIES	**247**	**(14)**	**27**	**260**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**650**	**(856)**	**8**	**(198)**

(1) Interdivision transactions are carried out under near-market conditions.

(2) Including impact of leased vehicles:

(€ million)	*Automobile*	*Sales financing*	*Group total*
Purchases of property, plant and equipment	*(969)*	*(165)*	***(1,134)***
Disposals of property, plant and equipment	*685*	*268*	***953***

(3) In 2006, this includes a €135 million gain on the sale of Scania shares.

B – INFORMATION BY GEOGRAPHIC AREA

(€ million)	EUROPE (1)	EUROMED	ASIA-AFRICA	AMERICA	CONSOLIDATED TOTAL
2008					
Revenues	27,653	4,422	2,628	3,088	**37,791**
Capital expenditure	3,538	451	293	87	**4,369**
Property, plant and equipment and intangibles	13,997	1,838	726	570	**17,131**
Other operating assets (2)	7,518	997	577	774	**9,866**
2007					
Revenues	30,447	4,310	2,757	3,168	**40,682**
Capital expenditure	3,836	408	266	134	**4,644**
Property, plant and equipment and intangibles	13,922	1,751	756	682	**17,111**
Other operating assets (2)	8,190	813	577	810	**10,390**
2006					
Revenues	31,593	3,733	2,689	2,317	**40,332**
Capital expenditure	3,826	373	283	162	**4,644**
Property, plant and equipment and intangibles	13,665	1,526	735	662	**16,588**
Other operating assets (2)	7,720	766	331	637	**9,454**

(1) Including France.
(2) Other operating assets include inventories, Automobile receivables and other current assets.

Consolidated revenues are presented by location of customers.

Property, plant and equipment and intangibles, capital expenditure and other operating assets are presented by location of subsidiaries and joint ventures.

7.2.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

7.2.6.1 ACCOUNTING POLICIES AND SCOPE OF CONSOLIDATION

1 – APPROVAL OF THE FINANCIAL STATEMENTS

The Renault group's consolidated financial statements for 2008 were finalized at the Board of Directors' meeting of February 11, 2009 and will be submitted for approval by the shareholders at the General Shareholders' Meeting to be held on May 6, 2009.

2 – ACCOUNTING POLICIES

In application of regulation 1606/2002 passed on July 19, 2002 by the European Parliament and the Council of Europe, Renault's consolidated financial statements for 2008 are prepared under IFRS (International Financial Reporting Standards) as issued by the IASB (International Accounting Standards Board) at December 31, 2008 and adopted by the European Union at the year-end.

A – Changes in accounting policies

The following standards and interpretations which became mandatory from January 1, 2008 and were published in the Official Journal of the European Union at December 31, 2008, were applied for the first time in 2008:

- IFRIC 11, "IFRS 2: Group and Treasury Share Transactions" mandatory from January 1, 2008;
- amendments to IAS 39, "Financial instruments: recognition and measurement" and IFRS 7, "Financial instruments: disclosures" on the reclassification of financial assets, which became mandatory on July 1, 2008.

Application of this interpretation and these amendments has no impact on the financial statements at December 31, 2008.

The Group undertakes no early application of any standard or interpretation or associated amendments, including the following which were already published in the Official Journal of the European Union at December 31, 2008:

- the amendment to IFRS 2, "Share-based payments" on vesting conditions and cancellations, which is mandatory for financial years beginning on or after January 1, 2009;
- IFRS 8, "Operating segments", which replaces IAS 14, "Segment Reporting", mandatory for financial years beginning on or after January 1, 2009;
- IAS 1, "Presentation of financial statements" (revised 2007), mandatory for financial years beginning on or after January 1, 2009;
- IFRIC 13, "Customer Loyalty Programmes", mandatory for financial years beginning on or after January 1, 2009;
- IFRIC 14, "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", mandatory for financial years beginning on or after January 1, 2009;
- IAS 23, "Borrowing Costs" (revised 2007), mandatory for financial years beginning on or after January 1, 2009.

The Group does not currently expect adoption of these new standards, interpretations and amendments to have any significant impact on the financial statements with the exception of IAS 23, "Borrowing costs". The potential impacts of this standard on the consolidated financial statements are currently being analyzed.

B – Estimates and judgments

In preparing its financial statements, Renault has to make estimates and assumptions that affect the book value of certain assets and liabilities, income and expense items, and the information disclosed in certain notes. Renault regularly revises its estimates and assessments to take account of past experience and other factors deemed relevant in view of the economic circumstances. If changes in these assumptions or circumstances are not as anticipated, the figures reported in Renault's future financial statements could differ from the current estimates.

2008 was marked by a worldwide economic crisis that seriously affected the automobile sector. There were sudden downturns on the Group's principal traditional markets, mostly beginning in the final quarter of 2008, followed by similar declines on the emerging markets which up to that point had shown strong growth. It is difficult to predict the scale and duration of this crisis beyond December 31, 2008. Renault expects market conditions to worsen in 2009.

The consolidated financial statements for 2008 have been established in this context. The crisis particularly affects assessment of resale values for used vehicles (either in inventories or covered by a buy-back clause), and to a lesser degree the credit risk on loans provided by the Sales financing division. However, assets measured with reference to longer-term prospects, particularly fixed assets (property, plant and equipment and intangibles), net deferred tax assets and investments in associates, have been valued on a basis that assumes the economic crisis will be only of limited duration.

The main items in the financial statements that are sensitive to estimates and judgements at December 31, 2008 are the following:

- fixed assets – estimation of recoverable value (notes 2-L and 12);
- property, plant and equipment related to leased vehicles or inventories related to used vehicles – estimation of recoverable value (notes 2-G, 11-B and 15);
- investments in associates – estimation of recoverable value (notes 2-L, 13 and 14);
- sales financing receivables – estimation of recoverable value (notes 2-G and 16);
- deferred taxes (notes 2-I and 9);
- provisions, particularly vehicle warranty provisions (note 2-G), provisions for pension and other long-term employee benefit obligations (note 20-C) and provisions for workforce adjustment measures (note 7-A).

C – Consolidation principles

The consolidated financial statements include the financial statements of all companies controlled exclusively, directly or indirectly by the Group ("subsidiaries"). Jointly controlled companies ("joint ventures") are proportionately consolidated. Companies in which the Group exercises significant influence ("associates") are included in the financial statements on an equity basis.

Significant intercompany transactions and unrealized internal profits are eliminated.

Non-consolidated companies which fulfil these criteria are recorded as other non-current assets.

None of these companies' individual contributions to consolidated figures exceeds the following:

- revenues: €20 million;
- inventories: €20 million.

Their consolidation would have a negligible impact on the consolidated financial statements, since they are Group-financed entities whose losses, if any, are recognized via impairment losses, and which:

- acquire almost all their purchases from Group companies, most of these companies being dealership-type establishments; or
- carry out almost all their sales transactions with Group companies, the principal company concerned being Renault Sport.

D – Presentation of the financial statements

Operating income and operating margin

Operating income includes all revenues and costs directly related to the Group's activities, whether recurrent or resulting from non-recurring decisions or operations, such as restructuring costs.

The operating margin corresponds to the operating income before other operating income and expenses, which cover:

- restructuring costs and costs relating to workforce adjustment;
- gains or losses on disposal of businesses or operating entities;
- gains or losses on disposal of property, plant and equipment or intangible assets (except vehicle sales);
- unusual items, i.e. income and charges that are unusual in their frequency, nature or amount.

Primary segment reporting

Primary segment information is disclosed for the following divisions:

- the Automobile division, comprising the production, sales, and distribution subsidiaries for passenger and light commercial vehicles, automobile service subsidiaries, and the subsidiaries in charge of cash management for these companies;
- the Sales financing division, which the Group considers as an operating activity, carried out by RCI Banque and its subsidiaries for the distribution network and final customers.

Each of these two divisions forms a coherent unit with its own specific risks and returns.

Apart from taxes, income and expenses relating to Sales financing are recorded as operating items. The tax effect inherent to the French consolidated taxation system is included in the tax expense of the Automobile division.

Assets and liabilities are specific to each division. Receivables assigned by the Automobile division to the Sales financing companies are treated as operating assets by the assignee when the risks and benefits are substantially transferred.

Vehicles for which the Automobile division has a repurchase commitment are included in the division's assets. When these vehicles are financed by the Sales financing division, the Sales financing division recognizes a receivable on the Automobile division.

Secondary segment reporting

Secondary segment information is disclosed by geographic area, as defined in the Group's internal management.

Current and non-current assets and liabilities

Sales financing receivables, other securities, derivatives, loans and financial liabilities of the Sales financing division (other than redeemable shares and subordinated loans) are considered as current assets and liabilities, as they are used in the division's normal business cycle.

For the Automobile division, in addition to items directly related to the business cycle, all assets and liabilities maturing within one year are classified as current.

E – Translation of the financial statements of foreign companies

The Group's presentation currency is the Euro.

For foreign companies, the functional currency is generally the local currency. In cases where most transactions are carried out in a different currency, that currency is adopted as the functional currency.

To determine whether a country is in hyperinflation, the Group refers to the list published by the AICPA (American Institute of Certified Public Accountants) Task Force. In 2008, this list included none of the countries where Renault has significant business activity.

Foreign companies' accounts are established in their functional currency and subsequently translated into the Group's presentation currency as follows:

- balance sheet items other than components of shareholders' equity, which are stated at historical value, are translated at the closing rate of exchange;
- income statement items are translated at the average exchange rate for the period;
- the translation adjustment is included in consolidated shareholders' equity and has no impact on net income.

Goodwill and valuation adjustments generated by a business combination with a foreign company are treated as an asset or liability of the entity acquired, as appropriate.

When a foreign company is sold, the translation adjustments recorded in shareholder's equity in respect of its assets and liabilities are taken to income.

F – Translation of foreign currency transactions

Transactions undertaken in a currency other than the functional currency of the entity concerned are initially translated to and recorded in the functional currency, using the rate applicable at the transaction date.

For financial reporting purposes, monetary items in currencies other than the functional currency are translated at the closing rate. All resulting foreign exchange differences are recognized in the income statement, except for foreign exchange gains and losses on debts, receivables, and financial instruments designated as hedges of the net investment in a foreign entity (note 2-V).

- translation adjustments related to financial operations by the Automobile division are included in the net financial income;
- other translation adjustments are included in the operating margin.

Derivatives are measured and recorded as described in note 2-V.

G – Revenues and margin

Revenues comprise all proceeds from sales of the Group's automobile products, services related to these sales, sales of automobile technologies, marketing rights and the various Sales financing products marketed by the Group's companies to their customers.

Sales of goods and services and margin recognition

Sales and margin recognition

Sales of goods are recognized when vehicles are made available to the distribution network in the case of non-Group dealers, or upon delivery to the end-user in the case of direct sales. The margin on sales is recognized immediately for normal sales by the Automobile division, including sales with associated financing contracts that can be considered as finance leases (long-term or with a purchase option). However, no sale is recognized when the vehicle is covered by an operating lease from a Group finance company or the Group has made a buy-back commitment, when the term of the contract covers an insufficient portion of the vehicle's useful life.

In such cases, the transactions are recorded as operating leases and included in sales of services. The difference between the price paid by the customer and the buy-back price is treated as rental income, and spread over the period the vehicle is at the customer's disposal. The production cost for the new vehicle concerned is recorded in inventories for contracts of less than one year, or included in property, plant and equipment under vehicles leased to customers when the contracts exceed one year. The sale of the vehicle as second-hand at the end of the lease gives rise to recognition of sales revenue and the related margin. The forecast resale value takes account of recent known developments on the second-hand vehicle market but also future anticipated developments over the period in which the vehicles will be sold, which may be influenced by factors both external (economic situation, taxation) and internal (changes in the range, lower manufacturer prices). As soon as a loss is expected on the resale, a provision (if the vehicle is in inventories) or additional depreciation (if the vehicle is included in property, plant and equipment) is recognized to cover the loss. When the overall position of the lease contract (rental income and income on resale) shows a loss, an additional provision is also recorded immediately to cover the future loss.

Sales of automobile technologies and marketing rights are recognized when the associated risks and benefits are actually transferred. The timing of this transfer depends on the terms of the sale contracts, taking into consideration factors such as the period covered and the volumes concerned, and the recoverability or otherwise for the purchaser of the amounts paid.

Sales incentive programs

When based on the volume or price of the products sold, the cost of these programs is deducted from revenues when the corresponding sales are recorded. Otherwise, the cost is included in selling, general and administrative expenses. If programs are approved after the sales, a provision is established when the decision is made.

The Group sometimes organizes promotional campaigns offering reduced-interest loans to end-users. The cost of these operations is deducted from sales. This expense is recognized immediately when the rates offered cannot cover refinancing and administration costs, and spread over the duration of the loan otherwise.

Warranty

The estimated or incurred costs relating to product or part warranties not covered by insurance are charged to expenses when the sales are recorded. In the event of product recalls relating to incidents that come to light after the vehicle has been put on the market, provisions are established to cover the costs involved as soon as the decision to undertake the recall campaign has been made. Amounts claimed from suppliers are deducted from the warranty expense when it is considered practically certain they will be recovered, and included in Automobile division customer receivables in the consolidated balance sheet.

Services related to sales of automobile products

Renault offers its customers extended warranty and maintenance contracts, the income and margin on which are recognized over the period covered by the contract.

Sales financing revenues and margin recognition

Sales financing revenues

Sales financing revenues are generated by financing operations for sales of vehicles to dealers and end-users. These financing operations take the form of loans from the Sales financing division companies, and are carried in the balance sheet at amortized cost under the effective tax rate method, less any impairment. Income on these contracts is calculated so as to give a constant interest rate over the period, and is included in sales revenues.

Sales financing costs

The costs of Sales financing are considered as operating expenses and included in the operating margin. They mainly comprise interest incurred by Sales financing companies to refinance their customer transactions, other costs and revenues directly related to administration of this type of refinancing (temporary investments, hedging and management of exchange and interest rate risks), and the cost of risks other than those relating to refinancing of receivables.

Commissions payable to business intermediaries

Commissions are treated as external distribution costs, and therefore deferred as contract acquisition costs, so as to give a constant interest rate over the term of the financing contracts.

Impaired receivables

Impairment for credit risk is recognized to cover the risk of non-recovery of receivables. When there is objective evidence of a loss of value (payments overdue, deterioration in the financial position, litigation procedures, etc) for an individual receivable, impairment is determined on an individual basis (using a statistical or case-by-case approach). Otherwise, a collectively-based provision may be recorded (for example in the event of unfavourable developments in a macro-economic and/or segment indicator associated with otherwise sound receivables).

Impairment for country risk is determined based on assessment of the transfer risk (related to the future solvency of each country in the base affected by the impairment) or the systemic credit risk to which debtors are exposed (in the event of long-term continuous deterioration in the economic and general environment of the countries included in the base).

H – Financial income (expense)

Interest income and expenses are recognized under the effective interest rate method, whereby interest and transaction costs are spread on an actuarial basis over the duration of the loan or borrowing.

Interest income and expenses include accrued interest on interest rate derivatives used in fair value and cashflow hedging (when this income or expense is transferred from equity). Changes in the fair value of interest rate derivatives, excluding accrued interest, are included in other financial income and expenses.

Other financial income and expenses also include changes in the fair value of Renault SA redeemable shares.

I – Income tax

The Group recognizes deferred taxes for all temporary differences between the tax and book values of assets and liabilities in the consolidated balance sheet. Using the liability method, deferred taxes are calculated at the latest tax rate enacted at the closing date applicable to the period when temporary differences are reversed. Each individual fiscal entity (legal entity, establishment or group of entities that pays tax to the tax administration) that is authorised to offset its current tax assets and liabilities reports deferred tax assets and liabilities net. Net deferred tax assets are recognized according to the probability of future recovery.

For fully consolidated companies, a deferred tax liability is recorded in respect of dividend distributions likely to be made by the Group.

For joint ventures and associates, a deferred tax liability on dividend distributions is booked for all differences between the book value and fiscal value of shares held.

Tax credits that can only be used against a taxable profit are recorded as a deduction from the income tax payable. Tax credits that are recoverable regardless of whether the company makes a taxable profit are set against the relevant nature of expense.

J – Intangible assets

Goodwill

Goodwill recorded upon acquisitions of investments in subsidiaries, joint ventures or associates corresponds to the difference at acquisition date between the purchase price of the shares (including acquisition expenses) and the share in the fair value of assets and liabilities acquired.

Goodwill is not amortized, but impairment tests are carried out at least annually or whenever there is evidence of loss of value. After initial recognition, goodwill is stated at cost less accumulated impairment. Any impairment losses on goodwill are included in the operating margin.

Goodwill relating to associates is included in the balance sheet line "investments in associates". In the event of impairment, an impairment loss is booked and included in the consolidated income statement via the share in net income (loss) of associates.

Acquisitions of additional investments in controlled companies and put options to buy out minority interests are treated as equity transactions. The positive or negative difference between the cost of acquiring shares (including acquisition expenses) and the book value of the minority interests acquired is recorded in shareholders' equity. The minority interests concerned by the put options are stated at present value and reclassified as liabilities in the balance sheet.

Research and development expenses

Development expenses incurred between the approval of the decision to begin development and implement production facilities for a new vehicle or part (e.g. engine or gearbox) and the subsequent approval of the design for mass production are capitalized as intangible assets. They are amortized on a straight-line basis from the date of approval for production, over the expected market life of the vehicle or part, up to a maximum period of seven years. Capitalized development expenses mainly comprise the cost of prototypes, the cost of studies invoiced by external firms, and a share of overheads dedicated exclusively to development activities.

Expenses incurred before the formal approval of product development are recorded as costs in the period they are incurred, in the same way as research expenses. Expenses incurred after the start of mass production are treated as production costs.

K – Property, plant and equipment

The gross value of property, plant and equipment corresponds to historical acquisition or production cost.

Design and preparation expenses are included in the asset's production cost.

Borrowing costs borne during the final preparation of the assets for use are charged to expenses for the period they are incurred, and are not included in the value of the asset.

Investment subsidies received are deducted from the gross value of the assets concerned.

Subsequent expenses for property, plant and equipment, except those incurred to increase productivity or prolong the life of an asset, are charged to expenses as incurred.

Assets used by the Group under finance leases are treated as assets financed by credit.

Vehicles leased to customers are vehicles under lease from a Group finance company, for which the Group has a repurchase commitment, or vehicles sold under an agreement including a buy-back clause covering more than one year (note 2-G).

Depreciation

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings (1)	15 to 30 years
Specific tools	2 to 7 years
Machinery and other tools (other than press lines)	5 to 15 years
Press lines	20 to 30 years
Other tangible assets	4 to 6 years

(1) Buildings in use before 1987 are depreciated over a period of up to 40 years.

Useful lives are regularly reviewed, and accelerated depreciation is recorded when an asset's useful life becomes shorter than the initially expected period of use, particularly when it is decided to withdraw a vehicle or part from the market.

L – Impairment of assets

Impairment of fixed assets (other than leased vehicles)

Fixed assets are subjected to impairment tests as soon as there is any indication of a loss of value, such as significant adverse changes in the market in which the company operates, or changes affecting the circumstances and manner of use of the assets.

For the **Automobile division**, impairment tests are carried out at two levels:

- At the level of vehicle-specific assets

  Vehicle-specific assets are capitalized development expenses, specific tools and supplier tools. Impairment tests are carried out by comparing the net book value of the asset with the recoverable value, calculated based on discounted future cashflows related to the vehicle.

- At the level of cash-generating units

  A cash-generating unit is defined as the smallest identifiable group of assets that generates largely independent cashflows. Fixed assets related to cash-generating units include goodwill, specific assets and capacity assets.

  Impairment tests are carried out on cash-generating units by comparing the net book value with the recoverable value. Recoverable value is defined as the higher of value in use or fair value less selling costs.

  Value in use is the present value of estimated future cashflows expected to arise from the continuing use of an asset. Future cashflows derive from a 5-year business plan drawn up and validated by Management, plus a terminal value based on discounted normative cashflows after application of a growth rate to infinity. The assumptions underlying the business plan include estimates of market developments in countries in which the Group operates and its share of those markets, changes in the sale price of products and the price of purchased components and commodities. The pre-tax discount rate used is the weighted average cost of capital as determined by the company.

When the recoverable value is lower than the net book value, impairment equivalent to the difference is recorded against the assets concerned.

For the Sales financing division, an impairment test is carried out at least once a year or whenever there is an indication of loss of value, by comparing the book value and recoverable value of assets. Recoverable value is defined as the higher of fair value (less selling costs) and value in use. Value in use is the present value of future cashflows as determined in the most recent 3-year forecasts for each cash-generating unit, consisting of legal entities or groups of legal entities in a given country. The same discount rate is used for all cash-generating units tested: a risk-free 10-year rate increased by the average risk premium for the sector in which the cash-generating units operate.

Impairment of investments in associates

Impairment tests of the value of investments in associates are carried out as soon as there is any indication of a loss of value, essentially significant adverse changes in the markets in which the company operates, or a major or long-term decline in stock market value.

Impairment tests are carried out in compliance with IAS 28 and IAS 36, by comparing the book value of the investment in the associate with the share of the present value of future estimated cashflows expected from the associate.

When the recoverable value is lower than the book value, impairment equivalent to the difference is recorded against the relevant investment in an associate.

M – Non-current assets or groups of assets held for sale

Assets held for sale are non-current assets or groups of assets that are available for sale (and do not require significant work to prepare them for sale) and very likely to be sold.

Non-current assets or groups of assets considered to be held for sale are measured and recorded at the lower of net book value or fair value less selling costs. No further depreciation or amortization is recorded once an asset is classified as held for sale (or included in a group of assets held for sale). These assets are reported on a specific line of the balance sheet.

N – Inventories

Inventories are stated at the lower of cost or net realizable value. Cost corresponds to acquisition cost or production cost, which includes direct and indirect production expenses and a share of manufacturing overheads based on a normal level of activity. Inventories are valued under the FIFO (First In First Out) method.

When the net realizable value is lower than the value under the FIFO method, impairment equal to the difference is recorded.

O – Assignment of receivables

Receivables assigned to third parties (through securitization or discounting) are removed from Group assets when the associated risks and benefits are also substantially transferred to the third parties in question.

The same treatment applies to assignments between the Automobile and Sales financing divisions. The resulting receivables and liabilities are recorded as operating items.

P – Treasury shares

Treasury shares, including those held for the purposes of stock option plans awarded to Group managers and executives, are recorded at acquisition cost and deducted from Group shareholders' equity until the date of sale.

When these shares are sold, the sale price is directly included in consolidated shareholders' equity, and transferred to cash and cash equivalents once payment has been received. Consequently, no gain or loss on treasury shares is included in the net income for the period.

Q – Stock option plans/ Free share attribution plans

The Group awards stock option plans (purchase and subscription options) and share attribution plans, all for Renault shares. The grant date is the date at which beneficiaries are informed of the decision to grant these options or shares, and the terms of the relevant plans. For plans subject to performance conditions, an estimate of achievement of those conditions is taken into account in determining the number of options or free shares attributed. This estimate is reviewed annually based on changes in the probability of performance condition achievement. The final fair value of services rendered in return for attribution of options or free shares is measured by reference to the fair value of those options or shares at their grant date, using a binomial mathematical model. Entitlements to attribution of free shares are valued based on the share value at grant date less dividends expected during the vesting period.

The fair value is spread on a straight-line basis over the vesting period for the relevant plan. The cost is included in personnel expenses, with a corresponding adjustment to consolidated reserves. When the option is exercised, the cash amount received by the Group in settlement of the exercise price is booked in cash and cash equivalents, with a corresponding adjustment to consolidated reserves.

In compliance with IFRS 2's transitional measures, only plans beginning after November 7, 2002 concerning options unvested at January 1, 2005 have been valued and recorded as described above.

R – Provisions

Pensions and other long-term employee benefit obligations

The Group's payments for defined-contribution benefit plans are recorded as expenses for the relevant period.

For defined-benefit plans concerning post-employment benefits, the Group uses the Projected Unit Credit Method to determine the present value of its obligations. Under this method, benefits are attributed to periods of service according to the plan's benefit formula. However, if an employee's service in later years will earn a materially higher level of benefit than in earlier years, benefits are attributed to periods of service on a straight-line basis.

The future payments for employee benefits are measured on the basis of future salary increases, retirement age, mortality and length of employment with the company, and are discounted at a rate determined by reference to yields on long-term high quality corporate bonds of a duration corresponding to the estimated duration of the benefit plan concerned.

The unrecognized actuarial gains and losses resulting from revisions of the underlying assumptions are included in equity, as allowed under the option contained in the amendment to IAS 19.

The net expense for the year, corresponding to the sum of the current period service costs, the discount cost less the expected return on fund assets and a portion of deferred past service costs, is charged in full to the operating margin.

Restructuring measures/Termination benefits

The estimated cost of restructuring and the cost of workforce adjustment measures is recognized as soon as a detailed plan has been defined and is either announced or in progress.

S – Financial assets

The Group recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Financial assets comprise investments in non-controlled companies in which Renault does not exercise significant influence, securities, loans, and derivative assets related to financial transactions (note 2-V).

These instruments are presented as non-current assets, apart from those maturing within 12 months of the closing date, which are classified as current assets or cash equivalents as appropriate.

Securities: investments in non-controlled companies in which Renault does not have significant influence

Dividends from such companies are recorded in the year of distribution.

These investments are considered to be "available for sale", and are accordingly stated at their fair value at the financial reporting date, with any changes in fair value included directly in consolidated reserves. The amounts recorded in consolidated reserves are transferred to the income statement upon disposal of the investment.

Impairment is recognized in the income statement when there is objective evidence that these investments are impaired. One indicator providing objective evidence of impairment is a significant or prolonged fall in the fair value of investments below their acquisition cost.

The fair values of such investments are determined by reference to the market price when possible.

Securities that do not represent a share in another entity's capital

These securities are short-term investments undertaken as part of the Group's cash surplus management policy, and are initially stated at fair value.

The valuation methods and subsequent accounting treatment vary according to whether such securities are considered "available for sale" or designated from the outset as "assets stated at fair value through profit or loss". The relevant category is determined on a case-by-case basis and depends on the underlying management strategy. Securities intended for sale in the short term are classified as "assets stated at fair value through profit or loss"; all other securities are classified as "available for sale".

Securities intended for sale in the short term are stated at fair value at the reporting date, with changes in fair value taken to income

Available-for-sale securities are stated at fair value at the reporting date, and changes in this fair value are recorded directly in equity. The amounts included in equity are taken to income upon derecognition of the asset. Impairment losses are recorded in the income statement when there is objective evidence of depreciation in value.

Fair values of securities are mainly determined by reference to the market price.

Loans

Loans include interbank loans for investment of cash surpluses and loans to non-controlled companies in which Renault holds investments.

Loans are initially recognized at fair value, plus directly attributable transaction costs.

At each closing date, loans are valued at amortized cost. Impairment is recognized in the income statement when there is objective evidence of depreciation in value caused by an event that occurred after the initial recognition of the asset.

T – Cash and cash equivalents

Cash includes cash on hand and bank deposits, with the exception of bank overdrafts, which are included in financial liabilities.

Cash equivalents are investments held for the purpose of meeting short-term cash commitments. For an investment to qualify as a cash equivalent, it must be readily convertible for a known amount of cash and be subject to an insignificant risk of change in value.

U – Financial liabilities and Sales financing debts

The Group recognizes a financial liability (for the Automobile division) or a Sales financing debt when it becomes a party to the contractual provisions of the instrument.

Financial liabilities and Sales financing debts comprise redeemable shares, bonds, other interest-bearing borrowings and derivative liabilities related to financial transactions (note 2-V).

Redeemable shares

In accordance with IAS 39, the Group considers that the variable interest on redeemable shares is an embedded derivative which cannot be valued separately. Consequently, the Group has stated all its redeemable shares at fair value. For these shares, fair value is equal to market value. Changes in the fair value of Automobile division redeemable shares are recorded in financial income and expenses, while changes in the fair value of Sales financing division redeemable shares are recorded in the operating margin.

Bonds and other interest-bearing borrowings

Bonds and other interest-bearing borrowings are initially recorded at fair value, less any directly attributable transaction costs.

At each reporting date, apart from specific hedge accounting methods (note 2-V), these financial liabilities are restated at amortized cost using the effective interest rate method. The financial expense calculated in this way includes issuance expenses and issuance or redemption premiums, together with the impact of debt renegotiations when the old and new terms are not substantially different.

Renegotiations of the terms of borrowings and similar operations are recorded as an extinction of the former liability with recognition of a new liability only if there are substantial differences between the old and new terms. When this is the case, the costs borne for renegotiation are included in the financial expenses for the period during which the negotiation takes place.

V – Derivatives and hedge accounting

Measurement and presentation

Derivatives are initially recognized at fair value. This fair value is subsequently reviewed at each closing date.

- The fair value of forward exchange contracts is based on market conditions. The fair value of currency swaps is determined by discounting future cashflows, using closing-date market rates (exchange and interest rates).
- The fair value of interest rate derivatives is the amount the Group would receive (or pay) to settle outstanding contracts at the closing date, taking into account any unrealized gains or losses based on current interest rates and the quality of the counterparty to each contract at the closing date. This fair value includes accrued interest.
- The fair value of commodity derivatives is based on market conditions.

The Automobile division's derivatives are reported in the balance sheet as current if they mature within 12 months and non-current otherwise. All Sales financing division derivatives are reported in the balance sheet as current.

Hedge accounting

The treatment of derivatives designated as hedging instruments depends on the type of hedging relationship:

- fair value hedge;
- cashflow hedge;
- hedge of a net investment in a foreign operation.

The Group identifies the hedging instrument and the hedged item as soon as the hedge is set up, and documents the hedging relationship, stating the hedging strategy, the risk hedged and the method used to assess the hedge's effectiveness. This documentation is subsequently updated, such that the effectiveness of the designated hedge can be demonstrated.

Hedge accounting uses specific measurement and recognition methods for each category of hedge.

- Fair value hedges: the hedged item is adjusted to fair value in view of the risk hedged and the hedging instrument is recorded at fair value. As changes in these items are recorded in the income statement simultaneously, only the ineffective portion of the hedge has an impact on net income. It is recorded in the same income statement item as changes in the fair value of the hedged item and the hedging instrument.
- Cashflow hedges: no adjustment is made to the value of the hedged item; only the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged risk is recorded, net of taxes, in equity, while the ineffective portion is included in the income statement. The cumulative amount included in equity is transferred to the income statement when the hedged item has an impact on net income.
- Hedge of a net investment in a foreign operation: the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged exchange risk is recorded, net of taxes, in equity, while the ineffective portion is included in the income statement. The cumulative amount included in equity is transferred to the income statement at the date of liquidation or sale of the investment. The interest rate component of financial instruments used to hedge the investment in Nissan (forward sales and fixed/fixed cross-currency swaps) is treated as an ineffective portion and consequently recorded directly in financial income and expenses.

Derivatives not designated as hedges

Changes in the fair value of derivatives not designated as hedges are recognized directly in financial income, except in the case of derivatives entered into exclusively for reasons closely related to business operations. In this case, changes in the fair value of derivatives are included in the operating margin.

3 – CHANGES IN THE SCOPE OF CONSOLIDATION

	AUTOMOBILE	SALES FINANCING	TOTAL
Number of companies consolidated at December 31, 2006	**153**	**49**	**202**
Newly consolidated companies (acquisitions, formations, etc.)	3	1	4
Deconsolidated companies (disposals, mergers, liquidations, etc.)	(7)	(8)	(15)
Number of companies consolidated at December 31, 2007	**149**	**42**	**191**
Newly consolidated companies (acquisitions, formations, etc.)	8	2	10
Deconsolidated companies (disposals, mergers, liquidations, etc.)	(17)	(4)	(21)
Number of companies consolidated at December 31, 2008	**140**	**40**	**180**

The main newly consolidated entities are the following.

2008

Renault and AvtoVAZ confirmed their strategic partnership with the signature of agreements on February 29, 2008. Renault invested USD1 billion to acquire 25% plus 1 share in AvtoVAZ. Renault's investment in the AvtoVAZ group is accounted for by the equity method in the Group's consolidated financial statements from March 1, 2008. Details are given in note 14-B.

The minority interests in the Colombian company SOFASA were acquired at the end of 2008, raising Renault's percentage ownership of SOFASA from 60% to 100%.

2007

Somaca (Société Marocaine de Construction) was first consolidated at January 1, 2007 after Renault brought its investment in the company to 80% through successive acquisitions of shares.

In July 2007, the Group raised its interest in Renault Financial Services Ltd. (RFS) from 50% to 100% and RFS has been fully consolidated since then (it was previously proportionately consolidated). This operation generated goodwill of €32 million.

2006

Renault Pars (Iran) has been consolidated since January 1, 2006. This company is held 51% by Renault and 49% by the Iranian company AID co, an entity set up by IDRO (Industrial Development & Renovation Organization, a state-owned Iranian body in charge of the automotive industry) and Iran's two leading automakers, Iran Khodro and Saipa. Renault Pars holds the Logan license, and is responsible for engineering, purchasing and logistics, coordination of sales policy, marketing and after-sales services. Iran Khodro and Saipa will manufacture and sell the Logan.

At January 1, 2006, 24 dealers in Europe (located in Belgium, the Czech Republic, Luxembourg, Poland, Portugal, and Switzerland) were also consolidated for the first time.

Minority interests in the holding company COFAL were acquired at the end of 2006. The main effect of this operation was to bring Renault's percentage ownership of Renault do Brasil and Renault Argentina to 100%.

07

7.2.6.2 INCOME STATEMENT

4 – REVENUES

A – 2007 Revenues applying 2008 Group structure and methods

(€ million)	AUTOMOBILE	SALES FINANCING	TOTAL
2007 revenues	**38,679**	**2,003**	**40,682**
Changes in scope of consolidation	(71)	9	(62)
2007 revenues applying 2008 Group structure and methods	**38,608**	**2,012**	**40,620**
2008 REVENUES	**35,757**	**2,034**	**37,791**

B – Breakdown of revenues

(€ million)	2008	2007	2006
Sales of goods	33,949	37,104	37,020
Sales of services (1) (2)	2,292	2,086	1,881
Sales of goods and services	**36,241**	**39,190**	**38,901**
Income on customer financing	1,087	1,053	997
Income on leasing and similar operations	463	439	434
Sales financing revenues	**1,550**	**1,492**	**1,431**
REVENUES	**37,791**	**40,682**	**40,332**

(1) *Including €485 million generated by the Sales Financing division in 2008 (€511 million in 2007 and €492 million in 2006).*

(2) *Including €165 million of sales of automobile technologies and marketing rights to AvtoVAZ in 2008 (see note 14-B).*

C – Vehicle rental income

Rental income recorded by the Group in connection with vehicle sales with a repurchase commitment or vehicle rentals totalled €609 million in 2008 (€638 million in 2007 and €612 million in 2006). This income is included in sales of services.

5 – COST OF SALES FINANCING

(€ million)	2008	2007	2006
New impairment	(491)	(291)	(269)
Recovery of impairment	349	240	255
Forgiveness of debt and other net credit losses	(54)	(103)	(127)
Net credit losses	**(196)**	**(154)**	**(141)**
Income on cash investments	261	294	174
Refinancing expenses	(1,357)	(1,261)	(1,018)
Other Sales financing costs	**(1,096)**	**(967)**	**(844)**
COST OF SALES FINANCING	**(1,292)**	**(1,121)**	**(985)**

6 – OPERATING MARGIN: DETAILS OF INCOME AND EXPENSES BY NATURE

A – Cost of goods and services sold

The Group's information systems are designed to present income statements by function, and cannot therefore supply the value of purchases consumed.

B – Personnel expenses

	2008	2007	2006
Personnel expenses *(€ million)*	5,417	5,962	5,948
Workforce at December 31	130,985	133,854	134,236

Personnel expenses include €120 million for pensions and other long-term benefits paid out to employees in 2008 (€113 million in 2007 and €114 million in 2006).

C – Share-based payments

Share-based payments exclusively concern stock options and free shares granted to personnel. Revision of the number of options and free shares attributed under plans containing performance conditions resulted in income of €19 million for 2008. This was booked as a reduction in personnel expenses (compared to share-based payment expenses of €62 million recognized in 2007 and €41 million in 2006).

The plan valuation method is presented in note 19-H.

D – Rental expenses

Rents amounted to approximately €275 million in 2008 (stable compared to 2007 and 2006).

E – Foreign exchange gains/losses

In 2008, the operating margin included a net foreign exchange loss of €68 million (compared to a net foreign exchange loss of €56 million in 2007 and €13 million in 2006).

F – Impairment of assets

In application of the Group's accounting policies (note 2-L), impairment tests on assets led to recognition of a €114 million expense in the 2008 operating margin, via impairment on intangible assets related to two models from the range.

7 – OTHER OPERATING INCOME AND EXPENSES

(€ million)	2008	2007	2006
Restructuring and workforce adjustment costs and provisions	(489)	(143)	(241)
Gains and losses on disposal of businesses or operating entities	8	(63)	(59)
Gains and losses on disposal of property, plant and equipment and intangible assets (except vehicle sales)	150	86	109
Unusual items	2	4	5
TOTAL	**(329)**	**(116)**	**(186)**

A – Restructuring and workforce adjustment costs and provisions

Restructuring costs for 2008 include a €200 million expense in respect of the voluntary termination plan “Projet Renault Volontariat”, introduced in October 2008 for Renault s.a.s. employees in France. This plan applies until April 30, 2009 and primarily covers voluntary retirement measures, grants for personal or professional development plans, and retraining leave. The expense booked in 2008 corresponds to the €361 million cost of these measures less an amount of €161 million reversed from the provision for retirement bonuses (note 20-C6). It was determined on the basis of a forecast 4,000 departures. A decrease of 1,000 in the number of forecast departures would have a positive impact of €50 million on the net expense recorded.

Restructuring costs also include a €150 million expense associated with discontinuation of a project as part of a range reorganization (mainly concerning impairment of intangible assets).

B – Gains and losses on disposal of property, plant and equipment and intangible assets (except vehicle sales)

Most of the gain on disposal of property, plant and equipment and intangible assets results from sales of land (in Spain and France) during the years presented.

8 – FINANCIAL EXPENSE

Other financial income and expenses comprise:

(€ million)	2008	2007	2006
Change in fair value of redeemable shares (note 24-A)	509	53	(31)
Other	148	124	202
TOTAL	**657**	**177**	**171**

Foreign exchange gains and losses included under “Other” represented a net gain of €14 million in 2008 (compared to a net loss of €4 million in 2007 and a gain of €18 million in 2006).

In 2006, “Other” includes a €135 million profit on the sale of Scania shares.

9 – CURRENT AND DEFERRED TAXES

As Renault SA elected to determine French income taxes under the domestic tax consolidation regime when it was formed, this is the regime applicable to the Group in which Renault SA is taxed in France.

The Renault group also applies other optional tax consolidation systems in Germany, Italy, Spain, the UK, the Netherlands and Portugal.

A – Current and deferred tax expense

Breakdown of the tax charge

(€ million)	2008	2007	2006
Current income taxes	(188)	(313)	(341)
Deferred tax credits (charges)	26	58	86
CURRENT AND DEFERRED TAXES	**(162)**	**(255)**	**(255)**

In 2008, €176 million of current income taxes were generated by foreign entities (€323 million in 2007 and €269 million in 2006).

The amount of deferred taxes reported in the income statement includes income of €2 million resulting from tax rate changes during 2008 (tax rate changes generated an expense of €12 million in 2007 and income of €16 million in 2006).

Current taxes paid by the Group during 2008 totalled €350 million (€243 million in 2007 and €309 million in 2006).

B – Tax proof

	2008	2007	2006
Income before taxes and share in net income of associates	**324**	**1,314**	**938**
Income tax rate applicable in France	34.43%	34.43%	34.43%
Theoretical tax income (charge)	**(112)**	**(453)**	**(323)**
Effect of differences between local rate and the French rate	61	76	78
Tax credits	49	87	72
Deferred tax liabilities on net income (distributed or undistributed) of associates	(30)	(25)	(42)
Change in unrecognized deferred tax assets	(93)	(17)	5
Other impacts [(1)]	(37)	77	(45)
Current and deferred tax income (charge)	**(162)**	**(255)**	**(255)**

(1) Other impacts are primarily the following: permanent differences, income subject to reduced tax rates and the cost of tax reassessments.

The effective tax rate for 2008 (excluding the impact of Renault’s share in net income of associates) was 50% (19% in 2007 and 27% in 2006)

In 2008, due to a lack of visibility over short-term and medium-term taxable income, independently of the indefinite validity for utilization of tax losses carried forward, deferred tax assets on the tax loss carryforwards of the French tax group were recognized to the extent of the net balance of deferred tax assets and liabilities on temporary differences (see note 9-C2). This has a negative effect of €96 million on the Group's tax proof, reported as "Change in unrecognized deferred tax assets". Excluding this item, the effective tax rate for 2008 is 20%.

C – Breakdown of net deferred taxes

C1 – Change in deferred tax assets and liabilities

(€ million)	2008	2007
Deferred tax assets	220	313
(Deferred tax liabilities)	(118)	(251)
Net deferred tax assets (liabilities) at January 1	**102**	**62**
Deferred tax income (expense) for the period	26	58
Change in deferred taxes included in equity (1)	(10)	(30)
Translation adjustments	(23)	(5)
Change in scope of consolidation and other	25	17
Net deferred tax assets (liabilities) at December 31	**120**	**102**
Including: deferred tax assets	*252*	*220*
deferred tax liabilities	*(132)*	*(118)*

(1) Mainly related to changes in the financial instrument revaluation reserve, actuarial gains and losses, and the effect of the hedge of the investment in Nissan.

C2 – Breakdown of net deferred tax assets by nature

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Deferred taxes on:			
Investments in associates	(107)	(84)	(83)
Fixed assets	(1,825)	(1,577)	(1,372)
Provisions and other expenses or valuation allowances deductible upon utilization	848	762	808
Loss carryforwards	2,382	1,195	969
Other	40	457	340
Net deferred tax assets (liabilities)	**1,338**	**753**	**662**
Unrecognized deferred tax assets (note 9-C3)	(1,218)	(651)	(600)
NET DEFERRED TAX ASSETS (LIABILITIES) REPORTED	**120**	**102**	**62**

Deferred tax assets amounting to €714 million reported by entities included in the French tax consolidation were not recognized in 2008 due to a lack of visibility over short-term and medium-term taxable income. €618 million of these unrecognized assets arose during the year on items included in equity (chiefly the effects of Nissan hedges), and €96 million on items affecting the income statement.

C3 – Breakdown of unrecognized net deferred tax assets, by expiry

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Net deferred tax assets that can be carried forward indefinitely	1,151	509	492
Other net deferred tax assets expiring in more than 5 years	7	12	5
Other net deferred tax assets expiring between 1 and 5 years	12	54	60
Other net deferred tax assets expiring within 1 year	48	76	43
TOTAL UNRECOGNIZED NET DEFERRED TAX ASSETS (1)	**1,218**	**651**	**600**
Including: deferred taxes on tax loss carryforwards	*1,133*	*547*	*545*
other deferred taxes	*85*	*104*	*55*

(1) Including €714 million in 2008 following non-recognition of deferred tax assets of entities included in the French tax consolidation (note 9-C2).

10 – BASIC AND DILUTED EARNINGS PER SHARE

Renault's basic earnings per share and diluted earnings per share are calculated by dividing Renault's share of net income by the relevant number of shares.

The number of shares used to calculate the basic earnings per share is the weighted average number of ordinary shares in circulation during the period, i.e. after neutralization of treasury shares and Renault shares held by Nissan.

In thousands of shares	2008	2007	2006
Shares in circulation	284,937	284,937	284,937
Treasury shares	(8,852)	(6,897)	(8,500)
Shares held by Nissan x Renault's share in Nissan	(19,533)	(19,419)	(19,443)
Number of shares used to calculate basic earnings per share	**256,552**	**258,621**	**256,994**

The number of shares used to calculate the diluted earnings per share is the weighted average number of ordinary shares potentially in circulation during the period, i.e. the number of shares used to calculate the basic earnings per share plus the number of dilutive stock options and dilutive rights to free share attribution.

In thousands of shares	2008	2007	2006
Number of shares used to calculate basic earnings per share	256,552	258,621	256,994
Number of dilutive stock options and free share attribution rights	261	3,741	3,096
Number of shares used to calculate diluted earnings per share	**256,813**	**262,362**	**260,090**

7.2.6.3 OPERATING ASSETS AND LIABILITIES, SHAREHOLDERS' EQUITY

11 – INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

A – Intangible assets

Intangible assets at December 31

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Capitalized development expenses	6,723	6,301	5,403
Goodwill	274	300	278
Other intangible assets	318	300	280
Intangible assets, gross	**7,315**	**6,901**	**5,961**
Amortization of capitalized development expenses	(2,781)	(2,641)	(2,341)
Amortization of other intangible assets	(221)	(204)	(198)
Amortization and impairment	**(3,002)**	**(2,845)**	**(2,539)**
INTANGIBLE ASSETS, NET	**4,313**	**4,056**	**3,422**

Most goodwill is in Europe.

Changes during the year

(€ million)	GROSS VALUE	AMORTIZATION AND IMPAIRMENT	NET VALUE
Value at December 31, 2006	**5,961**	**(2,539)**	**3,422**
Acquisitions (note 27-C)/(amortization)	1,348	(724)	624
(Disposals)/reversals	(401)	399	(2)
Translation adjustment	(40)	11	(29)
Change in scope of consolidation and other	33	8	41
Value at December 31, 2007	**6,901**	**(2,845)**	**4,056**
Acquisitions (note 27-C)/(amortization)	1,178	(887)	291
(Disposals)/reversals	(693)	689	(4)
Translation adjustment	(91)	36	(55)
Change in scope of consolidation and other	20	5	25
Value at December 31, 2008	**7,315**	**(3,002)**	**4,313**

Acquisitions of intangible assets in 2008 comprise €1,056 million of self-produced assets and €122 million of purchased assets (respectively €1,237 million and €111 million in 2007 and €976 million and €156 million in 2006).

Amortization and impairment in 2008 include impairment totalling €197 million, comprising €83 million for development expenses written off when a project was discontinued as part of a range restructuring (note 7-A), and €114 million in respect of two models in the range following the results of impairment tests (note 6-F).

Research and development expenses included in income

(€ million)	2008	2007	2006
Research and development expenses	(2,235)	(2,462)	(2,400)
Capitalized development expenses	1,125	1,287	1,091
Amortization of capitalized development expenses	(634)	(675)	(654)
Total before impairment	**(1,744)**	**(1,850)**	**(1,963)**
Impairment of capitalized development expenses following impairment tests (note 6-F)	(114)	-	-
TOTAL REPORTED IN INCOME STATEMENT	**(1,858)**	**(1,850)**	**(1,963)**

B – Property, plant and equipment

Property, plant and equipment at December 31

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Land	611	613	645
Buildings	5,562	5,571	5,422
Specific tools	8,363	8,143	7,675
Machinery and other tools	12,169	11,938	11,605
Vehicles leased to customers	2,099	2,246	2,308
Other tangibles	646	718	830
Construction in progress	1,141	1,232	1,718
Property, plant and equipment, gross	**30,591**	**30,461**	**30,203**
Land and buildings	(2,582)	(2,430)	(2,304)
Specific tools	(5,765)	(5,947)	(5,732)
Machinery and other tools	(8,278)	(7,867)	(7,675)
Vehicles leased to customers	(555)	(578)	(632)
Other tangibles	(593)	(584)	(694)
Depreciation	**(17,773)**	**(17,406)**	**(17,037)**
PROPERTY, PLANT AND EQUIPMENT, NET	**12,818**	**13,055**	**13,166**

Changes during the year

Changes during 2008 in property, plant and equipment were as follows:

(€ million)	DECEMBER 31, 2007	ACQUISITIONS/ (DEPRECIATION)	(DISPOSALS)/ REVERSALS	TRANSLATION ADJUSTMENTS	CHANGE IN SCOPE OF CONSOLIDATION AND OTHER	DECEMBER 31, 2008
Land	613	12	(52)	(24)	62	611
Buildings	5,571	214	(74)	(134)	(15)	5,562
Specific tools	8,143	1,073	(624)	(252)	23	8,363
Machinery and other tools	11,938	937	(478)	(256)	28	12,169
Vehicles leased to customers	2,246	876	(856)	(46)	(121)	2,099
Other tangibles	718	78	(63)	(19)	(68)	646
Construction in progress [(1)]	1,232	(40)	(17)	(28)	(6)	1,141
Property, plant and equipment, gross	**30,461**	**3,150**	**(2,164)**	**(759)**	**(97)**	**30,591**
Land	-	-	-	-	-	-
Buildings	(2,430)	(236)	49	37	(2)	(2,582)
Specific tools	(5,947)	(567)	624	124	1	(5,765)
Machinery and other tools	(7,867)	(970)	444	121	(6)	(8,278)
Vehicles leased to customers	(578)	(215)	183	13	42	(555)
Other tangibles	(584)	(81)	57	14	1	(593)
Construction in progress	-	-	-	-	-	-
Depreciation	**(17,406)**	**(2,069)**	**1,357**	**309**	**36**	**(17,773)**
Land	613	12	(52)	(24)	62	611
Buildings	3,141	(22)	(25)	(97)	(17)	2,980
Specific tools	2,196	506	-	(128)	24	2,598
Machinery and other tools	4,071	(33)	(34)	(135)	22	3,891
Vehicles leased to customers	1,668	661	(673)	(33)	(79)	1,544
Other tangibles	134	(3)	(6)	(5)	(67)	53
Construction in progress [(1)]	1,232	(40)	(17)	(28)	(6)	1,141
Property, plant and equipment net	**13,055**	**1,081**	**(807)**	**(450)**	**(61)**	**12,818**

(1) Construction in progress is reported in the "acquisitions/ depreciation" column.

In view of assumptions regarding the decline in residual values of leased vehicles, the amount of impairment on these vehicles was increased to €154 million at December 31, 2008 (€89 million at December 31, 2007). A 1% variation in the catalogue price applied to the residual values would have an impact of approximately €20 million on the amount of this impairment.

Changes during 2007 in property, plant and equipment were as follows:

(€ million)	GROSS VALUE	DEPRECIATION	NET VALUE
Value at December 31, 2006	**30,203**	**(17,037)**	**13,166**
Acquisitions (note 27-C)/(depreciation)	3,278	(2,141)	1,137
(Disposals)/reversals	(2,547)	1,521	(1,026)
Translation adjustment	(221)	79	(142)
Change in scope of consolidation and other	(252)	172	(80)
Value at December 31, 2007	**30,461**	**(17,406)**	**13,055**

12 – IMPAIRMENT TESTS ON FIXED ASSETS (OTHER THAN LEASED VEHICLES)

The Group carried out impairment tests on its fixed assets under the approach described in the accounting policies (note 2-L).

At December 31, 2007, no impairment tests were carried out for the Automobile division as there was no evidence of loss of value. Neverless, tests were carried out on assets specific to certain vehicles in the range, but the results did not indicate that impairment should be recognized. The after-tax discount rate used was 7.3%.

A – Impairment tests on vehicle-specific assets

Following impairment tests of assets dedicated to specific vehicles, impairment of €114 million was booked in respect of two models in the range, allocated in priority to capitalized development expenses.

Valuation of specific assets during impairment tests is sensitive to the assumptions applied concerning changes in volumes and margin levels.

B – Impairment tests on cash-generating units – Automobile division

Three cash-generating units were subjected to impairment tests in 2008: Europe, Brazil and Korea. Europe is considered as a single cash-generating unit since its industrial plant and product range form one coherent unit. This coherence results from the Group's management of its business within this geographical area: high interpenetration in industrial exchanges, optimization of production capacity use, centralized research and development activities, and a large number of sales outlets across several countries for spare parts and vehicles.

The recoverable value used for the purposes of the impairment tests for each cash-generating unit was the value in use, determined under the discounted future cashflow method on the basis of the following assumptions in 2008:

	EUROPE	BRAZIL	KOREA
Business plan duration	5 years	5 years	5 years
Growth rate to infinity	1.5%	2.8%	2.0%
After-tax discount rate	8.2%	9.3%	12.3%

In 2008, no impairment was recognized on assets included in the cash-generating units as a result of the impairment tests.

An impairment test was also carried out on the Automobile division as a cash-generating unit, following the same procedure as for tests of other cash-generating units.

The assumptions used for the Automobile division in 2008 were as follows:

Forecast sales volumes for 2013 (units)	2,700,000
Growth rate to infinity	1.5%
After-tax discount rate	8.2%

In 2008, no impairment was recognized on assets included in the Automobile division as a result of the impairment tests.

Changes in the assumptions underlying the calculations show that to cover the assets, for each factor considered individually:

- the volume reduction by 2013 must not exceed 125,000 units;
- the growth rate to infinity must be close to zero;
- the after-tax discount rate must not exceed 9.5%.

13 – INVESTMENT IN NISSAN

A – Nissan consolidation method

Renault holds 44.3% ownership in Nissan. Renault and Nissan have chosen to develop a unique type of alliance between two distinct companies with common interests, uniting forces to achieve optimum performance. The Alliance is organized so as to preserve individual brand identities and respect each company's corporate culture.

Consequently:

- Renault does not hold the majority of Nissan voting rights;
- the terms of the Renault-Nissan agreements do not entitle Renault to appoint the majority of Nissan directors, nor to hold the majority of voting rights at meetings of Nissan's Board of Directors; at December 31, 2008 as in 2007 and 2006, Renault supplied 4 of the total 9 members of Nissan's Board of Directors;
- Renault Nissan BV, owned 50% by Renault and 50% by Nissan, is the Alliance's joint decision-making body for strategic issues concerning either group individually. Its decisions are applicable to both Renault and Nissan. This entity does not enable Renault to direct Nissan's financial and operating strategies, and cannot therefore be considered to represent contractual control by Renault over Nissan. The matters examined by Renault Nissan BV since it was formed have remained strictly within this contractual framework, and are not an indication that Renault exercises control over Nissan;
- Renault can neither use nor influence the use of Nissan's assets in the same way as its own assets;
- Renault provides no guarantees in respect of Nissan's debt.

In view of this situation, Renault is considered to exercise significant influence in Nissan, and therefore uses the equity method to include its investment in Nissan in the consolidation.

B – Nissan consolidated financial statements included under the equity method in the Renault consolidation

The Nissan accounts included under the equity method in Renault's financial statements are Nissan's consolidated accounts published in compliance with Japanese accounting standards (as Nissan is listed on the Tokyo Stock exchange), after adjustments for the requirements of the Renault consolidation.

Nissan publishes consolidated financial statements quarterly, and annually at March 31. For the purposes of the Renault consolidation, Nissan results are included in line with the Renault calendar (the results for the period from January to December are consolidated in Renault's annual financial statements). The 3-month difference in Nissan's consolidation of certain entities in its group (mainly in Europe and Mexico) has been absorbed over 2007.

Following Nissan's equity transactions, Nissan held 3.0% of its own shares at December 31, 2008, compared to 2.7% at December 31, 2007 and 2.1% at December 31, 2006. Consequently, Renault's percentage interest in Nissan was 45.7% at December 31, 2008, compared to 45.6% at December 31, 2007 and 45.3% at December 31, 2006.

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C – Changes in the investment in Nissan

(€ million)	SHARE IN NET ASSETS			NET GOODWILL	TOTAL
	BEFORE NEUTRALIZATION	NEUTRALIZATION OF 44.3% OF NISSAN'S INVESTMENT IN RENAULT (1)	NET		
At December 31, 2006	**11,098**	**(962)**	**10,136**	**641**	**10,777**
2007 net income	1,288	-	1,288	-	1,288
Dividend distributed	(456)	-	(456)	-	(456)
Translation adjustment	(587)	-	(587)	(31)	(618)
Other changes (2)	(6)	-	(6)	(19)	(25)
At December 31, 2007	**11,337**	**(962)**	**10,375**	**591**	**10,966**
2008 net income	345	-	345	-	345
Dividend distributed	(418)	-	(418)	-	(418)
Translation adjustment	876	-	876	181	1,057
Other changes (2)	(394)	-	(394)	(3)	(397)
At December 31, 2008	**11,746**	**(962)**	**10,784**	**769**	**11,553**

(1) At December 31, 2008 and 2007, Nissan held 15% of Renault.

(2) Other changes include Renault dividends received by Nissan, the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve and changes in Nissan treasury shares.

D – Changes in Nissan equity restated for the purposes of the Renault consolidation

(in billions of yen)	DECEMBER 31, 2007	2008 NET INCOME	DIVIDENDS	TRANSLATION ADJUSTMENT	OTHER CHANGES (1)	DECEMBER 31, 2008
Shareholders' equity – Nissan share under Japanese GAAP	**3,713**	**181**	**(126)**	**(793)**	**(64)**	**2,911**
Restatements for Renault group requirements:						
Restatement of fixed assets	415	(52)		1		364
Provision for pension and other long-term employee benefit obligations (2)	(142)	19		7	(190)	(306)
Capitalization of development expenses	548	38		(1)		585
Deferred taxes and other restatements	(430)	(39)	(10)	33	133	(313)
Net assets restated for Renault group requirements	**4,104**	**147**	**(136)**	**(753)**	**(121)**	**3,241**
(€ million)						
Net assets restated for Renault group requirements	**24,883**	**755**	**(917)**	**1,915**	**(945)**	**25,691**
Renault's share	45.6%					45.7%
(before neutralization described below)	11,337	345	(418)	876	(394)	11,746
Neutralization of 44.3% of Nissan's investment in Renault (3)	(962)	-	-	-	-	(962)
Renault's share in the net assets of Nissan	**10,375**	**345**	**(418)**	**876**	**(394)**	**10,784**

(1) "Other changes" include Renault dividends received by Nissan, the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve and changes in Nissan treasury shares.

(2) Including actuarial gains and losses recognized in equity.

(3) At December 31, 2008, Nissan held 15% of Renault.

E – Nissan net income under Japanese GAAP

Since Nissan's financial year ends at March 31, the Nissan net income included in the 2008 Renault consolidation is the sum of Nissan's net income for the final quarter of its 2007 financial year and the first three quarters of its 2008 financial year.

	JANUARY TO MARCH 2008		APRIL TO SEPTEMBER 2008		OCTOBER TO DECEMBER 2008		JANUARY TO DECEMBER 2008	
	FINAL QUARTER OF NISSAN'S 2007 FINANCIAL YEAR IN JAPAN		FIRST HALF OF NISSAN'S 2008 FINANCIAL YEAR IN JAPAN		THIRD QUARTER OF NISSAN'S 2008 FINANCIAL YEAR IN JAPAN		REFERENCE PERIOD FOR RENAULT'S 2008 CONSOLIDATED FINANCIAL STATEMENTS	
	(in billions of yen)	*(€ million) (1)*	*(in billions of yen)*	*(€ million) (1)*	*(in billions of yen)*	*(€ million) (1)*	*(in billions of yen)*	*(€ million) (1)*
Net income – Nissan share	137.6	872	126.3	777	(83.2)	(658)	180.7	991

(1) Converted at the average 2008 exchange rate for each quarter.

F – Nissan financial information under IFRS

The table below presents Nissan financial information, restated for the purposes of the Renault consolidation, for the period January 1 – December 31, 2008. The restatements include adjustments for harmonization of accounting standards and the adjustments to fair value of assets and liabilities applied by Renault at the time of acquisitions in 1999 and 2002.

	(in billions of yen)	*(€ million)* [1]
2008 revenues	9,474	62,191
2008 net income [2]	152	999
Shareholders' equity at December 31, 2008	3,646	28,901
BALANCE SHEET TOTAL AT DECEMBER 31, 2008	**11,577**	**91,782**

(1) Converted at the average exchange rate for 2008 i.e. 152 yen = 1 euro for income statement items, and at the December 31, 2008 rate i.e. 126 yen = 1 euro for balance sheet items.
(2) The net income reported does not include Renault's contribution to Nissan net income.

G – Hedging of the investment in Nissan

The investment in Nissan is hedged by operations with a total value at December 31, 2008 of ¥503 billion (€3,990 million), comprising ¥182 billion (€1,444 million) of private placements on the EMTN market and bonds issued directly in yen, and ¥321 billion (€2,546 million) of currency swaps. During 2008, these operations generated foreign exchange differences totalling €1,613 million net of tax, which were included in the Group's consolidated reserves (note 19-E).

Hedging transactions were reduced by ¥321 billion in 2008.

H – Valuation of Renault's investment in Nissan at stock market prices

Based on the quoted price at December 31, 2008 of 320 yen per share, Renault's investment in Nissan is valued at €5,084 million (€14,945 million at December 31, 2007 based on the price of 1,230 yen per share, €18,299 million at December 31, 2006 based on the price of 1 433 yen per share).

I – Impairment test of the investment in Nissan

At December 31, 2008, the stock market value of the investment in Nissan was 56% below its value in the Renault financial statements. In view of this situation, an impairment test was carried out under the approach described in the accounting policies (note 2-L).

As this investment is a stategic investment, in compliance with IAS 36, the recoverable value was determined as the higher of the stock market price, representing the "fair value", and the value in use, determined by discounting future cashflows deriving from the business plan drawn up by the Management of Nissan. A discount rate of 5.1% and a growth rate to infinity of 2% were applied to calculate value in use. The terminal value was calculated assuming profitability in line with historical data for Nissan, and a return to normal market conditions in the medium term.

In 2008, no impairment was recorded in respect of the investment in Nissan as a result of the tests.

A 1% increase in the discount rate together with a 1% decrease in the growth rate to infinity would have no impact on the book value of the investment in Nissan.

J – Renault - Nissan cooperation

Renault and Nissan follow joint strategies for vehicle and part development, purchasing, and production and distribution resources.

The cooperation between the two groups in 2008 principally takes the following forms:

Joint investments

Renault and Nissan share development costs and investments for gearbox and engine production for medium range vehicles. The pace of cooperation was stepped up in 2008 with the decision to jointly develop three common powertrain components.

In March 2007, the common V6 diesel engine was put into production at the Cléon plant.

In 2008 production began in Korea for the first SUV-type vehicle based on a Nissan vehicle.

Since 2007, the two Groups have invested jointly in manufacturing the Logan in Brazil. This type of cooperation has been extended to South Africa, where the Nissan group began manufacturing vehicles from the Logan range in January 2009.

Vehicle manufacturing

In Mexico, Nissan supplies Renault with assembly services for the Clio, and also assembles the Platina model (Nissan-badged Clio sedans). Production totalled 12,000 units in 2008.

In Brazil, Renault launched production of Nissan-badged Logans at the Curitibia plant in 2008, for sale on the Mexican market. The total output for the year was 2,000 units. Renault also supplies Nissan with assembly services for its Frontier pickup and X-Terra models (6,000 vehicles in 2008). Since January 2009, the Renault do Brasil plant has been involved in production of the new Nissan Livina.

Renault Samsung Motors produced 46,000 Nissan-badged SM3 vehicles in 2008, purchased by Nissan for sale through its own network (mainly in Russia and the Middle East).

Concerning light commercial vehicles, Nissan produced 69,000 Trafic vans at its Barcelona plant over the year. 15% of these are sold through the Nissan network. Renault, meanwhile, produced 9,000 Nissan-badged Masters and Kangoos, purchased by Nissan for sale through its own network.

Part sales

In Europe, 2007 saw the Renault Group begin production of engines common to the Alliance at its Cléon plant, for use by Nissan's Japanese and UK plants in the Nissan Qashqai and XTrail vehicles. Renault continues to supply Nissan's Sunderland plant in the UK and Barcelona plant in Spain with gearboxes and engines produced at the plants in Cacia in Portugal, Valladolid in Spain and Cléon in France and Pitesti in Romania since September 2008. These parts are used in Nissan's Micra, Almera and Primera. Renault also supplies gearboxes to Nissan for use in production at its plants in Japan, China, South Africa, Indonesia and Thailand.

In Mexico, Renault supplies engines and gearboxes to Nissan's Aguascalientes plant for the Clio and Platina.

In total Renault supplied 580,000 gearboxes and 230,000 engines during 2008.

In South Korea, Nissan supplies Renault Samsung Motors with parts and engines used in the SM3, SM5, SM7 and the new QM5/Koleos.

Renault uses Nissan's V6 3.5 litre petrol engine for the Vel Satis and the Espace and Nissan pinions for the Megane. Renault also uses a Nissan 2.0 litre engine for the new Laguna and Clio.

Sales

Group Offices, run by Renault, have been set up at European level to facilitate exchanges of best practices for after-sales documentation and marketing studies.

At local level, local joint Group Offices, held and run by Renault, have been set up in four European countries: France, the UK, Spain and Italy. Front office operations remain separate for the two groups.

Renault markets Nissan vehicles in Europe (essentially in Croatia and Serbia) and South America (Brazil).

Similarly, Nissan markets Renault vehicles in Australia and the Gulf countries.

Finance

From trading rooms in Lausanne and Singapore, Renault Finance acts as Nissan group's counterparty in financial instruments trading to hedge foreign exchange, interest rate and commodity risks, in addition to its business for Renault. On the foreign exchange markets during 2008, Renault Finance undertook foreign exchange transactions totalling approximately €19 billion on behalf of Nissan. Foreign exchange, interest rate and commodity derivative transactions undertaken for Nissan are recorded at market price and included in the positions managed by Renault Finance.

Relations with the Sales Financing division

The Sales financing division helps to attract customers and build loyalty to the Nissan brands through a range of financing products and services incorporated into its sales policy, principally in Europe.

Total figures for 2008

Total sales by Renault to Nissan and purchases by Renault from Nissan during 2008 amounted to an estimated €1,600 million and €1,400 million respectively.

The joint policies for purchasing and other administrative functions such as information systems departments are reflected directly in the Renault and Nissan financial statements, and therefore generate no financial exchanges between the two Groups.

14 – INVESTMENTS IN OTHER ASSOCIATES

Details of other investments in other associates are as follows:

- balance sheet value: €2,215 million at December 31, 2008 (€2,011 million at December 31, 2007 and €2,181 million at December 31, 2006);
- Renault's share in the net income of other associates: €92 million for 2008 (€387 million for 2007 and €389 million for 2006).

Most of these amounts relate to the investments in AB Volvo and in AvtoVAZ, accounted for under the equity method.

A – AB Volvo

Changes in the value of Renault's investment in AB Volvo

(€ million)	SHARE IN NET ASSETS	NET GOODWILL	TOTAL
At December 31, 2006	**1,998**	**42**	**2,040**
2007 net income	352	-	352
Dividend distributed	(477)	-	(477)
Repurchase of AB Volvo own shares	(1)	-	(1)
Translation adjustment, actuarial gains and losses and revaluation of financial instruments	(78)	(1)	(79)
At December 31, 2007	**1,794**	**41**	**1,835**
2008 net income	226	-	226
Dividend distributed	(259)	-	(259)
Repurchase of AB Volvo own shares	-	-	-
Translation adjustment, actuarial gains and losses and revaluation of financial instruments	(245)	(6)	(251)
At December 31, 2008	**1,516**	**35**	**1,551**

AB Volvo owned 4.8% of its own shares at December 31, 2008 (4.8% at December 31, 2007 and 4.9% at December 31, 2006). Renault's investment in AB Volvo thus stood at 21.8% at December 31, 2008, unchanged from December 31, 2007 and from December 31, 2006.

Based on AB Volvo's stock market share price of SEK43.7 per A share and SEK42.9 per B share at December 31, 2008, Renault's investment in AB Volvo is valued at €1,753 million (€5,067 million at December 31, 2007 based on the prices of SEK108.0 per A share and SEK108.5 per B share).

Changes in AB Volvo equity restated for the purposes of the Renault consolidation

(€ million)	DECEMBER 31, 2007	NET INCOME 2008	DIVIDENDS	OTHER CHANGES	DECEMBER 31, 2008
Shareholders' equity – AB Volvo share	8,706	1,033	(1,188)	(823)	7,728
Restatements for Renault group requirements	(475)	4	-	(301)	(772)
Net assets restated for Renault group requirements	8,231	1,037	(1,188)	(1,124)	6,956
Renault's share in the net assets of AB Volvo	**1,794**	**226**	**(259)**	**(245)**	**1,516**

The restatements applied for Renault group requirements mainly concern cancellation of goodwill booked in AB Volvo's accounts when AB Volvo was acquired by Renault and recognition of actuarial gains and losses in equity.

AB Volvo financial information under IFRS

AB Volvo financial information for 2008 established under IFRS, as published by AB Volvo, is summarized as follows:

	(in millions of SEK)	*(€ million)* [(1)]
2008 revenues	303,667	31,566
2008 net income	10,016	1,041
Shareholders' equity at December 31, 2008	84,640	7,787
BALANCE SHEET TOTAL AT DECEMBER 31, 2008	**372,419**	**34,261**

(1) Converted at the average exchange rate for 2008 i.e. SEK9.62 = 1 euro for income statement items, and at the December 31, 2008 rate i.e. SEK10.87 = 1 euro for balance sheet items.

B – AvtoVAZ

Renault and AvtoVAZ confirmed their strategic partnership with the signature of agreements on February 29, 2008. After restructuring of the capital of AvtoVAZ, the Renault Group and Russian Technologies each own 25% + 1 share in AvtoVAZ and the rest of the company's shares are listed on the Moscow Stock exchange. To optimize integration and boost AvtoVAZ's transformation into a world player in the automobile industry, five executive managers nominated by Renault have joined the AvtoVAZ Executive Committee. Renault representatives also occupy 3 of the 12 seats on the company's Board of Directors.

Renault therefore exercises significant influence over AvtoVAZ, and accordingly its investment is accounted for by the equity method from March 1, 2008. AvtoVAZ's financial year-end is December 31, and its financial statements comply with IFRS.

For the purposes of the Renault consolidation, given the existing time constraints for production of financial information, the accounts of AvtoVAZ are consolidated with a 3-month time-lag.

Changes in the value of Renault's investment in AvtoVAZ

(€ million)	SHARE IN NET ASSETS	NET GOODWILL	TOTAL
At March 1, 2008	**578**	**84**	**662**
Net income for the period March 1 – September 30, 2008	(33)	(84)	(117)
Dividend distributed	-		-
Repurchase of AvtoVAZ treasury shares	3		3
Translation adjustment, actuarial gains and losses and revaluation of financial instruments	2		2
At September 30, 2008	**550**	**-**	**550**

Valuation of Renault's investment in AvtoVAZ based on stock market prices

Based on AvtoVAZ stock market share price of RUB11.7 per ordinary share and RUB5.4 per preferred share at September 30, 2008, Renault's investment in AvtoVAZ is valued at €129 million.

Value of the investment in AvtoVAZ

At December 31, 2008, the stock market valuation is 80% lower than the value of AvtoVAZ in Renault's financial statements. In view of this situation, an impairment test was carried out under the approach described in the accounting policies (note 2-L).

Renault acquired its investment in AvtoVAZ during 2008. While continuing to consider this investment as strategic, in view of the market decline and monetary fluctuations at the end of the year, the Group has recorded impairment against the initially recognized goodwill. This has a negative impact of €84 million on the share in net income of associates.

Changes in AvtoVAZ equity restated for the purposes of the Renault consolidation

(€ million)	MARCH 1, 2008	NET INCOME 2008	DIVIDENDS	OTHER CHANGES	SEPTEMBER 30, 2008
Shareholders' equity – AvtoVAZ share	2,296	(138)	-	24	2,182
Restatements for Renault group requirements	13	5	-	-	18
Net assets restated for Renault group requirements	2,309	(133)	-	24	2,200
Renault's share in the net assets of AvtoVAZ	**578**	**(33)**	**-**	**5**	**550**

Following completion of analyses for allocation of the purchase price, restatements for Renault group requirements mainly concern valuation of intangibles (the Lada brand) and fair value measurement of financial liabilities.

AvtoVAZ financial information under IFRS

For information, AvtoVAZ's published financial information under IFRS for 2007 (year ended December 31) is summarized below:

	(millions of roubles)	*(€ million)* [(1)]
2007 Sales	187,545	5,355
2007 Net income	3,669	105
Shareholders' equity at December 31, 2007	86,577	2,406
BALANCE SHEET TOTAL AT DECEMBER 31, 2007	**182,523**	**5,072**

(1) *Converted at the average exchange rate for 2007 (35,0 roubles/1 euro) for income statement items and the exchange rate at December 31, 2007 (36,0 roubles/1 euro) for balance sheet items.*

Transactions between the Renault group and the AvtoVAZ group

The strategic partnership between Renault and AvtoVAZ is primarily intended as a framework for the two Groups to exchange technological expertise and share know-how. Renault has granted AvtoVAZ an unlimited-term manufacturing and sales licence for one vehicle model and certain components, for a total sum of €220 million invoiced during the second half of 2008. After elimination of internal margins, this transaction generated a profit of €165 million included in the Group's operating margin.

15 – INVENTORIES

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Raw materials and supplies	1,091	1,185	1,052
Work-in-progress	301	340	370
Finished products	3,874	4,407	3,887
INVENTORIES, NET	**5,266**	**5,932**	**5,309**
Inventories, gross [(1)]	*5,945*	*6,428*	*5,785*
Impairment	*(679)*	*(496)*	*(476)*

(1) *Including €1,549 million at December 31, 2008 for used vehicles (€1,239 million at December 31, 2007).*

In view of assumptions regarding the decline in residual values of used vehicles (particularly vehicles covered by a buy-back commitment), the amount of impairment on these vehicles was increased to €281 million at December 31, 2008 (€77 million at December 31, 2007).

A 1% variation in the catalogue price applied to the residual values would have an impact of approximately €20 million on the amount of this impairment.

16 – SALES FINANCING RECEIVABLES

A – Sales financing receivables by nature

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Dealership receivables	4,133	4,678	4,503
Financing for end-users	10,909	12,184	12,222
Leasing and similar operations	4,166	4,315	4,347
Gross value	**19,208**	**21,177**	**21,072**
Impairment	(890)	(747)	(712)
NET VALUE	**18,318**	**20,430**	**20,360**

The Sales financing division undertook several securitization operations through special purpose vehicles (in France, Italy and Germany) involving receivables on the dealership network or loans to final customers. This did not lead to derecognition of the receivables assigned, as all risks were retained by the Group. Sales financing receivables in the balance sheet thus amounted to €7,026 million at December 31, 2008 (€6,776 million at December 31, 2007 and €5,727 million at December 31, 2006). A liability of €3,493 million was recognized at December 31, 2008 (€3,533 million at December 31, 2007 and €3,108 million at December 31, 2006) in other debts represented by a certificate, corresponding to issues resulting from the securitization operations. The difference between the receivables assigned and the amount of the liability corresponds to the higher credit necessary for these operations, and the share of securities retained by RCI Banque to form a liquidity reserve. The increase in credit concerns securities subscribed by subsidiaries which assign receivables in order to optimize the credit rating of the securities issued. Some securities subscribed by RCI Banque can be redeemed at the Banque de France and therefore form a liquidity reserve. At December 31, 2008, RCI Banque had provided guarantees of €2,662 million to the Banque de France: €2,418 million in the form of shares in securitization vehicles and €244 million in Sales financing receivables. RCI Banque has used €1,150 million of this liquidity reserve at December 31, 2008 (classified as borrowings from credit institutions in Sales financing receivables - note 24).

RCI Banque also provided guarantees to the Société de Financement de l'Economie Française (SFEF) in the form of receivables with book value of €492 million, in return for financing of €282 million (classified as borrowings from credit institutions in Sales financing receivables - note 24).

B – Sales financing receivables by maturity

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
-1 year	10,030	11,064	10,929
1 to 5 years	8,192	9,272	9,341
+5 years	96	94	90
TOTAL SALES FINANCING RECEIVABLES, NET	**18,318**	**20,430**	**20,360**

C – Breakdown of overdue Sales financing receivables (gross values)

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007
Receivables for which impairment has been recognized [(1)]: overdue by	**679**	**526**
0 to 30 days	49	24
30 to 90 days	57	56
90 to 180 days	97	110
More than 180 days	476	336
Receivables for which no impairment has been recognized: overdue by	**85**	**117**
0 to 30 days	3	28
30 to 90 days	63	40
90 to 180 days	15	49
More than 180 days	4	-

(1) This only includes Sales financing receivables partly or totally written off through impairment on an individual basis.

The maximum exposure to credit risk for the Sales financing activity is represented by the net book value of Sales financing receivables plus the amount of confirmed credit to customers reported under off-balance sheet commitments given (note 29-A).

This risk is reduced by guarantees provided by customers, as reported in off-balance sheet commitments received (note 29-B). Guarantees held in connection with overdue or impaired Sales financing receivables amounted to €715 million at December 31, 2008 (€409 million at December 31, 2007).

There is no indication at the year-end that the quality of Sales financing receivables not yet due or unimpaired has been adversely affected, nor is there any significant concentration of risks within the Sales financing customer base.

D – Changes in impairment of Sales financing receivables

(€ million)	
Impairment at December 31, 2006	**(712)**
Impairment recorded during the year	(309)
Reversals for application	128
Reversals of unused residual amounts	127
Translation adjustment and other	19
Impairment at December 31, 2007	**(747)**
Impairment recorded during the year	(516)
Reversals for application	220
Reversals of unused residual amounts	141
Translation adjustment and other	12
Impairment at December 31, 2008	**(890)**

17 – AUTOMOBILE RECEIVABLES

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Gross value	1,867	2,180	2,221
Impairment	(115)	(97)	(119)
Automobile receivables, net	**1,752**	**2,083**	**2,102**

These receivables do not include accounts receivable from dealers, in France and certain other European countries, when they are assigned to the Group's Sales financing companies together with the risk of non-recovery. Receivables transferred in this way are included in Sales financing receivables. If the risk is not transferred, although the receivables have been assigned from a legal point of view, these items remain in Automobile receivables and a corresponding financial liability is recorded (in other interest-bearing borrowings). This rule also applies to receivables assigned outside the Group, for example through discounting or factoring. The amount of assigned Automobile receivables reported in the balance sheet is not significant for the periods presented.

There is no significant concentration of risks within the Automobile customer base.

18 – OTHER CURRENT ASSETS

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Prepaid expenses	184	259	148
Tax receivables	1,090	900	910
Other receivables	1,005	892	717
Derivatives on operating transactions (1) (note 26-A)	569	324	268
OTHER CURRENT ASSETS	**2,848**	**2,375**	**2,043**
Gross value	*2,879*	*2,409*	*2,062*
Impairment	*(31)*	*(34)*	*(19)*

(1) Including €498 million for derivatives on financing operations of the Sales financing division in 2008 (€176 million in 2007 and €186 million in 2006).

19 – SHAREHOLDERS' EQUITY

A – Share capital

The total number of ordinary shares issued and fully paid-up at December 31, 2008 was 284,937 thousand, with par value of €3.81 per share (the total number and par value are unchanged from December 31, 2007 and from December 31, 2006).

Treasury shares do not bear dividends. They accounted for 3.08% of Renault's share capital at December 31, 2008 (2.65% at December 31, 2007 and 2.70% at December 31, 2006).

The Nissan group holds 15% of Renault through its wholly-owned subsidiary Nissan Finance Co., Ltd (the voting rights attached to these shares cannot be exercised).

B – Capital management

In managing its capital, the Group's objective is to guarantee continuity of business in order to provide returns for shareholders and benefits for other stakeholders, and to maintain optimum capital structure in order to optimize its cost.

The Group actively manages its capital structure, making adjustments in view of developments in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, redeem some of the capital or issue new shares. The management objectives, policies and procedures are unchanged from 2007.

The Group's objectives are monitored in different ways in the different divisions.

The Group manages the Automobile division's capital with reference to a ratio equal to the division's net indebtedness divided by the sum of shareholders' equity (net indebtedness includes all non-operating interest-bearing financial liabilities and commitments less cash and cash equivalents and other non-operating financial assets such as marketable securities or the division's loans; shareholders' equity is as reported in the Group's balance sheet). This ratio stood at 40.9% at December 31, 2008 (9.5% at December 31, 2007 and 11.5% at December 31, 2006).

The Sales financing division must comply with regulatory ratios specific to banking operations. The minimum solvency ratio (shareholders' equity including subordinated loans to total risk-weighted assets) is 8%.

Finally, since 1999 the Group has partially hedged the yen/euro exchange risk associated with its investment in Nissan. These hedging operations are described in note 13-G, and have impacts on Group equity, generating exchange differences which are included in the Group's translation adjustment reserves (note 19-E). These amounts partly offset the exchange differences arising on the share of Nissan's equity stated in yen.

C – Renault treasury shares

In accordance with decisions approved at General Shareholders' Meetings, the Board of Directors decided to allocate all Renault treasury shares to current stock option plans awarded to Group managers and executives.

	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Total value of treasury shares (€ million)	612	499	373
Total number of treasury shares	8,773,698	7, 555,139	7, 681,580

D – Distributions

At the General and Extraordinary Shareholders' Meeting of April 29, 2008, it was decided to distribute €3.80 per share or 1,049 million in dividends (compared to €3.10 per share or €863 million in 2007).

After elimination of dividends received by Nissan in proportion to Renault's interest in Nissan, the dividend distribution recorded in shareholders' equity amounted to €975 million in 2008 (€803 million in 2007 and €617 million in 2006).

It is decided to recommend to the General and Extraordinary Shareholders' Meeting of May 6, 2009 that dividends not be paid on 2008 earnings.

E – Translation adjustment

The change in translation adjustment over the year is as follows:

(€ million)	2008	2007	2006
Change in translation adjustment on the value of the investment in Nissan (note 13-C)	1,057	(618)	(1,185)
Impact, net of tax, of partial hedging of the investment in Nissan (note 13-G)	(1,613)	153	351
Total change in translation adjustment related to Nissan	**(556)**	**(465)**	**(834)**
Other changes in translation adjustment	(703)	(248)	17
TOTAL CHANGE IN TRANSLATION ADJUSTMENT	**(1,259)**	**(713)**	**(817)**

The impact of the translation of Nissan's financial statements, after adjustment for the partial hedging operations concerning the portion of Nissan's shareholders' equity expressed in yen, mainly relates to translation by Renault of Nissan's North American and Mexican subsidiaries' shareholders' equity.

Other changes in the translation adjustment are particularly significant in 2008, reflecting the fall of the Swedish krona and the Korean won against the Euro.

F – Financial instrument revaluation reserve

F1 – Change in the financial instrument revaluation reserve

The figures below are reported net of tax effects.

(€ million)	CASHFLOW HEDGES	AVAILABLE-FOR-SALE FINANCIAL ASSETS	TOTAL
At December 31, 2006 (1)	**84**	**21**	**105**
Changes in fair value recorded in shareholders' equity	24	2	26
Transfer from shareholders' equity to the income statement (2)	(62)	(1)	(63)
At December 31, 2007 (1)	**46**	**22**	**68**
Changes in fair value recorded in shareholders' equity	(155)	(24)	(179)
Transfer from shareholders' equity to the income statement (2)	(121)	9	(112)
At December 31, 2008 (1)	**(230)**	**7**	**(223)**

(1) For the schedule of transfers of amounts related to cashflow hedges transferred to shareholders' equity, see note F-3 below.

(2) For a breakdown of the amounts related to cashflow hedges transferred to shareholders' equity, see note F-2 below.

F2 – Breakdown of the amounts related to cashflow hedges transferred from the financial instrument revaluation reserve to the income statement

(€ million)	2008	2007	2006
Operating margin	(76)	(81)	(1)
Other operating income and expenses	-	-	-
Net financial income (expense)	(2)	(7)	-
Share in net income of associates	(43)	(4)	27
Current and deferred taxes	-	30	-
TOTAL TRANSFERRED TO THE INCOME STATEMENT FOR CASHFLOW HEDGES	**(121)**	**(62)**	**26**

F3 – Schedule of amounts related to cashflow hedges transferred from the financial instruments revaluation reserve to the income statement

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Within one year	(82)	44	52
After one year	(65)	9	20
Revaluation reserve for cashflow hedges excluding associates	**(147)**	**53**	**72**
Revaluation reserve for cashflow hedges - associates	(83)	(7)	12
TOTAL REVALUATION RESERVE FOR CASHFLOW HEDGES	**(230)**	**46**	**84**

This schedule is based on contractual maturities of hedged cashflows.

G – Stock option and free share attribution plans

Since October 1996, the Board of Directors has periodically granted stock options to Group executives and managers, with prices and exercise periods specific to each plan.

No new stock option or free share plans were introduced in 2008. All plans introduced since 2006 include performance conditions which determine the number of options or shares awarded to beneficiaries.

Changes in the number of stock options held by personnel

	2008			2007		
	QUANTITY	WEIGHTED AVERAGE EXERCISE PRICE (€)	WEIGHTED AVERAGE SHARE PRICE AT GRANT AND EXERCISE DATES (€)	QUANTITY	WEIGHTED AVERAGE EXERCISE PRICE (€)	WEIGHTED AVERAGE SHARE PRICE AT GRANT AND EXERCISE DATES (€)
Outstanding at January 1	**16, 222,932**	**72**		**16, 539,634**	**66**	
Granted	2,022,787	97	77	2, 018,300	95	96
Exercised	(395,441)	43	63	(2, 268,502)	47	99
Expired	(6,146,663)	91	N/A	(66,500)	67	N/A
Outstanding at December 31	**11,703,615**	**67**		**16, 222,932**	**72**	

Options attributed in 2008 relate to plans introduced in 2007. Beneficiaries were informed of the decision and granting conditions at the beginning of 2008.

Based on the estimated achievement of performance conditions in 2008, it was considered that a large number of free shares have been forfeited over the year (particularly under plans related to the Renault Commitment 2009 plan and the year 2008).

Options and free share attribution rights yet to be exercised at December 31, 2008

PLAN N°	TYPE OF PLAN	GRANT DATE	EXERCISE PRICE (€)	OUTSTANDING	EXERCISE PERIOD
Plan 3	Stock purchase options	October 27, 1998	32.13	-	October 28, 2003 - October 26, 2008
Plan 4	Stock purchase options	March 16, 1999	40.82	-	March 17, 2004 - March 15, 2009
Plan 5	Stock purchase options	October 19, 1999	50.94	341,562	October 20, 2004 - October 18, 2009
Plan 6	Stock purchase options	September 7 and October 24, 2000	49.27 49.57	468,537	September 6, 2005 – September 6, 2010 October 25, 2005 - October 23, 2010
Plan 7	Stock purchase options	December 18, 2001	48.97	938,196	December 19, 2006 - December 17, 2011
Plan 8	Stock purchase options	September 5, 2002	49.21	1,532,213	September 6, 2007 - September 4, 2012
Plan 9	Stock purchase options	September 8, 2003	53.36	1,621,047	September 9, 2007 - September 7, 2011
Plan 10	Stock subscription options	September 14, 2004	66.03	2,113,150	September 15, 2008 - September 13, 2012
Plan 11	Stock subscription options	September 13, 2005	72.98	1,610,393	September 14, 2009 - September 12, 2013
Plan 12	Stock subscription options	May 4, 2006 and May 12, 2006 and June 30, 2006	87.98	1,440,652	May 5, 2010 – May 5, 2014
Plan 13	Stock subscription options	May 4, 2006 and May 12, 2006 and July 17, 2006	87.98	-	May 5, 2010 – May 5, 2014
Plan 13 bis	Attribution of free shares	May 12, 2006 and July 17, 2006	-	-	May 5, 2012
Plan 14	Stock subscription options	December 5, 2006 and February 19, 2007	93.86	1,637,865	December 6, 2010 – December 4, 2014
Plan 15	Stock subscription options	December 5, 2007 and January 25, 2008	96.54	-	December 6, 2011 – December 5, 2015
Plan 16	Stock subscription options	December 5, 2007 and January 25, 2008	96.54	-	December 6, 2011 – December 5, 2015
Plan 16 bis	Attribution of free shares	December 5, 2007 and January 25, 2008	-	-	December 6, 2013

The grant date is the date at which beneficiaries are informed of the decision to grant these options or shares, and the terms of the relevant plans.

H – Share-based payments

Share-based payments exclusively concern stock options and free shares awarded to personnel.

Plan values

The options awarded under these plans only become vested after a period of five years for plans 1 to 8, and four years for plans 9 to 16. For stock option plans, the exercise period then covers five years for plans 1 to 8 and four years for plans 9 to 16. Loss of the benefit of these options follows the applicable regulations: all options are forfeited in the event of resignation, and a decision is made for each individual case when an employee leaves at the company's instigation.

The valuation method follows a suitable binomial mathematical model, with exercise of the options anticipated and spread over the exercise period on a straight-line basis. The volatility factor applied is implicit volatility at the grant date. The dividend used is determined by reference to the dividend payout schedule contained in the Renault Commitment 2009 plan.

The plans have been valued as follows:

PLAN	INITIAL VALUE *(€ thousands)*	UNIT FAIR VALUE	EXPENSE FOR 2008 (1) *(€ million)*	EXPENSE FOR 2007 *(€ million)*	EXPENSE FOR 2006 *(€ million)*	SHARE PRICE AT GRANT DATE *(€)*	VOLATILITY	INTEREST RATE	EXERCISE PRICE *(€)*	DURATION OF OPTION (2)	DIVIDEND PER SHARE *(€)*
Plan 9	32,820	18.15	-	(6)	(8)	55.40	33.0%	3.79%	53.36	4-8 years	1.15
Plan 10	39,870	19.75	(7)	(9)	(9)	69.05	27.0%	3.71%	66.03	4-8 years	1.40
Plan 11	22,480	14.65	(6)	(6)	(8)	72.45	23.5%	2.68%	72.98	4-8 years	1.80
Plan 12 (3)	17,324	16.20	(5)	(5)	(3)	87.05	28.1%	3.90%	87.98	4-8 years	2.40 – 4.50
Plan 13 (3)	36,634	15.86	14	(9)	(5)	87.82	27.2%	3.85%	87.98	4-8 years	2.40 – 4.50
Plan 13 bis (3)	74,666	72.60	28	(20)	(8)	83.71	N/A	3.83%	N/A	N/A	2.40 – 4.50
Plan 14 (3)	26,066	15.00	(6)	(6)	-	92.65	26.7%	3.88%	93.86	4-8 years	2.40 – 4.50
Plan 15 (3)	29,747	15.19	1	(1)	-	84.68	36.0%	3.79%	96.54	4-8 years	2.40 – 4.50
Plan 16 (3)	10,279	13.68	-	-	-	81.79	36.4%	3.77%	96.54	4-8 years	2.40 – 4.50
Plan 16 bis (3)	9,040	71.15	-	-	-	87.28	N/A	3.81%	N/A	N/A	2.40 – 4.50
TOTAL	**298,926**		**19**	**(62)**	**(41)**						

(1) The expense for 2008 includes income of €83 million resulting from revision of the number of options and free shares attributed under plans containing performance conditions.
(2) Period during which the option is not considered vested for tax purposes.
(3) For these plans, options or free share attribution rights have been awarded at different dates within the stated period. The information reported may correspond to weighted averages based on quantities awarded per grant date.

20 – PROVISIONS

A – Provisions at December 31

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Provisions (other than provisions for pension and other long-term employee obligations)	**1,751**	**1,516**	**1,743**
Provisions for restructuring and workforce adjustment costs	*513*	*253*	*445*
Provisions for warranty costs	*807*	*819*	*735*
Provisions for tax risks and litigation	*198*	*173*	*222*
Other provisions	*233*	*271*	*341*
Provisions for pension and other long-term employee benefit obligations	**1,056**	**1,203**	**1,157**
TOTAL PROVISIONS	**2,807**	**2,719**	**2,900**
Provisions – long-term	*1,543*	*1,765*	*1,847*
Provision – short-term	*1,264*	*954*	*1,053*

All known litigation in which Renault or Group companies are involved is examined at each closing. After seeking the opinion of legal advisors, any provisions deemed necessary are set aside to cover the estimated risk.

B – Changes in provisions (other than provisions for pension and other long-term employee obligations)

(€ million)	RESTRUCTURING PROVISIONS	WARRANTY PROVISIONS	TAX RISKS AND LITIGATION PROVISIONS	OTHER PROVISIONS	TOTAL
At December 31, 2006	**445**	**735**	**222**	**341**	**1,743**
Increases	58	695	59	91	903
Reversals of provisions for application	(278)	(589)	(26)	(81)	(974)
Reversals of unused balance of provisions	(6)	(6)	(76)	(37)	(125)
Changes in scope of consolidation	-	(3)	-	(26)	(29)
Translation adjustments and other changes	34	(13)	(6)	(17)	(2)
At December 31, 2007	**253**	**819**	**173**	**271**	**1,516**
Increases	408	427	80	104	1,019
Reversals of provisions for application	(165)	(395)	(21)	(79)	(660)
Reversals of unused balance of provisions	(18)	(15)	(38)	(37)	(108)
Changes in scope of consolidation	1	1	1	-	3
Translation adjustments and other changes	34	(30)	3	(26)	(19)
At December 31, 2008	**513**	**807**	**198**	**233**	**1,751**

Reversal of unused balances mainly result from changes in the assumptions used to estimate the original provision.

At December 31, 2008, other provisions included €42 million of provisions established in application of environmental regulations (€50 million at December 31, 2007). These provisions principally concern environmental compliance costs for industrial land that the Group intends to sell (particularly on the Boulogne-Billancourt site) and expenses related to the EU directive on end-of-life vehicles (note 29-A2).

As greenhouse gas emissions were lower than the Group's allocated quotas, no associated provisions were booked at December 31, 2008.

C – Provisions for pensions and other long-term employee benefit obligations

C1 – Pension and benefit plans

Pensions and other long-term employee benefit obligations essentially concern current employees.

These benefits are covered either by contributions to defined-contribution plans or by defined-benefit plans.

Defined-contribution plans

The Group makes earnings-related payments, in accordance with local custom, to the national organizations responsible for paying pensions and similar financial benefits. There is no actuarial liability concerning these pension arrangements.

The total expense for defined-contribution plans is approximately €450 million in 2008 (stable compared to 2007).

Defined-benefit plans

Provisions are established for this type of plan, mainly concerning indemnities payable upon retirement, but also covering:

- other payments upon retirement and supplementary pensions;
- other long-term benefits, chiefly long-service awards and flexible holiday entitlements;
- healthcare expense coverage.

Defined-benefit plans are sometimes covered by funds which are valued anually based on market value. The value of fund assets, if any, is deducted from the corresponding liability. In view of the amounts involved, the Group's exposure to risk resulting from changes in these fund asset values is low (see note 20-C3).

C2 – Actuarial assumptions

The main actuarial assumptions used for the companies in France, the country accounting for most of the Group's obligations, are the following:

Retirement age	60 to 65
Salary increase	3%
Discount rate [1]	5.3%

(1) The rate most frequently used to value the Group's obligations in France is 5.3% (5.3% in 2007 and 4,4% in 2006). However, the rate varies between companies depending on the maturities of obligations.

C3 – Summary

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006	DECEMBER 31, 2005	31 DÉCEMBRE 2004
Present value of obligations	1 353	1,580	1,507	1,287	1 097
Fair value of fund assets	(307)	(388)	(363)	(247)	(230)
Actuarial gains and losses on obligations recorded in equity	(291)	(335)	(242)	(138)	(30)
Actuarial gains and losses on fund assets recorded in equity	(10)	37	27	8	-

C4 – Provisions for pension and other long-term employee benefit obligations (at December 31)

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
French companies	917	1,064	978
Foreign companies	139	139	179
TOTAL	**1,056**	**1,203**	**1,157**

C5 – Change in the provisions for pension and other long-term employee benefit obligations

(€ million)	OBLIGATIONS	FUND ASSETS	OBLIGATIONS NET OF FUND ASSETS	PAST SERVICE COSTS	BALANCE SHEET PROVISION
Balance at December 31, 2006	**1,507**	**(363)**	**1,144**	**13**	**1,157**
Net expense for the year 2007 (note 20-C6)	136	(21)	115	(2)	113
Benefits paid and contribution to funds	(91)	(16)	(107)		(107)
Actuarial gains (losses)	93	(10)	83		83
Unrecorded past service cost	-	-	-		-
Translation adjustments	(27)	23	(4)		(4)
Change in scope of consolidation and other	(38)	(1)	(39)		(39)
Balance at December 31, 2007	**1,580**	**(388)**	**1,192**	**11**	**1,203**
Net expense for the year 2008 (note 20-C6)	(24)	(15)	(39)	(2)	(41)
Benefits paid and contribution to funds	(99)	1	(98)		(98)
Actuarial gains (losses)	(44)	47	3		3
Unrecorded past service cost	-	-	-		-
Translation adjustments	(57)	49	(8)		(8)
Change in scope of consolidation and other	(3)	(1)	(4)	1	(3)
Balance at December 31, 2008	**1,353**	**(307)**	**1,046**	**10**	**1,056**

The increase in actuarial losses in 2007 is principally attributable to the French companies, largely as a result of the French laws on social security financing. These laws subject retirement bonuses to social security charges when the employee leaves the company at his own initiative. While the Group has not modified the way it manages retirements, the effects of these laws have been taken into consideration in its actuarial parameters.

C6 – Net expense for the year

(€ million)	2008	2007	2006
Current service cost	84	88	86
Cost of unwinding the discount	51	46	43
Expected return on fund assets	(15)	(21)	(15)
Effects of workforce adjustment measures	(161)	-	-
Net expense (income) for the year	**(41)**	**113**	**114**

The effects of workforce adjustment measures in 2008 relate to Renault s.a.s.' voluntary termination plan "Projet Renault Volontariat", and are directly deducted from the expense included in other operating income and expenses (note 7).

C7 – Reconciliation of the value of the obligations and the provisions

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Actuarial value of obligations not covered by funds	977	1,130	1,021
Actuarial value of obligations covered by funds	376	450	486
Value of fund assets (note 20-C5)	(307)	(388)	(363)
Obligations net of fund assets	**1,046**	**1,192**	**1,144**
Unrecorded past service costs	10	11	13
PROVISIONS FOR PENSION AND OTHER LONG-TERM EMPLOYEE BENEFIT	**1,056**	**1,203**	**1,157**

C8 – Breakdown of fund assets

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Equities	80	143	229
Bonds	192	212	126
Other	35	33	8
TOTAL FUND ASSETS	**307**	**388**	**363**

The current best estimate for contributions payable in 2009 is €22 million.

21 – OTHER CURRENT LIABILITIES

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Tax liabilities (excluding current taxes)	340	455	496
Social liabilities	1,202	1,616	1,505
Other liabilities	3,465	3,571	3,894
Deferred income	433	446	414
Derivatives on operating transactions (note 26-A)	71	165	30
TOTAL	**5,511**	**6,253**	**6,339**

Other liabilities mainly correspond to deferred income recorded in connection with sales contracts including a buy-back commitment.

7.2.6.4 FINANCIAL ASSETS AND LIABILITIES

22 – FINANCIAL ASSETS

A – Breakdown by nature

	DECEMBER 31, 2008			DECEMBER 31, 2007			DECEMBER 31, 2006		
(€ million)	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Investments in non-controlled entities	34	-	34	38	-	38	36	-	36
Other securities	-	122	122	-	204	204	1	312	313
Loans	68	437	505	72	669	741	78	1,575	1,653
Derivative assets on financing operations by the Automobile division (note 26-A)	880	477	1,357	496	366	862	448	342	790
TOTAL	**982**	**1,036**	**2,018**	**606**	**1,239**	**1,845**	**563**	**2,229**	**2,792**
Gross value	*1,029*	*1,044*	*2,073*	*659*	*1,240*	*1,899*	*600*	*2,230*	*2,830*
Impairment	*(47)*	*(8)*	*(55)*	*(53)*	*(1)*	*(54)*	*(37)*	*(1)*	*(38)*

The current portion of other securities corresponds to securities that cannot be classified as cash equivalents.

Loans essentially comprise short-term investments of Automobile division cash surpluses with financial institutions.

B – Breakdown by category

(€ million)	INSTRUMENTS HELD FOR TRADING (1)	HEDGING DERIVATIVES	AVAILABLE-FOR-SALE INSTRUMENTS	LOANS AND RECEIVABLES	TOTAL
Investments in non-controlled entities			34		34
Other securities	69		53		122
Loans				505	505
Derivative assets on financing operations by the Automobile division	1,245	112			1,357
TOTAL FINANCIAL ASSETS AT DECEMBER 31, 2008	**1,314**	**112**	**87**	**505**	**2,018**
Investments in non-controlled entities			38		38
Other securities	102		102		204
Loans				741	741
Derivative assets on financing operations by the Automobile division	558	304			862
TOTAL FINANCIAL ASSETS AT DECEMBER 31, 2007	**660**	**304**	**140**	**741**	**1,845**
Investments in non-controlled entities			36		36
Other securities	138		175		313
Loans				1,653	1,653
Derivative assets on financing operations by the Automobile division	404	386			790
TOTAL FINANCIAL ASSETS AT DECEMBER 31, 2006	**542**	**386**	**211**	**1,653**	**2,792**

(1) Including derivatives not designated as hedges for accounting purposes.

23 – CASH AND CASH EQUIVALENTS

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Cash equivalents	8	1,058	1,694
classified as held for trading	*5*	*1,041*	*1,686*
classified as available-for-sale	*3*	*17*	*8*
Cash on hand and bank deposits	2,050	3,663	4,316
TOTAL	**2,058**	**4,721**	**6,010**

Cash on hand and bank deposits are classified as loans and receivables.

24 – FINANCIAL LIABILITIES AND SALES FINANCING DEBTS

A – Breakdown by nature

	DECEMBER 31, 2008			DECEMBER 31, 2007			DECEMBER 31, 2006		
(€ million)	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Renault SA redeemable shares	188	-	188	697	-	697	749	-	749
Bonds	3,465	1,342	4,807	3,728	416	4,144	3,575	618	4,193
Other debts represented by a certificate	-	1,018	1,018	-	-	-	-	-	-
Borrowings from credit institutions	870	520	1,390	179	275	454	346	1,508	1,854
Other interest-bearing borrowings	186	1,195	1,381	244	598	842	310	1,397	1,707
Financial liabilities of the Automobile division (excluding derivatives)	**4,709**	**4,075**	**8,784**	**4,848**	**1,289**	**6,137**	**4,980**	**3,523**	**8,503**
Derivative liabilities on financing operations of the Automobile division	802	1,144	1,946	293	228	521	179	192	371
Total financial liabilities of the Automobile division (note 24-B)	**5,511**	**5,219**	**10,730**	**5,141**	**1,517**	**6,658**	**5,159**	**3,715**	**8,874**
Diac redeemable shares	9	-	9	19	-	19	19	-	19
Bonds	-	5,758	5,758	-	7,847	7,847	-	8,961	8,961
Other debts represented by a certificate	253	7,122	7,375	253	9,142	9,395	252	7,609	7,861
Borrowings from credit institutions	-	5,658	5,658	-	3,989	3,989	-	4,401	4,401
Other interest-bearing borrowings	-	134	134	-	62	62	-	124	124
Total financial liabilities and debts of the Sales financing division (excluding derivatives)	**262**	**18,672**	**18,934**	**272**	**21,040**	**21,312**	**271**	**21,095**	**21,366**
Derivative liabilities on financing operations of the Sales financing division	-	278	278	-	156	156	-	117	117
Financial liabilities and debts of the Sales financing division (note 24-B)	**262**	**18,950**	**19,212**	**272**	**21,196**	**21,468**	**271**	**21,212**	**21,483**
TOTAL FINANCIAL LIABILITIES AND DEBTS OF THE SALES FINANCING DIVISION	**5,773**	**24,169**	**29,942**	**5,413**	**22,713**	**28,126**	**5,430**	**24,927**	**30,357**

Redeemable shares

The redeemable shares issued in October 1983 and April 1984 by Renault SA are subordinated perpetual shares. They earn a minimum annual return of 9% comprising a fixed portion (6.75%) and a variable portion that depends on consolidated revenues and is calculated based on identical Group structure and methods. The return on redeemable shares, amounting to €17 million for 2008 (identical to 2007 and 2006), is included in interest expenses. These shares are listed on the Paris Stock exchange, and traded for €236 at December 31, 2008 and €874 at December 31, 2007 for par value of €153, leading to a corresponding €509 million adjustment to the fair value of redeemable shares recorded in other financial income (note 8).

The return on Diac redeemable shares issued in 1985 comprises a fixed portion equal to the Annual Monetary Rate, and a variable portion calculated by multiplying an amount equal to 40% of the Annual Monetary Rate by the rate of increase in net consolidated profit of the Diac sub-group compared to the prior year.

Changes in bonds

In 2008, Renault SA redeemed bonds issued in 2003 for a total of €426 million, and undertook new bond issues totalling €682 million and maturing between 2011 and 2013.

RCI Bank also redeemed bonds for a total of €3,455 million in 2008, and issued new bonds totalling €1,299 million and maturing between 2009 and 2011.

Credit lines

At December 31, 2008, Renault SA confirmed credit lines opened with banks amounted to the equivalent of €4,220 million in various currencies (€4,480 million in 2007). The short-term portion amounted to €910 million at December 31, 2008 (€1,260 million in 2007). A total of €518 million of these credit lines was in use at December 31, 2008 (€8 million at December 31, 2007).

RCI Banque confirmed credit lines opened with banks amounted to the equivalent of €5,245 million in various currencies (€5,361 million in 2007). The short-term portion amounted to €650 million at December 31, 2008 (€481 million in 2007). A total of €753 million of these credit lines was in use at December 31, 2008 (none were in use at December 31, 2007).

B – Breakdown by category

DECEMBER 31, 2008 *(€ million)*	INSTRUMENTS HELD FOR TRADING [1]	HEDGING DERIVATIVES	INSTRUMENTS DESIGNATED FROM INITIAL RECOGNITION AS AT FAIR VALUE	INSTRUMENTS STATED AT AMORTIZED COST [2]	TOTAL
Renault SA redeemable shares			188		188
Bonds			10	4,797	4,807
Other debts represented by a certificate				1,018	1,018
Borrowings from credit institutions			233	1,157	1,390
Other interest-bearing borrowings				1,381	1,381
Derivative liabilities on financing operations of the Automobile division	1,563	383			1,946
TOTAL FINANCIAL LIABILITIES OF THE AUTOMOBILE DIVISION	**1,563**	**383**	**431**	**8,353**	**10,730**
Diac redeemable shares			9		9
Bonds				5,758	5,758
Other debts represented by a certificate				7,375	7,375
Borrowings from credit institutions				5,658	5,658
Other interest-bearing borrowings				134	134
Derivative liabilities on financing operations of the Sales financing division	35	243			278
TOTAL FINANCIAL LIABILITIES AND SALES FINANCING DEBTS OF THE SALES FINANCING DIVISION	**35**	**243**	**9**	**18,925**	**19,212**

DECEMBER 31, 2007 *(€ million)*	INSTRUMENTS HELD FOR TRADING [1]	HEDGING DERIVATIVES	INSTRUMENTS DESIGNATED FROM INITIAL RECOGNITION AS AT FAIR VALUE	INSTRUMENTS STATED AT AMORTIZED COST [2]	TOTAL
Renault SA redeemable shares			697		697
Bonds			10	4,134	4,144
Other debts represented by a certificate					-
Borrowings from credit institutions				454	454
Other interest-bearing borrowings				842	842
Derivative liabilities on financing operations of the Automobile division	503	18			521
TOTAL FINANCIAL LIABILITIES OF THE AUTOMOBILE DIVISION	**503**	**18**	**707**	**5,430**	**6,658**
Diac redeemable shares			19		19
Bonds				7,847	7,847
Other debts represented by a certificate				9,395	9,395
Borrowings from credit institutions				3,989	3,989
Other interest-bearing borrowings				62	62
Derivative liabilities on financing operations of the Sales financing division	58	98			156
TOTAL FINANCIAL LIABILITIES AND SALES FINANCING DEBTS OF THE SALES FINANCING DIVISION	**58**	**98**	**19**	**21,293**	**21,468**

(1) Including derivatives not classified as hedges for accounting purposes.
(2) Including financial liabilities covered by fair value hedges.

DECEMBER 31, 2006 (€ million)	INSTRUMENTS HELD FOR TRADING (1)	HEDGING DERIVATIVES	INSTRUMENTS DESIGNATED FROM INITIAL RECOGNITION AS AT FAIR VALUE	INSTRUMENTS STATED AT AMORTIZED COST (2)	TOTAL
Renault SA redeemable shares			749		749
Bonds				4,193	4,193
Other debts represented by a certificate				-	-
Borrowings from credit institutions				1,854	1,854
Other interest-bearing borrowings				1,707	1,707
Derivative liabilities on financing operations of the Automobile division	366	5			371
TOTAL FINANCIAL LIABILITIES OF THE AUTOMOBILE DIVISION	**366**	**5**	**749**	**7,754**	**8,874**
Diac redeemable shares			19		19
Bonds				8,961	8,961
Other debts represented by a certificate				7,861	7,861
Borrowings from credit institutions				4,401	4,401
Other interest-bearing borrowings				124	124
Derivative liabilities on financing operations of the Sales financing division	55	62			117
TOTAL FINANCIAL LIABILITIES AND SALES FINANCING DEBTS OF THE SALES FINANCING DIVISION	**55**	**62**	**19**	**21,347**	**21,483**

(1) Including derivatives not classified as hedges for accounting purposes.
(2) Including financial liabilities covered by fair value hedges.

C – Breakdown by maturity

For derivative liabilities, contractual flows are the amounts to be paid.

For other financial liabilities, the contractual flows correspond to repayment of the principal and payment of interest.

For floating-rate financial instruments, interest is calculated using interest rates as at December 31.

No contractual flows are reported for Renault and Diac redeemable shares as they have no fixed redemption date.

C1 – Financial liabilities of the Automobile division

	DECEMBER 31, 2008							
(€ million)	BALANCE SHEET VALUE	TOTAL CONTRACTUAL FLOWS	-1 YR	1 - 2 YRS	2 - 3 YRS	3 - 4 YRS	4 - 5 YRS	+5 YRS
Bonds issued by Renault SA (by issue date)								
2002	1,026	1,026	1,026					
2003	811	811		770				41
2004	326	326	276		50			
2005	277	277		198		79		
2006	955	955			396		531	28
2007	635	635		16		556		63
2008	752	752			357		395	
Accrued interest, expenses and premiums	25	46	46					
Total bonds	**4,807**	**4,828**	**1,348**	**984**	**803**	**635**	**926**	**132**
Other debts represented by a certificate	1,018	1,018	1,018					
Borrowings from credit institutions	1,390	1,383	520	213	92	69	182	307
Other interest-bearing borrowings	1,381	1,381	1,195	22	25	21	22	96
Total other financial liabilities	**3,789**	**3,782**	**2,733**	**235**	**117**	**90**	**204**	**403**
Future interest on bonds and other financial liabilities		**330**	**68**	**80**	**69**	**59**	**41**	**13**
Redeemable shares	**188**							
Derivative liabilities on financing operations	**1,946**	**1,946**	**1,144**	**260**	**140**	**291**	**107**	**4**
TOTAL FINANCIAL LIABILITIES	**10,730**	**10,886**	**5,293**	**1,559**	**1,129**	**1,075**	**1,278**	**552**

The portion of financial liabilities of the Automobile division maturing within one year breaks down as follows:

	DECEMBER 31, 2008			
(€ million)	CONTRACTUAL FLOWS MATURING WITHIN 1 YEAR	-1 MONTH	1-3 MONTHS	3 MONTHS – 1 YEAR
Bonds	1,348	12	45	1,291
Other financial liabilities	2,733	940	1,273	520
Future interest on bonds and other financial liabilities	68	1	-	67
Redeemable shares	-	-	-	-
Derivative liabilities on financing operations	1,144	841	138	165
TOTAL FINANCIAL LIABILITIES MATURING WITHIN 1 YEAR	**5,293**	**1,794**	**1,456**	**2,043**

C2 – Financial liabilities of the Sales financing division and Sales financing debts

	DECEMBER 31, 2008							
(€ million)	BALANCE SHEET VALUE	TOTAL CONTRACTUAL FLOWS	-1 YR	1 - 2 YRS	2 - 3 YRS	3 - 4 YRS	4 - 5 YRS	+5 YRS
Bonds issued by RCI Banque (year of issue)								
1997	214	214	214					
2003	25	25		25				
2004	1,099	1,099	1,099					
2005	868	868		834	1	23		10
2006	784	784	275	425	71	1		12
2007	1,295	1,295	635	160		500		
2008	1,401	1,401	553	20	828			
Accrued interest, expenses and premiums	72	77	77					
Total bonds	**5,758**	**5,763**	**2,853**	**1,464**	**900**	**524**		**22**
Other debts represented by a certificate	7,375	7,371	3,597	254	1,844	487	939	250
Borrowings from credit institutions	5,658	5,658	3,558	1,104	893	62	31	10
Other interest-bearing borrowings	134	134	134					
Total other financial liabilities	**13,167**	**13,163**	**7,289**	**1,358**	**2,737**	**549**	**970**	**260**
Future interest on financial liabilities		**604**	**228**	**195**	**118**	**25**	**16**	**22**
Redeemable shares	**9**	**-**						
Derivative liabilities on financing operations	**278**	**295**	**200**	**79**	**16**			
TOTAL FINANCIAL LIABILITIES	**19,212**	**19,825**	**10,570**	**3,096**	**3,771**	**1,098**	**986**	**304**

The portion of financial liabilities of the Sales Financing division maturing within one year breaks down as follows:

	DECEMBER 31, 2008			
(€ million)	CONTRACTUAL FLOWS MATURING WITHIN 1 YEAR	-1 MONTH	1-3 MONTHS	3 MONTHS – 1 YEAR
Bonds	2,853	315	856	1,682
Other financial liabilities	7,289	2,845	2,822	1,622
Future interest on bonds and other financial liabilities	228	52	0	176
Redeemable shares	-	-	-	-
Derivative liabilities on financing operations	200	122	9	69
TOTAL FINANCIAL LIABILITIES MATURING WITHIN 1 YEAR	**10,570**	**3,334**	**3,687**	**3,549**

D – Breakdown by currency

(€ million)	DECEMBER 31, 2008		DECEMBER 31, 2007		DECEMBER 31, 2006	
	BEFORE DERIVATIVES	AFTER DERIVATIVES	BEFORE DERIVATIVES	AFTER DERIVATIVES	BEFORE DERIVATIVES	AFTER DERIVATIVES
Euro	23,302	22,686	23,581	22,595	25,733	24,258
Yen	2,103	2,219	1,268	1,928	1,078	2,507
Other	2,313	2,813	2,600	2,926	3,058	3,104
TOTAL FINANCIAL LIABILITIES AND SALES FINANCING DEBTS (EXCLUDING DERIVATIVES)	**27,718**	**27,718**	**27,449**	**27,449**	**29,869**	**29,869**

25 – FAIR VALUE OF FINANCIAL INSTRUMENTS AND IMPACT ON NET INCOME

A – Fair value of financial instruments

The carrying amounts on the balance sheet and the estimated fair values of the Group's financial instruments are as follows:

(€ million)	DECEMBER 31, 2008		DECEMBER 31, 2007		DECEMBER 31, 2006	
	BALANCE SHEET VALUE	FAIR VALUE	BALANCE SHEET VALUE	FAIR VALUE	BALANCE SHEET VALUE	FAIR VALUE
ASSETS						
Non-current financial assets	982	984	606	599	563	559
Sales financing receivables	18,318	18,143	20,430	20,317	20,360	20,329
Automobile receivables	1,752	1,752	2,083	2,083	2,102	2,102
Current financial assets	1,036	1,036	1,239	1,239	2,229	2,229
Derivatives on operating transactions	569	569	324	324	268	268
Cash and cash equivalents	2,058	2,058	4,721	4,721	6,010	6,010
LIABILITIES						
Non-current financial liabilities	5,773	5,467	5,413	5,427	5,430	5,525
Current financial liabilities	5,219	5,235	1,517	1,521	3,715	3,692
Sales financing debts	18,950	18,715	21,196	21,157	21,212	21,296
Trade payables	5,420	5,420	8,224	8,224	7,384	7,384
Derivatives on operating transactions	71	71	165	165	30	30

Estimated fair values are based on information available on the markets and arrived at using valuation methods appropriate to the types of instrument in question. However, the methods and assumptions used are by nature theoretical, and judgment plays a major role in interpreting market data. Adopting different assumptions and/or pricing methods could therefore have a significant impact on the values estimated.

Fair values have been determined on the basis of information available at the end of the year and do not therefore take account of subsequent movements.

In general, when the financial instrument is listed on an active and liquid market, the last listed price is used to calculate the market value. For unlisted instruments, market value is determined based on recognized valuation models that refer to observable market parameters. If Renault has no valuation tools, particularly for complex products, valuation is carried out by quality financial institutions.

The main assumptions and valuation methods are as follows:

- **securities**: the fair value of securities is determined mainly by reference to market prices;
- **loans**: for loans with an original maturity of less than three months and for floating-rate loans, the value recorded on the balance sheet is considered to be the fair value. Other fixed-rate loans have been measured by discounting future cashflows using the rates offered to Renault at December 31, 2008, and December 31, 2007 for loans with similar conditions and maturities;
- **sales financing receivables**: fixed-rate Sales financing receivables have been estimated by discounting future cashflows at rates that would be applicable to similar loans (conditions, maturity and debtor quality) as at December 31, 2008, and December 31, 2007;
- **financial liabilities and Sales financing debts**: the fair value has been determined by discounting future cashflows at the rates offered to Renault at December 31, 2008 and December 31, 2007 for borrowings with similar conditions and maturities. For Sales financing debts evidenced by securities issued with a life of less than 90 days, the value recorded on the balance sheet is considered the fair value.

B – Impact of financial instruments on net income

	FINANCIAL ASSETS OTHER THAN DERIVATIVES			FINANCIAL LIABILITIES OTHER THAN DERIVATIVES		DERIVATIVES	TOTAL IMPACT ON NET INCOME
DECEMBER 31, 2008 *(€ million)*	**INSTRUMENTS HELD FOR TRADING**	**AVAILABLE-FOR-SALE INSTRUMENTS**	**LOANS AND RECEIVABLES**	**INSTRUMENTS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT AND LOSS**	**INSTRUMENTS STATED AT AMORTIZED COST**		
AUTOMOBILE							
Interest income	16		141				157
Interest expenses				(17)	(356)		(373)
Change in fair value	15		(2)	501	334	(169)	679
Impairment			(44)				(44)
Dividends							-
Gains (losses) on sale		(4)	1				(3)
Net foreign exchange gains and losses	16		(66)		(5)		(55)
TOTAL IMPACT ON NET INCOME - AUTOMOBILE DIVISION	**47**	**(4)**	**30**	**484**	**(27)**	**(169)**	**361**
Including: operating margin	*16*		*(93)*		*(20)*	*17*	*(80)*
other operating income and expenses							*-*
net financial income (expense)	*31*	*(4)*	*123*	*484*	*(7)*	*(186)*	*441*
SALES FINANCING							
Interest income		12	1,578			167	1,757
Interest expenses					(1,162)	(94)	(1,256)
Change in fair value				6	(203)	201	4
Impairment		1	(215)				(214)
Dividends							
Gains (losses) on sale		(1)	(34)				(35)
Net foreign exchange gains and losses			(153)			155	2
TOTAL IMPACT ON NET INCOME - SALES FINANCING DIVISION		**12**	**1,176**	**6**	**(1,365)**	**429**	**258**
Including: operating margin		*12*	*1,176*	*6*	*(1,365)*	*429*	*258*
other operating income and expenses							
net financial income (expense)							
TOTAL GAINS AND LOSSES WITH IMPACT ON NET INCOME	**47**	**8**	**1,206**	**490**	**(1,392)**	**260**	**619**

For the Automobile division, the impact of financial instruments on net income mainly corresponds to foreign exchange gains and losses on operating transactions, and the effects of derivatives related to commodity hedging (note 26-B5).

C – Fair value hedges

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Change in fair value of the hedging instrument	277	(29)	(53)
Change in fair value of the hedged item	(277)	30	52
Net impact on net income of fair value hedges	**-**	**1**	**(1)**

This net impact of fair value hedges on the net income corresponds to the ineffective portion of hedges. Hedge accounting methods are described in note 2-V.

26 – DERIVATIVES AND MANAGEMENT OF FINANCIAL RISKS

A – Fair value of derivatives

The fair value of derivatives corresponds to their balance sheet value.

DECEMBER 31, 2008 (€ million)	FINANCIAL ASSETS		OTHER ASSETS	FINANCIAL LIABILITIES AND SALES FINANCING DEBTS		OTHER LIABILITIES
	NON-CURRENT	CURRENT	CURRENT	NON-CURRENT	CURRENT	CURRENT
Cashflow hedges						
Fair value hedges	-	-	270	-	1	-
Hedge of the net investment in Nissan	-	3	-	44	334	-
Derivatives not classified as hedges and derivatives held for trading	-	242	189	-	638	-
TOTAL FOREIGN EXCHANGE RISK	**-**	**245**	**459**	**44**	**973**	**-**
Cashflow hedges	16	-	31	3	244	-
Fair value hedges	57	36	7	-	-	-
Derivatives not classified as hedges and derivatives held for trading	807	196	1	755	205	-
TOTAL INTEREST RATE RISK	**880**	**232**	**39**	**758**	**449**	**-**
Cashflow hedges	-	-	-	-	-	-
Fair value hedges	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	-	71	-	-	71
TOTAL COMMODITY RISK	**-**	**-**	**71**	**-**	**-**	**71**
TOTAL	**880**	**477**	**569**	**802**	**1,422**	**71**

DECEMBER 31, 2007 (€ million)	FINANCIAL ASSETS		OTHER ASSETS	FINANCIAL LIABILITIES AND SALES FINANCING DEBTS		OTHER LIABILITIES
	NON-CURRENT	CURRENT	CURRENT	NON-CURRENT	CURRENT	CURRENT
Cashflow hedges	-	-	-	-	-	-
Fair value hedges	-	-	-	-	1	-
Hedge of the net investment in Nissan	143	115	-	-	10	-
Derivatives not classified as hedges and derivatives held for trading		129	12	-	115	-
TOTAL FOREIGN EXCHANGE RISKS	**143**	**244**	**12**	**-**	**126**	**-**
Cashflow hedges	23	-	116	2	90	-
Fair value hedges	22	-	2	5	8	-
Derivatives not classified as hedges and derivatives held for trading	308	122	45	286	160	-
TOTAL INTEREST RATE RISKS	**353**	**122**	**163**	**293**	**258**	**-**
Cashflow hedges	-	-	-	-	-	-
Fair value hedges	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	-	149	-	-	165
TOTAL COMMODITY RISKS	**-**	**-**	**149**	**-**	**-**	**165**
TOTAL	**496**	**366**	**324**	**293**	**384**	**165**

DECEMBER 31, 2006 (€ million)	FINANCIAL ASSETS		OTHER ASSETS	FINANCIAL LIABILITIES AND SALES FINANCING DEBTS		OTHER LIABILITIES
	NON-CURRENT	CURRENT	CURRENT	NON-CURRENT	CURRENT	CURRENT
Cashflow hedges	-	-	-	-	-	-
Fair value hedges	-	-	-	-	-	-
Hedge of the net investment in Nissan	193	139	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	98	6	-	90	-
TOTAL FOREIGN EXCHANGE RISKS	**193**	**237**	**6**	**-**	**90**	**-**
Cashflow hedges	25	-	123	5	57	-
Fair value hedges	29	-	8	-	6	-
Derivatives not classified as hedges and derivatives held for trading	201	105	49	174	156	-
TOTAL INTEREST RATE RISKS	**255**	**105**	**180**	**179**	**219**	**-**
Cashflow hedges	-	-	-	-	-	-
Fair value hedges	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	-	82	-	-	30
TOTAL COMMODITY RISKS	**-**	**-**	**82**	**-**	**-**	**30**
TOTAL	**448**	**342**	**268**	**179**	**309**	**30**

The specialist subsidiary Renault Finance handles the Automobile division's short-term interbank investments. It is also Nissan's counterparty in derivatives trading to hedge exchange, interest rate and commodity risks.

The fair values of derivatives reported in the Group's consolidated balance sheet assets and liabilities mainly relate to Renault Finance's business conducted on its own behalf and its transactions with Renault and Nissan subsidiaries.

B – Management of financial risks

The Group is exposed to the following financial risks:

- liquidity risks;
- market risks (foreign exchange, interest rate, equity and commodity risks);
- counterparty risks;
- credit risks (notes 16 and 17).

B1 – Liquidity risk

The Group is financed via the capital markets, through:

- long-term resources (bond issues, private placements, etc);
- short-term bank loans or commercial paper issues;
- a receivable securitization programme by RCI Banque.

The Automobile division needs sufficient financial resources to finance its day-to-day business and the investments necessary for future growth. It therefore regularly borrows on the banking and capital markets to refinance its debt, and this exposes it to liquidity risk in the event of market closure or tensions over credit availability. As part of its centralized cash management policy, Renault SA handles most refinancing for the Automobile division either through long-term resources via the capital markets (bond issues, private placements) or through short-term financing such as treasury notes or bank financing.

Short-term financing arrangements are secured by confirmed credit agreements. The documentation for these credit facilities contains no clause that might adversely affect credit availability as a result of a change in Renault's credit rating or financial ratio compliance.

The Sales Financing division's business depends on reliable access to financial resources: any restriction on access to banking and financial markets would lead to downscaling of its financing activity and/or raise the cost of the financing negotiated. The liquidity risk is closely monitored on a regular basis. The static liquidity position, which has been constantly positive in the last few years, reflecting surplus long-term resources compared to applications, remains at a similar level to previous years. RCI Banque therefore distributes loans from resources raised several months previously, enabling the division to maintain a stable financial margin.

Details of the Group's financing structure are provided in note 24 on financial liabilities and Sales financing debts.

Given the available cash reserves and confirmed credit lines unused at the year-end, the prospects for renewal of short-term financing for the Automobile and Sales Financing divisions, the issuance of a 5-year loan by the government (€3 billion for the Automobile division) and authorisation of the loan from Société de Financement de l'Economie Française (SFEF) to RCI Banque increasing its value from €500 million to €1 billion (see note 31), the Group has sufficient financial resources at its disposal to cover its commitments over a 12-month horizon. Those commitments are described in note 24 on financial liabilities and Sales financing debts. Confirmed credit lines open but unused are described in notes 16-A and 24-A.

B2 – Foreign exchange risks

Management of foreign exchange risks

The Automobile division is exposed to foreign exchange risks in the course of its industrial and commercial business. These risks are monitored and centralized by Renault's Cash and Financing department.

It is Renault's general policy not to hedge operating future cashflows in foreign currencies. As a result, the Group's operating margin is exposed to foreign exchange risks.

Subsidiaries' financing and investing cashflows in foreign currencies are usually hedged in the same.

Equity investments are not hedged, except for the portion of Nissan's shareholders' equity expressed in yen, totalling ¥503 billion at December 31, 2008 (note 13-G).

Renault Finance undertakes operations unrelated to operating cashflows on its own behalf. These operations are controlled daily and strict risk limits apply. They have no significant impact on Renault's consolidated results.

The Sales Financing division has low exposure to foreign exchange risks since its policy is to provide refinancing for subsidiaries in their own currencies.

The Group made no major changes to its foreign exchange risk management policy in 2008.

Analysis of the sensitivity of financial instruments to foreign exchange risks
This analysis concerns the sensitivity to foreign exchange risks of monetary assets and liabilities (including intercompany balances) and derivatives in a currency other than the currency of the entity that holds them. However, it does not take into account items covered by fair value hedges (hedged assets or liabilities and derivatives), for which changes in fair value of the hedged item and the hedging instrument almost totally offset each other in the income statement.

The Group has a significant amount of financial instruments denominated in Japanese yen, held for the purposes of the policy to hedge its investment in Nissan (note 13-G).

Impacts are estimated solely on the basis of instant conversion of the financial assets and liabilities concerned at year-end after application of the 1% variation in the euro exchange rate.

The impact on equity concerns the 1% variation in the euro against other currencies applied to available-for-sale financial assets and cashflow hedges and the partial hedge of the investment in Nissan. All other impacts affect net income.

For the Automobile division, the impact on shareholders' equity (before taxes) of a 1% rise in the euro against the principal currencies, applied to financial instruments exposed to foreign exchange risks, would be €40 million at December 31, 2008. The impact on shareholders' equity results mainly from the partial hedge of the investment in Nissan. This impact is offset by the opposite variation in the translation adjustment on the value of the investment in Nissan (note 19-E). The estimated impact on net income at December 31, 2008 is not significant.

Currency derivatives

	DECEMBER 31, 2008				DECEMBER 31, 2007				DECEMBER 31, 2006			
(€ million)	NOMINAL	-1 YR	1 - 5 YRS	+5 YRS	NOMINAL	- 1 YR	1 - 5 YRS	+5 YRS	NOMINAL	-1 YR	1 - 5 YRS	+5 YRS
Currency swaps – purchases	2,066	649	1,410	7	2,594	1,397	1,166	31	2,438	669	1,715	54
Currency swaps - sales	2,422	908	1,503	11	2,719	1,431	1,267	21	2,357	555	1,748	54
Forward purchases	13,687	13,687	-	-	14,851	14,849	2	-	11,508	11,508	-	-
Forward sales	14,345	14,345	-	-	14,808	14,806	2	-	11,461	11,461	-	-

B3 – Interest rate risk

Interest rate risk management
The Renault group's exposure to interest rate risk mainly concerns the Sales financing business of RCI Banque and its subsidiaries. Customer loans are generally issued at fixed interest rates, for durations of between 12 and 72 months.

Interest rate risk is monitored using a methodology common to the entire RCI group, to allow overall management of interest rate risks at consolidated group level. Exposure is assessed daily and hedging is systematic, using swaps to convert floating-rate liabilities to fixed-rate liabilities (cashflow hedges). The objective for each subsidiary is to hedge all risks in order to protect the sales margin.

The Automobile division's interest rate risk management policy applies two basic principles: long-term investments use fixed-rate financing, and investments for cash reserves use floating-rate financing. In addition, the financing in yen undertaken as part of the hedge of Nissan equity is fixed-rate, over terms varying from one month to seven years.

Finally, Renault Finance carries out interest rate transactions on its own behalf, within strictly defined risk limits. This arbitrage activity has no significant impact on Renault's consolidated net income.

The Group made no major changes to its interest rate risk management policy in 2008.

Analysis of the sensitivity of financial instruments to interest rate risks
The Group is exposed to the following interest rate risks:

- variations in the interest flows on floating-rate financial instruments stated at amortized cost, and variations in the fair value of financial instruments stated at fair value (including fixed-rate instruments swapped to floating rate, and structured products);
- variations in the fair value of the fixed-rate financial instruments stated at fair value;
- variations in the fair value of derivatives (hedging derivatives and other derivatives).

Impacts are estimated by applying this 1% rise in interest rates over a one-year period to financial instruments reported in the closing balance sheet.

The impact on equity corresponds to the change in fair value of available-for-sale fixed-rate financial assets and cashflow hedges after a 1% rise in interest rates. All other impacts affect net income.

Calculation of the individual divisions' sensitivity to interest rates includes interdivision loans and borrowings.

For the Automobile division, the impact on net income and shareholders' equity (before taxes) of a 1% rise in interest rates applied to financial instruments exposed to interest rate risks would be €(11) million and €5 million respectively at December 31, 2008.

For the Sales financing division, the impact on net income and equity (before taxes) of a 1% rise in interest rates applied to financial instruments exposed to interest rate risks would be €(6) million and €53 million respectively at December 31, 2008. The impact on equity results mainly from the change in the fair value of swaps undertaken to hedge future cashflows. The Sales financing division's sensitivity to interest rate risks is stable in comparison to 2007.

Fixed rate/floating rate breakdown of financial liabilities and Sales financing debts (excluding derivatives)

	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
(€ million)	AFTER IMPACT OF DERIVATIVES	AFTER IMPACT OF DERIVATIVES	AFTER IMPACT OF DERIVATIVES
Fixed rate	21,024	22,215	24,721
Floating rate	6,694	5,234	5,148
TOTAL FINANCIAL LIABILITIES, SALES FINANCING DEBTS (EXCLUDING DERIVATIVES)	**27,718**	**27,449**	**29,869**

Interest rate derivatives

	DECEMBER 31, 2008				DECEMBER 31, 2007				DECEMBER 31, 2006			
(€ million)	NOMINAL	-1 YR	1-5 YEARS	+5 YRS	NOMINAL	-1 YR	1-5 YEARS	+5 YRS	NOMINAL	-1 YR	1-5 YEARS	+5 YRS
Interest rate swaps	58,608	19,036	39,178	394	67,865	25,357	41,534	974	67,947	25,264	41,780	903
FRAs	-	-	-	-	550	550	-	-	-	-	-	-
Other interest rate hedging instruments	1,160	1,100	60	-	940	940	-	-	3,914	3,698	216	-

B4 – Equity risks

Management of equity risks

The Group's exposure to equity risks essentially concerns marketable securities indexed to share prices. The Group does not use equity derivatives to hedge this risk.

The Group made no major changes to its equity risk management policy in 2008.

Analysis of sensitivity of financial instruments to equity risks

Impacts are estimated by applying this 10% decline in share prices to the financial assets concerned at year-end.

The financial instruments' sensitivity to equity risks is not significant at December 31, 2008.

B5 – Commodity risks

Management of commodity risks

Renault's Purchases department may hedge part of its commodity risks using financial instruments such as forward purchase contracts, purchase options and tunnel contracts. These hedges concern physical purchasing operations required by the factories, and are subject to volume and time constraints.

There were no commodity hedges outstanding at December 31, 2008 for the Automobile division business.

Commodity derivatives

	DECEMBER 31, 2008				DECEMBER 31, 2007				DECEMBER 31, 2006			
(€ million)	NOMINAL	-1 YR	1-5 YEARS	+5 YRS	NOMINAL	-1 YR	1-5 YEARS	+5 YRS	NOMINAL	-1 YR	1-5 YEARS	+5 YRS
Forward purchases	170	170	-	-	623	493	130	-	177	177	-	-
Forward sales	170	170	-	-	418	305	113	-	229	229	-	-

Derivatives at December 31, 2008 relate to operations undertaken by Renault Finance with the Nissan Group, which are hedged on the market.

B6 – Counterparty risk

The Group only does business on the financial and banking markets with quality counterparties, and is not subject to any significant risk concentration.

All Group entities use a fully-coordinated counterparty risk management procedure involving a scoring system, based principally on the counterparties' long-term credit rating and equity level. For Group companies with significant exposure, compliance with authorised limits is monitored on a daily basis under strict internal control procedures.

Counterparty risks were the subject of heightened vigilance in 2008: certain banking counterparties were placed under close monitoring and in some cases limits previously granted were eliminated. No losses were recorded in 2008 due to default by a banking counterparty.

7.2.6.5 CASHFLOWS AND OTHER INFORMATION

27 – CASHFLOWS

A – Other unrealized income and expenses

(€ million)	**2008**	**2007**	**2006**
Net allocation to provisions	104	(185)	(256)
Net effects of Sales financing credit losses	155	54	14
Net gain (loss) on asset disposals	(143)	(19)	(188)
Change in fair value of redeemable shares	(515)	(53)	34
Change in fair value of other financial instruments	(53)	76	40
Deferred taxes	(26)	(58)	(86)
Other	(18)	71	12
OTHER UNREALIZED INCOME AND EXPENSES	**(496)**	**(114)**	**(430)**

B – Change in working capital

(€ million)	**2008**	**2007**	**2006**
Decrease (increase) in net inventories	584	(862)	656
Decrease (increase) in Automobile receivables	283	(171)	51
Decrease (increase) in other assets	(195)	(419)	190
Increase (decrease) in trade payables	(2,676)	1,008	(522)
Increase (decrease) in other liabilities	(829)	97	(61)
DECREASE (INCREASE) IN WORKING CAPITAL	**(2,833)**	**(347)**	**314**

C – Cashflows from investing activities

(€ million)	**2008**	**2007**	**2006**
Purchases of intangible assets	(1,178)	(1,348)	(1,132)
Purchases of property, plant and equipment	(3,150)	(3,278)	(3,577)
Total purchases for the period	**(4,328)**	**(4,626)**	**(4,709)**
Deferred payments	(41)	(18)	65
TOTAL CAPITAL EXPENDITURE	**(4,369)**	**(4,644)**	**(4,644)**

D – Interest received and paid by the Automobile division

(€ million)	**2008**	**2007**	**2006**
Interest received	207	280	202
Interest paid	(372)	(350)	(281)
INTEREST RECEIVED AND PAID	**(165)**	**(70)**	**(79)**

28 – RELATED PARTIES

A – Remuneration of Directors and Executives

Remuneration of the President and CEO and the Chairman of the Board of Directors

Excluding stock option plans, the consideration and related benefits of the President and CEO and the Chairman of the Board of Directors amounted to €1.8 million and €0.3 million respectively for 2008 (€4.1 million and €1.2 million respectively for 2007). The following amounts were recognized in expenses in the relevant years:

(€ million)	**2008**	**2007**
Basic salary	1.2	1.2
Performance-related salary	-	1.4
Employer's social security charges	0.5	0.8
Complementary pension	0.1	0.6
Stock option plans	2.4	7.4
Stock option plans – effect of cancellations	(7.6)	-
Other remuneration	-	0.1
President and CEO	**(3.4)**	**11.5**
Basic salary	-	-
Fixed fee payable to the Chairman of the Board	0.2	0.2
Employer's social security charges	0.1	0.1
Complementary pension	-	0.8
Stock option plans	0.7	1.3
Stock option plans – effect of cancellations	-	-
Other remuneration	-	0.1
Chairman of the Board of Directors	**1.0**	**2.4**

Directors' fees amounted to €557,475 in 2008 (€557,770 in 2007), of which €56,000 for the President and CEO and the Chairman of the Board (unchanged from 2007).

Remuneration of Executive Committee members

Excluding stock option plans, the consideration and related benefits of members of the Executive Committee amounted to €5.3 million for 2008 (€7.7 million for 2007). The following amounts were recognized in expenses in the relevant years:

(€ million)	**2008**	**2007**
Basic salary	2.4	2.3
Performance-related salary	-	1.7
Employer's social security charges	1.1	1.5
Complementary pension	1.7	2.1
Stock option plans	1.5	5.0
Stock option plans – effect of cancellations	(3.7)	-
Other remuneration	0.1	0.1
Executive Committee members	**3.1**	**12.7**

B – Renault's investment in Nissan

Details of Renault's investment in Nissan are provided in note 13.

C – Renault's investment in AB Volvo

Details of Renault's investment in AB Volvo are provided in note 14-A.

D – Renault's investment in AvtoVAZ

Details of Renault's investment in AvtoVAZ are provided in note 14-B.

29 – OFF- BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Renault enters into a certain number of commitments in the course of its business. When these commitments qualify as liabilities, they are covered by provisions (e.g. retirement and other personnel benefits, litigations, etc.).

Details of off-balance sheet commitments and contingencies are provided below (note 29-A).

Renault also receives commitments from customers (deposits, mortgages, etc.) and may benefit from credit lines with credit institutions (note 29-B).

A – Off-balance sheet commitments given

A1 – Ordinary operations

The Group is committed for the following amounts:

(€ million)	**DECEMBER 31, 2008**	**DECEMBER 31, 2007**	**DECEMBER 31, 2006**
Other guarantees given	353	357	340
Opening of confirmed credit lines for customers (1)	3,064	2,616	2,509
Firm investment orders	850	769	878
Lease commitments	314	355	404
Assets pledged or mortgaged (2)	119	167	254

(1) Confirmed credit lines opened for customers by the Sales financing division lead to a maximum payment of this amount within 12 months after the year-end.
(2) Pledged and mortgaged assets are mainly assets provided as guarantees by Renault Samsung Motors when it was acquired by Renault in 2000.

Lease commitments include rent from non-cancellable leases. The breakdown is as follows:

(€ million)	**DECEMBER 31, 2008**	**DECEMBER 31, 2007**	**DECEMBER 31, 2006**
Less than 1 year	57	56	56
Between 1 and 5 years	193	234	239
More than 5 years	64	65	109
LEASE COMMITMENTS	**314**	**355**	**404**

A2 - Special operations

End-of-life vehicles

Under EC Directive 2000/53/EC concerning end-of-life vehicles, published in September 2000, EU member states will be obliged to take measures to ensure that:

- vehicles at the end of their useful life can be transferred to an approved processing centre free of charge to the last owner;
- specific progressive targets are met concerning the re-use rate for vehicle components, with priority given to recycling, and the value of components that can be re-used.

Since January 1, 2007, this Directive has concerned all vehicles on the road.

The Group establishes provisions in relation to the corresponding cost on a country-by-country basis, as the Directive is incorporated into national laws and when the procedures for recycling operations are defined. These provisions are regularly reviewed to ensure they take account of changes in each country's situation.

For countries where the legislation is not yet complete, until the laws are in existence, it is impossible to accurately determine whether the Group will have to bear a residual cost.

Other commitments

Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer's favour. At December 31, 2008, Renault had not identified any significant risks in connection with these operations.

Following partial sales of subsidiaries during previous years, Renault retains options to sell all or a portion of its residual investment. Exercising these options would not have any significant impact on the consolidated financial statements.

The agreement signed in March 2007 by Renault and the Japanese group NTN for the sale of 35% of SNR also provides for a firm future purchase by NTN of a further 16% in SNR on the first anniversary of the sale. In addition, Renault and NTN respectively hold a sale and purchase option concerning 29% of SNR, which can be exercised during a 60-day period starting on the 3rd and 4th anniversary dates of the original transaction. From the 5th anniversary date, Renault has a unilateral option to sell its residual 20% investment in SNR, valid for 5 years. If this option is not exercised by the end of the five-year period, NTN will have a purchase option on the residual investment.

Group companies are periodically subject to tax inspections in the countries in which they operate. Tax adjustments are recorded as provisions in the financial statements. Contested tax adjustments are recognized on a case-by-case basis, taking into account the risk that the proceedings or appeal may be unsuccessful.

B – Off-balance sheet commitments received

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Other guarantees given [(1)]	3,479	3,027	2,641
Assets pledged or mortgaged [(2)]	600	594	452
Other commitments	161	314	285

(1) Including €2,034 million for commitments received by the Sales financing division for sale to a third party of rental vehicles at the end of the rental contract.

(2) The Sales financing division receives guarantees from its customers in the course of Sales financing for new or used vehicles. Guarantees received from customers amount to €495 million at December 31, 2008.

Off-balance sheet commitments received concerning confirmed opened credit lines are presented in note 24-A.

30 – FEES PAID TO STATUTORY AUDITORS AND THEIR NETWORK

The audit fees recognized in 2008 by Renault SA and its fully consolidated subsidiaries for the engagements and assignments performed by the Statutory Auditors and their networks can be broken down as follows:

Ernst & Young network

	2008		2007		2008/2007	
(€ thousands)	**AMOUNT EXCLUDING TAX**	**%**	**AMOUNT EXCLUDING TAX**	**%**	**AMOUNT**	**%**
Audit						
Statutory audit, certification, review of individual and accounts						
Issuer (1)	2,278	44.1%	2,503	39.9%	(225)	-9.0%
Fully consolidated subsidiaries	2,639	51.0%	3,067	48.8%	(428)	-14.0%
Other inspections and services directly linked to the statutory auditor's mission						
Issuer (1)	45	0.9%	266	4.2%	(221)	-83.1%
Fully consolidated subsidiaries	135	2.6%	444	7.1%	(309)	-69.6%
SUBTOTAL	**5,097**	**98.6%**	**6,280**	**100.0%**	**(1 183)**	**-18.8%**
Other network services for the fully consolidated subsidiaries						
Legal, tax, labor-related	74	1.4%	-	-	74	N/A
Other	-	-	-	-	-	N/A
SUBTOTAL	**74**	**1.4%**	**-**	**-**	**74**	**N/A**
TOTAL FEES	**5,171**	**100.0%**	**6,280**	**100.0%**	**(1 109)**	**-17.7%**

(1) Renault SA and Renault s.a.s.

Deloitte network

	2008		2007		2008/2007	
(€ thousands)	**AMOUNT EXCLUDING TAX**	**%**	**AMOUNT EXCLUDING TAX**	**%**	**AMOUNT**	**%**
Audit						
Statutory audit, certification, review of individual and accounts						
Issuer (1)	2,478	28.3%	2,120	34.3%	358	16.9%
Fully consolidated subsidiaries	4,189	47.7%	3,356	54.4%	833	24.8%
Other inspections and services directly linked to the statutory auditor's mission						
Issuer (1)	1,214	13.8%	30	0.5%	1 184	3 946.7%
Fully consolidated subsidiaries	154	1.8%	246	4.0%	(92)	-37.4%
SUBTOTAL	**8,035**	**91.6%**	**5,752**	**93.2%**	**2 283**	**39.7%**
Other network services for the fully consolidated subsidiaries						
Legal, tax, labor-related	135	1.5%	124	2.0%	11	8.9%
Other	605	6.9%	296	4.8%	309	104.4%
SUBTOTAL	**740**	**8.4%**	**420**	**6.8%**	**320**	**76.2%**
TOTAL FEES	**8,775**	**100.0%**	**6,172**	**100.0%**	**2 603**	**42.2%**

(1) Renault SA and Renault s.a.s.

31 – SUBSEQUENT EVENTS

Government support for Renault – announcements of February 9, 2009

In response to the economic crisis sweeping the automobile industry, the French government announced a package of support measures for the sector on February 9, 2009.

For Renault, this support will take the form of a €3 billion loan, and extension of the authorization of the loan by Société de Financement de l'Economie Française (SFEF) to RCI Banque from €500 million to €1 billion.

Renault has renewed its undertaking not to close any vehicle assembly plants in France in the next few years. The Group is also committed to developing in priority systems and technologies for clean vehicles and to maintaining the necessary research, engineering and test resources. It will allocate its income in priority to strengthening equity and investments, to ensure it has all the resources needed to pursue development. Lastly, because Renault cannot grow without strong suppliers, the Group will improve its support for companies in the automotive sector, notably by doubling its contribution to the Automobile Investment Fund (to a total €200 million).

Nissan – announcements of February 9, 2009

In announcing its third-quarter financial results, Nissan revised its forecasts for the fiscal year ending March 31, 2009. The company expects a net loss of ¥265 billion. Excluding the effect of restatements for accounting harmonization and fair value measurement of assets and liabilities applied by Renault, this would result in a negative first-quarter contribution of some €1,100 million to Renault group's net income for the first half-year of 2009.

Nissan intends to introduce a plan during the next fiscal year to reduce its global headcount by 20,000.

Nissan also announced it was to cut back on industrial investments, through a plan that will involve a review of Nissan's participation in some of the Alliance's joint industrial projects:

- in India (Chennai), the joint Renault-Nissan plant will proceed with a reduced ramp-up;
- in Morocco (Tangiers), Nissan is suspending its participation in the plans for a joint plant.

32 – CONSOLIDATED COMPANIES

A – Fully consolidated companies (subsidiaries)

RENAULT GROUP'S INTEREST (%)	COUNTRY	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
AUTOMOBILE				
FRANCE				
Renault s.a.s.	France	100	100	100
Arkanéo	France	100	100	100
Auto Châssis International (ACI) Le Mans	France	100	100	100
Auto Châssis International (ACI) Villeurbanne	France	100	100	100
Car life Siège and subsidiaries	France	-	100	100
Emboutissage Tôlerie Gennevilliers (ETG)	France	-	100	100
Fonderie de Normandie	France	100	-	-
SNR Group (Société Nouvelle de Roulements)	France	-	-	100
IDVU	France	100	100	100
Maubeuge Construction Automobile (MCA)	France	100	100	100
Renault Développement Industriel et Commercial (RDIC)	France	100	100	100
Renault Retail Group SA and subsidiaries	France	100	100	100
SCI parc industriel du Mans	France	100	100	100
SCI Plateau de Guyancourt	France	100	100	100
SNC Renault Cléon	France	100	100	100
SNC Renault Douai	France	100	100	100
SNC Renault Flins	France	100	100	100
SNC Renault Le Mans	France	100	100	100
SNC Renault Sandouville	France	100	100	100
Société des automobiles Alpine Renault	France	100	100	100
Sofrastock International	France	100	100	100
Société de transmissions automatiques	France	80	80	80
Société de véhicules automobiles de Batilly (SOVAB)	France	100	100	100
Société Immobilière de Construction Française pour l'Automobile et la Mécanique (SICOFRAM) and subsidiary	France	100	100	100
Société Immobilière Renault Habitation (SIRHA)	France	100	100	100
Société Immobilière d'Epone	France	100	100	100
Société Immobilière pour l'Automobile et la Mécanique (SIAM)	France	100	100	100
SODICAM 2	France	100	100	100
Société Financière et Foncière (SFF)	France	100	100	100
Technologie et Exploitation Informatique (TEI)	France	100	100	100
EUROPE				
Auto Châssis International (ACI) Valladolid	Spain	-	100	100
Cacia	Portugal	100	100	100
Cofal	Luxembourg	100	100	100
Grigny Ltd.	United Kingdom	100	100	100
Mecanizacion Contable SA (Meconsa)	Spain	-	100	100
Motor Reinsurance Company	Luxembourg	100	100	100
Renault Belgique Luxembourg and subsidiaries	Belgium	100	100	100
Renault Ceska Republica and subsidiaries	Czech Republic	100	100	100
Renault Croatia	Croatia	100	100	100
Renault Espana Comercial SA (RECSA) and subsidiaries	Spain	100	100	100
Renault Espana SA and subsidiaries	Spain	100	100	100
Renault Finance	Switzerland	100	100	100
Renault F1 Team Ltd.	United Kingdom	100	100	100
Renault Group b.v.	Netherlands	100	100	100
Renault Hungaria and subsidiaries	Hungary	100	100	100

RENAULT GROUP'S INTEREST (%)	COUNTRY	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Renault Industrie Belgique (RIB)	Belgium	100	100	100
Renault Italia and subsidiaries	Italy	100	100	100
Renault Irlande	Ireland	100	-	-
Renault Deutsche AG and subsidiaries	Germany	100	100	100
Renault Nederland and subsidiaries	Netherlands	100	100	100
Renault Österreich and subsidiaries	Austria	100	100	100
Renault Nordic	Sweden	100	100	-
Renault Suisse SA and subsidiaries	Switzerland	100	100	100
Renault Polska	Poland	100	100	100
Renault Portuguesa and subsidiaries	Portugal	100	100	100
Renault Retail Group UK Ltd.	United Kingdom	100	100	100
Renault Slovakia	Slovakia	100	100	100
Renault Nissan Slovenia d.o.o.	Slovenia	100	100	100
Renault UK	United Kingdom	100	100	100
Revoz	Slovenia	100	100	100
EUROMED				
AFM Industrie	Russia	100	100	100
Auto Châssis International (ACI) Romania	Romania	100	100	100
Avtoframos	Russia	94	94	94
Dacia and subsidiaries	Romania	99	99	99
Oyak-Renault Otomobil Fabrikalari	Turkey	52	52	52
Remosprom	Russia	64	-	-
Renault Algérie	Algeria	100	100	100
Renault Industrie Roumanie	Romania	100	100	100
Renault Maroc	Morroco	80	80	80
Renault Mécanique Roumanie	Romania	100	100	100
Renault Nissan Roumanie	Romania	100	100	100
Renault Technologie Roumanie	Romania	100	100	-
Renault Ukraine	Ukraine	100	100	100
Renault Nissan Bulgarie	Bulgaria	100	100	100
Société Marocaine de Construction Automobile (SOMACA)	Morroco	77	77	-
AMERICA				
Groupe Renault Argentina	Argentina	100	100	100
Renault do Brasil LTDA	Brazil	100	100	100
Renault do Brasil SA	Brazil	100	100	100
Renault Corporativo SA de C.V.	Mexico	100	100	100
Renault Mexico	Mexico	100	100	100
Sociedad de Fabricacion de Automotores (SOFASA)	Colombia	100	60	60
Renault Venezuela	Venezuela	100	100	100
ASIA & AFRICA				
Renault Private Ltd.	India	100	-	-
Renault Pars	Iran	51	51	51
Renault Samsung Motors	South Korea	80	80	80
Renault South Africa and subsidiaries	South Africa	51	51	51

RENAULT GROUP'S INTEREST (%)	COUNTRY	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
SALES FINANCING				
FRANCE				
Diac	France	100	100	100
Diac Location	France	100	100	100
Compagnie de Gestion Rationnelle (COGERA)	France	100	100	100
RCI Banque and branches	France	100	100	100
Réalisation, Études, Courtage et Assurances (RECA)	France	-	-	100
Société Internationale de Gestion et de Maintenance Automobile (SIGMA)	France	100	100	100
Société de Gestion, d'Exploitation de Services en Moyens Administratifs (SOGESMA)	France	100	100	100
EUROPE				
Accordia Espana SA	Spain	-	-	100
ARTIDA	Spain	-	100	100
RCI Financial Services Ltd.	United Kingdom	100	100	100
Overlease Espagne	Spain	100	100	100
RCI Bank AG	Austria	100	100	100
RCI Bank Polska	Poland	100	100	100
RCI Finance CZ sro	Czech Republic	100	100	100
RCI Finance SK sro	Slovakia	100	100	-
RCI Financial Services Belgique	Belgium	100	100	100
RCI Financial Services BV	Netherlands	100	100	100
RCI Finanzholding GmbH	Germany	-	100	100
RCI Gest IFIC and subsidiary	Portugal	100	100	100
RCI Gest Seguros	Portugal	100	100	100
RCI Leasing GmbH	Germany	100	100	100
RCI Versicherungs Service GmbH	Germany	100	100	100
Renault Acceptance Ltd.	United Kingdom	100	100	100
Refactor	Italy	-	-	100
Renault Autofin SA Belgique	Belgium	100	100	100
Renault Credit Polska	Poland	100	100	100
Renault Financial Services Ltd. (RFS)	United Kingdom	100	100	-
RCI Zrt Hongrie	Hungary	100	100	100
RCI Finance SA	Switzerland	100	100	100
Renault Financiaciones	Spain	-	-	100
Renault Services SA Belgique	Belgium	100	100	100
RNC (ex Accordia)	Italy	-	-	100
EUROMED				
RCI Broker de Assigurare	Romania	100	100	100
RCI Leasing Romania	Romania	100	100	100
RCI Finance Maroc	Morroco	100	-	-
RCI Finantare Romania	Romania	100	100	100
AMERICA				
Consorcio Renault do Brasil	Brazil	100	100	100
Cia Arradamento Mercantil Renault do Brasil	Brazil	60	60	60
CFI Renault do Brasil	Brazil	60	60	60
Courtage SA	Argentina	100	-	-
Renault do Brasil S/A Corr. de Seguros	Brazil	100	100	100
ROMBO Compania Financiera	Argentina	60	60	60
ASIA & AFRICA				
RCI Korea	South Korea	100	100	100

B – Proportionately consolidated companies (joint ventures)

RENAULT GROUP'S INTEREST (%)	COUNTRY	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
AUTOMOBILE				
Ciudad Communicacion Valladolid	Spain	-	-	50
Française de Mécanique	France	50	50	50
GIE TA 96	France	-	50	50
Mahindra Renault Ltd.	India	49	-	-
Renault Nissan Technology and Business Centre India Private Ltd. (RNTBCI)	India	67	-	-
SALES FINANCING				
Sygma Finance	France	-	50	50
Renault Leasing CZ Sro	Czech Republic	50	50	50
Renault Credit Car	Belgium	50	50	50
Renault Financial Services Ltd. (RFS)	United Kingdom	-	-	50
Overlease Italia	Italy	49	49	49

C – Companies accounted for by the equity method (associates)

RENAULT GROUP'S INTEREST (%)	COUNTRY	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
AUTOMOBILE				
AB Volvo Group	Sweden	21.8	21.8	21.8
AvtoVAZ Group	Russia	25.0	-	-
MAIS	Turkey	49	49	49
Nissan Group	Japan	45.7	45.6	45.3
SALES FINANCING				
Nissan Renault Wholesale Mexico	Mexico	-	-	15
Nissan Renault Finance Mexico	Mexico	15	15	15

The percentage control is different from the percentage ownership for the following entity:

RENAULT GROUP'S % CONTROL	COUNTRY	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
AB Volvo Group	Sweden	21.3	21.3	21.3

7.3 STATUTORY AUDITORS' REPORTS ON THE PARENT COMPANY ONLY

7.3.1 ON THE ANNUAL FINANCIAL STATEMENTS

Renault

Year ended December 31, 2008

Statutory Auditors' report on the annual financial statements

This is a free translation into English of the Statutory Auditors' report on the annual financial statements issued in the French language and is provided solely for the convenience of English speaking issuers. This Statutory Auditors'report on the annual financial statements includes information specifically required by French law in all audit reports, whether modified or not. This information is presented below the opinion on the financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual financial statements.

This report on the annual financial statements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Annual General Meeting, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying annual financial statements of Renault;
- the justification of our assessments;
- the specific verifications and information required by law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2008 and of the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of French Company Law (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- As disclosed in the note 1-C to the financial statements, and in accordance with the Conseil national de la comptabilité (French National Accounting Body) Recommendation no. 34, your company has elected to use the equity method to account for its investments in subsidiaries over which it exercises exclusive control. The equity value of these investments is determined in accordance with the accounting rules and methods used to draw up the Group's consolidated financial statements. Our assessment of this equity value is based on the result of the procedures performed to audit the Group's financial statements for the 2008 fiscal year.
- As disclosed in notes 1-C and 1-E, treasury shares acquired for the purposes of stock option plans (classified in "Other investments and other financial assets") and treasury shares held for the purposes of stock option plans awarded to Group managers and executives (classified in "Marketable securities") are recorded at the lower of purchase price and average stock market price over the last twenty trading days prior to the closing date. The impairment recorded is described in notes 6 and 8 to the financial statements. We verified the appropriateness of the accounting rules and methods applied and disclosures provided in the notes to the financial statements, reviewed the available documentation and assessed the reasonableness of estimates made.
- Finally, based on procedures performed and information communicated, we believe that note 13-D provides appropriate disclosure of the Company's exposure to liquidity risk.

Such assessments were performed as part of our audit approach for the annual financial statements taken as a whole and contributed to the expression of our unqualified opinion in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed the specific verifications required by law.

We have no matters to report regarding:

- the fair presentation and the conformity with the annual financial statements of the information given in the Board of Directors' Management Report and in the documents addressed to the shareholders with respect to the financial position and the financial statements;
- the fair presentation of the information given in the Board of Directors' Management Report in respect of remunerations and benefits received by the relevant directors and any other commitments made in their favor in connection with, or subsequent to, their appointment, termination or change in current function.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders and holders of the voting rights has been properly disclosed in the Board of Directors' Management Report.

Neuilly-sur-Seine and Paris-La Défense, February 17, 2009

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

7.3.2 SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH RELATED THIRD PARTIES

Renault

Year ended December 31, 2008

Statutory Auditors' special report on regulated agreements and commitments with related third parties

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with related third parties that is issued in the French language and is provided solely for the convenience of English speaking users. This report on regulated agreements and commitments with related third parties should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Company Law and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on the regulated agreements and commitments with related third parties.

We are not required to ascertain whether any other agreements and commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us. We are not required to comment as to whether they are beneficial or appropriate. It is your responsibility, in accordance with Article R. 225-31 of French company law (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments prior to their approval.

Agreements authorized during the year

We hereby inform you that we have not been advised of any agreements and commitments concluded during the year ended December 31, 2008 which would be covered by Article L. 225-38 of French Company Law (*Code de commerce*).

Agreements authorized during previous years and having continuing effect during the year

In accordance with the French Company Law (*Code de commerce*), we have been advised that the following agreements and commitments, approved in prior years, remained current in the year ended December 31, 2008.

1. WITH COGERA

Credit facility agreement between your Company and Cogera

A credit facility agreement was entered into between your Company and Cogera, a subsidiary of RCI Banque (controlled by Renault), in order to grant Cogera a credit facility of €450,000,000, allocated to Cogera's refinancing of its banking activities, with a view to allowing RCI Banque to reduce its "Large Risks" ratio as defined in Article 1.1 of Comité de la réglementation bancaire et fnancière (French Banking and Financial Regulation Committee) Regulation No. 93-05, calculated on a consolidated basis. In the 2008 fiscal year, the amount concerning this agreement totaled €23,101,963.

2. WITH RENAULT S.A.S.

A. Contracting-out agreements

Contracting-out agreements were entered into between your Company and Renault s.a.s. within the scope of an operation to refinance loans granted under the "1% construction" scheme (French Social Construction Tax), in particular, for the purpose of reinforcing the liquidity of these non-interest-bearing loans and to freeze the cost of refinancing at current, exceptionally low interest rates up to the maturity date in 2019.

B. Agreement for the provision of services

Your Company entered into a contract with Renault s.a.s. under which the latter is to provide a certain number of legal, accounting, tax, customs and financial services to enable your Company to meet its legal obligations in these matters. In the 2008 fiscal year, the amount invoiced by Renault s.a.s. concerning these services totaled €3,908,528.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Neuilly-sur-Seine and Paris-la Défense, February 17, 2009

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

7.4 RENAULT SA PARENT COMPANY FINANCIAL STATEMENTS

7.4.1 FINANCIAL STATEMENTS

INCOME STATEMENT

(€ million)	**2008**	**2007**
Operating income		4
Operating expenses	(26)	(24)
Increases to provisions	(5)	
NET OPERATING EXPENSE	**(31)**	**(20)**
Investment income	875	853
Reversals from provisions	4	
INVESTMENT INCOME AND EXPENSES (Note 2)	**879**	**853**
Foreign exchange gains	249	534
Increases to provisions for exchange risks	(955)	
Foreign exchange losses	(400)	(179)
FOREIGN EXCHANGE GAINS AND LOSSES (Note 3)	**(1,106)**	**355**
Interest and equivalent income	3	5
Interest and equivalent expenses	(341)	(263)
Reversals of provisions and transfers of charges	1	3
Net gains on sales of marketable securities	17	45
Depreciation and provisions	(462)	
OTHER FINANCIAL INCOME AND EXPENSES (Note 4)	**(782)**	**(210)**
NET FINANCIAL INCOME	**(1,009)**	**998**
PRE-TAX INCOME BEFORE EXCEPTIONAL ITEMS	**(1,040)**	**978**
EXCEPTIONAL INCOME		
EXCEPTIONAL EXPENSES		**(1)**
NET EXCEPTIONAL ITEMS		**(1)**
INCOME TAX (Note 5)	**177**	**119**
NET INCOME	**(863)**	**1,096**

BALANCE SHEET

ASSETS (€ million)	2008 GROSS	2008 DEPRECIATION AMORTIZATION & PROVISIONS	2008 NET	2007 NET
Investments stated at equity (note 6)	7,459		7,459	8,490
Investment in Nissan Motor (note 6)	6,413	0	6,413	6,413
Other investments (note 6)	376	310	66	232
Advances to subsidiaries and affiliates (note 7)	11,801	14	11,787	9,648
FINANCIAL ASSETS	**26,049**	**324**	**25,725**	**24,784**
TOTAL FIXED ASSETS	**26,049**	**324**	**25,725**	**24,784**
RECEIVABLES	**18**		**18**	**15**
MARKETABLE SECURITIES (Note 8)	**251**	**163**	**88**	**582**
CASH AND CASH EQUIVALENTS	**2**		**2**	**9**
OTHER ASSETS (Note 9)	**363**		**363**	**35**
TOTAL ASSETS	**26,683**	**487**	**26,196**	**25,425**

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	2008	2007
Share capital	1,086	1,086
Share premium	4,424	4,423
Revaluation surplus	9	9
Equity valuation difference	3,798	4,829
Legal and tax basis reserves	108	108
Retained earnings	7,166	7,120
Net income	(863)	1,096
SHAREHOLDERS' EQUITY (Note 10)	**15,728**	**18,671**
REDEEMABLE SHARES (Note 11)	**130**	**130**
PROVISIONS FOR RISKS AND LIABILITIES (Note 12)	**996**	**54**
Bonds	4,761	3,954
Borrowings from credit institutions	1,463	322
Other loans and financial debts	3,040	1,904
FINANCIAL LOANS AND BORROWINGS (Note 13)	**9,264**	**6,180**
OTHER LIABILITIES (Note 14)	**4**	**40**
DEFERRED INCOME (Note 15)	**74**	**350**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**26,196**	**25,425**

STATEMENT OF CHANGES IN CASH

(€ million)	2008	2007
Cashflow (note 19)	554	1,064
Change in working capital requirements	(49)	9
CASHFLOW FROM OPERATING ACTIVITIES	**505**	**1,073**
Net decrease (increase) in other investments	231	(232)
Net decrease (increase) in loans	(2,143)	(128)
Net decrease (increase) in marketable securities	(31)	620
CASHFLOW FROM INVESTING ACTIVITIES	**(1,943)**	**260**
Bond issues	682	588
Bond redemptions	(435)	(597)
Net increase (decrease) in other interest-bearing borrowings	2,222	(492)
Dividends paid to shareholders	(1,049)	(863)
Bond redemption premiums	(19)	
CASHFLOW FROM FINANCING ACTIVITIES	**1,401**	**(1,364)**
Cash and cash equivalents: opening balance	(1)	30
Increase (decrease) in cash and cash equivalents	(37)	(31)
CASH AND CASH EQUIVALENTS: CLOSING BALANCE	**(38)**	**(1)**

7.4.2 NOTES TO THE FINANCIAL STATEMENTS

7.4.2.1 ACCOUNTING POLICIES

Renault SA draws up its accounts in accordance with French law and accounting regulations. The annual financial statements are presented using French chart of accounts 99-03 of April 29, 1999, amended by CRC (Comité de la Règlementation Comptable) regulations.

The following methods were applied in valuing balance sheet and income statement items:

A – Net financial income

The net financial income comprises interest income and expenses related to Renault SA's indebtedness and short-term investment activities. Financial expenses correspond to charges payable on borrowing sources, which depend on the level of indebtedness and interest rates. Financial income includes gains on short-term investments (marketable securities, loans) and dividends received. The net financial income includes realized foreign exchange gains and losses.

B – Net exceptional items

Exceptional items are revenues and expenses resulting from events or transactions that are clearly distinct from the company's normal business operations, and are not expected to recur on a frequent or regular basis.

C – Investments

As allowed by CNC (Conseil National de la Comptabilité) avis N°34 (July 1988), as an alternative to the standard valuation method for investments carried in the balance sheet, Renault SA has opted to state investments in wholly-controlled companies at equity:

- this method is applied to all fully consolidated companies;
- the shareholders' equity of these companies is determined under the accounting policies applied in the consolidated financial statements; as this is a valuation method, intercompany eliminations are not taken into account;
- in valuing a subsidiary, its holdings in companies wholly controlled by the Group are valued in the same way;
- the change during the year in the overall percentage of shareholders' equity corresponding to these interests is not an income or loss item; it is included in shareholders' equity under «equity valuation difference». This amount cannot be distributed or used to offset losses. When it is negative, a provision for general depreciation is established as a charge against income.

Investments in companies not wholly controlled by Renault SA are valued at acquisition cost, less related expenses, or at their book value if this is lower. Provisions are established when the book value of the investments is lower than the gross value. The book value takes account of profitability and commercial prospects, and the share of net assets.

Other investments include treasury shares acquired for the purposes of share subscription option plans.

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D – Advances to subsidiaries and affiliates

Loans to related companies and advances to subsidiaries and affiliates are recorded at historical cost. Impairment is recognized when there is a probability that these loans will not be recovered.

E – Marketable securities

Marketable securities are valued at acquisition cost, excluding related expenses and accrued interest for bonds, or at market value if this is lower.

Treasury shares held for the purposes of stock option plans awarded to Group managers and executives are recorded in marketable securities at the lower of purchase price and stock market price. A provision equivalent to the difference is established where relevant. An additional provision for risks and liabilities is established when the option exercise price falls below the net book value.

F – Loan costs and issuance expenses

Loan costs, including issuance expenses, and bond redemption premiums are amortized over the corresponding duration.

G – Translation of foreign currency receivables and liabilities

Receivables and liabilities denominated in foreign currencies are translated as follows:

- all receivables and liabilities in foreign currencies are converted at the year-end exchange rate;
- exchange differences arising between the date of transactions and December 31 are recorded in Other assets and Deferred income (translation adjustment);
- a provision for risk equal to the unrealized exchange losses is established as follows:
  - a foreign exchange position is determined for each currency and term, based on balance sheet items stated in foreign currencies and derivatives entered into to hedge foreign exchange risks,
  - unrealized foreign exchange gains are netted against unrealized foreign exchange losses with a similar term in the same currency,
  - any residual unrealized foreign exchange losses by currency and term are recognized.

H – Provisions for risks and liabilities

Provisions for risks and liabilities are established for obligations that are probable or definite at year-end. A contingent liability is an obligation that is neither probable nor definite at the date the financial statements are established, or a probable obligation for which expenditure of resources is not probable. Provisions are not established for contingent liabilities, but an off-balance sheet commitment is reported where relevant.

I – Derivatives

Gains and losses on derivatives designated as hedges are recorded in the income statement in the same way as the revenues and expenses relating to the hedged item.

Derivatives not designated as hedges are adjusted to fair value at each closing date. Any resulting unrealized loss is recognized in the income statement, while in application of the conservatism principle, unrealized gains are not taken to income.

The fair value of forward exchange contracts is based on market conditions. The fair value of currency swaps is determined by discounting future cashflows, using closing-date market rates (exchange and interest rates). The fair value of interest rate derivatives is the amount the Group would receive (or pay) to settle outstanding contracts at the closing date, taking year-end market conditions into consideration.

7.4.2.2 INVESTMENT INCOME AND EXPENSES

Details are as follows:

(€ million)	**2008**	**2007**
Dividends received from Nissan Motor Co Ltd.	418	456
Dividends received from Sofasa	5	4
Interest on loans	452	393
Increases/Reversals from provisions related to subsidiaries and affiliates	4	
TOTAL	**879**	**853**

Interest on loans breaks down as follows:

(€ million)	2008	2007
Interest on loans		
Renault s.a.s.	209	93
Renault Finance	46	100
SNC Renault cleon	23	24
Cogera	23	20
Pôles RFA	21	20
SNC Renault Sandouville	19	19
SNC Renault Douai	17	14
Maubeuge construction automobile	16	13
SNC Renault Flins	14	16
Auto chassis international	11	17
SOVAB	9	6
COFAL	6	4
ACI Villeurbanne	5	4
Emboutissage tolerie Gennevilliers	5	4
Renault Brussel	4	2
RDIC	3	10
SIMCRA	3	3
SIRHA	2	2
SCI du Plateau de Guyancourt	2	
Société nouvelle de roulements	1	4
Société de transmissions automatiques	1	1
TEI	1	1
Renault UK	1	1
Renault Wien	1	1
Renault Amsterdam	1	
Renault Ireland	1	
Fonderie de Normandie	1	
Renault Formule 1	1	3
Reagroup Estate Polska	1	
Renault sport	1	1
Societe cablage de L'oise	1	1
Other companies	4	9
TOTAL	**452**	**393**

7.4.2.3 FOREIGN EXCHANGE GAINS AND LOSSES

The net foreign exchange loss is chiefly attributable to operations in yen undertaken by Renault SA as part of the hedge of the net assets of Nissan. These operations are classified as hedges in the consolidated financial statements only. In the corporate financial statements, foreign exchange operations related to the Nissan hedge are recorded in the income statement.

Foreign exchange gains and losses in 2008 comprise the following:

- redemption of bonds and cross currency swaps for a total of €487 million, resulting in a foreign exchange gain of €77 million. This gain relates to the following operations:
  - settlement of the cross-currency swap undertaken to hedge the bond issued on August 29, 2003 (nominal value €85 million), generating a foreign exchange gain of €20 million,
  - redemption of the bond issued on April 30, 2003 on the Japanese domestic market (nominal value ¥1 billion), generating a foreign exchange gain of €1 million,
  - settlement of the cross-currency swap undertaken to hedge the bond issued on March 30, 2001 (nominal value €163 million), generating a foreign exchange gain of €30 million,
  - settlement of the cross-currency swap undertaken on February 21, 2006 (nominal value ¥45 billion), generating a foreign exchange gain of €39 million,
  - redemption of the bond issued on December 2, 2003 on the Japanese domestic market (nominal value ¥30 billion), generating a foreign exchange loss of €13 million.
- settlements of short-term forward sales, generating a €227 million net foreign exchange loss in 2008 (losses of €385 million and gains of €158 million);
- a provision of €955 million for unrealized foreign exchange losses booked in 2008. This amount includes €709 million for unsettled forward purchases and sales in yen and €246 million for financial bond issues in yen or swapped to yen.

Foreign exchange gains and losses in 2007 included a gain of €145 million following redemption of three bonds issued in yen or swapped to yen for a total of €597 million, and a net gain of €211 million on settlement of forward sales (gains of €387 million and losses of €176 million).

Changes in the hedge of the net assets of Nissan are shown in note 17-A.

7.4.2.4 OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses amounted to €782 million in 2008 (€210 million in 2007) correspond to net interest payments on Renault bonds after swaps and a provision of €460 million booked against treasury shares (€162 million in marketable securities and €297 million in other investments).

The net interest on bonds comprises accrued and paid interest of €334 million (€329 million in 2007), and accrued and received interest on swaps of €154 million (€177 million in 2007).

Details of interest paid and other similar expenses are as follows:

(€ million)	2008	2007
Net accrued interest after swaps on bonds	(180)	(152)
Net accrued interest after swaps on borrowings from credit institutions	(26)	(11)
Accrued interest on termination of borrowings from subsidiaries	(86)	(69)
Accrued interest on redeemable shares	(17)	(17)
Other (treasury notes and commitment commissions)	(32)	(14)
TOTAL	**(341)**	**(263)**

In 2008, the €180 million of interest payable or paid, after swaps, mainly comprise:

- €73 million on the swapped bond issued on June 26, 2002;
- €28 million on the swapped bond issued on May 24, 2006;
- €26 million on the swapped bond issued on April 16, 2007;
- €8 million on the swapped bond issued on May 28, 2003.

The net interest receivable on the swapped portion of bonds amounted to €18 million: €185 million on the paying leg and €167 million on the receiving leg.

In 2007, the €152 million of interest payable or paid, after swaps, included €65 million on the swapped bond issued on June 26, 2002.

7.4.2.5 INCOME TAX

As Renault SA elected to determine French income taxes under the domestic tax consolidation regime when it was formed, this regime has continued to apply to the Group in which Renault SA is taxed in France since January 1, 2004. French subsidiaries that are more than 95% owned by Renault SA pay their income taxes directly to Renault SA under this regime. Each entity included in the domestic tax consolidation records its theoretical taxes as if it was taxed separately. The tax saving generated by this system is treated as income for the company heading the group of entities concerned. When subsidiaries return to profit, the parent company records additional tax due to the fact that the subsidiaries' past tax losses have already been utilised. The parent company is not obliged to reimburse the subsidiaries for the tax savings resulting from utilization of their tax losses when the subsidiaries return to profit or leave the tax consolidated group.

The income generated by income taxes for 2008 was €177 million from the domestic tax consolidation. The loss reported under the domestic tax consolidation amounts to €5,421 million, a €3,798 million increase over the previous year.

Details of the tax income for the year are as follows:

		Taxes				Net income	
(€ million)	Income before tax	Theoretical	Netting	Tax credit	Net tax due	Theoretical	As booked
Current income subject to normal rate	(1,040)	(639)		3	(636)	(404)	(404)
Tax consolidation					459		(459)
TOTAL	**(1,040)**	**(639)**	**0**	**3**	**(177)**	**(404)**	**(863)**

Details of Renault SA's future tax position are as follows:

	2008		2007		Change	
(€ million)	Assets (1)	Liabilities (2)	Assets (1)	Liabilities (2)	Assets	Liabilities
Temporarily non-deductible expenses						
Provisions for risks and liabilities	342		18		324	
Expenses deducted (or taxable income) not yet recognized for accounting purposes	**24**	**349**	**143**	**3**	**(119)**	**346**
TOTAL	**366**	**349**	**161**	**3**	**205**	**346**

(1) i.e. future tax credit.
(2) i.e. future tax charge.

7.4.2.6 INVESTMENTS

Changes during the year were as follows:

(€ million)	AT START OF YEAR	CHANGE OVER THE YEAR	AT YEAR-END
Investments stated at equity	8,490	(1,031)	7,459
Investment in Nissan Motor Co. Ltd.	6,413		6,413
Other investments	245	131	376
Provisions on other investments	(13)	(297)	(310)
TOTAL	**15,135**	**(1,197)**	**13,938**

The €1,031 million change during the year in investments stated at equity is taken to shareholders' equity (see note 11). No new investments or disposals took place in 2008.

The €131 million increase in other investments corresponds to purchases of 1,618,000 treasury shares. Impairment of €297 million, based on the average of the 20 last stock market prices, was recorded at December 31, 2008 in view of the significant decline in the Renault share price.

7.4.2.7 ADVANCES TO SUBSIDIARIES AND AFFILIATES

Changes during the year were as follows:

(€ million)	AT START OF YEAR	INCREASES	DECREASES	AT YEAR-END
Capitalizable advances	5			5
Dividends receivable		3		3
Loans	9,642	5,123	(2,972)	11,793
TOTAL BEFORE PROVISIONS (1)	**9,647**	**5,126**	**(2,972)**	**11,801**
Provisions	(5)	(9)		(14)
NET TOTAL	**9,642**	**5,117**	**(2,972)**	**11,787**
(1) Current portion (less than one year)	*9,549*	*5,122*	*(2,965)*	*11,706*
Long-term portion (over 1 year)	*98*	*4*	*(7)*	*95*

Advances to subsidiaries and affiliates include:

- €238 million in short-term investments with Group finance companies as part of the Group's cash management programme (€1,785 million in 2007);
- €25 million in long-term loans to Renault s.a.s. (identical to 2007);
- €11,530 million in current accounts resulting from centralized cash management agreements with Group subsidiaries (€7,832 million in 2007).

A reorganization of cashflow management was set up in 2008. Henceforth, euro cash management is centralized by Renault SA via internal accounts with the subsidiaries which are pooled in other accounts opened with non-group banks.

Details of the "loans" (€11,793 million) are as follows:

(€ million)	DEC 31, 2008	DEC 31, 2007	INCREASES 2008/2007	DECREASES 2008/2007
Renault s.a.s.	7,751	3,040	4,711	
SNC Renault Cléon	481	556		(75)
Cogéra	450	450		
SNC Renault Douai	432	337	95	
SNC Renault Sandouville	364	465		(101)
Maubeuge Construction Automobile	364	331	33	
SNC Renault Flins	303	348		(45)
Pôles RFA and former French sales companies	265	366	14	(115)
Renault Finance	238	1,745		(1,507)

(€ million)	DEC 31, 2008	DEC 31, 2007	INCREASES 2008/2007	DECREASES 2008/2007
Auto Chassis International	204	374		(170)
SOVAB	201	156	45	
COFAL	131	104	27	
ACI Villeurbanne	115	106	9	
Renault Brussels	65	48	17	
SIMCRA	64	61	3	
SIRHA	50	57		(7)
Renault Nissan Deutsche AG	31		31	
Société de Transmissions Automatiques	27	25	2	
Renault Sport	26	18	8	
Renault s.a.s.	25	25		
Fonderie de Normandie	23		23	
TEI	22	26		(4)
Renault Ireland	19		19	
Renault Wien	18	17	1	
Renault Amsterdam	12	13		(1)
Renault Alpine	12		12	
Immo Réa Polska	10	11		(1)
Renault Mexico	10		10	
Valin	8	1	8	(1)
Emboutissage Tôlerie Gennevilliers	8	107	8	(107)
Car life	8	8	8	(8)
Renault Luxembourg	7	15		(8)
Renault Industrie Belgique	7	5	2	
SRAC (China) USD	7	6	1	
Française de Mécanique	6	6		
Renault Italia spa	6		6	
SAGA	5	5	5	(5)
Renault Retail Group Estate Deutschland	4	4	0	
SCI Parc industriel Le Mans	3	5		(2)
RRG Allemagne	2		2	
Somac	2		2	
Société Câblage de l'Oise	1	24		(23)
Auto Veeneman	1	1		
IDVU	0	0		
RDIC		245		(245)
Sci du Plateau de Guyancourt		233		(233)
Société Nouvelle de Roulements		96	14	(110)
Renault UK		60		(60)
Renault formula 1 Ltd.		41		(41)
SFF		40		(40)
ACI Valladolid		26		(26)
Renault Antwerpen		16		(16)
Sofrastock		7		(7)
Renault Retail Group Estate CZ S.R.O		3		(3)
Renault Hungarian alliance logistique		1		(1)
Other companies	4	8	7	(12)
TOTAL	**11,793**	**9,642**	**5,123**	**(2,972)**

7.4.2.8 MARKETABLE SECURITIES

In 2007, Renault SA invested its cash surpluses in coherence with the Group's aim to develop a more active cash investment policy. Investments in monetary investment funds were carried out with a view to achieving close to Eonia returns while retaining perfect liquidity. These short-term investment securities met strict risk control requirements such as capital guarantees, and no foreign exchange or liquidity risk was accepted.

In 2008, Renault SA sold its entire investment fund portfolio at a value of €314 million. All surpluses were invested daily to guarantee the Group's liquidity in an environment marked by falling cash surpluses and heightened market volatility.

Marketable securities only include €251 million for Renault SA's treasury shares, against which impairment of €163 million has been booked.

In 2007, marketable securities included €314 million of investment funds and €371 million of treasury shares held for the purposes of stock option plans.

Changes in treasury shares were as follows:

	AT START OF YEAR	OPTIONS EXERCISED	EARLY EXERCISE OF SHARE SUBSCRIPTION OPTIONS	AT YEAR-END
Number of shares	5,414,989	384,441	11,000	5,019,548
Value (€ million)	268	17		251
Impairment				(163)
TOTAL				**88**

7.4.2.9 OTHER ASSETS

The major item included in Other assets is the €24 million payment made in connection with the Calyon loan (€26 million at December 31, 2007). For the purposes of the 1%-rate housing loan financing operation introduced in 2004, Renault contracted a loan from Calyon with nominal value of €112 million, bearing interest at the floating rate of 6-month Euribor + 0.67%, terminating on December 31, 2019. An interest rate swap was undertaken to convert this to a fixed rate of approximately 0.13%, and Renault SA also paid a sum of €33 million corresponding to the discounted interest differential recorded over the duration of the operation. This payment is amortized over the duration of the loan (15 years) at the same rate as the interest paid on the debt.

Other assets include €313 million of translation adjustments resulting from unrealized foreign exchange losses on bonds issued in or swapped to yen as a partial hedge of the investment in Nissan.

7.4.2.10 SHAREHOLDERS' EQUITY

Changes in shareholders' equity were as follows:

(€ million)	BALANCE AT START OF YEAR	ALLOCATION OF 2007 NET INCOME	DIVIDENDS	2008 NET INCOME	OTHER	BALANCE AT YEAR-END
Share capital	1,086					1,086
Share premium	4,423					4,423
Revaluation surplus	9					9
Equity valuation difference	4,829				(1,031)	3,798
Legal and tax basis reserves	108					108
Retained earnings	7,119	1,096	(1,049)			7,166
Net income	1,096	(1,096)		(863)		(863)
TOTAL	**18,671**	**0**	**(1,049)**	**(863)**	**(1,031)**	**15,728**

At the General Shareholders' Meeting of April 29, 2008, it was decided to allocate the net income for 2007 as follows: €1,083 million (€3.80 per share) to distribution of dividends, including €34 million of non-distributable funds attached to treasury shares, and €47 million to retained earnings.

Non-distributable reserves amounted to €3,915 million at December 31, 2008.

A total of €612 million of reserves corresponds to the treasury share accounts.

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Renault SA's shareholding structure was as follows at December 31, 2008:

	OWNERSHIP STRUCTURE		VOTING RIGHTS	
	NUMBER OF SHARES HELD	% OF CAPITAL	NUMBER	%
French state	42,759,571	15,01%	42,759,571	18,32%
Employees	9,530,004	3,34%	9,530,004	4,08%
Treasury shares	8,773,698	3,08%		
Nissan	42,740,568	15,00%		
Other	181,133,277	63,57%	181,133,277	77,60%
TOTAL	**284,937,118**	**100%**	**233,422,852**	**100%**

The par value of a Renault SA share is €3.81.

7.4.2.11 REDEEMABLE SHARES

These shares, issued in October 1983 and April 1984 by Renault SA, can be redeemed with a premium on the sole initiative of Renault SA. They earn a minimum annual return of 9% comprising a fixed portion (6.75%) and a variable portion that depends on consolidated revenues and is calculated based on identical structure and methods.

In March and April 2004, Renault made a cash tender offer to buy back its redeemable shares at €450 per share, representing a 21% premium over market price. This operation generated a loss of €343 million.

797,659 redeemable shares remained on the market at December 31, 2008, with an average weighted cost of €158.93 each or a total of €130 million including accrued interest. These shares are listed on the Paris Bourse, and closed at €236 on December 31, 2008 for par value of €153 (€874 on December 31, 2007).

The 2008 return on redeemable shares, amounting to €17 million (identical to 2007), is included in interest expenses.

7.4.2.12 PROVISIONS FOR RISKS AND LIABILITIES

Provisions for risks and liabilities break down as follows:

(€ million)	2007	INCREASES	REVERSALS	2008
Sirha 1% housing loan	20		(2)	18
China SRAC SANJIANG	33		(11)	22
Risk on treasury shares	1			1
Foreign exchange losses	0	955		955
TOTAL	**54**	**955**	**(13)**	**996**
Current (less than 1 year)	*33*		*(11)*	*22*
Long-term (over 1 year)	*21*	*955*	*(2)*	*974*

All known litigation in which Renault SA is involved is examined at year-end. After seeking the opinion of legal and tax advisors, the provisions deemed necessary are, where appropriate, established to cover the estimated risk.

7.4.2.13 FINANCIAL LOANS AND BORROWINGS

A – Bonds

The principal changes in bonds over 2008 were as follows:

- issuance on January 23, 2008 on the Japanese market of a 3-year bond with total nominal value of ¥12.5 billion, at the floating rate of 6-month Libor +0.80%;
- issuance on January 23, 2008 on the Japanese market of a 3-year bond with total nominal value of ¥32.5 billion, at the fixed rate of 1.70%;
- issuance on January 23, 2008 on the Japanese market of a 5-year bond with total nominal value of ¥5 billion, at the fixed rate of 2.09%;
- issuance on April 16, 2008 of a 5-year bond with total nominal value of €300 million, at the fixed rate of 4.375%;
- issuance on December 9, 2008 of a 5-year bond with total nominal value of ¥7 billion, at the floating rate of 3-month Libor +3.2%;
- redemption of the April 30, 2003 5-year bond issue totalling ¥1 billion at the fixed rate of 1.013%;
- redemption of the June 26, 2003 5-year bond issue totalling €85 million at the floating rate of 6-month Euribor + 0.76% (swapped to yens with a fixed rate of 0.715%);
- redemption of the October 27, 2003 5-year bond issue totalling €65 million at the floating rate of 6-month Euribor + 1% (swapped to a fixed rate of 4.25375%);
- redemption of the November 14, 2003 5-year bond issue totalling €35 million at the floating rate of 6-month Euribor +1% (swapped to a fixed rate of 4.2675%);
- redemption of the November 18, 2003 5-year bond issue totalling €10 million at the floating rate of 6-month Euribor +0.57% (swapped to a fixed rate of 4.41%);
- redemption of the December 2, 2003 5-year bond issue totalling ¥30 billion at the fixed rate of 1.23%.

Breakdown by maturity

							DECEMBER 31, 2008
(€ million)	TOTAL	-1 YR	1 TO 2 YRS	2 TO 3 YRS	3 TO 4 YRS	4 TO 5 YRS	+5 YRS
2002	1,000	1,000					
2003	855		814				41
2004	326	276		50			
2005	277		198		79		
2006	924			396		500	28
2007	603		16		524		63
2008	752			357		395	
Accrued interest	24	24					
TOTAL	**4,761**	**1,300**	**1,028**	**803**	**603**	**895**	**132**

							DECEMBER 31, 2007
(€ million)	TOTAL	-1 YR	1 TO 2 YRS	2 TO 3 YRS	3 TO 4 YRS	4 TO 5 YRS	+5 YRS
2002	1,000		1,000				
2003	1,031	365		625			41
2004	278		228		50		
2005	213			152		61	
2006	831				303		528
2007	588			12		519	57
Accrued interest	13	13					
TOTAL	**3,954**	**378**	**1,228**	**789**	**353**	**580**	**626**

Breakdown by currency

	DECEMBER 31, 2008		DECEMBER 31, 2007	
(€ million)	BEFORE DERIVATIVES	AFTER DERIVATIVES	BEFORE DERIVATIVES	AFTER DERIVATIVES
Euro	3,362	2,567	3,044	2,370
Yen	1,399	2,194	910	1,584
TOTAL	**4,761**	**4,761**	**3,954**	**3,954**

Breakdown by interest rate

	DECEMBER 31, 2008	DECEMBER 31, 2007
(€ million)	AFTER DERIVATIVES	AFTER DERIVATIVES
Fixed rate	2,409	1,757
Floating rate	2,352	2,197
TOTAL	**4,761**	**3,954**

B – Borrowings from credit institutions

Borrowings from credit institutions stood at €1,463 million at December 31, 2008 (€322 million in 2007), and are mainly contracted on the market.

The principal changes in bonds over 2008 were as follows:

- issuance on March 14, 2008 of a 6-year bond with total nominal value of €78 million, at the floating rate of 3-month Euribor + 1.20%, swapped to the floating rate of 3-month Euribor +0.66%;
- issuance on March 14, 2008 of a 6-year bond with total nominal value of €147 million, at the fixed rate of 4.80%, swapped to the floating rate of 3-month Euribor +0.66%;
- issuance on June 19, 2008 of a 5-year bond with total nominal value of €178 million, at the floating rate of 3-month Euribor +1.10%;
- issuance on June 19, 2008 of a 7-year bond with total nominal value of €42 million, at the floating rate of 3-month Euribor +1.20%;

- issuance on September 19, 2008 of a 3-year bond with total nominal value of €75 million, at the floating rate of 3-month Euribor +1%;
- issuance on December 5, 2008 of a 2-year bond with total nominal value of €150 million, at the floating rate of 3-month Euribor +1.75%;
- issuance on December 9, 2008 of a 2-year bond with total nominal value of ¥6 billion, at the fixed rate of 2.98%;
- issuance on December 15, 2008 of a 4-year bond with total nominal value of €50 million, at the fixed rate of 4.62%;
- redemption of the March 30, 2001 7-year bond issue totalling €163 million, swapped to yen at the fixed rate of 2.65%.

Borrowings from credit institutions due after one year include short-term drawings on long-term credit lines (due after one year). They bear interest at market rates, and amounted to €475 million at December 31, 2008.

Breakdown by maturity

	DECEMBER 31, 2008						
(€ million)	TOTAL	-1 YR	1 TO 2 YRS	2 TO 3 YRS	3 TO 4 YRS	4 TO 5 YRS	+5 YRS
2004	173	105	5	8	10	4	41
2005							
2006							
2007							
2008	1,244	475	199	75	50	178	267
Accrued interest	46	46					
TOTAL	**1,463**	**626**	**204**	**83**	**60**	**182**	**308**

	DECEMBER 31, 2007						
(€ million)	TOTAL	-1 YR	1 TO 2 YRS	2 TO 3 YRS	3 TO 4 YRS	4 TO 5 YRS	+5 YRS
2001	127	127					
2002							
2003							
2004	183	8	107	5	8	10	45
2005							
2006							
Accrued interest	12	12					
TOTAL	**322**	**147**	**107**	**5**	**8**	**10**	**45**

Breakdown by currency

	DECEMBER 31, 2008		DECEMBER 31, 2007	
(€ million)	BEFORE DERIVATIVES	AFTER DERIVATIVES	BEFORE DERIVATIVES	AFTER DERIVATIVES
Euro	1365	1462	273	195
Yen	49			127
Other currencies	49	1	49	
TOTAL	**1,463**	**1,463**	**322**	**322**

Breakdown by interest rate

(€ million)	DECEMBER 31, 2008 AFTER DERIVATIVES	DECEMBER 31, 2007 AFTER DERIVATIVES
Fixed rate	649	211
Floating rate	814	111
TOTAL	**1,463**	**322**

C – Other loans and financial debts

Other loans and financial debts amounted to €3,040 million at December 31, 2008 (€1,904 million in 2007), and principally comprise borrowings from group subsidiaries with surplus cash, as follows:

(€ million)	2008	2007	VARIATION 2008/2007
SI Epone	488	474	14
Renault Espana sa	297	763	(466)
RDIC	238	0	238
SICOFRAM	181	42	139
FM	155		155
SCIA (ex SIAM)	145	142	3
Renault Finance	140		140
SCI Plateau de Guyancourt	88		88
Renault Belgique Luxembourg	62	53	9
Renault Nederland	62	72	(10)
SIRHA	44	44	0
Other borrowings from group subsidiaries	122	314	(192)
Treasury notes	1,018		1,018
TOTAL	**3,040**	**1,904**	**1,136**

No loans or financial debts are secured.

D – Liquidity risk

The Automobile division needs sufficient financial resources to finance its day-to-day business and the investments necessary for future growth. It therefore regularly borrows on the banking and capital markets to refinance its debt, and this exposes it to liquidity risk in the event of market closure or tensions over credit availability. As part of its centralized cash management policy, Renault SA handles most refinancing for the Automobile division either through long-term resources via the capital markets (bond issues, private placements) or through short-term financing such as treasury notes or bank financing.

Short-term financing arrangements are secured by confirmed credit agreements (see note 18). The documentation for these credit facilities contains no clause that might adversely affect credit availability as a result of a change in Renault's credit rating or financial ratio compliance.

Given the available cash reserves and confirmed credit lines unused at year-end, the prospects for renewal of short-term financing, the issuance of a 5-year preferential-term loan by the government (€3 billion for the Automobile division), Renault SA has sufficient financial resources at its disposal to cover its commitments over a 12-month horizon.

7.4.2.14 OTHER LIABILITIES

Changes in other liabilities were as follows:

(€ million)	2008	2007	VARIATION 2008/2007
Tax liabilities	4	40	(36)
TOTAL	**4**	**40**	**(36)**

The €36 million reduction in other liabilities results from a €19 million decrease in tax liabilities and a €17 million decrease in the liability for taxes payable to subsidiaries under the French domestic tax consolidation system.

7.4.2.15 DEFERRED INCOME

Deferred income mainly comprises unrealized foreign exchange gains on bond issues in yen or swapped to yen, totalling €68 million. These borrowings were subscribed as part of the hedge of the net assets of Nissan.

7.4.2.16 INFORMATION CONCERNING RELATED COMPANIES

"Related companies" are all entities fully consolidated in the Group's consolidated financial statements.

INCOME STATEMENT

(€ million)	2008		2007	
	TOTAL	RELATED COMPANIES	TOTAL	RELATED COMPANIES
Interest on loans	452	443	393	390
Interest and equivalent expenses	(341)	(100)	(263)	(45)
Reversals of provisions and transfers of charges	13		3	

BALANCE SHEET

(€ million)	2008		2007	
	TOTAL	RELATED COMPANIES	TOTAL	RELATED COMPANIES
Loans	11,793	11,709	9,649	9,577
Receivables	18		15	
Cash and cash equivalents	2		9	6
Loans and financial debts	3,040	2,971	1,904	1,851
Other liabilities	24		40	

7.4.2.17 FINANCIAL INSTRUMENTS

A – Management of exchange and interest rate risk

The corresponding commitments, expressed in terms of notional amount where appropriate, are shown below:

(€ million)	DECEMBER 31, 2008	DECEMBER 31, 2007
FOREIGN EXCHANGE RISKS		
Currency swaps		
Purchases	1,159	1,120
with Renault Finance	*365*	*513*
Sales	1,107	1,367
with Renault Finance	*357*	*617*
Other forward exchange contracts and options		
Purchases	4,522	3,174
with Renault Finance	*4,522*	*3,174*
Sales	5,225	3,149
with Renault Finance	*5,225*	*3,149*
INTEREST RATE RISKS		
Interest rate swaps	**2,428**	**2,569**
with Renault Finance	*2,312*	*2,282*

Transactions undertaken to manage exchange rate exposure principally comprise currency swaps and forward sales of yen, with respectively total nominal value of €3,990 million (¥503 billion) at December 31, 2008 and €4,996 million (¥824 billion) at December 31, 2007. These operations form a partial hedge of Renault's investment in Nissan's net assets in yen.

They comprise ¥182 billion (€1,444 million) of bonds issued directly in yen, ¥100 billion (€793 million) of loans issued in euro and swaped to yen, and ¥221 billion (€1,753 million) of forward sales.

Renault SA also carries out forward sales to hedge loans to subsidiaries denominated in foreign currencies with non-significant impact.

Renault SA carries most of the Group's indebtedness. Its interest rate risk management policy applies two basic principles: long-term investments use fixed-rate financing, and investments for liquidity reserves use variable-rate financing. The financing in yen undertaken as part of the hedge of Nissan equity is fixed-rate, over terms varying from 1 month to 7 years.

Renault SA uses derivatives to implement the above interest rate and exchange risk management policies. Most of its operations on the forward markets are with Renault Finance, a wholly-owned Group subsidiary.

B – Fair value of financial instruments

The carrying amounts on the balance sheet and the estimated fair values of Renault SA's financial instruments are as follows:

	DECEMBER 31, 2008		DECEMBER 31, 2007	
(€ million)	BALANCE SHEET VALUE	FAIR VALUE	BALANCE SHEET VALUE	FAIR VALUE
Assets				
Other financial assets, gross [1]	363	70		
Marketable securities, gross [1]	252	93	582	842
Loans	11,793	11,795	9,656	9,663
Cash and cash equivalents	2	2	9	9
Liabilities				
Redeemable shares	130	188	130	697
Bonds	4,761	4,537	3,954	4,129
Other interest-bearing borrowings [2]	4,503	4,363	2,226	2,213

(1) Including treasury shares.
(2) Excluding redeemable shares.

C – Estimated fair value of off-balance sheet financial instruments

	DECEMBER 31, 2008		DECEMBER 31, 2007	
(€ million)	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Forward exchange contracts	4,548	5,252	3,174	3,154
with Renault Finance	*4,548*	*5,252*	*3,174*	*3,154*
Currency swaps	833	850	1,400	1,132
with Renault Finance	*0*	*0*	*579*	*468*
Interest rate swaps	99	9	21	5
with Renault Finance	*99*	*6*	*21*	*1*

Assumptions and methods adopted:

Estimated fair values are based on information available on the markets and arrived at using valuation methods appropriate to the types of instrument in question. However, the methods and assumptions used are by nature theoretical, and judgment plays a major role in interpreting market data. Adopting different assumptions and/or pricing methods could therefore have a significant impact on the values estimated.

Fair values have been determined on the basis of information available at the end of the year and do not therefore take account of subsequent movements.

In general, when the financial instrument is listed on an active and liquid market, the last listed price is used to calculate the market value. For unlisted instruments, market value is determined based on recognized valuation models that refer to observable market parameters. If Renault SA has no valuation tools, particularly for complex products, valuation is carried out by quality financial institutions.

The main assumptions and valuation methods are as follows:

- financial assets:
  - marketable securities: the fair value of securities is determined mainly by reference to market prices,
  - loans and advances to subsidiaries and affiliates: for loans with original maturity of less than three months, floating-rate loans and advances to subsidiaries and affiliates, the value recorded in the balance sheet is considered to be the fair value. Other fixed-rate loans have been measured by discounting future cashflows using the rates offered to Renault SA at December 31, 2008 and December 31, 2007 for loans with similar conditions and maturities;
- liabilities: the fair value of financial liabilities is determined by discounting future cashflows at the rates offered to Renault SA at December 31, 2008 and December 31, 2007 for borrowings with similar conditions and maturities. The fair value of redeemable shares is based on their year-end stock market value;

- off-balance sheet foreign exchange instruments: the fair value of forward contracts is estimated on the basis of prevailing market conditions. The fair value of currency swaps is determined by discounting cashflows using exchange rates and interest rates prevailing at December 31, 2008 and December 31, 2007 for the contracts' residual terms;
- off-balance sheet interest rate instruments: the fair value of interest rate swaps represents the amount Renault would receive (or pay) if it settled outstanding contracts at the end of the year. Unrealized capital gains or losses, determined on the basis of prevailing interest rates and the quality of the counterparty to each contract, are taken into account at December 31, 2008 and December 31, 2007.

7.4.2.18 COMMITMENTS GIVEN AND RECEIVED

Off-balance sheet commitments are as follows:

(€ million)	2008 TOTAL	2008 CONCERNING RELATED COMPANIES	TOTAL	CONCERNING RELATED COMPANIES
Commitments received				
Unused credit lines	3,904	202	4,677	205
TOTAL	**3,904**	**202**	**4,677**	**205**
Commitments given				
Guarantees and deposits	451	450	453	450
Unused credit lines	119	119	141	141
TOTAL	**570**	**569**	**594**	**591**
Financial commitments				
Forward currency sales	5,225	5,225	3,149	3,149
Forward currency purchases	4,522	4,522	3,174	3,174
Currency swaps: loan	1,107	357	1,367	617
Currency swaps: borrowing	1,159	365	1,120	513
Interest rate swaps	2,428	2,312	2,569	2,282

As part of the management of RCI Banque's major risk ratio, Renault SA has provided Cogera (a fully-owned RCI Banque subsidiary) with a €450 million credit line since December 2004. For purposes of compliance with French Banking Commission requirements, Renault SA will only be reimbursed by Cogera to the extent of the amounts Cogera recovers from Renault Retail Group in repayment of its financing for inventories. Furthermore, to guarantee payment by Renault Retail Group to Cogera of the receivables resulting from this financing arrangement, Renault SA's receivable related to the credit line is pledged in favour of Cogera. The value of this pledge at December 31, 2008 was €450 million.

Open unused credit lines carry no restrictive clauses.

The forward sales and swaps undertaken by Renault SA are described above (note 18-A - Management of exchange and interest rate risk).

7.4.2.19 CASHFLOW

Cashflow is determined as follows:

(€ million)	2008	2007
Net income	(863)	1,096
Increases to provisions and deferred charges	8	5
Net increase to provisions for risks and liabilities	942	(36)
Net increases to impairment	467	
Transfer of financial charges		(1)
TOTAL	**554**	**1,064**

7.4.2.20 WORKFORCE

Renault SA has no employees.

7.4.2.21 FEES PAID TO DIRECTORS AND EXECUTIVE MANAGERS

Fees paid to members of the Board of Directors amounted to €557,475 in 2008 (€557,770 in 2007), including €56,000 for the Chairman (€56,000 in 2007).

7.4.2.22 SUBSEQUENT EVENTS

GOVERNMENT SUPPORT FOR RENAULT – ANNOUNCEMENTS OF FEBRUARY 9, 2009

In response to the economic crisis sweeping the automobile industry, the French government announced a package of support measures for the sector on February 9, 2009.

For Renault, this support will take the form of a preferential-rate €3 billion loan, and extension of the authorization of the loan by Société de Financement de l'Economie Française (SFEF) to RCI Banque from €500 million to €1 billion.

Renault has renewed its undertaking not to close any vehicle assembly plants in France in the next few years. The Group is also committed to developing systems and technologies for clean vehicles, principally in France, and to maintaining the necessary research, engineering and test resources in the country. It will allocate its income in priority to strengthening equity and investments, to ensure it has all the resources needed to pursue development. Lastly, because Renault cannot grow without strong suppliers, the Group will improve its support for companies in the automotive sector, notably by doubling its contribution to the Automobile Investment Fund (to a total €200 million).

NISSAN – ANNOUNCEMENTS OF FEBRUARY 9, 2009

In announcing its third-quarter financial results, Nissan revised its forecasts for the fiscal year ending March 31, 2009. The company expects a net loss of ¥265 million. Excluding the effect of restatements for accounting harmonization and fair value measurement of assets and liabilities applied by Renault, this would result in a negative first-quarter contribution of some €1,100 million to the Renault group's net income for the first half-year of 2009.

Nissan intends to introduce a plan during the next fiscal year to reduce its global headcount by 20,000.

Nissan also announced it was to cut back on industrial investments, through a plan that will involve a review of Nissan's participation in some of the Alliance's joint industrial projects:

- in India (Chennai), ramp-up at the joint Renault-Nissan plant will be delayed;
- in Morocco (Tangiers), Nissan is suspending its participation in the plans for a joint plant.

OTHER INFORMATION – SUBSIDIARIES AND AFFILIATES (€ MILLION)

COMPANIES	SHARE CAPITAL	SHAREHOLDERS' EQUITY BEFORE SHARE CAPITAL	% OF CAPITAL HELD	BOOK VALUE OF SHARES OWNED
Investments				
Renault s.a.s.	534	1,070	100,00	6,701
Dacia [2]	632	49	99,31	746
Nissan Motor Co Ltd. [1]	4,803	20,867	44,33	6,413
Sofasa [2]	1	83	23,71	12
TOTAL INVESTMENTS				**13,872**

(1) Exchange rate: ¥126.14 = 1 euro.
(2) The exchange rates used for Dacia and Sofasa are 4.0225 Romanian lei = 1 euro and 3,112 Colombian peso = 1 euro respectively.

OTHER INFORMATION – SUBSIDIARIES AND AFFILIATES (€ MILLION)

COMPANIES	OUTSTANDING LOANS AND ADVANCES FROM RENAULT SA	12-MONTHS SALES REVENUES, CLOSED AT DECEMBER 31, 2008	NET INCOME (LOSS), PRIOR YEAR	DIVIDENDS RECEIVED BY RENAULT SA IN 2008
Investments				
Renault s.a.s.	7,776	30,221	(1,626)	
Dacia [3]		2,074	60	
Nissan Motor Co Ltd. [4]		63,516	1,235	418
Sofasa [3]		523	(24)	2

(3) The exchange rates used for Dacia and Sofasa are 3,684 Romanian lei = 1 euro and 2.87Colombian peso = 1 euro respectively.
(4) Exchange rate: ¥152.33 = 1 euro.

ACQUISITION OF INVESTMENTS IN OTHER COMPANIES

No investments were acquired during 2008.

08

ADDITIONAL INFORMATION 08

8.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr. Carlos Ghosn, President and Chief Executive Officer,
accepts full responsibility for the Registration document and the related supplemental information.

I hereby declare that, to the best of my knowledge, the information in this document is correct and that all reasonable measures have been taken to that end. There are no omissions likely to alter the scope of this information.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and all the undertakings included in the consolidation taken as a whole; and that the management report in chapter 2 includes a fair review of the development and performance of the business, the results and the financial position of the company and all the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

A Statutory Auditors' report has been issued in respect of the historical information in the Registration document; it appears in chapter 8.2.2 of the document and contains observations concerning the changes of method made in 2007.

I have received a completion letter from Renault's Statutory Auditors stating that they have verified the information concerning the financial situation and the financial statements set forth in this Registration document, which they have read in full.

Paris, March 11, 2009

President and Chief Executive Officer

Carlos Ghosn

8.2 INFORMATION CONCERNING FY 2007 AND 2006

Pursuant to Article 28 of Commission regulation (EC) 809/2004, the following historical data is incorporated by reference in the present Registration document:

8.2.1 FY 2006

The 2006 Registration document was filed with the *Autorité des marchés financiers* on March 13, 2007 under No. D07-0170 (French version).

The consolidated financial statements are outlined on pages 165 to 213 of chapter 7 and the corresponding audit report is on page 164 of chapter 7.

Financial information is on pages 50 to 53 of chapter 2.1.2.

Data not incorporated in this document is either not appropriate for investors or covered in another chapter of the Registration document.

8.2.2 FY 2007

The 2007 Registration document was filed with the *Autorité des marchés financiers* on March 11, 2008 under No. 08-0103 (French version).

The consolidated financial statements are outlined on pages 181 to 237 of chapter 7 and the corresponding audit report is on page 180 of chapter 7.

Financial information is on pages 55 to 58 of chapter 2.1.2.

Data not incorporated in this document is either not appropriate for investors or covered in another chapter of the Registration document.

8.3 INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

Adopted by the Board during its meeting of September 10, 1996 and amended during its meetings of June 8, 2000, October 23, 2001, July 25, 2002, December 17, 2002 and February 22, 2005.

8.3.1 INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

8.3.1.1 THE BOARD OF DIRECTORS

Renault's Board of Directors is a collegiate body that collectively represents all shareholders. It is required to act at all times in the company's interest and is accountable to the General meeting of Shareholders.

The Board of Directors elects its Chairman, who takes the title of Chairman of the Board of Directors.

The Board of Directors appoints the Chief Executive Officer who takes the title of President and Chief Executive Officer, and frames Renault's strategy at the behest of the Board. The Board of Directors supervises the management of the company and ensures the quality of information provided to the shareholders and to markets, both through the financial statements and when major transactions are undertaken. It makes public its opinion as to the terms and conditions of transactions in the company's shares whenever the nature of those transactions operations so requires.

The Board of Directors discusses the strategic policies of the company, including with respect to the Alliance, as proposed by the President and Chief Executive Officer. Once a year, it examines any changes that may have occurred in these policies. It also gives its prior opinion on any important decision that is not consistent with the company's strategy.

Based on a report submitted by the President and Chief Executive Officer, the Board of Directors discusses and determines the decisions that the single shareholder in Renault s.a.s. might make, as well as those that may stem from the Restated Master Alliance Agreement.

The Board of Directors examines Renault's medium-term plan, operating budget and investment budget once a year.

The Board is informed of developments relating to the company's income statement, balance sheet and cashflow statement at each of its meetings, and, twice per year, of developments relating to its off-balance sheet commitments.

The President and Chief Executive Officer informs the Board in timely fashion of any external event or internal development that has a material impact on the prospects of the company or the forecasts presented to the Board of Directors.

Renault's Board of Directors examines its membership structure whenever necessary and, each year, reviews its organization and operating procedures. It then informs shareholders of the positions or arrangements it has adopted in this respect.

The Board of Directors can use any and all technical resources for its deliberations, provided that such resources enable the directors to participate effectively. Directors who take part in Board meetings using technical resources shall therefore be deemed present for the calculation of quorum and majority, except for proceedings concerning the preparation of the parent-company and consolidated financial statements, and proceedings concerning the appointment or removal from office of the Chairman of the Board of Directors, the President and Chief Executive Officer or the Executive Vice Presidents, where the directors must attend meetings in person.

8.3.1.2 THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors organizes and directs the work of the Board. He reports on the Board's work to the General meeting of Shareholders. He ensures that the company's decision-making bodies, and especially the Board's committees, function properly. In particular, he ensures that directors are in a position to discharge their duties, notably in terms of their committee work.

He ensures that principles of corporate governance are set out and implemented at the highest level.

The Chairman of the Board of Directors is the only person who may act and speak in the name of the Board.

Subject to the agreement of the President and Chief Executive Officer, he may represent the Group in its high-level relations, notably with public authorities, both at home and internationally.

He ensures that the Board devotes the necessary time to questions concerning the future of the Group and especially its strategy, notably with respect to the Alliance.

The Chairman of the Board of Directors shall be kept regularly informed by the President and Chief Executive Officer and other members of senior management of major events and situations affecting the Group. He shall receive the information required to lead the work of the Board and committees and to prepare the internal control report.

The Chairman of the Board of Directors may meet with the statutory auditors.

The Chairman of the Board of Directors may attend meetings of Board committees on which he does not sit, in a consultative capacity, and may consult these committees on any question within their remit.

8.3.1.3 PRESIDENT AND CHIEF EXECUTIVE OFFICER

The President and Chief Executive Officer is vested with the broadest powers to act in all circumstances in the name of the company.

The President and Chief Executive Officer and the persons he appoints for this purpose are the only ones who may speak in the name of the company.

He has authority over all Group employees.

He proposes the strategic policies of the company to the Board, including with respect to the Alliance, as well as the decisions that the sole shareholder in Renault s.a.s. may be led to make. He informs the Board of measures taken pursuant to the Restated Master Alliance Agreement, and reports to it on the decisions that the Board may be led to take pursuant to the Restated Master Alliance Agreement.

The President and Chief Executive Officer may consult the Board's committees on any question within their remit. He shall appear before each committee whenever it so requests.

8.3.1.4 COMMITTEES OF THE BOARD OF DIRECTORS

Renault's Board of Directors has established four specialized committees to help it complete its tasks and achieve its objectives:

- an Accounts and Audit committee;
- a Remunerations committee;
- an Appointments and governance committee;
- an International Strategy committee.

Committee chairmen report on the work and opinions of their committees at Board meetings.

COMPOSITION, TASKS AND OPERATING PROCEDURES OF THE ACCOUNTS AND AUDIT COMMITTEE

Composition

The Accounts and Audit committee is made up of directors chosen by the Board of Directors. It shall contain a majority of independent directors. The Chairman of the Board of Directors and the President and Chief Executive Officer may not sit on this committee.

The committee shall not include any director or permanent representative of a director who holds office at a company whose Accounts and Audit committee includes a Renault director or permanent representative.

The Board of Directors selects the committee Chairman.

Tasks and powers

The Accounts and Audit committee has the following tasks, which it performs notably when preparing the half-yearly and annual parent-company and consolidated financial statements (hereinafter referred to as "the financial statements"), and when preparing decisions submitted to the vote of the Board of Directors in this respect:

- analyze the financial statements as prepared by the company's departments and divisions. Two memos accompany the committee's examination of the financial statements, one from the Statutory Auditors outlining the salient features of the results and the accounting principles applied, and one from the Chief Financial Officer describing the company's risk exposures and off-balance sheet commitments. With respect to internal audit and risk control, the committee must examine significant off-balance sheet commitments and risks, meet the head of internal audit, give its opinion on the organization of this department and be informed of the department's work program. It must receive the detailed internal audit reports or a periodical summary of these reports to ensure that significant risks are detected;
- ensure that the methods used to prepare the financial statements comply with applicable standards and analyze any changes to these methods;
- examine with the Statutory Auditors the nature, extent and results of their inspection of the financial statements and discuss with them any remarks that they may wish to make on the financial statements at the close of their review;
- give its opinion on the appointment or renewal of the Statutory Auditors and on the quality of their work. The committee is thus required to prepare the selection of external auditors, proposing the candidate making the lowest bid. In general, it ensures compliance with rules guaranteeing the independence of the Statutory Auditors;
- verify the appropriateness of internal control methods;
- examine the extent of group consolidation, and the reasons why certain companies are not included within the consolidated scope of the Group;
- make recommendations to the Board in the fields described above.

The Chairman of the Board of Directors and the President and Chief Executive Officer may consult the committee on any question within its remit.

Operating procedures

The committee meets whenever necessary and always before Board meetings where the agenda includes approving or examining the financial statements or any decision concerning the financial statements.

In order to discharge its duties, the committee shall be entitled to meet with the Statutory Auditors without company executives present, as well as internal auditors and the persons involved in preparing the financial statements, and may request that they produce any and all documents or information necessary to the completion of their tasks.

Its secretariat is provided by the secretariat of the Board of Directors.

COMPOSITION, TASKS AND OPERATING PROCEDURES OF THE REMUNERATIONS COMMITTEE

Composition

The Remunerations committee is made up of directors chosen by the Board, the majority of whom shall be independent. The Chairman of the Board of Directors and the President and Chief Executive Officer may not sit on this committee.

The committee shall not include any director or permanent representative of a director who holds office at a company whose Remunerations committee includes a Renault director or permanent representative.

The Board of Directors selects the committee Chairman.

Tasks and powers

The committee has the following tasks:

- propose to the Board the variable portion of the fees paid to corporate officers and the rules for fixing this variable portion, making sure that these rules are consistent with the annual performance assessment of the interested parties as well as with the company's medium-term strategy, and supervising the annual application of these rules;
- to make recommendations to the Board concerning the remuneration, benefits and pension of the Chairman of the Board of Directors, the President and Chief Executive Officer and other senior executives and corporate officers;
- to assess all remuneration and benefits paid to senior executives and members of the executive committee, including from other companies in the Group;
- to examine the general policy for granting options and comparable benefits and make proposals to the Board of Directors both on the policy itself and on the actual granting of options to buy or subscribe for stock and comparable benefits.

The Chairman of the Board of Directors and the President and Chief Executive Officer may consult the committee on any question within its remit.

The President and Chief Executive Officer may also consult the committee on any question concerning the compensation paid to Group executive committee members.

Operating procedures

The Remunerations committee meets at least once a year and always before Board meetings where the agenda includes questions within the committee's remit. Whenever necessary, it may have external bodies conduct such research and surveys as it thinks fit, at the company's expense.

Its secretariat is provided by the secretariat of the Board of Directors.

COMPOSITION, TASKS AND OPERATING PROCEDURES OF THE APPOINTMENTS AND GOVERNANCE COMMITTEE

Composition

The Appointments and governance committee is chaired by the Chairman of the Board of Directors and comprises two independent Board members chosen by the Board.

The committee shall not include any director or permanent representative of a director who holds office at a company whose Appointments committee includes a Renault director or permanent representative.

Tasks and powers

The committee has the following tasks:

- make proposals to the Board concerning the appointment of the Chairman of the Board of Directors, the President and Chief Executive Officer and corporate officers, in accordance with the procedure it has put in place to select directors, and to screen potential candidates;
- advise on the renewal of directorships that have expired, taking account of changes in the company's shareholding structure and the need to maintain a suitable proportion of independent directors;
- be able to provide the Board with succession proposals in the event of unforeseen vacancies;
- make proposals concerning the chairmanship, membership and tasks of Board committees;
- follow up on questions of corporate governance;
- draft an annual review of Board's operating procedures and where necessary propose changes.

The President and Chief Executive Officer may consult the committee on any question within its remit.

Operating procedures

The Appointments and governance committee meets at least once a year and always before Board meetings where the agenda includes questions within the committee's remit. Whenever necessary, it may have external bodies conduct such research and surveys as it thinks fit, at the company's expense.

Its secretariat is provided by the secretariat of the Board of Directors.

COMPOSITION, TASKS AND OPERATING PROCEDURES OF THE INTERNATIONAL STRATEGY COMMITTEE

Composition

The International Strategy committee is made up of directors chosen by the Board of Directors.

The Board of Directors selects the committee Chairman.

Tasks and powers

Its work concerns the company's activities outside wider Europe.

The committee has the following tasks:

- study the strategic policies proposed by the President and Chief Executive Officer concerning the international development of the company and the Alliance;
- analyze and examine the company's international projects on behalf of the Board and issue opinions on these projects;
- monitor the company's international projects and draft reports at the Board's request.

The Chairman of the Board of Directors and the President and Chief Executive Officer may consult the committee on any question within its remit.

Operating procedures

This committee meets at least twice each year and whenever necessary, and always before Board meetings where the agenda includes the examination of international projects.

To discharge its duties, the committee may meet the concerned departments and divisions of the company and persons who play a direct role in preparing these projects, and request that they produce any and all documents or information necessary to the completion of their tasks.

Its secretariat is provided by the secretariat of the Board of Directors.

8.3.2 DIRECTORS' CHARTER

The Board has established a directors' Charter that sets out the rights and duties of directors.

8.3.2.1 KNOWLEDGE OF THE LEGAL FRAMEWORK GOVERNING *SOCIÉTÉS ANONYMES* AND THE ARTICLES OF ASSOCIATION OF THE COMPANY

Before he takes up his functions, every director must inform himself about the general and specific duties attaching to his office. In particular he must inform himself about the laws and regulations governing *sociétés anonymes* [French public limited companies], Renault's Articles of Association, a copy of which will have been given to him, these internal regulations and any subsequent additions or amendments.

8.3.2.2 HOLDING SHARES IN THE COMPANY

Pursuant to Article 10.2 of the Articles of Association, each director must be able to prove that he personally holds at least one share or any greater number of shares that he considers he should hold. This share or these shares must be registered.

The law also obliges directors' spouses to ensure that their shares are registered shares or to deposit them in a bank or financial establishment which is authorized to receive deposits of shares from the general public, or with a stock market company. Moreover, as the company is obliged to communicate to the AMF all share transactions, including acquisitions, subscriptions and exchanges, by directors and persons closely associated with them, each director undertakes to inform the Compliance Officer within 24 hours of undertaking such a transaction.

8.3.2.3 REPRESENTING THE SHAREHOLDERS

Each director must act in Renault's interest at all times and shall represent all shareholders.

8.3.2.4 DUTY OF HONESTY AND FAIRNESS

Each director is obliged to inform the Board of any situation or risk of a conflict of interest with Renault or any company in its Group, and must abstain from voting in related decision(s).

8.3.2.5 DUTY OF DILIGENCE

Each director must devote the time and attention needed to discharge his duties. He must be diligent in his work and attend all meetings of the Board and of the committees on which he sits, unless genuinely unable to do so.

8.3.2.6 RIGHT TO OBTAIN INFORMATION AND DUTY TO BE PROPERLY INFORMED

Each director has a duty to be properly informed. He must, in a timely fashion, ask the Chairman of the Board of Directors to provide him with the information that he considers necessary to fulfill his tasks and make a contribution with respect to the agenda items of Board meetings. In addition, the Board's Secretariat shall be available to document this information for directors.

8.3.2.7 PROFESSIONAL SECRECY

In addition to complying with the confidentiality requirement provided for in Article L. 225-37 of the Commercial Code, each director shall consider himself to be bound by professional secrecy as regards all non-public information that he may become aware of in the context of his directorship.

8.3.2.8 INSIDE INFORMATION

Like any Group Senior Manager, each director undertakes to comply with Renault's internal procedure on the use and/or communication of inside information concerning Renault and/or Nissan, as well as with any applicable legal or regulatory provisions.

8.3.2.9 REIMBURSEMENT OF EXPENSES

Each director is entitled to reimbursement, on presentation of substantiating documents or receipts, of his traveling expenses as well as other expenses that he incurs in the interest of the company.

8.3.3 PROCEDURE CONCERNING THE USE AND/OR COMMUNICATION OF INSIDE INFORMATION

Furthermore, the Board of Directors has adopted the following provisions as internal procedure applicable to the whole Group on prevention of the use or communication of inside information.

Since Renault's share capital was opened up in 1994 and its shares were listed on the Paris financial market, the company has become more exposed to the risk that inside information may be used and/or communicated. Aside from the civil, administrative and criminal penalties that Renault directors, senior executives, corporate officers and employees face if they are found guilty of committing, aiding and abetting or profiting from offences in this area, the company's public reputation could be lastingly damaged in the event of proven misconduct.

Therefore, to prevent any use and/or communication of information that could prove harmful to the company, this procedure is intended to define:

A. the nature of such information;

B. the terms governing its use and/or communication;

C. the application of these rules to the granting of stock-options.

8.3.3.1 NATURE OF INSIDE INFORMATION

Inside information shall mean any information concerning Renault and/or Nissan, whether favorable or unfavorable, that could have an effect on the price of Renault and/or Nissan shares were it to be made public (hereinafter referred to as "inside information"). Inside information may concern, but shall not be limited to, the current situation or prospects of Renault and/or Nissan and Group companies, as well as the prospects for the performance of Renault and/or Nissan shares.

More generally, any information that has not been released onto the market, through a news release, memorandum published in the press or other means, shall remain non-public. Inside information shall only be considered to be public if published through mass media.

8.3.3.2 USE AND/OR COMMUNICATION OF INSIDE INFORMATION

Any and all directors, senior executives, corporate officers and employees of Renault and the companies of its Group who hold inside information, whether permanently or from time to time (hereinafter referred to as "insiders") must, whatever their level of responsibility, refrain from undertaking market transactions in Renault and/or Nissan shares, whether directly or via a third party, until such time as said information is made public.

Directors, senior executives, corporate officers or employees of Renault whose position or office makes them liable to permanently hold inside information must not, as a general rule, undertake transactions in Renault and/or Nissan shares, including shares in FCPE Actions Renault (the company investment fund invested in Renault shares) during the following periods:

- from January 1 to the announcement of Renault's annual results and Nissan's quarterly results (i.e. approximately the beginning of February);
- from April 1 to the announcement of Nissan's annual results (i.e. approximately mid-May);
- from July 1 until the announcement of Renault's half-yearly results and Nissan's quarterly results (i.e. approximately the end of July);
- from October 1 until the announcement of Nissan's quarterly results (i.e. approximately mid-November).

Furthermore, insiders must not disclose any inside information within Renault or outside Renault other than in the normal course of their duties, i.e. for purposes or activities other than those for which the information is held, and must take appropriate steps to this end.

Generally, insiders must act with the greatest care. Because they hold such information, they must refrain from undertaking any transaction in Renault and/or Nissan shares, even where the transaction was planned before they become aware of the information in question.

8.3.3.3 APPLYING THE PROCEDURE TO THE ALLOCATION OF STOCK-OPTIONS

Without prejudice to the above, the Board of Directors undertakes not to grant stock-options:

- within a period of ten Stock exchange trading sessions prior to and following the date on which the consolidated accounts, or in their absence the parent-company accounts, are made public;
- within the period beginning on the date on which the corporate decision-making bodies become aware of information concerning Renault and/or Nissan that could have a significant effect on the stock market price of Renault shares were it to be made public, and the date following ten Stock exchange trading sessions after the date on which said information was made public.

The importance of this procedure to the company is obvious. To ensure that it is properly understood and enforced, on July 26, 2001 the Board appointed a Compliance Officer, who must be consulted on any question concerning the interpretation and application of the procedure.

8.4 APPENDICES RELATING TO THE ENVIRONMENT

8.4.1 METHOD USED FOR THE "SITE ENVIRONMENTAL INDICATORS IN 2008" TABLE

Reporting on environmental indicators has been produced in line with the recommendations of the 2008 Environmental Reporting Protocol for Renault Sites. These appendices clarify the main methodological choices contained in the Protocol, which are available on request from Renault's department of Environmental Protection and Prevention of Industrial Risks.

8.4.1.1 SCOPE

The scope concerns the industrial subsidiaries (body assembly, final assembly, powertrain and foundry) and the support sites (product and process design and development, logistics) in which Renault holds a stake of at least 50%. All impacts are attributed to Renault, with the exception of *La Française de Mécanique* (Douvrin site), a joint Renault/PSA subsidiary, in which Renault holds a 50% stake. Here, 25% of impacts were attributed to Renault in 2008 (compared with 21% in 2007), corresponding to the breakdown of industrial activity at the site. Impacts of suppliers or third parties present on site are not included, with the exception of the sites listed at the bottom of the "Site Environmental Indicators in 2008" table.

The data for sites covered by the scope of reporting in year N are consolidated with those of other sites only from year N+1.

- the Valladolid Centrales engineering site (Spain) and the Villeroy logistics site (France) were included in the 2008 scope;
- the SNR sites were excluded from the 2008 scope;
- as was the case in previous years, the drinking water production activity at the Pitesti site (Dacia) was excluded from the reporting scope in 2008. The data are mentioned for information only.

8.4.1.2 PROCEDURES FOR CONTROLLING AND CONSOLIDATING DATA

Experts from the department of Environmental Protection and the Prevention of Industrial Risks check the coherence of data at each site. These checks include a comparison with data from previous years and an analysis of the impact of events occurring on site during the year.

The environmental data presented in the Registration document are also checked by outside entities: Ernst & Young Audit and Deloitte & Associés. Their conclusions are set out in the report provided at the end of the document.

8.4.1.3 WATER CONSUMPTION ✦

Water consumption is expressed in thousands of cubic meters.

Measured volumes include water obtained by pumping (underground and surface water) and/or external networks (drinking water, industrial water).

8.4.1.4 LIQUID EFFLUENTS

The quantity of SS represents the average daily flow of suspended solids discharged, expressed in kg per day.

The quantity of OM represents the average daily flow of oxidizable matter discharged. This quantity, expressed in kg per day, is calculated as follows:

$OM = (COD + 2\ BOD_5) / 3$.

The quantity of toxic metals is the total average daily flow of toxic metals discharged, weighted by a coefficient of toxicity. This quantity, expressed in kg per day, is calculated as follows:

Toxic metals = 5 flows (Ni+Cu) + 10 flows (Pb+As) + 1 flow (Cr+Zn) + 50 flows (Hg+Cd).

The data presented in the table take account only of those flows of metals, SS, COD and BOD_5 that have to be measured by law. Where regulations do not require such measurements, the reported value is indicated as "not applicable". The Bursa, Somaca and Santa Isabel sites, together with the Ayrton Senna complex at Curitiba, are not subject to mandatory measurement. But in view of the impact of these plants' emissions, the corresponding flows have nevertheless been included in the scope.

The flow calculation methods are not applied at three sites – Douvrin (FM), Moscow (Avtoframos) and Novo Mesto – that have special characteristics.

Data on pollutant flows are based on measurements made on effluents after they have been treated in the plants and before they are discharged to the outside. Discharges from some plants may subsequently be treated in municipal treatment plants (see plant codes).

With measurements of some water parameters made at most every four months at the Cacia, Casablanca (Somaca), Choisy-le-Roi, Lardy, Novo Mesto and Ruitz sites, the degree of incertitude on SS, OM and toxic metals is higher.

8.4.1.5 ATMOSPHERIC EMISSIONS ✦

The atmospheric emissions of volatile organic compounds (VOCs) included in the data correspond to the emissions produced when bodywork is painted (body assembly plants). The painting of accessories is not taken into consideration; the corresponding VOC emissions have not been measured.

The atmospheric emissions of SO_2 and NOx included in the data correspond to emissions produced by the burning of fossil fuels in fixed combustion facilities at all sites, excluding transport to the site.

Renault made its first **inventory of greenhouse gases (GHG) sources** in 2004. Following this inventory, Renault modified its reporting protocol to better reflect the total emissions of the Renault group and to comply with the recommendations of the GHG Protocol and the French protocol developed by *Entreprises pour l'environnement.*

Emissions from the following sources were included:

- combustion of fossil fuels transported to the site,
- coolant fill-up of the air conditioning systems fitted in vehicles produced by the plant,
- fuel consumption during testing of engines, gearboxes and trials on the test track and test benches of non-TCM vehicles,
- fork-lift trucks using compressed natural gas or propane,
- fuel consumption linked to Renault company vehicles (taxi pool, shuttles, service vehicles, handling machinery, etc.).

These emissions make up more than 95% of the GHG emissions produced by the Renault group.

The following emission sources have been excluded from the scope of reporting, as the corresponding emissions are considered to fall below the threshold of 10,000teq CO_2/year adopted by the Renault group:

- air conditioning of site premises;
- air conditioning of processes;
- heat treatment of powertrain components;
- solvent incineration;
- tests on vehicles leaving the assembly line (roller bench tests).

It is not yet possible to correctly assess certain emissions, therefore the following are not included:

- emissions linked to onsite transport (excl. fork-lift trucks using compressed natural gas, propane, or diesel, and Renault company vehicles);
- fugitive emissions occurring when tanks of coolant (for vehicle air conditioning systems) are filled and emptied.

Indirect greenhouse gas emissions are not reported.

Emissions linked to the foundry activity are not reported. But emissions linked to fossil fuel combustion in foundry activity are included.

The emission factors used to calculate SO_2, NOx and GHG emissions comply with the French circular of March 31, 2008 on procedures for verifying annual greenhouse gas emissions budgets by inspecting environmentally-sensitive installations, as well as with the CITEPA network's OMINEA national inventory report, updated in February 2008. Only sites with fuels whose characteristics differ significantly from standard factors have used data approved by their energy supplier (Pitesti plant, Dacia).

8.4.1.6 WASTE

The waste included in data is waste that leaves the geographical confines of the site.

Non-hazardous waste includes ordinary waste and inert waste, the latter being presented separately for greater clarity.

Construction waste from Renault sites is not reported (in the Inert waste category) unless a contractual clause explicitly states that the construction company is not responsible for such waste.

8.4.1.7 ENERGY CONSUMPTION ✦

This metric represents the quantity of gas, heating oil, steam, hot water, and electricity consumed within Renault sites. It is expressed in MWh NCV. This data does not include the propane used by fork-lift trucks or the fuel consumed by the site (engine and gearbox testing, company vehicles).

Primary energy supplied to third parties is not included.

Net calorific value (NCV) factors are used in accordance with a French government order issued on March 31, 2008 for the inspection and measurement of emissions reported through greenhouse gas emission allowance trading schemes.

8.4.2 SITE ENVIRONMENTAL INDICATORS IN 2008 ✦

		DISCHARGES TO WATER				ATMOSPHERIC EMISSIONS				WASTE			
	WATER CONSUMPTION *(m^3 thousands)*	STATION	SS *(kg/day)*	OM *(kg/day)*	TOXIC METALS *(kg/day)*	GHG *(teq CO_2)*	VOC *(tons)*	SO_2 *(tons)*	NOx *(tons)*	OIW *(EX. INERT)* *(tons)*	INERT *(tons)*	HIW *(tons)*	ENERGY CONSUMPTION *(MWh n/aV)*
PRODUCTION SITES													
ACI Le Mans	1,243.7	P	125.5	73.6	2.4	31,326.9	n/a	71.0	42.3	39,210.9	0.0	1,642.9	261,874.6
ACI Pitesti [1]	83.8	PB	n/a	n/a	n/a	2,219.0	n/a	0.0	2.1	14,258.3	0.0	588.1	37,721.4
ACI Villeurbanne	72.3	U	n/a	n/a	n/a	1,818.9	n/a	0.0	2.0	1,726.7	0.0	247.9	27,376.0
Batilly (SOVAB)	237.9	PB	4.5	13.9	1.5	28,683.1	688.5	0.2	29.5	12,021.1	4,500.0	2,109.5	201,972.1
Bursa [2]	542.8	PBU	101.4	50.0	4.3	31,224.9	1,060.8	0.4	21.0	56,500.3	0.0	2,120.1	242,275.5
Busan (RSM)	632.4	PBU	4.8	14.1	0.6	29,328.6	732.8	0.2	25.8	27,105.9	1,880.2	1,907.5	242,040.5
Cacia	69.1	PB	3.5	8.1	0.0	1,664.0	n/a	0.0	0.9	5,293.2	0.0	1,355.7	44,536.1
Casablanca (SOMACA)	235.4	-	109.7	117.3	5.8	7,106.5	568.5	0.2	4.3	11,271.0	106.1	752.4	51,071.2
Choisy-le-Roi	24.3	PU	10.5	29.8	n/a	1,531.9	n/a	0.0	1.4	4,157.5	1.2	141.9	11,249.2
Cléon	1,341.2	PU	61.1	522.0	0.2	19,516.8	n/a	0.1	17.7	27,252.3	10.9	6,906.8	309,004.2
Complexe Ayrton Senna	361.6	PU	97.1	579.6	3.2	22,661.2	598.3	0.1	20.1	28,051.0	183.2	2,746.5	179,672.1
Cordoba Fonderie Aluminium	17.9	U	n/a	n/a	n/a	3,462.4	n/a	0.0	3.9	333.0	42.9	6,260.2	16,236.9
Dacia Producteur d'Automobiles [6]	948.4	PU	375.5	742,0	3.9	70,285.3	1,214.2	9.2	52.3	129,334.8	86,068.4	5,924.5	470,299.1
Dieppe	6.2	U	n/a	n/a	n/a	4,585.9	29.4	0.1	3.9	393.7	0.0	216.1	26,442.2
Douai	475.8	PB	29.1	35.9	2.7	43,997.0	444.4	0.3	43.8	64,625.9	0.0	2,317.0	297,643.2
Douvrin (FM) [3]	202.6	PU	11.5	125.5	0.1	3,831.9	n/a	0.0	3.6	7,711.2	12,546.7	1,150.6	75,825.0
Envigado (Sofasa)	102.8	PU	17.9	104.7	0.8	4,616.0	309.4	0.0	2.1	7,380.1	192.0	293.2	30,475.8
Flins [4]	1,198.7	PB	44.8	51.2	0.7	30,427.3	335.4	0.2	23.6	62,810.3	19.4	1,923.9	357,689.2
Los Andes	33.7	U	n/a	n/a	n/a	1,939.7	n/a	0.1	1.2	2,010.9	0.0	1,061.3	15,338.8
Maubeuge (MCA)	344.3	PB	5.8	6.0	1.0	35,622.6	698.1	0.3	36.5	42,024.0	1,537.6	1,959.8	253,877.7
Moscou (AVTOFRAMOS)	314.7	PU	89.5	165.2	1.2	8,964.3	564.8	0.1	9.3	7,149.9	0.0	763.5	101,758.3
Novo Mesto	220.5	PU	66.0	172.3	0.4	20,979.2	736.8	0.2	19.2	45,189.9	0.0	963.4	152,390.6
Palencia [5]	466.4	PB	8.2	24.5	1.6	33,819.8	488.0	5.2	34.0	24,484.5	0.0	1,366.1	202,955.2
Ruitz (STA)	27.1	U	3.1	11.7	0.1	4,073.0	n/a	0.0	4.4	4,395.6	0.0	704.7	53,665.6
Sandouville [7]	388.2	PB	12.2	28.5	2.8	30,654.6	418.7	0.3	30.7	18,003.2	146.3	2,077.9	235,470.6
Santa Isabel Cordoba	435.1	PB	n/a	25.9	0.1	15,160.2	638.4	0.1	14.3	19,625.2	0.0	965.1	108,657.6
Séville	113.4	PU	2.4	49.6	0.1	4,613.1	n/a	0.0	5.3	8,512.9	0.0	3,967.4	93,772.2
Tandil	83.7	U	n/a	n/a	n/a	3,295.0	n/a	0.0	3.8	13,365.0	0.0	79.4	47,208.9
Valladolid-Bodywork	127.6	PU	5.1	25.9	1.3	11,539.7	n/a	0.1	13.3	58,389.0	0.0	583.7	96,127.9
Valladolid-Assembly	257.2	PU	13.0	65.8	3.0	20,504.5	308.5	0.2	23.6	2,081.3	0.0	1,235.1	143,725.2
Valladolid-Engine [8]	148.2	PU	n/a	n/a	n/a	6,386.4	n/a	0.0	6.3	22,374.6	0.0	3,127.7	132,148.4
Vilvoorde (RIB)	4.1	U	n/a	n/a	n/a	1,426.1	n/a	0.8	1.7	297.3	0.0	21,1	10,193.5
PRODUCTION SITES TOTAL	**10,761.0**		**1,202.1**	**3,042.9**	**37.7**	**537,265.6**	**9,835.0**	**89.7**	**503.8**	**767,340.6**	**107,234.8**	**57,481.1**	**4,530,694.7**

	WATER CONSUMPTION (m³ thousands)	STATION	DISCHARGES TO WATER SS (kg/day)	OM (kg/day)	TOXIC METALS (kg/day)	ATMOSPHERIC EMISSIONS GHG (teq CO_2)	VOC (tons)	SO_2 (tons)	NOx (tons)	WASTE OIW (EX. INERT) (tons)	INERT (tons)	HIW (tons)	ENERGY CONSUMPTION (MWh n/aV)
ENGINEERING, LOGISTICS AND SERVICE SITES													
Aubevoye	38.2	U	n/a	n/a	n/a	7,519.5	n/a	0.0	2.3	2,259.9	121.8	208.9	26,085.0
Boulogne-Billancourt Renault Headquarters	74.9	U	n/a	n/a	n/a	6,530.9	n/a	0.1	2.7	704.9	0.0	8.1	51,953.1
Cergy-Pontoise	9.3	U	n/a	n/a	n/a	2,971.6	n/a	0.0	0.3	1,919.4	0.0	79.1	19,410.4
Dacia Centre Logistique CKD	10.6	U	n/a	n/a	n/a	1,811.5	n/a	0.0	1.0	1,153.7	0.0	0.0	9,644.0
Giheung (RSM)	61.4	B	0.1	0.2	n/a	4,712.0	n/a	0.1	2.8	1,015.7	3,728.3	959.1	41,991.5
Grand-Couronne	4.4	U	n/a	n/a	n/a	2,969.4	n/a	15.9	6.0	2,209.0	0.0	16.2	13,431.2
Guyancourt (Technocentre)	221.0	U	n/a	n/a	n/a	20,778.9	n/a	0.1	10.3	2,960.3	0.0	308.1	142,652.9
Heudebouville (Somac)	0.9	U	n/a	n/a	n/a	169.5	n/a	0.0	0.1	156.9	0.0	10.8	1,188.4
Lardy	250.7	U	128.6	154.3	0.4	18,017.9	n/a	0.2	7.4	1,085.7	733.1	786.4	107,221.5
Rueil	20.2	U	n/a	n/a	n/a	3,286.9	n/a	0.0	1.3	935.6	0.0	64.2	21,403.7
Saint-André-de-l'Eure	4.6	U	0.5	0.6	0,01	1,141.5	n/a	0.0	0.8	898.5	0.0	16.5	7,124.7
Valladolid Direcciones Centrales	35.8	U	n/a	n/a	n/a	4,373.2	n/a	0.0	2.9	559.8	6.8	214.4	22,379.5
Villeroy (DLPA)	12.3	U	n/a	n/a	n/a	1,439.9	n/a	0.0	1.1	1,972.0	0.0	37.6	19,108.0
Villiers-St-Frédéric	11.2	U	n/a	n/a	n/a	2,386.2	n/a	0.0	1.4	425.3	0.0	48.7	17,328.5
ENGINEERING, LOGISTICS AND SERVICE SITES TOTAL	**755.6**		**129.3**	**155.1**	**0.4**	**78,109.1**	**0.0**	**16.6**	**40.4**	**18,256.8**	**4,589.9**	**2,758.2**	**500,922.4**
GROUP TOTAL	**11,516.5**		**1,331.4**	**3,198.1**	**38.1**	**615,374.7**	**9,835.0**	**106.3**	**544.2**	**785,597.4**	**111,824.8**	**60,239.3**	**5,031,617.2**
SITES OUTSIDE AREA OF VERIFICATION, FOR INFORMATION ONLY:													
Dacia Drinking Water Production	507.0	-	57.8	1.2	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	1,470.0

n/a: not applicable (see comments on methodology).
nm: not measured.
Plant codes (treatment methods): P: physical-chemical; B: biological; U: urban.
SS: suspended solids.
OM: oxidizable matter.
COD: chemical oxygen demand.
BOD5: five-day biological oxygen demand.
Toxic Metals: total flow of metals to which a coefficient of toxicity is applied (arsenic 10, cadmium 50, copper 5, mercury 50, nickel 5, lead 10, zinc 1, chrome 1).
GHG: greenhouse gases.
VOC: volatile organic compounds.
OIW: ordinary industrial waste.
HIW: hazardous industrial waste.

(1) Liquid discharges from the ACI Pitesti plant are aggregated with those of the Pitesti plant (Dacia), as is some of the waste.
(2) Water consumption at the Bursa site includes that of the Industrial Supplier Park.
(3) The Douvrin (Française de Mécanique) site is a joint Renault/PSA subsidiary. The proportion of impacts attributed to Renault is calculated through a breakdown of the site's industrial activity between Renault and PSA. Renault' share was 25% in 2008.
(4) Water consumption at the Flins site includes that of the spare parts Distribution Center.
(5) Water consumption at the Palencia site includes that of the Industrial Supplier Park.
(6) Liquid discharges at the Pitesti site (Dacia) include those of the Industrial Supplier Park, of which those of ACI Pitesti and Dacia Logistics. The quantity of waste includes part of the waste (i.e. household waste) produced by the ACI Pitesti site.
(7) Water consumption at the Sandouville site includes that of the Industrial Supplier Park.
(8) Liquid discharges from the Valladolid engine plant are aggregated with those of the Valladolid body assembly plant.

8.4.3 ENVIRONMENTAL INDICATORS FOR PRODUCTS ✦

TECHNICAL AND ENVIRONMENTAL CHARACTERISTICS FOR THE BEST-SELLING VEHICLES IN EUROPE (27 COUNTRIES) IN 2008

BRAND	MODEL	G: GASOLINE D: DIESEL	ENGINE	CAPACITY	POWER RATING (KW)	TRANSMISSION	EMISSION STANDARD	FUEL CONSUMPTION NEDC, L/100KM	CO_2 EMISSIONS	EXTERNAL NOISE DB (A)	SIGNATURE
Renault	Twingo II	D	1.5 dCi	1,461	47	MAN5	Euro 4	4.3	113	71.2	Renault eco²
Renault	Twingo II	G	1.2	1,149	43	MAN5	Euro 4	5.5	130	69.6	Renault eco²
Renault	Clio III	E85	1.2 16v	1,149	55	MAN5	Euro 4	5.9	139	73.2	Renault eco²
Renault	Clio III	D	1.5 dCi	1,461	50	MAN5	Euro 4	4.5	120	70.4	Renault eco²
Renault	Clio III	G	1.2 16v	1,149	55	MAN5	Euro 4	5.9	139	73.2	Renault eco²
Renault	Modus	D	1.5 dCi	1,461	63	MAN5	Euro 4	4.5	119	72	Renault eco²
Renault	Modus	G	1.2 16v	1,149	55	MAN5	Euro 4	5.9	140	71	Renault eco²
Renault	Kangoo	D	1.5 dCi	1,461	63	MAN5	Euro 4	5,3	140	71.9	Renault eco²
Renault	Kangoo	G	1.6 16v	1,598	78	MAN5	Euro 4	7.9	191	73.3	-
Renault	Mégane II	E85	1.6 16v	1,598	77	MAN5	Euro 4	7.2	170	71	Renault eco²
Renault	Mégane II	D	1.5 dCi	1,461	78	MAN6	Euro 4	4.5	120	71.8	Renault eco²
Renault	Mégane II	G	1.6 16v	1,598	82	MAN5	Euro 4	6.9	164	71	-
Renault	Scénic II	D	1.5 dCi	1,461	78	MAN6	Euro 4	5.2	137	70.7	Renault eco²
Renault	Scénic II	G	1.6 16v	1,598	82	MAN6	Euro 4	7.6	182	73.5	-
Renault	Koleos	D	2.0 dCi	1,995	110	MAN6	Euro 4	7.3	191	72	-
Renault	Koleos	G	2.5	2,488	126	MAN6	Euro 4	9.6	227	73	-
Renault	Laguna III	D	1.5 dCi	1,461	81	MAN6	Euro 4	4.9	130	71.6	Renault eco²
Renault	Laguna III	G	2.0 16v	1,997	103	MAN6	Euro 4	7.9	185	71	-
Renault	Espace IV	D	2.0 dCi	1,995	96	MAN6	Euro 4	7.2	188	72.6	-
Renault	Espace IV	G	2.0 T	1,998	125	MAN6	Euro 4	9.5	224	70.7	-
Renault	Vel Satis	D	2.0 dCi	1,995	110	MAN6	Euro 4	7.3	194	71.4	-
Renault	Vel Satis	G	3.5 V6	3,498	177	AUT5	Euro 4	11.5	275	71	-
Dacia	Logan	D	1.5 dCi	1,461	63	MAN5	Euro 4	4.6	120	72.8	Dacia eco²
Dacia	Logan	G	1.4	1,390	55	MAN5	Euro 4	7	165	72.7	-
Dacia	MCV	D	1.5 dCi	1,461	63	MAN5	Euro 4	5.2	137	72,8	Dacia eco²
Dacia	MCV	G	1.6	1,598	64	MAN5	Euro 4	7.6	180	74	-
Dacia	Sandero	D	1.5 dCi	1,461	50	MAN5	Euro 4	4.5	120	70.7	Dacia eco²
Dacia	Sandero	G	1.4	1,390	55	MAN5	Euro 4	7	165	72.7	-

8.4.4 STATUTORY AUDITORS' REPORT ON ENVIRONMENTAL DATA ✦

Renault

Year-ended December 31, 2008

Statutory Auditors' report on the environmental data

This is a free translation into English of the original report issued in the French language and is provided solely for the convenience of English-speaking readers

To the Direction Environment Plan,

Further to your request and in our capacity as Statutory Auditors of Renault, we have performed verification work to obtain reasonable assurance that the environmental data of the Renault group sites for fiscal year 2008, as set out under the "Total" line in the "Site environmental indicators in 2008" table in chapter 8.4.2. of the Reference Document ("the Data"), have been prepared in accordance with the Renault 2008 Environmental Guide ("the guidelines"), summarized under "Method used for the Site environmental indicators in 2008 table" in chapter 8.4.1.

The responsibility of Renault's management is to prepare the data and draw up the Guidelines. The Guidelines are available for consultation at the "Health, environment and risk prevention" office.

Our responsibility is to express an opinion on the Data, based on our audit. Our verification work was carried out in accordance with professional standards applicable in France and international standard ISAE 3000 (International Standard on Assurance Engagement).

Nature and scope of our work

To express an opinion on the Data, we performed the following tasks:

- we have assessed the Guidelines with respect to its completeness, neutrality, understandability and relevance compared to the group's activities and reporting practices of the automotive industry;
- at Group level, we have conducted interviews with the persons responsible for environmental reporting in. At this level, we have:
  - conducted a risk materiality analysis,
  - assessed the application of the Guidelines, implemented analytical procedures and consistency checks and verified data processing and aggregation at Group level;
- we have selected a sample of 11 sites[17] that are representative of the activities and the geographical localizations, on the basis of their contribution to the Group's consolidated data and the results of the prior risk analysis;
  - the selected sites represent on average 61,8% of the environmental data published by Renault. In details, our tests covered the following percentages for 2008:

Water consumption	61%	Non hazardous waste (excl. inert waste)	57%	Atm. emissions: VOC	64%
Water discharge: SS	75%	Inert waste	83%	Atm. emissions: GHG	51%
Water discharge: OM	61%	Hazardous waste	45%	Atm. emissions: SO_2	77%
Water discharge: METOX	63%	Energy consumption	52%	Atm. emissions: NOx	53%

  - at the level of the selected sites and entities, we have verified the understanding and application of the Guidelines, and verified, on a test basis, compliance with the calculation formula, as provided in the Guidelines, and reconciliation with supporting documents;
- we reviewed the presentation of data in the 2008 reference document in chapter 8.4.2.

To assist us in conducting our work, we referred to the environmental experts of our firms under the responsibility of Eric Duvaud for Ernst & Young et Audit and of Eric Dugelay for Deloitte & Associés.

In view of the work carried out on the Group's major locations over the last ten years and the improvements made by Renault to enhance the sites' understanding of and compliance with the Guidelines, we consider that our verification tasks concerning the Data provide reasonable basis for our opinion.

Conclusion

In our opinion, the Data, as set out under the "Total" line in the "Site environmental indicators in 2008" table, have been prepared, in all material respects, in compliance with the Guidelines prepared by Renault.

Neuilly-sur-Seine and Paris-La Défense, February 17, 2009

The Statutory Auditors

DELOITTE & ASSOCIES — ERNST & YOUNG Audit

(17,) ACI Le Mans, Batilly, Bursa, Casablanca, Cléon, Dacia Automobile, Flins, Maubeuge, Moscou, Novo Mesto, Sandouville.

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25	**Information on holdings**	**16-18; 22-23; 217-223**

n.a.: not applicable.

8.5.2 GLOBAL REPORTING INITIATIVE INDICATORS AND GLOBAL COMPACT PRINCIPLES

	GRI INDICATORS (1)	GLOBAL COMPACT PRINCIPLES *	PAGES (2)
	STRATEGY AND ANALYSIS		
1.2	Description of key impacts, risks, and opportunities		24-25; 69-81
	PROFILE		
2.1	Name of the organization		166
2.2	Primary brands, products and services		7-12; 15-16
2.3	Operational structure of the organization		7; 13-16; 19-23; 30-33; 146-148
2.4	Location of organization's headquarters		166
2.5	Number of countries where the organization operates		12-13; 41
2.6	Nature of ownership and legal form		166; 171
2.7	Markets served		51-55
2.8	Scale of the reporting organization (number of employees, net sales, quantity of products or services provided)		39-40; 57; 88; 190
2.10	Awards received in the reporting period		115
	REPORT PARAMETERS		
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3.4	Contact point for questions regarding the report or its contents		177
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4.2	Indicate whether the Chair of Board of Directors is also an executive officer		136
4.3	Number of independent or non-executive directors in the Board of Directors		136-141; 142
4.4	Mechanisms for shareholders and employees to provide recommendations to the Direction of the organization		176-177
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4.8	Internally developed statements of missions or values, codes of conduct and principles		95-100; 116; 143-144; 157-159
4.9	Procedures developed for overseeing the organization's management of economic, environmental, and social performance and their compliance with standards		35; 109-115; 129-132; 157-162
4.10	Processes for evaluating the highest governance body's own performance particularly with respect to economic, environmental, and social performance		141-142
4.12	Externally developed charters, principles or other initiatives to which the organization subscribes		116-117; 129-132
4.13	Memberships in associations		118-119
4.14	List of stakeholder groups engaged by the organization		116
4.15	Basis for identification and selection of stakeholders to engage		118
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EC6	Policy, practices and proportion of spending on locally-based suppliers		18
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit		124; 125-126

	GRI INDICATORS [1]	GLOBAL COMPACT PRINCIPLES *	PAGES [2]
	ENVIRONMENTAL PERFORMANCE INDICATORS		
EN2	% of materials used that are recycled input materials	8 & 9	107; 109
EN3	Direct energy consumption by primary source		103; 283; 284-285
EN5	Energy saved due to conservation and efficiency improvements	8 & 9	103; 109
EN6	Initiatives to provide energy-efficient or renewable energy based products and services and reductions achieved	8 & 9	64-66; 104-106; 109; 121
EN7	Initiatives to reduce indirect consumption of energy	8 & 9	103
EN8	Total water withdrawal by source		108; 282; 284-285
EN14	Strategies for managing impacts on biodiversity	8	102
EN16	Greenhouse gas emissions		104; 283-285
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	8 & 9	102; 103; 104-105; 113
EN20	Emissions of NOx, SO_2 and other significant polluants by type and weight		106; 284-285
EN21	Total water discharge by quality and destination	8	108
EN22	Total weight of waste by type and disposal method	8	107; 284-285
EN23	Total number and volume of significant spills		284-285
EN24	Weight of transported or treated waste deemed hazardous		284-285
EN26	Initiatives to mitigate environmental impacts of products and services	8 & 9	12; 104-115; 109; 110; 113
EN27	% of products sold and their packaging materials that are reclaimed by category	8 & 9	107; 112-113
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	LABOR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS		
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LA2	Total number and rate of employee turnover by age group, gender, and region	6	88-89
LA4	% of employees covered by collective bargaining agreements	3	95; 96-97
LA7	Rates of injury, occupational diseases, lost days, absenteeism and work-related fatalities		98
LA8	Programs in place to assist workorce or community members regarding serious diseases		99
LA9	Health and safety topics covered in formal agreements with trade unions		95
LA10	Average hours of training per year per employee by employee category	6	93
LA11	Programs for skills management and lifelong learning		85; 92
LA12	% of employees receiving regular performance and carrer development reviews		85-86
LA13	Composition of governance bodies and breakdown of employees per category according to indicators of diversity	6	95-96
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HR2	% of suppliers and contractors that underwent screening on human rights and actions taken	1 & 2	118
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken	1 & 3	96-97
HR6	Operations identified as having significant risk for incidents of child labor, and actions taken	1 & 5	118
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and actions taken	1 & 4	118
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PR3	Type of product and service information required by procedures, and % of significant products and services subject to such information requirements		117; 286
PR5	Practices related to customer satisfaction		117
PR6	Adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		116

(1) The GRI structure and indicators changed in 2007: these modifications are taken into account in this table.
(2) The ✦ symbol indicate information relating to the Global Reporting Initiative (GRI) Directives.

*UNITED NATIONS GLOBAL COMPACT PRINCIPLES

	HUMAN RIGHTS
1	Businesses should support and respect the protection of internationally proclaimed human rights;
2	make sure that they are not complicit in human rights abuses.
	LABOUR STANDARDS
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargain;
4	the elimination of all forms of forced and compulsory labour;
5	the effective abolition of child labour;
6	the elimination of discrimination in respect of employment and occupation.
	ENVIRONMENT
7	Businesses should support a precautionary approach to environmental challenges;
8	undertake initiatives to promote greater environmental responsibility;
9	encourage the development and diffusion of environmentally friendly technologies.
	ANTI-CORRUPTION
10	Businesses should work against all forms of corruption, including extorsion and bribery.

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