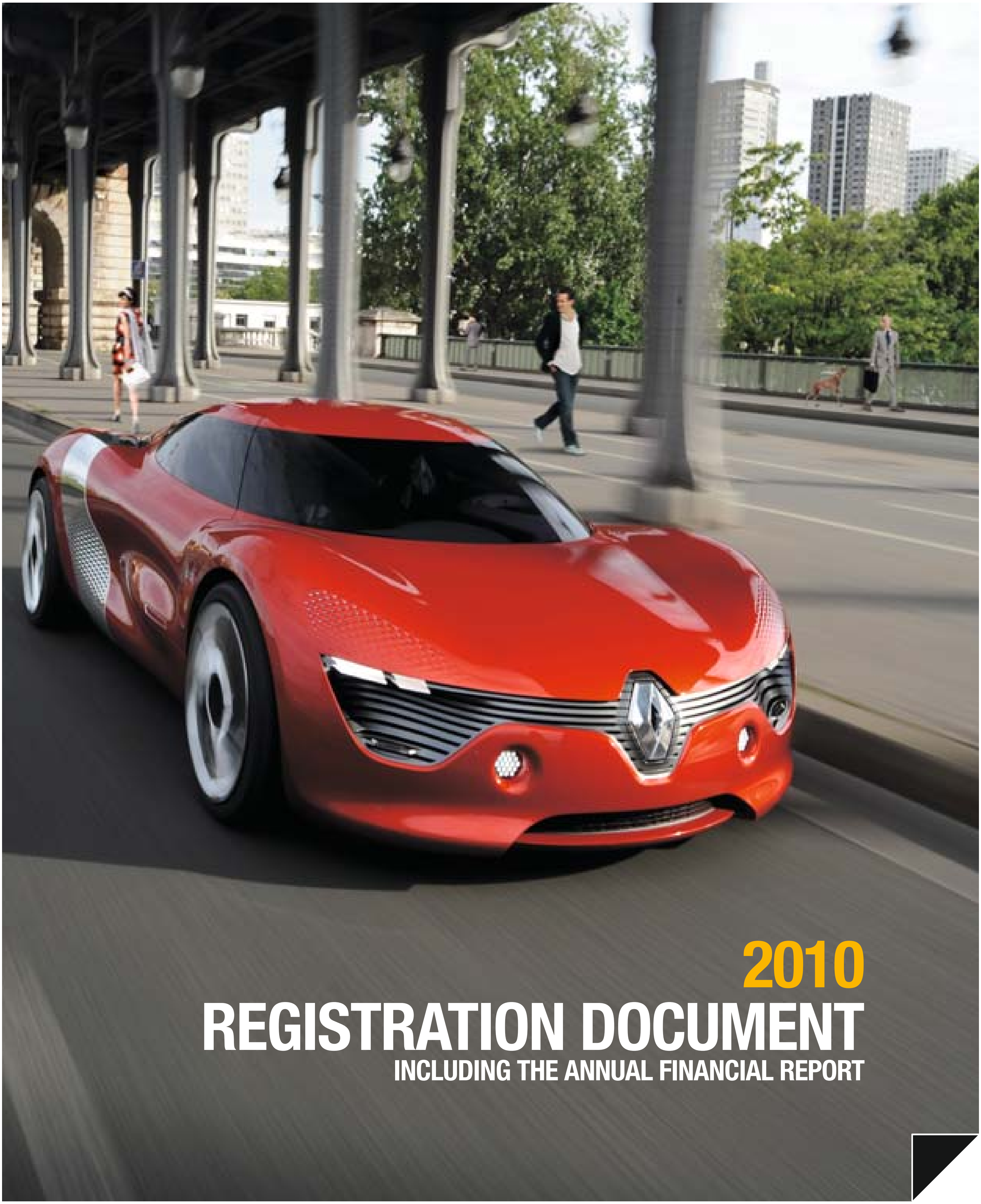


2010
REGISTRATION DOCUMENT
INCLUDING THE ANNUAL FINANCIAL REPORT

DRIVE THE CHANGE

RENAULT

CONTENTS

The elements of the annual financial report are identified by the AFR sign in the table of contents.

REGISTRATION DOCUMENT 2010

INCLUDING THE MANAGEMENT REPORT APPROVED BY THE BOARD OF DIRECTORS ON FEBRUARY 9, 2011

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document is on line on the website www.renault.com (French and English versions). The French version has been filed with the AMF (French financial Markets Authority) on March 29, 2011.

The elements of the annual financial report are identified by the AFR sign and a cross reference table is in chapter 7.4.2.

✦ Global Reporting Initiative (GRI) Directives

1

1 THE RENAULT GROUP

The elements of the annual financial report are identified by the AFR sign in the table of contents.

✦ Global Reporting Initiative (GRI) Directives

1.1 PRESENTATION OF RENAULT AND THE GROUP

1.1.1 KEY FIGURES ✦

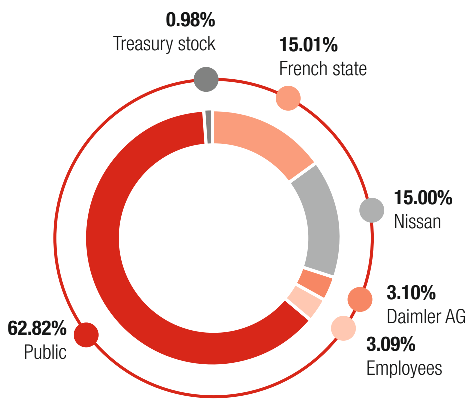
THREE-YEAR CONSOLIDATED FIGURES – PUBLISHED DATA(1)

(euro million)	2010	2009	2008
Revenues	38,971	33,712	37,791
Operating margin	1,099	-396	212
Share in Nissan Motor net income	1,084	-902	345
Renault net income	3,420	-3,125	571
Earnings per share *(euro)*	12.70	-12.13	2.23
Capital	1,126	1,086	1,086
Shareholders' equity	22,757	16,472	19,416
Total assets	70,107	63,978	63,831
Dividends *(euro)*	0,30 (2)	0	0
Automotive Cash flow (3)	3,074	1,386	2,373
Automotive Net financial debt	1,435	5,921	7,944
Total staff at December 31	122,615	121,422	129,068

(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 accounting practices. See chapter 4 note 3.
(2) Dividend proposal to Combined General Meeting of April 29, 2011.
(3) Cash flow does not include dividends received from associates.

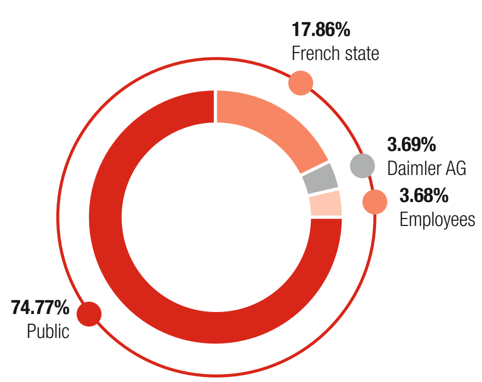
RENAULT SHAREHOLDERS AT DECEMBER 31, 2010

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 its 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 automotive 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) as well as 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.

2009

Renault pursued its crisis management plan by cutting its costs and operating capital requirements, through its Renault Voluntary Plan and the establishment of a crisis social contract (short time working with no reduction in pay) in order to achieve a positive free cash flow. Carlos Ghosn is appointed Chairman of the Board of Directors, following the departure of Louis Schweitzer. Six new vehicles were launched: Grand Scénic III, Scénic III, Mégane III estate, Mégane Renault Sport, Fluence and Kangoo be bop. Renault confirmed its long-term vision of the automotive and zero-emission mobility by unveiling its future range of electric vehicles (Twizy Concept, Zoé Concept, Fluence Concept and Kangoo Concept) and its new brand baseline, "Drive the change", at the Frankfurt Motor Show. An agreement was signed with the French government for the creation of a battery plant at Flins (France). The Renault-Nissan Alliance, which celebrated its 10th anniversary, aims to become the leading volume manufacturer of zero emission vehicles and has already entered partnerships with some 40 governments, local authorities and energy utilities all over the world. The foundations of the Tangiers plant were laid.

2010

Vehicle sales (PC+LCV) attained a record level of more than 2,625,000 units, benefiting the Group's three brands and all the Regions, particularly outside Europe.

New models were presented at the motor shows, including the Mégane CC and Wind convertibles at Geneva, the Latitude sedan at Moscow, the Kangoo Express ZE and Maxi, Trafic and Master at Hanover, the complete range of electric vehicles (Fluence ZE, Twizy, ZOE Preview and Kangoo ZE), upper-range models (Latitude, Laguna and Espace) and the DeZir concept car at Paris, giving practical form to the Group's new strategy in design, based on the life cycle.

In April the Alliance and Daimler signed a long-term strategic cooperation agreement on the future generations of Smart fortwo and Twingo, the pooling of powertrains and collaborative work on light commercial and electric vehicles. The agreement was strengthened by cross shareholdings, with Daimler taking a 3.1% share in Renault and Nissan capital and Renault and Nissan each taking a 1.55% share in Daimler.

Renault paid back ahead of time one billion euros of the loan granted by the French government and sold its B shares in AB Volvo, generating a capital gain of two billion euros.

In Russia, the second phase of the Avtoframos plant was launched and the restructuring and recapitalisation agreement was signed with AvtoVAZ. Sandero was launched on the Russian market.

Carlos Ghosn was re-elected as Chairman and Chief Executive Officer of Renault for a four-year period.

1.1.3 GROUP MAIN ACTIVITIES ✦

Since a final agreement was signed on January 2, 2001 with Volvo, leading to the contribution to Volvo of Renault's industrial vehicle activity, the Group's activities have been organized into two main business sectors:

- Automotive;
- Sales Financing.

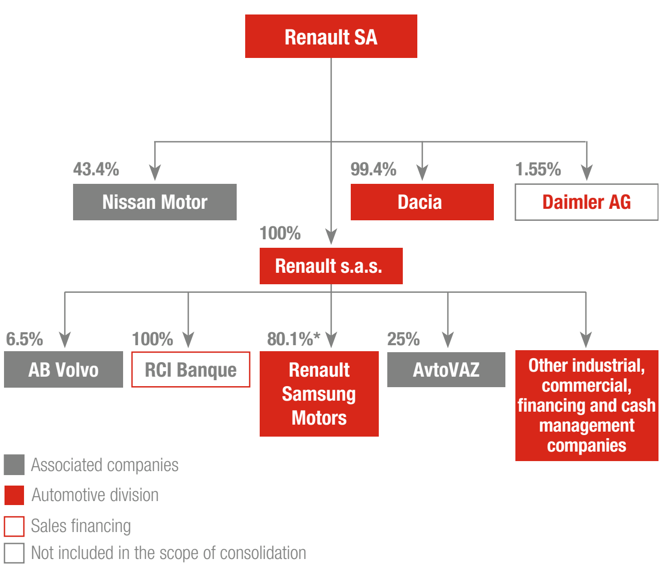
In addition to these two activities, Renault has three stakeholdings:

- 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, 2010 (AS A % OF SHARES)



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

1.1.3.1 AUTOMOTIVE

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 automotive 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.

With the Renault eco² and Dacia eco² labels, the Renault group 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 2010 70% of the vehicles sold by Renault in Europe reflected this commitment, a total of more than one million vehicles. At the same time, 32% of vehicles sold by the Group had CO_2 emissions of less than 120 g/km.

Similarly, at Renault, safety means more than just a list of functions with cryptic names. Our approach is global and tailored to each passenger. This is why Renault is the only manufacturer to have twelve vehicles with the maximum 5-star rating in EuroNCAP crash tests.

With its new signature, "Drive the Change", ("Changeons de vie, changeons l'automobile" in French), Renault is clearly stating its ambition of becoming a key player in sustainability mobility for all.

Passenger cars

In the small-car segment (A and B segments, and passenger-carrying vans), Renault offers a wide range of complementary models: Logan, Sandero, Twingo, Clio II and III, Modus, Wind, Symbol and Kangoo.

The Entry-level program is today playing a key role in the international development of Renault, primarily through **Sandero** and **Logan**, which are built and sold outside Europe under the Renault name.

Through broad industrial deployment, Renault is able to produce these vehicles close to their main markets in Russia, Iran, Brazil, Colombia and South Africa.

Affordable, roomy and robust, **Renault Logan** continued to enjoy huge success in South America in 2010, where it has been joined by a phase 2 vehicle, and also in Russia. Delivering unbeatable value for money, it is particularly attractive to buyers of family vehicles.

Designed in South America, where it accounts for more than 38% of Group sales, **Sandero** has extended its international presence. It made successful market debuts in South Africa in 2009 and in Russia in 2010, building on its strong points: modern design, space, reliability and value for money.

In the *A segment* of city cars, **Twingo** continues to grow sales, despite the end of scrappage bonuses. It has consolidated its leadership in France, where it has a segment share of 33.9%, up 3.4 points on 2009, and its No. 3 position in Europe, with a segment share of 10.5%, up 0.5 points on 2009. This growing success can be attributed to Twingo's undisputed quality and modular design, along with engines that are on the cutting edge for low CO_2 emissions (109 g for gasoline and 94 g for the Euro5 diesel), and ongoing promotions in the form of limited series. The recent **Twingo Miss Sixty** and **Twingo Gordini RS**, each in their own registers, broaden the territory of Twingo to reach a trendier customer base.

In July, Renault launched **Renault Wind**, a new experience in driving pleasure. Aimed at customers looking for a compact vehicle, suitable for day-to-day driving, Renault Wind is a two-seater coupé roadster of 3.83m, slotting in between Twingo and Clio. Renault Wind is an exceptionally versatile car, with an ingenious electric system to pivot the roof open in just twelve seconds. Its boot capacity is identical to that of a Clio, with the roof open or closed. The blue-tinted gaze, sleekly muscled profile and powerful rear end leave nobody indifferent. Renault Wind is a car with its sights set squarely on the future.

In the *B segment*, **Clio** celebrated its 20th anniversary in 2010. Since its launch in 1990, Clio has set the standard in its segment for quality, driving pleasure and comfort, with more than ten million vehicles sold in more than 100 countries. The richly equipped 'XXth anniversary' limited series, launched to coincide with the event, sold in more than 35,000 units. Restyled in April 2009, Clio is the first vehicle in its segment to feature factory-fitted navigation as standard. The range ships with a full line-up of low-carbon emission powerplants (LPG, ethanol, diesel emitting 94 g, gasoline below 120 g) and is continuously adjusted to meet the needs of all customers. The Gordini RS version, launched in June, condenses the expertise of Clio and Renault Sport to satisfy demanding sport chic customers. In 2010, Clio (including the Campus versions) considerably increased its market share in the I2 hatchback/sedan segment as well as achieving a place in the Top four of a fiercely competitive European I2 segment.

Clio Symbol continued to enjoy unflagging market success in 2010: leader on the Turkish and Algerian markets, this sedan is truly economical in use. The new-generation engines are efficient, economical and respect the environment. Clio Symbol boasts the lowest consumption levels in its category: just 4.3 l/100 km (116 g/km of CO_2) with the 85hp 1.5 dCi engine, and 5.9 l/100 (140 g/km of CO_2) with the 75hp 1.2 16v gasoline engine.

In a strongly competitive market environment, with a broadly renewed offering, **Modus** satisfies users with its comfort, road manners, quality and reliability. In 2010, Modus had a 26% share of the small van segment in France.

New Kangoo, launched in 2008, remains No. 1 in the leisure-activity vehicle segment in France, and posted strong growth in Europe. Kangoo "Generation 2011" made its debut in early 2011. The upgraded and simplified range, which gains new colours and upholstery, will build the market appeal of this vehicle still further. New Kangoo car is built at Maubeuge (France).

The preceding version of Kangoo remains on the market and is still produced at Cordoba (Argentina), and at the Somaca plant (Morocco).

In the lower mid-range C segment, the biggest in the European automotive market by volume, Renault has completely renewed its range. New Mégane Hatch was the first to be renewed at end-2008, followed by New Mégane Coupé in early 2009, then New Grand Scénic, New Scénic and new Mégane Estate in the first half of the year. Completing our line-up in this segment, Fluence arrived at end-2009, followed by **New Mégane coupe-cabriolet** in summer 2010.

Right from launch, **New Mégane Hatch** brought a range of innovations to its segment. It was the first car to score a maximum 37/37 for adult protection in EuroNCAP tests (test carried out in 2008) and it was also one of the first to make navigation systems affordable, with the keenly priced Carminat Tomtom system. Aimed at enthusiasts looking for performance, **New Mégane RS** gave a further demonstration of Renault Sport's technological expertise in early 2009. **Mégane GT** and **GT Line** (launched mid-2010) are the missing links between New Mégane RS and the more restrained versions in the range: they combine a sporty design with a sports chassis that promises high standards in efficiency. Desirable and functional, **New Mégane Estate** has claimed a strong position in the estate segment (No. 2 in Europe at end-December 2010) making no trade-offs between space and performance. **Fluence**, the most international of our models, will ultimately be available in more than 75 countries close to its main markets. Three plants are currently building this model: Turkey, South Korea and Argentina. Last to arrive, but second to none, **New Mégane coupe-cabriolet** and its folding glass roof will attract all those who want to enjoy open air driving regardless of the weather conditions.

New Scénic and **New Grand Scénic**, the third generation of this pioneering model, have reclaimed first place in their segment in Europe, with a share of over 21% of the compact van segment in 2010. **New Scénic** received the prestigious "2009 Golden Steering Wheel" award in the van category. The prize was awarded by the German daily *Bild am Sonntag*, and also by more than 250,000 readers of *AutoBild* and its sister magazines in 25 countries across Europe. EDC, a new automatic six-speed twin-clutch transmission mated to the Euro5 dCi 110 engine completed the line-up in summer 2010. It is the first automatic transmission on a mid-range diesel engine to carry the eco² label, thus confirming New Scénic and New Grand Scénic as eco-aware vehicles. In October 2010, **New Scénic** gained a premium audio system, Bose Efficient Series, moving Scénic even further towards the top end of the compact van range.

Mégane Scénic ships with a wide choice of engines combining driveability with frugal fuel consumption and respect for the environment. The five eco² engines available with New Mégane reflect this commitment, as illustrated by the highly economical 110hp 1.5 dCi available with Mégane hatch, coupe and estate, and which emits just 106 g CO_2/km. The Mégane family is at the core of Renault's expertise. Mégane has already sold in more than nine 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 seven models in the Mégane family, each with its own strong personality, Renault is able to meet the specific needs of each customer. In 2011, Renault will build on the qualities of this extensively renewed, high-performance, safe and attractive range to play a leading role in the fiercely competitive C segment.

In the SUV/cross-over segment, **Koleos**, Renault's first cross-over, was launched in June 2008, and is now available in more than 100 countries worldwide. This highly versatile vehicle is available in two versions, with two- or four-wheel drive. It enables Renault to be present in the highly attractive SUV/cross-over segment, with a model that features the best of each segment. Koleos combines the comfort of a sedan, with the modular design of a compact minivan and the on-road capacities of a 4WD.

Through Koleos, Renault is developing its presence in international markets, such as Mexico, Colombia and also China, which became the biggest market for Koleos in 2010, with more than 14,400 vehicles sold. In 2010, Koleos ranked among China's four most popular SUV imports.

In June 2010, Renault expanded its SUV/cross-over line-up with **Duster**, a spacious, robust and affordable 4x4, marketed under the Renault name in Ukraine, the Middle East (Jordan, Syria, Lebanon, Egypt) and Africa. In these markets, where imported SUVs are often inaccessible to middle-class buyers, Duster is an aspirational vehicle. In 2011, Renault Duster will be present alongside Logan, Sandero and Sandero Stepway in the Curitiba plant (Brazil) and will be distributed in Brazil, Argentina, Mexico and Chile. Renault Duster will subsequently be built in Russia, in the Avtoframos plant (Moscow) and in Colombia, in the Sofasa plant (Envigado). Renault Duster will also be sold in the Gulf states, from the Pitesti plant.

At the Paris Motor Show in October 2010, Renault revealed the European version of **Latitude**, which will join the Renault line-up in the *upper-mid range D segment*. This new sedan places the emphasis squarely on passenger comfort and well-being. Generous dimensions create a spacious, welcoming passenger compartment. Passengers at the rear enjoy the best knee room in the segment. Aimed at customers attentive to quality and comfort in all its forms, Latitude features an original air purification system with an ioniser for a purifying, relaxing effect, as well as a new massage driver's seat.

Renault Latitude reflects Renault's international expansion. Designed in France and Korea, combining technical features from Renault and Nissan, and built in the ultra-modern Renault Samsung Motors plant in Busan, it combines the best expertise of the Renault group and the Alliance.

Concerning the powertrains, all the diesel engines and manual transmissions come from the Renault plant in Cléon (France). Renault Latitude is an invitation to take to the road, with an engine range worthy of a large road car, from the 2.0 dCi 150 eco^2 emitting just 140 g of CO_2/km, to the dCi 240 V6, and a multi-link rear suspension offering the best trade-off between comfort and ride.

Aimed at international markets, Latitude expands Renault's range of international sedans, alongside Thalia/Symbol and Renault Fluence. New SM5/Latitude, badged by Renault Samsung Motors, was already launched in January 2010 in South Korea, the Renault group's third biggest market, and is enjoying real success with more than 77,000 units sold. Following its arrival in Western Europe in January 2011, Renault Latitude will be gradually rolled out in more than 50 countries.

Also in the D segment, **Laguna III**, launched in fall 2007, is spearheading Renault's drive to meet stringent new quality criteria. Laguna III now ranks among the top three in its segment for product and service quality. It ships with a three-year/150,000km manufacturer's warranty. Laguna III has sold 226,000 units since launch.

In 2010, acclaimed by the press for its dynamic qualities, Laguna confirmed its position as a leader in its segment. The last Paris Motor Show unveiled Laguna III phase 2. A vehicle whose new front end expresses a stronger, more attractive, personality, more in keeping with its dynamic performance.

The eco^2 engines show even greater respect for the environment with, in particular, the dCi 110 emitting 120 g of CO_2/km. Particular emphasis has been placed on reducing cost-in-use. In particular, fuel consumption has been cut by 0.5 l on average across the range.

The four-wheel steering 4Control system, the benchmark for safety and driving efficiency at this level of the range, is now available with most engines. It combines driving pleasure with safety in an affordable system.

With the new Carminat Tomtom® Live navigation system, whose functions include real-time traffic information, and the Bose® Sound System, New Laguna is even more modern and attractive than before.

Laguna Coupé, launched at the 2008 Paris Motor Show, features clean, elegant flowing lines, similar to the concept-car presented at Frankfurt. The design of this vehicle is eminently appealing, while its road manners clearly position it as a thoroughbred sporting coupé. Equipped with the four-wheel steering 4Control chassis system, it deals impeccably with all situations.

In 2010, an exceptional limited series of Laguna Coupé was launched as part of the partnership with the Automobile Club de Monaco. It was an undisputed success with its pearlescent white bodywork, black roof, white interior, four-wheel steering 4Control system and Bose® sound system.

In the executive E segment, **Espace IV**, launched at end-2002, is the fourth generation of a vehicle that launched the minivan concept in Europe and that remains a cornerstone of the Renault brand's identity.

For 26 years, Espace has set the standard on the executive minivan segment with more than 1.2 million vehicles sold. It combines exceptional comfort at both front and rear with a modular layout creating bright, spacious conditions for comfortable and safe travel.

In 2010, Espace consolidated its third place on the podium in the large van segment in Europe, with a segment share of 11.8% at end-December, up 0.4 points on 2009, in a segment that did not grow. This performance, along with its continued leadership of the French market, can be attributed in particular to the launch of the special series "25th", and to the launch of a new restyled model at end-October.

The restyled model gains a number of exterior upgrades with the introduction of LED position lights for maximum visibility in all conditions, a unique visual signature, and new interior functions such as the new Carminat TomTom®

Live navigation system, Arkamys sound across the range, and the introduction of mid-range Teflon-protected upholstery.

In terms of engines, as of October 2010, Espace ships with a full range of gasoline and diesel engines respecting the Euro5 standard with its more stringent environmental criteria. This means a 20 g reduction in CO_2 emissions for the 130 and 150hp 2.0 dCi diesel engines and also for the 170hp 2.0 turbo engine.

Espace IV is produced at Sandouville (France). It therefore reaps the full benefits of the progress made in terms of quality. 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 consolidated its position as Europe's leading LCV brand for the thirteenth consecutive year, with record market share of 16.1% in Western Europe. Outside Europe, Renault LCV sales outpaced the market. Renault increased registrations by 27.5% in Euromed, in a market that grew by 17.5%, and by 22% in the Americas, in a market that grew by 20.5%.

Renault has one of the most extensive ranges of light commercial vehicles in Europe. The line-up was expanded in 2010 with the arrival of New Master and Kangoo Express Maxi. Vehicle sizes range from 1.6 to 6.5 tons, and from 2 to 22 m^3, thus matching the needs of a broad customer base.

In the small van segment (vehicles weighing under 2 tons), Kangoo is Europe's best-selling small van, with a segment share of 17.2%. It is the only small van on the market available in three sizes (Compact, Express and Maxi).

Fall 2011 will see the arrival of **Kangoo ZE**, an all-electric vehicle fully assembled at the Maubeuge plant. With this vehicle, Renault is bringing fleet and business customers an innovative mobility solution with zero CO_2 emissions in use excluding wear parts, exceptional driveability, and limited running costs.

In the van segment (between 2 and 6.5 tons), Renault is continuing to renew its range with the simultaneous launch of New Trafic Phase 3 and New Master.

Since its launch at end-2001, **Trafic** has become the benchmark in the compact van segment (between 2.0 and 2.9 tons). Developed in partnership with General Motors, Trafic is produced at the GM plant in Luton (UK) and in the Nissan plant in Barcelona (Spain). In 2010, Trafic Phase 3 gained a new dashboard and is now available with climate control and Carminat TomTom. Renault is aiming to develop vans that are more ecological and more economical. Trafic Phase 3 gains a particulate filter on the new 90 and 115hp 2.0 dCi engines. It meets the criteria of the Renault eco² label with improved CO_2 emissions of below 195 g.

In 2010, Renault Trafic had a 16.6% share of the small van and passenger-carrying van segment in Europe. This performance is a new historic record for Trafic.

In the large van segment, Renault has launched a new model, **New Master**. Available in front- and rear-wheel drive versions in four lengths and three heights, New Master has a maximum authorised weight of 4.5 tons. The range comprises 350 versions. It gains a new design and a new more comfortable cabin. The new M9T 2.3 dCi (100 - 150hp) engine reduces fuel consumption by 1 l/100km compared with its predecessor and increases the servicing interval to 40,000km/two years. Master is manufactured at the Batilly plant (France).

New Master is sold in 30 countries. It totalled 25,822 registrations in 2010, including Renault Trucks.

Master 2 is continuing its career in South America, where it is produced in the Curitiba plant (Brazil). Master 2 is leader in its category in Argentina and No. 2 in Brazil.

Overall, 70,734 Master 2 and New Master vehicles were registered in 2010.

Electric vehicles

In 2010 Renault showed that it is credible in its ambition to make electric vehicles available to all, with a range of four vehicles designed to meet complementary requirements.

Renault revealed the definitive design of three of the four models in the future ZE range: **Fluence ZE**, a sedan, **Kangoo ZE**, an LCV and **Twizy**, an urban two-seater.

Following the presentation, several thousand vehicles were pre-reserved on the renault-ze.com website.

Marketing electric vehicles for all also means making them affordable to the greatest number.

The Paris Motor Show was an opportunity for Renault to spotlight its ability to make its market ambitions a reality. It revealed the purchasing plan for its electric vehicles, as well as the prices for Fluence ZE (€21,300* including VAT + €79 including VAT / month for the battery subscription) and Kangoo ZE (€15,000* before VAT + €72 before VAT for the battery subscription).

These prices, which include a tax incentive of €5,000 in France, make Renault's offering a credible alternative in terms of price to combustion-powered vehicles. They mark a break with the offering of comparable electric vehicles currently on the market.

Also at the Paris Motor Show, Renault presented **ZOE Preview** to the public for the first time. This vehicle heralds an all-electric compact family vehicle that will be launched in second-half 2012.

Renault is also even more closely involved in developing charging infrastructure, with manufacturers, as well as energy operators, national

(*) Example of prices in France, after deduction of the €5,000 tax incentive.

authorities and municipalities. The new agreements signed at the Paris Motor Show (with EDF (France's national electric utility), Unibail-Rodamco, Leclerc) and the planned publication of a green paper on charging infrastructure are practical examples on the French market. Renault is also active in the other main European markets. Overall, the Renault-Nissan Alliance will have signed almost 100 agreements with the main public and private energy companies and operators worldwide. In Western Europe, in particular, these commercial partnerships are starting to bring concrete results. For example, German energy company RWE has already installed more than 1,000 charging stations on the street. Acciona and Endessa, our partners in Spain, installed more than 2,000 public charging stations across the country in 2010. In Italy, as part of a pilot operation that started at the end of the year in the Milan region, our partner ENEL started deploying more than 500 charging stations in the cities of Milan and Brescia.

Dacia brand

Launched in 2004, Dacia has become a key player on the automotive market in just six years.

Dacia reported constant growth throughout 2010 (compared to 2009), for total sales volumes of 348,279 units, up 11.9% on the same period in 2009.

In France, Dacia ranks sixth, with market share of 4.6%. Sales volumes were up 71% on the same period in 2009 (passenger car market).

Dacia, Romania's leading brand, increased its market share by 3.0 points to 31.7%.

After the **Logan** sedan, the **Sandero** compact sedan, the **Logan MCV estate**, and the **Logan van** and **Logan pick-up** LCVs, Dacia is continuing to expand its range with **Duster**, a robust, spacious, affordable off-roader that is easy to drive.

Launched in April 2010, Dacia Duster is enjoying real success in all countries of sale. More than 100,000 Duster vehicles were ordered worldwide in 2010.

In summer 2009, the Dacia Sandero gained a new "go-anywhere" version, Sandero Stepway, which has taken more than 34,000 orders since launch. Also, Dacia Sandero, Logan and Logan MCV were launched in a limited series called Blackline in early 2010 in ten European countries, taking more than 20,000 orders up to the end of the year. This reflects the constant improvements in design and perceived quality of the models in the Dacia range.

By making quality vehicles available to all, Dacia has become a true social phenomenon, creating a new form of consumption in the automotive industry. The success of LPG vehicles in France (LPG bonus 2009-2010) and Italy (LPG bonus 2009), along with the scrappage bonuses introduced in a number of European countries such as Germany (2009), have given further impetus to the development of Dacia. Brand market share doubled in Europe between 2008 and 2009 and was up by 1.6 points in France at end-December 2010 compared with the same period in 2009.

Dacia is 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 continued with the launch of an LPG engine in France and the D4F engine (75hp, 135g CO_2) in Europe on Logan and Sandero. In early 2009, Sweden started selling vehicles compatible with E85: Sandero K7M and Logan MCV K4M. France and Austria (Logan MCV K4M) and Poland (Sandero K7M and Logan MCV K4M) started sales at end-2009. Duster became available in an E85 version in July 2010.

In early December 2010, the 4x4 version of Dacia Duster gained a dCi 90 diesel engine with a particulate filter emitting just 139g CO_2/km for fuel consumption of just 5.3 l/100km. Dacia Duster 4x4 dCi 90 FAP (particulate filter) carries the Dacia eco^2 signature. With Duster, Dacia has shown that it is possible to market a functional, affordable all-terrain vehicle that also shows greater respect for the environment than other 4x4 vehicles on the market.

At end-2010, Dacia brand vehicles were available in more than 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.

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 also supplies CKDs to all other Group sites producing Logan.

Renault Samsung brand

Renault Samsung Motors sells four passenger cars in South Korea (SM3, SM5, SM7 and QM5) covering the M1, M2, S and SUV Korean segments. These four segments account for 76% of passenger car sales in South Korea.

SM3, launched in September 2002, was restyled in July 2009. The new SM3 has enjoyed huge success since launch, with market share of 19.3% on the M1 segment in 2010 (59,498 units sold).

SM5, an executive sedan, has enjoyed continuous success since its launch in 2001. The third-generation SM5, launched in January 2010, was an immediate success. It sold 77,381 units in 2010, taking a significant 24.6% share of the M2 segment.

SM7, launched in November 2004, is a roomy sedan, with a luxurious, comfortable cabin. This executive vehicle, which ships with V6 engines, incorporates the latest technology from the Renault-Nissan Alliance. It sold 13,336 units in 2010, taking an 8.8% share of the S segment.

QM5, launched in December 2007, is the first real cross-over on the Korean market. It sold 5,481 units in 2010, taking a 2.5% 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 at this plant. It is exported to more than 40 countries worldwide (42,692 units in 2010). More recently, the new SM3 and SM5 have also been exported under the Renault name (Fluence and Latitude). In 2010, RSM exported 20,359 SM3 and SM5 vehicles under the Renault brand name, and 7,054 vehicles under the RSM brand name. As part of Alliance agreements, RSM is continuing to export SM3 under the Nissan brand name (45,678 units in 2010).

In 2010, RSM sold more than 271,400 vehicles, of which 155,692 in South Korea. RSM is third on its domestic market. New records were set for both sales volumes and production in 2010.

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

THE POWERTRAIN RANGE

In 2010, Renault deployed a strategy aimed at making it the leader for low CO_2 emissions by 2015. Renault also reinforced its test facilities, opening a powertrain innovation centre with thirty new-generation tuning benches in Lardy, outside Paris, and a test centre for all engineering departments in Titu (Romania). Renault also developed special test resources for electric motors and batteries at Lardy and at the Guyancourt Technocentre in France.

All the engines of the range made the transition to the Euro5 standard in 2010, which also saw several product launches.

Launch of the new EDC automatic transmission

Combining a dry twin-clutch with electric actuators, the new EDC automatic transmission is designed to deliver a relaxed drive while keeping CO_2 emissions and fuel consumption at a level comparable with a conventional transmission. The EDC transmission was introduced on the New Mégane family in first-quarter 2010 on the dCi 110 particulate filter versions.

Reveal of the new Energy dCi 130

The new Energy dCi 130 engine presented at the Paris Motor Show reflects Renault's efforts to bring to market engines that combine driveability with low CO_2 emissions at an affordable price.

The Energy dCi 130 is as powerful as its predecessor, the 1.9 dCi, but makes breakthrough progress in cubic capacity, which is 16% lower and CO_2 emissions, which are 30% lower. On a seven-seater Scénic, the figures are 117g of CO_2 per km, and 4.5 l/100km.

To achieve these results, this Alliance engine draws upon the latest developments: low-pressure EGR (exhaust gas recirculation), an innovation that Renault is the first full-line manufacturer to use in Europe, a Stop&Start system, energy smart management, better transmission stepping (thanks to 320Nm of torque available from low engine speeds), a variable displacement oil pump, a thermal management system and variable swirl technology. Covered by fifteen patents, this engine will be produced on new lines at the Cléon site in France.

Adaptation of the 3 l dCi engine for the Alliance in a longitudinal version

The 3.0 dCi is a new 3-litre V6 diesel engine with a longitudinal layout, designed for front-wheel drive, rear-wheel drive and four-wheel drive vehicles. Power and torque total 175 kW (238hp) and 550Nm respectively.

Torque of 500Nm is already available to the driver from a speed of barely 1,500rpm. Idle speed is exceptionally low (650rpm). Acceleration is exemplary.

The new 2.3 dCi engine

The 2.3 dCi diesel engine is exclusive to New Master. It is available in three levels of power: 100, 125 and 150hp. Renault is thus pursuing its downsizing strategy, which involves reducing the cubic capacity of its engines – and hence fuel consumption and CO_2 emissions – while maintaining performance. This new engine will help to bring down the running costs of New Master. As well as cutting fuel consumption, the 2.3 dCi diesel has longer servicing intervals and is fitted with a timing chain.

New Master also marks a return to rear-wheel drive vehicles for Renault, mainly thanks to the arrival of the ZF4 transmission.

New 4x4 transmission on Duster

Drawing upon the experience of Nissan in the field of 4x4 vehicles, this transmission has a short first gear (5.79km/h for 1,000rpm). This enables it to drive over rough terrain at low speeds and also improves take-off when heavily loaded or on a steep slope.

Electric powertrains

The electric motor fitted on Kangoo Express ZE, presented at the Paris Motor Show, develops 44 kW (60hp). Maximum motor speed is 10,500 rpm. The electric motor immediately delivers maximum torque of 226Nm. It is supplied by a lithium-ion battery with an energy capacity of 22 kWh. Response and acceleration at low motor speeds are surprising. Silent operation, combined with the absence of vibrations and gear changes, create new driving sensations.

MAIN MANUFACTURING SITES

Renault has about 30 manufacturing sites for its automotive 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. Renault uses Nissan's plants in Barcelona (Spain) and in Pretoria (South Africa) to manufacture Trafic and Sandero respectively.

Based on a standard 3,760 hours*, the production capacity utilization rate in 2010 was 83% worldwide and 64% in the Europe Region.

In 2010 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.

* *Harbour standard, i.e. a 2 x 8 hours, 5 days a week, 47 weeks year production.*

MAIN MANUFACTURING SITES BY BRAND –2010 PRODUCTION (UNITS) ✦

2010	SITES	PRODUCTION (*IN UNITS*)	VEHICLES OR COMPONENTS
RENAULT BRAND			
Renault sites			
France	Flins	148,537	Clio II phase 4, Clio III
	Douai	194,207	Mégane III (coupé-cabriolet), Scénic III (5- and 7-seater)
	Sandouville	69,160	Laguna III (hatch, Estate, coupé), Espace IV
	Maubeuge	139,261	Kangoo III (1)
	Batilly	80,811	Master II (2), Master III
	Dieppe	4,861	Clio III Renault Sport
	Cléon	1,160,319	Engines, transmissions
	Le Mans/Villeurbanne	2,547,313	Front/rear axles
	Choisy-le-Roi	101,801	European center for reconditioned powertrain sub-systems (engines, transmissions, injection pumps, nozzle holders, cylinder heads, sub-assemblies), new engines and powertrain components, Clio II rear axles, end casing machining
	Grand-Couronne	N/A	Shipment of CKD kits
Spain	Palencia	262,076	Mégane III, Mégane Renault Sport
	Valladolid	95,103	Clio III, Modus
		1,022,035	Engines
	Seville	932,654	Transmissions
Portugal	Cacia	464,694	Transmissions, mechanical components
Slovenia	Novo Mesto	211,560	Clio II phase 4, Twingo II, Wind
Russia	Avtoframos	87,340	Mégane, Fluence, Logan (Renault)
Turkey	Bursa	307,037	Fluence, Mégane, Clio III, Clio III sedan
		595,592	Engines, transmissions
Morocco	Casablanca	39,979	Logan (5), Kangoo Génération 2006
Argentina	Cordoba	93,391	Thalia, Clio II, Clio II sedan, Kangoo, Kangoo Express
Brazil	Curitiba	161,756	Scénic I, Mégane II (hatch, sedan), Logan (Renault)
		290,931	Engines
Colombia	Envigado	40,180	Twingo, Clio II (hatch and sedan), Logan (Renault) (3)
Chile	Los Andes	337,559	Transmissions, mechanical components
Iran	Teheran	52,628	Mégane II, Logan (Renault) (4)
		84,845	Front/rear axles
India	Nashik	10,611	Logan (Renault)
Nissan sites			
Spain	Barcelona	41,437	Trafic II (5)
South Africa	Pretoria	14,677	Sandero
General Motors Europe site			
UK	Luton	72,263	Trafic II
DACIA BRAND			
Romania	Pitesti	339,653	H79, Logan, Logan van, Logan station wagon, Sandero
		1,686,369	Engines, transmissions, transmissions
RENAULT SAMSUNG BRAND			
South Korea	Busan	274,502	SM7, SM5, SM3, Fluence, QM5 (Koleos)
		191,859	Engines

(1) The Maubeuge site also builds Kangoo vehicles for Nissan, which are sold under the name Kubistar, which is 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) Dacia-badged Logan.
(4) In partnership with the Iranian companies Pars Khodro and Iran Khodro.
(5) Nissan's Barcelona plant also manufactures compact vans marketed under the names Primastar and Vivaro by Nissan and Opel respectively.

✦ Global Reporting Initiative (GRI) Directives

RENAULT DISTRIBUTION NETWORK IN EUROPE

Organization of the Renault network

The Renault group distributes vehicles under its brand through a primary and a secondary distribution network.

The primary network is contractually linked to Renault and comprises:

- dealers who can sell and service Renault vehicles;
- branches belonging to the Renault group's business distribution unit, "Renault Retail Group";

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

Renault's distribution network in Europe complies strictly with prevailing regulations:

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

	2009		2010	
NUMBER OF RENAULT CONTRACTS	**WORLD**	**O/W EUROPE**	**WORLD**	**O/W EUROPE**
Primary network	4,956	2,915	4,805	2,822
Secondary network	7,632	7,378	7,553	7,308
TOTAL	**12,588**	**10,293**	**12,358**	**10,130**

Renault Retail Group (RRG)

This fully owned Renault s.a.s. commercial subsidiary is the Group's biggest in terms of revenues (nearly €7.9 billion in 2010) and workforce (12,310 employees).

RENAULT RETAIL GROUP DATA AT END DECEMBER 2010	EUROPE	O/W FRANCE
New vehicles *(units)*	312,602	192,405
Used vehicles *(units)*	162,010	111,327
New and used vehicles *(units)*	474,612	303,732
Revenues * *(€ thousands)*	7,878,720	4,978,945

* *From RRG management statements.*

RRG has more than 220 sales and services outlets in 12 European countries: Austria, Belgium, Czech Republic, France, Germany, Italy, Luxembourg, Poland, Portugal, Spain, Switzerland and the UK.

Its role is to directly distribute, on a profitable basis, Alliance products and services (Renault, Nissan and Dacia). 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.

En 2010 RRG sold more than one-third of the new vehicles marketed by Renault in France, and accounted for more than 17% of new vehicles in the other 11 European countries where RRG operates.

At the same time RRG manages its commercial presence, primarily in strategic urban areas. It seeks always to deliver the highest standards in service quality and to build its image. To achieve those aims and help the Renault group achieve its own objectives, RRG mapped out its medium-term strategy in 2007. The strategy is adapted continually to changes in the business context.

In 2010 RRG concentrated on deploying the Renault group's trade names, notably Renault Pro+ centers, Renault Sport corners, and special Dacia showrooms. And in accordance with the Group's philosophy, it sought to establish a more equitable gender balance in the sales force in order to meet the expectations of both male and female customers. By end 2010 women accounted for nearly one-third of total sales staff in RRG showrooms in France.

The RRG sales network also made preparations in 2010 for the arrival of the electric vehicle. It will continue to prepare in 2011 so that is ready and able to fulfill the key role that has been assigned to it in the major cities of Europe.

Renault Pro+ network

A business customer's car is a professional tool. So the network that services and repairs it has to deliver a very high standard of service.

Renault has taken that philosophy a stage further by developing even more services for business customers through a specially targeted program Renault Pro+.

In a professional-oriented environment, Renault Pro+ provides a tailor-made service with five key components that address business' customers needs:

- professionalism, with specialized sales and after-sales teams;
- prominent display of professional products in the Renault range, including converted vehicles;
- a one-stop-shop: all business-related services are located in a bespoke center: sales, funding, maintenance, rental, etc.;
- fast reception and service: thanks to a flexible organization and facilities that can accommodate vehicles up to 7 tons;
- profitability, through extensive understanding of customers' trades and professions: Renault Pro+ lets customers get on with their business.

In 2009 66 Renault Pro+ sites were set up in 14 countries, and 2010 saw an acceleration in international development across Europe, Euromed and the Americas. In all 212 sites are now running. The aim is to achieve a concentrated network of 400 Renault Pro+ sites for Renault's business customers by 2012.

HIGHLIGHTS OF THE GROUP'S NETWORK STRATEGY

Dacia's network strategy

Dacia-badged vehicles have been marketed in Europe since 2005 through distribution networks that are organized around existing Renault networks while keeping the two brands separate. The network continues to develop, with greater differentiation between Dacia and Renault and an expanded Dacia-specific sales forces.

Dacia continued to make headway in 2010, both in Western Europe and in the other regions where the brand is present. In Western Europe, the market shrank by 3.7% but Dacia saw a 13.9% increase.

Duster was highly successful, with more than 67,000 registrations in 2010.

In France, Dacia benefited from the government's scrappage scheme. It ranked No. 6 in the French market for passenger cars and also in the cars+LCV market, with 110,075 registrations.

CASH MANAGEMENT IN AUTOMOTIVE

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

- automate the processing of routine cash inflows and outflows;
- 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 virtually 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 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 of some subsidiaries.

For the euro zone, cash is centralized through an IT platform that manages all the euro-denominated transactions of the subsidiaries, and that interfaces with Automotive sector's banks. The role of Renault Finance in cash-flow management involves the foreign currency payments of French and European subsidiaries.

Outside the euro zone, the cash-flows 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, functioning within a strict framework of risk management rules. Through its arbitraging business, it can obtain competitive quotes for all financial products. The company is therefore Renault's natural counterparty for most of Automotive's 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 Automotive's cash-flow management procedures, Renault Finance launched a number of services in 2008, namely commercial and financial payments in foreign currencies for Renault and Nissan, and a forex cash-pooling service for a number of Renault entities (Czech Republic, Denmark, Finland, Hungary, Norway, Sweden, Switzerland and UK). Other foreign currency cash-pooling operations are in progress.

At end-December 2010 parent company net income was €44.3 million (against €35.9 million at end-December 2009) and total parent company assets amounted to €9.312 million (*vs* €6,406 million at end-December 2009).

1.1.3.2 SALES FINANCING

RCI Banque, the captive financing branch of Renault, finances sales of the Renault, Renault Samsung Motors (RSM), Dacia, and, in Europe, Nissan and Infiniti brands.

The RCI Banque group operates in 37 countries:

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

At December 31, 2010, the RCI Banque group had total assets of €24,110 million.

The group employed an average of 2,842 people during the year, of whom 45.5% were in France.

In the Western European countries where the RCI Banque group is active, sales financing in 2010 accounted for 31.6% of the sales of new vehicles under the Renault and Nissan brands.

In its capacity as a brand financing entity, the group has the task of offering a complete range of credit and service solutions:

- customer activity (consumers and professionals):
  - to propose credit for new and used vehicles, rental with an option to buy, hire purchase, long-term rental and associated services, such as maintenance and warranty extension, insurance and assistance, fleet management and credit cards;
- networks:
  - 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 Renault-Nissan Alliance.

The market capitalization of Nissan at December 31, 2010 was ¥34,995 billion, based on a closing price of ¥773 per share.

Renault holds 43.4% of the capital of Nissan. At December 31, 2010 the market value of the shares held by Renault totalled €13,959 million.

Renault accounts for its shareholding in Nissan by the equity method, as described in chapter 4, note 14 of the notes to the consolidated financial statements.

VOLVO AB

On October 7, 2010, Renault reduced its shareholding in the capital of Volvo by selling all of its 302,915,940 B shares, representing 14.2% of the capital and 3.8% of voting rights. Renault has kept its 138,604,945 A shares, which represent 6.5% of the capital (17.5% of voting rights) 6.8% of interest, after taking Volvo AB's self-owned shares into account. Renault remains the main shareholder of Europe's premier manufacturer of large trucks and the second largest manufacturer in the world. Renault is still represented on Volvo's Board by two Directors.

The Volvo group possesses five brands in the commercial vehicles sector: Volvo Trucks, Renault Trucks, Mack, UD Trucks Corporation and Eicher. The Group is also active in the site vehicles, coach and bus, engines, aerospace and financial services sectors. The Volvo group manufactures its products in 19 countries and sells them on 180 markets. The Group's headcount totals more than 90,000.

The range of commercial models stretches from small, light vehicles to high-tonnage trucks, in a broad network covering more than 130 countries throughout Europe, Russia, North and South America and Asia.

After being hit hard by the crisis in 2009, when Volvo had to cut costs, boost productivity and adjust its stocks, while continuing to invest in R&D in order to guarantee the competitive performance of its future vehicles, the Group experienced a significant increase in worldwide sales in 2010. Worldwide sales totalled 179,989 units, compared with 127,681 in 2009, representing a global increase of 41% over 2009. The recovery varied from one market to another (+33% in Europe, +38% in North America, +71% in South America and +55% in Asia). Orders are growing, resulting in an increase in production.

On April 6, 2011 the Board of Directors will submit the payment of a dividend of SEK2.50 per share for approval by the next Annual General Meeting. No dividends were paid in 2010.

In 2010 Volvo contributed €214 million to Renault's results, compared with a negative contribution of €301 million in 2009 (see chapter 4, note 15-A of the notes to the consolidated financial statements).

	2010		2009 PUBLISHED	
(millions)	SEK	EUR	SEK	EUR
Net revenue	264,749	27,730*	218,361	20,561
Operating margin	18,000	1,884*	-17,013	-1,602
Net income	11,212	1,174*	-14,685	-1,383
Dividend per share in SEK	0	For FY 2009	2	For FY 2008
Closure at 31/12 in SEK Volvo A share	115	12.82**	61.00	5.95
Volvo B share	118.5	13.21**	61.45	5.99

* *1 EUR = 9.55 SEK.*

** *1 EUR = 8.97 SEK.*

Based on the stock market value of SEK115.00 per A share at December 31, 2010, Renault's holding in Volvo AB is valued at €1,778 million. On the same date, the market capitalization of Volvo was €27,854 million.

For more information about Volvo, go to http://www.volvogroup.com/group/global.

AVTOVAZ

Renault holds a 25% stake plus one share in AvtoVAZ – Russia's leading manufacturer – on an equal basis with the public holding company, Russian Technologies, and the Troika Dialog bank. 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 a year.

in 2010 with Russia in the throes of crisis and facing the collapse of its automotive market, the Russian authorities committed to a financial support plan accompanied by cost-cutting efforts and, in particular, the sale of activities with no direct link to the production and sale of vehicles.

According to the terms of the agreements signed in July 2010, Renault will invest the equivalent of €240 million before 2012 by contributing to capital increases that will help to finance technical assistance and the purchase of equipment used to produce new vehicle models based on the Logan platform. Maximum capacity will be 350,000 vehicles per year, 75% of which used by the Renault-Nissan Alliance. Renault will also help AvtoVAZ to create new engine and transmission production capacity and to develop a new low-cost vehicle to replace the Lada Classic.

According to these agreements, Renault will maintain its current shareholding of 25% minimum plus one share throughout the capital increase process.

Renault and AvtoVAZ will prepare for the future by renewing the range with an ambitious product plan, including the creation of new vehicle ranges adapted to the needs of the Russian automotive market.

The target set by the Renault-Nissan Alliance and AvtoVAZ is to corner 40% of the Russian market, which could total 4 million vehicles by 2020.

Renault accounts for its shareholding in AvtoVAZ by the equity method, as described in chapter 4, note 15-B of the notes to the consolidated financial statements.

PARTNERSHIPS AND COLLABORATIVE PROJECTS

Strategic cooperation between the Renault-Nissan Alliance and Daimler AG

On April 7, 2010 the Renault-Nissan Alliance and Daimler announced a strategic cooperation program, covering:

- the future generations of Smart fortwo and Renault Twingo, including the electric versions, plus the extension of the Smart and Twingo product families;
- the pooling of powertrains;
- the joint development of future passenger car and light commercial vehicle projects;
- collaborative efforts on electric vehicles.

The strategic cooperation program is underpinned by an equity exchange (Daimler holds 3.1% of the capital of Renault and Nissan, and Renault and Nissan hold 1.55% each of the capital of Daimler), which will allow all three carmakers to conduct benchmarks and to generate synergies based on a partnership that will create value in the long term.

The strategic cooperation program is managed by a Cooperation Committee, on which all the parties sit. The Cooperation Committee, co-chaired by Carlos Ghosn and Dieter Zetsche and including senior executives from all three companies, has met seven times since April 2010.

The development of the Smart and Twingo vehicles, governed by a specific development agreement, has now entered the active phase. The successor of the current Smart fortwo, a new four-seater Smart and the future Renault Twingo will be different from one another in terms of design. One of the main characteristics of the new architecture lies in the rear-wheel drive concept, derived from the current Smart vehicles. The jointly developed models are scheduled to be launched starting in 2014. The two-seater models will be built in the Smart factory in Hambach, while the four-seaters will be manufactured in Renault's Novo Mesto plant in Slovenia. Electric versions of these models will be available as soon as they are launched.

The adaptation of the Renault-Nissan Alliance's 3- and 4-cylinder diesel and petrol engines to Daimler's needs has also entered the development phase. The first market launches are expected at the end of 2012.

Renault and Daimler have also entered specific agreements confirming their cooperation in the field of light commercial vehicles. Mercedes-Benz Vans will broaden its range of LCVs in 2012 with the introduction of a new entry-level model based on the current Kangoo. Renault technology will be used in this LCV. It will be built in Renault's plant in Maubeuge, France.

Agreements have also been concluded to develop drivetrains and batteries for electric vehicles.

Nissan and Daimler have entered specific agreements for the adaptation of powertrains for the Infiniti vehicle range.

In addition, the Renault-Nissan Alliance and Daimler continue to review opportunities in other fields, such as joint purchasing or the exchange of benchmarks and best practices between the two groups.

Supplier relation and support

To maintain and enhance its competitive edge, Renault is continuing its policy aimed at optimizing purchasing. 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:

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

Renault views supplier relations over the long-term, and is conducting a worldwide 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 calls upon almost 100 quality experts, more than half of whom are outside France, in its work with 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 seconds 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 sharing its strategic priorities and 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. The very highest levels of company management are directly involved in these initiatives;
- corporate societal responsibility (CSR): Renault and Nissan have formally set out their recommendations in a joint charter for all Alliance suppliers. Renault is calling on dozens of quality experts to assess the social and environmental practices of its suppliers and to engage them in an initiative for progress (see chapter 2.1).

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

In France, Renault has agreed to fully apply the Code of Good Practices and Competitive Performance governing customer-supplier relations in the automotive industry, signed on February 9, 2009 by suppliers (CLIFA), manufacturers (CCFA) and the French government. This code includes a number of general principles on the conduct of inter-company relations, which can be applied across the automotive industry.

The code is applied in a number of ways:

- advanced payment for molds and tools and of certain development costs under specific conditions;
- compensation for expenses incurred by suppliers that are impacted by the freezing of certain vehicle projects;
- participation in the creation of a support platform to implement lean manufacturing practices in suppliers' plants: 10 dedicated Renault experts and a financial contribution of €500,000;
- and finally, a commitment to refrain from demanding a minimum proportion of production in low-cost countries from its suppliers.

On a global level, the Global Supply Chain department (DSCM) directly manages or coordinates all strategic and operational aspects of the supply chain, from the parts suppliers' plant 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.

- The Renault-Nissan Alliance, the French Alternative Energies and Atomic Energy Commission (CEA) and France's FSI strategic investment fund signed a letter of intent in 2009 on the creation of a joint venture to develop and produce batteries for electric vehicles in France. Renault, Nissan and the CEA would invest in the project and contribute their technical expertise and infrastructures. According to the initial project, the joint venture would focus on advanced research on electric vehicle batteries together with their industrial production and recycling. Battery production was planned to start up in mid-2012 at the Flins site, 30 km from Paris, with an output capacity of 100,000 batteries a year. The batteries produced by the joint venture could be sold to any carmaker. The Renault-Nissan Alliance would use its European plants in France, the UK and Portugal to equip its electric vehicles produced in Europe. Renault intends to use the batteries produced at Flins for its own range of electric vehicles, and in particular the future model ZOE, which will also be built at Flins. Also according to the initial project, the joint venture would develop technologies for recycling batteries on site, in respect of sustainable development principles.

  The initial project structure was changed in 2010 to bring it closer into line with other Alliance battery production projects. The definitive structure of project financing and capital are currently being finalized. Renault has confirmed its intention to set up a battery production network in France via a new plan based on the separation of R&D and production, notably with the agreement of the CEA to work on a second generation of batteries. This decision will have no impact on the launch date of ZOE at Flins or on long-term battery output capacity.

Light commercial vehicles

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.

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 3 models were launched in 2010.

The offer in the large vans segment was renewed in 2010, with the launch of the new range of Renault Master and Opel/Vauxhall (GM) Movano, which are manufactured by Renault at its Batilly plant in France.

Movano is sold to GM as part of a supply agreement signed at the end of 2007.

Trafic and the new Master are distributed by the Renault Trucks network under the terms of the commercial agreements signed in 2009. These agreements are the continuation of the agreements for the distribution of Mascott and the previous generation of Master by Renault Trucks (AB Volvo group).

To accelerate the pace of international expansion

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

In Russia, alongside the partnership with AvtoVAZ, Renault and Moscow City Hall continued their partnership by doubling the production capacity of the Moscow plant to more than 160,000 vehicles per year. The new production facilities were inaugurated in March 2010 with the launch of Sandero, which has enabled Renault reach the Top 3 of the best-selling foreign brands in Russia, with over 5% market share.

In India:

- in Chennai, the Alliance built its first joint production site as part of a joint venture (JV RNAIPL). Production of Nissan Micra started in 2010 and Renault will start production of several new models in its range for the Indian market in 2011;
- in the same region, the joint venture set up by Renault and Nissan, RNTBCI, started providing services in information systems engineering and accounting services in 2008;
- the Renault-Nissan Alliance signed a memorandum of understanding with Bajaj – India's second biggest motorbike producer and leader in the 3-wheeled vehicle segment – to develop, produce and sell an innovative ultra-low cost vehicle (ULC) from 2012. Bajaj will manage the design, engineering, production and purchasing functions, with the support of the Alliance. Marketing and distribution will be managed by the Alliance, with the support of Bajaj;
- Renault changed the structure of its industrial and commercial partnership with Mahindra & Mahindra in August 2010 by selling its share in the MRPL joint venture to its partner. Renault also granted a license to Mahindra & Mahindra to produce and sell the current version of Logan in India, as well as a new design upgrade to meet customer expectations.

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. Installed capacity is 240,000 vehicles a year, split equally between the two manufacturers. The Renault Pars joint-venture founded in May 2004, 51% owned by Renault and 49% by AIDCo (SAIPA 74% and Iran Khodro 26%), is managing the industrial project. The specific roles assigned to Renault Pars mainly concern purchasing, engineering, processes, quality procedures and sales coordination. The partners covered the investments and expenses incurred before launching the first vehicle through a capital increase. More than 148,000 Tondar (local name of Logan) vehicles have been built since production started in March 2007, of which 45,000 in 2010. At the same time, with the ramp-up in production since 2008, almost 11,000 Mégane vehicles have been 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 2009. The pick-up is assembled by Nissan and sold under its own brand name. Sandero, which is also assembled by Nissan, is marketed by the subsidiary Renault South Africa, which has sold almost 9,000 units since production of this vehicle started. Nissan purchases CKD parts from Renault and covers all specific investments.

In Morocco, after the agreement signed in 2008 to build an industrial complex in the region of Tangiers with a production capacity of 200,000 vehicles per year to start with, using the TangerMed port platform, the first foundations were laid in 2009. This industrial complex will use the advanced logistics infrastructure developed by the Kingdom of Morocco in the northern part of the country.

In 2010 the construction phase of the project was on schedule. Construction of the buildings is progressing, most of the equipment has been ordered and the staff recruitment campaigns are underway.

Production is due to start on schedule in 2012.

In Romania, Renault inaugurated a new test center near the Dacia site. The site will mainly be used for future international development projects.

In the environment

Renault Environnement, a fully owned subsidiary of Renault s.a.s., was founded in mid-2008. Its role is to develop new business in the sectors of sustainable development and the environment, in line with Renault's eco^2 policy.

The same year, Renault Environnement set up a joint venture (Renault Industrie Holding – RIH) with SITA Recyclage, a subsidiary of Suez Environnement. By taking control of Indra, a manager and distributor of ELV vehicles with a network of 350 dismantlers in France, this JV aims to give impetus to the recycling of ELV vehicles and the marketing of re-used materials and parts.

Through its fully owned subsidiary GAIA, Renault Environnement aims to recover production scrap and cancelled parts at Group sites.

In December 2009 Renault Environnement took a stake in the Belgian company Key Driving Competences to develop eco-driving activities across Europe. The aim is to introduce innovative eco-driving training products, change the behavior of car and truck drivers, and provide sustainable mobility services for everyone.

1.1.4 MANAGEMENT BODIES AT MARCH 1, 2011 ✦

STRENGTHENING MANAGEMENT'S OPERATIONAL CAPABILITIES

Carlos Ghosn, Chairman of Renault, appointed Patrick Pélata as Chief Operating Officer, effective October 13, 2008. The move was motivated by the Chairman's long-standing determination to overhaul Renault's management. It will strengthen the 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. Most of the members of the Renault Executive Committee will report to him, as will Regional leaders. It should be noted that Renault formed a Eurasia Region, effective March 1, 2009, to reflect the strategic importance of this zone for the Group.

Carlos Ghosn will continue to have direct responsibility for strategic decision-making, and for monitoring legal issues, finance and public affairs.

Two Committees form Renault's senior management bodies:

- the Group Executive Committee;
- the Renault Management Committee.

1.1.4.1 GROUP EXECUTIVE COMMITTEE

The Group Executive Committee comprises nine members:

- Chairman and CEO;
- Chief Operating Officer;
- Renault group Corporate Secretary General;
- Executive Vice President, Sales and Marketing, and Light Commercial Vehicles ;
- Executive Vice President, Plan, Product Planning and Programs;
- Senior Vice President, Manufacturing and Logistics;
- Senior Vice President, Group Chief Financial Officer;
- Executive Vice President, Engineering and Quality;
- RMC Leader, Asia-Africa.

The Renault Executive Committee meets once a month and at seminars held twice a year.

1.1.4.2 RENAULT MANAGEMENT COMMITTEE

The Renault Management Committee comprises 26 members and includes the members of the Group Executive Committee.

The Chief Operating Officer, the Corporate Secretary General, the Group Chief Financial Officer, the Senior Vice President, Legal department and the President of Renault F1 Team report directly to the President and CEO.

The other members of the Renault Management Committee, including the Group Executive Committee members, report to the Chief Operating Officer.

The Renault Management Committee meets once a month and at seminars held twice a year.

1.1.4.3 GROUP EXECUTIVE COMMITTEE AND RENAULT MANAGEMENT COMMITTEE AT MARCH 1, 2011

ALPHABETIC LIST AT MARCH 1, 2011

Carlos Ghosn*	Chairman and C.E.O.
Bruno Ancelin	Senior Vice President, Alliance Industrial Sourcing, GM Renault Russia, • RMC Leader Eurasia
Denis Barbier	• RMC Leader, Americas
Bernard Cambier	Senior Vice President, Market Area France
Jacques Chauvet	• RMC Leader, Euromed
Marie-Françoise Damesin	Senior Vice President, Group Human Resources
Christian Deleplace	Expert Fellow
Odile Desforges*	Executive Vice President, Engineering and Quality
Laurence Dors*	Corporate Secretary General for the Renault Group
Michel Faivre-Duboz	General Manager of Renault in Morocco
Christian Husson	Senior Vice President, Legal Department, Compliance Officer
Philippe Klein*	Executive Vice President, Plan, Product Planning and Programs
J. Christophe Kugler	Senior Vice President, LCV division
Nadine Leclair	Senior Vice President, Vehicle Engineering
Gérard Leclercq*	Senior Vice President, Manufacturing and Supply Chain
Christian Mardrus	Managing Director, Alliance Global Logistics
Katsumi Nakamura*	• RMC Leader, Asia-Africa
Stephen Norman	Chief, Global Marketing and Communications Officer
Patrick Pélata*	Chief Operating Officer
Jacques Prost	Senior Vice President, Powertrain Engineering
Bernard Rey	President of Renault F1 Team
Jérôme Stoll*	Executive Vice President, Sales and Marketing and LCV division, • RMC Leader, Europe
Dominique Thormann*	Group Chief Financial Officer, Chairman and CEO RCI Banque
J. Pierre Vallaude	Senior Vice President, Quality
Laurens Van Den Acker	Senior Vice President, Corporate Design
Christian Vandenhende	Senior Vice President, Purchasing Renault, Alliance Global Purchasing, and GM RNPO

* *Members of the Group executive committee (CEG).*

• *RMC: Region Management Committee*

ORGANIZATION CHART AT MARCH 1, 2011

- ■ **Carlos Ghosn:** Chairman and C.E.O.
  - ■ **Patrick Pélata:** Chief Operating Officer
    - **Denis Barbier** ♦ RMC Leader, Americas
    - **Jacques Chauvet** ♦ RMC Leader, Euromed
    - **Marie-Françoise Damesin**: Senior Vice President, Group Human Resources
    - ■ **Odile Desforges:** Executive Vice President, Engineering and Quality
      - **Christian Deleplace:** Expert Fellow
      - **Nadine Leclair**: Senior Vice President, Vehicle Engineering
      - **Jacques Prost**: Senior Vice President, Powertrain Engineering
      - **Jean-Pierre Vallaude:** Senior Vice President, Quality
    - **Michel Faivre-Duboz:** General Manager of Renault in Morocco
    - ■ **Philippe Klein:** Executive Vice President, Plan, Product Planning and Programs
    - ■ **Gérard Leclercq:** Senior Vice President, Manufacturing and Group Supply Chain
    - ■ **Katsumi Nakamura** ♦ RMC Leader, Asia-Africa
    - **Stephen Norman:** Chief Marketing and Communications Officer
    - ■ **Jérôme Stoll:** Executive Vice President, Sales and Marketing and LCV division, ♦ RMC Leader Europe
      - **Bernard Cambier**: Senior Vice President, Market Area France
      - **Jean-Christophe Kugler**: Senior Vice President, LCV division
    - **Laurens Van Den Acker**: Senior Vice President, Corporate Design
    - **Christian Vandenhende**: Senior Vice President, Purchasing Renault, Alliance 'global purchasing', GM RNPO
  - ■ **Laurence Dors:** Corporate Secretary General for the Renault Group
  - **Christian Husson**: Senior Vice President, Legal Department, Compliance Officer
  - **Bernard Rey:** President of Renault F1 Team
  - ■ **Dominique Thormann:** Group Chief Financial Officer, Chairman and CEO, RCI Banque
  - ***Directoire de l'Alliance***
    - **Bruno Ancelin:** Alliance Managing Director for Global Sourcing, General Manager in Russia, ♦ RMC Leader Eurasia
    - **Christian Mardrus**: Managing Director Alliance Global Logistics

■ **Members of the Group Executive Committee (GEC).**

♦ **RMC: Region Management Committee.**

1.1.5 MAIN SUBSIDIARIES AND ORGANIZATION CHART

1.1.5.1 MAIN SUBSIDIARIES

RENAULT S.A.S.

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

Wholly owned subsidiary of Renault

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).

2010 revenues: 31,068 million (local data to Group standards, external format).

Workforce at December 31, 2010: 36,190.

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.

2010 revenues: €5,019 million (local data to Group standards, external format).

Workforce at December 31, 2010: 8,507.

RENAULT DEUTSCHLAND

Renault-Nissan strasse 6-10

50321 Bruhl (Germany)

60% owned by Renault s.a.s.

Business: Renault Nissan commercial organization in Germany.

2010 revenues: €2,183 million (local data to Group standards, external format).

Workforce at December 31, 2010: 476.

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.

2010 revenues: TRL 6,398 million (local data to Group standards, external format).

Workforce at December 31, 2010: 5,810.

DACIA

Calea Floreasca
Nr. 133-137 – Sector 1

Bucaresti (Romania)

99.43% owned by Renault.

Business: manufacture and marketing of motor vehicles.

Plant in Pitesti.

2010 revenues: ROL 11,364 million (local data to Group standards, external format).

Workforce at December 31, 2010: 13,901.

RENAULT ITALIA

Via Tiburtina 1159
Rome (Italy)

Wholly owned by Renault s.a.s.

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

2010 revenues: €1,671 million (local data to Group standards, external format).

Workforce at December 31, 2010: 305.

REVOZ

Belokranska Cesta 4
8000 Novo Mesto (Slovenia)

Wholly owned by Renault s.a.s.

Business: manufacture of vehicles.

Plant in Novo Mesto.

2010 revenues: €1,321 million (local data to Group standards, external format).

Workforce at December 31, 2010: 2,461.

RENAULT FINANCE

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

Wholly 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 (consolidated) at December 31, 2010: €9,312 million.

Workforce at December 31, 2010: 29.

RCI BANQUE

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

Wholly 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.

Net financings in 2010: €10.1 billion.

Total assets (consolidated) at December 31, 2010: €24,110 million.

Workforce at December 31, 2010: 2,799.

RENAULT SAMSUNG MOTORS

17th FL, HSBC Building
25, Bongrae-Dong 1-Ga, Jung-Gu

Seoul, Korea 100-161 (South Korea)

80.10% owned by Renault Group b.v.

Business: manufacture and marketing of motor vehicles.

Plant in Busan.

2010 revenues: KRW 5,141 billion (local data to Group standards, external format).

Workforce at December 31, 2010: 5,606.

RENAULT UK

The Rivers Office Park
Denham Way Maple Cross

WD3 9YS Rickmansworth, Hertfordshire (UK)

Wholly owned by Renault group.

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

2010 revenues: GBP 1,182 million (local data to Group standards, external format).

Workforce at December 31, 2010: 276.

RENAULT RETAIL GROUP (France)

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

Wholly owned by Renault s.a.s.

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

65 branches in France.

2010 revenues: €4,498 million (local data to Group standards, external format).

Workforce at December 31, 2010: 7,879.

AVTOFRAMOS

35, avenue Vorontsovskaia
109 147 Moscow (Russia)

94.10% owned by Renault group.

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

2010 revenues: RUB 35,994 million (local data to Group standards, external format).

Workforce at December 31, 2010: 3,664.

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

2010 revenues: BRL 5,726 million (local data to Group standards, external format).

Workforce at December 31, 2010: 5,011.

RENAULT ARGENTINA

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

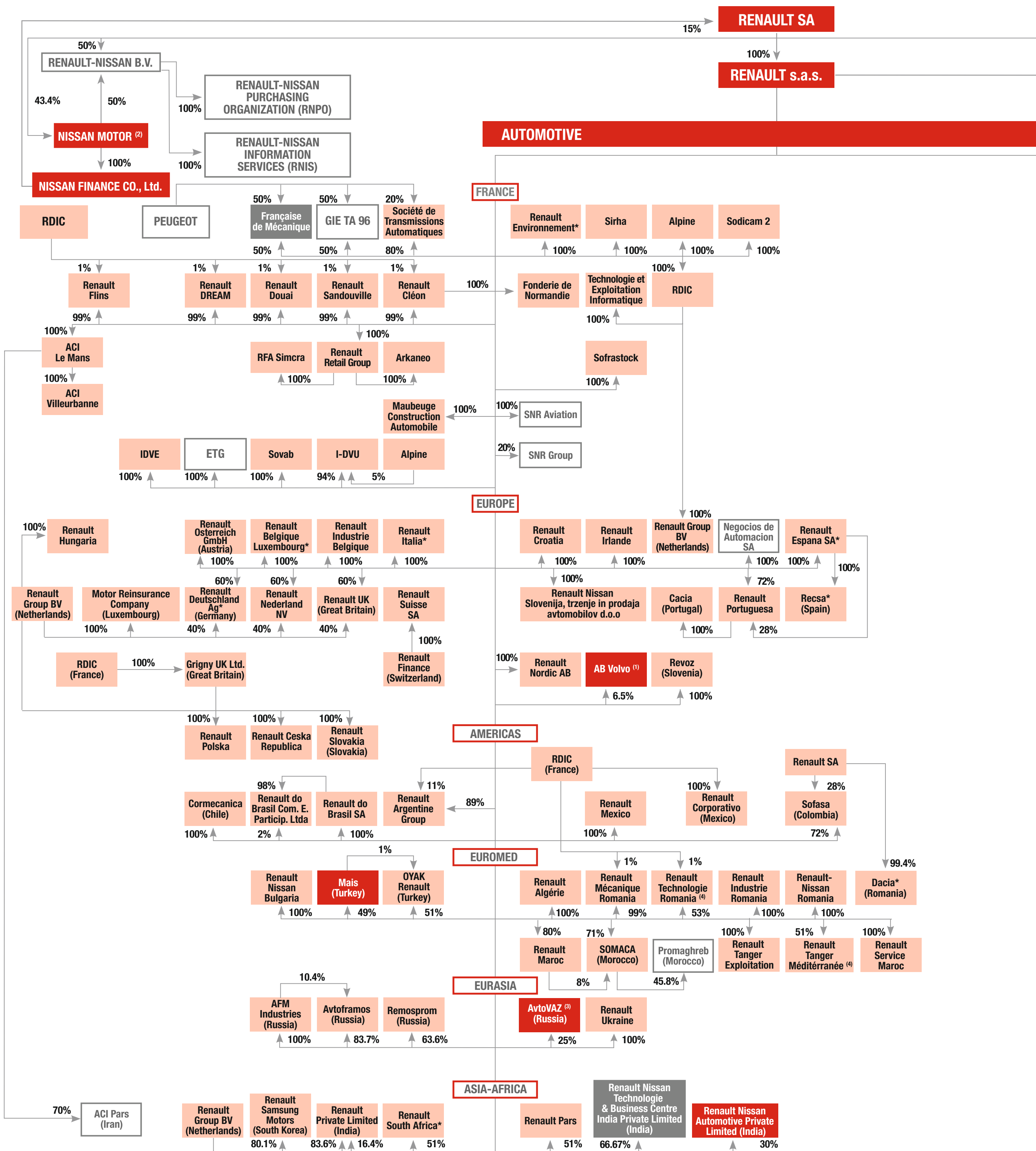
Wholly owned by Renault group.

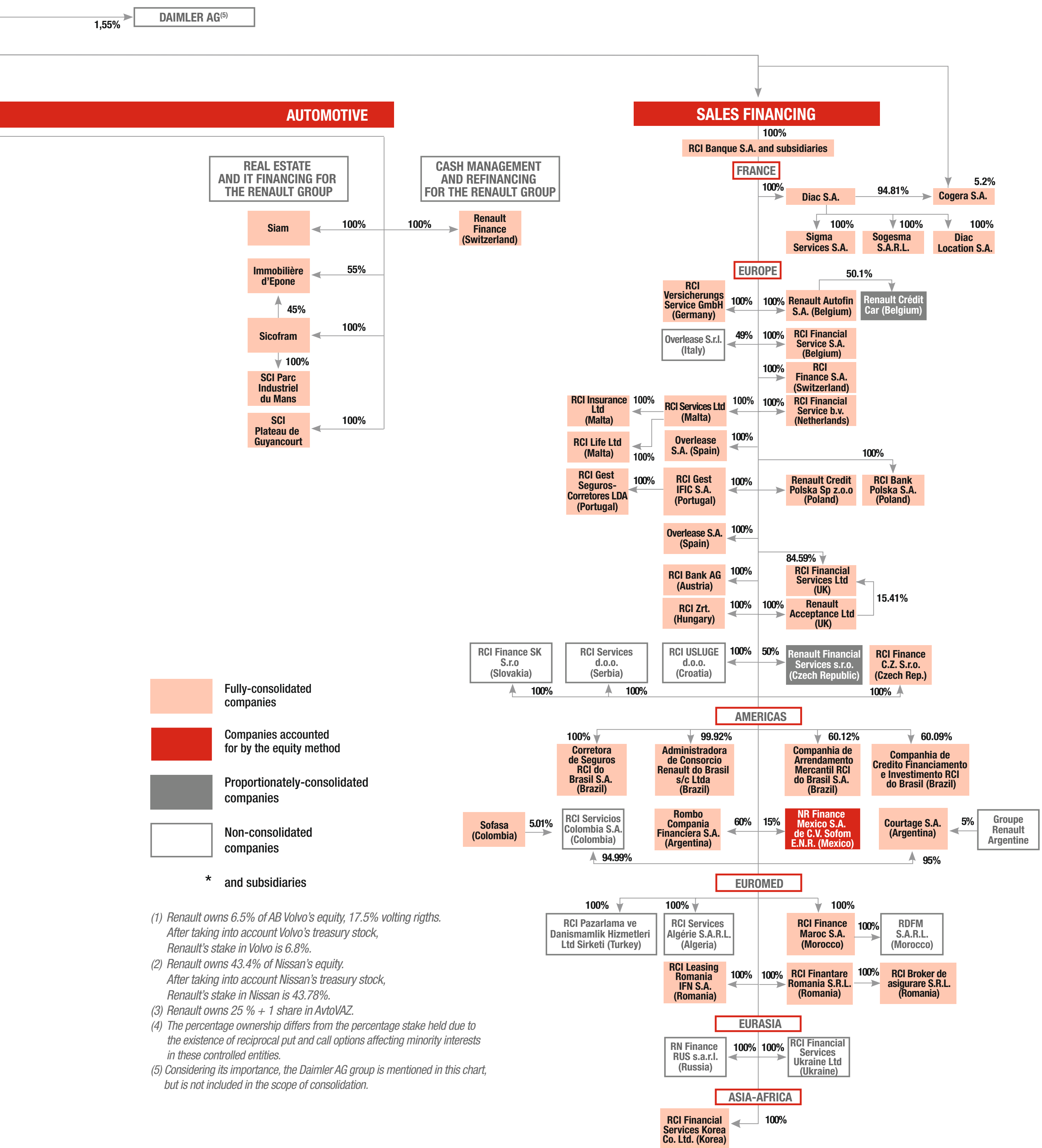
Business: manufacture and marketing of Renault vehicles.

2010 revenues: ARS 5,895 million (local data to Group standards, external format).

Workforce at December 31, 2010: 2,766.

1.1.5.2 DETAILED ORGANIZATION CHART OF THE GROUP





Fully-consolidated companies

Companies accounted for by the equity method

Proportionately-consolidated companies

Non-consolidated companies

* and subsidiaries

(1) Renault owns 6.5% of AB Volvo's equity, 17.5% volting rigths. After taking into account Volvo's treasury stock, Renault's stake in Volvo is 6.8%.

(2) Renault owns 43.4% of Nissan's equity. After taking into account Nissan's treasury stock, Renault's stake in Nissan is 43.78%.

(3) Renault owns 25 % + 1 share in AvtoVAZ.

(4) The percentage ownership differs from the percentage stake held due to the existence of reciprocal put and call options affecting minority interests in these controlled entities.

(5) Considering its importance, the Daimler AG group is mentioned in this chart, but is not included in the scope of consolidation.

1.2 RENAULT 2016 – *DRIVE THE CHANGE*

- Renault 2016 – Drive the Change is founded on Renault's ambition to make sustainable mobility accessible to all, expressed in the brand tagline, "Drive the Change".
- This strategic plan covers a six-year period with a mid-term review at the end of 2013. This will allow us to build a long-term strategic outlook to ensure continuity in operations and to establish precise, quantified priorities for the three years to come.
- Renault 2016 – Drive the Change has been built to meet two objectives:
  - ensure the Group's growth,
  - generate free cash flow on a lasting basis,

  with the following aims for the 2011-2013 period:
  - sales of over 3 million vehicles in 2013,
  - at least €2 billion in aggregate free cash flow.
- The Renault group will work on seven key levers to meet these objectives:
  - pursue the innovation policy,
  - strengthen the product offer,
  - reinforce the image of the Renault brand,
  - ensure the excellence of the distribution network in customer relations,
  - control investment and R&D expenditure,
  - reduce costs,
  - maintain positions in Europe and pursue growth internationally.

Commenting, Carlos Ghosn, Chairman and Chief Executive Officer of Renault, said: "The success of Renault 2016 - Drive the Change relies on the mobilization and engagement of the men and women of Renault throughout the world. They are the key to the company's future. It is their commitment that will contribute to building day after day the Renault of tomorrow. A more competitive Renault meeting stakeholders' expectations. A strong Renault with a powerful brand image and a benchmark level of quality and services that will make all our employees proud. A Renault established in its French roots and at ease all over the world, making mobility affordable for all everywhere. A sustainable Renault in line with the energy and environmental challenges of the 21st century."

Renault weathered the crisis by being less reliant on the European market and the Mégane family. The Group's performance today also relies on light commercial vehicles (a segment in which the Renault brand has been the European leader for 13 years) and the range based on the M0 platform, with the successes of Duster and Sandero in particular. The Group has returned to the path of quality excellence with warranty costs falling 57% between 2006 and 2010.

With these strengths, Renault is aiming for sustained growth, namely sales of over 3 million vehicles and aggregate automotive operational free cash flow of at least €2 billion in 2013. The Group's operating margin objective is to exceed 5% of revenues in 2013.

A new policy of dividend payments will be proposed to Renault's Board of Directors, which will submit each year a resolution to the Annual Shareholders' Meeting. The policy will consist of two components:

- dividends received from associated companies will be paid systematically the following year to Renault shareholders;
- an additional dividend on the basis of automotive operational free cash flow may be added to that sum based on the economic environment and Renault's financial situation.

SEVEN LEVERS FOR MEETING THE OBJECTIVES OF THE PLAN

1. INNOVATION TO REDUCE THE ENVIRONMENTAL IMPACT OF VEHICLES

Renault is innovating with electric vehicles

With its partner Nissan it aims to become the leader in zero-emission mobility, namely the first automaker to sell a complete range of electric passenger cars and light commercial vehicles at an affordable price for the greatest number. This year will be a decisive chapter in Renault history with the launch of three electric models, Fluence ZE, Kangoo ZE and Twizy, followed by ZOE in 2012.

Renault is innovating with a new generation of combustion engines, "Energy"

The all-new 1.6 engine – "Energy dCi 130" – will be the most powerful engine on the market with this capacity and offer the best emissions/power ratio in its class. Fitted on Scénic and Grand Scénic from May 2011, it will reduce CO_2 emissions by 20% compared with the previous generation.

Renault's new Energy TCe gasoline engines will cut CO_2 emissions for vehicles in the A, B and C segments by around 30% (or 40 g/km of CO_2 and one liter less fuel per 100km).

These innovations will help reduce CO_2 emissions significantly. From 137 g/km today, Renault's range in Europe will emit on average less than 120 g by 2013 and less than 100 g by 2016 with the electric vehicle.

2. A ROBUST PRODUCT PLAN

Mass marketing a complete EV range

With four electric vehicles by 2012 and further new models to follow from 2014 to 2016, Renault's ZE range allied with Nissan's should enable the Alliance to put a cumulative 1.5 million EVs on the road worldwide by 2016. From 2015 the Alliance will have a production capacity of 500,000 vehicles a year.

A broader and entirely renewed combustion-powered range between 2011 and 2016

Renault group brands will have 44 models in 2013 and 48 in 2016, compared with 40 in 2010 and 30 in 2005.

- In Europe, alongside the EV range, leading new models will be launched, such as Twingo phase 2 in 2011, new Clio in 2012 and, under the Dacia brand, a new family car and a small light commercial vehicle in 2012;
- Looking beyond Europe, we shall see a product range that is fully adapted to the needs of international markets. This is particularly true in the high-end range with Fluence, Latitude and SM7. Duster will also play a key role in sales growth outside Europe.

3. A STRONGER RENAULT BRAND

Renault aims to strengthen its image by relying on its distinctive advantages in the fields of innovation for all, quality and design.

Innovation for all

Renault history has been marked by innovations that are accessible to the greatest number, most recently with built-in navigation for less than €500 with Carminat TomTom. Electric vehicles are a perfect illustration of innovation for all, with a price tag and running costs equal to those of an equivalent diesel car.

Quality, a force to be recognized

Strengthening the brand is also based on Renault's return to quality. All of today's multi-brand surveys place Renault products among the best on quality, sometimes ahead of specialist carmakers. Renault is also in the Top three on reliability. The Group's objective is to make this better known and to rank among full-line manufacturers in terms of quality image by the end of 2013.

New Renault design

The DeZir concept car unveiled at the Paris Motor Show initiates Renault's new design direction. The story continues with a series of concept cars, including the CAPTUR revealed on February 10, 2011. The new phase of Twingo and New Clio will be the first range illustrations, all of them featuring the brand's new styling focuses and cues, with an emphasis on warmth and sensuality.

4. NETWORK EXCELLENCE IN CUSTOMER RELATIONS

Renault is recognized in numerous countries (such as France and Spain) for its service quality. This quality now has to be extended worldwide and to all services, in sales, after-sales and sales financing. Starting this year Renault will also be launching network-wide the "Customer Promise", which formalizes eight commitments including information on order status right through to delivery and guaranteed test drives of any range vehicle.

5. OPTIMIZING INVESTMENT AND R&D EXPENDITURE

The Plan aims to maintain investment and R&D spend below 9% of revenues while increasing the Group's geographical coverage and pursuing its innovation policy.

Shared platforms for more volume per platform and enhanced performance

- A new C/D platform will be shared with Nissan for mid- and upper-range models, leading to the production of 1.5 million vehicles a year.
- Renault and Daimler are to share the A platform to build future Twingo and Smart models.
- Renault's light commercial vehicle platforms will benefit from agreements with Nissan and Daimler.

80% of the models launched between 2014 and 2016 will be based on a platform shared with a partner.

Parts standardized through modules

Renault is launching a new standardization approach based on the use of modules, consisting in designing parts from the start to be fitted on several different vehicles. The new policy will be applied first on the new M0 (Entry), B and C/D platforms.

6. REDUCED COSTS TO PRODUCE MORE COMPETITIVE VEHICLES

Using monozukuri to reduce the direct cost of our vehicles by 4% a year

Renault launched the monozukuri approach in 2010 at four pilot sites and has now extended it to all Group plants. Introduced at Renault thanks to Nissan, monozukuri consists in working on the entire value creation chain, from design through to delivery to end customers, rather than function by function (purchasing, manufacturing, logistics, delivery). The method will lead to a 12% cut in direct costs between now and 2013.

Making better use of our production sites

Renault is adjusting capacity in Europe and increasing production internationally. Renault's industrial sites will benefit from the Alliance and the strategic cooperation agreement with Daimler. These factors will by end-2013 bring about a 20-point increase in production capacity use at plants and improve the capacity use rate to over 100% worldwide.

7. STAYING STRONG IN EUROPE AND GROWING INTERNATIONALLY

Renault, No 2 brand in Europe

In a market with weak growth where household car budgets shrank by one quarter between 2000 and 2010, Renault intends to continue benefitting from the market shift to small cars and affordable technologies, and so maintain its positions in Europe.

Three international priorities: Brazil, India and Russia

By 2013 Brazil is expected to become Renault's second-largest market, Russia its fourth – up five places and number one including Lada sales – and India its eleventh, up 20 places.

- Brazil: market share to remain above 5% on a lasting basis and three new models in 2011: Sandero phase 2, Fluence and Duster.
- Russia: market share set to reach 6% in 2013 (excluding Lada) with a broader range: Duster launched in 2012, plus a new M0 platform model in 2013 produced at Togliatti.
- India: launch of two new models, Koleos and Fluence, in 2011; an SUV in 2012; six new models localized in India in 2013.

OUTLOOK 2011

The global automotive market (PC+LCV) should grow by 6% compared to 2010. Trends by Region will continue to be contrasted. Markets outside Europe will remain dynamic while the European market should pursue consolidation (0% to -2%), notably with a decline in the French market of around -8%.

In this context, with the appeal of its internal-combustion vehicle range and the launch of a range of electric vehicles, unit sales and revenues in 2011 should be above 2010. The Group targets an automotive operational free cash flow above €500 million with a ratio of Capex + R&D at 9% of revenues.

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).

The main stages in the Alliance construction are described in chapter 1.3.2.1.

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

1.3.1 OBJECTIVES OF THE ALLIANCE

1.3.1.1 VISION – DESTINATION OF THE RENAULT-NISSAN ALLIANCE

ELEVEN YEARS OF COOPERATION AND SYNERGY

Signed on March 27, 1999, the Renault-Nissan Alliance has built a unique business model that has created significant value for both companies. Objectively the most enduring, stable and successful of all the global auto industry partnerships, the Alliance entered its second decade with the same founding principles of trust and the pursuit of strategies aimed at mutual success.

Comprising five brands – Renault, Dacia, Renault Samsung, Nissan and Infiniti – the Alliance sold a combined total, including the sales of the AvtoVAZ Lada, of 7,276,398 units in 2010, giving a global market share of 10.2% for the Alliance and making it the 3rd largest automotive group in the world.

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. It seeks to maximize efficiency by combining the strengths of both companies and developing synergies through common organizations such as the Renault Nissan Purchasing Organization (RNPO), joint working groups and shared platforms, components and industrial facilities.

OBJECTIVES

The Alliance pursues a strategy of profitable growth with three objectives:

- to be recognized by customers as being among the best three automotive groups in terms of 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 margin and steady growth.

STRATEGIC MANAGEMENT

Nissan and Renault, headquartered in Yokohama and Boulogne-Billancourt respectively, have separate management structures. The responsibility for managing their activities lies with their respective Executive Committees, which are answerable to the Board of Directors and their own shareholders.

In March 2002, the Alliance set up a strategic management company, incorporated under Dutch law and jointly and equally owned by Nissan and Renault. The aim was to establish a common strategy and manage all synergies. Renault-Nissan b.v. (RNBV) hosts the Alliance Board, chaired by Carlos Ghosn.

1.3.1.2 RENAULT'S MAJOR BENEFITS FROM THE ALLIANCE

IN RESEARCH AND ADVANCED ENGINEERING

Announcements around the world for zero emission mobility

- The Renault-Nissan Alliance is investing €4 billion in projects related to zero-emission mobility, the only manufacturer to be investing massively on this scale in zero emission vehicles. From the US to Israel and Japan, the Alliance had signed more partnerships than any other car manufacturer.
- 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 (AESC) joint-venture with NEC.
- The Renault-Nissan Alliance collaborates with Portugal where 1,300 charging points across 25 cities will be installed by summer 2011. In December 2010 the Portuguese electric mobilty consortium MOBI.E took deliveries of its first electric vehicles supplied by the Alliance, the Nissan Leaf.
- The Alliance will manufacture eight different electric vehicles in plants located in France, Japan, USA, Spain and Turkey. The first of these vehicles – Nissan LEAF – went on sale in late 2010 in Japan and the USA. Nissan LEAF was awarded European car of the year 2011.
- Through AESC, the Alliance manufactures advanced lithium-ion batteries for its electric vehicles in Japan and soon in facilities located in USA, UK, France and Portugal. These batteries will be available for sale to other manufacturers.

Fuel cell vehicles

The Alliance is developing its research on 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 three years, with examples leased to government authorities in Japan;
- Renault's prototype Scénic ZEV H2, based on a Renault Grand Scénic, is a joint Alliance development. It is fitted with 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 are used at environmental road shows and in real-world testing conditions with fleets and private users.

IN POWERTRAINS

Alliance V6 diesel engine (V6 dCi)

The Renault-Nissan Alliance unveiled its V6 dCi diesel engine (V9X type) on Laguna coupé at the Paris Motor Show in 2008. 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, Laguna Sedan and Laguna Estate. The Infiniti luxury brand is using the engine as part of its expanding powertrain offering in Europe. Infinti was able to introduce diesel-powered cars only two years after the launch of the brand in Europe.

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 was the first diesel engine to meet Japan's stringent "Post New Long-term Regulations". 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

The gasoline TCe 130 was added to the Renault Mégane line-up in the spring of 2009. Co-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 1,397cc 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 to the environment. Depending on the 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-liter 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

The Alliance continues to seek opportunities to utilize its global manufacturing facilities to benefit both partners. From the first project in Brazil through to new plants in Morocco and India, the Alliance continues to invest in manufacturing capacity that can benefit the growth of both companies.

Find out more at www.renault.com

In 2009, a new RNBV Alliance Industrial Sourcing operation was created. This was established specifically to identify the best Alliance plants for producing its vehicles in order to reduce the Total delivery Cost (TdC), to share the existing assets (plants and platforms) in order to minimize the entry ticket, and to allow new business opportunities to one of the partners through cross-manufacturing by the other partner in a new market.

In South Africa, the Alliance partners use Nissan's manufacturing plant at Rosslyn. The project encompasses the adaptation of two cars, the Nissan NP200 half-ton Pickup and the Renault Sandero to the South African market. The Sandero is the first Renault product built in South Africa.

In Brazil, Nissan manufactures the passenger cars, Livina and Grand Livina, at the Renault plant 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 New Frontier.

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

IN SALES & MARKETING

Common media buying in Europe

2009 marked the first year that Renault and Nissan used a single media purchasing agency. Driven through the Renault-Nissan Purchasing Organization, Omnicom-OMD was selected to manage media purchasing across all media in Europe. This accounted for 24 countries for Nissan and 30 countries in greater Europe for Renault. The combined budget is approximately €800 million per year.

IN DIVERSITY

The Alliance partnered with the Women's Forum in France for the fifth year running (originally started as supported by only Renault). Carlos Ghosn, Alliance Chairman and CEO personally attended the event and took part in debates, meetings and interviews covering a wide range of diversity related issues. The Alliance was also a co-sponsor of the "Women for Education" prize which recognizes extraordinary achievements by women around the world.

As a multi-national and cross-cultural organization, the Alliance is often cited as an example of the power of diversity within a corporate environment. Although there is still more progress to be made across the Alliance, progress in diversity continues to be made:

- the French Renault Retail Group (RRG) network has decided as of this year to recruit women and men sales representatives on an equal ratio. This will imply a strong shift towards recruitment campaigns to target women more directly – based on female testimonials advertised on web sites targeting women.
- Nissan's ratio of female managers is 5%. In Japan, the average female manager ratio in manufacturing industry is 1.9% and in the automotive industry specifically, it is just 0.6%. Nissan is the first Japanese carmaker to have promoted two female technicians to "Leader" status in its manufacturing plants. The non-Japanese citizen ratio in Nissan Executive Committee is 50% - significantly higher than the majority of Japanese corporations.

1.3.1.3 THE ECONOMIC AND FINANCIAL CRISIS IMPLICATIONS

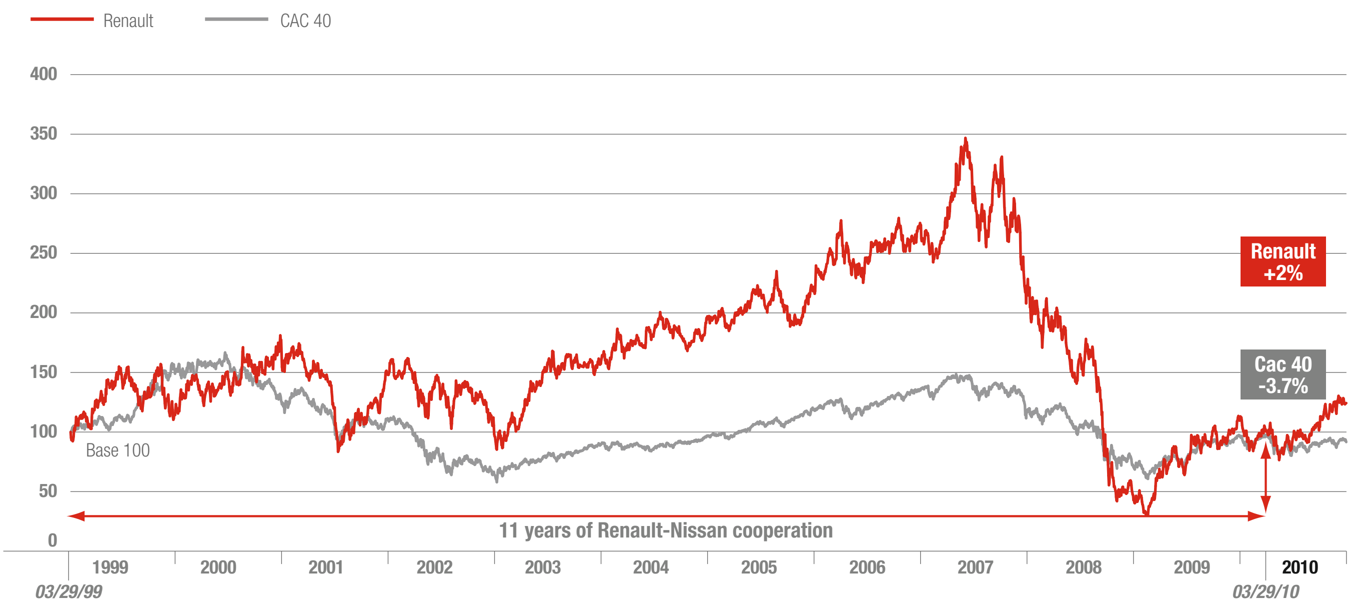
SHARE VALUES

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 in 2008 along with the rest of the worldwide automotive sector.

At March 29, 2010, Renault's share price has risen 2% compared to March 29, 1999 (vs a negative 3.7% for the CAC 40 over the same period) and Nissan's share price has risen 67% (Nikkei a negative 31%).

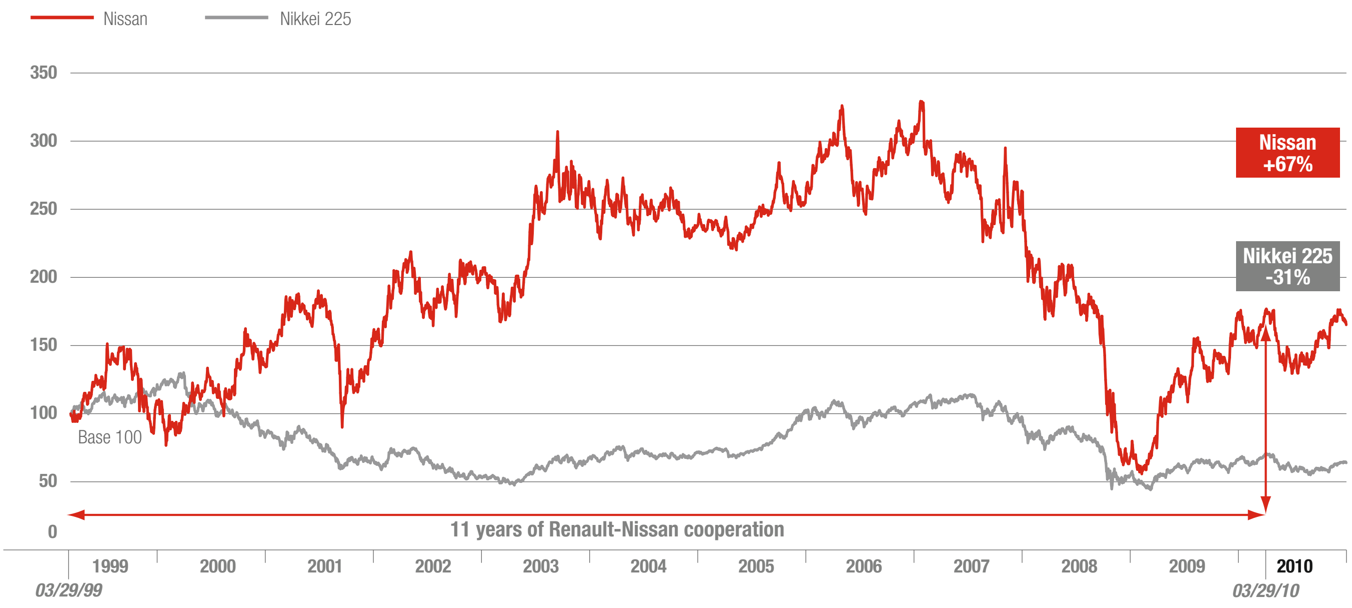
At December 31, 2010, Renault's share price has risen 24% compared to March 29, 1999 (vs a negative 8.4% for the CAC 40 over the same period) and Nissan's share price has risen 65% (Nikkei a negative 36%). The resulting market capitalization for Renault was €12.9 million and €32.1 million for Nissan (€ = ¥108.65).

RENAULT SHARE PRICE FROM MARCH 29, 1999 TO END DECEMBER 2010



Source : Reuters.

NISSAN SHARE PRICE FROM MARCH 29, 1999 TO END DECEMBER 2010



Source : Reuters.

AUTOMAKERS MARKET CAPITALIZATION – MARCH 1999 VS DECEMBER 2010

(€ million)	MARCH 29-99	RANKING	*(€ million)*	DEC 31-10
Toyota	96,736	1	Toyota	102,041
Daimler	81,541	2	Daimler	53,834
Ford	59,848	3	Honda	53,525
GM	52,518	4	Volkswagen	51,793
Honda	39,961	5	Ford	42,575
VW	22,159	6	BMW	37 483
BMW	16,277	7	**Nissan**	**32,117**
Fiat	13,522	8	Volvo AB	27,703
Volvo AB	10,439	9	Hyundai Motor	27,644
Nissan	**9,049**	10	Fiat	16,853
Renault	**8,393**	11	**Renault**	**12,864**
Peugeot	6,615	12	Porsche	7,655

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.

Since the signing of the Strategic Cooperation with Daimler, Renault has a 43.4% stake while Nissan's stake in Renault remains unchanged at 15%.

1.3.2.2 GOVERNANCE AND OPERATIONAL STRUCTURE ✦

CREATION OF RENAULT-NISSAN B.V. (RNBV)

Formed on March 28, 2002 RNBV 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.

RNBV possesses clearly defined powers over both Renault and Nissan Motor Co., Ltd.

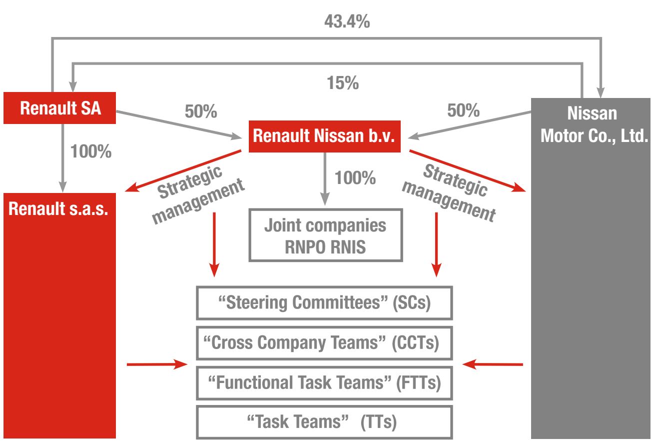
RNBV holds all the shares of existing and future joint subsidiaries of Renault and Nissan Motor Co., Ltd.

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 RNBV, 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 RNBV.

✦ Global Reporting Initiative (GRI) Directives

STRUCTURE OF THE ALLIANCE



POWERS OF RENAULT-NISSAN B.V.

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

RNVB 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 ten-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 RNBV on a joint basis by Nissan Motor Co., Ltd., and Renault s.a.s.

RNBV 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 RNBV. The power of initiative of RNBV 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.

In May 2009, the organization of the Alliance was strengthened by the creation of a small, dedicated team set up to foster deeper, broader cooperation and to maximize the contribution of synergies to the performance of both partners. This new team is focused on the following priority areas: purchasing, manufacturing of vehicles and powertrains, common platforms and parts, support functions, global logistics, IS/IT, research and advanced technologies and the new Zero Emission business.

This team reports directly to Carlos Ghosn and meets monthly at the Amsterdam offices of RNBV to review projects and make recommendations to the Alliance Board on new areas of synergies and business opportunity.

In addition, there remain more than 30 joint working groups called Cross Company Teams or Functional Task Teams, dedicated to the Alliance. These groups operate in all the main sectors and areas of activity and are tasked with exploring new synergies between the two companies. Team managers report regularly to the Alliance Board on the progress made in their specific area of activity.

ALLIANCE: STRENGTH THROUGH THE GLOBAL CRISIS

The global financial and economic crisis created significant threats for the entire global automotive industry during 2009. The Alliance faced this challenge head-on and took a series of actions to ensure both the long-term sustainability of each company and to take the level of cooperation to a higher level.

In May 2009, the Alliance announced additional synergy projects that would contribute €1.5 billion in free cash flow to Renault and Nissan. The RNBV team was established to facilitate those new synergy projects and to reinforce deployment across both companies as a long term change to the way in which the Alliance is operated and managed.

In addition to delivering the additional free cash flow, the RNBV team worked to boost the efforts being made across the two companies in areas such as global expansion and new product programs. For example, in November 2009, an agreement was reached between the Alliance and Indian bike maker, Bajaj Auto, to produce and distribute a new ultra low-cost vehicle. Starting in 2012, this new vehicle would be sold through the Alliance into India and potentially for export.

ALLIANCE & SUSTAINABILITY: ZERO EMISSION LEADERSHIP

In 2007, the Alliance declared its intention to be the global leader in the mass marketing of zero emission vehicles in use. 2009 saw substantial progress towards that objective, driven by the strong alignment and cooperation between the two companies. The Alliance is investing €4 billion into research, engineering, product development and manufacturing. The first electric vehicle – Nissan Leaf – was launched in late 2010 and a further seven electric vehicles have been confirmed for production across the Renault, Nissan and Infiniti brands.

At the heart of the Alliance leadership strategy in zero emission vehicles is the battery. When new battery production plants are fully operational, they will give the Alliance 500,000 units of battery production capacity a year.

STRATEGIC COOPERATION WITH DAIMLER

The Alliance believes there is the need to have greater economies of scale to cover all relevant technologies and to cover global markets including emerging markets. Automakers also need scale to cover a full line-up of products from ultra-low-cost cars to sedans, commercial vehicles, sports cars, luxury and four-by-fours.

On April 7, 2010 the Alliance announced a strategic co-operation with Daimler that covers a wide range of projects as well as sharing of best practices.

It is called a strategic co-operation because it is more than cooperation projects, but also stable long-term relationship developping various synergies. It will be managed by RNVB for the Alliance and Daimler through a new Cooperation Committee giving representation to all parties.

The Cooperation Committee comprises Senior Executives from the Alliance, Renault, Nissan and Daimler. They meet every 1.5 month either in France, Japan or Germany. The Cooperation Committee ensures the implementation of the agreed projects and makes proposals for new ones.

Projects driven by the Cooperation Committee include Renault and Daimler working together on next generation small cars: the Renault Twingo and Smart fortwo, including electric versions as well as expanding both model ranges.They also include powertrain sharing and co-development on future projects across both passenger cars and light commercial vehicles.

The two groups also exchanged equity that gives the Renault-Nissan Alliance a 3.1 percent stake in Daimler and Daimler a 3.1 percent in Renault and in Nissan.It created a long-term framework to work closely on future areas of co-operation between Renault, Nissan and Daimler. Opportunities already identified include the study of sharing powertrains between Infiniti and Mercedes-Benz vehicles while regional co-operation in the United States, China and Japan between Nissan, Infiniti and Daimler offers more potential.

The launches of the jointly developed small car models are planned for 2014 onwards. The Smart plant in Hambach, (France) will be the production location for two-seater versions, while the Renault plant in Novo Mesto (Slovenia) will be the production location for the four-seater versions. Future models will also be available with an electric drive from launch. Powertrain sharing will focus on fuel-efficient, diesel and gasoline engines.

Including the small car projects, the Renault-Nissan Alliance will provide 3- and 4-cylinder gasoline and diesel engines to Daimler out of its portfolio. Daimler will provide current 4- and 6-cylinder gasoline and diesel engines to Infiniti.

THE ALLIANCE BOARD

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 meets up to ten 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 chaired by Carlos Ghosn, President and CEO of Renault and President and CEO of Nissan. The Alliance Board, who steers medium and long-term strategy, also includes three members from Renault (Odile Desforges, Patrick Pélata and Jérôme Stoll) and three from Nissan (Toshiyuki Shiga, Mitsuhiko Yamashita and Hidetoshi Imazu).

Other members of Renault's and Nissan's Executive Committees attend the Alliance Board who meet up to ten times a year. Decisions are officially approved by the Alliance Board at the end of the meetings.

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

2010 Activity report

In 2010, with the support of the Alliance dedicated teams, the Alliance Board formulated strategic recommendations focusing on four key directions:

- **Acceleration and increase of synergies:** RNBV coordinates the electric vehicle and battery programmes being developed across the Alliance. Also, RNBV is working to increase the rate of common parts shared between Renault and Nissan through a standardization process and a modular approach to its platform strategy. In addition, RNBV has a key role in optimizing the utilization of Renault and Nissan's manufacturing operations, especially in emerging markets. RNBV is consistently seeking cost reduction opportunities on logistics across the Alliance. Finally, RNBV organizes strategic seminars dealing with the key Alliance markets.
- **Common Alliance projects and organizations:** supporting the Alliance's international growth, RNBV drives the creation of common entities. In 2010, Alliance Customs and Trade Organisation and Alliance Logistics Russia were created following a proposal from the Alliance Board. RNBV also drives key projects aiming at enhancing the performance of both Renault and Nissan. These projects include bringing together the marketing and communications functions in order to reinforce the position of the Renault and Nissan brands in the market.
- **OEM partnerships:** RNBV is a driving force for forging new partnership between the Alliance and other OEMs. This was the case with AvtoVAZ and the strategic cooperation with Daimler.
- **Communications:** RNBV supports the Alliance activities and businesses through targeted initiatives on high profile events such as the Women's Forum and the World Economic Forum.

A FOUNDATION TO MAINTAIN THE STABILITY OF THE ALLIANCE

A foundation linked to RNBV 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 RNBV 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 RNBV cannot exceed 18 months.

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	6.	America
2.	Product Development and Manufacturing	7.	Europe
3.	Alliance Global Business Services	8.	Russia
4.	Sales and Marketing	9.	Asia
5	Africa, Middle East, India		

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

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 13 FTTs that cover the following key areas:

1.	Corporate Planning	8.	Service Engineering
2.	Product Engineering Performance	9.	Sales and Service
3.	Quality	10.	Legal & Intellectual Property
4.	Industrial Strategy	11.	Global Tax
5.	Cost Management & Control	12.	Human Resources
6.	Customs, Trade	13.	External and Government Affairs
7.	Marketing		

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 six TTs working on the following topics:

1.	Small Markets	4.	Mexico
2.	Russia Localization	5.	Mercosur
3.	Morocco	6.	Middle East

Find out more at **www.renault.com**

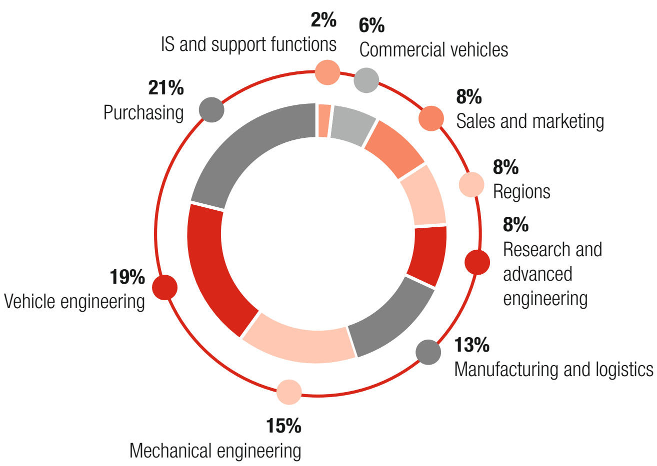
1.3.3 THE STATUS OF SYNERGIES

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.

In 2009 the Alliance generated 1.9 billion euros of synergies. The objective for 2010 amounts to 2 billion euros of which half will be new synergies. To date the Renault-Nissan Alliance is on track to achieve this objective.

The synergies can be broken down as follows:



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.

V platform

The new V-Platform (V stands for versatile) is the underpinning for the all-new Micra/March and a genuine breakthrough project, made possible because of the Alliance.

Instead of launching production in established markets like the U.S., Europe and Japan, Nissan instigated industry-leading measures to start production of a completely new model at overseas manufacturing sites such as India, China, Thailand and Mexico.

But the V-platform also illustrates the synergies between the two companies. The Alliance involvement in this new platform is focused on sharing knowledge and best practices. The platform is being used for the new Micra being assembled at the new Alliance factory in Chennai (India).

For example, Renault has more knowledge of sourcing in India than Nissan. The Micra is also using Renault diesel engines and transmissions and on the gasoline engine, a Renault block.

The V-Platform is versatile enough to accommodate, without development or cost or any weight inefficiencies, customer requirements of all global markets and all worldwide crash test requirements including the US, EU and Japan; it can also support both B and A segment cars.

B and C platforms

An initial common platform (a Nissan-led project), the B platform, has been used by Nissan since 2002 with the March (Micra in Europe) and Cube. This was followed in 2004 by the launch of the Tiida and Tiida Latio on 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. Four additional vehicles, the Nissan Wingroad (launched in November 2005), the Bluebird Sylphy (launched in December 2005), the Livina (launched from 2006 to 2008) and the NV200 light commercial vehicle (launched in 2009) 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 the September of the same year. In September 2005, Renault launched Clio III, also built on this platform.

The common B platform continues to bear fruit for the Alliance. In 2008, Nissan launched the new generation Cube compact and looking ahead, more new cars are planned off this versatile platform in the future.

Launched in September 2004, the Logan, initially marketed under the Dacia and Renault brands, sold as a Nissan in Mexico and as a Mahindra-Renault in India, is based on a derivative of the common B platform.

Logan MCV, Sandero and the 2010 Dacia Duster also use this core model platform with more utilization of the Logan family planned for Nissan in the future.

A second common platform (a Renault-led project), the C platform, was launched by Renault at end-2002 for the production of its new Mégane II. In December 2004, the Lafesta, a new minivan, was launched in Japan as the first model from 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), the Rogue, the X-Trail and Renault Samsung QM5 and Renault Koleos were launched, based on the same platform. From 2009, the renewed Renault Mégane, Scénic, the new Fluence and Renault Samsung SM3 further expanded the use of this platform.

Common parts and common module family ✦

In a first step of the Alliance synergies, Renault and Nissan have implemented until 2009 an approach enabling the exchange of components across platforms: the Interchangeable Components Policy (ICP).

ICP means using the same parts or fittings on different models, across several platforms and segments. In 2009 alone, almost €50 million worth of new synergies were created just by the extended use of more common components across the Alliance. These include air conditioning systems, struts and shock absorbers.

✦ Global Reporting Initiative (GRI) Directives

From 2009, a new step started for the implementation of common parts and synergy creation. A deep analysis of the Nissan and Renault engineering standards, parts specification and requirements was started under the leadership of the Alliance.

Extensive studies were conducted in order to make common Alliance standards for future vehicles engineering and development. Already, common technical files of parts, that simplify requests to suppliers and reduce development costs have been issued.

This common parts strategy is supported by a newly established organization including engineering and purchasing. Single Technical Leaders (STL) from Nissan or Renault are in charge of proposing global strategies for both companies, including technology breakthrough and sourcing schemes. Those strategies are approved by executive management of Nissan and Renault in regular Alliance Commodity Meetings (ACM).This organization will ensure to realize strategy and associated savings.

Common module family is the new Alliance approach for communalization, or shared ownership of parts, which will lead to significant cost savings.

A module consists of a set of parts with a number of derivatives that can be applied to different models and powertrains. With a limited number of variations, the module can cover a large part of Renault and Nissan range.This requires common mechanical and electronic architecture.

Powertrains (engines and gearboxes) ✦

One of the earliest areas for Renault and Nissan to explore at the start of the Alliance was how best to share powertrains. The target is to have the majority of models using Alliance powertrains rather than dedicated Nissan or Renault engines.

The two companies share design and development costs as well as intellectual property rights. The powertrain is therefore an Alliance powertrain and not a Nissan or Renault powertrain.

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

The Alliance is always conscious that global markets have their differences while in the vehicle line-ups of Renault, Nissan, Infiniti, Renault Samsung and Dacia there will always be some specific engine needs for each brand, especially for the upper segments in the Nissan and Infiniti line-ups.

This diversity needs to be met at the same time as having a consistent approach to powertrain development across both companies. The challenge is to make sure common needs are identified as early as possible and brought together to reduce the requirement to diversify powertrains while still meeting the different needs of the individual brands and markets.

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, 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.

Following the decision in 2007 to invest massively in the zero emission business, the Alliance has made the mass-marketing of electric vehicles a cornerstone of its environmental strategy. Without the combined power of the Alliance, neither Renault nor Nissan would have been able to move as rapidly and deeply into the battery and electric vehicle business. To date, the Alliance has committed at least €4 billion into engineering and manufacturing batteries and electric vehicles.

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, the 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 plan since 2003.

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 was 92% by June 2008. From April 1, 2009, RNPO effectively accounted for 100% of all purchasing across the Alliance, bringing to conclusion the natural evolution of this collaborative venture. 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).

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 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.

In order to optimize capacity utilization and promote smooth procurement when a partner is producting for the other, rules for capacity sharing are defined. The rule is already applied in Korean Busan plant. It will be soon in Indian Chennai plant, and spread to others industrial exchanges including powertrain.

LOGISTICS

Major savings have been achieved over the past decade through logistics synergies. In 1999 this amounted to €25 million, by 2009 savings had doubled to more than €56 million.

This was made possible with the creation of Global Alliance Logistics and the decision last year to accelerate the convergence of Renault and Nissan's logistics platforms including information systems and processes.

The formation of Alliance Logistics Europe (ALE), created in November 2009 and bringing together the Renault and Nissan logistics teams under a single director, is one good example of this acceleration.

Combining logistics operations under the Alliance umbrella doesn't just produce economies of scale, there are also benefits by crossing the experiences of the teams which have different experiences and approaches but share the same goal: to deliver cars or parts on time, with quality and economic efficiency a priority.

Here are a few other highlights of the Alliance logistics operations:

- Sea shuttle: Since 2002, for vehicle transport, a sea shuttle between Santander (Spain) and Newcastle (UK), 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;
- Global tender: Renault/Nissan organized a global tender driven by RNPO for vehicle maritime transportation. The main actions undertaken by the Alliance included alignment of specifications, route optimization and bundling between Renault and Nissan. This led to a 12 per cent cost reduction for the Alliance;
- Common standard packaging: 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.

1.3.3.2 TRENDS IN REGIONAL COOPERATION ✦

In 2010, two main regions have announced a major cross-production plan: India and Russia.

INDIA

Major Alliance activity in new growth markets recently has been in India with the inauguration of the first dedicated Renault-Nissan Alliance plant in Chennai.

The first vehicle to be produced at the plant is the new Nissan Micra, which is also the first vehicle derived from the new V-platform. The model will be sold in India as well as being exported to over 100 countries in Europe, the Middle East and Africa.

From 2011, the plant will start production of the Renault Koleos and Fluence, both for the Indian market. Renault is planning to bring out several new cars over the next one and a half to two years and will offer a complete range within four years. These vehicles will be manufactured at Chennai. The range will cover the key market segments and comprise both Renault models and

✦ Global Reporting Initiative (GRI) Directives

cars built with the joint platforms of the Renault-Nissan Alliance, including a crossover.

The target for the Chennai workforce is to be best-in-class compared to other Indian manufacturers within three years – a year faster than Nissan managed in China.

To reach the global standards, Chennai is being guided by the Alliance Integrated Manufacturing System (AIMS) and the Alliance Production Way which combines Renault-Nissan best practices and benchmarking while also helps to keep costs to a minimum.

The stamping shop at the northern end of the plant uses the first Alliance specification presses and blanking line and is compatible with both Renault and Nissan die specifications.

The line can handle four platforms and eight body styles in random production order.

Chennai is also home to the first Renault-Nissan Alliance joint venture Technical Centre, a key milestone in the history of the Alliance.

The structure of this center - Renault Nissan Technical and Business Center India PL (RNTBCIPL), has separate Renault and Nissan operations but joint purchasing, human resources, finance, information systems and administration.

The Renault team supports powertrain development, vehicle engineering, information systems as well as styling and special project support for Renault's Mumbai-based design studio.

The Nissan team handles information systems, research, manufacturing engineering, vehicle and powertrain development and parts.

RUSSIA

The Alliance has 3 plants based in Russia (Togliatti, Moscow and St Petersburg) for a total production capacity of 1.3 million units by 2012.

The Alliance market share objective in Russia is to reach 40 per cent by 2015 with partner AvtoVAZ. Output target is 900,000 vehicles from the Togliatti plant in 2015, maintaining Lada's position on the Russian market and developing exports. Renault and Nissan plan to use the available capacity in the Togliatti plant to produce vehicles for the two brands.

Russia is set to become one of the new growth pillars for the Alliance in terms of both sales volumes and profitability.

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. Since the formation of the Alliance, hundreds of people have been given the opportunity to work outside of their home markets and home company. Personnel exchanges focus 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.

The principle of cross-cultural people exchanges is a key competitive strength of the Alliance. More transfers are expected in the future in ASEAN and South America Regions in function of the commercial expansion of the Alliance.

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. To date, 1,213 people have taken this course;
- 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.

Find out more at www.renault.com

1.3.4 NISSAN'S STRATEGY AND RESULTS IN 2010

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 4, note 14 to the consolidated financial statements.

Nissan has production facilities in over 40 countries. In fiscal year 2009, Nissan sold 3,514,759 units worldwide. The company operates in Japan, the Americas, Europe, China and other overseas markets.

1.3.4.1 NISSAN'S STRATEGY AND GROWTH

FISCAL YEAR 2010 AFTER NINE MONTHS

On February 9, 2011, Nissan announced financial results for the third quarter of fiscal year 2010, ending March 31, 2011, as well as for the first nine months. In the third quarter, the consolidated net income after taxes totalled 80.1 billion yen (US $970 million, €710 million). The financial performance reflects the contribution coming from increased sales volumes and the company's ongoing activities to improve its operating efficiency.

Net revenues increased by 5.3% to 2.1028 trillion yen (US $25.43 billion, €18.74 billion). Operating profit was 114 billion yen (US $1.38 billion, €1.02 billion) and operating profit margin came to 5.4%. Ordinary profit was 141.1 billion yen (US $1.71 billion, €1.26 billion).

Nissan sold 1,008,000 vehicles worldwide in the October-to-December 2010 period, a 14.3% increase.

In the April-to-December 2010 period, net income after tax totalled 288.4 billion yen (US $3.32 billion, €2.55 billion). Net revenues were 6.4218 trillion yen (US $73.98 billion, €56.68 billion), up 19.4% compared to a year ago. Operating profit totalled 448.9 billion yen (US $5.17 billion, €3.96 billion) and operating profit margin came to 7.0%. Ordinary profit was 456.2 billion yen (US $5.26 billion, €4.03 billion).

Globally, Nissan sold 3,018,000 vehicles in the first nine months of the fiscal year, up 20.5%.

The company has revised upward its full fiscal year forecast for 2010. Based on foreign-exchange rates of 85.4 yen/dollar and 112.5 yen/euro, the revised average rates for the full fiscal year, Nissan filed the following forecast with the Tokyo Stock Exchange for the fiscal year ending March 31, 2011:

- consolidated net revenues of 8.8 trillion yen (US $103.04 billion, €78.22 billion);
- operating profit of 535 billion yen (US $6.26 billion, €4.76 billion);
- net income of 315 billion yen (US $3.69 billion, €2.80 billion);
- capital expenditures of 340 billion yen (US $3.98 billion, €3.02 billion); and
- R&D expenses of 425 billion yen (US $4.98 billion, €3.78 billion).

(Note: Amounts in dollars and euros are translated for the convenience of the reader at the foreign-exchange rates of 86.8 yen/dollar and 113.3 yen/euro, the average rates for the first nine months of the fiscal year ending March 31, 2011. For the third-quarter results, amounts are based on 82.7 yen/dollar and 112.2 yen/euro, the average rates for the three months from October to December 2010).

1.3.4.2 NISSAN'S 2010 CONTRIBUTION TO RENAULT'S RESULTS

CONTRIBUTION TO RENAULT' CONSOLIDATED NET INCOME

Nissan's contribution to Renault's earnings in 2010 was a €1,084 million, compared with a loss of €902 million in 2009, recorded in the financial statements as a share in net income of companies accounted for by the equity method.

(See chapter 4 note 14 to the consolidated financial statements.)

DIVIDEND PAYOUT

In November 2010 Renault received a first dividend payment of €88 million (¥5 per share) for fiscal year 2010 (no dividends received in 2009 from Nissan).

1.3.5 ALLIANCE COMBINED SALES PERFORMANCE AND FINANCIAL INDICATORS ✦

1.3.5.1 ALLIANCE COMBINED SALES FOR 2010

The Renault-Nissan Alliance has set a new record with 7,276,398 units sold in 2010, a 19.6% increase over 2009 in a market that expanded by 11.8%.

The Renault-Nissan Alliance captured 10.2%* of the global market in 2010.

Renault and Nissan sold 2,625,796 and 4,080,588** vehicles respectively. Sales of Lada accounted for 570,014 units, a 37.6% increase compared to previous year. Renault's worldwide sales increased by 14% and Nissan's by 21.5%.

RENAULT GROUP HIGHLIGHTS

The Renault group has set a new record with sales reaching 2.6 million vehicles, an increase of 14% on 2009. The five Regions of the Group boosted their volumes and market shares except for the Euromed Region where sales decreased by 0.2 point. All the brands contributed to the Group's sales increase: Renault grew by 14%, Dacia by 12% and Renault Samsung Motors by 19%.

In Europe, the Renault group raised the sales volume by 7.4% with 1,642,000 units sold in a market that contracted by 3.7%. The Renault brand moved up one place in the rankings to become number 2 in passenger car (PC) and light commercial vehicle (LCV) sales. In LCV sales, the brand consolidated its number 1 position with a market share of 16%.

Outside Europe, the Group is continuing to progress with sales volumes surging by 26% to almost 983,731 units. Sales of Renault Samsung Motors increased by 16.5% on its domestic PC market, reaching 11.9% of market share in South Korea. With 155,697 units sold, South Korea is Renault group's fourth largest market.

The Renault group sales outside Europe accounted for 37% of total sales, compared with 34% in 2009.

NISSAN HIGHLIGHTS

Nissan closed the year with record sales of 4,080,588 units, up 21.5% compared to previous year.

China has become Nissan's largest market worldwide with 1,023,638 units sold, a 35.5% increase on 2009. Sales were led by the midsize sedan Sylphy, with 142,367 units sold and the flagship car model Teana, with sales of 140,842 units.

In **the US**, Nissan and Infiniti sales totalled 908,570 units, an 18% increase over 2009. Nissan finished the year 2010 strong with increasing demand in December for models including Rogue (+58.2%) and Versa (+49.8%).

In **Japan**, government subsidies and launches of five new models such as March, Juke and Serena contributed to the 7.7% increase of sales of 645,320 units.

In **Europe**, Nissan reached a 3.1% market share, the highest since 1995. Total sales increased by 13% to 555,924 units. Nissan's main market in Europe was the UK with 96,419 units sold, followed by Russia with 84,288 units. Qashqai remains a strong contributor to Nissan's European performance with 235,462 units sold, an 18% increase on 2009.

In **Mexico**, Nissan toped domestic sales for the second consecutive year with 189,518 units sold. Nissan had four vehicles in Mexico's top ten best-selling cars.

The top 10 Renault-Nissan Alliance markets

COUNTRIES	TOTAL ALLIANCE	MARKET SHARE (%)
China	1,038,343	6.2%
United States	908,570	7.8%
France	803,336	30.1%
Russia*	699,416	36.5%
Japan	647,864	13.2%
Germany	232,661	7.5%
United Kingdom	209,812	9.3%
Mexico	207,564	25.3%
Italy	201,498	9.4%
Brazil	196,073	5.9%

* *Including Lada.*

* *Total PC + LCV maket sales based on Renault estimates: 70,476,213 units.*

** *Sales in 2010.*

Top 10 Renault group Markets

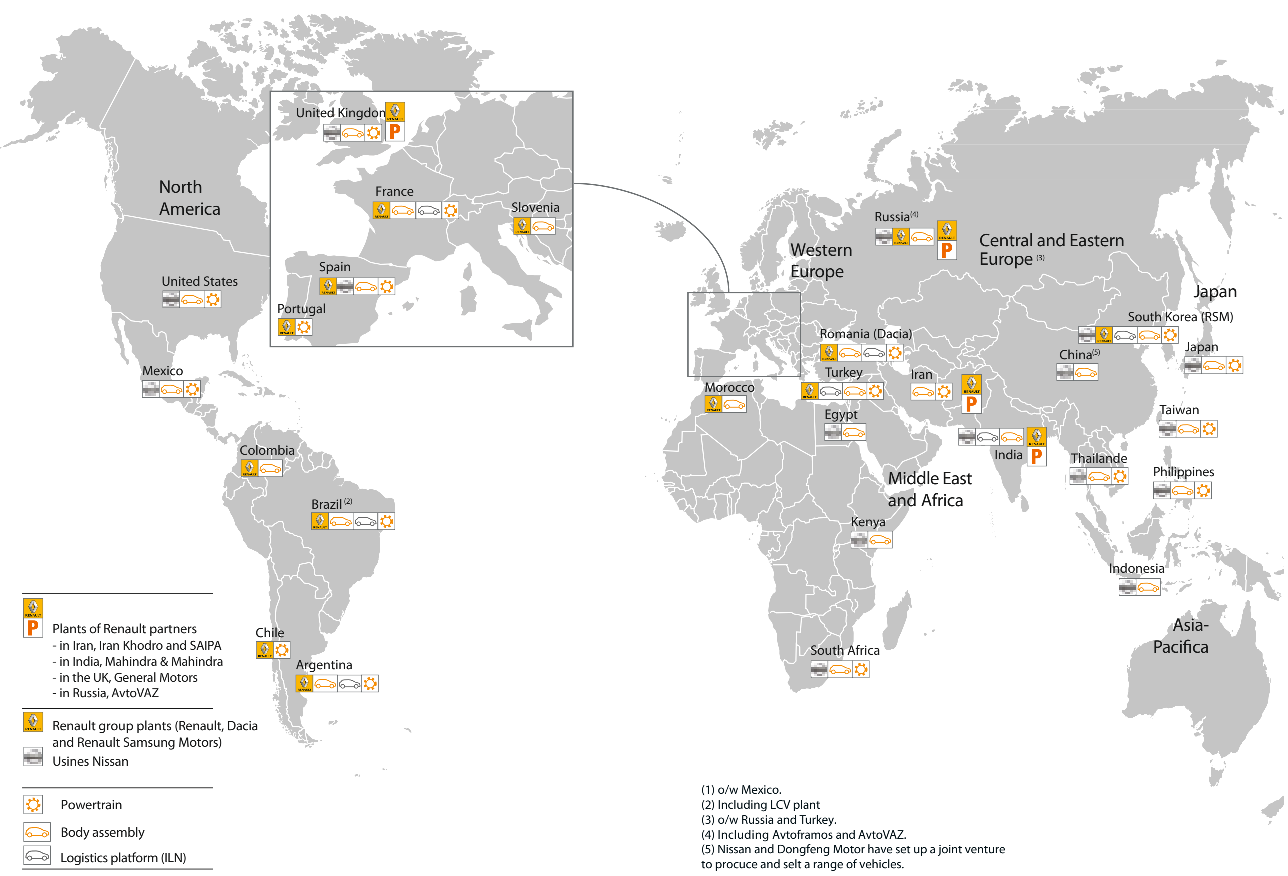
COUNTRIES	TOTAL RENAULT	MARKET SHARE (%)
France	743,486	27.9%
Russia**	615,128	32.3%
Germany	171,411	5.5%
Brazil	160,297	4.8%
South Korea*	155,697	10.1%
Italy	140,678	6.6%
Spain	124,813	11.4%
Turkey	114,111	14.9%
United Kingdom	113,393	5.0%
Belgium + Luxembourg	84,696	12.9%

* *Renault Samsung Motors.*
** *Lada: 518,662 units/Renault: 96,466 units.*

Top 10 Nissan Markets

COUNTRIES	TOTAL NISSAN	MARKET SHARE (%)
China	1,023,638	6.2%
US	908,570	7.8%
Japan	645,320	13.0%
Mexico	189,518	23.1%
United Kingdom	96,419	4.3%
Russia	84,288	4.4%
Canada	83,013	5.3%
Australia	62,670	6.1%
Germany	61,250	2.1%
Italy	60,820	2.9%

PRODUCTION SITES ✦



1.3.5.2 VALUE OF JOINT OPERATIONS

Renault sales to Nissan and Renault purchases from Nissan in 2010 are estimated at €1.6 billion and €1.4 billion, respectively, as mentioned in chapter 4, note 14-I to the consolidated financial statements.

1.3.5.3 FINANCIAL INFORMATION ON THE ALLIANCE

See chapter 1.4.2.3.

✦ Global Reporting Initiative (GRI) Directives

1.4 EARNINGS REPORT - YEAR 2010

IN BRIEF

KEY FIGURES

		2010	2009	CHANGE
Worldwide Group sales	*million units*	2.63	2.31	+13.7%
Group revenues	*euro million*	38,971	33,712	+15.6%
Operating margin	*euro million*	1,099	-396	+1,495
	% of revenues	+2.8%	-1.2%	+4.0 pt
Capital gain on disposal of B shares in Volvo AB	*euro million*	2,000	-	+2,000
Contribution from associated companies	*euro million*	1,289	-1,561	+2,850
o/w Nissan		*1,084*	*-902*	*+1,986*
o/w Volvo AB		*214*	*-301*	*+515*
o/w AvtoVAZ		*-21*	*-370*	*+349*
Net income	*euro million*	3,490	-3,068	+6,558
Net income, Group share	*euro million*	3,420	-3,125	+6,545
Net income per share	*euro*	12.70	-12.13	+24.83
Automotive operational free cash flow (1)	*euro million*	1,670	2,007	-337
Automotive net financial debt	*euro million*	1,435	5,921	-4,486
Debt-to-equity ratio	*%*	6.3%	35.9%	+29.6 pts
Sales Financing average loans outstanding	*euro billion*	21.0	20.2	+3.9%

(1) Operational free cash flow: cash flow (excluding dividends received from associated companies) minus tangible and intangible investments net of disposals +/- change in working capital requirement. Dividends received from associated companies came to €88 million.

OVERVIEW

In 2010, unit sales for the Group grew by 13.7% and posted a global market share of 3.7%, thanks to its appealing range and an 11.7% increase in the global passenger car and light commercial vehicle (PC + LCV) market. All the Group's brands and Regions contributed to the growth:

- Renault brand sales increased by 13.6%, Dacia brand sales by 11.8% and Renault Samsung Motors brand sales by 18.6%;
- in Europe, in a PC + LCV market that fell 3.7%, the Group increased its market share by 1.1 points to 10.7%. Outside Europe, PC + LCV sales rose by 26.2%, outperforming market growth.

The Group reported **revenues** of €38,971 million, up 15.6% on 2009.

The Group's **operating margin** came to €1,099 million in 2010, or 2.8% of revenues, compared with a negative €396 million (-1.2% of revenues) in 2009.

Automotive division operating margin increased by €1,298 million to €396 million (1.1% of revenues) due to a combination of factors:

- a strong commercial performance that contributed for a €698 million increase;
- a positive €288 million exchange rate effect owing chiefly to the euro's slide against the rubble, Brazilian real, Korean won and other European currencies;
- a negative overall mix/price impact of €143 million;

- a €431 million decrease in purchasing costs (including a negative impact of €148 million from raw materials);
- the ongoing company-wide cost-cutting policy.

Sales Financing contributed €703 million to the Group's operating margin owing to the success of packaged offers and a lower cost of risk.

The Group posted a capital gain of €2,000 million on the sale in October of B shares in Volvo AB.

Renault's share in **associated companies**, mainly Nissan, Volvo AB and AvtoVAZ, contributed €1,289 million in 2010.

Net income amounted to €3,490 million, and net income, Group share, was €3,420 million.

Automotive division generated positive **operational free cash flow** [1] of €1,670 million.

As a result, Automotive **net financial debt fell** by €4,486 million compared with December 31, 2009 to €1,435 million. The debt-to-equity ratio came to 6.3% on December 31, 2010 compared with 35.9% at end-December 2009.

RENAULT 2016 – DRIVE THE CHANGE

See chapter 1.2.

1.4.1 SALES PERFORMANCE

SUMMARY

AUTOMOTIVE

The Renault group set a new sales record, with 2,625,800 vehicles sold in 2010.

All the brands (Renault, Dacia, Renault Samsung Motors) increased sales volumes: Renault brand sales rose 13.6%, while Dacia sales increased 11.8% and Renault Samsung Motors sales grew 18.6%.

All the Regions (Europe, Euromed, Eurasia, Americas, Asia-Africa) also increased sales volumes.

Renault confirmed its number-one ranking in the European light commercial vehicle market for the 13th consecutive year, with a 15.9% share of the market.

In a world market that rose 11.7%, the PC+LCV sales of the Renault group increased 13.7%, for a 3.7% share of the market.

In 2010 Renault relied on a complete range of products adapted to the Group's different markets. The Mégane consolidated its very good performance, with a number-two ranking in the C segment in Europe.

Renault Master sales rose 26.1% on the strength of New Master, reinforcing the Renault brand's leadership in the European light commercial vehicle market.

The Dacia brand benefitted from the strong success of Duster, launched in April, which sold in 67,000 units.

The Group grew market share in 14 of its 15 major markets in 2010.

(1) Operational free cash flow: cash flow (excluding dividends received from associated companies) minus tangible and intangible investments net of disposals +/- change in working capital requirement. Dividends received from associated companies came to €88 million.

The Renault group's top 15 markets

		VOLUMES* 2010 *(UNITS)*	MARKET SHARE (PC+LCV) *(%)*	CHANGE IN M/S ON 2009
1	France	744,735	27.9	+1.7
2	Germany	171,411	5.5	-0.5
3	Brazil	160,297	4.8	+0.9
4	South Korea	155,697	10.1	+0.8
5	Italy	140,678	6.6	+1.2
6	Spain + Canary Islands	124,813	11.4	+0.5
7	Turkey	114,111	14.9	+0.2
8	United-Kingdom	113,393	5.0	+1.7
9	Russia	96,466	5.1	+0.1
10	Belgium + Luxembourg	84,876	12.9	+1.8
11	Argentina	82,385	13.0	+0.6
12	Algeria	63,369	28.1	+4.7
13	Iran	46,587	3.1	+0.4
14	Romania	45,820	39.6	+4.0
15	Netherlands	45,759	8.6	+1.0

* *Preliminary figures.*

Europe

In Europe, Group PC+LCV sales rose 7.3% to 1,642,000 units, in a market that contracted 3.7%.

The Group increased its market share by 1.1 points to 10.7%.

Renault became the number-two brand in Europe on the success of the Mégane family, Clio and a steady performance by Twingo.

With a 6.1% increase in sales volumes, the Group reported the strongest growth of any brand in *France*, where the stable market (-0.3%) continued to be bolstered by the scrappage bonus. It increased its market share in the country by 1.7 points to 27.9%.

Following the end of government aid, total industry volume in *Germany* fell 21.7%, with Renault group sales down 28.6% and a 5.5% market share.

In an *Italian* market that fell 8.6%, Group sales grew 12.5% for a 6.6% share of the market.

In the *United-Kingdom*, where the market grew 3.3%, the Group consolidated its market share at 5.0%, up 1.7 points year on year.

In a stable *Spanish* market, up 3.6% on 2009, Group volumes rose 8.3% for a 0.5-point increase in market share to 11.4%.

Outside Europe

The Group continued to grow outside Europe, with volumes up 26.2% in dynamic markets (+19.2%).

Sales outside Europe accounted for 37% of total Group volumes in 2010, up from 34% in 2009.

In *Brazil*, the Group's third-largest market, the Group set a sales record with 160,300 units, up 36.4%.

Driven by the success of Sandero and Logan and the Fluence debut, market share rose to 13% in *Argentina*.

In *South Korea*, where the market increased 7.2%, the strong success of the new SM3 and SM5 enabled Renault Samsung Motors to set a new sales record with 155,692 units, for a 10.1% share of the market.

Renault sales in *Turkey* slightly outperformed the market with a 38.7% increase in volumes compared to the market rise of 37.3%.

In *Romania*, the Group reported a four-point increase in market share to 39.6%, in a market that continued to fall (down 20.4%).

The Group posted strong performances in *Algeria*, increasing market share by 4.7 points to 28.1%. Renault remains the number-one brand in the market, thanks to the continued success of the best-selling Symbol.

The Group took a 33.8% share of the *Moroccan* market, with the Dacia and Renault brands placing first and second.

Renault was the number-four brand in *Russia*, owing to the strong success of Sandero, produced locally since March 2010. Group sales rose 33.5% in a market that grew 30.0%.

SALES FINANCING

After four years of new financing decreases, the RCI Banque group returned to growth in 2010. Average loans outstanding have risen to €21 billion (+4% vs 2009).

The group achieved its best sales performance in five years with 953,000 contracts signed and more than €10 billion in new financing, compared with €8.3 billion in 2009 (+21%).

1.4.1.1 AUTOMOTIVE

GROUP SALES WORLDWIDE (UNITS)

PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES	2010*	2009	CHANGE (%)
Group	2,625,796	2,309,749	13.7
By brand			
Renault	2,115,600	1,861,856	13.6
Dacia	348,279	311,426	11.8
Renault Samsung Motors	161,917	136,467	18.6
By vehicle type			
Passenger cars	2,293,768	2,032,595	12.8
Light commercial vehicles	332,028	277,154	19.8
By Region			
Europe	**1,642,065**	**1,530,114**	**7.3**
o/w France	*744,735*	*702,060*	*6.1*
Americas	317,028	227,963	39.1
Asia-Africa	287,421	230,760	24.6
Euromed	272,748	240,484	13.4
Eurasia	106,534	80,428	32.5
Outside Europe	**983,731**	**779,635**	**26.2**

* *Preliminary figures.*

RENAULT BRAND

Passenger cars

The Renault brand made a strong contribution to the growth in Group sales, selling 202,405 more units than in 2009.

- In the *A segment*, **Twingo** was the third best-selling vehicle in its category in Europe, with 150,597 registrations.

  Twingo kept the number-one spot in France with a 33.9% share of the segment. Twingo also performed well in Germany, where it ranked number three in its segment.

- In the *B segment*, sales of **Sandero** under the Renault brand nearly doubled, up 98.3% to 145,076 worldwide.

  Clio (Clio II + Clio III) strengthened its position with 339,692 sales in Europe, up 6.8%. Renault-branded **Logan** continued to advance, with 190,464 units sold in 2010 compared with 150,603 in 2009.

- The **Mégane** family consolidated its success, with the Renault brand increasing its share of the European *C segment* by 1.2 points.

  The Mégane family became the second best-selling car in the C segment in Europe with 448,980 registrations. It was the segment leader in France with 155,115 registrations. Mégane is also the segment leader in Belgium and Portugal. In Europe, Mégane Hatch and Coupé continued to perform strongly, with market share having more than doubled from 3.6% in 2008 to 7.3% in 2010. Mégane Estate took a 16.6% share of the C station wagon segment (up 7.4 points) with 88,346 units sold.

  Scénic is the top-selling minivan (MPV) in Europe, with 184,719 registrations in 2010.

  Fluence got off to a strong start, selling in 59,839 units in a partial year, with half of the sales made in the Euromed Region.

- **Laguna** remains number 2 in the *D segment* in France. Worldwide sales of **Espace** rose 4.9%. It remained the undisputed leader in the minivan (MPV) segment with a 36.0% share of the category in France.

Light commercial vehicles

In a recovering LCV market (+15.9%), Renault increased sales by 19.8%.

Renault led the market in Western Europe for the 13th consecutive year, with 4.7-point lead over its nearest rival, thanks to a renewed range (with the launch of three new models, **New Master**, **New Trafic** and **New Kangoo Express Maxi**).

The launch of New Master was particularly well received. The new model won a number of prizes in Europe, including Best Van of the Year in the Van Fleet World Honours, Light Commercial Vehicle of the Year in the Argus awards in France, Van of the Year 2011 in the UK, Truck of the Year in Lithuania, and Van of the Year in Denmark.

Renault reported a 16.1% share of the market in Western Europe and 32.5% in France.

DACIA BRAND

The **Dacia** brand sold 348,279 units, up 11.8% on 2009. Europe remained the brand's number-one market, with 246,920 vehicle sales, followed by Euromed, with 95,146 units.

The **Duster** launch has proved particularly successful, with sales of 68,333 units in 2010. At end-2010, in a partial year, Duster was already in the top ten in its segment in Europe.

Dacia-branded **Sandero** continued to perform strongly in Europe, selling in 135,110 units and ranking fourth in its segment in France.

RENAULT SAMSUNG MOTORS BRAND

South Korea was the Renault group's fourth-largest market, with the Renault Samsung Motors brand setting a new sales record of 155,692 units and taking a 10.1% share of the market.

In a South Korean market that rose 7.2%, RSM sales increased 16.5% on successful performances by the new **SM3** and **SM5** models, which respectively took a 15.6% and 15.7% share of the segment.

New SM3 is the second best-selling car in its segment.

New SM5 is the third best-selling vehicle in its segment and the fifth highest-seller in South Korea, all segments combined.

However, sales of **SM7** and **QM5** fell by 26.9% and 35.4% respectively.

GROUP SALES BY BRAND (UNITS)

PASSENGER CARS & LIGHT COMMERCIAL VEHICLES	2010*	2009	CHANGE (%)
Europe Region			
Renault	1,395,145	1,315,592	6.0
Dacia	246,920	214,522	15.1
GROUP	**1,642,065**	**1,530,114**	**7.3**
o/w France			
Renault	*634,660*	*635,513*	*-0.1*
Dacia	*110,075*	*66,547*	*65.4*
GROUP	**744,735**	**702,060**	**6.1**
Americas Region			
Renault	310,808	225,127	38.1
Renault Samsung Motors	6,220	2,836	+++
GROUP	**317,028**	**227,963**	**39.1**
Asia-Africa Region			
Renault	125,511	92,395	35.8
Dacia	6,213	4,734	31.2
Renault Samsung Motors	155,697	133,631	16.5
GROUP	**287,421**	**230,760**	**24.6**
Euromed			
Renault	177,602	151,340	17.4
Dacia	95,146	89,144	6.7
GROUP	**272,748**	**240,484**	**13.4**
Eurasia Region			
Renault	106,534	77,402	37.6
Dacia	-	3,026	-
GROUP	**106,534**	**80,428**	**32.5**

* *Preliminary figures.*

1.4.1.2 SALES FINANCING

RCI BANQUE GROUP ACTIVITY

After four years of new financing decreases, the RCI Banque group returned to growth in 2010. Average loans outstanding have risen to €21 billion (+4% vs 2009).

The group achieved its best sales performance in five years with 953,000 contracts signed and more than €10 billion in new financing, compared with €8.3 billion in 2009 (+21%).

In **Europe**, the RCI Banque group reported 15% growth in new financing, driven by good sales performances from the manufacturers and an attractive and innovative product offering (success of package products in Spain, Germany, Italy, Switzerland, etc.).

Outside Europe, growth was marked by strong performances by the subsidiaries in Latin America (+85% in new financing) and South Korea (+39%).

PROPORTION OF NEW VEHICLES FINANCED

In 2010 the proportion of new Renault, Samsung, Nissan and Dacia vehicle registrations financed by RCI Banque rose 1.6 points to 31.6% (30% in 2009). Growth was particularly strong for the Nissan brand, at 25.8% compared with 20.4% in 2009, and for the Dacia brand, at 25.5% up from 22.9% in 2009. RCI Banque financed 33% of new Renault vehicle registrations, compared with 32.3% in 2009.

In 2010 the proportion of new Renault, Nissan and Dacia vehicle registrations financed by RCI Banque in the **Europe Region** increased to 31.3%, compared with 29.5% in 2009. For Renault, the proportion was 34% (33% in 2009). The proportion for Nissan rose sharply, from 20.3% in 2009 to 23.9% in 2010, for a 3.6-point increase year on year. This success was achieved notably through the numerous loyalty-building offers implemented between the marketing teams of RCI Banque and Nissan Europe, including for new Nissan launches such as Juke.

The proportion of RCI Banque in the **Americas Region** rose to 31% (28% in 2009), driven by the performance with the Nissan brand, with the proportion up 22.8 points to 39.1%. The proportion of Renault vehicles financed fell slightly, from 29.8% in 2009 to 29.5% in 2010.

The proportion of RCI Banque in **South Korea** fell slightly, from 47.4% in 2009 to 46.1% in 2010. But new financing rose considerably, to €855 million (€613 million in 2009).

Lastly, the proportion of vehicles financed by RCI Banque in the **Euromed Region** (Romania and Morocco) decreased to 13.8% in a scrapping incentives context and a tightening of the underwriting policy following the risk increase.

1.4.1.3 SALES AND PRODUCTION STATISTICS ✦

TOTAL INDUSTRY VOLUME – REGISTRATIONS (IN UNITS) MAIN RENAULT GROUP MARKETS

PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE	2010*	2009	CHANGE (%)
EUROPE REGION	**15,331,078**	**15,920,654**	**-3.7**
o/w:			
France	2,669,282	2,676,401	-0.3
Germany	3,118,697	3,981,805	-21.7
Italy	2,137,345	2,337,193	-8.6
United-Kingdom	2,262,384	2,189,726	+3.3
Spain + Canary Islands	1,098,656	1,060,263	+3.6
Belgium + Luxembourg	656,401	580,877	+13.0
Poland	375,902	363,970	+3.3
AMERICAS REGION**	**5,926,878**	**5,144,825**	**+15.2**
o/w:			
Mexico	818,937	752,561	+8.8
Colombia	238,877	172,676	+38.3
Brazil	3,329,471	3,007,593	+10.7
Argentina	634,268	493,794	+28.4
ASIA-AFRICA REGION	**32,598,607**	**27,180,415**	**+19.9**
o/w:			
South Africa	406,243	337,558	+20.3
South Korea	1,542,979	1,439,546	+7.2
EUROMED REGION	**1,290,710**	**1,129,320**	**+14.3**
o/w:			
Romania	115,825	145,592	-20.4
Turkey	765,044	557,125	+37.3
Algeria	225,432	239,733	-6.0
Morocco	103,436	109,969	-5.9
EURASIA REGION	**2,213,445**	**1,803,943**	**+22.7**
o/w:			
Russia	1,906,119	1,465,922	+30.0
Ukraine	175,375	174,832	+0.3
WORLD (INCLUDING NORTH AMERICA)	**70,476,213**	**63,078,460**	**+11.7**

* *Preliminary figures.*
** *Excluding North America.*

✦ Global Reporting Initiative (GRI) Directives

RENAULT GROUP - REGISTRATIONS (REG.) AND MARKET SHARE (MS)

	2010*		2009	
PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE	REG *(UNITS)*	MS *(%)*	REG *(UNITS)*	MS *(%)*
EUROPE REGION	**1,640,726**	**10.7**	**1,528,016**	**9.6**
o/w:				
France	743,486	27.9	700,052	26.2
Germany	171,411	5.5	240,037	6.0
Italy	140,678	6.6	125,025	5.3
UK	113,393	5.0	73,465	3.4
Spain + Canary Islands	124,813	11.4	115,214	10.9
Belgium + Luxembourg	84,786	12.9	64,692	11.1
Poland	29,752	7.9	24,140	6.6
AMERICAS REGION**	**317,028**	**5.3**	**227,963**	**4.4**
o/w:				
Mexico	18,046	2.2	11,500	1.5
Colombia	38,009	15.9	27,720	16.1
Brazil	160,297	4.8	117,524	3.9
Argentina	82,385	13.0	61,019	12.4
ASIA-AFRICA REGION	**287,421**	**0.9**	**230,760**	**0.8**
o/w:				
South Africa	10,000	2.5	7,001	2.1
South Korea	155,697	10.1	133,630	9.3
EUROMED REGION	**272,748**	**21.1**	**240,484**	**21.3**
o/w:				
Romania	45,820	39.6	51,793	35.6
Turkey	114,111	14.9	82,261	14.8
Algeria	63,369	28.1	56,094	23.4
Morocco	34,944	33.8	37,106	33.7
EURASIA REGION	**106,534**	**4.8**	**80,428**	**4.5**
o/w:				
Russia	96,466	5.1	72,284	4.9
Ukraine	9,092	5.2	7,128	4.1
OUTSIDE EUROPE	**983,731**	**2.3**	**779,635**	**2.2**
WORLD (INCLUDING NORTH AMERICA)	**2,624,457**	**3.7**	**2,307,651**	**3.7**

* *Preliminary figures.*
** *Excluding North America.*

RENAULT GROUP - MODELS PERFORMANCE BY SEGMENT IN THE EUROPE REGION

PASSENGER CARS	CHANGE SEGMENT 2010/2009	GROUP SHARE 2010* (%)	GROUP SHARE 2009 (%)	GROUP SHARE CHANGE 2010*/2009 (POINTS)	RANK 2010
A Segment	**-18.1**				
Twingo / Twingo II		10.5	10.0	+0.5	3
Wind		0.3	-	+0.3	20
B Entry Segment	**-7.3**				
Clio / Clio II / Clio III		7.7	6.7	+1.0	4
Thalia / Thalia II		0.1	0.2	-0.1	48
Modus		1.1	1.5	-0.4	22
Logan		0.9	1.5	-0.6	26
Sandero		3.1	2.8	+0.3	12
Kangoo		0.0	0.1	-0.1	61
C Segment	**+0.2**				
Kangoo II		0.8	0.8	-0.0	34
Mégane / Mégane II / Mégane III		9.2	7.9	+1.2	2
Fluence		0.3	-	+0.3	49
Duster		1.1	-	+1.1	23
D Segment	**-6.0**				
Laguna / Laguna III		2.5	2.4	+0.1	13
Latitude		0.0	-	+0.0	81
Koleos		0.7	1.0	-0.3	33
Trafic / Trafic II		0.6	0.4	+0.1	36
E Segment	**+9.8**				
Vel Satis		0.0	0.1	-0.1	116
Espace / Espace IV		1.8	2.0	-0.2	13
Master / Master II / Master III		0.2	0.3	-0.1	60

* *Preliminary figures.*

RENAULT GROUP - MODELS PERFORMANCE BY SEGMENT IN THE EUROPE REGION

LIGHT COMMERCIAL VEHICLES	CHANGE SEGMENT 2010/2009	GROUP SHARE 2010* (%)	GROUP SHARE 2009 (%)	GROUP SHARE CHANGE 2010*/2009 (POINTS)	RANK 2010
Fleet vehicles	**+6.7**				
Twingo / Twingo II		2.1	2.5	-0.4	12
Clio / Clio II / Clio III		18.4	17.7	+0.7	1
Modus		0.1	0.2	-0.1	50
Mégane / Mégane II / Mégane III		9.0	5.6	+3.3	3
Duster		0.1	-	-	45
Laguna / Laguna III		0.7	0.3	+0.4	22
Koleos		0.1	0.1	-0.0	69
Espace / Espace IV		0.5	0.1	+0.4	27
Sandero		0.1	0.0	+0.0	73
Logan		0.1	0.3	-0.2	53
Small vans	**+10.7**				
Kangoo / Kangoo II		17.2	16.3	+0.9	1
Logan		1.7	1.4	+0.2	12
Vans	**+8.6**				
Trafic / Trafic II		6.9	6.0	+0.9	6
Master / Master II / Master III		7.0	6.6	+0.4	5
Mascott** / Maxity** / Master III**		1.1	0.9	+0.2	17
Pick-ups	**-2.3**				
Logan		6.9	6.2	+0.7	6

* *Preliminary figures.*

** *Renault Trucks.*

NB: Change in segmentation

Renault now uses the international vehicle classification system of A, B, C, D and E. Hence vehicles in the Entry range are now classified in their respective segments and car-derived vans are included in the five main segments. The two sub-segments “SUV” and “Non-SUV” have been reclassified, the first in the H body style and the second in other body styles such as B or D.

RENAULT GROUP - WORLDWIDE PRODUCTION BY MODEL(1) (UNITS)

PASSENGER CARS + LIGHT COMMERCIAL VEHICLES	2010*	2009	CHANGE (%)
Twingo	163,405	187,470	-12.8
Wind	6,556	-	-
Clio	444,603	411,291	8.1
Thalia	93,247	82,163	13.5
Modus	47,685	69,358	-31.2
Logan+Sandero	551,748	489,750	12.7
Kangoo	187,882	151,196	24.3
Mégane	490,005	459,862	6.6
Fluence	68,539	10,449	++
Duster	86,268	115	++
SM3	124,872	80,488	55.1
Laguna	54,137	46,919	15.4
SM5+Latitude	88,704	64,473	37.6
Koleos	49,424	28,925	70.9
Espace	17,261	15,212	13.5
Master	99,897	59,047	69.2
SM7	13,747	18,143	-24.2
Vel Satis	-	1,179	-
Mascott	-	5,706	-
Autres	10,617	-	-
PRODUCTION MONDIALE DU GROUPE	**2,598,597**	**2,181,746**	**19.1**
o/w production for partners			
Master for GM	9,952	5,744	73.3
SM3 for Nissan	45,859	31,855	44.0
Vehicles for Nissan in Mercosur	18,156	18,903	-4.0
PARTNERS' PRODUCTION FOR RENAULT			
GM plant (Trafic)	33,540	27,451	22.2
Nissan plant (Trafic)	11,561	10,932	5.8
Others (Iran+India)	63,239	39,504	60.1

* *Preliminary figures.*
(1) *Production data concern the number of vehicles leaving the production line.*

GEOGRAPHICAL ORGANIZATION OF THE RENAULT GROUP BY REGION – COUNTRIES IN EACH REGION

At January 1, 2011

Europe

Western Europe : Metropolitan France, Austria, Belgium-Lux., Denmark, Finland, Germany, Greece, Iceland, Ireland, Italy, Netherlands, Norway, Portugal, Spain + Canary Islands, Sweden, Switzerland, United-Kingdom.

Albania, Baltic States, Bosnia-Herzegovina, Croatia, Cyprus, Czech Republic, Hungary, Macedonia, Malta, Poland, Serbia, Slovakia, Slovenia.

Americas

North Latin America: Colombia, Costa Rica, Cuba, Ecuador, Honduras, Mexico, Nicaragua, Panama, Salvador, Venezuela, Dominican Republic.

South Latin America : Argentina, Brazil, Bolivia, Chile, Paraguay, Peru, Uruguay.

Asia & Africa

Asia-Pacific : Australia, Indonesia, Japan, Malaysia, New Caledonia, New Zealand, Singapore, Tahiti, Thailand, Guadeloupe, French Guiana, Martinique.

Middle East and French-speaking Africa : Saudi Arabia, Egypt, Jordan, Lebanon, Gulf States, Syria + French-speaking african countries.

Africa and Indian ocean : South Africa + sub-Saharan African countries, Indian Ocean islands.

China, Hong Kong.

India, Iran, Israël, Korea, Taïwan.

Euromed

Eastern Europe : Bulgaria, Moldova, Romania.

Maghreb : Algeria, Morocco, Tunisia.

Turkey.

Eurasia

Russia, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

1.4.2 FINANCIAL RESULTS ✦

OVERVIEW

- Group revenues totalled €38,971 million in 2010, up 15.6% on 2009, thanks to the Group's strong sales momentum and the expanding global automotive market.
- The Group's operating margin came to €1,099 million in 2010, or 2.8% of revenues, compared with a negative €396 million (-1.2% of revenues) in 2009.
- Other Group operating income and expenses showed a net charge of €464 million, compared with a net charge of €559 million in 2009.
- The financial result showed a net charge of €376 million, compared with a net charge of €404 million in 2009.
- The disposal of B shares in Volvo AB generated a capital gain of €2,000 million.
- Nissan's contribution to Renault's earnings was €1,084 million, compared with a loss of €902 million in 2009. Volvo AB's contribution was €214 million, compared with a loss of €301 million in 2009. AvtoVAZ had a €21 million negative impact on Renault's earnings, compared with a €370 million negative impact in 2009.
- Net income was €3,490 million, compared with a net loss of €3,068 million in 2009. Net income, Group share, was €3,420 million, compared with a net loss of €3,125 million in 2009.
- Automotive division generated operational free cash flow[1] of €1,670 million.
- Automotive division net financial debt fell significantly, declining by €4,486 million compared with December 31, 2009 to €1,435 million.
- Shareholders' equity stood at €22,757 million at December 31, 2010. The net debt-to-equity ratio fell sharply from 35.9% at December 31, 2009 to 6.3%.

1.4.2.1 COMMENTS ON THE FINANCIAL RESULTS

CONSOLIDATED INCOME STATEMENT ✦

Group **revenues** totalled €38,971 million, up 15.6%[2] on 2009. Excluding the exchange rate effect, revenues increased by 12.4%.

(1) Operational free cash flow: cash flow (excluding dividends received from associated companies) minus tangible and intangible investments net of disposals +/- change in working capital requirement. Dividends received from associated companies came to €88 million.

(2) Up 15.5% on 2009 revenues of €33,733 million on a consistent basis.

OPERATING SEGMENT CONTRIBUTION TO GROUP REVENUES

	2010					2009 PUBLISHED				
(€ million)	Q1	Q2	Q3	Q4	YEAR	Q1	Q2	Q3	Q4	YEAR
Automotive division	8,642	10,136	8,268	10,126	37,172	6,634	8,467	7,664	9,186	31,951
Sales Financing	430	460	443	466	1,799	446	444	438	433	1,761
TOTAL	**9,072**	**10,596**	**8,711**	**10,592**	**38,971**	**7,080**	**8,911**	**8,102**	**9,619**	**33,712**

	CHANGE 2010/2009 PUBLISHED				
	Q1	Q2	Q3	Q4	YEAR
Automotive division	30.3%	19.7%	7.9%	10.2%	16.3%
Sales Financing	-3.6%	3.6%	1.1%	7.6%	2.2%
TOTAL	**28.1%**	**18.9%**	**7.5%**	**10.1%**	**15.6%**

In 2010 Automotive's revenue contribution was €37,172 million, up 16.3% on 2009. This progression can be attributed to the Group's strong sales momentum, reflected in market share gains and a positive volume effect. Sales volumes accounted for 7.8 points of the increase in revenues, the mix/price for 2.3 points, currencies for 3.4 points and other Group activities (sales of components and vehicles to partners) for 2.8 points.

Excluding other activities and by Region:

- Europe accounted for 2.8 points of the increase in revenues. Despite the gradual dismantling of government-subsidized scrappage incentives introduced by some countries during the crisis, over the year as a whole, the market slowed less sharply than initially forecasted. The product mix, which had been negatively impacted by scrappage schemes in the previous year, improved and was boosted by the renewal of the Mégane range;
- International operations[(1)] made the biggest contribution, accounting for 10.7 points of the increase on a positive volume effect in all Regions, accentuated by favorable currency effects, especially on the Korean won and the Brazilian real.

Group **operating margin** in 2010 was €1,099 million, or 2.8% of revenues, compared with a negative €396 million (negative 1.2% of revenues) in 2009.

OPERATING SEGMENT CONTRIBUTION TO GROUP OPERATING MARGIN

(€ million)	2010	2009	CHANGE
Automotive division	396	-902	+1,298
% of division revenues	*1.1%*	*-2.8%*	*+3.9 pts*
Sales Financing	703	506	+197
TOTAL	**1,099**	**-396**	**+1,495**
% of Group revenues	*2.8%*	*-1.2%*	*+4.0 pt*

Lifted by strong commercial momentum and measures introduced during the crisis, the **Automotive division** operating margin increased sharply by €1,298 million to €396 million (1.1% of revenues) due to:

- a strong commercial performance by the Renault Group's three brands that contributed to a €698 million increase;
- a positive €288 million exchange rate effect owing chiefly to the euro's slide against the rubble, Brazilian real, Korean won and other European currencies;
- a negative overall mix/price impact of €143 million;
- a €148 million increase in raw materials costs over the year as a whole;
- the ongoing cost-cutting policy, which led to a €579 million reduction in purchasing.

Sales Financing contributed a record €703 million to operating margin, demonstrating both the robustness of the business model and the Renault Group's ability to create value by offering a full range of products and services. Sales Financing posted a record increase in profitability, driven by sales growth, the continued expansion of services and the success of risk management plans introduced during the crisis. Accordingly, the cost of risk (including country risk) fell sharply, to 0.40% of average outstanding loans (down 0.59 of a point relative to 2009).

RENAULT GROUP – R&D EXPENSES*

(€ million)	2010	2009	CHANGE
R&D expenses	1,728	1,643	+85
Capitalized development expenses	-666	-587	-79
% of R&D expenses	*38.5%*	*35.7%*	*+2.8 pts*
Amortization	772	739	+33
R&D EXPENSES RECORDED IN THE INCOME STATEMENT	**1,834**	**1,795**	**+39**

* *R&D expenses are fully incurred by Automotive division.*

(1) Euromed, Eurasia, Asia-Africa, Americas.

Research and Development expenses amounted to €1,728 million in 2010, up 5.2% on 2009. The low level reflects the product cycle and measures taken under the action plans introduced in 2009 to adjust expenditures and improve efficiency.

The ratio of capitalized development expenses rose from 35.7% in 2009 to 38.5%.

Other operating income and expenses showed a net charge of €464 million, as compared with a net charge of €559 million in 2009. This item was mainly made up of:

- a €159 million impairment charge, compared with a charge of €297 million in 2009;
- €449 million in workforce adjustment and restructuring costs;
- property disposals for +€112 million.

After recognizing this item, the Group reported an operating income of €635 million, compared with a loss of €955 million in 2009.

The **net financial result** showed a net charge of €376 million, compared with a net charge of €404 million in 2009. This included a charge of €31 million linked to the negative impact of the fair value change in Renault SA's redeemable shares, compared with a charge of €43 million in 2009.

In 2010 Renault's **share in associated companies** generated a net contribution of €1,289 million (compared with a loss of €1,561 million in 2009), of which:

- €1,084 million from Nissan (compared with a loss of €902 million in 2009);
- €214 million from Volvo AB (compared with a loss of €301 million in 2009);
- a loss of €21 million from AvtoVAZ (compared with a loss of €370 million in 2009).

Current and deferred taxes represented a net charge of €58 million (€148 million in 2009), reflecting increased current taxes for foreign subsidiaries, which were largely offset, particularly in France, by the recognition of a portion of deferred tax assets relative to tax loss carry-forwards, previously unrecognized owing to the absence of forecasted future taxable amounts.

Net income, which included a capital gain of €2,000 million on the disposal in October 2010 of B shares in Volvo AB, came to €3,490 million, compared with a loss of €3,068 million in 2009.

The Group's share of net income was €3,420 million, compared with a negative €3,125 million in 2009.

NET CAPEX AND R&D EXPENSES

Automotive's tangible and intangible investments net of disposals (excluding capitalized leased vehicles) came to €1,644 million in 2010 (including €666 million in R&D expenses) compared with €2,054 million (including €587 million in R&D expenses) in 2009.

TANGIBLE AND INTANGIBLE INVESTMENTS NET OF DISPOSALS, BY OPERATING SEGMENT

(€ million)	**2010**	**2009**
Tangible investments (excluding capitalized leased vehicles)	1,130	1,620
Intangible investments	733	670
o/w capitalized R&D expenses	*666*	*587*
Total acquisitions	1,863	2,290
Disposal gains	-219	-236
TOTAL AUTOMOTIVE DIVISION	**1,644**	**2,054**
TOTAL SALES FINANCING	**4**	**19**
TOTAL GROUP	**1,648**	**2,073**

The plan introduced in 2009 to reduce fixed costs, together with the product cycle, led to a significant decrease in tangible and intangible investments excluding R&D in 2009 and 2010.

By Region:

- In Europe (53% of total gross investments), range-related investments accounted for 65% of total outlays. Funds were allocated chiefly to the new Mégane coupé-cabriolet, the Master range, the Wind roadster and the new R9M diesel engine;
- Investments outside Europe accounted for 47% of the total gross spend and were primarily allocated to Morocco (start-up of new facility), Romania, South America and South Korea.

The tangible investments made to develop electric vehicles continued this year, with funds committed both to vehicles and to engines.

Consistent with previous years, the non range-related investment policy was focused mainly on quality, working conditions and the environment.

NET CAPEX AND R&D EXPENSES

(€ million)	**2010**	**2009**
Tangible and intangible investments net of disposals (excluding capitalized leased vehicles)	1,648	2,073
Capitalized development expenses	-666	-587
Others	-17	-2
Net industrial and commercial investments (1)	**965**	**1,484**
% of revenues	*2.5%*	*4.4%*
R&D expenses	**1,728**	**1,643**
R&D expenses billed to third parties and others	-161	-112
Net R&D expenses (2)	**1,567**	**1,531**
% of revenues	*4.0%*	*4.5%*
Net capex and R&D expenses (1) + (2)	**2,532**	**3,015**
% of revenues	*6.5%*	*8.9%*

AUTOMOTIVE DEBT

As targeted the Automotive division generated positive operational free cash flow of €1,670 million in 2010. That strong performance can be attributed to the sharp improvement in operational performance and the reduction in expenses. The operational free cash flow generated in 2010 comprises:

- cash flow of €3,074 million, up €1,688 million on 2009. This does not include dividends from associated companies, which amounted to €88 million, compared with €81 million in 2009;
- a positive €395 million contribution from the change in working capital requirement;
- tangible and intangible investments net of disposals in the amount of €1,644 million, down €410 million (€2,054 million in 2009);
- a negative €155 million change in capitalized leased vehicles.

Combined with the sale in October of the Group's holdings of B shares in Volvo AB for €3,006 million, this free cash flow enabled **Automotive net financial debt** to be reduced to €1,435 million as at December 31, or 6.3% of equity, compared with €5,921 million (35.9% of equity) on December 31, 2009.

AUTOMOTIVE NET FINANCIAL DEBT

(€ million)	DEC 31 2010	DEC 31 2009
Non-current financial liabilities	6,835	8,787
Current financial liabilities	5,124	4,455
Non-current financial assets - other securities, loans and derivatives on financial operations	-800	-888
Current financial assets	-910	-1,025
Cash and cash equivalents	-8,814	-5,408
AUTOMOTIVE NET FINANCIAL DEBT	**1,435**	**5,921**

LIQUIDITY AT DECEMBER 31, 2010

As at December 31, 2010 the Automotive division increased its liquidity reserve by €3.3 billion compared with end-December 2009 and had:

- €8.8 billion in cash and cash equivalents;
- €4.0 billion in undrawn confirmed credit lines.

On December 31, 2010, RCI Banque had:

- a liquidity reserve of €3.9 billion, representing available liquidity surplus to outstanding certificates of deposit and commercial paper;
- available liquidity of €6.5 billion, covering more than 2 times all outstanding commercial paper and certificates of deposit, and comprising €4.5 billion in undrawn confirmed credit lines, €1.6 billion in central-bank eligible collateral, and €0.4 billion in cash.

1.4.2.2 CONSOLIDATED FINANCIAL STATEMENTS

Refer to chapter 4.2.

1.4.2.3 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 2010.

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.

Information concerning Renault is based on the consolidated figures released at December 31, 2010, 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, 2010 whereas Nissan's financial year-end is March 31.

KEY PERFORMANCE INDICATORS

The preparation of the key performance indicators under Renault accounting policies takes into account restatement of figures published by Nissan under Japanese Accounting Standards into IFRS. Additionally, the following treatments have been performed:

- 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 AT DECEMBER 31, 2010

(€ million)	RENAULT	NISSAN [(1)]	INTERCOMPANY ELIMINATIONS	ALLIANCE
Sales of goods and services	37,654	68,324	(2,755)	103,223
Sales financing revenues	1,317	4,321	(72)	5,566
REVENUES	**38,971**	**72,645**	**(2,827)**	**108,789**

(1) Converted at the average exchange rate for 2010: EUR 1 = JPY 116.5.

The Alliance's intercompany business mainly consists of commercial transactions between Renault and Nissan. Those items have been eliminated to produce the revenue indicator. Their value is estimated on the basis of Renault's 2010 results.

The **operating margin**, the **operating income** and the **net income** of the Alliance in 2010 are as follows:

(€ million)	OPERATING MARGIN	OPERATING INCOME	NET INCOME [(2)]
Renault	1,099	635	2,406
Nissan [(1)]	4,375	4,169	2,613
ALLIANCE	**5,474**	**4,804**	**5,019**

(1) Converted at the average exchange rate for 2010: EUR 1 = JPY 116.5.
(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 previous indicators are minor and have therefore not been eliminated.

For the Alliance, the operating margin is equivalent to 5,0% of revenues.

In 2010, the Alliance's **research and development expenses**, after capitalization and amortization, are as follows:

(€ million)	
Renault	1,834
Nissan	3,029
ALLIANCE	**4,863**

BALANCE SHEET INDICATORS

Condensed Renault and Nissan balance sheets

RENAULT AT DECEMBER 31, 2010

ASSETS *(€ million)*	
Intangible assets	3,677
Property, plant and equipment	11,504
Investments in associates (excluding Alliance)	854
Deferred tax assets	705
Inventories	4,567
Sales Financing receivables	19,276
Automotive receivables	1,329
Other assets	4,825
Cash and cash equivalents	10,025
TOTAL ASSETS EXCLUDING INVESTMENT IN NISSAN	**56,762**
Investment in Nissan	13,345
TOTAL ASSETS	**70,107**

SHAREHOLDERS' EQUITY AND LIABILITIES *(€ million)*	
Shareholders' equity	22,757
Deferred tax liabilities	125
Provisions for pension and other long-term employee benefit obligations	1,246
Financial liabilities of the Automotive division	11,380
Financial liabilities of the Sales financing division and sales financing debts	19,628
Other liabilities	14,971
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**70,107**

1

NISSAN AT DECEMBER 31, 2010 [1]

ASSETS *(€ million)*	
Intangible assets	6,405
Property, plant and equipment	35,915
Investments in associates (excluding Alliance)	198
Deferred tax assets	1,381
Inventories	9,790
Sales Financing receivables	25,189
Automotive receivables	5,483
Other assets	8,241
Cash and cash equivalents	7,026
TOTAL ASSETS EXCLUDING INVESTMENT IN RENAULT	**99,628**
Investment in Renault	1,844
TOTAL ASSETS	**101,472**

SHAREHOLDERS' EQUITY AND LIABILITIES *(€ million)*	
Shareholders' equity	33,299
Deferred tax liabilities	5,119
Provisions for pension and other long-term employee benefit obligations	3,195
Financial liabilities of the Automotive division	6,521
Financial liabilities of the Sales financing division and sales financing debts	30,574
Other liabilities	22,764
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**101,472**

(1) Converted at the closing rate for 2010 EUR 1 = JPY 108,65.

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 2010, excluding leased vehicles, amount to:

(€ million)	
Renault	1,133
Nissan	1,956
ALLIANCE	**3,089**

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 €20 billion increase in shareholders' equity – minority interests' share.

1.5 RESEARCH AND DEVELOPMENT

For Renault, R&D is a source of innovation that sharpens the company's competitive edge. With investments of more than €1.7, Renault is showing its determination to meet the challenges facing the automotive industry and to converge with current technological and societal trends.

RESEARCH AND DEVELOPMENT EXPENDITURE*

	2010	2009	2008	2007
Net R&D expenses *(€ million)*	1,567	1,531	2,085	2,335
Group revenues *(€ million)* as published	38,971	33,712	37,791	40,682
R&D spend ratio	4.0%	4.5%	5.5%	5.7 %
R&D headcount, Renault group	17,854	17,881	17,775	16,219
Renault group patents	304	362	793	998

* *All R&D expenditure is incurred by the Automotive sector.*
** *= R&D expenses - R&D expenses billed to third parties and others.*

1.5.1 2010 R&D HIGHLIGHTS ✦

The most recent successes of our R&D are demonstrated by our latest vehicles and subsystems.

VEHICLES	POWERTRAIN SUBSYSTEMS
Duster (an economical 4x4) Wind (a roadster coupe) Renault Latitude (an executive sedan) *Reveal* in the electric vehicle range	R9M – Energy dCI 130 engine
INNOVATIONS Massaging seats Air ionizer Sun roof on Wind: an innovative concept Bose® made-to-measure sound Carminat TomTom® Live	INNOVATIONS Electronic Torque Control (a new system to control traction)

1.5.1.1 INNOVATIONS IN PRODUCTION – THE 2010 COLLECTION

LATITUDE: FEATURES TO ENHANCE COMFORT

Renault Latitude is a roomy, comfort-oriented sedan with an array of original features for onboard relaxation.

Massaging seats

Five pneumatic tubes in the cover of the driver's seat provide four different types of massage (continuous or random, and gentle or energetic). The smooth air flow, combined with precise, synchronized movements up and down the driver's back, create a pleasantly relaxing feeling that is much appreciated on long journeys or in traffic jams.

A unique system for air quality in the cabin

The relaxing automatic triple-zone air conditioning system is available in every seat. The air conditioning is combined with a special air treatment system that includes:

- a combined pollen and active carbon filter;
- a toxicity sensor;
- a two-mode air ionizer using negative ions to increase passenger wellbeing and that also has a purifying effect by reducing the concentration of bacteria and allergens that are naturally present in the confined air inside the cabin;
- a scented air freshener using two cartridges fitted in the dash, which can be controlled by the driver or the passenger.

Wind: a roof that opens in just 12 seconds

Wind is a compact roadster coupe with a sun roof that represents a real breakthrough in automotive roof opening technology.

A pivoting design seemed to be the best solution for a roof that is simple, rapid and reliable, and that does not reduce trunk space, whatever its position. The fastest-opening roof in its category takes just 12 seconds to deliver the enjoyment of an open-air drive. The roof pivots around its axis between the uprights of the quarter lights and silently comes to rest on the trunk lid. A sound signal and a message on the dashboard inform the driver that the roof has come to a standstill. For greater reliability, the drive mechanism comprises only a few parts. The roof and drive mechanisms weigh in at just 21.8 kg, which is five times lighter than conventional rigid roofs. A patented trunk lid protects the interior of the roof against dust and soiling when in the open position.

1.5.1.2 CROSS-RANGE TECHNICAL INNOVATIONS

BOSE® AUDIO SYSTEMS: SUPERIOR SOUND

Bose is famous the world over for the quality and performance of its products. It is working with Renault to develop made-to-measure sound systems that are designed specifically for the acoustic environment of each vehicle. Sharp trebles, a deep and realistic bass, clear tones and a panoramic audio effect all contribute to a natural and balanced sound that is a pleasure to listen to in every seat.

Bose® Sound System, Renault's premium sound system offer, was developed from a blank sheet of paper. Right from the design phase, the engineers from Bose and Renault sought to develop a sound system that is ideally suited to the materials and the shapes of the vehicle's interior (number, type and position of the speakers), by looking at every single cabin component and by taking more than one thousand acoustic measurements. First launched in Koleos, this offer is now available in the other top-segment models (Laguna, Laguna Coupe, and Laguna Estate, Latitude).

Bose® Energy Efficient Series is a new sound system that was inaugurated in Mégane and Scénic. It is 30% more compact, 40% lighter and 50% more energy-efficient, while still delivering Bose® quality sound.

CARMINAT TOMTOM® LIVE

The latest generation of the Carminat TomTom® onboard navigation system features new functions and new services:

- IQ Routes®: computes the best routes, based on real traffic speed statistics;
- Advanced Lane Guidance®: advanced views of intersections and carriageways;
- Mapshare®: map upgrades by the TomTom community;
- plus the TomTom Live Services, HD Traffic® (real-time traffic information in Europe, alternative route calculation).

Find out more at www.renault.com

A comprehensive range of convenient services for a more relaxed and confident drive.

Reveal: a range of mass-produced electric vehicles

In keeping with its clearly stated electric vehicle strategy, Renault unveiled the first four vehicles to be launched, at the 2010 Paris Motor Show:

- a sedan: Renault Fluence ZE;
- a small LCV: Renault Kangoo Express ZE;
- a new urban mobility concept: Renault Twizy;
- Renault ZOE Preview, which offers a glimpse of what Renault's production electric vehicle will look like.

Renault's ZE range will take to the roads even before the models are launched, because Renault will be making more than 600 prototype vehicles available to its partners that will be tested as part of pilot programs in 10 countries.

1.5.1.3 POWERTRAIN SUBSYSTEMS

NEW R9M – ENERGY DCI 130 ENGINE

This completely new 1.6 liter diesel engine will gradually replace the 1.9 dCi powerplant. By reducing cubic capacity by 16% compared with the 1.9 dCi, and using innovative technological solutions, the new Energy dCi 130 significantly cuts CO_2 emissions (by about 30 g/km compared with the 1.9 dCi) and reduces fuel consumption by more than 20%. As part of its engine downsizing strategy, Renault has introduced a number of engine technologies that are not usually found at this level of the range: Stop & Start, low-pressure EGR, Smart Energy Management and variable swirl. The Energy dCi 130 engine will be launched in the spring of 2011 and will initially be installed in Mégane MPVs. With this new engine, Renault Grand Scénic will consume just 4.5 l/100km and emit 117 g/km of CO_2.

ELECTRONIC TORQUE CONTROL

The ETC (*Electronic Torque Control*) system manages the transfer of traction between the front and rear wheels of the vehicle. ETC is control software specially developed to provide Dacia Duster with the performance of an all-road vehicle at a competitive price. Torque is automatically distributed between the front and rear axles according to road conditions and vehicle speed. ETC optimizes road holding and guarantees the best compromise between consumption, grip and road holding.

1.5.2 INNOVATION: A NEW ROAD MAP

The year 2009 saw the implementation of an ambitious innovation policy, marking a new start. The year 2010 saw the ramp-up. Building on four strong levers (stay abreast of emerging trends, boost creativity, bring innovations into the production range more quickly, develop strategic partnerships and synergies through the Alliance), the theme-based organization and "road maps" were restructured to ramp up the pace of innovation.

1.5.2.1 INNOVATION: RAMPING UP

"Renault is an innovative manufacturer that is close to its customers and makes sustainable mobility available to everyone." This is how Renault defines itself and sees its future. This statement of identity now guides the innovation policy.

- An innovative company: a stated ambition of 15 innovations per year in the range from 2015;
- Close to its customers: a bold statement based on underlying trends, such as the refusal of technology for technology's sake or making systems available to the greatest number rather than keeping them for their executive models like other manufacturers. Approaches need to be developed that take account of new needs and offer new responses, including new forms of mobility. Transport surveys have revealed a trend towards fewer trips, in terms of numbers and distance. Today, people can do more things at home without having to travel, and more local amenities are available in urban environments. Mobility is partly refocusing on short trips;
- Sustainable mobility, ecological in the broadest sense, right from the vehicle design phase, through production and use, to end of life;
- Accessible to all: an economic factor that represents a serious challenge in terms of processes and performance.

A NEW IMPETUS: YEAR 2

The actions initiated in four areas in 2009 to give new impetus to innovation have been developed further. Examples:

- stay abreast of emerging trends:
  - relations with Korea have allowed us broaden our approach to customer perceptions of innovation, in a country that is particularly appreciative of new technological developments,
  - further to the work done by the think tanks, the innovation community is now preparing to launch projects that will provide us with a vision of the mobility of the future;
- boost creativity:
  - the Cooperative Laboratory for Innovation is operational. Working together on the same premises, with prototyping facilities close at hand, the members of the Design, Product, Research and Advanced Engineering departments cooperate on cross-functional or thematic projects that will bring new concepts or components into future ranges,
  - two or three exhibitions are held in the Innovation Room each year, accompanied by conferences and creativity groups. The latest exhibitions focused on material savings, which enabled us to identify a series of areas of improvement (new packaging, drawing inspiration from nature, multi-functional objects, etc.), and on reassurance,
  - finally, in addition to the Call for Ideas to the company's upstream personnel in 2009, the DREAM (Research, Advanced Engineering and Materials department) is preparing to roll out a dedicated collaborative tool. Everyone will be able to use this tool to suggest innovative ideas and react to ideas proposed by others. The goal is to enlarge the circle of employees who contribute to innovation and to encourage cross-functional exchanges and reciprocal learning;
- bring innovations from the technology plan into the range more quickly: by way of example, a new approach to the distribution of the cost of innovation;
- increase innovative capacity through strategic partnerships and synergies in the Alliance: R&D agreement with the French Alternative Energies and Atomic Energy Commission (CEA), strategic cooperation agreement with the BRGM (office of geological and mining research) (see below).

THE SHORT- MEDIUM- AND LONG-TERM FIT

The fit between the various components of R&D was restructured in an effort to build a more coherent upstream organization, that shares this ambition and works in this direction. Renault now has:

- a 20-year vision that covers various hypotheses of changes in the macro data: demography and urbanization, natural and energy resources, etc. This vision is built on four scenarios: from the most optimistic (the rose scenario), in which technology overcomes all the threats menacing the planet, to the most pessimistic (the black scenario), in which climatic disasters and conflicts over mining and energy resources are prevalent;
- a research plan for the next 10 to 20 years, which must develop the knowledge required for the optimistic scenario to succeed, and to prepare for the risks inherent in the three other scenarios;
- a technology plan, which is fed by the research plan in order to reinforce the strategic initiatives linked to the vision, and whose results will be built into the vehicles that replace the current models and the vehicles that succeed the replacements;
- the range, vehicle and powertrain subsystem plans that define developments for the coming 3 to 5 years.

This new structure, with its focus on the present and future, provides a means to define the fields of research and advanced engineering and to keep track of progress over time of the major issues on the most pertinent road maps.

LONG-TERM VISION

Long-term vision is based on a dual analysis of the underlying trends in our society (economic, technological, demographic, etc.) and the major associated uncertainties (geopolitical, climate change, etc.). By comparing these analyses, we came up with four scenarios that could illustrate the automotive environment in 2030:

- the black scenario is marked by extreme individualism of nations;
- in the rose scenario, technological breakthroughs in the next 20 years provide a response to all the major risks identified: energy restrictions, CO_2 emissions, risk of shortages of certain raw materials;
- in the green scenario, ecology is developed in all walks of life: recycling, alternative energies, ecological town planning;
- the last scenario is based on a step-by-step adaptation to situations subject to severe restrictions.

The future of the automotive, and of mobility in general, depends on the changes set out in these scenarios. They are a useful framework of reference when making the technical choices that will enable us to stay close to customers and to provide sustainable mobility for all.

1.5.2.2 CHANGE UP

Change Up is the project designed to transform engineering at Renault. Launched in 2009, Change Up includes seven major projects. These breakthrough projects, which were deployed throughout 2010, will provide long-term support for the changes in engineering needed to adapt to customer expectations. They will enable Renault to remain an innovative company, in the forefront of sustainable mobility for all.

DURABILITY

The durability project is part of Renault's new quality plan, known as the Customer Satisfaction Plan. In addition to the work done over the last few years to improve vehicle reliability, Renault is also looking into ways of increasing the durability of its models in an effort to satisfy its customers even more. Nine priorities have been identified in the realms of the durability of features, appearance and wear. This initiative on the durability and ageing of our products is an integral part of Renault's strategic plan.

V3P

Following the review of the development approach started in 2009, Renault has set ambitious targets as part of the V3P project:

- cut the design cost of future vehicles by 30%;
- cut development cycles by between 4 and 6 months;
- optimize the cost / value ratio.

A number of working priorities have been set to achieve these targets. For example, cutting the number of physical prototypes through the development of new computerized tools is an essential initiative that saves time and money.

This economy-based approach was adopted for several vehicle and system projects in the second quarter of 2010 and information on the new processes was distributed internally and to suppliers.

STANDARDIZATION

The Change Up program on Standardization and Synergies with Nissan aims to generate economies of scale by sharing platforms and components. This program uses modular design techniques to reduce diversity, while increasing the volume effect for a series of parts and components organized into modules.

All sectors of activity are expected to reap the rewards of this project:

- a reduction in initial outlay, through lower engineering costs and capital outlay;
- a reduction in the cost of buying and making parts by increasing the volume effect;
- optimized outbound logistics costs by optimizing locations.

The Alliance-wide dimension of the project provides an opportunity to significantly increase the number of components manufactured to more than one million units per year.

Another goal of the project is to reduce substantially the number of different parts manufactured for each subsystem and each vehicle. This project impacts every function in the company, from engineering, to purchasing, products, programs, sales and after-sales.

It is managed by a dedicated Standardization Office at Renault that operates as part of the cooperation program with Nissan.

DYNAMIC SKILLS MANAGEMENT

Renault is undergoing major changes as it prepares to build the sustainable mobility of the future. With the arrival of electric vehicles and the active policy to become the leader for low CO_2 emissions, Renault is studying the skills required in the medium and long term. The dynamic skills management project aims to anticipate changes in needs for skills amongst the workforce. Tools provided for the company's teams and employees will enable everyone to take control of and prepare their career development plan. At the same time, an expertise program has been set up to guarantee the long-term future and progress of our activities, elevating Renault's know-how in a number of strategic fields to world-best standards (see below).

INNOVATION & PARTNERSHIPS

Several of the targets of the Innovation action plan were achieved in 2010.

First, project milestones. Every innovation is specifically tracked by its project manager to make sure that progress is in keeping with the Plan. Particular emphasis is placed on the effective introduction of innovations into vehicle projects. The Group Executive Committee-level COSIN committee has been set up to speed up this process.

The Innovation Plan takes account of the six priorities making up the technical strategy and the ambition to improve brand image (see below). The focus is very much on real customer needs and the appeal of the offering. The Innovation Plan is prepared with product and marketing specialists, who approve the suitability of new projects.

To address the medium and long term, Calls for Ideas are organized to Renault's employees. These campaigns highlight new directions to be explored to continually renew the Innovation portfolio.

At the same time, special efforts are made to optimize exchanges with Nissan's innovation teams in order to make the best possible use of the research potential of the two partners.

The Change Up Innovation action plan has been made possible by significantly increasing the resources assigned to research and advanced engineering. This trend, which follows a decision by Renault's senior management, will gather momentum in the years to come.

SIMPLIFICATION & DELEGATION

The process of designing new vehicles is made all the more complex by environmental restrictions as well as by customer demand for technological progress, increased safety and reliability. Despite this complexity, it is crucial that cross-functional engineering processes and decision-making channels are clear, fast and efficient, allowing projects to progress. These demands have prompted Renault to launch the Simplification and Delegation project.

Five initiatives have been launched in fields as different as budget preparation or the sizing of supplier quality processes, according to their importance.

COLLABORATIVE TOOLS

Five Renault Technology centers were opened worldwide between 2005 and 2007. One-third of the engineering staff now works outside France in 13 different time zones. The purpose of the collaborative tools deployed in 2009 is to make it easier for employees working in different countries to exchange information, by consulting the state of progress of a project, working on the same virtual object simultaneously and, consequently, significantly limiting the need to travel. 80% of the engineering teams now use these new tools, which are based on tools used by the general public, such as Chat, Messenger, video-telephones and video conferences.

1.5.3 THE TECHNOLOGY PLAN

Renault's technology plan organizes the company's advanced research and development actions into quantified, planned and prioritized projects. There were two reasons behind the redefinition of the priorities of the Technology Plan:

- better coherence with the stated characteristics of brand identity and vision;
- incorporation of the long-term paths laid down by prospective studies.

These projects fall into six priority groups:

- innovative architectures;
- electric vehicles and ecosystem;
- internal combustion/eco² vehicles;
- onboard comfort and reassurance;
- new services;
- affordable costs.

Three of these topics – innovative architectures, internal combustion eco² vehicles, affordable costs – are already written into Renault's DNA. The other three - electric vehicles and ecosystem, onboard comfort, and new services – are breakthrough areas that need developing.

Ongoing projects have naturally been reclassified within these six groups:

- environment/CO_2 are classified depending on whether they involve electric or internal combustion vehicles;
- traveling comfort, safety and dynamic performance are grouped together under the heading of onboard comfort, which they already share de facto and which makes them highly dependent on one another.

The purpose of these new themes is to start or restart progress in areas related to new needs, new forms of mobility or inter-modality that may emerge in the future.

1.5.3.1 INNOVATIVE ARCHITECTURES

Renault's innovative architectures have made a lasting mark on the history of the automobile. Examples include R16, the first car with a tailgate that was considered as a fifth door, and Espace and Scénic, which set the scene for the arrival of MPVs. Renault wants to carry on making history. Twizy illustrates another new type of vehicle architecture. A compact, maneuverable, economical and ecological vehicle designed for a new form of urban mobility.

Twizy: setting new standards in urban mobility

Twizy is an innovative concept illustrating a new alternative in urban mobility. This ultra-compact vehicle combines the benefits of a four-wheeled vehicle and a scooter:

- Twizy has the road holding and braking of a four-wheeler, with the environmental qualities of an electric vehicle: silent operation, maximum torque of 57Nm immediately available and smooth acceleration.

  The bodywork makes Twizy more visible in traffic than a two-wheeler. The deformable structure protects the occupants in the event of frontal impact. The four external wheels and reinforcing bars on the sides of the chassis provide lateral protection. Twizy is fitted with a restraint system made up of a driver airbag, a four-point safety belt in the front and a three-point safety belt in the rear. With its low center of gravity, it is stable too.
- Twizy has higher level of performance than a scooter, but shares the same ability for sharp getaways and acceleration, and is agile enough to nip in and out of city and suburban traffic easily.

  Twizy is a concept designed to be driven, parked and recharged in cities. Full electric, with zero emissions when in use, Twizy is fitted with a built-in charger and an adaptor that can be connected to both roadside charging stations and to a standard household power socket. It takes 3h30 to fully recharge the lithium-ion batteries.

  The license-free version of Twizy is powered by a 4kW (5hp) motor, while the version that requires a driving license is driven by a 15kW (20hp) motor. It has a range of 100km over a standard cycle.

1.5.3.2 ELECTRIC VEHICLES AND ECOSYSTEM

With its production electric vehicles, Renault has opted to develop a mobility solution that represents a real breakthrough in terms of CO_2 emissions. The all-electric vehicle – producing no CO_2, pollutants or noise in use – will be mass produced in different versions for different types of customer. Renault's ambition is to become the leading manufacturer of vehicles with zero emissions in use.

The first vehicles to be launched will be Kangoo ZE, for fleets and business customers, and Fluence ZE, a prestige, ecological family vehicle. They are both electric vehicles designed on an internal combustion vehicle platform. The platform has been adapted to accommodate all the components of the electric drive train.

The second stage will be Twizy, a new concept intended mainly for city dwellers, and ZOE, a compact and versatile sedan. These vehicles will be designed for electric motors and all their parts will be optimized for electric power.

These four vehicles have already been unveiled or pre-unveiled. They will feature innovations from the Technology Plan and engineering projects: aerodynamics, electric powertrain, energy management, battery system, user interface and navigation systems to help drivers manage vehicle range.

Managing vehicle range

The vehicles in Renault's ZE range have a user interface specially developed to inform drivers of the charge level of the battery and their remaining range:

- a gauge indicates the charge level of the battery;
- a power economy gauge informs the driver of power consumption. In the new color coding, clear blue represents normal use, dark blue corresponds to optimal use and red indicates excessive power consumption that will quickly impact vehicle range;
- the onboard computer is designed for electric vehicles. It shows the range in kilometers, average and instantaneous consumption and the remaining kWh;
- the Carminat TomTom® smart navigation system shows the battery range and the location of the nearest battery charging or exchange stations.

The recovery of braking energy is also part of Renault's ZE range program, with a system derived from the KERS (Kinetic Energy Recovery System) used in Formula 1. When the vehicle decelerates, the kinetic energy is recovered and stored in the battery.

Technology Plan projects have already been launched that look beyond this horizon.

TECHNOLOGICAL BUILDING BLOCKS

These building blocks are the components of the future vehicles in the electric range, and of the associated ecosystem:

- the electric powertrain: one of the advantages of electric motors is their high energy efficiency of ~90%, which is far superior to that of internal combustion engines. The Renault-Nissan Alliance is developing a comprehensive range of electric powertrains, ranging from 15kW to 80kW;
- batteries: several R&AE projects are currently in progress to optimize the first generation of batteries, and also to define the characteristics of the following generations in terms of safety, life time and recyclability. One example is the cooperative SIMSTOCK project, funded by the French Energy Management and Environmental Agency (ADEME), bringing together some 15 partners, including PSA, Saft, Valeo, EDF, INRETS, CEA, IFP, etc. The goal of this project is to establish the behavior of batteries over time, taking into account parameters such as the electro-chemical couples;
- energy management, the key factor of range. The purpose of these upstream projects is to optimize energy management in order to increase the range without any detrimental effects on comfort. The Vega Thop project (long-range electric vehicle development of an optimized thermal management system for the cabin and drivetrain) is just one example. The objective is to halve the quantity of on-board power required for cabin temperature control, thereby significantly increasing range in both the summer and the winter (+40% in winter, +20% in summer, representing an average reduction in annual consumption of 20%). Projects of this kind look into the possibility of optimizing the various technological building bricks to be installed onboard and tailored to the car: heat pumps, radiative cabin heating, efficiency of the thermodynamic loop and the associated management strategies. A Vega Thop demonstration vehicle will be revealed in 2011. It is being developed as part of a partnership between the project leader, Valeo, and St Gobain, Hutchinson, CNRS and INSA-Lyon;

ID4EV

The purpose of the ID4EV project is to develop components and safety systems affecting dynamic performance and that meet the specifications of electric vehicles, in particular in terms of energy efficiency. The braking system with energy recovery is the key feature of the project, which aims to optimize interaction between systems to obtain better energy management.

ID4EV is a cooperative program (Continental Engineering Services, leader FKA, Renault, ZF Friedrichshafen, Chalmers University of technology, Applus IDIADA, TNO and ICOOR) co-funded by the European Commission as part of FP7.

- charging: another key factor in the development of the market for electric vehicles. Various charging options are available, catering for different needs and environments: i) standard charging taking between four and eight hours from a recharge connection, ii) quick recharge in 20 minutes on special stations, iii) the quick exchange system, in which batteries are replaced in three minutes in dedicated stations. The Velcri project (electric vehicle with built-in quick charge) aims to boost the availability of electric vehicles by sharply reducing the time taken to charge the batteries to just five minutes. This project is looking into a charger built into an electric motor and that shares components in inverter and recharging modes. The project is also investigating the development of communication techniques between the vehicle and the charging station, so that EV users can benefit from services that will, for example, cut the overall cost of battery charging. A Velcri demonstration vehicle will be revealed in 2011. It is being developed as part of a consortium headed by Renault that includes Schneider-Electric, Johnson Controls-SAFT, Valeo, EDF, CEA, CNRS, ENSMA, Institut Telecom;
- the EV ecosystem is the environment in which the electric vehicle exists and with which it interacts. Examples include the charging infrastructure and battery recycling facilities. Renault has joined forces with specialist partners such as Schneider Electric and French energy utility EDF and the local authorities to develop the charging infrastructure. Save ("Seine Aval" electric vehicles) is a full-scale experiment in electric mobility involving 100 Renault and Nissan vehicles and a charging infrastructure. The purpose is to study use in real-life conditions, test the electric mobility offers of the Renault-Nissan Alliance for consumers and professional customers, and install charging infrastructure at users' homes, on public highways, at service stations, and in public and private parking lots. For this project, Renault and Nissan have joined forces with EDF, Schneider Electric, Total, EPAMSA, the Paris region and the Council of the Yvelines department.

Full-scale tests

Renault has launched a fleet deployment program on an unprecedented scale to prepare for the commercial launch of its electric vehicles. Between the end of 2010 and the launch of the first vehicles in mid-2011, Renault will be making more than 600 prototype vehicles available to its partners. These vehicles will be tested under real conditions of use for hundreds of thousands of kilometers as part of pilot programs in 10 countries. In addition to vehicle delivery by the carmaker, these projects will also involve the deployment of the charging infrastructure in the corresponding regions. The pilots are being run together with all the stakeholders, from local government to energy utilities, equipment suppliers and major fleet accounts. Save is one of the most emblematic pilot programs. But other programs are also being organized in Milan, Italy, in Germany and even across the border between France and Germany. These life-size experiments will be an opportunity to test:

- electric vehicles in conditions of real use;
- user behavior in real-life conditions;
- technical solutions for charging in real-life conditions;
- the economic models associated with electric vehicles.

1.5.3.3 INTERNAL COMBUSTION VEHICLES

There can be little doubt that the majority of vehicles on the roads will be driven by internal combustion engines for many years to come. While mass-produced electric vehicles represent an attractive alternative and a breakthrough, especially in terms of CO_2 emissions, there is clearly no question of stopping the development of our internal combustion vehicles. Renault is harnessing all its skills and know-how across the company to investigate every technical solution that can cut CO_2 emissions by the slightest gram. The challenge consists in cutting emissions of its vehicles by an average of 20 to 50 g/km by 2020.

In order to significantly cut CO_2 emissions, Renault is working on:

- vehicle fundamentals: weight, aerodynamics, friction;
- electric and thermal energy management: thermo-management which heats up the engine faster;
- downsizing of all its gasoline and diesel internal combustion engines;
- kinetic energy recovery;
- gearboxes.

The challenge is to reduce vehicle CO_2 emissions gram by gram, while entering a sort of virtuous cycle by making ever more significant breakthroughs in the reduction of these emissions. Crossing thresholds can pave the way for technical changes, which in turn further reduce CO_2 emissions. By way of example, when vehicle weight drops below a certain threshold, the vehicle can be driven by a smaller powertrain, thereby increasing gains even further.

TECHNOLOGICAL BUILDING BLOCKS

- Renault has been downsizing its internal combustion engines, and in particular its diesel powerplants, by introducing smaller turbocharged engines with more efficient turbochargers, for several years now. The turbocharged R9M Energy dCi 4-stroke with direct injection by common rail, unveiled in 2010 (see above), illustrates the potential for progress of diesel engines. And the potential gains are even greater for gasoline engines. With the introduction of the Euro5 and Euro6 standards, gasoline engines should become even more attractive. A new family of 3- and 4-cylinder engines is currently being developed in partnership with Nissan in readiness for this change. With capacities ranging from 0.9 l to 1.2 l, this new family will replace normally aspirated engines with capacities of 1.2 l to 1.6 l. Fitted with a low-inertia turbocharger, they will occupy a power range between 65kW and 85kW (90 to 115hp). Renault plans to develop more powerful versions at a later date. The basic design of the engine allows for direct injection and higher outputs per liter. CO_2 emissions will be cut by 30 to 40 g/km in comparison with the existing engines that they will replace, achieving, in certain vehicles, CO_2 emissions of less than 100 g/km.

EGR Boost

CO_2 emissions depend directly on the quantity of fuel that is consumed. In recent years, efforts have focused on diesel engines, which are globally more efficient. Leading-edge technologies, such as turbocharging and direct injection, have been developed and applied to these engines to improve performance and reduce pollutant emissions, while maintaining low fuel consumption. Thermal constraints (combustion cycles that produces temperatures in excess of 1,000°C) and self-ignition problems (knocking) have prevented gasoline engines from directly benefiting from these innovations.

The EGR Boost project addresses these problems head on. Combustion ratios can be increased by cooling and then recirculating part of the exhaust gases into the intake in order to dilute the air-fuel mix in the combustion chamber, thereby improving the efficiency of the engine. The combustion temperature, and therefore the consumption and emissions, are also reduced.

This reduction in emissions (NOx 80%, CO 50%, CO_2 15%) also paves the way for the use of even more advanced turbocharging systems, such as variable-geometry turbos, in significantly downsized gasoline engines. As a consequence, gasoline engines will become more competitive, increase their market share and cut overall emissions of NOx and particles (gasoline engines emit less than diesel engines).

- Dual-mode and hybrids: dual-mode does away with the energy link between the internal combustion and electric modes found in hybrids. But these solutions are costly, because, by definition, the vehicle is fitted with two engines. This is the reason why dual-mode is not a priority for Renault. But some technical solutions, which may be of interest under certain specific conditions of use, are taken into consideration. The Velroue project (a dual-mode electric vehicle with wheel-mounted motors) was set up to develop and test a dual-mode concept LCV, combining internal combustion and an electric motor. The conventional internal combustion engine delivers optimized fuel consumption for driving on the open road and the same range as a traditional vehicle, while in the electric mode, more specifically intended for use in city driving, the vehicle is driven by two wheel-mounted electric motors at the rear. Technical developments focus on the architecture, the transition between modes, running gear and the brakes. A Velroue demonstration vehicle will be revealed in 2011. Renault, which leads the project, is working in partnership with Michelin and the IFP.

- Vehicle fundamentals: to cut CO_2 emissions, energy demand must be reduced. Energy demand is determined mainly by vehicle weight, aerodynamics and rolling resistance. The combined contribution of these factors means that the emissions of a Mégane Hatch type vehicle powered by a conventional gasoline engine over a standard NEDC cycle can be limited to 80 g/km. To achieve this goal, Renault has set itself the target of cutting vehicle weight by about 30%. Technological breakthroughs involving the use of solutions based on new second-generation steels with advanced technical properties, and composites based on thermoplastics, chosen for their low density and recyclability, will contribute to the reduction of vehicle weight. The principles applying to the reduction of aerodynamic drag are fairly well known. But this drastic reduction in CO_2 emissions led Renault to take the question of underbody drag, base drag and engine cooling drag to the extreme, with original architectures that reduce both frontal area (S) and aerodynamic drag (Cx) to achieve the SCx target value of 0.500 m^2.

1.5.3.4 ON BOARD COMFORT AND REASSURANCE

In the 20th century, people frequently adapted to the car. In the 21st century, it is the car that must adapt to people. Renault's brand identity is also an invitation to R&D to stimulate innovation in every area that helps to make driving a pleasant and reassuring experience.

CONTINUITY BETWEEN LIVING SPACES

These underlying societal trends appear to indicate that the car will increasingly be part of a more global mobility system in which intermodality will be a key factor but that – at the same time – users will want to maintain the same ties with their environment and enjoy the same quality of life as they would at home or in the workplace when they are on the move. For carmakers, these trends open up three fields of research:

- traveling comfort;
- connectivity and the associated services;
- interactions between the user and machine through the user interface.

In these three fields, Renault is focusing on:

- breakthroughs in technology and cost in vehicle architecture, making new functions in comfort and wellbeing accessible for all;
- breakthroughs in use, by preparing for the introduction of simpler and more intuitive forms of interaction between the occupants and the vehicle, especially for senior users and networked youngsters, and on new international markets;
- breakthroughs in business models, combining widespread wireless connectivity with new mobility services.

Far from following the trend of technology for technology's sake, Renault is seeking to take advantage of the new possibilities provided by these fast-changing technologies, while promoting simple, intuitive, affordable, and customized solutions enabling customers to adapt their vehicle to their own tastes and habits. Examples:

- electric vehicles: life onboard needs to be reinvented for EVs. First, onboard comfort systems, such as heating, air conditioning or sound systems, must be invented with drastically reduced power consumption;
- small LCVs: the idea is to make the vehicle a continuation of the workplace;
- shared vehicles with systems that facilitate fleet management;
- entry-level vehicles: the smart phones market is booming, including in emerging countries. So Renault engineers are naturally looking for breakthrough solutions in terms of use and cost with a view to providing new applications, over and above the current usages of telephones onboard vehicles. The main problem is safe integration, compatible with driving.

Renault's R&D departments are developing this continuity between living environments by cooperating with partners whose specific expert know-how is recognized both by the general public and the scientific community: automotive equipment manufacturers (Visteon, Valeo, Continental, Faurecia, Saint Gobain, Hutchinson, etc.) or retailing and service companies (TomTom, Biotherm, Orange, etc.).

ONBOARD COMFORT

As an innovative, human company that aspires to make sustainable mobility accessible for all, Renault has placed onboard comfort at the heart of its long-term vision. In terms of R&D, this approach has led to a two-track strategy:

- reduce all forms of stress inherent to driving and traveling, in other words reassure;
- enhance all the factors that contribute to comfort, wellbeing and a relaxed mindset on board.

From reassurance…

The first track concerns primary and secondary safety and dynamic performance, delivering the precise, agile ride that is essential to driver confidence. Reassurance is at the heart of Renault's approach.

For Renault, safety is fundamental. For drivers, it is a right and a part of the trust they place in the product when they acquire it. Renault is a standard-setter in the field of safety. Rather than focusing on regulations, Renault concentrates on the field of real-world safety, taking account of all the possible factors that contribute to accidents, including driver behavior.

Find out more at www.renault.com

LAB: 40 years of expertise in promoting safety

The LAB (Laboratory for Accident Research, Biomechanics and Study of Human Behavior), jointly operated by Renault and PSA Peugeot Citroën, has celebrated its 40th anniversary. Set up to bring progress in road safety, the LAB has two roles: in biomechanics, which involves analyzing the tolerance of the human body to impacts, and in accidentology, which involves working with hospitals and the police force to investigate the causes and consequences of accidents and, by extension, driver behavior.

Over the last 40 years, the progress made by LAB has been significant for accident studies and research and for the associated tools and methods:

- detailed accident analysis;
- a database of remarks and information collected at the scene of the accident, and which now contains 15,000 vehicle analyses and information on 27,000 accident victims and 70,000 injuries;
- biologically realistic dummies and virtual dummies;
- digital models of people that play a key role in predicting the injuries caused by the stresses to which it is exposed;
- analyses of driver behavior and subjective aspects of the accident (e.g. an analysis of the impact of new driving aids technologies on the driver's behavior).

Over the last 40 years, the LAB has gained national and international recognition for its scientific and technical expertise, with 642 scientific publications and eight international awards. The LAB has helped to identify the principles applying to protection inside the vehicle cabin. These same principles shaped the specifications and definition of essential road safety innovations (load limiters, Isofix system, anti-submarining, etc.). The LAB has also demonstrated the efficiency of systems such as emergency brake assist and directional stability control.

For R&D, this means the ongoing pursuit of convergence between onboard comfort features, the ergonomics of dedicated systems and safety. Following the significant progress that has been achieved in the field of passive safety, priority is now being given to prevention and correction systems that prevent accidents or limit their consequences.

Initially, technical systems took sensors from other industrial sectors or the army, and adapted them separately to the car, in particular in terms of price. Today, sensors are used together, coupled to onboard software processing complex data in real time. On the same lines as existing emergency brake assist and directional stability control functions, engineers are now working on lateral guidance and adaptive speed control systems. The aims are to prevent vehicles from changing lanes or leaving the road, to detect fixed or mobile obstacles, and to provide adaptive navigation systems as part of efforts to develop driver aids for all circumstances. For example, these systems will provide an analysis of the traffic situation at junctions in a way that is easily understandable to the driver, or indicate blind spots when overtaking. The next step consists in replacing these standalone or interconnected aids with systems that integrate all the imponderables around the vehicle using vehicle-to-vehicle or vehicle-to-infrastructure communication channels (see below).

Installing more active systems on board is not an end in itself. For example, in terms of dynamic performance, Renault has opted for an approach based on functional and economic optimization. Assisted differential type systems adapt braking torque to the difference in the speed of wheel rotation, for the best possible road holding under all circumstances.

Renault's advanced engineering projects also focus on:

- the needs of new international markets. Renault's approach is still based on real safety, but at a price that makes it affordable to the greatest number. In new markets, it is therefore necessary to develop effective and affordable safety solutions that take account of specific local characteristics in terms of drivers, road users and the authorities. This point is therefore one of Renault's R&D priorities;
- new needs of customers on our traditional markets. From digital radio to the internet, from driver aids to attention management, from car sharing to navigation aids tailored to electric vehicles. Vehicle features must create the right conditions for attentive and relaxed driving. And in terms of design, our engineers are also addressing the real-time management of the various functions and their scalability, so that they can be competitively upgraded.

… to the values of comfort

The second track covers everything that helps to make the vehicle interior a place that is just as pleasant and comfortable as home. Carmakers have been paying close attention to factors such as temperature control (air conditioning) and vibration (comfortable seats) for some time already. But other factors can further enhance perceptions of onboard comfort, including the materials, lighting and atmosphere. An impression of space that goes beyond roominess alone. Renault now plans to focus primarily on these factors, as part of a human-centric approach. Factors that combine the subjective and the objective, and inevitably open the way to customization.

ZOE Preview

Unveiled at the 2010 Paris Motor Show, ZOE Preview is a show car that illustrates the quest for maximum peace of mind onboard. A range of systems help to achieve this aim:

- smart air conditioning regulates humidity, producing a sense of well-being in stark contrast to the feeling of dryness of standard air conditioning systems (hydrating effect);
- a number of devices step in one after the other: the air toxicity sensor closes the air vents if necessary, the cab filters capture any noxious particles and the dual-mode ionizer significantly reduces concentration levels of the bacteria and allergens that are still present in the air;
- an electric air freshener releases active fragrances that meet the needs of the moment: relaxing or, on the contrary, arousing the driver's attention, for example when driving at night (vitalizing or relaxing effects). This system was developed in partnership with Biotherm®, the skin biology brand of L'Oréal's luxury products division;
- music specially selected with Créative Diffusion (an audio agency and associate of the Qwartz international new music awards) to harmonize the sound and the smell in the cabin;
- light from the central screen stimulates the energy of the occupants' and increases their sense of well-being. This light therapy project was developed with one of the world's leading specialists in the field.

The synergy with Nissan and the access it provides to Japanese culture, with its strong focus on wellbeing, is of great benefit to Renault in this area. Particular emphasis is placed on human factors in Japan. The same is true of Korea and Renault Samsung Motors, which is home to one of the Materials Engineering teams that provided input for the aromatherapy features in Renault Latitude.

CONNECTIVITY AND SERVICES

The car is already connected. Tomorrow, it will be one component in a more fluid mobility system for permanently networked users, who will also contribute to the quality of mobility for all through their extended collaborative behavior. Rising to the connectivity challenge involves meeting the needs of the young and old alike, with affordable solutions that make the right choice between onboard and offboard technologies and that are compatible with globalization.

Another challenge is to bring together two worlds that are not evolving at the same speed: cars and consumer electronics. A car gets a facelift every two years (phase 2 or limited series). In the realm of multimedia products, which are renewed every four to six months or so, two years represents several product versions, or even generations. In this field, automotive R&D is faced with the challenge of designing systems for cars that can evolve over time, for example by being regularly upgraded. The capacity to evolve is essential if the cars are to remain attractive and keep their resale value over time.

Safety and connectivity ✦

It is just a short step from communication to safety, and one that can be bridged by Car2Car or Car2X (infrastructure) communication. These channels can be used to retrieve and transmit real-time information on driving conditions, in addition to data from the sensors (cameras, radars, etc.) that are gradually being added to onboard systems. In other words, it becomes possible to share information between vehicles and the highway infrastructure systems located around the vehicle. The driver's awareness of a situation is extended beyond the information provided by conventional onboard sensors.

One prerequisite is the adoption of a European standard governing communications between vehicles and between vehicles and the infrastructure. A European consortium has been set up to adapt the WiFi standard to automotive mobility (Wave technology). This protocol will be used to exchange information and to organize local networks. In addition to the safety-related services made accessible by these networks, this protocol could also open the way for new services.

Communicating vehicles and infrastructures

Renault is a member of the Car2Car Communication consortium (C2C-CC), founded by European carmakers and supported by equipment manufacturers and research establishments. The purpose of C2C-CC is to improve the safety and efficiency of road traffic using cooperative transport systems that include Car2Car and Car2X communications. C2C-CC supports the creation of a European standard, which could be applied worldwide, for communicating vehicles. As the prime mover behind this drive towards standardization, C2C-CC cooperates closely with international standardization organizations.

Find out more at www.renault.com

Renault is involved in research into the standardization of components, integration into drive stations and fine-tuning of electromagnetic compatibility as part of cooperative European projects. Examples:

- in 2010, Renault hosted the annual meeting/review of the Car2Car program;
- Renault engineers and technicians have conducted full-scale tests on applications for vehicle safety at junctions (European Safespot project). The basic technologies are wireless communications (5.9GHz), dynamic road maps and localization by GPS. They are used to establish spatio-temporal links between a vehicle and its immediate surroundings in order to detect a risk and warn the driver;
- Renault is also taking part in the French collaborative project, Scoref, launched in 2010 to test the conditions of deployment of these cooperative systems. Scoref is the French component of Drive C2X, a large-scale, Europe-wide project on the same subject.

Communications and safety also come together in so-called tertiary or post-accident safety. The goal is to optimize the efficiency of the rescue services by processing the information from a vehicle involved in an accident to allow for rapid and informed action (analysis of the data sent by the vehicle) by the emergency services (fire brigade, ambulances). Another goal is to avoid additional accidents by sharing and pooling this information with the network operators.

USER INTERFACE

The man-machine interface refers to all the devices used by the driver and passengers to interact with the vehicle and, increasingly, with the environment. They include the drive controls, the controls used to adjust or customize comfort features (seat adjustments, air conditioning, car radio) and the guidance and information systems. While other carmakers place the emphasis on highly visible technology, Renault prefers to concentrate on controls that are intuitive and simple and to make its cars easy to use by all categories of drivers and passengers.

Various technologies soon make their way into our cars: voice recognition that is more powerful in terms of the human voice and more natural in terms of language, gesture recognition and enhanced reality. Renault's engineers are exploring all of these technologies in order to adapt them to the various functions in the vehicle cabin, from navigation to temperature control, sound systems and telematics. Technological progress is radically changing the user interface. In the past, a simple warning alerted the driver who had to interpret the message before reacting, whereas as today's interfaces can target, adapt and even improve the driver's reactions.

Safety and the user interface

Developing smart driver interfaces (information and warning systems, active systems) requires assessment methods capable of studying how a driver's behavior changes when they use driving aids, in comparison with normal, unaided driving. Renault is looking into how drivers interact with the driver aids in order to avoid inappropriate reactions that could be detrimental to safety.

Examples:

- DH Ergo (Digital Humans for Ergonomic design of products) is a European project that involves the dynamic simulation of movements (efforts, contacts) and the modelling of the discomfort associated with a movement, by taking dynamic and muscular criteria into account;
- The purpose of the Matiss project (advanced modeling and interactive simulation techniques for safety) is to develop methodologies applying to the use of driving simulators for road safety research, especially in situations involving the use of driver aids. This project is part of the Mov'eo center of excellence;
- PARTAGE focuses on the prevention of guidance errors. It is investigating the cooperation between technical systems and drivers. This project is part of the CNRS IRCCYN.

1.5.3.5 NEW SERVICES

An upstream service-related activity has emerged in response to a two-pronged movement towards the future with regard to:

- societal changes that will encourage or develop new life styles and social relations, driven by the new opportunities spawned by technology: increased collaboration and interaction, fewer restrictions imposed by time and geographical distance, networks and communities, the need to stay connected everywhere and at all times;
- technological developments, in particular in electronics, in every field of application. Information and communications technologies are increasingly irrigating the economic and social fabric. The world is becoming digital, connected and interconnectable.

Services are appearing as gateways between both areas, so it was almost natural for research to start in this area. Onboard traffic information broke new ground with Carminat then Carminat TomTom, more recently Carminat TomTom Live, and new, enhanced navigation systems in the future that will help to manage the range of electric vehicles. An new opportunity has been created that may be extended to other types of services.

Going further

Carminat TomTom Live already offers an extensive range of functionalities (see chapter 1.5.1.2) enhanced by the following:

- mobile speed trap alerts in certain countries;
- local Google Search®, using key words to identify 11 million points of interest (telephone numbers, specific information, opinion of the Google community);
- finally, five-day weather forecasts on the route and at destinations anywhere in Europe.

The new wave of information and communications technology about to arrive will see the emergence of new consumer behaviors and expectations with regard to both mobility and means of transport, from intermodality to car sharing. Renault has opened up this new field of research and engineering in a bid to become one of its key players.

1.5.3.6 AFFORDABLE COSTS

Renault has already demonstrated its determination to make automotive mobility accessible to all, from the 4CV to Logan, and through the universal use of complex systems such as ESC (Electronic Stability Control) or EBA (Emergency Brake Assist). This challenge has been made even tougher by the globalization of markets and by the company's presence on emerging markets. Developing systems that are affordable for the greatest number is an end in itself, receiving input from four paths of research:

- using some functions to enhance other functions, along the lines of the 4Control system;
- cutting the cost of some of the systems originally introduced in higher segments and intended for the entire range;
- simplification and standardization by using the same component in several vehicles, even in different segments;
- the actual performance of engineering is also a subject for R&D, in terms of modelling, simulations and standards. Progress results in shorter design cycles, reduced initial outlay and improved quality.

Earlier approval

The electronic integration platform is now widely used to validate the workings of a group of systems even before the prototype vehicle is even available. The more recent virtual integration platform is used to approve the specifications of an electronic architecture, converted into models that can be simulated, rather than its physical parts. The idea is to make sure that all the parts work together right from the design phase, where corrections cost little. Even more recently, a new generation of development platforms for electric and electronic systems can be used to make multi-physical simulations. Based on its virtual integration equivalent, this new platform can co-simulate physical phenomena and functions in order to cut the cost and reduce the size of more optimized components.

Here are some examples of quality, cost and time-oriented projects:

- ACCES will use statistical models to develop a method to objectify and characterize features that can be used in the initial design phase before the physical prototype even exists;
- ATLAS uses digital methods to validate the Electronic Stability Control system without having to organize test drives on slippery tracks, which usually take place in Sweden or New Zealand;
- DHM-ND (Digital Human Modeling for Numerical Design) uses digital tools to study vehicle ergonomics. It is made up of several calculation modules covering the biomechanics of comfort and accessibility;
- GMP *Numérique* will help to cut the development cycles and costs of internal combustion engines by replacing physical bench tests with computerized methods and by making data exchanges between the different engineering departments more fluid;
- The aim of OGMP is to introduce digital optimization methods into powertrain development projects. In particular, the optimization of air intake and exhaust ducts, weight reduction, and the vibratory behavior of thermal screens;
- OPTIM uses digital methods to optimize the inevitable compromises between weight, performance and vehicle project costs;
- VASCO (Ageing of Aspect & Corrosion) aims to develop tools to approve the levels of protection required for new materials, parts or subassemblies. It is based on behavioral tests, methods for the automatic preparation and qualification of samples and an understanding of the processes of deterioration. The project also covers the grades of plastics, manufactured in metallic colors, thereby avoiding the need to paint the parts, while guaranteeing a top quality appearance;
- finally, the ongoing work to better understand the relations between processes, structure and material properties will allow Renault to innovate by producing simpler alloys containing less costly materials and whose properties are guaranteed by improved control of the manufacturing processes.

1.5.3.7 LONG-TERM TARGETS

Renault's research plan drew inspiration from Nissan's approach by defining 15- to 20-year targets that research will endeavor to achieve. These targets are derived from the major trends identified by the Vision. But they are also derived from societal trends and the construction of scenarios representing changes in the 20 years to come. These concrete targets are not related to any single technology in particular, and meeting them will involve the use of the key technologies of the future. In addition to defining targets, the research plan also consists in:

- documenting the major steps in road maps that will allow us to progress towards these goals;
- developing the key technologies required to stay on these road maps, while staying one step ahead of the technology plan.

Examples of these targets include: a car with a zero ecological footprint, or that is 100% recyclable and 100% recycled, a vehicle manufactured at 50% lower cost with no trade-off in performance. Another example consists in providing senior citizens with features that correspond to their physical potential, without creating the impression of offering a vehicle for the aged. This goal can be achieved by developing highly intuitive driving aids and third-generation user interfaces that reduce mental workload and boost the physical and visual capacities of the driver.

1.5.4 SKILLS, EXPERTISE AND PARTNERSHIPS

1.5.4.1 INTERNATIONAL

In 2005 Renault decided to support its international deployment by setting up a network of engineering centers close to its target markets in order to adapt its products locally to the needs and expectations of its new customers and to the local regulatory and economic conditions.

A number of new centers were opened between 2005 and 2007 in Korea, Romania, Brazil, India and Spain. The corporate teams gave their full support to these new centers, which were tasked with increasingly complex missions that enabled them to raise the level of their collective skills continuously over time.

These centers now employ 6,400 people on five continents, a figure that represents one-third of Renault's engineering staff. Every one of them works directly or indirectly on one of Renault's corporate R&D activities that are part of a strategic framework and in compliance with Group's quality standards.

1.5.4.2 NEW TEST RESOURCES

The technical centers and test resources are the major components of the worldwide engineering organization and they are the key to the performance, quality and competitiveness of R&D.

THE LARDY POWERTRAIN INNOVATION CENTER

Opened in June 2010, the Lardy Powertrain Innovation Center (PIM) houses around thirty new-generation engine test benches in a brand new 5,000 m^2 building. These new test systems, which are dedicated to internal combustion engines, are one of the levers of Renault's powertrain strategy, which aims to achieve excellence in terms of CO_2 emissions. The €60 million investment in the PIM consolidates Lardy's position as Renault's worldwide benchmark powertrain test centre.

The test benches are dedicated to various types of engineering works, including mainly:

- projects to cut fuel consumption: friction tests, engine cooling and cold start emission control. One of the main new technological features is the aerothermal benches, which are able to test engines in their aerodynamic environment, i.e. covering all the thermal exchanges taking place in the vehicle, both hot and cold. These benches are a world first;
- new-generation tests and measurements for the development of powertrains (reliability and durability) and fuel systems (best trade-off between performance, fuel consumption and pollution). These benches are capable of performing increasingly refined simulations of an engine, as if it were installed in the vehicle. They also help to shorten development cycles by using the most advanced computerized fine-tuning tools.

The entire range of Renault engines – gasoline, diesel or alcohol-based fuel – can be tested here.

THE TITU TEST CENTER - ROMANIA

In September 2010, Renault inaugurated a new test center in Titu, Romania. Located on a 330-hectare site half way between the Dacia plant in Pitesti and the Renault Technology Romania (RTR) engineering offices in Bucharest, the Titu center tests the Group's vehicles and powertrain systems. The center is an integral part of Renault Technology Romania and forms a close fit with the manufacturing organization.

The center has 100 benches used to test complete vehicles and their components (shock absorbers, running gear, powertrains, etc.). These systems are capable of reproducing extreme operating conditions to test resistance to the cold, sunlight and rain. Ten types of test track are available, measuring a total of 32km, to analyze vehicle behavior. Real-life driving conditions are reproduced on the banked oval, rumble strips, underbody splashing zone and fords. The site meets European environmental standards and the center will apply for ISO 14001 certification after its first full year of operation.

The first staff members arrived in Titu in June 2010 and the site will employ 300 people by the end of the year. The first track tests took place in October 2010.

1.5.4.3 AN ORGANIZATION DEDICATED TO EXPERTISE

Being the leader in fields of strategically important expertise represents a significant advantage in a highly competitive environment. And in more general terms, a dynamic skills management policy is essential to achieving the Group's ambitions in terms of innovation, performance and competitive edge. Anticipating future needs, developing and strengthening skills in order to boost the performance of the functions and remaining at the cutting edge of know-how in strategic fields, are all reasons to set up an organization dedicated to expertise. The expertise organization is divided into areas of strategic expert knowledge. Renault identified 49 fields of strategic expertise, including 20 fields seen as priorities, owing primarily to their cross-functional dimension. Examples include the environment/CO_2, energy resources and strategic raw materials, aerodynamics and thermal management and logistics. Networks of experts were set up in each of the fields in 2010.

A precursor and a standard-setter: 3EA (electrics, electro-technics, electronics, automatic systems)

3EA was created ten years ago to identify the skills required for the coming ten years, to set up an organization to develop these skills (training, HR management) and to support the development of "electronization", which was still in its infancy in the automotive industry at the end of the 20th century. It also helped to encourage exchanges and generate synergies between electronics specialists, who were working in different departments. Since that time, the organization has focused mainly on human resources and skills by developing specialties and career plans. And it will continue to do so, but the organization has shifted the emphasis to technical matters to speed up the progress and the breakthroughs made necessary by the growth of electronics in the automotive industry. Examples:

- it played a positive role in the development of the ETC (electronic torque control) in Duster. This system includes a Nissan actuator and was developed as part of a project to produce a moderately priced vehicle in a very short time, thanks to the cooperation between several departments that all are all "partners" within the organization;
- it actively contributes to the different cross-functional projects, including the definition of common standards, rules and tools used to create digital models.

A number of departments develop models to meet their own particular needs. The organization ensures that they do so according to common rules, so that once the models have been completed, they can communicate with one another and be used as components in more global assemblies.

Today, 3EA is international and its branches in America, India and Korea have developed particular fields of expertise: respectively, the software used in flexfuel vehicles, the wiring and software for engine fine-tuning, the software for engines and semi-automatic gearboxes and the electric and electronic components for electric vehicles.

The expertise organization concerns every area of the company that may be of strategic importance. This means that it is not limited to research and development or product-process engineering. Ultimately, approximately 70% of the strategic fields will be in design, product and process activities, and the remaining 30% elsewhere.

The expertise organization has four levels of expertise:

- The expert fellow is recognized both inside and outside the company. He advises management on decisions that demand high levels of technical expertise. He is appointed by the President and sits on Renault's Management Committee. The expert fellow also supports and advises the leader experts;
- leader experts are chosen on the strength of their legitimate skills and knowledge and are assigned to a field of expertise of strategic importance. They are tasked with developing a medium- and long-term vision of the technical developments in their field, with anticipating needs for technical skills specific to their field and with providing the resources required to consolidate these skills. They also contribute to the company's results by becoming involved in technical decisions and orientations at key milestones.

The leader expert network is made up of experts and consultants:

- experts possess the highest level of skills and knowledge in their specialized field or in a given discipline of a field of expertise;
- consultants possess in-depth knowledge in a given specialty.

In this way, the expertise organization is part of the company existing in its own right, much the same as management or projects.

1.5.4.4 SCIENTIFIC AND TECHNICAL PARTNERSHIPS

R&D collaboration contracts are an essential part of research activities. They help to consolidate skills and share costs, while acting as a lever to speed up the frequency of innovations. The figures for 2010 speak for themselves:

- cooperative contracts: 105;
- European contracts: 23;
- French contracts: 82;
- CIFRE agreements: 92.

Examples include CASPER (*Child advanced safety project for European roads*), OPSIM (design by multidisciplinary optimization applied to vehicle projects), and Velroue and Vegathop mentioned previously.

CENTERS OF EXCELLENCE

Renault belongs to a number of centers of excellence. Cooperating with centers of excellence helps to consolidate our skills and knowledge and offers the means of amplifying our R&D activities, which benefit from synergies with the scientific and economic fabric.

Renault belongs to a number of centers of excellence, including Mov'eo and System@tic Paris Region.

These centers saw the launch of several new projects this year:

- Cinema (Charge by maximum electric induction), led by Renault, which is looking into contactless charging of electric vehicles;
- Ledeme (Location and sizing of equipment for electric mobility), also led by Renault, which covers the optimization of the position of charging stations;
- Mobility 2015, which is developing an integrated mobility system on the Palaiseau-Saclay university campus.

STRATEGIC AGREEMENTS

R&D agreement with the CEA

In September 2010 Renault and the CEA (French Alternative Energies and Atomic Energy Commission) entered a research and development agreement to work together in the field of clean vehicles and sustainable mobility for all. The agreement covers electric vehicles, new forms of energy and the less polluting internal combustion engines of the future.

Under the terms of this agreement, the collaboration between Renault and the CEA takes the shape of joint project teams located on several sites. The agreement is governed by a joint Renault/CEA Strategic Steering Committee that is tasked with defining the scope of synergies and the corresponding objectives, validating the three-year R&D program and maintaining the win-win balance for each party, in particular when it comes to using the results.

In 2009, the work done to identify the synergies marked out four major research projects: new energies for transport, gains in electric and electronic architectures, the improvement of the competitive performance of internal combustion engines and the communicating vehicle. It is Renault's ambition to make technological breakthroughs in these fields in order to develop vehicles that are cleaner and accessible to the greatest number by developing an extended vision of mobility. The CEA's ambition is to take initiatives and to take part in the achievement of these same objectives. Renault and the CEA have made commitments for a 3-year period, tacitly renewable from year to year.

ParisTech: the first Master's qualification in electric vehicles

The Renault Foundation and ParisTech have created the first ever Master's diploma in electric vehicles. Launched in October 2010, this course is supported by four of the engineering schools belonging to ParisTech (Arts et Métiers ParisTech, ENSTA ParisTech, Mines ParisTech and Ecole des Ponts ParisTech). The 16-month curriculum will provide engineers with the opportunity to specialize in the design and production technologies of the electric vehicles of the future. See insert Chapter 2.1.2.2.

Strategic cooperation with Daimler

On 7 April 2010, the Renault-Nissan Alliance and Daimler AG announced an extended strategic cooperation agreement, including R&D, that will allow both groups to benefit quickly from a number of concrete projects and to pool their best practices. See chapter 1.1.3.3.

BRGM: a competitive edge in procurement

In October 2010, Renault and the BRGM (office of geological and mining research) entered a strategic partnership agreement. The goal of the agreement is:

- for the BRGM, to speed up the production, distribution and use of methodological data and tools on raw materials worldwide, throughout their life cycle (from production to recycling), while integrating the technical and economic data;
- for Renault, to gain competitive advantages in its raw materials procurement strategy.

The partnership is based on four theme-based projects that are significant for both parties:

- the technical and economic analysis of current and future worldwide availability of raw materials that are of strategic importance to Renault;
- the development of methodological tools designed to map out the materials cycle in the economy;
- the analysis of the environmental impact of raw materials throughout their life cycle;
- joint public actions to stimulate discussions on the definition of national, European and international policies on the security of supply of raw materials.

1.6 RISK FACTORS ✦

The Renault group makes every effort to control the risks relating to its activities, namely operational risk, financial risk and legal risk. This chapter 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 crisis and the damage they may cause.

Risk management, which is essential 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, experts are appointed to identify and prioritize risk control solutions and to oversee their implementation.

1.6.1 FINANCIAL RISKS

1.6.1.1 GENERAL FRAMEWORK FOR CONTROLLING FINANCIAL RISK

For the Automotive sector, the management of market risk focuses mainly on the Central Cash Management and Financing department of Renault SA and Renault Finance, whose main activities are described at the end of 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 independently of Automotive. Securities trades executed by companies in the RCI Banque group are intended solely to hedge the risks related to financing 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, as part of the overall Group-wide governance policy.

Monitoring and control tools exist for each entity and at the consolidated level for the Renault group. 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 engagement.

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.

1.6.1.2 LIQUIDITY RISK

AUTOMOTIVE

Risk factors

Automotive 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 2010 the net financial debt of Automotive dropped to €1,435 million at 12/31/2010 (compared with €5,921 million at 12/31/2009). Automotive 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.

Management procedures and principles

As part of its cash centralization policy, Renault raises most of the refinancing for Automotive in the capital markets, mainly through long-term financial instruments (bonds, private placement), short-term financing, such as commercial paper, or in the shape of financing obtained from public or para-statal institutions.

To this end Renault SA has an EMTN program for a maximum €7 billion.

As part of the program, Renault issued three bonds in 2010:

- €500 million in March for a seven-year period;
- €400 million in June for a five-year period, plus a further tap issue of €250 million in September.

Renault has also an issue program under the Shelf Registration scheme on the Japanese market. In December 2010, Renault SA issued a two-year ¥45 billion bond, thus reopening a market that had been closed since January 2008.

In 2009 Renault benefited from a €3 billion loan from the French government with a five-year maturity. Renault SA has an early repayment option starting in 2011. Note 24-A to the consolidated financial statements outlines the characteristics of this contract. Further to negotiations with the French government, Renault repaid a nominal €1 billion of this loan in advance in September 2010.

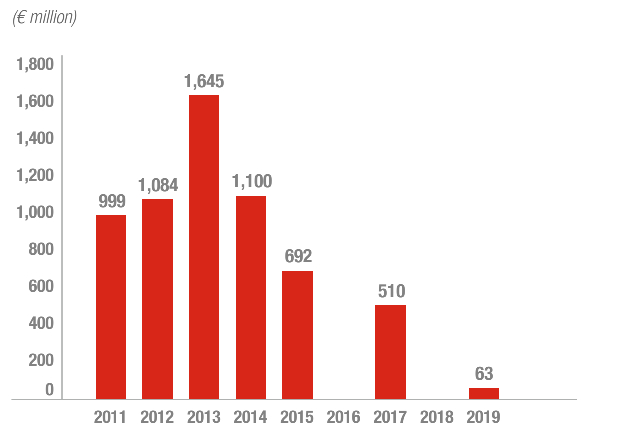
The contractual documentation on this financing contains no clauses that could affect the continued supply of credit following a change in either Renault's credit rating or its financial ratios. The loan from the French government contains a clause to raise the interest rate if Renault fails to honor its commitments to develop, in France, systems and technologies for clean vehicles, to establish partnership-based relations with its suppliers and to allocate the company's results to strengthening its shareholders' equity and to investment. This covenant includes standard default clauses (repayment default, inaccurate representations, failure to honor contractual obligations, collective proceedings, etc.) and the possibility for the lender to demand repayment of the loan within three months if more than 50% of the capital or the voting rights of the company is taken over directly or indirectly without prior agreement.

Moreover Renault has a commercial paper program for a maximum €2.5 billion. The total outstanding at December 31, 2010 was €416 million.

The graph below shows the maturity schedule for Renault SA bonds and equivalent debt, which account for the most part of Automotive's long term financial liabilities, excluding the French government loan. A maturity schedule of Automotive's financial liabilities is included in note 24-C to the consolidated financial statements.

With a constant balance sheet structure, the medium-term refinancing requirements in 2011 will be €999 million for maturities of bond issues and equivalent debt and €416 million for maturing commercial paper.

MATURITY SCHEDULE FOR RENAULT SA BONDS AND EQUIVALENT DEBT AT 31 DECEMBER, 2010 (1)

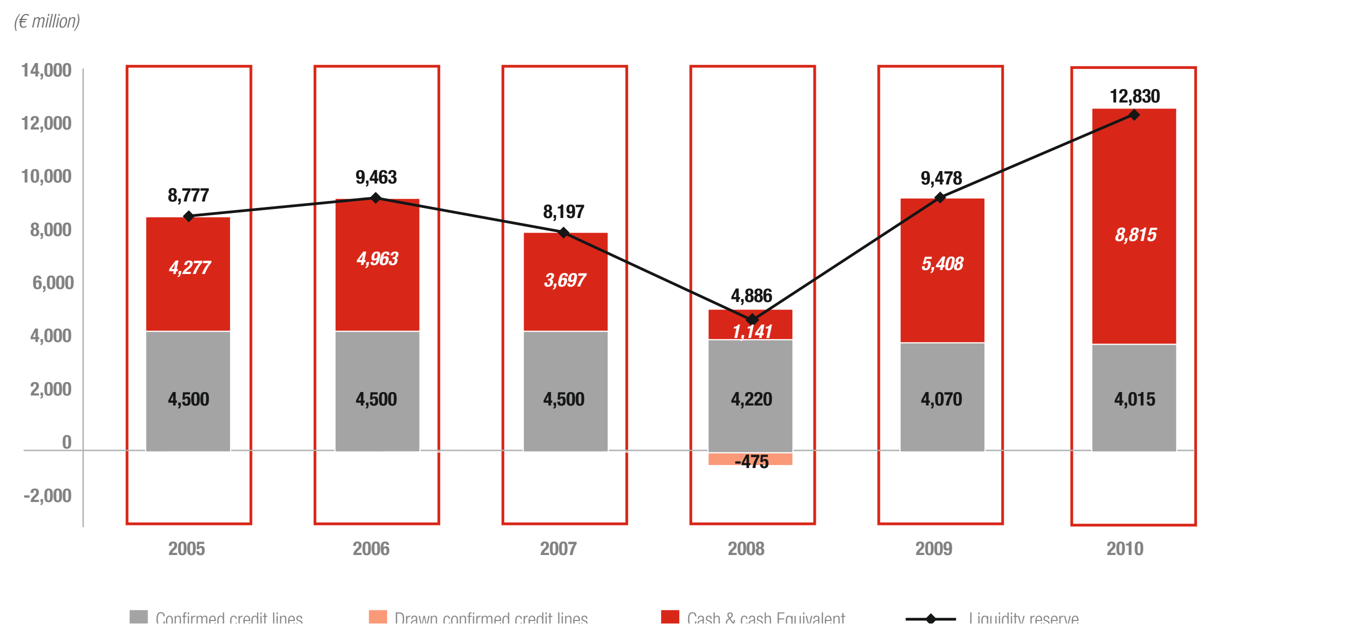


(1) *Nominal amounts valued at December 31, 2010.*

Furthermore, Renault SA benefits from confirmed renewable credit lines with banking institutions for a total amount of €4,015 million with maturities out to 2015. In 2010 no credit lines had been activated. These confirmed credits provide a liquidity reserve for Automotive and are also partly intended as back-up lines for the issuance of short-term commercial paper.

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.

RENAULT SA – LIQUIDITY RESERVE



Renault sold its B shares in Volvo in October 2010, for €3 billion.

In view of its available cash and confirmed credit lines that were not in use when the accounts were closed, Automotive has sufficient financial resources to honor its commitments for 12 months.

SALES FINANCING

Risk factors

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 lead to an increase in the cost of financing solutions.

At all times, and especially in difficult periods, RCI Banque must have sufficient financial resources to support the development of its activity. To this end, RCI Banque applies strict internal standards.

Management procedures and principles

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.

With €4,994 million of resources at one year and more borrowed in 2010, RCI Banque has strengthened its cash position.

The liquidity reserves have increased to an all-time high of €3,851 million.

Financial requirements resulting from expected commercial activity are covered for 11 months in a stress scenario of total shut-down of access to new sources of cash.

Markets went through two successive periods of risk aversion during the year in response to concerns over Greece's sovereign debt in the second quarter, and Ireland's in the fourth. Against this backdrop, RCI Banque adopted a proactive approach, taking advantage of positive market sentiment to launch six public bond issues in euros, plus a tap issue, for a total of €3,575 million. The company also started to diversify its investor base and launched its first public issue in Swiss francs. The Group's subsidiaries also called on local markets in Argentina and South Korea, where the first won-denominated issue was launched.

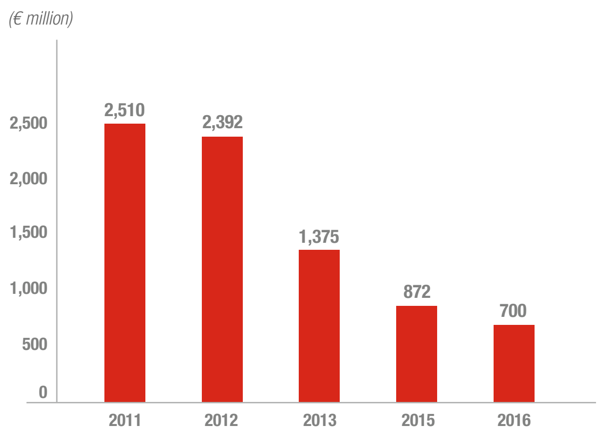
RCI Banque placed a €873 million securitization backed by automotive loans in Germany. The deal, the largest post-crisis automotive securitization, confirms that this source of financing is once again available for this category of assets. Moreover, the conduit financing on the UK portfolio was extended for another year and the financed amount was increased by €102 million.

Consequently, one-year and more sources of funds amount to €4,994 million and exceed the theoretical financing requirements, computed as the sum of long-term resources (€4,430 million) plus the growth in customer assets in countries where refinancing is centralized (around €300 million excluding exchange rate fluctuation).

As a result, loans from the Central Bank have fallen sharply to €450 million.

This ambitious financing plan, together with longer liability maturities (two five-year bond issues for a total of €1.3 billion, which increase the average maturity of debt issues to 3.1 years) and multiple sources of financing, show that the company has returned to a stable and diversified financing base.

MATURITY SCHEDULE FOR RCI BANQUE BONDS AT 31 DECEMBER, 2010



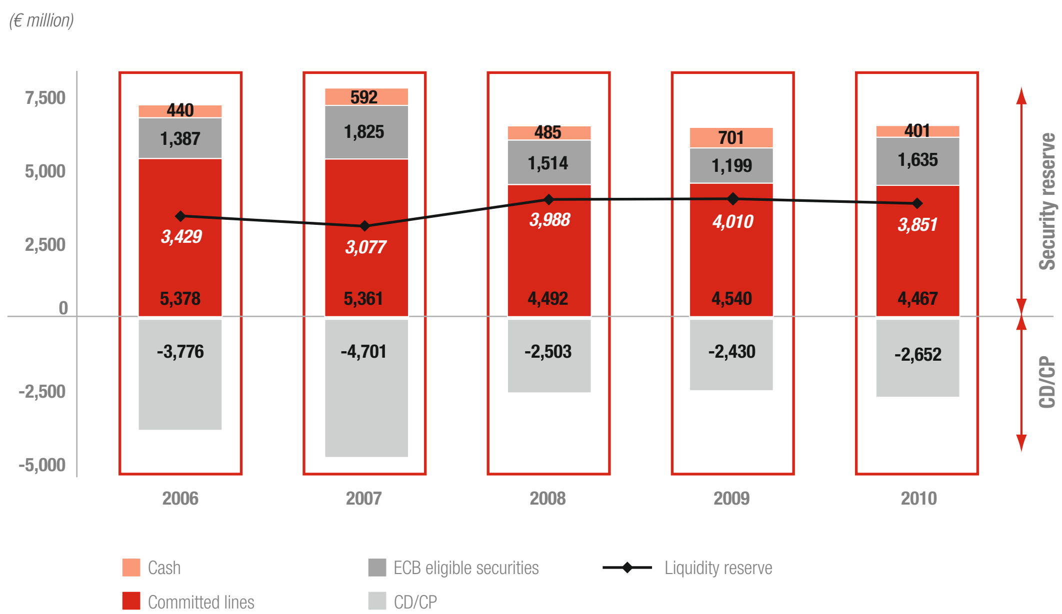
These long-term resources, together with €4,467 million of unused bank credit lines, and €1,635 million of collateral eligible for ECB monetary policy operations, will allow the company to carry on its business for 7 months in a stress scenario in which no new funds are available.

The strength of the company's fundamentals was confirmed when Standard & Poor's raised its credit rating to BBB / A-2 in November.

Absolute interest rates that have continued to fall (the average 2-year swap rate dropped to 1.47% in 2010, compared with 1.87% in 2009) and a squeeze on lending margins have resulted in historically low refinancing costs.

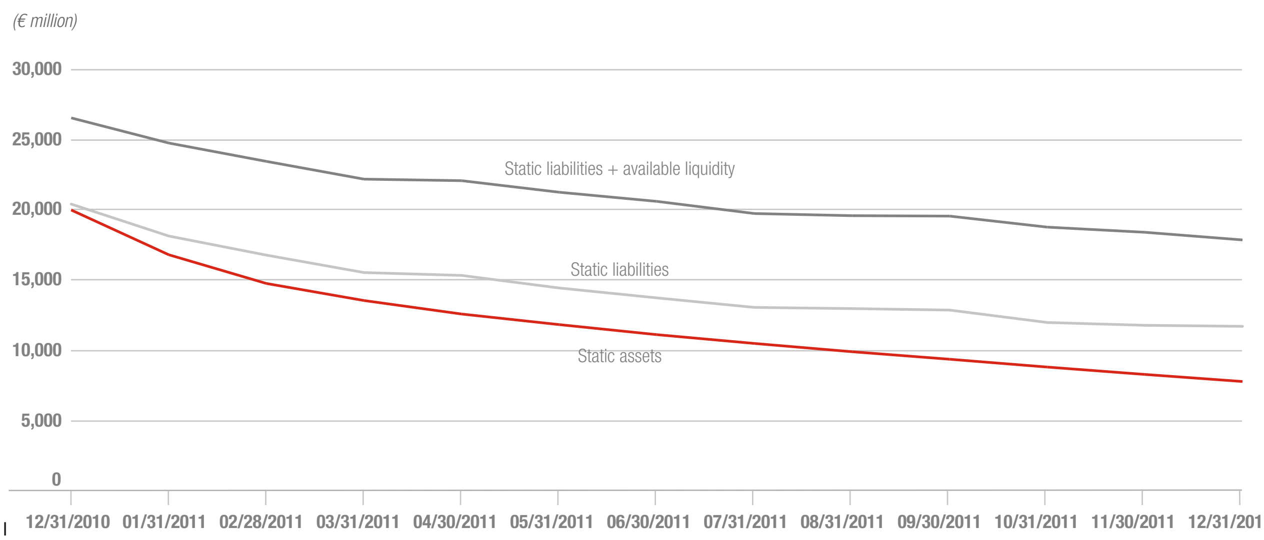
Available liquidity reserves of €6,503 million (€4,467 million in undrawn confirmed credit lines with a residual term of more than three months, €1,635 million in cash eligible for ECB operations, and €401 million of cash and equivalents) cover more than twice the total outstanding in commercial paper and certificates of deposit.

RCI BANQUE GROUP– LIQUIDITY RESERVES AT DECEMBER 31, 2010



The liquidity reserve amounts to €3,851 million, representing the excess of available liquidity reserves over the total outstanding in commercial paper and CDs. The group needs to maintain alternative sources of liquidity that exceed the total outstanding in short-term negotiable debt.

RCI BANQUE GROUP– LIQUIDITY SITUATION AT 31 DECEMBER, 2010



In a still-volatile environment, the cautious financial policy pursued by the Group for several years has proven justified. It protects the commercial margins of each entity, while securing the refinancing needed for its activities.

The policy is developed and implemented at consolidated level by RCI Banque and applies to all the group's Sales Financing entities.

Securitization – Public issues

COUNTRY		FRANCE	ITALY		GERMANY
Ceding entity	DIAC SA	COGERA SA	RCI Banque Succursale Italiana	RCI Bank Niederlassung	RCI Bank Niederlassung
Start date	October 2006	April 2010	July 2007	July 2010	November 2008
Maximum term of funds	October 2020	October 2015	October 2023	April 2023	April 2023
Issuance vehicle	CARS Alliance Auto Loans France FCC	FCT Cars Alliance DFP France	Alliance Auto Loans Italy SPV Loi 130	CARS Alliance Auto Loans Germany FCT	CARS Alliance Auto Leases Germany FCT
Initial purchase of receivables	€2,323 million automotive loans	€1,235 million independent dealers receivables	€1,402 million automotive loans	€1,793 million automotive loans	€942 million customer leasing contracts
Receivables purchased at 31/12/2010	€1,839 million	€1,256 million	€1,149 million	€1,857 million	€705 million
Credit enhancement at 31/12/2010	Cash reserve for 0.10% Over-collateralization in loans of 4.5%	Cash reserve for 1.0% Over-collateralization in loans of 13.6%	Over-collateralization in loans of 1.75%	Cash reserve for 1.0% Over-collateralization in loans of 12.7%	Cash reserve for 0.30% Over-collateralization in loans of 25.8 %
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
	Class A rating: AAA €1 507,2 million	Series 2010-1 Class A rating: AAA €750 million	Series 2007-1 Class A rating: AAA €838,5 million	Class A rating: AAA €873 million	Class A rating: AAA €376,7 million
Public issues Medium term Outstandings at 31/12/2010	Class B rating: A €94.3 million	Series 2005-1 Class B rating: A €36.5 million	Series 2007-1 Class B rating: A €35.5 million	Class B rating: A €28 million	Class B rating: A €48 million
Listed private placements * Short term Notes issued at 31/12/2010	Class R rating: AAA €129,6 million	Series 2005-2 Class A rating: AAA €70 million	2	Class R rating: AAA €744.3 million	Class R rating: AAA €120.6 million
Weighted average life	April 2012	May 201	January 2012	October 2011	November 2011

* *Held at December 31, 2010 by RCI Banque, removed from the consolidated accounts.*

Find out more at www.renault.com

GROUP ISSUANCE PROGRAMS AT 31 DECEMBER, 2010

ISSUER	PROGRAM [1]	MARKET	CAP *(MILLIONS)*
Renault SA	CP	France	€2,500
Renault SA	EMTN	Euro	€7,000
Renault SA	Shelf documentation	Yen (samurai)	JPY150,000
RCI Banque	Euro CP	Euro	€2,000
RCI Banque	EMTN	Euro	€12,000
RCI Banque	CD	France	€4,500
RCI Banque	BMTN	France	€2,000
Diac	CD	France	€1,000
Diac	BMTN	France	€1,500
RCI Banque + Overlease + Renault AutoFin (RCI warranty)	CP	Belgium	€500
Rombo Compania Financiera S.A.	Bonds	Argentina	ARS400*

* *Local ratings (S&P raA-*).*
(1) *EMTN: Euro Medium Term Note; CP: Commercial Paper; CD: Certificate of deposit; BMTN: negotiable medium-term note.*

The RCI Banque group's programs concern three issuers (RCI Banque, Diac and Rombo Compania Financiera SA) for a combined total of around €23.5 billion.

RATING

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

	AGENCY	RATING	OUTLOOK	REVISION	PREVIOUS RATING
RENAULT	Moody's	Ba1/NP	Positive	02/20/2009	Baa1/P2 outlook stable
	S&P	BB+/B	Stable	11/03/2010	BB/B stable
	Fitch	BB+/NR	Stable	10/07/2010	BB/NR stable
	R&I	BBB+/a-2	Stable	03/31/2009	A/NR negative
	JCR	A-	Stable	11/26/2010	BBB+/-
RCI BANQUE	Moody's	Baa2/P2	Positive	11/24/2009	A3/P2 stable
	S&P	BBB/A2	Stable	11/03/2010	BBB-/A3 stable
	R&I	BBB+/a-2	Stable	03/31/2009	A/a1 negative

In 2009 the ratings of both Renault and RCI Banque were lowered. Note that S&P rates RCI Banque two notches higher than Renault, and Moody's three notches. The impact of the crisis resulted in Renault being downgraded to non investment grade, while RCI Banque remains rated as investment grade.

However these changes did not prevent Renault and RCI Banque from accessing the financial markets in 2009 and 2010, including the Japanese market.

The rating of Renault was upgrated to BB+ by Fitch in October 2010 and by S&P in November 2010, and to A- by JCR in November 2010.

RCI Banque short term rating was upgrated to A2 by S&P in November 2010.

On February 11, 2011 Moody's raised Renault's and RCI Banque's outlook from « stable » to « positive ».

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

1.6.1.3 CURRENCY RISK

AUTOMOTIVE

Risk factors

Automotive is naturally exposed to 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.

Management procedures and principles

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. The Group introduced a currency hedge in sterling at the end of 2010, partly covering 2011 revenues.

Based on the structure of its results and operating cashflow in 2010, the Group estimates that a 1% appreciation of the euro against all other currencies has a negative impact of €9 million on annual operating margin.

However, this limited sensitivity in 2010 is the result of long and short exposures in currency against euro that cancel each other out: incomings in sterling, Russian rubble and Turkish lira, and outgoings in Romanian leu and Japanese yen. Sensitivity in 2010 was focused on sterling amounting to around €10 million if the euro drops by 1% against this currency.

Impact on financial results: the key principle of Group management policy is to minimize the impact of currency risk on financial results. All Group risk exposures are aggregated and controlled by the Central Cash Management and Financing department, and are reported on a monthly basis to the Chief Financial Officer.

Investments by Automotive subsidiaries are partly financed through equity contributions. In general, other financing requirements are met by Renault SA in local currency. Financing flows in foreign currencies handled by Renault are hedged in the same currencies, ensuring that exchange rate fluctuations do not distort the financial results.

Where local circumstances prevent Renault from refinancing reasonably, 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 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 2010 net income, a 1% rise in the euro against the Japanese yen, the Swedish krona or the rubble would have decreased Nissan's contribution by €10.8 million, Volvo's by €2.1 million and increased AvtoVAZ's by €0.2 million.

Impact on shareholders' equity: Equity investments in currencies other than the euro are not usually hedged. This may lead to translation adjustments, which the Group recognizes in shareholders' equity. However, the size of the Nissan investment was such that Renault's share of Nissan's net worth has been partially covered by a specific foreign exchange hedge, amounting to ¥148 billion at December 31, 2010 with maturities out to 2014. The nature and amount of each transaction are indicated in note 14-G to the consolidated financial statements. These transactions are made up of private placements worth ¥13 billion, and ¥135 billion of bonds issued in yen on the Japanese market.

Impact on net financial debt: As mentioned above, 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 Automotive's net debt by €13 million.

An analysis carried out to measure the sensitivity of financial instruments to exchange risk can be found in note 26-B2 to the consolidated financial statements.

SALES FINANCING

Risk factors

The consolidated foreign exchange position of RCI Banque has always been very small.

Management procedures and principles

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 31 December, 2010 was €4.8 million.

1.6.1.4 INTEREST RATE RISK

AUTOMOTIVE

Risk factors

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 to the consolidated financial statements.

Management procedures and principles

For Automotive, 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, generally at floating rates. Further, yen-denominated financing to hedge Nissan's shareholders' equity is taken out at fixed rates for periods ranging up to seven years.

Automotive's financial liabilities totalled €11,381 million on 31 December, 2010. The maturity schedule for these liabilities is shown in note 24-C to the consolidated financial statements. After stripping out derivatives, €1,362 million of that debt is yen-based (¥148 billion).

Automotive held €8,815 million in cash and cash equivalents at 31 December, 2010. As far as possible, Renault SA centralizes Automotive's available cash. This is then invested in short term bank deposits 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

Risk factors

The Renault group's exposure to interest rate risk is concentrated mainly in the Sales Financing business of RCI Banque and its subsidiaries. In this context, the overall interest rate risk represents the impact of a change in rates on the future financial gross margin.

Management procedures and principles

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 so that it exactly matches the structure of customer loans.

RCI Banque's consolidated exposure to interest rate risk over 2010 shows that sensitivity, i.e. the risk of a rise or fall in the Group's results caused by a rise or fall in interest rates of around 100 basis points, was limited.

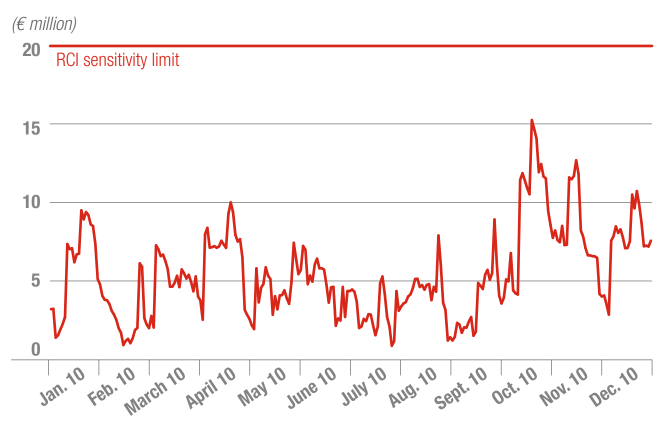
RCI Banque group - Daily sensitivity to interest rate movements (2010)

The solidity of the balance sheet can also be measured in terms of market risks (interest and exchange rate risk, counterparty risk), which are very low and monitored daily on a consolidated basis.

In 2010 the interest rate sensitivity of RCI Banque remained under the €20 million limit stated by the group. At end December, a euro interest rate rise of 1% would have had a negative impact of €4.8 million, a CHF interest rate rise of 1% points a positive impact of €1.7 million and GBP interest rate rise of 1% a negative impact of €0.5 million.

In absolute value the total sensitivity of all the currencies dealt by the group amounts €7.6 million.

SENSITIVITY IN 2010 IN ABSOLUTE VALUE



(100 bp sensitivity, absolute terms)

See note 26 to the consolidated financial statements for details of consolidated off-balance sheet commitments on financial instruments and by type of activity.

1.6.1.5 COUNTERPARTY RISK

RISK FACTORS

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 PROCEDURES AND PRINCIPLES

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 bank 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 2010 the Group suffered no financial impact arising from the failure of a banking counterparty.

The Group does not trade in the credit derivatives market.

1.6.1.6 COMMODITY RISK

RISK FACTORS

The main commodity risk exposure is a price risk:

- accept price rises only if they are economically justified;
- take advantage of all economically justified price declines.

MANAGEMENT PROCEDURES AND PRINCIPLES

The guidelines that buyers apply to price increases and decreases are set by an ad hoc committee, RMCC.

Price rises are subject to a prior authorization process, which either ensures that the guidelines are respected or explicitly authorizes waivers.

Under certain conditions, price indexing contracts may be used to automate increases and decreases according to a mechanism that is defined and shared with suppliers.

Renault's Purchasing department may hedge commodity risk with 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. The Chief Financial Officer and the Senior Vice President of Purchasing agree on the proposed commodity hedges. These proposals are then submitted to the Chairman and CEO, who is the only person with decision-making power in this area.

Renault's direct and indirect exposure (i.e. with or without a price indexing contract, respectively) to commodity prices is about 78% for all non-indexed commodities, including steel, and 22% for indexed metals, including precious metals.

No commodity hedges were in place at end-December 2010.

1.6.2 OPERATIONAL RISKS

1.6.2.1 SUPPLIER RISK

RISK FACTORS

These risks are determined mainly by the quality and the durability of supplies, the financial health of suppliers and their respect of Renault's regulations and recommendations, in particular in terms of corporate social responsibility.

MANAGEMENT PROCEDURES AND PRINCIPLES

The risk of suppliers failing to honor their contractual commitments is managed in three main ways:

- a "filter" in the supplier selection and sourcing processes;
- detection of non-conformity with standards;
- corrective action if a major or critical non-compliance is detected from a supplier (performance reviews).

Supplier financial risk is managed in two ways:

- a rating system based on an analysis of the supplier's financial statements;
- an assessment of the supplier's dependence on Renault.

In the light of supplier difficulties prompted by the financial crisis, procedures are being reviewed in order to reduce the Group's exposure to sourcing risk.

Operational Purchasing departments handle risks of other sorts, e.g. logistics, technological, industrial and so on. In the event of failure, these departments must implement replacement solutions, sometimes in very short timeframes, using the supplier base to ensure continued supplies.

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.

Corporate social responsibility risk and the risk of suppliers not meeting social and environmental requirements are managed using the following system:

- a formal commitment by suppliers to the principles of the Renault Declaration of Employees' Fundamental Rights (including refusal of child labor, refusal 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;
- preventive training and educational actions taken by Renault with regard to suppliers;
- preventive on-site assessment of environmental and social practices, plus the deployment and tracking of corrective actions;
- an active participation in the deployment of regulations applying to substances, such as REACH, and regulations covering end-of-life vehicles, such as ELV.

Any supplier receiving a negative score is monitored by the Supplier Risks Committee, which is made up of members of the Purchasing department Management Committee, alongside the Corporate Social Responsibility, Legal, Human Resources, Environment and Public Affairs departments.

1.6.2.2 GEOGRAPHICAL RISK

RISK FACTORS

The Group has industrial and/or commercial operations in countries outside Europe [1], notably Romania, Russia, Turkey, Morocco, South Africa, Brazil, Argentina, Colombia, Chile, Iran, South Korea and India. Group sales outside Europe account for 30% of revenues.

The Group's activities in these countries carry various risks, most commonly GDP volatility, economic and political instability, labor unrest, new regulations, payment collection problems, sharp fluctuations in interest and exchange rates, and foreign exchange controls.

MANAGEMENT PROCEDURES AND PRINCIPLES

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 is seeking 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.

Renault's industrial and commercial investments outside Europe are geographically diversified, making it possible to pool the portfolio of risks at company level. Patterns of GDP growth and solvency vary from one region of activity to another and are often counter-cyclical.

In Iran, Renault's investments are partially guaranteed by a credit insurer.

In terms of commercial flows, the Group hedges most of its financial payments from emerging countries. The two main hedging instruments used are bank guarantees (stand-by letters of credit from leading banks) and short-term export credit guarantees (global/commercial/political cover from Coface).

The Regional Management Committees (CMR) are responsible for overall tracking of country risk in their respective Regions.

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.

To centralize its financial-risk management activities and implement a single hedging procedure on competitive terms, 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. that sells it on to the importing subsidiaries and independent importers by granting them supplier credit. The parent-company manages the risk associated with this credit.

1.6.2.3 RCI BANQUE CUSTOMER AND NETWORK RISK

RISK FACTORS

These factors depend on the quality of customer credit.

MANAGEMENT PROCEDURES AND PRINCIPLES

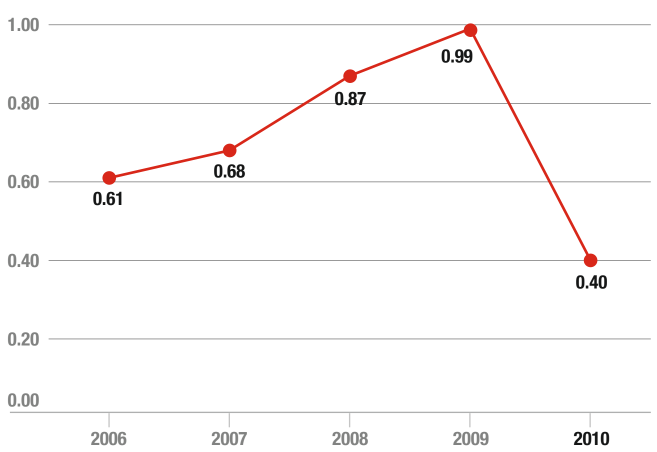
Credit is scored and monitored by type of customer (customers and the network).

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 strict procedures that comply with the regulatory requirements laid down by the supervisory authorities of credit institutions. The aim of these procedures is to recover quickly the outstanding sums or the vehicles, either amicably or through the courts.

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 into account the new European regulations on car distribution as well as the downturn in economic conditions.

(1) The non-European Regions are Euromed, Eurasia, Asia-Africa and the Americas. From March 1, 2009 a new Regional breakdown was established as part of the new geographical organization steered by the Regional Management Committees (see the country list end of chapter 1.4.1).

RCI BANQUE: TOTAL LOSSES ON CUSTOMER FINANCING
(% OF AVERAGE PERFORMING LOANS OUTSTANDING) INCLUDING COUNTRY RISK



"Average loans outstanding" refers to the average amount of capital (excluding manufacturer and network contributions, but including spreadable distribution costs) owed by customers and/or network over a given period (e.g. 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.

1.6.2.4 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;
- the main risk with importers is their financial health;
- through its network of distribution subsidiaries, grouped in Europe under the umbrella of Renault Retail Group, 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 subsidiaries 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 started rolling out a tool for the payment and subsequent control of the commercial support provided to the network.

Importers

Hedging of commercial risks with importers is included in the contracts that Renault signs with them.

This hedging may be:

- provided by the importer through the issue of banking instruments (letters of credit, on-demand bank guarantees, Standby Letters of Credit);
- taken out by Renault in the shape of export credit insurance policies.

The hedging instruments are deployed before starting commercial exchanges.

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 jointly monitor the financial situation of dealerships in countries where RCI is present. A dealers 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 or transfers all or part of the risk to local banking institutions.

In 2007 the Credit Management structure put in place a reporting system with indicators to monitor the debt of Automotive's customers. These tools improve the monitoring and management of payment periods and help to manage customer risk and portofolio quality more effectively.

1.6.2.5 INDUSTRIAL 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 and operations.

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 and R&D centers. 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.

1.6.2.6 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 2.3 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 environmental-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.

A central team of experts coordinates the tasks performed under the system. The experts at headquarters are supported at each plant by local teams organized in a network. Techniques and structures for identifying risks, quantifying their impact, organizing prevention and protection and defining control and management methods are implemented at all industrial 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 and a scorecard of impact data that is checked by the statutory auditors.

1.6.2.7 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 DSIR in conjunction with the Internal Audit and Risk Management departments, and with representatives of other corporate departments and the information control program;
- 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 DSIR in partnership with the Internal Audit department or the Group Protection department (DPG);
- system conformity checks made jointly by the DSIR and the DPG.

The main security programs in 2010 sought to:

- deploy common operational management of security with Nissan;
- strengthen security measures that reflect the new issues raised by the Group's international expansion and partnerships (security training, access management and confidentiality, protection of the Alliance intranet, etc.);
- supplement the emergency resources and procedures in place at the Group's main IT centers.

1.6.2.8 HEDGING OF OPERATIONAL RISKS BY INSURANCE PROGRAMS

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 Insurance department negotiates and directly entrusts financially solvent insurers with these worldwide programs. It contributes directly to the definition of the Group prevention and protection policy. The nature and scope of the guarantees are determined by a preliminary risk analysis of the operational organizations. The following risks are covered in this way:

- Material Damage and resulting Operational Losses: the Group buys a capacity of €1.5 billion per claim in two lines from 11 insurers. The resulting operational losses are measured on the scale of Group-wide activities. The deductibles for the Group's manufacturing activities amount to €10 million per claim. Deductibles for commercial activities amount to €12,000 per claim;
- Civil Liability: the Group buys a capacity of €100 million in two lines to cover general civil liability and civil liability related to products, the environment and repairs made by the sales subsidiaries of Renault Retail Group;
- Transportation and storage of vehicles in depots: the Group buys a capacity of €50 million per claim in a single line, with deductibles of €0.1 million per claim, for damage to vehicles in depots.

Renault's insurers partially reinsure these worldwide programs with MRC (Motor Reinsurance Company), a 100% Group-owned subsidiary.

MRC usually intervenes as follows:

- Material Damage and resulting Operational Losses: commercial activities are reinsured for €10 million per incident, with an annual block limit of €15 million;
- Civil Liability: repairs made by Renault's sales subsidiaries are covered to an annual block limit of €2.3 million;
- Transportation and storage of vehicles in depots: MRC covers up to €10 million per incident, with an annual block limit of €20 million. MRC reached its block limit in the last financial period due to natural incidents (usually storms or hail). The Group decided to cover some of the depots exposed to these risks, in particular in Slovenia, Brazil and Algeria.

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 (apart from the natural incidents impacting vehicles stored in depots), and a desire to make each risk-bearing sector more accountable. No major change to Renault's risk transfer policy is planned for 2011.

1.6.3 OTHER RISKS

1.6.3.1 LEGAL AND CONTRACTUAL RISK

RISK FACTORS

Legal procedures and arbitration

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.

The procedures currently under way against Renault as part of the dismissals following the pseudo espionage affair, namely:

- dismissal disputes filed with the Conseil des Prud'hommes employment tribunal;
- the summons from the Tribunal de Police police court for non-public defamation;
- the threat of a complaint for false accusation against persons unknown targeting the writer of the anonymous letter do not seem likely to call into question Renault's statement above.

Joint company risk:

The Group has entered joint venture contracts with other companies with an international standing or state-owned companies. In each of these entities, the Group exercises a predominant or significant influence and these operations do not involve any particular associated risks.

Changes to regulations

Renault must abide by all the laws applying to companies and seeks to adopt a faultless attitude. Renault requires its subsidiaries to respect the local regulations in the countries where they operate. Renault is engaged in permanent dialog with the national and regional authorities in charge of specific regulations applying to products in the automotive industry in order to avoid any risks related to changes in regulations.

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 was validated by the European Parliament, with an amendment that provides for a five-year transition period. However, the proposal has yet to be adopted by the European Council of Ministers, owing to the co-decision process for the adoption of community directives. As such, the transition has not yet been made and existing Member State legislation still applies to designs and models. 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.

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 1.5, R&D), 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.

MANAGEMENT PROCEDURES AND PRINCIPLES

The Renault group is exposed to legal risks in its capacity of an employer, designer and distributor of vehicles, purchaser of components and service provider. These risks are managed through the implementation of preventive policies in the realms of health and safety at work, the industrial environment, the intellectual and industrial property of vehicle safety, the quality of its products or services, and the legal protection of the operations undertaken by the Group.

From the legal standpoint, internal control of these risks 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;
- 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.

1.6.3.2 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 21 to the consolidated financial statements.

These commitments may be sensitive to changes in the parameters used to calculate them (funding, labor factors, interest rates).

1.7 EVENTS SINCE CLOSING

- **Reimbursement of €1 billion to French government**

  As announced in the 2010 financial results, on February 25, 2011 Renault paid back ahead of schedule €1 billion of the loan granted by the French government in April 2009.

  The remaining €1 billion will be paid back in second-quarter 2011.

- **Consequences of the earthquake and tsunami in Japan on Renault activity**

  Some of the suppliers of components for Renault vehicles and powertrains are based in Japan, mainly for electronic parts. Accordingly, on March 11, 2011 Renault:

  - launched a detailed analysis of supply flows (sea and air) and of goods in transport, from suppliers based in Japan and delivering directly to Group plants,
  - initiated an in-depth review of non-Japanese suppliers to analyze their own supply of tier 2 and tier 3 components from Japanese equipment suppliers,
  - set up a crisis unit between the teams of RNPO (common Alliance purchasing company) in Paris, Renault Supply Chain, and Alliance Logistics, working closely with the teams at RNPO Tokyo and Nissan Supply Chain.

Renault is making regular reviews of the situation with the suppliers concerned, and its employee representation bodies, to monitor changes in the situation and plan the best solutions to be implemented.

The Busan plant (RSM) in South Korea is the Group's number-one importer of components and parts from Japan (notably a 6-cylinder engine for the SM7 and transmissions for all RSM vehicles) and as such has been directly impacted by the events. The management has decided to adapt production to the circumstances by postponing the introduction of weekend teams and overtime hours during the week, originally intended to begin on March 19, 2011.

Most of the parts shipped from Japan are transported by sea, which gives Renault four to six weeks to draw up and roll out any alternative solutions. Potential impacts in the short-term are of more consequence for sectors that were already facing strong global pressures before the crisis, such as the electronic components industry. The crisis, which concerns the entire automotive sector, may be reflected in a decrease in activity at some sites in the shape of non-worked days or the cancellation of overtime days.

Besides the analyses made by Renault as part of the Alliance, Nissan is communicating regularly on the specific impacts on Nissan production sites.

Renault has a 43.4% stake in Nissan, consolidated by the equity method (cf. Chapter 4, note 14 in the appendix to the consolidated financial statements).

Nissan is currently making a review of the impact of the natural catastrophe on its operations and accounts.

- **Managing the crisis**

Following a letter of accusation received in August 2010 by two members of the Executive Committee and two heads of the senior managers' Division and the Security Division, respectively, an internal investigation was launched by the Security Division to clear any doubts over this declaration of suspicion.

The letter of accusation concerned serious acts of corruption.

The findings of the internal investigation were presented to the Management, leading to the decision to take disciplinary action against three executives working in highly strategic areas.

The three executives were suspended on January 3, 2011.

The Compliance Committee met on January 6, 2011 to rule on the necessity of filing a complaint against persons unknown for acts constituting organized industrial espionage, corruption, breach of trust, theft and concealment.

Renault convened the three executives on January 11 to a preliminary interview concerning dismissal for gross misconduct.

The State Prosecutor of Paris accepted the complaint on January 13 and asked the DCRI intelligence agency to open a preliminary investigation into acts of industrial espionage.

In mid-February judicial cooperation between France, Switzerland and Liechtenstein established that the bank accounts claimed to have been opened in the names of the three dismissed employees did not exist in these countries.

The investigation has since focused on the presumption of organized fraud and false information.

Dominique Gevrey, an investigator for Renault's Security Division, was indicted and taken into custody on March 13, 2011.

On March 14, 2011 the State Prosecutor of Paris held a press conference. Carlos Ghosn called an exceptional Board Meeting on the same day.

After expressing the solidarity of Renault and its directors with the employees of Nissan and thanking the Japanese board members in attendance, Carlos Ghosn talked about the initial conclusions of the State Prosecutor of Paris. The conclusions clear Michel Balthazard, Bertrand Rochette and Matthieu Tenenbaum and dismiss the unfounded suspicions against them.

Carlos Ghosn also informed the board members of the initial findings of the investigations led under the aegis of the Paris prosecutor's department by the DCRI that point to the existence of organized fraud, directly involving at least one employee from Renault's Security Division.

Carlos Ghosn presented the Board with the main measures Renault Management intends to take to ensure that the company fully learns the lessons of this crisis.

1. Propose to reinstate and/or compensate the three wrongfully accused and dismissed executives.
2. Take appropriate disciplinary measures against the three members of the Group's Security Division.
3. Restore Renault's image and public confidence in the company and its management. Carlos Ghosn informed the Board that he, Patrick Pélata and all the senior managers concerned would waive their variable remuneration accruing for 2010 as well as any stock option entitlements for 2011.
4. Launch a project to overhaul the governance of Renault with regard to the protection of the Group, its people and information, based on an analysis of the internal shortcomings that have come to light. The project will be conducted by the Chairman and CEO, the Chief Operating Officer, and an independent director, the Chairman of the Audit and Accounts Committee. The conclusions will be made known. From now on the Group's Security Division will report directly to a member of the Executive Committee. The senior managers' Division will report directly to the senior vice president of human resources. These measures should make it possible to improve personal protection, with immediate effect.

The Board of Directors gave its unanimous support to Carlos Ghosn to implement this plan. The Chairman declined Patrick Pélata's offer of resignation.

Carlos Ghosn reiterated that he and Patrick Pélata were totally committed to defending the interests of Renault.

2

2 SUSTAINABLE MOBILITY

The elements of the annual financial report are identified by the AFR sign in the table of contents.

✦ Global Reporting Initiative (GRI) Directives

RENAULT, A RESPONSIBLE COMPANY COMMITTED TO SUSTAINABLE DEVELOPMENT

Reducing environmental impact and contributing to a sustainable development model for the planet is now recognized as essential by most actors involved in the transportation sector (see chapter 2.3).

That awareness encouraged Renault to become involved in developing a full range of electric vehicles, which generate zero carbon emissions in use, and in launching a comprehensive discussion of the future of transportation. Beyond vehicles, it is the whole concept of mobility that is at stake. Sustainable mobility, which respects users and the environment and is economically responsible, remains to be invented. Renault has made this its ambition: user behavior is changing, new infrastructure will be required and companies will need innovative economic models.

The major challenge lies in Renault's ability to offer as many people as possible access to technology that can reduce carbon emissions.

That is the idea behind Renault's eco² label launched two years ago. Evoking economy and ecology, Renault believes that environmental protection comes from giving everyone the opportunity to be eco-responsible. Renault's strategy is therefore the choice of sustainable mobility for all:

- sustainable mobility, because we cannot remain passive faced with the challenges ahead: climate change, pollution, energy dependence, as well as safety, recyclability and diversity;
- mobility for all, because innovation only equates to progress if it is accessible to as many people as possible and because Renault has always been a popular brand, offering product ranges accessible to all.

Renault is therefore making efforts to optimize technologies to reduce CO_2 emissions and to make them available to the greatest number.

This choice of sustainable mobility for all can only be realized through the commitment and skills of the men and women of Renault, who are the company's biggest asset. Focused on their development, the HR policy plays a decisive role in ensuring the long-term performance of the Group.

2.1 COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY ✦

The company defined the priorities of its CSR policy to facilitate access to sustainable mobility for all, in a protected environment, and to promote equal opportunities through educational actions and initiatives to promote diversity.

Renault has created a corporate social responsibility department (DRSE) to structure the Group's CSR and sponsorship policy and to implement this policy on a worldwide scale.

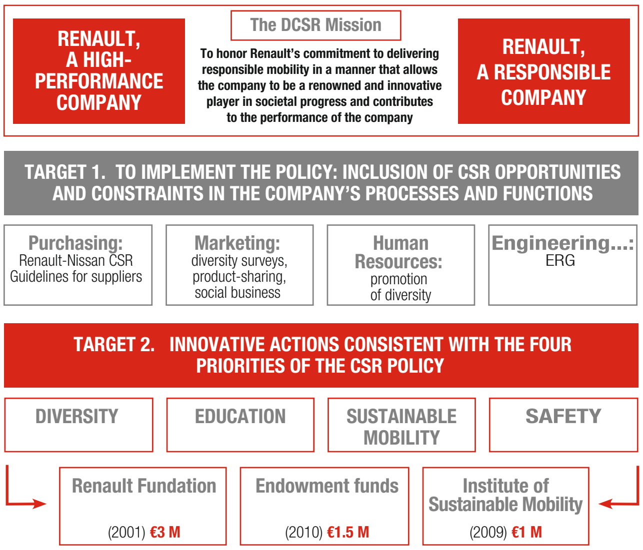
The DRSE is also tasked with launching and testing innovative actions in the field of corporate citizenship and maintaining a dialog with stakeholders. It acts as the spokesperson on CSR.

VISION, MISSION AND STRATEGY

To provide a cross-functional structure for the CSR policy and the actions that put Renault's commitment to responsible mobility into practice, in 2009 the Renault group created a Corporate Social Responsibility department (DRSE) and the CSR architecture shown hereafter.

The DRSE's scope of action covers all aspects of Renault's corporate citizenship and sponsorship policy. It is guided by three strategic principles:

- equality of opportunity and access to sustainable mobility for all;
- solidarity and responsible involvement by the employees;
- long-term support for responsible development in the regions where the Group is present.



A MANAGEMENT SYSTEM TO BOOST RENAULT'S CSR PERFORMANCE

DECISION-MAKING PROCESS AND GOVERNANCE

The Group's Executive Committee has tasked the CSR division with defining and implementing the Group's CSR strategy.

Decisions on guidelines and emblematic actions are taken by the CSR steering committee, which meets three times a year.

As part of the General Secretariat of the Renault group, the DRSE reports on its activities to the Group Executive Committee, the Board of Directors and the Annual General Meeting once a year.

CROSS-FUNCTIONAL MANAGEMENT IN THE COMPANY

Since May 2009 the DRSE has developed a social responsibility management system that is now applied in all of the countries, subsidiaries, establishments and departments in the company, through a network of CSR officers. Working hand in hand with members of other expert networks (the environment, health and working conditions, purchasing, etc.), the representatives of the CSR network make sure that social, societal and environmental preoccupations are taken into consideration in the processes in their entity.

They also initiate actions that benefit society and that are coherent with the Group's priorities and tailored to the specific characteristics of the local geographical zone.

CSR performance relies on:

- a central division;
- a network of about 100 international experts from three of the company's major divisions: human resources, public affairs and communications;
- shared processes in order to work more efficiently, keep track of activities and measure their impact.

Since all the stakeholders need to be aware, informed and mobilized if the CSR culture is to be durably established in the Group, specific means of communication are used:

- raising awareness: *e-learning* on diversity and CSR, a deployment kit;
- information: a CSR newsletter, articles in central and local communication media, a dedicated intranet site, internal forums;
- mobilization: involvement of employees in the worldwide special days organized by the UN (environment, the disabled, women).

CODES OF GOOD CONDUCT ✦

INTERNAL STANDARDS

CODE OF GOOD CONDUCT AND RULES OF COMPLIANCE

Since 1998, Renault has applied a Code of good conduct, revised in 2007. This Code provides a framework for relationships with all stakeholders, both inside and outside the Group. It is distributed to management and suppliers.

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. The Compliance function is an integral part of the Renault group's internal control procedures (see chapter 3.1.3.2).

In 2010 the *Global Compliance Committee*, chaired by the *Compliance Officer*, met three times (see chapter 3.1.1.7, Activity of the Compliance Committee). The Group corporate social responsibility department now sits on this 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 2.2.3.1 Employee-relations performance).

CODE OF GOOD PRACTICES AND COMPETITIVE PERFORMANCE

In France Renault has agreed to fully apply the Code of Good Practices and Competitive Performance governing customer-supplier relations in the automotive industry, signed on February 9, 2009 by suppliers (Clifa), manufacturers (CCFA) and the French government. This code includes a number of general principles on the conduct of inter-company relations, which can be applied across the automotive industry.

THE RENAULT CSR PURCHASING CHARTER

Renault-Nissan corporate social responsability (CSR) purchasing guidelines for suppliers

This Charter was signed with Nissan during the Renault Nissan Purchasing Organization management committee in May 2010. The Charter has been sent to all the employees in the Purchasing department worldwide and to more than 7,000 of the Alliance's suppliers. The Charter recapitulates all of Renault's and Nissan's commitments in this field.

For each of the key themes of CSR, such as employees' fundamental rights, respect for the environment and ethics, the Charter explains the RNPO's guidelines and expectations regarding its suppliers and its supply chain.

It also states the possible impact on business relations, if practices in the field seriously deviate from these guidelines.

In particular, suppliers are expected to participate in Renault's continuous improvement process and the deployment of all these initiatives. These approaches apply to all tiers of suppliers (see chapter 2.1.6.2 Suppliers).

REGULATORY INSTRUMENTS

Pursuing the goals of transparency and progress, Renault adheres to international norms and standards established to regulate companies' social relations, 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 also complies with the Global Reporting Initiative (GRI) (see GRI mapping table in chapter 7.4.4).

Renault is a founder member of the "Greater Paris Club for sustainable development", which brings together major corporations, 35 small and medium-sized companies and four interprofessional federations. The goal is to encourage as many companies as possible to sign up to the *Global Compact* [1]. The association is partnered with the Greater Paris regional office of the French energy management agency, ADEME.

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.

(1) 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.

2.1.1 DIVERSITY

2.1.1.1 PROMOTING DIVERSITY AND EQUAL OPPORTUNITY

Renault wants the company to benefit from the cultural diversity and wealth of experience of all the components of the markets in which it operates. For a locally focused and socially responsible company, diversity is a key driver of performance, motivation and commitment for employees.

Diversity is a decisive competitive advantage: the diverse educational backgrounds, talent and career paths of the workforce is what brings innovation. In a globalized world, it is by reflecting the many aspects of the 118 countries where Renault sells vehicles that the company will understand and best meet the expectations of its customers.

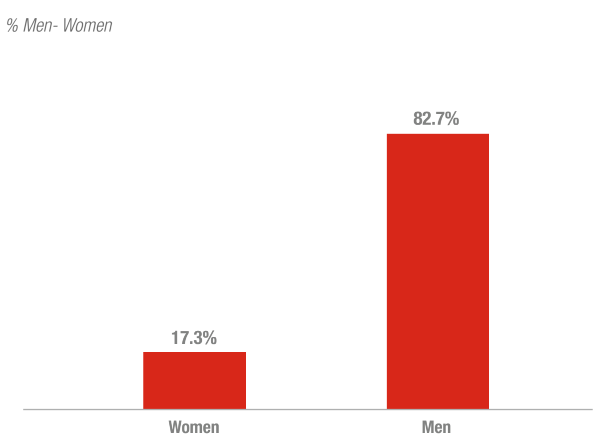
In 2010, Renault conducted a diversity diagnosis with the help of an expert in the field. The diagnosis mainly looked into gender, health, disability, origin and age. The diagnosis covered 17 sites all over the world that account for almost 60% of the headcount. The diagnosis precisely identified strong points, but more importantly, points to be improved.

Renault is building on this operation by developing tools and materials for the Group's entities:

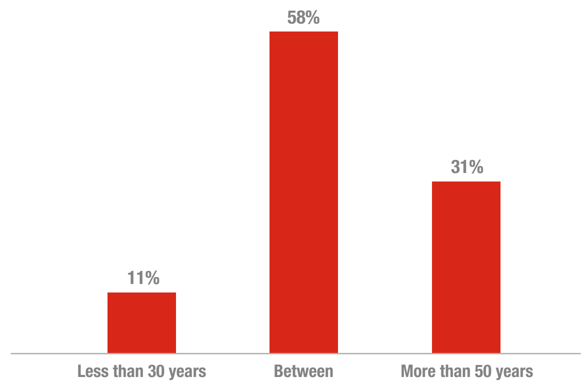
- a diversity standard describing the right actions to be taken;
- a self-assessment tool to test whether the subject is taken into consideration;
- an assessment tool to progress further with internal experts and draw up the action plan.

This action plan is currently being deployed in every entity.

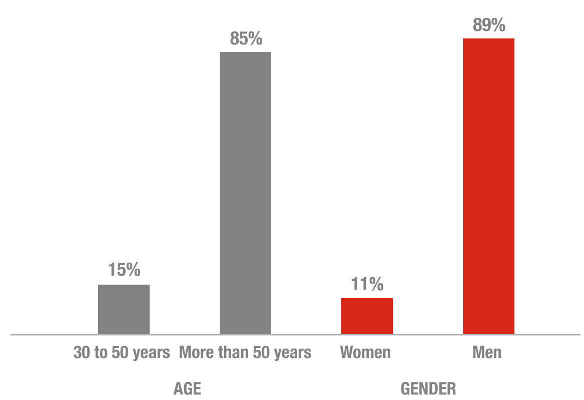
MEN/WOMEN RATIO (RENAULT GROUP)



AGE PYRAMID (RENAULT GROUP)



RENAULT MANAGEMENT COMMITTEE (RENAULT GROUP)



Group Executive Committee: 25% of women.

2.1.1.2 RENAULT'S COMMITMENT IN FAVOR OF THE DISABLED

Mobility and difficulties in finding employment are two obstacles to the social integration of persons suffering from disability. As a carmaker and an employer, Renault is naturally taking action.

The Renault Tech subsidiary, which designs, produces and markets vehicle conversions, has a complete range of vehicles and services that is unmatched in Europe: driving and transfer aids, transportation of groups and individuals, short-term rental of vehicles adapted to the transportation of wheelchairs.

As a socially responsible company, Renault is also committed to employing and keeping persons suffering from disability.

Disabled employees represent 7.65% of the workforce at Renault s.a.s., exceeding the legal minimum of 6% in France.

The Renault TECH offering for the transportation of persons suffering from reduced mobility was significantly extended in 2010 with the launch of New Master (one to six wheelchairs for nine occupants), a four-seater Kangoo (three occupants and one wheelchair), in which the handicapped person can be positioned in the vehicle in the same manner as the other back-seat passenger. These innovations are based on the advice provided by 25 disabled Renault group employees in the course of a working day organized at the Technocentre on November 19, 2009 to assess and suggest innovations in the offering of vehicles for persons of reduced mobility.

Through Renault Tech, Renault is the first carmaker to receive EU marketing approval for a vehicle for less mobile users. The Kangoo TPMR can now be marketed in all 27 countries of the European Union.

All these adaptations comply with Renault group quality standards and the warranty for the adaptations is the same as for the original vehicle. Visit: www.renault-tech.com.

In 2010 Renault TECH sold more than 1,000 vehicles for persons of reduced mobility in nine European countries: France, UK (*Motability* label for Kangoo), Spain, Italy, Portugal, Switzerland, Germany, Sweden and Austria.

Our presence at four trade shows for persons with disabilities in France and Switzerland in 2010 provided an opportunity to meet numerous private and professional customers and to promote the newly created brand.

For the second year in a row, on December 3, 2010, United Nations International Day of Persons with Disabilities, Renault restated its commitment to diversity in general, and to disabled people in particular. Various awareness-raising actions have been taken to date among employees and the general public (France).

2.1.1.3 RENAULT'S COMMITMENT TO GENDER DIVERSITY ✦

As part of its diversity policy, Renault has launched a specific initiative focusing on the position of women in the company in the shape of a dedicated plan, Women@Renault.

WOMEN@RENAULT: A PRACTICAL PLAN IN FAVOR OF WOMEN IN THE COMPANY

When Renault became a partner of the Women's Forum in 2006, the question was raised on the place of women in the workplace, resulting in efforts to change the company's everyday practices on the basis of two priorities: better representation of women in the highest echelons of the company and the launch of Women@Renault.

Four years on, the results reveal undeniable progress.

Two women now sit on the Group Executive Committee: Odile Desforges, Executive Vice President, Engineering and Quality, and Laurence Dors, Corporate Secretary General of the Renault group. On November 2, 2010, Marie-Françoise Damesin became the first woman to occupy the position of Senior Vice President, Group Human Resources in the Group's history.

Women@Renault, launched at the start of 2010, is a tool that drives improvements in the global performance of the company by strengthening gender diversity in the workforce. The plan has two dimensions: first, changes in the HR processes, including recruitment, and career management. By way of example, Renault has set itself the target of filling 30% of technical positions and 50% of sales positions with women.

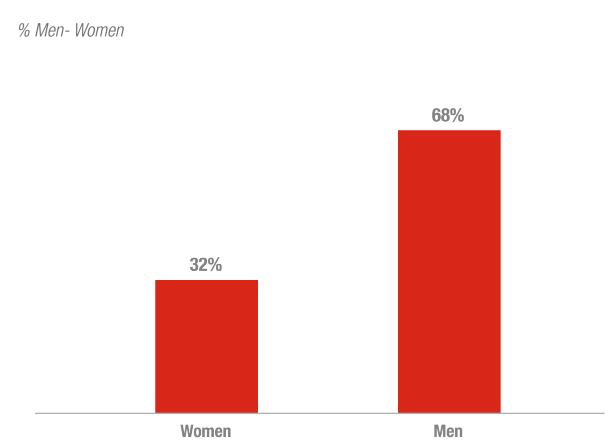
The Women@Renault plan also keeps a close eye on equal pay between men and women.

Second, the plan has led to the creation of a network of women inside the company. Connected to a web 2.0 platform, the 900 members of the network informally exchange points of view, take part in conferences and debates and are able to follow training courses, in leadership in particular.

THE WOMEN@RENAULT ROMANIA NETWORK

The network was launched on September 23, 2010 and has about 80 members from all the Group's entities and functions in Romania.

Indicators show that gender diversity is a reality at Renault Romania. 32% of the overall workforce are women, who also account for 31% of employees in manufacturing.



RENAULT RETAIL GROUP RECRUITS MORE WOMEN AT SHOWROOMS

Renault Retail Group (RRG), Renault's distribution subsidiary grouping more than 220 sales outlets in Europe's biggest cities, made an unequivocal observation in early 2009. In France alone, it had less than one new-vehicle saleswoman per Renault and Dacia showroom. To more closely reflect the diversity of its customers, the management introduced an action plan. A communication campaign was organized to attract more women applicants and ensure more gender-equal hiring. At end-2010, 30% of RRG new-vehicle salespeople in France were women; at European level, the share was 23%. To take things further, RRG signed the Elles de l'Auto charter in October 2010, thereby committing to an ambitious gender equality policy ensuring real career prospects for women.

STRUCTURE/PROGRAMS	COUNTRY	PURPOSE	PARTNERS	BENEFICIARIES	MEASUREMENT OF SOCIETAL IMPACTS
GENDER DIVERSITY					
The ELLES DE L'AUTO Charter www.elles-auto.com	France	Introduce more women into the teams by setting quantified targets, mobilizing management to achieve these targets, monitoring the proportion of women… These are the main commitments made by the Les *Elles de l'Auto Charter*, which was unveiled at the Paris Motor Show.	Les ELLES de l'AUTO	Women in the automotive industry	The proportion of women in companies in the automotive sector.
ELLES BOUGENT www.ellesbougent.com	France	Promote careers in the automotive industry to women at school and in higher education in order to attract them to jobs in engineering. The association, founded in 2005, organizes meetings between female students and women in engineering positions in the industry.	ELLES BOUGENT	Female students studying science and technology	100 young women welcomed to the Square Com Renault on April 1 and to the Paris Motor-Show on October 7.
The Charter for working parents	France	Renault continues to take practical action in favor of working parents. The company is committed to increasing the representation of working parents in the company, to create a favorable environment for working parents and to abide by the principle of non-discrimination in the professional advancement of employees with children.	The parenthood observatory	Company employees	
HANDICAP					
ARPEJEH www.arpejeh.com	France	An association that promotes the training, qualification and employment of the disabled by supporting disabled teenagers in their training and the construction of their career plan.	ARPEJEH	Young and disabled students	2011: Disabled interns joining the company.
YOUTH					
A nation-wide commitment to support the employment of young people from housing projects.	France	Renault has signed a "national commitment to integrate young people from the housing projects into the workforce" with the Ministry of the Economy, Finance and Employment. This agreement reflects the policy that the company has been implementing for many years in favor of under-qualified young people.	Ministry of the Economy	Young people from housing projects	Recruitment of 420 young people, 720 interns and 450 students on work/ study courses from socially deprived districts in 2008 – 2010.
Framework agreement to promote the employment of young people	France The Douai, Le Mans, Flins, Cléon and Sandouville plants.	Under the agreement around 200 unskilled young people benefit every year from a training course that leads to a qualification. The program includes an internship of three or four months in industry, followed by a work/study contract of 12 to 24 months, then assistance finding a job. The trainees earn an official high-school or tertiary diploma recognized across all industries. On April 6, 2010, Renault renewed its commitment for the fifth time.	French Ministry of Employment and Social Cohesion	Unqualified youngsters.	More than 3,300 young people, o/w 30% women. 90% received a qualification and 70% found long-term employment in the year following their graduation.

2.1.2 EDUCATION ✦

2.1.2.1 SUPPORT AND PARTNERSHIP IN EDUCATION AND EQUAL OPPORTUNITY ✦

Actions taken on education in the Renault group are based on two close-fitting priorities:

- cooperation and actions with the French education authorities to build the professional skills of young people:
  - implementation of a policy that seeks to match training programs with the skills needed by the Group and the professional expertise of young people,
  - active cooperation with educational bodies to introduce special training courses for staff in the national education system, including state school inspectors, directors of educational establishments, careers guidance counselors/psychologists, head teachers and technology instructors at high schools and universities,
  - 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, sponsoring course options, and sitting on selection panels. 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. In 2010 the Group took part in numerous forums worldwide, including 15 forums with business, engineering and educational establishments in France,
  - Renault also paid €9.1 million in apprenticeship tax in 2010 to around 500 French schools;
- sponsorship and educational actions related to the business commitment Charter to promote equal opportunity and promote multi-cultural values.

STRUCTURE/PROGRAMS	COUNTRY	PURPOSE	PARTNERS	BENEFICIARIES	MEASUREMENT OF SOCIETAL IMPACTS
La Voix de l'Enfant *Valued Citizens Initiative* "Values in Schools" and "Inspire" programs In 2010, the Valued Citizens Initiative NGO, of which Renault has been a founding partner since 2001, joined the *"La Voix de l'Enfant"* NGO. www.valuedcitizens.co.za www.lavoixdelenfant.org	South Africa	Promote responsible citizenship in state schools in South Africa	Public educational authorities in the target provinces Other partners of *Valued Citizens,* including the GDF-SUEZ Foundation for Inspire	Gauteng, Free State, Kwazulu, Natal and Limpopo provinces	Values in School: since 2001, 1,700 schools and high schools in five provinces, 3,500 teachers and 425,000 pupils. Inspire: since 2009, 20 schools, 40 qualified educators, 150 directly qualified young beneficiaries and more than 15,000 pupils have benefitted from the program.
The *"Course en Cours"* high school prize. An educational association set up in 2007 by Renault and Dassault Systèmes. An educational program launched in 2006 and approved by France's education authorities in 2009. www.course-en-cours.com	France	Promote and raise awareness of engineering subjects in a spirit of equal opportunity and competition. 3D design, validation, construction and promotion of an electric mini 1/14 F1 car.	Ministry of Education Dassault Systèmes, Versailles-St Quentin University, *Sciences et Vie Junior* magazine	High schools, technical colleges and universities, resource centers and tutors in high schools belonging to each educational authority	400 establishments, 1,500 teams, 7,500 pupils, 55 academic resource centers, 600 tutor/students.
Partnership with the *"Un Avenir Ensemble"* foundation. Support for promising young students from disadvantaged backgrounds with their studies by employees from major corporations. www.fondationunavenirensemble.org	France	Mentoring of promising high school and university students from disadvantaged backgrounds.	State education system	Young people and their families	15 young people/year.
Henri IV partnership	France	Mentoring and grants for students from deprived backgrounds in a special preparatory class for higher education, giving scholarship students the best possible chance of passing the entry exams for the most selective business and engineering schools.	Henri IV high school	Young people and their families	One class for 3 years (2008-2011).
Since 2006, the Renault-Nissan Alliance has supported the "Women for Education" program, launched by the Women's Forum and *Elle magazine*.	Developing countries	Support for projects promoting the education of young girls and training for women.	The Elle foundation Women's Forum Cité Universitaire Internationale	NGO Women in developing countries	The 2010 award: €100K to fund study grants in France for women from Haiti, selected by the Ministry of Education in their country.
The Renault Retail Group Fund, a commercial subsidiary of Renault*, financed by the RRG company agreement signed by management and staff representatives in 2003, which is supported by a levy on employee profit sharing matched by an employer contribution	France and countries where RRG is present	Support for projects of general interest sponsored by RRG group employees in the fields of education and good citizenship	Planète Urgence Aide et Action Associations	Associations and their beneficiaries	Since 2003: more than 60 projects of general interest launched by associations or NGOs. 2010: the Economic Trophy was awarded to the association "Les métallos du cœur", supported by RRG Marseille.
Support by the Renault Responsible Fund for the Apfee association that supports equal opportunities in school as part of the school support program *"Coup de pouce clé"*. www.coupdepoucecle.fr www.apfee.asso.fr	France	Individual tutoring and help in learning to read and write in first-year state primary school classes in education action zones.	Ministry of Education Targeted localities State schools in education action zones	Municipalities and schools: education action zones in Douai, Auby, les Mureaux, Mantes la Jolie, etc. Children and their families	30 "Coup de pouce clé" clubs, representing 150 children in the neighboring localities of Douai and Flins.
Partnership with Planet Finance for an integrated development plan in the Tangiers-Tétouan region, as part of the National Initiative for Human Development implemented by the Kingdom of Morocco. www.planetfinancegroup.org	Morocco	A program for the education and insertion for young people in precarious living conditions through an organization providing guidance for professional insertion, and access to the creation of gainful activities by microcredit. Contribution to the definition of an integrated development plan for the region	Planet Finance NGO Planet Finance Morocco Locally active NGOs	Target populations benefiting from actions taken, including the education and professional insertion program. Trainers of the local partner NGOs. Local authorities	2011 deployment: 250 beneficiaries, including 50 youngsters in long-term employment. List of mid-term actions in the integrated development plan for the target zone, shared with the stakeholders.

* *Renault Retail Group Fund. In 2010, the Fund amounted to €80,000. In the field of education, the Fund made contributions to educational sponsorship projects with "Aide et Action", to the education of female orphans in Burkina Faso with CIELO, to the training of mechanics in various African countries with Planet Urgence through volunteer leave, to projects combating illiteracy in Niger with GREF and to other diversity projects (help for the disabled) and projects for health-related research, humanitarian aid (care for families in Haiti) and development aid.*

2.1.2.2 RENAULT'S CORPORATE FOUNDATION

Established in 2001, Renault's Corporate Foundation is the expression of Renault's concrete involvement in higher education.

In 2009 Renault's Corporate Foundation was renewed for five years with an action programming spanning several years, amounting to a total of €14,560,000, or an average annual budget of €3M.

The purpose of the Renault Foundation is to create lasting bonds between the company and academic institutions in France and elsewhere. It supports four training programs developed with its partner universities.

The Renault Foundation organizes and finances a complete year of study in France for its scholarship students: a monthly grant, enrolment in schools and universities in France, social security coverage, the return trip between the country of origin and France, trips of economic and cultural discovery.

PROGRAMS	COUNTRY	SPECIALTY	PARTNERS	BENEFICIARIES
Renault Foundation MBA Dauphine Sorbonne		International management	Paris Dauphine University and the Sorbonne Business Administration Institute	
TRADD Renault Foundation ParisTech Master	Courses delivered in France for students from universities in Brazil, Korea, India, Japan, Lebanon, Morocco, Romania, Russia and Turkey.	Transport and sustainable development	ParisTech, Ecole des Ponts, Ecole des Mines, Ecole Polytechnique	Between 15 and 20 students per program from partner universities outside France
MVE Renault Foundation ParisTech Master		Mobility and electric vehicles	ParisTech, ENSAM, ENSTA, Ecole des Ponts,Ecole des Mines	
Renault Polytechnique HEC chair	France, India, Japan	Multi-cultural management and company performance	Ecole Polytechnique, HEC Paris	15 students from HEC Paris, Ecole Polytechnique, Indian Institute of Management Ahmedabad and Keio University

SCHOLARSHIP STUDENTS WHO GRADUATED IN 2010

On June 29, 2010, 21 students were awarded the Dauphine Sorbonne Renault Foundation MBA in international management.

On October 6, 2010, the Renault Polytechnique HEC chair in multicultural management and company performance was awarded to two groups of three students for the quality of their work. Each group, comprising one HEC student, one Polytechnique student and one student from the partner establishments in Japan and India, demonstrated the levels of performance achieved by multicultural teams. The projects looked into the possible uses of electric vehicles in Chennai, India and raw materials sourcing for a part developed by the Renault-Nissan Alliance.

On November 24, 2010, 20 students received their ParisTech Renault Foundation Master in transport and sustainable development.

EXTENSION OF THE PROGRAMS TO NEW UNIVERSITIES

- In Romania, the Gheorghe Asachi technical university in Iasi, the Cluj-Napoca technical university;
- In Turkey, Galatasaray university, the Bogaziçi university in Istanbul, METU university in Ankara.

CHANGES TO THE DAUPHINE SORBONNE RENAULT MBA

As part of the renewal of the international management MBA convention, the Renault Foundation, Dauphine University and the Sorbonne Business Administration Institute jointly set new targets to improve the renown and the level of excellence of the program by incorporating the following main guidelines:

- the impact of the Dauphine EQUIS label awarded to the MBA, which means, wherever possible, selecting candidates with three years of professional experience;
- longer programs, including a 6-month internship or professional mission;
- the opening of the program to students who do not hold a Renault Foundation scholarship;
- the development of a series of conferences included in the program;
- the adaptation of the marking system to the Dauphine-Sorbonne standards.

CREATION OF THE ASSOCIATION OF RENAULT FOUNDATION ALUMNI

The association of former Renault Foundation students, who number about 500 graduates, was created at the start of the year.

The articles of association of the Renault Corporate Foundation Alumni (AFRA) were published in France's *Official Journal* on February 13, 2010 (see the AFRA site http://afra.squarespace.com/agenda/).

THE RENAULT FOUNDATION BECOMES A FOUNDING MEMBER OF THE PARISTECH FOUNDATION

Publication in the *Official Journal* on April 2, 2010.

The purpose of the foundation is to contribute to the promotion and the development of scientific and technological higher education in France and Europe, and the associated research. Classified as being of public interest, the ParisTech Foundation supports the development of training on an international scale, as well as multi-disciplinary research, focusing on innovation.

The ParisTech Foundation also promotes international mobility of students, lecturers and researchers, and the dissemination of knowledge and skills in its field of activity, in the broadest sense.

Its core activity comprises fundamental science, engineering sciences and technologies, management sciences and life sciences.

Creation of a new Master's degree in Mobility and Electric Vehicles

The Renault Foundation, ParisTech, ENSAM, ENSTA, les Ponts ParisTech and Mines ParisTech have joined forces to develop and organize a course in Mobility and Electric Vehicles, which will train engineers in the new and specific expertise needed to address the technologies and challenges of the electric vehicle. The program will deliver:

- a necessary understanding of the needs for mobility and possible sustainable solutions, from the technical, behavioral and organizational perspectives;
- in-depth technological knowledge of the electric systems that store and manage the energy flows onboard hybrid and electric vehicles;
- an understanding of the impact of this change on traditional activities in the automotive sector.

This qualification has been created in response to growing needs in this technically advanced field. The program has a common core covering the general principles and functions of electric vehicles, then two options (electric systems: "energy management in electric vehicles" or "architecture and design of electric vehicles: impact of changes in the automotive on the industry's traditional activities").

The course started in September 2010. It will enable students to pursue their careers in France or elsewhere in international companies or organizations, with the state, regional and local authorities, with carmakers and equipments suppliers or the operators of the networks and infrastructures required by electric vehicles.

The training course was developed in cooperation with the Institute of Sustainable Mobility, of which the Renault Foundation is a member.

2.1.3 SUSTAINABLE MOBILITY: ESSENTIAL FOR THE PLANET ✦

Aware of the issue of sustainable mobility, Renault set up a sustainable mobility, road safety and health section at the Corporate Social Responsibility division in September 2009.

To support these principles in a practical way, Renault is launching or joining actions to advance sustainable mobility, both in France and at the European and international levels.

THE SUSTAINABLE MOBILITY INSTITUTE: A COMPREHENSIVE APPROACH

It was from this comprehensive perspective that Renault, the Renault Foundation and ParisTech decided to team up on research and teaching work on the future of passenger transportation by founding a Sustainable Mobility Institute in September 2009.

Concretely, the cooperation between Renault engineers and teacher/researchers and students from ParisTech aims to:

- promote research into the design of innovative systems, essentially based on electric vehicles;
- train sufficient managers and researchers to meet the demands of industry in the transportation sector and the scientific and technological challenges raised by the long-term development of sustainable transportation systems. A Master's program was inaugurated at the beginning of the 2010 academic year.

The Sustainable Mobility Institute could open up to other French or international partners that wish to participate in this research.

The Sustainable Mobility Institute will oversee research and training programs around four themes, involving eight schools and 10 research labs from ParisTech:

✦ Global Reporting Initiative (GRI) Directives

ONGOING RESEARCH PROGRAMS

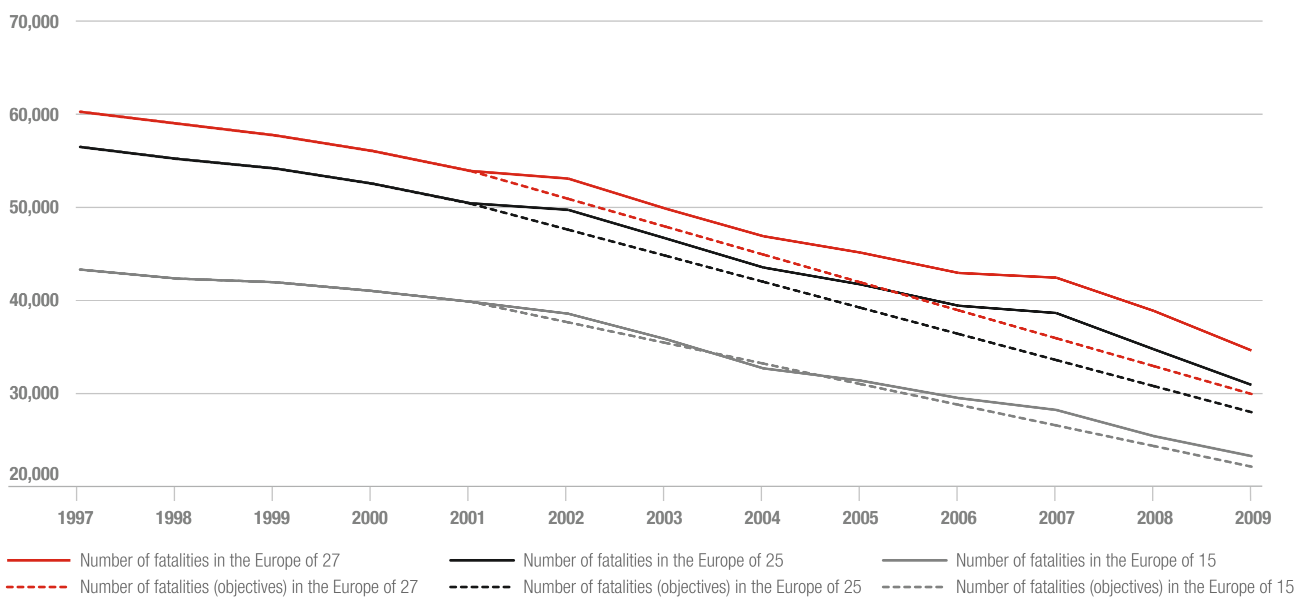
PARTNER ORGANIZATION	THEME	SUBJECT
Ecole Nationale des Ponts et Chaussées	Electric mobility system to understand the interactions between mass circulation of electric vehicles and territories, and infrastructure needs	The sociology of local players and the organization of electric mobility, the economy of urban transport and electric vehicles
Ecole des Mines de Paris		Which design strategies for the electric vehicles of the future?
Ecole Polytechnique	The EV business model to identify the economic models that will enable mass, sustainable development of the electric range	Which viable economic models for electric vehicles?
Ecole des Mines de Paris Sociéte de Mathématiques Appliquées et de Sciences Humaines (SMASH) Observatory of Emerging Economies Consulting	Global vision to study the international conditions of a switch from the current system of automotive transportation to electric vehicles	A worldwide vision of the future markets for electric vehicles
Ecole Polytechnique et Ecole Nationale de Chimie de Paris	Battery technologies to help improve further this technology that is progressing	Research into the integration of silicon nanostructures as anode materials in Li-on batteries

2.1.4 ROAD SAFETY ISSUES

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 between 20 and 50 million injured on the world's roads each year. If current trends continue, those numbers of deaths and injuries due to road accidents could rise.

Promoting a policy of responsible mobility, 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. In other countries, there is a long way to go. Renault is working on that.

ROAD FATALITIES IN EUROPE – 1997-2009



2.1.4.1 RENAULT'S ROAD SAFETY POLICY ✦

Recognizing the importance of road safety, the Renault group created a Road Safety Policy department in March 2004. The department's remit is to establish Renault's road safety policy and to coordinate its implementation.

In September 2009 this activity was amalgamated into the sustainable mobility, road safety and health section of the new Corporate Social Responsibility division (DRSE).

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. The same is true of its training and awareness initiatives.

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. This accidentology-based approach is supplemented and enriched by research into biomechanics, which provides a better understanding of the lesional mechanisms at the root of injuries observed in accidents and helps to continuously improve safety systems. With more than 50 years' commitment to the Research and Development of technologies to improve the safety of its vehicles, Renault is recognized as an industry leader in automotive safety in Europe.

Today, Renault is extending the data collection and analysis that takes place in Europe to its regional engineering centers and sales subsidiaries, in cooperation with the local and global stakeholders in road safety. The aim is to adapt its vehicles and sustainable mobility actions to its new markets.

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. Renault 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 joint initiative between the private and public sectors is a forum where the members of the working group can share their knowledge and findings.

✦ Global Reporting Initiative (GRI) Directives

2.1.4.2 RENAULT'S FIVE PRIORITY ACTIONS IN FAVOR OF ROAD SAFETY

PREVENT

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 vehicles, and the situations in which they are putting themselves at risk. Renault runs a course in responsible driving in partnership with the ECF French Driving School.

PREVENT

CORRECT

The quality of road holding and the brakes represent the dynamic fundamentals of the vehicle. 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 purpose of driving aids, which are triggered in difficult or emergency situations but never completely take over from the driver.

CORRECT

PROTECT

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.

Renault is currently the only carmaker to market twelve models with a 5-star rating in Euro NCAP tests – the safest range on the European market.

PROTECT

RAISE 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.

RAISE AWARENESS

RESCUE

Since the start of 2010, Renault has strengthened its collaboration with rescue services in France and elsewhere in order to optimize assistance for persons injured in road accidents. Rescue services receive intervention guides for the brand's vehicles, plus recent vehicles on which they can practice cutting occupants free.

RESCUE

ACTIONS IMPLEMENTED

THEMES/PROGRAMS	COUNTRY	BENEFICIARIES	PURPOSE	RESOURCES
Commitment by the company to raise awareness of road safety amongst the entire workforce	Worldwide	Group employees	Signing of Charters on Road Safety and Occupational Risks	Partnership with the French police force to make motorcycle and scooter riders aware of the dangers of the home/work commute
Participation in keeping knowledge of safety in the network up to standard	Worldwide	Sales network	Better understanding of safety systems and driver aids	*Synchro magazine*, the Warm-up *TV program*, continuous training, point of sale advertising, deployment meetings
Training in responsible driving (CAR program + safety)	France	Fleet customers	Remind our customers of responsible driving practices	One-day training session that can be deployed across France through the ECF network (French driving school)
Service for sustainable mobility in complete safety	France to begin with	Senior customers	Make them aware of potential loss of performance and suggest the right solutions	One-day educational session that can be deployed across France through the ECF network (French driving school)
Tertiary safety	Worldwide	Rescue services	Become *the* leader through our actions with rescue services	Supply technical documents and recent vehicles for use in the training of rescue services

2.1.4.3 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 12 million young people with 580,000 teaching kits distributed. Currently running in some 15 countries, it is the biggest road safety awareness campaign ever organized by a carmaker. By way of example, the "Kids on the Road" program intended for primary school children has been deployed in Morocco, Bulgaria, Poland, South Korea, Portugal, Greece and Switzerland, as well as in France. In the month of August every year, the winning poster from the "Express Yourself!" competition for high school children is posted in the streets of France. This competition is also run in Luxembourg and Austria. Additional operations for young drivers or future drivers have also been taken in Germany (*Safety Stars*), Belgium (*Promove*) and Spain (the *Race-Renault* travelling school).

In France, Renault is a partner with the police, Groupama and Total in another awareness-raising operation targeting 15- and 16-year-olds called *10 de Conduite*. Through their schools, teenagers are given an opportunity to drive a driving-school Clio on a special track and learn the basics of responsible driving. In June 2010, a *10 de Conduite* track was set up at the Magny Cours circuit to coincide with the World Series By Renault.

In April 2010, a class of 14-15 year olds spent a day discovering safety-related activities at Renault as part of a partnership with the IMS (*Agir pour la cité*).

2.1.4.4 RENAULT – INTERNATIONAL ROAD SAFETY ACTION

Renault's massive international expansion naturally involves designing and marketing vehicles that meet the safety needs and expectations of new markets. Because the causes of accidents and injuries in these new regions differ from the traditional European market, Renault is expanding its accident research beyond Europe to its decentralized engineering departments and international sales network, transferring its own know-how and gaining local expertise from local laboratories and universities.

The study of accident data in host countries was formerly used only for the safety specifications of vehicles. Now it will enable Renault to respond to these risks through targeted societal programs. Most of these programs will be run in partnership with governments, private-sector partners and civil society.

GRSP – GRSI ✦

Renault is engaged in two major programs to combat road safety problems that inevitably go hand in hand with access to mobility and motorized means of transport. Since 2005, Renault has been promoting road safety in emerging countries and countries in transition through the *Global Road Safety Partnership* (GRSP) and the *Global Road Safety Initiative* (GRSI).

The GRSP brings together government agencies, the private sector and civil society to help these countries to develop their own skills in road safety, to deploy best practices and to set up the multi-sector partnerships that are needed to promote road safety. Partnerships and projects exist in more than 20 countries worldwide.

Launched in 2005, the GRSI is an international road safety program that receives US$10 million in funding from seven of the world's largest automotive and oil companies (Renault, Ford, GM, Honda, Toyota, Michelin and Shell).

Between 2005 and 2009, the GRSI worked to develop road safety initiatives in a number of developing countries, with the agreement of their governments. These initiatives include:

- the publication and distribution of guides to good practice in partnership with the WHO, the World Bank and the FIA Foundation;
- projects to demonstrate effective countermeasures;
- road safety projects, developed and deployed in partnership with the authorities in cities with between 100,000 and 600,000 inhabitants.

In 2009, Renault confirmed its commitment to the second phase (2010-2014). In this new phase, work continued in Brazil, China and the ASEAN countries, and the projects of the GRSI and its members were introduced into Africa and India.

Renault continues to support and finance the actions of the GRSP and the GRSI at the corporate level, but also in the field in the target countries, through its decentralized engineering departments and sales subsidiaries.

Renault and road safety in Morocco

In 2009 4,042 people died in road accidents in Morocco and 12,479 were seriously injured, of whom more than half were so-called vulnerable road users (pedestrians and riders of two-wheelers). The mortality rate per million inhabitants is more than one-and-a-half times higher than in France.

Since Renault is investing in the long-term development of Morocco, the Group has joined national and international stakeholders in road safety to promote and provide safe and sustainable mobility. To this end, Renault is taking part in the deployment of:

- a review of the challenges of road safety and a deeper understanding of accidentology;
- training and education campaigns;
- a multi-sector partnership including representatives of government, civil society and the private sector;
- a community road safety project in Tangiers.

In 2007, Renault inaugurated its Safety for All awareness program in private schools in Morocco. Today, more than 25,000 pupils have taken part. Other messages about road safety are broadcast on the radio or published in a dedicated blog on the Internet.

Since October 2010 Renault has been working with the Global Road Safety Partnership to create a national road safety association to exchange best practices on a regional and international scale and to deploy best practices guides in collaboration with the World Health Organization.

Benefiting from GRSI funding and local support from Renault, the GRSP is also looking into the development of a community road safety project in Tangiers.

Finally, Renault also plans to work with the Moroccan authorities on the analysis of real accident data, along similar lines to the LAB (the joint PSA/Renault Laboratory for Accident Research, Biomechanics and Study of Human Behaviour), to focus on the key populations for educational actions, as well the safety systems installed in the brand's vehicles.

E-SAFETY, A GOAL FOR EUROPE

The European Commission has set the ambitious target of halving the number of road fatalities between 2000 and 2010.

The Commission launched the e-Safety forum for public and private partners, and representatives of the European Commission, with the aim of accelerating the development, deployment and use of new information and communication technologies to improve road safety in Europe.

The e-Safety forum is organized around 10 working groups chaired by industry representatives and a steering group in which Renault participates.

Renault experts are involved in the different working groups with a special mention for the Emergency call (eCall) group, tasked with defining an integrated strategy for a pan-European emergency callout service; the Human-Machine Interaction group, the Traffic and Travel Information group, and the Intelligent Vehicles group, whose purpose is to promote electronic technology that can make vehicles safer, smarter and cleaner. Renault's representatives have made a significant contribution to the definition of the smart transport system action plan by, for example, highlighting the importance of navigation systems providing information on traffic conditions for everybody, and not just executive vehicles. This system helps to improve road safety, the efficiency of mobility – by limiting congestion – and reduces emissions of CO_2 and pollutants. Moreover, Renault has launched "Navigation for all" across its range and the "HD Trafic" information service will soon be available. On the question of emergency calls, Renault was able to make a precise contribution to the analysis of costs and benefits launched by the European Commission, on the strength of its skills in quantifying cost prices and the accidentology data provided by the LAB.

2.1.5 GROUP SPONSORSHIP POLICY

2.1.5.1 PROCESSING APPLICATIONS OF GENERAL INTEREST

Renault is regularly approached by NGOs, associations or voluntary organizations seeking financial support – or donations in kind – for projects of general interest, solidarity or good citizenship.

In order to respond to these demands, the company drew up a standard procedure in 2010 that can now be used to collect and analyze these applications through a single point of entry that is accessible on www.renault.com.

This front-office, for depositing applications, is open to external organizations and Renault employees belonging to associations. Candidates are invited to share information about their organization, describe the precise goals and the measured indicators, to demonstrate that their action is coherent with the CSR policy of the Renault group or to clarify the breakdown of their budget.

Once the application has been registered, the file is examined by the DRSE manager concerned or, where appropriate, the CSR country contacts, in the specially created back-office that can be accessed only by these people.

Each preselected project is then ranked by the sector managers in the CSR team according to the criteria in the selection matrix (measurability of the expected results, coherence with Renault's values and image, the innovative nature of the project, the partner's image, etc.).

The projects selected at this stage are then submitted to the cross-functional selection committee, which meets every six or 12 months and chooses the actions that best fit the Group's CSR policy.

Not only is this system simple and efficient, but it also puts all the candidates on an equal footing, since the projects are selected according to common criteria.

In 2010 six projects were selected in the four fields of the Group's CSR policy. The bulk of the projects are in France, but projects in Morocco, India and Macedonia were also selected.

2.1.5.2 INTERNATIONAL ACTIONS

The Renault group spends €10.4 million on sponsorship and CSR. This amount is the result of annual reporting made by Renault subsidiaries worldwide and Renault establishments in France aimed at covering a major part of such initiatives led by the Group, but it does not claim to be an exhaustive review.

France is the company's main country in terms of CSR spend, accounting for €6.5 million or 63% of the world total. The Americas Region comes second, with 13% of expenditure, where the Renault Argentina Foundation and Instituto do Brasil are heavily involved in societal actions. The Asia-Africa and Europe Regions represent a 5% and 12% share, respectively. The key countries in these Regions are South Korea and Spain, with the Renault Spain Foundation. The Euromed and Eurasia Regions account for 4% of the global sponsorship and CSR budget. The leading countries in 2010 were Turkey and Morocco for Euromed and Russia for Eurasia.

79% of all expenditure on sponsorship and CSR was made as part of the Group's four priority areas, while the remainder was spent on cultural, humanitarian and sports initiatives, among others.

Some examples of sponsorship/CSR actions taken by the countries:

AMERICAS

Brazil – Instituto do Brasil

STRUCTURE/PROGRAMS	PURPOSE	PARTNERS	BENEFICIARIES	MEASUREMENT OF SOCIETAL IMPACTS
Arvore dos Sapatos primary school	Financial and material support for the social development projects run by the São José dos Pinhais prefectoral school. An educational project on environmental protection involving the sorting of waste produced by the school, which is then sold to a Renault supplier. The "Learn by Playing" program, with the recruitment of a teacher who uses games to teach.	São José dos Pinhais prefecture	São José dos Pinhais, Parana state	200 children from the local community aged under six, plus the children of Renault's employees and service providers.
SESI college	Vocational on-site training of technical students, contributing to the integration of qualified labor into the labor market. This initiative brings industry and educational establishments closer together, while strengthening the social responsibility of the company.	SESI college (Social Service of Industry)	São José dos Pinhais, Parana state	Five pupils from modest schools in São José dos Pinhais were selected according to the following criteria: the family's income, results at school, motivation. The student intake is renewed every two years.
Stories, Colors and Enchantment	The goal is to stimulate enjoyment for reading as a source of instruction and fun, in readiness for future development.	FAMEC (Faculdade Metropolitana de Curitiba), São José dos Pinhais prefecture	Curitiba, Parana state	
Renault Solidaire	Youth development through qualification programs		São José dos Pinhais, Parana state	Goal: 400 youngsters aged between 12 and 24, from deprived communities in the vicinity
Renault Expérience	Renault's practical experience contributes to a product development project in a state university, from the design phase to the end customer.	Parana Catholic University Parana, Santa Catarina, Rio Grande do Sul and São Paolo Universities	Curitiba, Parana state, Florianópolis, Santa Catarina state Porto Alegre, Rio Grande do Sul state Campinas, São Paolo state	More than 6,000 youngsters involved since 2009
UNILEHU – Université Libre pour l'Efficacité Humaine	Training institute for the disabled. Development of the diversity inclusion program through action in favor of victims of discrimination	UNILEHU – Université Libre pour l'Efficacité Humaine	Curitiba, Parana state	3,678 handicapped people and 500 people trained in 2010, about 247 professionals on the labor market

Argentina

For 50 years, the Renault Argentina Foundation has supported programs in humanitarian aid, education, health, road safety and the environment. The foundation has a separate legal identity from Renault Argentina (RASA), but the funds are invested and managed by RASA, which sits on the Board of Directors. The initial endowment was provided by proceeds from the sale of Renault shares.

Renault Argentina Foundation's flagship program is "Environment for All", with a budget of about €50,000 in 2010 (data from country reporting).

2010 targets: to educate 6,000 children on the environment.

Materials: manuals, web-site.

Competition: a video on environmental protection.

Renault Argentina Foundation has also committed to funding the construction of one health center per year in the poorest regions of the country in partnership with the CONIN NGO.

ASIA-PACIFIC

South Korea

In 2009, Renault Samsung Motors launched the eco Action campaign to make drivers aware of eco-driving and to reduce their carbon footprint by adopting an eco-responsible attitude.

The campaign encouraged drivers to take part on a voluntary basis in a range of programs, such as "*Check Your Tire Pressure Every Month*" (July), "*Keep a Proper Temperature inside Your Car*" (August), "*eco-driving School*" (September) and "*Empty Your Trunk*" (October), which all aimed to cut CO_2 emissions, while making efficient use of energy.

The economic and environmental effects of the eco Action campaign were analyzed by individual driver and for the 17 million cars on the road in South Korea (in May 2010). The data is then used for promotional purposes when preparing the eco Action campaigns or to publish messages in comic strips in the media.

The program's budget in 2010 totaled €120,000 (data from country reporting).

2.1.6 RENAULT AND ITS STAKEHOLDERS: CONTINUOUS, CONSTRUCTIVE DIALOG ✦

Through a more comprehensive, formal policy of corporate social responsibility, Renault, concerned about the impact that its activities can have on people and the environment, is taking into account the growing expectations of stakeholders the company interacts with, to ensure that its approach is credible and sustainable. Renault's stakeholders are customers, suppliers, scientific experts, local communities and residents, employees, shareholders, NGOs, international organizations and governments.

2.1.6.1 CUSTOMERS ✦

Renault is reaffirming that people are the center of its concerns. Because people bring change, Renault must design, manufacture and sell products that meet or anticipate the need for change. It is not up to the world to adapt to the automobile; it is up to the automobile to adapt to people. That is Renault's vision. Renault is an innovative manufacturer that is close to its customers and makes sustainable mobility available to everyone.

Renault wants to remain an innovative company, but does not want to be a company focused on technology for technology's sake. Renault wants to be a people-centered company, which brings the benefits of technology to as many people as possible.

The Renault group is the only carmaker to come up with a business model that makes electric vehicles competitive for customers compared with traditional vehicles, not only in mature markets but also in developing countries where cars, a means to freedom, are an undeniable symbol of progress.

This approach is a continuation of:

- the Group's history;
- its changing structure and recent acquisitions;
- its vision of corporate social responsibility.

It is the logical extension of Renault's 113-year history, its heritage, its genetic makeup, what we are: an innovative, social, popular company in tune with society.

CUSTOMER SATISFACTION ✦

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 has deployed the Renault Excellence Plan to guide all the processes aimed at improving customer satisfaction at all times.

The plan consists of 20 essential points throughout the customer experience of sales and after-sales service.

These points are evaluated on a regular basis through mystery customer surveys and internal phone surveys of the network and manufacturer. Renault also pays attention to external multi-make, multi-country surveys. Renault bases its performance on the percentage of "fully satisfied" customers and on the "recommendation rate".

Renault also monitors incidents during the warranty period. All the indicators show progress on quality and reliability.

The customer relations department, with a staff of 200, is the permanent interface with customers and handles warranty claims and all sales and after-sales information about Renault products and services.

These two levels of contact ensure that "the customer's voice" is heard at the top levels of the company.

The ISO 9001 certification of the Sales and Marketing division, France (DCF) and the distribution network in France is the tangible recognition of the customer satisfaction management system.

An action plan targets the sales force on the Renault France network to improve customer relations at sales outlets through better customer reception and the standardization of sales processes.

To take all these aspects of customer demand into account, a policy to increase the percentage of women has been introduced, with a target of 50% female sales personnel in Renault's network by 2012 (see third § chapter 2.1.1.3).

To meet the ISO 9001 standard, the Sales and Marketing division's quality management system focuses on three areas:

- customer focus – from listening to satisfaction;
- a culture of measuring customer-focused services and their effectiveness;
- the participation and commitment of every employee to continuous improvement and the identified rupture plans.

PRODUCT OFFERING

Environmentally-aware, economical, safe vehicles for the greatest number.

See chapter 2.1.3 Sustainable mobility.

COMMITMENT TO RESPONSIBLE ADVERTISING ✦

Renault submits all its advertising projects to France's regulatory authority for advertising (ARPP). In 2009 Renault contributed to drafting the authority's new sustainable development recommendation.

In 2007, Renault signed the responsible advertising Charter drafted by the national association of advertisers, *Union des Annonceurs*. Under the Charter, Renault has made five commitments:

- to include all its external communications in its responsible advertising code;
- to encourage the audience of its advertising to behave responsibly;
- to use with loyalty private data about end customers in its marketing and sales;

- to set up an internal process to approve communications before they are disseminated externally;
- to integrate environmental impact into the selection criteria for communications media.

To implement the last point, a program to make communications to the network paperless has begun, with web-based communications areas. To economize further on advertising materials, reusable POS advertising materials have been developed to limit the number of disposable items that waste large quantities of paper.

In terms of consumer protection, our manner of management of customer databases strictly respects the criteria laid down by France's data protection agency, CNIL.

MOBILITY SOLUTIONS FOR DISABLED PEOPLE

A longstanding commitment to disability has enabled the company to develop unique expertise in product planning. To date, Renault is the only European carmaker present in this area and offers a large range of vehicles for the less mobile (Kangoo, Logan, Master and Trafic), as well as driving and transfer aids (see chapter 2.1.1.2).

Less mobile drivers: Renault has developed a software program to provide dealerships with detailed knowledge about equipment and vehicles adapted for disabled users. Renault invests more broadly in assisting less mobile drivers by publishing a guide containing practical information about disabled access to driving in France and by participating in a mobility scheme for disabled people in the UK.

2.1.6.2 SUPPLIERS ✦

Suppliers make an essential contribution to Renault's CSR action plan, which is the vehicle of Renault's development ambitions all over the world. Since we listen closely to our suppliers, we have looked into countless paths of innovation, which in turn create jobs and fuel development.

Renault's ambition with regard to its suppliers is for each partner to achieve continuous performance and progress.

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.

Renault supports its suppliers with a view to establishing long-term relations in a climate of mutual respect, total transparency, trust and ongoing dialog.

Renault has drawn up targets and an annual action plan to encourage its suppliers to improve their practices in terms of CSR and to increase the number of suppliers involved in this initiative.

For 2010:

- a centrally-driven, worldwide network of CSR purchasing contacts, including a branch dedicated to measuring progress and a branch dedicated to sharing information;
- a genuine change management process through more education, including, this year, a focus on the importance of regulations applying to substances.

And for suppliers:

- a change management process with specifically dedicated actions;
- the management of continuous progress;
- and finally, the promotion of partnerships to develop innovations.

Results achieved in 2010 include:

AT MANAGEMENT LEVEL

Further to the preceding actions and in view of the experience acquired, Renault has been able to:

- launch a continuous progress control system based on fixed targets, i.e. 80% of supplier sites, representing 643 sites, assessed since 2007. According to our process, this figure represents 141 suggested action plans, which have enabled 10 suppliers to improve their sustainable development score;
- support the change process with the suppliers. Given that supporting suppliers involves informing and training them, Renault conducted an educational experiment with other carmakers. This involved choosing a country – Turkey in this particular case – and organizing a one-day training session in sustainable development free of charge for tier-one suppliers. In return, the suppliers agreed to cascade the training to all site personnel and to proceed likewise with their own suppliers. Renault made the largest contribution to the experiment, both financially and in terms of the number of suppliers involved, providing 36 of the total 120 suppliers. These 36 tier-1 suppliers trained 240 members of their own staff and 476 tier-2 suppliers. The experiment was deemed to have been most successful and will be repeated in other countries.

AT PRODUCT LEVEL

Internal change management for educational purposes. The end of 2010 saw the introduction of two regulatory restrictions on substances that will impact our products: "end-of-life vehicles" (ELV), with the end of the exemption on the use of lead in certain electronic parts, and the end of substance registration REACH. In order to explain these regulations, their potential consequences and our methodology to achieve conformity, Renault authored, presented and distributed three booklets to all purchasing employees worldwide. The first looks at REACH, the second at ELV and the third at Renault's substance management policy.

Innovation is one of Renault's top priorities and the promotion of partnerships with our suppliers to develop innovations has been an important activity. The efforts made by the teams resulted in 10 contracts being signed, five of which cover technologies that could cut CO_2 emissions.

2.1.6.3 EMPLOYEES

See the social chapter 2.2.3.3.

2.1.6.4 SHAREHOLDERS

Renault is committed to establishing relationships of trust with its shareholders by maintaining a dialog with:

- institutional investors and asset managers;
- individual shareholders;
- socially responsible investors.

See chapter 5.4.

2.1.6.5 INSTITUTIONS AND ASSOCIATIONS ✦

A quality partnership between Renault and an institution or association is only possible when both parties maintain their identities, values and independence and commit to a lasting relationship.

Renault's Corporate Social Responsibility division ensures that institutions and projects supported from 2010 onwards meet certain criteria, such as:

- institutions that have proven legitimacy and credibility (competence, know-how, etc.) that comply with codes of conduct (including financial transparency and good governance), report and optimize their cost/impact ratio;
- projects that fit into the four key areas of the company's CSR policy.

Renault is a member of:

- World Economic Forum (WEF): an independent international organization founded in 1971 and based in Geneva. Its purpose is to improve worldwide economic and social conditions. Its members, drawn from all business sectors, work with universities, governments, religious organizations, NGOs, and artists;
- Global Road Safety Partnership (GRSP): see chapter 2.1.4.4;
- 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 dialog between industry and governments at both national and European levels. Renault is involved in most of the ERT's working groups;
- *Entreprises pour l'environnement* (EPE): founded in 1992, EPE is a French association consisting of around 50 large companies operating in diverse industrial sectors – steel, food, aluminum, automotives, chemicals, cement, energy, industrial gas, healthcare, public works and glass – as well as in service sectors such as insurance, banking, transportation, water and waste treatment and telecommunications. EPE is 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. Renault is a founding member and sits on the EPE executive committee;
- *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 into their sustainable development policies;
- *Association pour le Développement du Mécénat Industriel et Commercial* (Admical): since 1979, Admical has been a discussion and meeting forum for corporate sponsors, a unique observation platform of corporate sponsorship in France, and a productive interface for companies, project developers and government. As a member, Renault draws on Admical's expertise and participates in group meetings to discuss and work together with other member companies;
- French Automobile Manufacturers' Committee (CCFA): Renault is also represented by the CCFA in Airparif (a semi-public organization that monitors air pollution and measures emission levels in Paris) and Bruitparif (which monitors noise pollution in the greater Paris region).

2.1.6.6 INCLUSION IN SOCIALLY RESPONSIBLE INDEXES

See chapter 2.4.2.

✦ Global Reporting Initiative (GRI) Directives

2.2 SOCIAL DIMENSION

The motivation and skills of Renault staff are the company's biggest asset and vital to its performance.

The key missions of Human Resources (HR) are to:

- **develop staff commitment**, by developing top-quality management, introducing a clearly defined system of rewarding performance, and by developing skills;
- **contribute to Group performance**, by preparing the skills of the future while maintaining the competitiveness of our sites and supporting the international development of the Group;
- **promote a labor strategy** that helps to boost cohesion and solidarity in a global, multicultural group.

In 2010 the HR function started implementing a Dynamic Skills Management policy. Collectively, the policy aims to better anticipate and support in the medium and long-term changes in professions, skills and jobs, with a view to supporting Group strategy. Individually, it enables each employee to develop their employability throughout their career.

To meet these objectives, the organization system of Group HR is based on two simple principles:

- ensure strong HR presence in the field, with managers and employees, through local HR heads;
- strengthen HR work in skills management with an overarching and international vision. This is the task of career and skills development advisors at each major company function.

These two dimensions – global and local – are directly linked at Corporate HR, which groups skills from HR functions and relies on the HR departments in each of the Regions to roll out HR strategy worldwide.

This organization structure serves the three priorities of the HR function:

- bring the HR function world-class efficiency in terms of costs and value added. The HR function works to improve efficiency and the quality of the services it brings its customers, with the goal of ranking among the best-performing functions;
- promote the management of excellence, because management quality is key to staff commitment and Group performance. HR efforts take practical form in the Group management system, Renault Management Way, and in the development of coordination and training systems;
- ensure harmonious, consistent and cross-cutting HR management worldwide through Group policies and standards. The HR departments of the Regions ensure that Group HR policies are implemented in uniform fashion at all entities and that these policies correspond to the needs of functions.

Renault is ranked among the highest-performance companies by the main sustainable rating agencies (see chapter 2.4). The HR activity contributes strongly to these results.

2.2.1 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 provide support.

Local HR, which is present in the field, played an essential role by supporting and guiding managers and encouraging dialog with the employees. Moreover, HR's action concentrated on continuing to improve the quality of management through deployment of the Renault Management Way and making every employee aware of our common standard applying to conduct and behavior, the Renault Way.

2.2.1.1 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 e.g. 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.

A survey of all the Group's employees was organized between September 6 and 24, 2010 to measure engagement, the conditions of success and to make a first assessment of the Renault Management Way. The results will be published in early 2011.

2.2.1.2 IMPROVE MANAGEMENT QUALITY ✦

MANAGEMENT AND INTEGRATION TRAINING

In 2010 the Group continued to deploy 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 specific skills needed in each of the Group's business areas.

These programs are supplemented by training courses for senior managers and executives.

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.

Renault deploys several types of training systems throughout the Group.

Integration training: 1stSteps@RenaultGroup

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 to the Renault group.

Management training

The Renault Management Workshop Program introduced the entire managerial staff to the Renault group's management standard, the Renault Management Way.

The Keys for New Managers training is more specially intended for younger employees who were recently promoted to a managerial position.

The guidelines of the Management Training programs 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.

The Renault Management Workshop Program

The aim of the new management standard developed by the Group Executive Committee (GEC) in 2009, the Renault Management Way, is to improve the standard of management and raise employee commitment with a view to enhancing performance. It includes a number of shared values and good managerial practices that each and every manager must apply every day throughout the Renault group.

The Renault Management Workshop Program is a two and a half day residential course that introduces and promotes the Renault Management Way. 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.

Between 2009 and 2010, the Renault Management Workshop Program was rolled out for all GEC to GEC -3 level managers throughout the Renault group. 2,500 managers were trained. Deployment will continue in 2011 to cover greater numbers of lower-level managers. It will be delivered to about 9,000 managers.

Keys for New Managers

The year 2009 also saw the deployment of a training program for employees promoted to the rank of manager for the first time, within six months of starting their new job. The program combines one day of classroom training and five e-learning modules. The course aims to assist managers in the execution of their new duties. It is managed internally by a head of department, an HR manager and a management controller. The course identifies what is expected from managers in their roles as team leaders, budget managers and people managers.

Against a backdrop of continued tight budget restrictions, the training and development programs for management teams focused on the following priorities:

- the development of training programs for the future leaders of the Alliance, together with Nissan:
  - Alliance Engineering Exchange Program: continuation and expansion of a program offering young high-flying engineers and managers the opportunity to take part in an operational Alliance project as part of the working plans to develop synergies between Renault and Nissan: 24 participants from Renault and 24 participants from Nissan in 2010,
  - Alliance Leadership Development Program: a program designed to provide senior managers from both companies with in-depth knowledge of the challenges and the objectives of the Alliance through a series of seminars, meetings with senior managers and participation in the analysis of a strategic project,
  - preparation for the implementation in 2011 of a program to develop potential high-flyers at Renault and Nissan. This program should bring together some 50 participants from all of the Regions.
- support for new executives in their new jobs: development of an individual work plan with an external coach based on an in-house diagnosis;
- strengthening of diversity:
  - roll-out of a program enabling high-potential engineers from the international engineering centers to take part in an MBA-type program in France, while completing a six-month mission in a corporate function, where they can develop their network,

✦ Global Reporting Initiative (GRI) Directives

- participation of women who have just been promoted to management positions in specific leadership development programs for women,
- roll-out of the Managing diverse teams for performance program for 20 high-potential profiles. This program was rolled out over a nine-month period and included training sessions followed by individual action plans and benchmarks against other corporations or organizations that are particularly committed to developing diversity.

- value management: the deployment of the program set up in 2009 for potential high-flyers, dedicated to value management, continued in 2010. Using revised basic tools designed to track and measure economic performance, the course aims to provide trainees with a systemic vision of value creation. Participants benefit from individual coaching by a senior management controller;
- training for leader experts: in October 2010, the 20 leader experts, who were recently appointed as part of the creation of the expertise organization, attended a five-day seminar. The leader experts were helped by lecturers and researchers to work on their mission and their contribution to the development of innovation.

Coaching

To help improve management practices, individual and group coaching sessions have been organized for management committees keen to develop their managerial qualities. The issues of developing cooperation skills and managing complex situations are addressed in management workshops.

2.2.1.3 IMPLEMENT A PERFORMANCE RECOGNITION SYSTEM

ASSESSMENT: THE ANNUAL PERFORMANCE AND DEVELOPMENT REVIEW

Renault's annual performance and development review is a unique opportunity for employees and their immediate managers to communicate and dialog together. It is an important managerial task that serves to review the past year, discuss the employee's career opportunities and ambitions, set clear targets for the year to come, explain how employees contribute to the company's performance and make formal requests for training.

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 and measurable 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.

Moreover, the performance assessment and the promotion plan (changes in job position or salary grade, revision of fixed remuneration/basic salary, bonuses where applicable) must be coherent. The collegial decisions that prepare the promotion plan must look not only at whether objectives were achieved but also how.

Every year Human Resources organizes a series of individual assessments for managers. A guide explaining all the categories is available to all. Hands-on training in the conduct of the annual performance and development review is also made available.

REMUNERATION

Pay settlements

In an economic climate that remained difficult in 2010, Renault decided to award pay rises to all personnel categories, within the limits of budgetary restrictions.

For managers, Renault adopted a policy of both solidarity and differentiation. Solidarity, in recognition of the efforts made by all Renault's managers in recent months, in the shape of identical treatment for everyone. Differentiation, in order to recognize and reward individual contributions.

Renault s.a.s. awarded a general pay rise to non-managerial staff and production employees, plus a budget for individual increases. In all, 94% of production employees and 67% of non-managerial staff benefited from individual pay awards and seniority-related rises.

Renault also extended the crisis-period social contract, founded on principles of solidarity and equity, to protect employees against the consequences of unemployment. Under the terms of this contract, each employee still receives their net compensation, even when on short-time work.

Pay policies outside France were also adjusted to cope with the economic situation in each country and the business outlook of each entity.

The subject of senior executives' pay is addressed in chapter 3.3.

Variable compensation

Variable compensation is part of the Renault group's remuneration policy.

It is founded on the following principles:

- the higher the level of responsibility, the higher the proportion of variable compensation;
- payment of variable compensation is determined by the achievement of shared targets at Group level: as in 2009, the target in 2010 was positive free cash flow;
- variable compensation calls into play collective company-wide targets, collective team targets and/or the assessment of individual performance.

It is based on two systems:

- a Group system for executives in positions with the highest level of responsibility. The criteria applying to this system are fixed at the start of the financial period;
- a system defined at country levels, intended for other managers. For Renault s.a.s., this system is based on the assessment of individual performance by the management chain. It is built on a budget defined at the same time as the promotion plan.

2.2.1.4 SHARING THE BENEFITS OF GROUP PERFORMANCE ✦

INCENTIVE SCHEMES

Renault operates an incentive scheme that includes the redistribution of profits. This can 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.

The financial results for 2009 did not allow to make any profit-sharing payments. On the other hand, the results of local agreements on incentives based on site performance were stable on the whole in 2009. Moreover, in January 2010, the Board of Directors decided to pay an additional performance-based incentive of a uniform €500 each to the member subsidiaries.

Lastly, two advances on profit sharing for 2010 results were paid out in 2010, one a uniform €500 in April, the other a uniform €50 plus €10 per €100 of gross monthly salary, in October.

Over the past three years, incentive and performance-related bonuses at Renault s.a.s. have totaled the following amounts:

YEAR	AGGREGATE AMOUNT *(€ million)*
2008	186.8
2009	56.1
2010	78.53

EMPLOYEE STOCK OWNERSHIP AND SAVING

In France Renault operates a voluntary company savings plan open to all subsidiaries that are more than 50% owned (10 member subsidiaries). The plan now consists of five employee savings funds invested in accordance with Socially Responsible Investment (SRI) standards and endorsed by the trade union assessment body *Comité Intersyndical de l'Epargne Salariale*, and three employee profit-sharing fund invested in company stock (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 these five saving funds and the Renault share fund throughout the year.

In 2010 total payments into Renault's company savings scheme totaled €8.6 million (up 93% on 2009), of which 83% in the form of discretionary bonus transfers. The total value of the company savings plan at December 31, 2010 was €538.5 million.

The following data relate to the Group:

	COMPOSITION OF THE EMPLOYEE SAVINGS FUND	NUMBER OF SUBSCRIBERS ON DECEMBER 31, 2010	ASSETS (in € million)	2010 PERFORMANCE (%)
Actions Renault Fund(1) (4)	Almost 100% Renault shares	43,693	282.59	20.13
Renault Shares Fund(2)	Almost 100% Renault shares	12,592	66.02	20.16
Renault Italia Fund(3)	Almost 100% Renault shares	151	0.78	20.15
Impact ISR Performance(4)	100% European shares	5,843	29.96	7.24
Impact ISR Equilibre(4)	50% diversified shares 50% bonds	12,426	127.75	4.76
Impact ISR Rendement Solidaire(4) (created Dec. 1, 2009)	30% diversified shares 30% bonds 30% cash 10% shared return	492	0.66	2.68
Expansor compartiment 3 (4)	95% diversified bonds	10,288	79.98	1.14
Impact ISR Monétaire (4) (5)	100% cash	4,218	17.94	0.29

(1) Actions Renault Fund for French fiscal residents.
(2) Renault Shares Fund for fiscal residents outside France and Italy.
(3) Renault Italia Fund for Italian fiscal residents.
(4) Fund open for payments throughout the year.
(5) Fund formerly known as Fructi ISR Sécurité.

COLLABORATIVE INNOVATION

Involving all personnel in a process of collaborative innovation has been part of 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 2010, consolidating its deployment in Iran.

Data for Renault are as follows (consolidated data for 94,593 people in 2010 compared with 89,780 in 2009):

- a participation rate of 57% (62% in 2009);
- PSIs processed in 2.5 months on average (2.2 months in 2009);
- savings of €140 million, an average of €1,476 per person (€128 million, or €1,427 on average per person in 2009);
- 4.04 PSIs per person in 2010 (four in 2009).

In 2011 Renault plans to continue harmonizing the collaborative innovation plan in every Region of the world where it is deployed.

2.2.2 CONTRIBUTING TO GROUP PERFORMANCE ✦

Contributing to Group performance involves discovering and developing the talents that are essential to Renault's performance. In 2010 the HR 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.

2.2.2.1 DYNAMIC SKILLS MANAGEMENT

Skills management is an integrated approach, directly linked to company strategy.

To anticipate the accelerated development of technological innovations and remain on the cutting edge of its activity, Renault strengthened its skills management in late 2010 by introducing a Dynamic Skills Management policy aimed at anticipating needs in resources, workforce and skills in line with Group strategy. Collectively, the objective is to better anticipate and support in the medium and long-term changes in professions, skills and jobs, in order to support Group strategy. Individually, it will enable each employee to enhance their skills throughout their career and develop their employability. This Group policy will take practical shape through local agreements, exemplified in France by the signature of the Forward-Looking Management of Jobs and Skills agreement by four trade unions (CFDT, CFTC, CFE-CGC and FO) on February 4, 2011.

INTERNATIONAL EXPANSION AND ANTICIPATION

The automotive industry operates against a backdrop of global competition and requires a range of specific skills and expertise.

Business lines and competencies evolve because of factors such as technological change, innovation, the social and economic environment, regulations, and markets.

The Renault group has identified skills and strategic expertise management as being key to its international expansion and as a factor that sets it apart from the competition.

The Renault skills and strategic expertise program (CES) has generated sustainable momentum to anticipate changes in business lines and their impact on skills. The program fosters a close alliance between the HR function and line managers, which work together to tailor skills.

SKILLS REQUIREMENTS AND ASSOCIATED ACTION PLANS

A total of 48 skills leaders in the business units coordinate their skill sets on a cross-functional basis at global level. 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 or acquired in order to support the company's international expansion.

The action plans used to raise criticality use four levers:

- training: to build skills internally on the workstation;
- career paths: to dynamically build skills internally through experience;
- recruitment: to build skills using external sources, and through partnerships with educational establishments in particular;

- business-line levers: to build skills through benchmarking, standardization and the deployment of processes.

While retaining its methodological approach, since 2009, the CES program has included a structure to take decisions on the criticality of skills escalated by the skills leaders:

- the program steering committee approves the action plans for highly critical (KO) skills and a mentor from the steering committee monitors the plans at an operational level. The CES Program plays a role in organization and methodological support;
- in 2010, the committee reviewed the action plans for the judged to be critical skills in 2009 (see examples below) and decided on a resolution defining new critical skills for 2011:
  - develop electro-technical skills: internal mobility through retraining (4 x 50 hours) and the external recruitment of specialists in order to acquire the skills quickly,
  - develop system reliability skills: a business lever for making changes to the organization in order to share resources,
  - develop sales and marketing skills in the network for electric vehicles: recruitment in service marketing and benchmarking of upstream functions.

STRATEGIC EXPERTISE AND ASSOCIATED ACTION PLANS

The program to organize expertise, set up at the beginning of 2010, draws significant inspiration from the work done by Renault's strategic partner, Nissan.

The goal is to turn Renault's expertise into a long-term competitive advantage for the company, by focusing the company's knowledge and know-how on customer satisfaction, company performance and the achievement of its targets.

The fields of expertise that are of strategic importance to Renault have been identified. These fields are not limited to technical expertise and automotive engineering disciplines, such as electronic system controls or CO_2 performance, but also cover areas such as logistics, macro economics, labor legislation, and so on.

The CES program is responsible for this organization of expertise. It put the organization in place, monitors it, defines the HR management processes and ensures their proper application. These processes cover appointments, career management and training.

The expertise program has four levels of expertise: fellow expert, leader experts, experts and consultants.

The following experts are already in place:

- an fellow expert, appointed by the Chairman and CEO on January 1, 2010, who sits on Renault's management committee. He is tasked with preparing the files for decisions by senior management that demand high levels of technical knowledge and oversees the list of fields of strategic expertise;
- 20 leader experts appointed in 2010, each of whom reports to a Vice President and managed at company-level (appointed by the careers general committee). Leader experts own a field of strategic expertise and are tasked with:
  - creating and building on expertise by driving the internal network of experts and consultants and building an external network (other manufacturers, parts suppliers, other industries, Research and Development companies, universities, public agencies),
  - placing this knowledge and know-how at the disposal of operational personnel in the company. By way of example, if an innovation is used in a development project, depending on the degree of innovation introduced, it is the leader expert who decides when the milestones have been reached;
- experts and consultants are managed by the business units. Sixty experts have already been appointed. Experts report to heads of department and own a sub-field of expertise. Consultants report to work unit managers and own a business specialty.

The CES program works with the fellow expert to coordinate the community of leader experts to ensure that the best practices in the various fields of strategic expertise are shared.

More specifically, in 2010, the CES organized a number of events for leader experts:

- at the end of June, an expertise convention attended by Renault's Chief Operating Officer, announced the first contributions made by the expertise program;
- a training seminar was organized in October to help leader experts think about their contribution to innovation and Renault's international development. A benchmark with TetraPak was conducted as part of the seminar.

2.2.2.2 CONDUCTING AN EMPLOYMENT POLICY ✦

RENAULT GROUP WORKFORCE

At December 31, 2010 the breakdown of Renault's workforce was as follows (excluding employees concerned by the CASA early retirement program):

GROUP WORKFORCE BY ACTIVITY AT DECEMBER 31, 2010

	2010	2009	2008	% CHANGE 2010/2009
Automotive	119,816	118,477	125,992	+1.1
Sales Financing	2,799	2,945	3,076	-5.0
TOTAL	**122,615**	**121,422**	**129,068**	**+1.0**

Changes in the scope of consolidation had an overall impact of +24 employees in 2010. These concern:

- *newly consolidated companies: +636 employees;*
- *the withdrawal from the scope of consolidation of: Renault F1 Team, RRG NSN, Renault Venezuela, RRG Zragoza, Mahindra Renault: - 612 employees.*

On a like-for-like basis, Renault's workforce totaled 122,591 at December 31, 2010.

GROUP WORKFORCE BY GEOGRAPHICAL REGION AND PROFILE AT DECEMBER 31, 2010

	HEADCOUNT	% IN THE GROUP	% OF BLUE COLLAR WORKERS	% OF WOMEN
France	54,263	44.3	39.0	16.1
Europe (excluding France)	20,168	16.4	49.6	18.6
Euromed	26,184	21.4	65.5	23.9
Eurasia	3,735	3.0	66.2	24.8
Asia-Africa	7,316	6.0	44.3	8.8
Americas	10,949	8.9	61.1	8.9
TOTAL	**122,615**	**100**	**49.5**	**17.3**

Group turnover in 2010 totaled 6.8%.

This figure is calculated as follows (based on the workforce under permanent contract): (total incoming staff in 2010 + total outgoing staff in 2010) / (2 × 2010 average workforce).

Group headcount increased by nearly 1,200 in 2010.

In order to respond to strong markets outside Europe, the company mobilized the necessary workforce, particularly in the Regions reporting the strongest growth in sales in 2010.

In the Americas Region, the plants in Brazil and Colombia added extra shifts to cope with strong demand in Brazil. In Argentina, the modernization of the Santa Isabel plant in Cordoba and growth in sales demand led the Group to strengthen its workforce throughout the year. In all, the workforce in the Americas Region grew 1,300 in 2010.

In Eurasia, the development of the Russian Avtoframos plant was completed in 2010, and the plant's headcount grew by around 1,200.

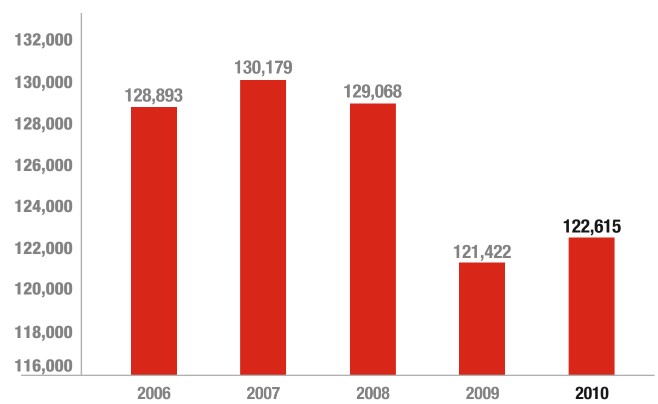
In Morocco, on the Tangiers site, the Renault group started preparing and training almost 500 people for the new plant, in readiness for the start of production in 2012.

In Europe, in a market that contracted in 2010, Group workforce was reduced by 2.3% (excluding the impact of the "sale" of Renault F1 Team), mainly due to natural attrition.

The percentage of women in the Group workforce remained stable overall in 2010. The Asia-Africa Region reported a 3% increase while the Eurasia Region reported a considerable decrease (-6 points), mainly owing to a strong, 10-point rise in blue-collar staff.

The proportion of blue collar workers in the Group decreased by 1 point in 2010.

RENAULT GROUP WORKFORCE



SHARPENING COMPETITIVE EDGE

In 2010, with the European markets failing to regain pre-crisis levels, Renault maintained an employment policy adapted to its production activities in order to safeguard its competitiveness and development capacity in the long-term.

The employment section of the action plan introduced by Renault in Europe is based on the following key points:

- hiring is limited to needs in technical and managerial skills corresponding to product strategy, notably electric vehicles;
- the Group is taking on more young people in training as part of work/study programs, starting in September 2010, as part of a national agreement on revitalizing local labor pools in France (see below);
- resources are being balanced among production sites in France by coordinating the secondment of staff from the least active plants to those with strong activity (more than 700 people seconded every month on average);
- short-time work will continue in France to adjust activity to demand. The Crisis-Period Labor Deal, initiated in 2009 and renewed in 2010, serves to maintain the pay of the employees concerned at production sites, despite unemployment;

Find out more at www.renault.com

- in partnership with the regions, a nation-wide convention to revitalize labor pools in France was signed on March 4, 2010 between Renault and the French Minister of Employment further to the implementation of the Renault Voluntary Plan, set up to support employees who chose to leave the company between October 2008 and April 2009;
- the continuation of the Employment Pact at Renault España, which protects manufacturing jobs for four years (2010-2013) as part of industrial manufacturing programs, in exchange for moderated remuneration and increased flexibility in terms of working hours.

Revitalizing labor pools in France

Rolled out in 2008 and 2009, the Renault Voluntary Plan enabled 4,457 Renault group employees in France to benefit from company support for their own personal projects.

Articles L. 1233-84 to L. 1233-90 of the French Labor Code state that any company undertaking a major reorganization, such as voluntary redundancy plans, must also revitalize local labor pools. Companies are required to contribute to the creation of activity and the development of employment in the zones affected by their reorganization. The amount contributed by the company cannot be less than twice the monthly value of the minimum wage for each lost job. The revitalization requirement is implemented as part of an agreement signed by the company and the representative of the state. The agreement is monitored and assessed by a committee chaired by the Prefect.

To honor this obligation, Renault decided in the first instance to sign a national framework agreement with the French Organization for Employment and Vocational Training (DGEFP), which would then be applied to the different labor pools through local conventions.

Signing a nation-wide agreement is binding upon the entire company. It provides a general framework and ensures that the actions developed by local agreements are coherent and efficient. Renault's nation-wide agreement defined the following points:

- the duration of the agreement;
- the company's financial commitments;
- the identification of the labor pools concerned;
- the number of new jobs per pool;
- the actions taken in the revitalization program, the deadlines and the provisional budget allocations;
- the means of tracking and assessing the measures taken.

Each of the local agreements applies, for a given local pool, the targets set by the national agreement in terms of quantified objectives (investments and job creations), practical actions to be taken and the means of tracking. The framework agreement provides for the implementation of the revitalization requirement in nine labor pools.

During the three-year period of the agreements, more than €15 million will be invested and 3,729 jobs will be created or consolidated in the nine labor pools in question. The difference between the number of jobs created and the number of employees who left the company as part of the Renault Voluntary Plan can be explained by the number of employees who chose to benefit from retirement.

The opportunity offered by the revitalization agreement will enable the company to pursue or launch industrial and social projects that will contribute to structuring the French automotive industry and the regions concerned. With the current crisis in the automotive sector, Renault plans to focus its action on three main priorities. These three priorities reflect concerns that are of strategic importance in preparing the regions for the future:

- new industrial activities: Renault is developing and contributing to the development of new activities in the regions and is helping to keep them competitive.

  As part of the framework agreement, 395 new jobs will be created as part of Renault's new industrial projects;
- skills, appeal and competitiveness of the labor pools: Renault understands that its skills may be of interest to companies in the regions where it is present. Renault provides some of these skills to these companies free of charge. Renault also plans to use its resources and skills to further the training of the companies in the labor pools concerned.

  As part of the framework agreement, Renault is committed to providing 2,745 days of "skills capital";
- insertion, policy on young people and diversity: the framework revitalization agreement also highlights Renault's commitment to pursuing policies promoting the professional insertion of young people (job experience, professional qualification training, apprenticeships, second-chance school). Despite an economic climate that makes it difficult for Renault to hire youngsters on these programs, they are very important to Renault and its partners. Renault is convinced of the social benefits of these programs, and has committed to maintaining set numbers during the period in which the local agreements remain in effect.

  As part of the framework agreement, Renault is committed to taking on 2,679 people as part of these programs.

Over and beyond these three actions, Renault will provide financial support for actions and initiatives that create jobs in the various pools, in the shape of local revitalization funds. The implementation of the agreements and the amounts allocated to the funds represent more than €9.2 million.

Short-time work support system in France in 2011

The use of short-time work remains foreseeable in 2011 as the risk of under-activity continues. With the Crisis-Period Labor Deal of December 17, 2009, applicable throughout 2010, coming to an end on December 31, 2010, a new contractual tool had to be negotiated to cover pay for short-time work.

A new agreement on the remuneration of short-time work was signed by all the trade unions (CFDT, CFE-CGE, CFTC, CGT and FO) for first-half 2011. The agreement renews on a provisional basis the pay levels established by the Crisis-Period Labor Deal in 2009, namely 100% payment of net salary.

All the trade unions will meet between now and June 30 to adjust this fixed-term agreement for second-half 2011 and/or negotiate a system that could be applied in the long-term at the company.

SUPPORTING INTERNATIONAL GROWTH

Workforce movements in 2010 were more dynamic than in 2009, when the global economic crisis significantly reduced turnover.

The Americas and Eurasia Regions in particular recruited extensively (2,000 hires in each Region), increasing their resources to cope with a strong rise in sales demand. At the same time, the number of departures in Russia returned to its traditionally high, pre-crisis level (more than 1,000 departures in the year).

Recruitments in the Euromed Region were concentrated in Morocco, to support the Tangiers project. The number of new hires slowed significantly in Romania, where the Dacia plant attained maximum capacity in late 2009.

Renault is supporting recruitment 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 (36.5% of trainee engineers and managers at Renault s.a.s.). It also operates International Corporate Volunteer schemes (39 in 14 countries).

Renault's corporate web-site, 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 1,700 job and internship offers were published in France in 2010, receiving nearly 8,000 applications. In addition a single platform for collating and processing applications by means of a new computer application was set up in mid-2008. This has enhanced the performance of recruiters in terms of cost, quality and lead times, while improving the service provided to internal customers, such as managers and HR, and also to job applicants and external recruitment partners.

Web users can also consult the local job offers published on the HR sites in each country.

2.2.2.3 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, in a process driven by management and HR.

In 2010, HR management started work on the clarification of career paths. The results of this work were published on the Group's intranet site in September 2010 (Career paths at Renault). This publication uses a few illustrations of career paths in the Group's business units to provide employees with the general framework that Renault plans to use, to allow every employee to build a successful career path with the help of management and HR. In parallel, Renault's major business units will add detailed descriptions of career paths within their scope.

This clarification also provides a framework for the internal mobility policy set up in January 2009 to fill vacancies more quickly and to strengthen the role of the HR function in providing employees with advice and support.

This mobility policy aims to balance the company's needs, while taking employee aspirations into consideration in a process that is controlled and known to all. Proactive support from HR that guarantees equity is one of the key aspects of the implementation of this policy.

The annual performance and development review is another key part of internal mobility. If the internal move is imminent, the review is supplemented by a professional and mobility guidance interview between the employee and local HR, in which employees discuss their aspirations and career opportunities with their HR officer. The Careers Committee then starts the mobility process, which is controlled by HR until the employee is installed in the new job.

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;

- JobInfo is a source of information on the different positions that the Careers Committee has decided to fill by internal transfer. It is available in five languages.

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.

2.2.2.4 SUPPORT THROUGH TRAINING

Vocational training is key to the dynamic management of skills. For the company, training underpins technological change and the implementation of strategy. For employees, training is a way to maintain the highest level in the exercise of their duties and to acquire new skills that will develop their employability.

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.

In 2010 management training focused on the adoption of the Renault group's new management standard, the Renault Management Way, through the Renault Management Workshop Program. By the end of 2010, 2,500 managers had been trained and a further 9,000 will be trained in 2011.

E-learning is now widely used: 131,172 hours of courses were followed in 2010. 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.

EFFICIENT TRAINING

The 2010 training plan reflects efforts to contribute to the company's aims, in terms of training efficiency and cost management. To this end, Renault is working on a number of levers to:

- 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 to reduce it. 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: travel costs, hiring of classrooms, organization,
  - 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 more than four out of every five employees attend one training course each year, representing a training access rate of 83%;
- total training expenditure as a percentage of payroll: at Group level, the investment was €148.5 million, or 4.3% of the payroll;
- an average of 32 hours of training were delivered per employee (4 million hours in the Group);
- 57% of training hours are given by in-house trainers, mainly on function training courses.

The hours of training delivered in the Group can be broken down as follows:

	2010	SHARE
Business lines	2,869,361	72%
Personal development	753,131	19%
Management	346,173	9%

2.2.2.5 STANDARDIZE TOOLS AND CAPITALIZE ON BEST PRACTICES

INFORMATION SYSTEM

In terms of performance, the HR function depends on the efficiency of its information system.

The heart of the system is still the Group-wide personnel database called BPU (short for *Base de personnel unique*), set up to manage HR 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.

In 2010 this Group standard was completed and validated by the HR Master Data project, so that it could be deployed in countries that are not yet included in BPU.

BPU also covers HR management functionalities such as administration, worktime management, pay and the promotion plan, which are only deployed in certain countries according to local needs. 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.

BPU is now in use in 122 Group companies 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.

The project to re-integrate worktime and payroll administration for the Group's Romanian affiliates (15,000 people) was implemented in 2010. The project, which simplifies the installed base of applications and standardizes the organization of business lines and processes, has been operational since January 1, 2010.

In Morocco, a decision has been made on the HRIS best adapted to local constraints and that will boost the efficiency of business line processes (solution HRAccess). Ultimately, the HRIS will manage all the Group affiliates in Morocco. It will be implemented for Renault Tanger Exploitation (RTE) in the second half of 2011.

THE ALLIANCE WITH NISSAN

The HR 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 (see chapter 1.3.3.3).

Staff exchanges

Since the inception of the Alliance, Renault and Nissan have 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 was launched in 2005 to manage joint Renault-Nissan technical projects with promising young engineers who may ultimately join the Alliance.

2.2.3 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 dialog at all levels of the company, and a continuous focus on conditions in the workplace.

2.2.3.1 SUPPORTING THE DECLARATION OF FUNDAMENTAL SOCIAL 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". In 2008 the Code of good conduct was modified to include a new function, "Compliance", and a whistleblowing system aimed at preventing ethical risk (see chapter 3.1.3.2).

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 is 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.

Driven by this conviction, Renault also set up a Company Social Responsibility department in 2009 to harness all the initiatives taken in this field (see chapter 2.1).

2.2.3.2 FOSTERING DIVERSITY AND ENSURING EQUAL OPPORTUNITIES

For all matters relating to diversity, refer to chapter 2.1.1 of CSR.

2.2.3.3 MANAGEMENT LABOR DIALOG

It is Renault's ambition to create the conditions for a sincere clear dialog with employees and their representatives at every level of the company. 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 this social responsibility is respected in every country where Renault does business. The policy was revised in April 2010. It 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 dialog 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.

A commission to monitor the agreement signed on April 26, 2007 met on January 28, 2010 to examine the workings of the Group Works council and improve its application.

In 2010 the Works council met once in plenary session and the Select Committee, composed of ten members (including six European secretaries excluding France), met eight 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 partnerships, the formation of subsidiaries outside France, organizational changes, HR agreements, etc. The Works council met ten times in 2010, its bureau seven times. The economic commission met eight times and the central training commission three times.

Four joint meetings between the Select committee and the Bureau of the Works council were held: to look at the Group's annual and quarterly results, examine the results of the diversity survey conducted in the Group by the French consultant Vigeo and to visit the 2010 Paris Motor Show.

Moreover, 2010 also witnessed efforts to improve the quality of labor-management dialog, resulting in the signing and implementation of a agreement protocol for a "new dialog between management and labor". The purpose of this agreement on methods, signed by senior management and four trade unions, is to organize and schedule labor-management dialog at Renault s.a.s. for 2010 and 2011.

The agreement defines the topics to be addressed, according to a clear and precise agenda. It organizes discussions in stages (information meetings,

✦ Global Reporting Initiative (GRI) Directives

labor-management think-tank, negotiations) and provides for additional resources to be made available to the trades unions (time, material resources).

In 2010, this agreement paved the way for the organization of discussions between management and the trade union organizations on four themes:

- Quality of life in the workplace; stress/psycho-social risks, working conditions, home working, practical suggestions for improvement (PSI), welfare/pension/supplementary health insurance, Group profit-sharing;
- Equal opportunities and diversity: balance between private life and work, professional insertion and job retention for the disabled, management of senior employees, diversity;
- Employability: planning of manpower and skills requirements, training, expertise, pay structure of non-managerial staff;
- Adaptation of the organization to the environment: conditions of competitiveness (capacity of the manufacturing system to stay abreast of the competition), flexibility agreements, crisis-period social contract.

The discussions, which will continue in 2011, have been conducted through briefing sessions, joint focus groups and, in some cases, negotiations.

As part of this renewed labor-management dialog, eight collective agreements were signed at Renault s.a.s. These agreements concerned:

- the implementation of the new labor-management dialog (memorandum of understanding signed on March 8, 2010);
- stress prevention (agreement on method signed on March 12, 2010);
- conditions of implementation of the profit-sharing agreement for 2010 (amendment to the agreement of December 18, 2007, signed on April 9, 2010);
- measures in favor of the disabled for 2010 to 2012 (agreement signed on April 19, 2010);
- conditions of implementation for one day of homeworking (amendment to the agreement of January 22, 2007, signed on June 22, 2010);
- loans for first-time buyers (amendment to the social coverage agreement of July 5, 1991, signed on July 29, 2010);
- promotion of employee initiative and creativity for 2011 to 2013 (agreement of December 8, 2010);
- profit-sharing for 2011 to 2013 (agreement of December 6, 2010).

Information and discussion meetings were also organized with the trade union organizations on other topical subjects, including: the Group's annual and half-year results, the situation of Renault's suppliers and Clio IV.

This agreement also guided the format of the dialog opened between management and employee representatives on the construction of the labor relations strand in the company's future strategic plan. On February 4, 2011, management and the trade union organizations signed an agreement on deploying tools for the planning of manpower and skills requirements for Renault s.a.s. and its French manufacturing subsidiaries, as the company prepares to roll out its new plan in February 2011.

2.2.3.4 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, electric vehicles, products, industrial and commercial activity, motor sports, financial results, and HR policy, all of which are covered by internal communications. To this end, the Group relies on a network of communicators in the business lines and on the sites.

Firstly, the Group publishes a single magazine intended for all its worldwide employees. More than 100,000 copies of *Global* magazine are printed in French and English, in six local versions: France, South Korea, Spain, Romania, Russia and Turkey. The goal is to make sure that every employee is informed of current company affairs and news from their own site by a single magazine.

The second cornerstone of internal communications is the intranet portal, which is available in French and English. Some 80,000 employees worldwide are connected to this portal. The information on the home page is updated on a daily basis: news releases on major strategic decisions, theme- or event-based blogs, a forum with expert input on the electric vehicle, etc. Since 2009 employees have been able to make comments on current affairs, share their perceptions and ask questions. Employees can also watch video streaming broadcasts of all strategic events (financial results, announcement of partnerships, etc.). Open Q&A sessions with senior executives are organized on a regular basis.

Every month Carlos Ghosn and the Management Committee hold e-conferences to provide managers with advance information on the Group's strategic projects. Educational materials are also regularly sent out to all managers, who can inform their teams of the month's news and upcoming events.

2.2.3.5 PROTECTING HEALTH AND SAFETY ✦

The policy to protect health and safety is derived from the Renault group's "Declaration of Employees' Fundamental Rights" and the "Renault-Nissan Alliance Charter". The policy applies to the employees of the three brands in the Renault group – Renault, Dacia and Renault Samsung Motors – throughout the world. The implementation of this policy contributes to the company's global and durable performance and does not admit any exceptions.

Based on risk prevention, the policy aims to protect employees' health and to offer motivating working conditions. The actions and decisions of every company employee must take account of the policy at all times.

The deployment of Renault's health, safety and working conditions and environment policy relies on:

- a management system that covers every establishment in every country;

Find out more at www.renault.com

- an international network of specialists in healthcare, safety and working conditions (engineers, technicians, ergonomics consultants, physicians, nurses, social workers, managers of affairs for the disabled);
- the assessment (see "Single document") and the prevention of risks (see the "Nine general principles of prevention");
- the commitment of management and personnel in this area;
- the involvement of staff representatives;
- 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 health, safety and working conditions 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 Health, Safety and Working Conditions" accreditation (SMSSCT) is awarded for a renewable three-year period. It can be withdrawn in the event of a serious anomaly.

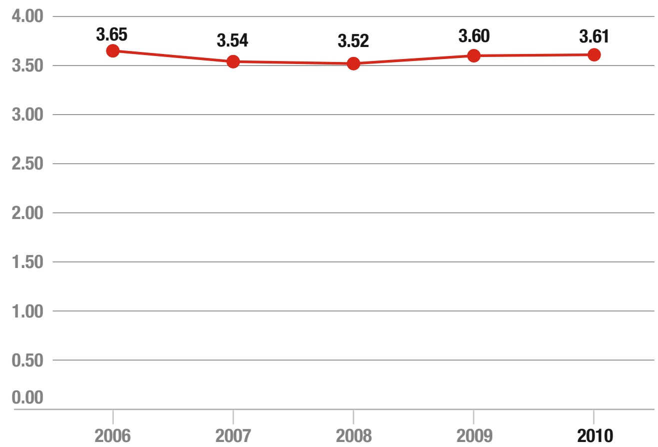
Since the initiative was launched in 2000, Renault has organized audits at its industrial, support, engineering and commercial sites:

- manufacturing, office and engineering sites are now all accredited (and accreditation has already been renewed for most of them), apart from the new facilities and establishments recently acquired by Renault, for which action plans have already been launched with a view to obtaining accreditation;
- 92% of sales sites in France have been accredited since the initiative was launched in 2005.

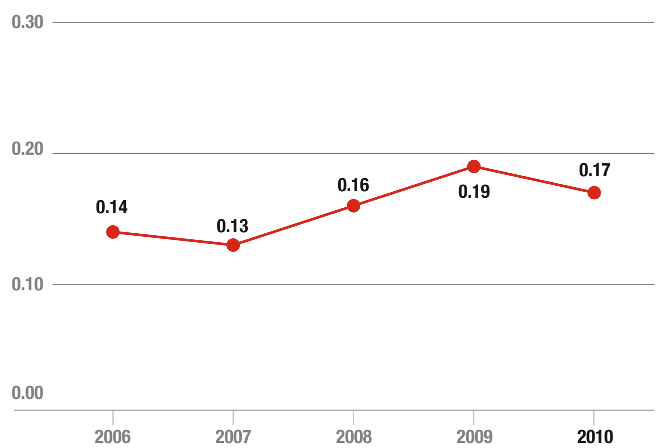
In 2011 Renault plans to:

- strengthen the working environment and workplace well-being strands of its international working conditions policy;
- continue its campaign to renew accreditations and support new establishments in the accreditation process;
- deploy and train experts in occupational health and safety and working conditions, and support the deployment of its health and safety policy by managers on the new sites;
- continue to reduce the rates of accidents and illness at work, in particular by bringing the establishments that have recently joined the Group up to the same level as the others;
- improve living conditions in the workplace;
- continue encouraging managers to be proactive on occupational welfare issues;
- systematically take part in new projects (electric vehicle, Tangiers project, etc.);
- continue to nurture synergies on the topic of working conditions within the Alliance.

NUMBER OF LOST-TIME OCCUPATIONAL ACCIDENTS: F2 FREQUENCY-RENAULT GROUP *(per million hours worked)*



NUMBER OF DAYS LOST DUE TO OCCUPATIONAL ACCIDENTS: SEVERITY *(per thousand hours worked)*



Group figures on occupational accidents concern 97.6% of total workforce.

In 2009 Renault introduced its new F1 international indicator for occupational accidents. This indicator reflects the number of accidents requiring care outside the company.

In 2010 the F1 frequency of occupational accidents was 7.23 accidents per million hours worked.

The number of declared accidents, including lost-time accidents, increased slightly in 2010. The number of days lost dropped slightly.

ERGONOMICS

Renault applies an ergonomic analysis method to its workstations. The third version of this proprietary system, developed in 2001, 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. Giving due consideration to ergonomics involves matching workstations to workers, while paying special attention to the age of the employees. This process involves conducting an ergonomic analysis of workstations, emphasizing ergonomics in projects (see below) and reducing the number of workstations classified as "red" (workstations with ergonomic constraints) on the simplified "safety and ergonomics" scale.

A system of monthly reports makes it possible to track changes in workstation geography in all the Group's industrial plants.

New tools introduced in 2009 have optimized the processes used to match workstations to employees, especially for staff of restricted capacity. A standardized employability initiative and regulated individual files are used by managers and medical staff to transfer persons suffering from restrictions to more suitable positions.

As part of an initiative to limit and prevent occupational illness, workstations will be analyzed and adapted as necessary as soon as an employee complains of pain, to prevent the development of pathologies.

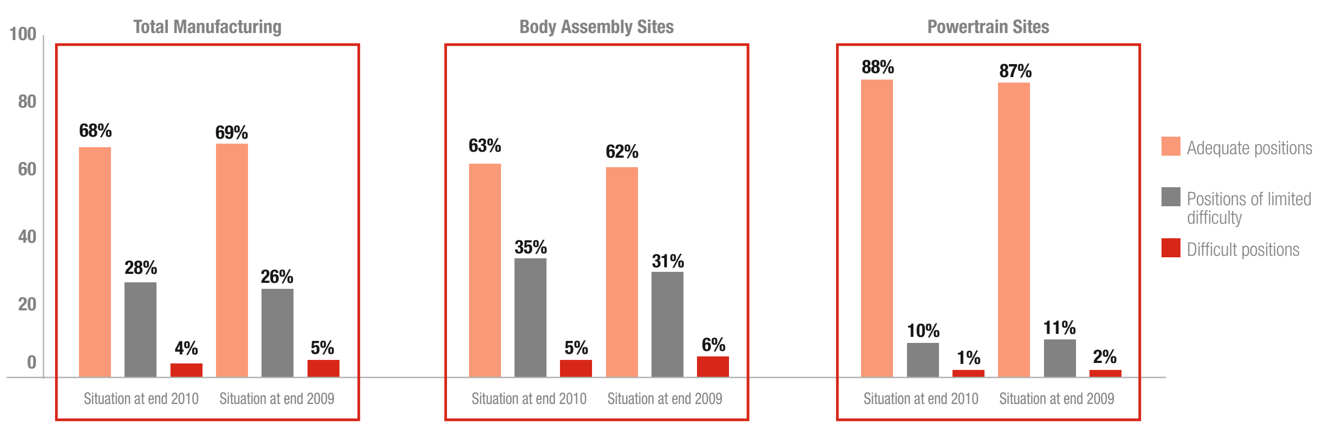
A series of ergonomic recommendations has been published for the sales network in order to extend the initiative to improve working conditions and ergonomics to other Group activities. This guide describes a selection of best practices that are specific to the after-sales activity.

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.

ERGONOMIC ANALYSIS OF WORK STATIONS-MANUFACTURING



Renault plans to extend these initiatives in 2011 to:

- ensuring employability;
- preventing occupational illnesses, and musculoskeletal complaints in particular, by renewing the ergonomic analysis tools in order to detect workstations requiring monitoring more efficiently.

HEALTH

The Group's health, safety and working conditions policy aims to protect employees' physical and mental health.

Regular medical 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 medical departments and occupational welfare departments work hand in hand to ensure a close fit between employees and jobs, using techniques such as risk assessment, workstation ratings and environmental sampling.

In 2010 Renault:

- continued its actions to combat psychosocial risks (training in the detection of persons in difficulty, permanent availability of psychologists, etc.);
- trained physicians and nurses in the prevention of post-traumatic stress;
- set up help-lines for occupational physicians (in France) dealing with mental health in the workplace;
- renewed its prevention campaigns in areas such as sleep, alertness and addiction (tobacco, alcohol, etc.).
- called in experts to deal with complex problems (risk of suicide, electromagnetic waves, etc.);
- 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;

- paid closer attention to aspects of health and employability in the management system's audits of health, safety and working conditions;
- optimized the traceability of occupational exposure.

All these actions and measures will be continued in 2011.

PSYCHOSOCIAL RISKS AND WORK-RELATED STRESS ✦

The Group's health, safety and working conditions policy also includes actions to prevent stress factors. The risk of stress is covered by the "single document". A stress data sheet has been deployed in every site in France.

Risk assessors and occupational health officers take preventive actions and steps to detect hyperstress.

On an individual level, through the stress, anxiety and depression observation unit (OMSAD) set up in 1998, the occupational health services ask employees to take a voluntary, individual pre-diagnostic test in the areas of stress, anxiety, and depression. OMSAD had carried out 88,115 tests by the end of 2010 in connection with employees' physical examination.

On the collective level, risk assessors take actions to identify hyperstress and implement prevention plans at corporate and site level.

A collective survey was conducted by the Guyancourt health, safety and working conditions committee and Technologia in 2007. This assessment of stress factors resulted in an action plan in each division present on the site. A second survey was launched in June 2009 in the establishments belonging to the Engineering division in order to measure the state of progress and efficiency of the action plans.

Also in June 2009 the Renault group and the consultancy Stimulus launched a survey to measure stress factors and their impact on the populations, initially in four facilities that are representative of Renault's main business lines. The findings of this dual measurement of stress factors have already been taught and put to use in countries such as Canada, where stress prevention is well advanced. In 2010, the Stimulus survey was extended to all the establishments in France employing more than 500 people.

These findings were used to engage corporate, facility and business-line action plans in 2010.

Moreover, a number of collective indicators, including the Group-wide survey of management quality and employee commitment, absenteeism and accident levels, are also used.

Preventive action at both individual and collective levels has already been taken:

- 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 HR 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.

Naturally, the HR function in general and managers in particular support the actions taken in each entity.

On March 12, 2010, Renault signed an agreement on method for the prevention of occupational stress with the trade union organizations. This agreement extends the assessment of stress and the factors of stress to all of Renault's industrial facilities in France.

This assessment campaign will be completed early in 2011, resulting in the deployment of targeted preventive actions at the various sites that took part.

In early 2011 discussions will start with trade union organizations on the content of an agreement to prevent occupational stress.

At the same time, Renault will launch discussions of an approach to prevention in the Group's other facilities elsewhere in the world, in order to respect its worldwide labor and working conditions policy, while taking the cultural specifics and regulations in each country into consideration.

DISABILITY

With the Group's Declaration of Employees' Fundamental Rights signed in 2004, Renault restated its commitment to equal opportunities in the workplace. This policy of equal opportunity helps to facilitate the integration of the disabled into the company.

In 2010 Renault pursued its actions in favor of the disabled:

- on April 19, 2010, the fifth Renault s.a.s. agreement in favor of the disabled was signed by all the trades union organizations.

  This agreement demonstrates the determination of Renault s.a.s. to pursue its policy, launched 15 years ago, to integrate disabled persons, promote job retention and provide support. At the end of 2010 Renault s.a.s had 2,639 disabled employees, representing a global employment rate of 7.65%;
- signing of the second agreement on the disabled at Renault Retail Group, on May 21, 2010.

  Professional insertion of the disabled: Renault s.a.s. has committed to carrying out specific operations to employ young persons with a disability on work-study contracts. In this way, the company makes a nation-wide contribution to solving the problems experienced by disabled persons in finding employment because they do not have training or qualifications reflecting their disability;

✦ Global Reporting Initiative (GRI) Directives

In 2010 Renault Do Brasil and RECSA Spain continued their partnerships with specialized organizations by including disabled students in their staff;

- redesigning workstations for job retention. For example, Renault s.a.s. carried out an experiment with some 10 employees in the Paris region involving the use of tool that enables employees with hearing difficulties to hold a telephone conversation with people who can hear normally. This service will be made available to employees in first-quarter 2011;
- improvement of working conditions for disabled employees (organization of support units, general practice of meetings with handicapped employees to share and discuss the difficulties they experience, corrective actions, training, etc.);
- deployment of communication and awareness actions on disability for Group personnel (internal communication campaigns, organization of forums on disability coinciding with the International Day of Persons with Disabilities, training in disability, etc.);
- publication of the annual report in a version for the blind on Renault.com;
- setting-up of the handi@renault social network to create a network of persons with disabilities or anyone wishing to contribute to improving representations of the disabled (sharing experiences, building on best practices, rules applying to life and work, etc.). This network will be launched in 2011.

HOMEWORKING

On January 22, 2007, Renault entered an agreement on homeworking, authorizing employees to work from home between two and four days a week, if their activity so permits.

This arrangement can protect the balance between private life and work and cut traveling time and exposure to the associated risks.

Homeworkers receive:

- a broadband line paid by the company and a fixed bonus when they join the scheme;
- specific computer equipment and furniture;
- a security diagnosis of their workplace at home.

By mid-2010, 515 people had joined the scheme:

- 50% Men/50% Women;
- 48% Managers/52% Employees and Technicians;
- 73%: two days homeworking/21%: three days homeworking/6%: four days homeworking.

The homeworkers have expressed their unanimous satisfaction with the working conditions of the scheme, which is a factor of motivation, performance and efficiency.

On the strength of this first experience, an amendment to the 2007 agreement has been negotiated, allowing for one day of homeworking per week.

ROAD RISK PREVENTION

In 2010, further to the commitments made to the authorities and the publication of the Renault Driver's Charter, the Group deployed:

- training for employees in the prevention of road risks;
- organized awareness forums (roll simulator, personal vehicle safety checks, reflex testing, etc.) via its sites and subsidiaries;
- training for employees via the driving simulator.

Moreover, operations to raise awareness of the prevention of road risk are organized every year in the facilities.

(For more details, see chapter 2.1.4 of CSR).

For 2010 Renault reported 2.7 lost-time accidents on the home/work commute for 1,000 employees. The breakdown of these accidents is as follows:

2010	AUTOMOTIVES	TWO-WHEELERS	PEDESTRIANS	OTHER
Number of lost-time road accidents	30%	26%	38%	7%
Number of lost days	30%	41%	27%	1%

The number of lost-days accidents occurring during work-related journeys was as low as it is every year.

Renault has also opened a carpooling web-site accessible to all employees of French sites. By end December, almost 3,213 journeys had been logged. Plans have been made to deploy the site internationally.

2.3 ENVIRONMENTAL PERFORMANCE

2.3.1 ENVIRONMENTAL CHALLENGES ✦

The survival of the natural environment depends on maintaining the fragile balance between fauna, flora and mankind. 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, coal) and other non-renewable raw materials (metals, rare earths, etc.) 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 (GHG), including CO_2, are contributing to climate change. Chemical substances released into the atmosphere contribute to phenomena such as acid rain and the formation of tropospheric ozone. When these substances are discharged to water, eutrophication can occur. This encourages the proliferation of algae, which may 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;
- carbon dioxide, a greenhouse gas, is given off during vehicle production or during operation as part of combustion;
- 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 minimize the impact on the environment, 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, without forgetting 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 end of life. The roll-out of the Renault eco² and Dacia eco² labels were an opportunity to step up the dialog with customers on the life-cycle approach. That dialog was further promoted by the measures taken as part of a government-sponsored environmental protection plan and international negotiations on climate change to encourage people to purchase vehicles with lower CO_2 emissions.

For a number of years Renault has been making precise measurements of energy and materials consumption and emissions at every phase of vehicle production and use. It is also gradually gaining a clearer picture of data in other life-cycle phases such as the supplier chain and the treatment of end-of-life vehicles (ELVs). Comparisons are being made systematically between vehicles of different generations in the same segment in order to measure progress from one vehicle to the next.

This year, environmental management has also enabled the first review of the carbon footprint of the Renault group and its subsidiaries to be drawn up using the *Green House Gas Protocol* methodology.

Tangiers (Morocco): zero carbon and zero industrial liquid

The Kingdom of Morocco, Renault and Veolia Environnement have joined forces to build a plant that sets new standards in environmental impacts. The environmental impact of Renault's Tangiers plant will be reduced to levels that have never been reached by a bodywork-assembly plant:

- CO_2 emissions will be cut by 98%[1], the equivalent of about 135,000 tons of CO_2 per year. The few remaining tons of CO_2 will be offset either by buying carbon credits or by generating renewable energy on site;
- no industrial waste water will be discharged into the natural ecosystem and the quantity of water consumed by manufacturing processes will be cut by 70%.

These results will be achieved through innovative manufacturing processes, the use of renewable energy and the optimization of the water cycle.

(1) Compared with an equivalent vehicle manufacturing plant.

By pooling R&D programs, the Renault-Nissan Alliance can generate synergies to significantly raise the ambitions of both companies.

Renault possesses a broad range of technologies (electric vehicles, hybridation, fuel cells), plus the full potential of alternative fuels (liquefied petroleum gas (LPG), compressed natural gas (CNG), biofuels). These solutions are applied to Renault's vehicles when there is market demand for them, taking local resources into consideration.

In 2010 the Renault-Nissan Alliance continued to sign partnership agreements with various countries, regions and organizations, to pave the way for the international mass marketing of electric vehicles in these countries from 2011.

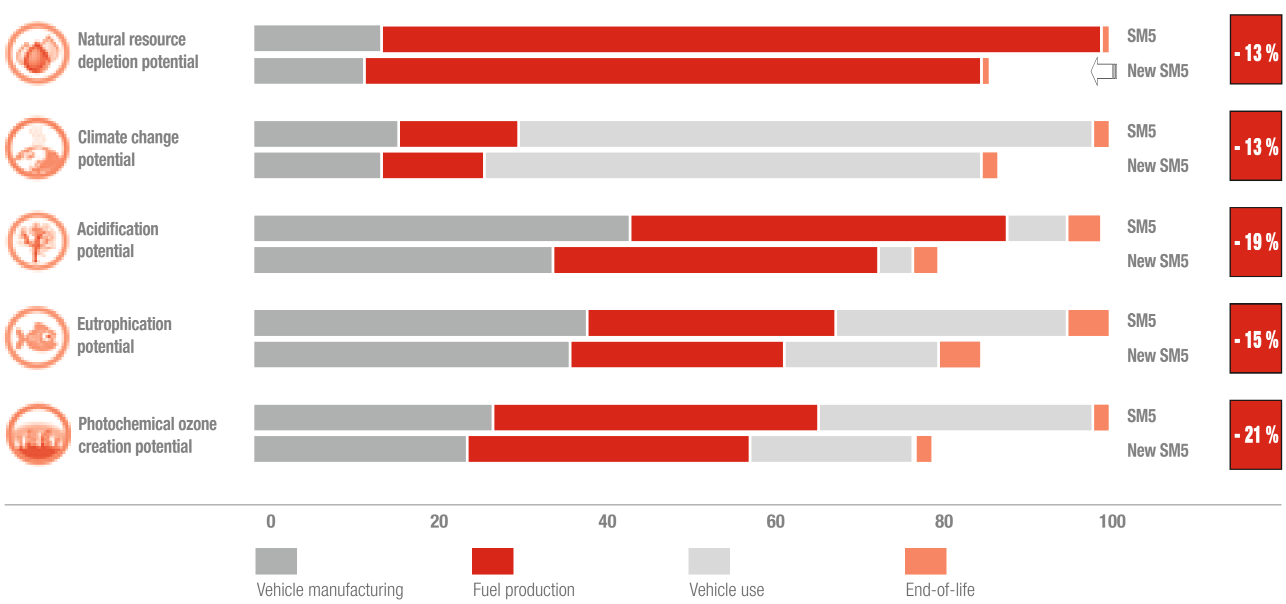
2.3.2 ENVIRONMENTAL INDICATORS ✦

For several years Renault has developed environmental indicators based on quantifiable and reliable data for products and operations at its sites. An analysis of supplier chain impacts is now being carried out 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 strengthening 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, Kangoo II, the Dacia range, Mégane II, New Mégane and Koleos in 2008 and Scénic III and Fluence in 2009.

In 2010, it was on Renault Samsung Motors SM5, and also on Duster, Wind and Master.

COMPARISON OF SM5/NEW SM5 (LATITUDE IN EUROPE)



The carbon footprint of a product corresponds to the potential impact on global warming of the life-cycle analysis. In 2011 Renault is committing to reduce the average carbon footprint of its vehicles sold worldwide by 10% between 2010 and 2013 and another 10% between 2013 and 2016. This is the very first indicator of its kind in the world of automotive industry and will also serve to mobilize and unify the whole company.

2.3.2.1 ENERGY RESOURCES AND CO_2 EMISSIONS ✦

MANUFACTURING

Logistics activities

Environmental indicators are being progressively integrated into 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 2010, by transporting containers by river barge between the ports of Rouen and Le Havre, Renault avoided putting 2,221 trucks on the roads and cut CO_2 emissions by 117 tons.

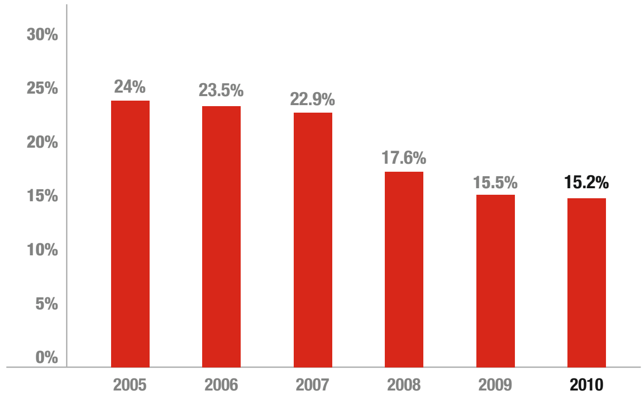
Energy consumption ✦

To safeguard 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 comprises several strands:

- manage energy consumption outside production periods;
- manage convergence towards the best practices identified in techniques and management;
- increase the energy efficiency of resources;
- develop renewable energies;
- optimize energy supply contracts.

This strategy, stepped up starting in late 2009, enabled the Group to measure the impact of the production downturn stemming from the economic crisis in 2009 and to continue reducing energy consumption per vehicle produced in 2010. For example, in terms of controlling non-production-related energy use, the following graph below shows a strong fall in the indicator chosen by Renault in 2005 to measure the reduction in non-production-related consumption.

EXAMPLE OF REDUCTIONS IN ELECTRICITY CONSUMPTION ON MANUFACTURING SITES

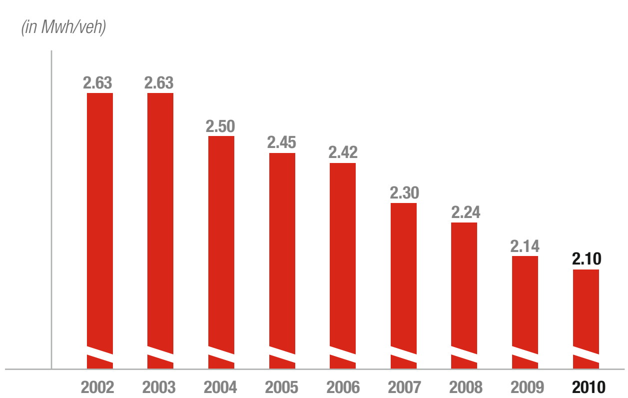


Renault's manufacturing sites are making technological breakthroughs, along similar lines to the Group's strategic offensive in the field of electric vehicles, which cut demand for fuel and reduce greenhouse gas emissions during the life-cycle:

- increased energy efficiency, particularly when replacing boilers, prior to the definition of new CO_2 quotas as part of the European Emissions Trading Scheme (EU ETS) for 2012;
- the use of innovative technical processes and renewable energies, thanks to which the future plant in Tangiers will not produce any carbon: a world first in this field.

The results of the efforts made can be seen in the 20% drop in energy consumption per vehicle between 2002 and 2010, and Renault is on track to reach a share of 20% of renewable energies (direct and indirect) at its industrial sites between now and 2020.

ENERGY CONSUMPTION BETWEEN 2002 AND 2010 – INDUSTRIAL SITES



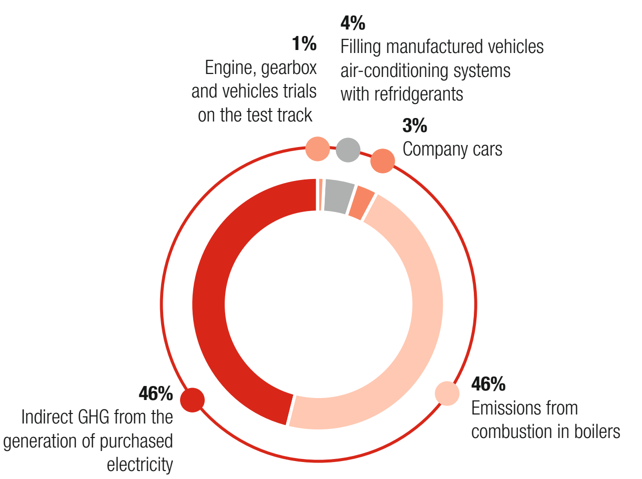
✦ Global Reporting Initiative (GRI) Directives

Greenhouse gases ✦

In 2003, recognizing the impact of its activities on anthropogenic greenhouse gas emissions, Renault made an inventory of GHG sources at all 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 French EPE (*Entreprises pour l'environnement*) protocol for the quantification and reporting of greenhouse gas emissions, and also with the Greenhouse Gas Protocol, thus guaranteeing the reliability of the results.

Renault has been measuring its direct emissions of greenhouse gases since 2003 and the indirect emissions associated with the electricity it buys since 2009. Direct emissions are produced by the on-site combustion of fossil fuels and losses of refrigerant fluids (scope 1).

BREAKDOWN OF GREENHOUSE GAS EMISSIONS IN 2010 BY SOURCE TYPE*



* *The reporting scope of greenhouse gases in 2010 (Scope 1 and Scope 2) includes production, logistics and engineering plants (see chapter 2.6.2). Company vehicles include service vehicles, taxi pool vehicles, shuttles, handling systems and forklifts using LPG or propane.*

Renault 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.

In 2010 direct and indirect Group emissions of GHGs totaled 1,252 kteq CO_2 (kilotons CO_2 equivalent), down 10% per vehicle. This decrease resulted in part from a change in the emissions factors used to calculate indirect GHG emissions in 2010.

Total direct GHG emissions dropped in 2010, from 755 ktCO_2eq in 2003 to 674 ktCO_2eq in 2010, based on a larger number of sites and including company vehicles. The strong increase in vehicle production in 2010 impacted our objective to reduce CO_2 emissions from stationary combustion equipment by 10% between 2007 and 2012. Yet emissions in 2010 were still 1% lower than in 2007, or 3% lower in an equivalent production basis.

Renault is also involved with the European Emissions Trading Scheme (ETS), the first phase of which came into effect in 2005. A total of 12 Renault group industrial sites (six in France, four in Spain, one in Slovenia and one in Romania) are now part of the scheme.

For the second phase (2008/2012) Renault has an annual allowance of 447 kilotons of CO_2 for all the sites involved in the EU ETS. Viewed against the European market[(1)] total of 369,315 kilotons, this figure shows that the Group accounts for just a modest share of emissions on the trading market. However, Renault is fully aware of the climate- and energy-related challenges that lie ahead and believes that they are an opportunity to imagine and implement radically different actions. For its future plant in Tangiers, Renault is developing technologies to reduce its energy demands, and technologies to produce thermal energy without emitting any CO_2. These innovative initiatives are in perfect keeping with the Kyoto Protocol and are covered by a specific development mechanism project that is in the process of being validated.

Renault also takes account of the financial impact of its GHG emissions. Alongside its legislation watch, the company carries out simulations to forecast the quantity and cost of emission quotas to be purchased, as well as the impact of higher energy prices. By monetizing the impacts of rising energy costs and GHG regulatory requirements, Renault aims to provide input for investment decisions in terms of energy efficiency and renewable energies.

CAR USE

One of Renault's targets set forth in Renault Commitment 2009 – to develop ecological and economical solutions that can be widely implemented for an immediate and significant impact on the environment – was achieved in 2010, with a shift in sales towards low-CO_2 emitting cars, and a broader range of vehicles running on alternative energies. Twingo and Clio are the flagship models, with homologated emissions of 94 g/km in 2010.

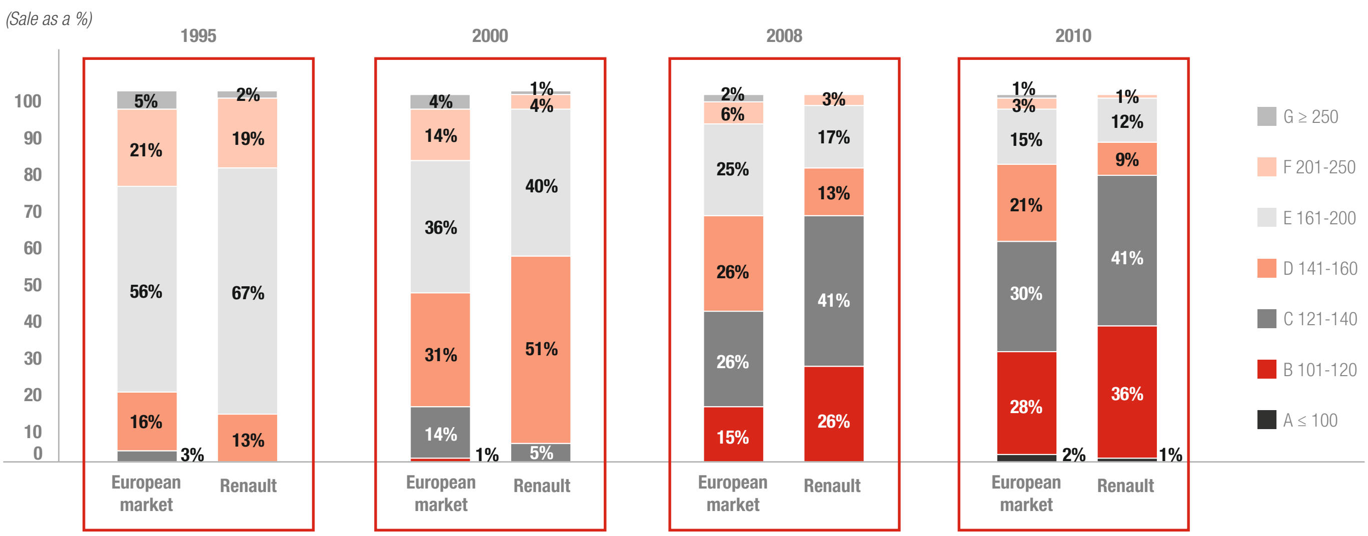
In 2010 Renault launched Driving eco[2], designed to offer training and individual coaching for drivers to help them cut their fuel consumption by 10% when driving.

Gasoline and diesel

In EU 15, according to a monitoring study by the Association auxiliaire automobile (AAA), 989,485 cars sold by Renault in 2010 emitted 140 grams or less of CO_2 per km, of which 463,550 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 Europe.

(1) Quotas allocated to the European countries where Renault is present and which are subject to quotas (France + Spain + Slovenia + Romania).

EUROPEAN SALES BETWEEN 1995 AND 2010 BASED ON EUROPE'S CO2 LABELING STANDARD



To obtain these results, Renault continued optimizing all the vehicle parameters that have an effect on fuel consumption and CO_2 emissions (see chapter 2.3.3.2 on eco-design).

Alternative energies

Biofuels

Renault has since 2009 been developing a range of alternative vehicles capable of achieving the European objective to incorporate 10% of renewable fuels in transport systems by 2020. These offers form a close fit with the offer already available in Brazil, the models compatible with biodiesel in Europe (B7 and B30), plus the flexfuel offers available in Europe (8 models in the Renault and Dacia ranges). These vehicles pave the way for the emergence of these new energies elsewhere in the world, pending the arrival of second-generation biofuels. All biofuels will be required to meet the sustainability (life-cycle) criteria laid down in the new European directive 2009/28/EC.

Liquefied petroleum gas (LPG) and compressed natural gas for vehicles (CNG)

Two gas fuels are currently available on the market: LPG and CNG. These two fuels 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 emissions (CO_2 and pollutant exhaust gases).

In 2010 the Renault group sold 83,900 dual-fuel (gas and gasoline) vehicles in Europe (42,832 in 2009), mainly as a result of the success of the Dacia LPG range (Sandero, Logan and more recently Duster).

LPG and CNG versions of several vehicles are also marketed worldwide for the requirements of local markets seeking to take full advantage of their resources.

"Zero-emission" battery-powered electric vehicle

Renault has adopted an unprecedented policy in this field, with plans to mass-market this type of car, which, during use and excluding wear parts, combines zero CO_2 emissions, zero pollutant emissions and zero noise. The three full-electric vehicles and the 100%-electric Renault ZOE show-car presented at the Paris Motor-Show in October 2010 are representative of the panel of vehicles that Renault will propose from 2011.

In the middle of 2011, Renault will launch Renault Fluence ZE and Renault Kangoo Express ZE, which are both derived from internal combustion vehicles. The offer will then be extended to include two new models boasting an innovative design and a 100% electric architecture: Renault Twizy in the second half of 2011, then Renault ZOE in mid-2012.

The DeZir concept-car, driven by an electric motor, unveiled at the 2010 Paris Motor-Show is further proof that environmental protection and automotive elegance are not mutually exclusive.

Fuel cell electric vehicle

In 2008 the Renault-Nissan Alliance broke fresh ground with its work on prototype electric vehicles powered by fuel cells, with Scénic ZEV H2. This prototype is a real car in terms of both onboard comfort and driveability. The fuel cell generates electricity for the motor, which gives off only water. This vehicle was tested in several countries in 2008 and 2009. Nevertheless, the currently prohibitive price of fuel cells prevents mass marketing.

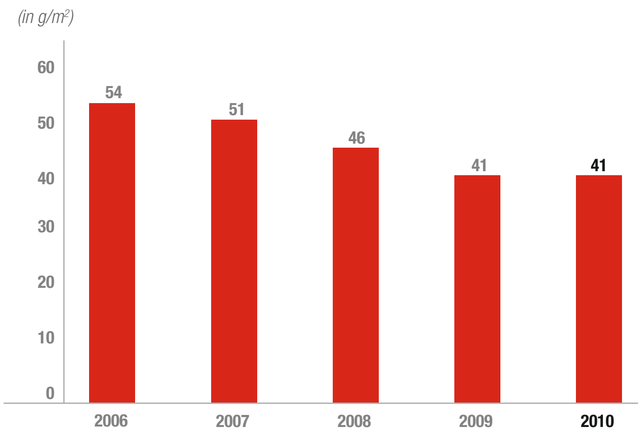
2.3.2.2 AIR QUALITY

MANUFACTURING SITES

Volatile organic compounds (VOC)

In 2010 VOC emissions generated by the solvents used in the paint shops remained stable at 41 g/m², on track to the 40 g/m² target set for 2012. This durable performance is the fruit of the investments made to use the most recent clean technologies and actions for continuous progress.

VOC EMISSIONS



Industrial reporting scope.

By concentrating on the reduction of emissions at source, 75% of Renault's production facilities are now equipped with booths using water-based paint, and LCV-producing sites are equipped with air treatment systems.

Cross-cutting coordination of paint shops is supervised by the Painters Club, which is responsible for deploying best practices day by day. By way of example, VOC-free rinsing solvents were brought into use at Sandouville in 2010, before being extended to other sites in water-based products.

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 proportion of fuel oil in the thermal energy consumed by Renault has dropped from 14% in 1999 to 0.5% in 2010. This plan is being taken further with the installation of boilers fitted with burners that emit less NOx.

Since 2003, SO_2 and NOx emissions have been evaluated by taking into account all types of combustion. Between 2003 and 2010, SO_2 emissions were reduced by 95% and NOx emissions by 16% on a like-for-like basis.

VEHICLES IN USE

A majority of the passenger cars and light commercial vehicles sold in Europe as at end-2010 complied with the Euro 5 standard. 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- or Euro 4-compliant.

Efforts are continuing, particularly with the gradual introduction to the range of vehicles equipped with new technologies, such as the catalytic particulate filter, new-generation Common Rail injection systems and NOx traps. From launch, both New Laguna and New Mégane 2.0 dCi respected the pollutant emission limits set by the Euro 5 standard which became applicable in September 2009 for new models. Renault's NOx trap is a demonstration of the brand's determination to cut polluting emissions. This chemical system captures nitrogen oxides, which are harmful to health, and converts them into neutral gases. This after-treatment system, which will probably be mandatory for Euro 6, became available to consumers in 2009 on some Renault Espace vehicles equipped with the 2.0 dCi. In addition to processing NOx, this catalytic converter helps oxidize hydrocarbons and carbon monoxide produced by partial combustion.

2.3.2.3 SUBSTANCE MANAGEMENT

Europe has decided to optimize the traceability of chemicals used by European industry in order to improve the protection of health and the environment.

To achieve this, it is working through the REACH directive (Registration, Evaluation, Authorization and Restriction of CHemicals), which came into force on June 1, 2007. REACH comprises three main strands:

- updating and sharing of information on the impact of chemical substances on health and the environment by the companies responsible for marketing them (manufacturers/importers), by registering them with the ECHA (European CHemical Agency, Helsinki), creating an extensive database of chemical risk;
- an obligation of complete transparency on risk prevention measures across the supply chain and through to the consumer, based on the forms of communication set out in the text;
- the option for the European Parliament to gradually increase restrictions related to the use of the most toxic chemicals, right up to a complete ban.

Like all firms in industry, Renault is impacted by this text, with respect to its diverse activities. In line with the company's environmental and safety policies, a REACH substance management project team has been set up at Group level.

The project team works with a network of around fifty correspondents across Europe and also maintains a dialog with counterparts inside and outside the Alliance. Its brief is to identify and supervise the work necessary to achieve the compliance of the 98 legal entities of Renault concerned, and also to anticipate the risks of failure ahead of the supply chain and to develop ideas for turning a regulatory constraint into an economic and competitive opportunity.

In addition to REACH, the so-called "CLP" regulation 1272/2008/EC, which came into force on January 20, 2009, defines the new rules for the classification, labeling and packaging of substances and mixes. The current system and the new system will coexist for a transitory period until 2015. Renault has already launched a training program in the new product labels.

Furthermore, Renault strives to keep track of the substances representing the highest risks to health or the environment and resorts to substitution campaigns whenever technically possible.

2.3.2.4 NOISE

MANUFACTURING

For more than two years, Renault has been developing internal expertise on this complex subject, which involves a wide range of factors (weather, topography, type and power of noise sources by octave band, directivity, attenuation, impact of buildings, etc.). For the comfort of residents living near its production sites, Renault is making active efforts to limit and reduce noise nuisance by working on noise management at both existing facilities and new facilities.

USE

Several years ago Renault set a highly ambitious target of 71 dB(A) of external noise for its new gasoline vehicles and 72 dBA for new diesel vehicles and undertook a number of major initiatives to reach it.

In 2009 New Clio and Koleos joined the club of vehicles with noise levels that are 3 dB(A) lower than the regulatory requirement, alongside Vel Satis, Espace, Twingo and Modus.

The number of New Mégane and New Laguna models reaching the -3 dB(A) target is limited because of environmental and cost-related trade-offs, notably with regard to lower fuel consumption targets.

2.3.2.5 WASTE ✦

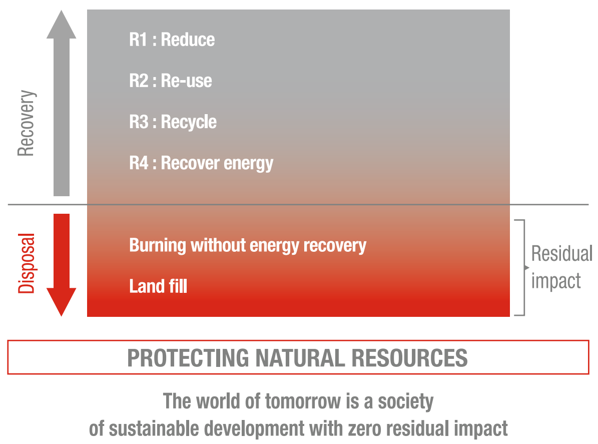
MANUFACTURING

Renault aims to reduce or eliminate waste competitively. In 2008 it launched the 4R approach (Reduce, Re-use, Recycle and Recover Energy). It has also adopted ambitious targets for 2015 to reduce the residual impact of Renault plants and cut the quantity of waste sent to landfill.

The waste management process is broken down into four ranked stages:

- R1 (Reduce), means mitigating impacts at source. The use of paint sludge filtration systems to reduce the quantity of waste discharged is a good example;
- 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 consumable and using it as an alternative raw material for a different purpose. On the sites within the 2010 industrial reporting scope, 61% of waste (excluding metal and inert waste) is reused, partly thanks to the 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 powertrain plants to replace fossil fuels such as petroleum coke, coal and heavy fuel-oil. The curing temperature of mixtures of mineral raw materials required to produce cement (1,450°C) allows this waste to be incinerated.

THE 4 R AND THE RANKING OF WASTE MANAGEMENT



To ensure Group-wide coherence, Renault has drafted a waste table (a codified list of waste produced by the sites). This makes it possible to standardize the approach to hazardous and non-hazardous waste internationally.

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 VEHICLES

In 2008 the subsidiary Renault Environnement joined forces with the group SITA/Suez Environnement to develop end-of-life vehicle recycling in France, by taking a majority stake in a vehicle distribution/management firm. This company, Indra, processed 292,000 vehicles in 2010.

Indra has more than 20 years experience in vehicle dismantling. It has a network of 350 approved vehicle dismantlers around France and works with them to meet new regulatory and environmental requirements as part of a progress-oriented approach.

This commitment is reflected in the design of new tools and processes for recycling end-of-life vehicles. These solutions are developed and tested at four dismantling sites, of which two in the Sologne region and in northern France, and at its development centre in Romorantin. The combined efforts of Renault Environnement, SITA, Indra and its network of dismantlers will make it possible to meet the vehicle recovery target of 95% in 2015.

✦ Global Reporting Initiative (GRI) Directives

Research projects financed by Ademe and local authorities are under way with a view to putting the appropriate processes in place (recovery of glass, plastics such as polyamide and noryl, copper and steel).

To share the expertise acquired, plans have been made to set up a web portal hosted by the association "ProRecyclage" for manufacturers, recyclers and web users. Access to this site will make it easier to circulate information as part of a logical approach. This innovative approach should encourage materials recovery.

ProRecyclage could serve as a showcase and means of communication with other players in the sector in liaison with our public partners (Ademe, regional councils and the Council of the Yvelines department outside Paris).

This experience will be carried over to other countries, where Renault is a key player on the automotive market (Romania, Turkey, Russia, etc.).

Moreover, Renault's engineering centers are developing internal eco-design processes that have allowed Renault to set itself a target of 20% of recycled plastics in all its new vehicles by 2015. Results will progress from one generation to the next and sources of recycled plastics will grow with the emergence of a plastics processing industry. The following figures are true for all Renault vehicles: 95% recoverable by weight, with vehicles in the Renault eco[2] range using more than 5% of recycled plastics.

2.3.2.6 PROTECTING THE ENVIRONMENT: SOIL AND WATER TABLES

Pollution from past activities can potentially come into contact with humans and the natural environment through the soil and water tables. Renault has therefore implemented a policy to prevent pollution of the soil and water tables and decides on specific management strategies when there is suspicion of past pollution. In cases where environmental or health hazards are identified, remediation of pollution is decided. Management of past pollution of the subsoil is based on an assessment of the state of the environment and aims to match impacts with uses. The sustainable development section of Renault's web-site contains a description of the approach used and explains the rehabilitation of two major worksites: Boulogne-Billancourt (France) and Pitesti/Dacia (Romania). Today, 100% of the sites in which Renault has a majority interest are managed through this approach. The rehabilitation of the land on the former ETG production site in Gennevilliers near Paris was completed in 2010 and the local population informed. Renault's know-how in the field is recognized nationally: a specialist from Renault was appointed by the French Ministry for the Environment, Energy, Sustainable Development and Regional Development to the group of French experts on site and soil pollution.

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.

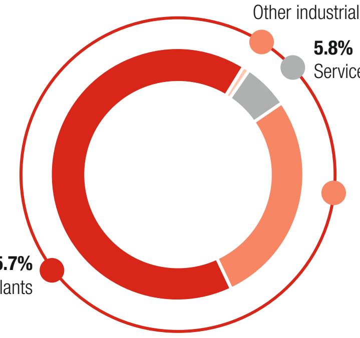
2.3.2.7 WATER RESOURCES ✦

MANUFACTURING

Water: a resource necessary to produce vehicles but that must be protected

In 2010 the Renault group consumed 10.7 million cubic meters of water, an average 4.14 cubic meters per vehicle produced.

BREAKDOWN OF WATER CONSUMPTION BY ACTIVITY IN 2010



Around 80% of the Group's water requirements concern industrial processes, while the remaining 20% concern domestic use (toilets, showers, canteens, etc.) at industrial and office sites.

Despite the significant progress and efforts made over the past ten years, the quantity of water consumed per vehicle remains significant. Protecting water resources is thus an ongoing concern for Renault, which is aiming to reduce the impact of its activities by minimizing withdrawals from natural resources and by managing and cutting wastewater through five goals:

- goal 1 (priority, "R1"): cut water consumption and wastewater at source through appropriate processes and management. In the surface treatment of vehicle bodies, for example, slaving rinse water throughput to the presence of a vehicle body, or installing rinse manifolds between stages, contribute to cutting water requirements and also wastewater;
- goal 2 ("R2"): reuse water as much as possible for the same process: closed circuits, longer bath life, etc.;
- goal 3 ("R3"): recycle water for other compatible uses, with or without additional treatment. For example, the Sofasa plant in Colombia recycles saline concentrates from reverse osmosis water production for flushing toilets and for paint pits, thus consuming less water and also producing less wastewater;
- goal 4: minimize the impact of residual waste on the environment through efficient and strictly controlled treatment processes;
- goal 5: control the risk of any accidental pollution of water resources by installing resources to confine accidental spillage and fire extinction water.

ZERO INDUSTRIAL LIQUID DISCHARGES ✦

Water recycling and optimum management of liquid discharges are two closely linked levers for considerably reducing water withdrawal and industrial discharges to the natural habitat.

For optimal control of industrial water discharges, effluents are treated sufficiently so as to be reused in the manufacturing process.

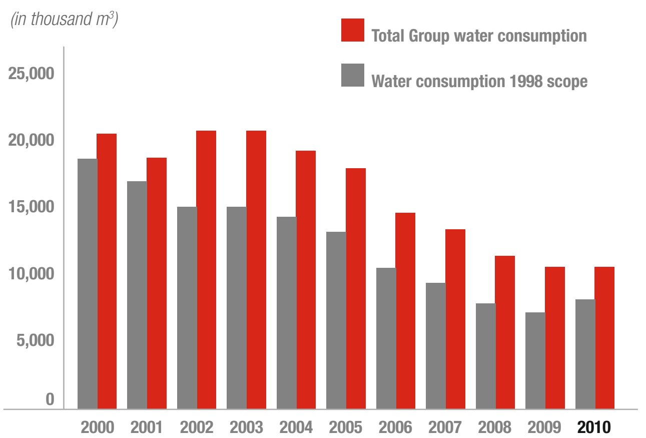
To achieve zero industrial liquid discharges at powertrain plants, residual effluents from machining and washing processes are treated by evaporation to recycle the distillate (purified water). The concentrate (semi-solid matter from evaporation residue) is then treated as waste in energy recovery. In 2010 seven in thirteen Renault powertrain plants were "zero industrial discharge" and two "partial zero discharge". The Group introduced a new evaporation facility at the Cléon site in France in 2009, which led in 2010 to a tenfold increase in the volume of recycled water.

Recycling technology is more complex to implement at body assembly plants because of the high-quality water required for the manufacturing process (surface treatment and cataphoresis). In a zero-discharge plant, the purified effluent goes through two complementary, cutting-edge treatments to concentrate a thousand times the pollution the effluent may still contain. Following these two treatments – inverse osmosis and evapo-concentration – the water can be reused in the industrial process, which limits the generation of waste.

The body assembly plant in Tangiers will in its initial phase of 30 vehicles/hour in early 2012 set an example in this area, since it brings together at the same site all the modern technologies for recycling used industrial water to attain zero liquid discharge. The site will reduce water withdrawal by 70% and reject zero industrial water, for 1,800m³ of effluent treated a day. Every year, the plant will withdraw the equivalent of 175 Olympic swimming pools (175 x 2,500m³) less water from the environment (see box on Tangiers in 2.3.1).

RESULTS AND PROSPECTS

The Group has reduced water consumption by around 42% since 2002, to a total 10.7 million cubic meters in 2010, thereby halving the amount used per vehicle produced, to 4.1m³ in 2010.

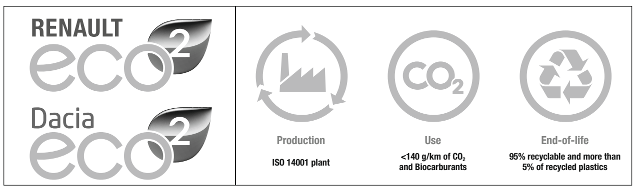


Metals in residual waste linked to industrial activity were reduced by 39% per vehicle produced between 2002 and 2010.

By gradually deploying R1, R2 and R3 best practices, and by minimizing the impact of residual waste, the Group is able to reduce water withdrawals from natural resources to reach a further 15% reduction by 2012 compared with 2007 (base year).

2.3.2.8 ECO² BRANDS, AN ENVIRONMENTAL INDICATOR FOR THE GENERAL PUBLIC

In May 2007 Renault launched the eco² label. This label provides the basis for a dialog 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 label, Dacia eco², based on the same environmental scoring criteria as the Renault brand. In March 2010 Renault also applied an ecological label to light commercial vehicles, with the same criteria for production and recycling, but with a threshold of 195 g CO_2/km for use. A number of quantifiable and auditable criteria have been determined and will gradually be tightened up. In 2011 Renault will tighten up the Renault eco² and Dacia eco² labels for passenger cars by lowering the CO_2 threshold to 120 g/km and by increasing the proportion of recycled plastic to 7%.



The approach is the emblem of the Renault group's approach to environmental management that harnesses the efforts of manufacturers, engineers, purchasing staff, and sales teams to achieve a single objective: to offer a more ecological range that is accessible to the greatest number worldwide.

✦ Global Reporting Initiative (GRI) Directives

2.3.3 CROSS-COMPANY MANAGEMENT OF ENVIRONMENTAL ISSUES ✦

The following key events illustrate how these issues were managed in 2010 across the vehicle life-cycle:

Supplier chain	Life-cycle analysis method applied to biomaterials (2009) Life-cycle analysis method applied to weight reduction techniques CSR Guidelines RNPO (environmental and ethical Charter) Launch of training courses in corporate social responsibility (environmental and social) for a panel of suppliers in Turkey
Production	Merger of the environmental, industrial hygiene, risk prevention and energy teams
Transport	Creation of a team dedicated to the environment. Benchmark method applied to all logistics flows in order to calculate environmental impacts (2009)
Use	Renault Environnement teamed up with Key Driving Competences (see chapter 2.3.3.2): European eco-driving subsidiary for trucks and for internal combustion and electric passenger cars Introduction of a system to manage CO_2/ consumption expertise (2009) Cross-functional management of consumption-cutting efforts by a project manager (2009)
End of life	Creation of a vehicle dismantling plant (11,000 ELVs/year) at the Agora site (Noyelle Godault/France) Life-cycle analysis method applied to recycled materials (2009) Increased use of recycled plastics in all Renault and Dacia vehicles Growth in the number of suppliers of recycled plastics in Europe

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.

2.3.3.1 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 areas, consolidating management and controlling communication. It is supported by a network organization to incorporate environmental protection in all the functions relating to the environment. Since 2007, more than 420 "network heads" and around 2,000 managers coordinated knowledge of environmental issues. Expertise in several areas (energy, water, fuel, recycling, air quality) was identified and expanded with the aim of supporting the environment network. This expertise is expressed either through cross-functional expertise programs or technical policies. Renault's policy stresses shared collective guidelines for its business lines. Authority for implementing and managing environmental policy for the Group as whole and responsibility for operational management, which is shared between all the environment managers and every business, 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.

The Vice President, Strategic Environmental Planning, is also president of the subsidiary Renault Environnement, set up in 2008 to develop partnerships and stakeholdings in the area of the environment and sustainable development. In 2009, this subsidiary covered the activities of ELV recycling (through its joint-venture with SITA), and waste from industrial plants and sales network (through its subsidiary GAIA). In 2010 Renault Environnement tested the process for the marketing of refurbished parts and materials and addressed the eco-driving training market and mobility services.

2.3.3.2 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 vehicle is released on the market.

In its development process, each new project 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, while making plant workstations more ergonomic and improving occupant and pedestrian safety and vehicle affordability.

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 approval 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 running until the required level of performance is reached.

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. This complex approach relies on a broad network of external experts, with particular emphasis on specialists who take part in the drafting of future standards, in exchange platforms for methodologies, in the construction of databases and in ranking environmental impacts.

Renault's logic is to integrate the environment into the usual development process. With each project launch, environmental advances fitted on one vehicle can be applied to others. Some of these technical solutions can become technical policies.

As with New Mégane and New Scénic, Duster 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, and despite changes to legislation, major fuel savings can be made. The all-new Energy dCi 130 will be the most powerful on the market for this capacity and provide the best emissions/power ratio in its category. On Scénic and Grand Scénic, launched in May 2011, it will reduce CO_2 emissions by 20% compared with the previous generation. Renault's new Energy TCe petrol powerplants will cut the CO_2 emissions of vehicles in the A, B and C segments by roughly 30% (a reduction of 40 g/km of CO_2 and 1 l/100km).

These savings are of two types:

- reducing the amount of energy required by vehicles, by working on weight, aerodynamics, rolling resistance and consumption by accessories;
- improving the efficiency of powertrains: engines and transmissions.

Eco-design also involves the use of recycled plastics in the genes of our vehicles. New Scénic reflects Renault's efforts to address the issue of end-of-life processing right from the design stage. The quantity of recycled plastics has more than doubled to 34 kg, compared with 16 kg for the previous generation, making up 14% of the total quantity of plastic used for the car. As illustrated by New Mégane in 2008, which anticipated the arrival of regulations applying to recycling homologation, Renault completed the homologation of its entire range in 2010. Every Renault and Dacia is at least 85% recyclable and at least 95% reusable.

Eco-design also demands the close involvement of Purchasing in the process. With 80% of a vehicle made up of purchased parts, it is crucial that our suppliers are engaged in this environmental initiative. Suppliers are explicitly required to respect Renault's substances standard and to keep records of the substances that make up their parts. Their declaration is checked and monitored throughout the design and contractualization process by various means:

- all the suppliers receive the *Renault-Nissan Corporate Social Responsibility Guidelines for suppliers*, which explain the societal and environmental expectations. New guidelines dedicated specifically to environmental expectations are being prepared, for publication in first-quarter 2011;
- the Quality Assurance process implemented by Renault and Nissan;
- indicators on the quantitative monitoring of responses using a computer program that locates reports completed by the suppliers in the parts documentation system;
- two checks of a more qualitative nature when designers receive the reports completed by the suppliers and when the parts plans are signed.

ENVIRONMENTAL MANAGEMENT IN THE PRODUCTION PHASE

Rather than teaching all the industrial processes to environmental experts, Renault opted to train the business lines and employees in ecology through a networked organization. The industrial network covers all of Renault's industrial sites and the manufacturing business lines, representing about 300 people in 13 countries and 44 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;
- a corporate CHEMIS (*CHEMical Information System*) database available in various languages in the Renault group, designed to control hazardous substances and prevent chemical risks. CHEMIS is a key tool in the Renault group's chemical risk management process, which aims, in terms of the environment and health, to introduce chemicals in safety, to prevent the risks associated with their use and to anticipate technological and regulatory changes.

  To date, CHEMIS contains scientific and regulatory information on more than 7,000 products and keeps a permanent watch over more than 6,000 substances;

- an organizational structure and internal network compliant with the REACH regulation, and active mobilization of suppliers to ensure continuous supply;
- a document database of standards of best environmental and risk prevention practices that can be accessed by all the members of the hygiene, environment and risk prevention network. Since 2008, this database, which has been validated by experts, has contained the 4R best practices (Reduce, Reuse, Recycle, Recover energy) of all the impacts identified by the sites.

Environmental management at the plants

Setting up continuous improvement processes based on ISO 14001

Since 1999 Renault has pursued a process of continuous improvement to achieve regulatory compliance and reduce its environmental impacts. Since 2008, 100% of the Renault group's industrial activity, representing 37 industrial or design sites and subsidiaries, have been ISO 14001 certified. Sites recently acquired by Renault will be certified in 2011. 94% of Renault group employees within the environmental reporting scope work on ISO 14001 certified sites.

The Renault eco² and Dacia eco² labels, which span the entire vehicle life-cycle, use ISO 14001 certification to show that the vehicles concerned were produced in plants that respect the environment.

Bringing the environment closer to the field through 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.

Looking ahead with the energy, hygiene, safety and environmental management plan

The environmental management and risk prevention 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 dialog between the industrial strategy, engineers, building planners and plants, by defining targets for reducing environmental impact at the earliest stage of project development. 27 industrial sites (15 bodywork sites and 12 powertrain sites) now possess this tool. In 2010 an energy chapter was added and the industrial hygiene content improved by taking closer account of chemical and health risks.

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.

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. In 2008 Renault introduced a new auditing method based on an in-depth analysis of the Group's technical policies and standards, and emphasizing the business-line expertise of internal auditors.

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 exchanges of best practices between site managers and to encourage consultation between different functions in order to identify solutions and improve performance. Today, the network has 63 internal auditors trained by Renault.

ENVIRONMENTAL MANAGEMENT IN THE VEHICLE USE PHASE

Numerous life-cycle analysis studies show that around 80% of greenhouse gases emitted during the life of a vehicle concern 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.

Helping drivers to change their attitude: Driving eco²

Renault is studying two possible lines of progress to promote eco-driving. The first is to design vehicles that help drivers cut fuel consumption, through onboard computers that provide real-time information on average consumption and create a relaxing atmosphere (comfort, acoustics), as well as through safety features such as a tire pressure monitor (preventing under-inflation). The second is to provide access to training in eco-driving. From 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. Since then Renault has stepped up efforts to cut fuel consumption by making this gear-change indicator available on new vehicles (New Mégane, New Scénic, etc.) and by developing an eco-driving simulator to educate the public about Renault models. Since 2009, three new Renault vehicle profiles have been entered in simulators, giving trainees a choice of four vehicles: Clio 1.5 dCi 6-speed manual, Kangoo 1.5 dCi 5-speed manual, Mégane III 1.5 dCi and TCE 130.

The press and consumer associations sometimes talk about vehicles using more fuel than announced in the sales literature. It is quite true that consumption figures are measured in standard cycles and the best possible driving conditions. The actual consumption observed by a typical driver may be 20% higher. 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.

In 2009 Renault Environnement joined forces with the Belgian company Key Driving Competences (KDC) to deploy innovative eco-driving training projects and the services associated with sustainable mobility for all.

In 2010 KDC has provided more than 10,200 hours of training, bringing about a real change in attitude in the daily driving practices of about 2,300 drivers, both business users and consumers.

With Renault Environnement, KDC will quickly become the benchmark in Europe for eco-driving and mobility services, providing businesses, government offices and consumers with efficient methods and tools (simulator, onboard telematics, on-line support – www.mon.keydriving.com - etc.) to monitor their progress on a daily basis. The method ensures standardized quality services for customers with international subsidiaries. By changing the behavior of each driver, significant and lasting gains will be achieved.

A greater role for environmental management in the sales function ✦

The Renault eco² label 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 more than 700 sites in France, 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.

Since 2007, to meet environmental management targets, Renault has supported the efforts of its sales network in several ways:

- appointing an environmental coordinator in each network branch or dealership, with special training 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;
- extending the environmental network of Renault Retail Group to Europe from 2008;
- developing a range of environmental management tools to deploy and build on good environmental practices, to be used by the sales network.

ENVIRONMENTAL MANAGEMENT IN THE VEHICLE END-OF-LIFE (ELV) PHASE ✦

In line with its long-standing commitment to recycling, Renault has set up an industrial system involving a wide range of European players and able to meet the regulatory targets on the recycling of ELVs vehicles – 85% from 2006 and 95% by 2015 – at moderate cost.

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 ELVs, 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 renovated and reconditioned parts, and the use of recycled materials. Renault Environnement, founded in 2008, is the key entity in this area (see chapter 2.3.2.5).

2.3.3.3 ENVIRONMENTAL COMMUNICATION ✦

Environmental communication has over the last few years 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 Automotive's industrial, design and logistics sites, collated in chapter 2.6.2, have been verified by the Renault group's statutory auditors. For 2010 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 2.6.3.

✦ Global Reporting Initiative (GRI) Directives

In 2007 Renault developed a cross-functional communication and marketing plan. The aim is twofold: to improve the environmental image of Renault with the general public and promote sales of vehicles, especially those that emit less than 140 g. 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.

Renault has also been responding to questionnaires from non-financial agencies for several years. In 2010 Renault performed excellently by achieving the best score of all the carmakers in the world, both in OEKOM 2009 (no questionnaire in 2010), Sustainable Asset Management (the environmental part) and Carbon Disclosure Project.

Since 2010 Renault has sponsored the www.eco-mobility.tv web TV channel, a spin-off of the *Alternative Channel*. The purpose of this channel is to offer a forum to share knowledge and establish dialog between the various stakeholders on the major issues facing mobility (life-cycle, electric mobility, eco-behavior, recycling, means of travel, etc.).

COMMUNICATING WITH EMPLOYEES AND THEIR REPRESENTATIVES

A range of environment-related product events, conferences, articles, blogs and chatrooms provide the basis for a direct dialog 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 posted on the web attests to Renault's commitment, but cannot answer all environmental questions concerning individual sites. The sites have therefore undertaken to publish information sheets on the Internet. These sheets provide clear information on the actions and results of each site and act as a useful basis for dialog between sites, personnel and local stakeholders: residents, local councils, associations and government bodies, etc.

All Renault sites took part in World Environment Day on June 5 for the third year running. Open days, press conferences and other events were organized both inside and outside the company. In 2010 the men and women of Renault demonstrating a particular commitment to environmental protection were rewarded.

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 eco² policy with the deployment of a wide range of energy solutions. In January 2009 Renault presented the Dacia range including gasoline, diesel, biofuel and LPG vehicles. In June 2009 it presented Twizy, Fluence ZE and Kangoo ZE to key account customers, based on the size of vehicle fleets. An eco-diagnosis method with progress scenarios has been developed for fleet vehicles. Set up in 2008, it was remodeled in 2009 to be included in the Key Driving Competences offering from 2010. The aim is to help large companies match the objectives of their environmental policies to their vehicle fleets.

SHARING AND DEVELOPING RENAULT'S KNOW-HOW WITH INNOVATIVE PARTNERS

Renault is closely involved in the Prorecyclage association with dozens of other industrial manufacturers. The purpose of Prorecyclage is to create bonds between companies in order to find new processes and solutions and increase recycling rates. Prorecyclage is also a vehicle to manage these projects and make developments available to all its members.

Renault has also teamed up with other partners (INSA, RECORD, Rhodia, Saint Gobain, etc.) to launch research projects into recycling solutions for the materials contained in vehicles (glass, polyamide, etc.). Renault has initiated an ambitious joint project that consists in introducing tracers into plastics to make it easier to sort and process them at end of life.

Renault is also the founder of the CREER association, which brings together seven companies to conduct research into eco-design.

Renault demonstrated its commitment to developing innovative partnerships by creating the Renault Environnement subsidiary (see chapter 2.3.3.1). To date, two Renault Environnement companies have entered partnerships with Suez Environnement: Indra, for the processing of ELVs, and Boom Comenor Métalimpex, for the reuse of metal panel cut-offs from the production plants. Renault Environnement is also developing Driving eco² with Key Driving Competence (see chapter 2.3.3.2).

To share best practices on implementing sustainable development between small- and medium-sized companies in the Ile-de-France region and large companies, Renault continues to play an active role in coordinating the Club Ile de France pour le Développement Durable, of which it is a founding member with Veolia Environnement and LVMH. Launched on an initiative from DRIRE Ile-de-France in June 2005, the Club, which became a not-for-profit association in 2008, disseminates the principles of the UN Global Compact concerning the environment, human rights, labor standards and the fight against corruption. It favors "cross fertilization" between its members, identifying the best practices in a sector of activity and examining how they can be applied in another sector.

Find out more at www.renault.com

2.4 SUSTAINABILITY RATINGS AND INDEXES

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[1].

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.

2.4.1 RENAULT'S RATINGS IN 2010

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.

Each year SAM analyses the companies covered by the two indexes. The results are used to determine the component stocks.

Results in 2010: Renault has not been selected to appear in the index, even if the Group's outstanding environmental performance was again demonstrated this year by achieving the highest possible score (100/100) in this field and its global rating remains well above the average in the automotive sector.

	RENAULT'S SCORE	LOWEST SCORE DJSI WORLD	INDUSTRY AVERAGE[2]
TOTAL SCORE[1]	85	92	70
Economic dimension	77	86	71
Environmental dimension	100	98	75
Social dimension	78	88	66

(1) Score out of 100.
(2) Automotive industry.

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 2009: Renault scored a B rating overall and the Group was again ranked first out of the 15 leading worldwide automakers analyzed.

RATING SCALE A+ TO D-	OEKOM RATING	RANKING AMONGST CARMAKERS
Social and cultural	B+	1
Environment	B-	1
TOTAL SCORE	B	1

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.

(1) Socially Responsible Investment refers to all investments that are made not only according to the financial performance of the securities, but also to criteria such as the company's attitude towards its economic, environmental and social environment.

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 January 2010: Renault is still rated by Vigeo. However, for commercial reasons, we are no longer in a position to publish this rating. Please contact Vigeo for more details.

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. Since CDP6, the CDP has 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.

Results in 2010: on the basis of its responses to the CDP8 questionnaire, available at www.cdproject.net, Renault achieved a score of 93/100, which is by far the best score in the worldwide automotive sector. In addition, the CDP introduced a performance grade from A to D in 2010. Only two automakers, one of whom Renault, have obtained the A grade.

Next review: the next CDP questionnaire, CDP9, will be sent out to companies in February 2011.

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 (e.g. in manufacturing cement, cracking in petrochemical processing, aluminum smelting, etc.). Particularly at Renault, it concerns heating, refridgerants in air conditioning systems (line vehicles, plants), company cars (taxi pools) and vehicles trials on test tracks or benches;
- 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; it includes emissions for electricity of homeworking and IT;
- scope 3 covers all other indirect emissions that occur from GHG sources that are not owned or controlled by the company.

2.4.2 INCLUSION 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;
- *Eurozone ASPI* (Advanced Sustainable Performance Indices) based on Vigéo's ratings: this index includes a selection of 120 European companies;
- ESI Excellence Europe, set up by the Ethibel agency, acquired by Vigeo. This index lists pioneering companies as well as those whose performance is average for their sector but that satisfy the financial criteria set out in the screening methodology.
- ECPI E. Capital Partners Indices, developed by investment advisory firm E. Capital Partners, which contains 150 of the most socially responsible of companies among Europe's largest in terms of market capitalization;
- 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 until October 2010, the Group is not included in the FTSE 4 Good index, developed by the Eiris rating agency in partnership with FTSE.

2.5 SOCIETAL, SOCIAL AND ENVIRONMENTAL OBJECTIVES ✦

2.5.1 SOCIETAL OBJECTIVES

KEY SOCIETAL OBJECTIVES	DATE TARGET WAS SET	DATE FOR ACHIEVEMENT	SITUATION AT END-2010
Compliance & governance			
Adopt the main recommendations in reports on improving corporate governance	2003	Annual	Ongoing process
Continue distribution of the Code of Conduct through the e-learning modules of the Compliance program (per function)	2008	2011	Begun
Purchasing policy			
Incorporate the Group's sustainable development approach into purchasing policy	2004	Annual	Ongoing process
Obtain a formal commitment from suppliers to comply with the principles laid down in the Declaration of Employees' Fundamental Rights	2004	Annual	Ongoing process
Introduce the Group's social and environmental standards into the purchasing process and update them	2005	Annual	Ongoing process
Prepare for the external CSR inspections at supplier sites	2006	Annual	Ongoing process
Prepare for phasing out lead in electrical and electronic products	2008	2010	Completed
Launch a third wave of social and environmental self-assessments by suppliers	2009	2010	Completed
Safety			
Deploy the "Safety for All" educational road safety program for children	2000	Annual	Ongoing process
Design actions to improve road safety in developing countries. GRSI	2004	2014	Begun
Assist in transferring road safety know-how to developing countries	2004	Annual	Ongoing process
Mobility			
Develop innovative mobility services for company employees and society (such as carsharing)	1998	–	Ongoing process
Promote sustainable mobility solutions in developing countries	2004	–	Ongoing process
Diversity			
Encourage pluralism and diversity in accordance with the diversity Charter	2004	Continuous	Ongoing process
Implement a diversity analysis to measure progress achieved and support the sites in their diversity policies	2009	2010	Completed
Corporate citizenship and stakeholder relations			
Produce one example of a practical application of Global Compact principles each year	2002	Annual	Ongoing process
Develop Renault's relations with NGOs involved in sustainable development and corporate social responsibility	2004	–	Ongoing process
Roll out a "Citizen Values" program in the five regions where Renault operates	2009	2011	Ongoing
Set up a selection process for community projects involving employees	2009	2011	2010=implementation of the selection process on renault.com
Set up appropriate bodies (endowment fund, country foundations or institutes, etc.) to implement community actions that reflect societal issues in the main regions and countries where the Group operates	2009	2011	2010= creation of the Renault Responsible Fund
Conduct a survey of opinion leaders and stakeholders in Morocco	2009	2011	2010 =launch of the survey of the Tangiers-Tetouan region
Define the framework: voluntary leave or international solidarity, skills sponsorship	2010	2012	Ongoing
Information, awareness & communication			
Design a rollout kit, a communications kit and a presentation kit	2009	2010	Completed
Design an e-learning course in CSR	2009	2010	Extended to 2011
Reformat the renault.com web-site	2009	2010	Completed
Create an intranet portal dedicated to the CSR division	2009	2010	Completed
Design a newsletter	2009	2010	Completed
Traceability & reporting			
Set up an e-DOA (*delegation of authority*) process to supervise CSR budgets and ensure transparent reporting through traceable project funding	2009	2010	Completed

✦ Global Reporting Initiative (GRI) Directives

2.5.2 SOCIAL OBJECTIVES

KEY HR OBJECTIVES	DATE TARGET WAS SET	DATE FOR ACHIEVEMENT	SITUATION AT END-2010
Developing employee commitment			
Deploy corporate managerial training	–	Continuous	Deployment of 1stSteps and Keys for New Managers
Improve the quality of management and employee commitment	–	Continuous	The new management standard: Renault Management Way
Application of an incentive, shareholding and employee savings scheme	2007	Continuous	€78.53 million paid in incentives and bonuses €8.6 million paid in the Group savings plan
Encourage permanent progress through collaborative innovation initiatives	1990	Continuous	Staff participation level: 57% Savings made: €140 million
Contributing to Group performance			
Make the necessary skills available to the company to achieve its strategic ambitions	2002	Continuous	48 skills leaders
Support career paths and development	2006	Continuous	The JobInfo (job opportunities marketplace) is available in five languages. careers@renault offers more than 1,000 benchmark positions
Improve the quality of HR services while cutting operating overheads	2006	Continuous	For 2010 Headcount: 122,615 Training expenses: €148.5 million Average number of training hours per employee: 32 hours Number of e-learning hours: 131,172 Rate of access to training: 83%
Increase the coverage of the BPU HR database, which will eventually cover all employees	1998	Continuous	Long-term management of all the Group employees
Strengthen the Alliance with Nissan	1999	Continuous	Staff exchanges More than 100 employees concerned
Promoting a social strategy			
Continue international management-labor dialog	–	Continuous	One plenary meeting of the Group committee. Eightmeetings of the Select Committee
Broadly distribute internal information	–	Continuous	More than 100,000 copies of the in-house Global newsletter distributed in French and English, plus four local editions Intranet sites: about 80,000 connected workstations
Deploy the Health and Working Conditions policy	– 2007	Continuous Continuous	More than 88,115 tests conducted by the OMSAD, a unit set up to deal with stress, anxiety and depression, resulting in specific actions Launch of the Stimulus survey to measure stress factors in four establishments for action plans in 2010 Reduction in the number of occupational accidents: • Group F2 rate: 3.61 • Group F1 rate: 7.23 • Group G1 rate: 0.17 100% of manufacturing, tertiary and engineering sites are accredited 92% of sales sites
Deploy operations to raise awareness of road risks	–	Continuous	Continuous deployment of practical training in the command of road risks

2.5.3 ENVIRONMENTAL OBJECTIVES

KEY ENVIRONMENTAL OBJECTIVES		DATE TARGET WAS SET	DATE FOR ACHIEVEMENT	SITUATION AT END-2010 *(same scope as date objective set)*
Climate change & alternative energies				
All sectors	Reduce the average carbon footprint of the Renault group vehicles sold worldwide by 10% between 2010 and 2013 and another 10% betwwen 2013 and 2016	2010	2016	Ongoing
Manufacturing	Cut CO_2 emissions from fixed sources burning fossil fuel by 10% annually	2007	2012	-1% vs. 2007
Manufacturing	Reach a percentage of 20% in the use of renewable energies (direct and indirect) by sites in the industrial base	2008	2020	10%
Manufacturing	Develop a zero-carbon vehicle assembly plant	2009	2012	Ongoing
Product	Develop a range of vehicles producing zero emissions in use (four vehicles)	2009	2012	Ongoing
Product	Reduce CO_2 emissions from internal combustion vehicles to an average of 130 g CO_2/km	2009	2012	135.1 g CO_2/km
Product	Expand the CNG and LPG vehicle range	2005	Continuous	97,900 LPG vehicles and 1,500 CNG vehicles produced in 2010 (worldwide)
Product	Develop a range of vehicles to meet the 10% target for the use of renewable fuels set by the European Union	2009	2020	Ongoing
Product & Services	Market product and service offerings to cut the carbon footprint of customers' business fleets by 10%	2009	2012	Launch of Key Driving Competence
Environment & health				
Manufacturing	Cut VOC emissions by 10% through continuous progress following the breakthrough of "water-based paints"	2007	2012	-10% vs. 2007
Manufacturing & product	Replace potentially toxic chemical substances	2009	2012	Ongoing
Product	Apply the Euro 5 standard across the entire range	2007	2009/2010	New types. All types Ongoing
Reduce noise				
Product	Bring external noise levels on new vehicles down to 71 dBA for gasoline models and 72 dBA for diesel models	1998	Continuous	Diesel: Clio II, Clio III, Koleos, Modus, Thalia, Twingo II Gasoline: Espace III, Clio II, Modus
Environmental remediation				
	Manage remediation studies when future risks have been identified	2001	Continuous	Boulogne-Billancourt, Dacia
Protect water resources				
Manufacturing	Cut water withdrawals from natural resources by 15%	2007	2012	-20% vs. 2007
Manufacturing	New plant: zero industrial water discharges and a 70% cut in biological discharges	2009	2012	Ongoing

KEY ENVIRONMENTAL OBJECTIVES		DATE TARGET WAS SET	DATE FOR ACHIEVEMENT	SITUATION AT END-2010 *(same scope as date objective set)*
Reduce and recycle waste				
Logistics	For European plants: reduce packaging weight to 5 kg for new vehicles at the final assembly stage	2000	2009[(1)]	Modus: 6 kg Clio III: 9 kg Twingo II: 7 kg Laguna III: 10 kg Mégane III: 9 kg
Manufacturing	Waste: six production sites will have no landfill waste from 2015	2007	2015	Four sites
Product	Use 20% recycled plastics for all new vehicles	2004	2015	Ongoing
End of life	Achieve an effective recovery rate of 95% for materials from the vehicle recycling industry	Depends on country	2015	Country reports available
Develop continuous environmental management				
Audit all manufacturing and logistics sites every year on the environment and risk prevention		2003	Continuous	100%
Achieve a 100% rate in supplier self-assessment on sustainable development		2009	2015	Ongoing
Sustainable development audit for 100% of suppliers		2009	Continuous	Average coverage in 2010: 80%
Following environmental training between 2000 and 2008, pursue training in sustainable development		2009	2012	Ongoing
Publish life-cycle analyses for the electric vehicle range with critical reviews from external experts		2009	2012	Ongoing
Reduce impacts based on life-cycle analysis from the car replaced to its replacement		2005	Continuous	Clio III/Clio II/Laguna III/Laguna II Mégane III/Mégane II Scénic III/Scénic II New SM5/SM5

(1) Due to changes in sourcing, and international sourcing in particular, which limited the deployment of sustainable packaging, the target per vehicle was not reached by the European production plants. Our efforts are focused on the reuse of waste packaging and the achievement of zero waste disposal in the plants concerned.

2.6 APPENDICES RELATING TO THE ENVIRONMENT

2.6.1 METHODOLOGICAL COMMENTS ON THE TABLE OF ENVIRONMENTAL SITE INDICATORS FOR 2010 ✦

Reporting for the environmental indicators was conducted in accordance with the stipulations of the 2010 Environmental Protocol for Renault Sites (the "Guidelines"), which are available on request from the Health, Environment and Industrial Risk Prevention office of Renault. The following is an explanation of the Guidelines' main methodological choices.

2.6.1.1 SCOPE

The "scope" of the reported data encompasses the industrial subsidiaries (body assembly, final assembly, powertrain and foundry) and the support sites (product and process design, 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, 28% of impacts were attributed to Renault in 2010 (compared with 30% in 2009), 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 under the "Site environmental indicators in 2010" table.

The data for sites covered by the scope of reporting in year Y are consolidated with those of other sites only from year Y+1.

- the Fonderie de Normandie (FDN) and the recycling activities of the GAIA site entered the 2010 environmental reporting scope on a probationary basis. Although mentioned in the report, data from the Fonderie is excluded from the reporting scope. Data from GAIA is taken into account only at sites where GAIA operates, i.e. the site of Flins and Choisy-le-Roy (France);
- ACI Pitesti is part of of the Pitesti plant (Dacia Automobile). Data from ACI Pitesti is included in the data from Dacia Automobile;
- the drinking water production and Davidesti waste storage activity at the Pitesti site (DACIA) was removed from the 2010 reporting scope. The data is shown for information purposes.

2.6.1.2 PROCEDURES FOR CONTROLLING AND CONSOLIDATING DATA

Experts from the Performance Technical Support department (Energy and Health, Security and Environment office) and the Painted Assembly Body Engineering department check the consistency 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 is also subject to an external verification by the statutory auditors Ernst & Young and Deloitte. Their conclusions are set out at the end of the document.

2.6.1.3 WATER CONSUMPTION ✦

Water consumption is expressed in thousands of cubic meters (m^3).

Measured volumes include water obtained by pumping (underground and surface water) and/or external networks (drinking water, industrial water). The collected rainwater (Aubevoye, Giheung, Guyancourt, Maubeuge) is also included.

2.6.1.4 LIQUID EFFLUENTS

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).

Under the Guidelines, the frequency of discharge analysis set forth in the regulations governing Renault sites must be observed.

The quantity of SS represents the flow of suspended solids discharged, expressed in ton per year.

The quantity of OM represents the flow of oxidizable matter discharged. This quantity, expressed in ton per year, is calculated as follows:

$OM = (COD + 2BOD_5) /3$.

The quantity of toxic metals is the total flow of toxic metals discharged, weighted by a coefficient of toxicity. This quantity, expressed in ton per year, 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 takes 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, Casablanca (Somaca) sites, together with the Ayrton Senna complex at Curitiba, are not subject to mandatory measurement. But in view of the significant contribution of these plants' emissions to the Group's impacts, the corresponding flows have nevertheless been measured and included in the environmental indicators reporting scope.

✦ Global Reporting Initiative (GRI) Directives

Black water discharges, for which there is no regulatory measurement and/or reporting obligation, are not included in the scope. This exclusion concerns around 30% of employees mainly from the engineering, logistics and support sites.

The flow calculation methods are not applied to the Douvrin (FM), Moscow (Avtoframos), Novo Mesto and Factoria Santa Isabel sites since they have special characteristics.

The significant annual variations of these flows observed at certain manufacturing sites (Curibita, Moscow, Novo Mesto, Somaca) are due to a limited regulatory measurement frequency inducing uncertainty in the viability of consolidated data.

The Cacia, Choisy-le-Roi, Lardy and Ruitz sites are subject to discharge regulations (measurement frequency and/or declaration). Certain water discharge parameters are measured at most four times a year. The degree of uncertainty on SS and OM discharges is therefore higher. However, these sites have a relatively limited contribution to Group impacts.

2.6.1.5 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 indicator shown corresponds to the ratio of VOC emissions per square meter of painted vehicle. The consolidated figure for the Group is equivalent to the total VOC emissions generated by the body assembly plants divided by the total surface area painted.

The atmospheric emissions of SO_2 and NO_x included in the data correspond to emissions produced by the burning of fossil fuels in fixed combustion installations at all sites, excluding transport to the site.

Emissions generated by engine tests are not taken into account since the figure for SO_2 is non-significant while the data for NO_x can hardly be estimated (unreliable calculation method).

Greenhouse gas (GHG) discharges include the direct and indirect GHG emissions and are expressed in metric tons of carbon dioxide equivalent.

The Greenhouse gas (GHG) emissions included in the data were extracted from an inventory of greenhouse gas sources that Renault has maintained since 2004. Following this inventory, Renault modified its guidelines 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 and those transformed by the site for third parties;
- 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 relating to Renault company vehicles (taxi pools, shuttles, service vehicles, transportation equipment, 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 reporting scope, as the corresponding emissions are considered to fall below the threshold of 10,000 tCO_2 eq/year adopted by the Renault group:

- air conditioning of site premises;
- air conditioning of processes;
- heat treatment of powertrain components;
- solvent incineration;
- tests on TCM vehicles leaving the assembly line (roller bench tests).

It is not yet possible to correctly assess certain emissions; therefore the following are not included in the reporting scope:

- emissions linked to onsite transport (excluding fork-lift trucks using compressed natural gas, propane or diesel and excluding Renault company vehicles);
- fugitive emissions occurring when tanks of coolant (for vehicle air conditioning systems) are filled and emptied.

Greenhouse Gas (GHG) discharges associated with indirect emissions are related to electricity purchases. The emission factors used were obtained using the energy mix of each country and the emission factors related to each type of energy for the relevant country. In order to improve the coherency of the different factors between sites, the data used for the 2010 reporting was from the IEA (International Energy Agency), updated annually. In 2009, the default emission factors used were the same as those used in the Renault group Life-Cycle Analysis (LCA) tool. More specific factors may be used subject to justification by the local electricity supplier.

Emissions linked to the foundry activity are not reported. Emissions linked to fossil fuel combustion in the foundries are taken into account.

The emission factors used to calculate SO_2, NO_x and GHG emissions comply with the French order of March 31, 2008 relating to the inspection and measurement of emissions reported through greenhouse gas emission allowance trading schemes, as well as with the CITEPA network's OMINEA national inventory report, updated in February 2010. Only sites using a fuel whose characteristics are completely unrelated to standard factors have used data validated by their energy supplier (Pitesti plant, Dacia). Only sites with fuels whose characteristics differ significantly from standard factors have used data approved by their energy supplier (Pitesti plant, Dacia).

2.6.1.6 WASTE

The waste included in data is waste that leaves the geographical confines of the site.

The waste reported includes hazardous waste and non-hazardous waste.

For better clarity, non-hazardous waste is presented in 2 sub-categories:

- metallic waste,
- non–metallic and non-inert waste (ordinary waste, for example).

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.

2.6.1.7 ENERGY CONSUMPTION ✦

This metric represents the quantity of gas, heating oil, steam, hot water, and electricity consumed within Renault sites, expressed in MWh NCV. However, the data indicated does not include the propane used by fork-lift trucks or the fuel consumed by the site (engine and gearbox testing, company vehicles).

The primary or converted energy supplied to third parties is not included. The purpose of the energy consumption indicators is to reflect the energy performance of Renault's manufacturing processes.

Net calorific value (NCV) factors are used in accordance with the French government order issued on March 31, 2008 for the inspection and measurement of emissions reported through greenhouse gas emission allowance trading schemes.

✦ Global Reporting Initiative (GRI) Directives

2.6.2 SITE ENVIRONMENTAL INDICATORS IN 2010 ✦

			LIQUID DISCHARGES			AIR EMISSIONS				WASTE				
2010 ENVIRONMENTAL INDICATORS[1]	**WATER CONSUMPTION** *(in thousands of m³)*	**PLANT**	**SS** *(in tons/ year)*	**OM** *(in tons/ year)*	**METOX** *(in tons/ year)*	**GHG** *(in tCO_2eq)*	**VOC** *(in g/ m²)*	**SO_2** *(in tons)*	**NO_x** *(in tons)*	**OIW** *(in tons)*	**OIW (excluding inert and metallic waste)** *(in tons)*	**OIW (METALLIC)** *(in tons)*	**HW** *(in tons)*	**ENERGY CONSUMPTION** *(in MWh NCV)*
MANUFACTURING SITES														
ACI Le Mans	1,189.8	P	19.7	24.7	0.2	39,589	nc	7.2	23.9	37,450.8	17,609.4	19,344.8	1,274.7	256,806.2
ACI Villeurbanne	56.1	U	nc	nc	nc	3,736	nc	0.0	2.9	890.0	162.0	728.0	146.0	26,451.1
Batilly (Sovab)[2]	256.4	PB	1.0	4.6	0.5	46,222	48	0.5	41.6	4,233.6	1,743.4	2,490.2	1,640.7	263,020.0
Bursa[3]	511.5	PBU	40.0	20.6	1.9	97,579	40	0.3	22.3	86,554.1	12,191.2	60,054.9	1,796.8	269,192.0
Busan (RSM)[4]	583.2	PBU	0.9	4.2	0.3	101,546	33	0.3	32.8	43,923.4	7,279.8	35,521.0	2,842.3	316,415.2
Cacia[5]	85.7	PB	3.6	5.6	0.0	18,339	nc	0.0	0.8	4,790.9	587.5	4,203.5	1,234.8	48,701.9
Casablanca (Somaca)	150.5	-	41.5	42.5	3.6	24,277	115	0.2	3.7	8,473.3	8,355.7	20.1	708.1	49,414.1
Choisy-le-Roi[6]	28.7	PU	1.0	3.3	0.0	2,243	nc	0.0	2.0	2,549.5	427.1	2,120.0	146.0	12,616.1
Cléon[7]	1,097.1	PU	7.8	118.4	0.1	39,320	nc	0.2	20.0	23,218.0	3,772.0	19,403.0	5,548.0	299,538.0
Complexe Ayrton Senna	410.1	PU	77.4	147.5	0.9	35,922	46	0.2	21.2	42,181.0	12,141.0	30,024.0	2,845.0	192,596.0
Cordoba Fonderie Aluminium	16.2	U	nc	nc	nc	5,612	nc	0.0	3.7	285.4	226.4	59.0	5,495.2	21,664.1
Dacia Producteur d'Automobiles[12]	1,191.4	PU	161.2	417.5	1.0	183,248	42	11.4	64.2	191,964.0	15,412.0	158,267.0	5,741.0	574,305.9
Dieppe	6.5	U	nc	nc	nc	5,045	78	0.0	4.0	371.0	371.0	0.0	180.0	26,047.5
Douai[8]	493.8	PB	8.3	13.9	0.9	65,893	25	0.4	52.8	86,511.0	3,229.0	83,282.0	2,105.0	333,647.3
Douvrin (FM)[9]	198.8	PU	3.7	55.4	0.0	11,026	nc	0.0	5.6	7,175.1	1,054.5	6,120.6	1,376.7	89,580.0
Envigado (Sofasa)	101.8	PU	14.0	28.6	0.2	5,406	85	0.0	2.1	5,521.0	5,207.0	266.0	207.0	25,501.6
Flins[10]	1,061.7	PB	4.7	8.9	0.1	36,952	26	0.2	26.4	64,709.0	2,787.0	61,922.0	1,593.0	372,967.5
Los Andes	28.8	U	nc	nc	nc	7,031	nc	0.1	1.4	3,788.5	1,907.2	1,881.3	1,436.0	20,804.2
Maubeuge (MCA)	256.6	PB	1.3	1.0	0.4	35,876	35	0.3	31.9	33,601.0	1,852.9	31,742.1	1,339.5	205,446.1
Moscou (Avtoframos)	341.2	PU	23.4	44.7	0.1	37,954	79	0.2	21.2	10,680.6	10,377.8	302.8	1,042.0	190,862.2
Novo Mesto	223.7	PU	62.9	60.0	0.1	48,152	43	0.5	22.4	47,543.0	2,309.0	45,234.0	939.0	164,913.2
Palencia[11]	503.5	PB	2.8	11.8	0.5	64,174	28	0.4	43.4	42,986.5	3,127.3	39,859.2	1,974.1	252,108.1
Ruitz (STA)	27.1	U	1.1	2.3	0.0	7,252	nc	0.0	4.6	4,061.5	291.8	3,769.8	747.5	55,007.5
Sandouville[13]	227.0	PB	2.5	5.8	0.7	33,278	31	0.2	27.4	13,735.1	1,384.9	12,225.0	1,298.9	198,110.1
Santa Isabel Cordoba[14]	325.7	PB	nc	8.8	0.0	39,983	92	0.1	18.9	22,277.0	10,205.0	11,772.0	1,041.0	132,143.2
Séville	108.1	PU	2.1	25.5	0.0	29,875	nc	0.0	5.7	7,572.0	679.0	6,893.0	3,419.0	100,012.2
Tandil	65.8	U	nc	nc	nc	13,224	nc	0.0	3.2	6,745.9	6,545.9	200.0	37.1	41,837.8
Valladolid-Carrosserie	126.0	PU	1.5	6.0	0.2	24,916	nc	0.1	13.3	58,243.0	765.0	57,426.0	722.0	95,597.0
Valladolid-Montage	247.9	PU	5.3	20.8	0.7	32,278	34	0.2	22.1	3,592.0	1,208.0	431.0	949.0	129,449.6
Valladolid-Moteur[15]	144.7	PU	nc	nc	nc	48,608	nc	0.1	7.8	22,541.0	1,757.0	20,733.0	2,532.0	157,085.7
MANUFACTURING SITES TOTAL	**10,065.3**		**487.7**	**1,082.2**	**12.3**	**1,144,554**	**41**	**23.2**	**553.6**	**888,168.2**	**134,966.7**	**716,295.2**	**52,357.5**	**4,921,841.2**

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 (direct and indirect)
VOC: volatile organic compounds
OIW: ordinary industrial waste
HW: hazardous waste

			LIQUID DISCHARGES			AIR EMISSIONS				WASTE				
2010 ENVIRONMENTAL INDICATORS[(1)]	**WATER CONSUMPTION** *(in thousands of m³)*	**PLANT**	**SS** *(in tons/ year)*	**OM** *(in tons/ year)*	**METOX** *(in tons/ year)*	**GHG** *(in tCO_2eq)*	**VOC** *(in g/ m²)*	**SO_2** *(in tons)*	**NO_x** *(in tons)*	**OIW** *(in tons)*	**OIW (excluding inert and metallic waste)** *(in tons)*	**OIW (METALLIC)** *(in tons)*	**HW** *(in tons)*	**ENERGY CONSUMPTION** *(in MWh ncv)*
ENGINEERING, LOGISTICS AND SUPPORT SITES														
Aubevoye	37.9	U	nc	nc	nc	7,615.7	nc	0.0	2.4	1,872.5	1,817.2	33.3	107.3	26,441.2
Boulogne-Billancourt Siège Renault	45.7	U	nc	nc	nc	7,485.5	nc	0.0	2.6	553.9	541.0	12.9	14.2	43,524.6
Cergy-Pontoise	10.2	U	nc	nc	nc	1,657.5	nc	0.0	1.0	2,219.4	2,113.1	106.3	101.9	23,967.9
DACIA Centre Logistique CKD	14.8	U	nc	nc	nc	3,032.7	nc	0.0	0.9	1,179.0	1,152.0	27.0	0.0	8,627.4
Giheung (RSM)	82.4	B	nc	nc	nc	17,432.6	nc	0.0	2.8	813.0	477.0	105.0	747.0	40,443.0
Grand-Couronne	4.7	U	nc	nc	nc	3,038.4	nc	12.2	4.8	1,485.1	1429.6	55.5	27.3	11,109.3
Guyancourt (Technocentre)	186.4	U	nc	nc	nc	28,774.0	nc	0.1	12.3	2,471.6	2,116.3	355.3	380.0	154,633.6
Heudebouville (Somac)	0.8	U	nc	nc	nc	288.3	nc	0.0	0.2	230.8	177.4	53.4	37.0	1,508.3
Lardy	144.1	U	8.0	11.4	0.0	20,021.4	nc	0.1	8.0	850.2	793.0	0.0	585.5	111,425.6
Rueil	23.2	U	nc	nc	nc	3,558.7	nc	0.0	1.5	468.7	429.3	39.4	35.3	19,052.0
Saint-André-de-l'Eure	4.2	U	0.6	0.9	0.0	1,567.8	nc	0.0	1.0	894.0	869.2	24.7	16.9	8,521.4
Valladolid Direcciones Centrales	56.9	U	0.1	0.6	0.0	6,705.3	nc	0.0	2.7	990.0	643.0	118.0	31.0	20,740.1
Villeroy (DLPA)	4.2	U	nc	nc	nc	2,228.3	nc	0.0	1.0	2,937.4	2,931.8	5.6	21.3	16,301.6
Villiers-St-Frédéric	9.5	U	nc	nc	nc	3,558.0	nc	0.0	1.8	249.7	174.5	75.2	68.8	18,578.7
ENGINEERING, LOGISTICS AND SUPPORT SITES TOTAL	**624.8**		**8.7**	**12.9**	**0.0**	**106,964.2**	**nc**	**12.7**	**42.9**	**17,215.1**	**15,664.3**	**1,011.6**	**2,173.5**	**504,874.8**
GROUP TOTAL	**10,690.1**		**496.4**	**1,095.2**	**12.4**	**1,251,517.9**	**41**	**35.8**	**596.5**	**905,383.3**	**150,631.0**	**717,306.8**	**54,531.0**	**5,426,716.0**
THE SITES NOT INCLUDED IN THE REPORTING SCOPE, FOR INFORMATION PURPOSES:														
DACIA Drinking water production site	376.2	U	19.6	0.8	0,0	687.2	nc	nc	nc	nc	nc	nc	nc	2,179.0
DACIA Davidesti waste storage facility	0.1	PB	0.1	0.2	0,0	20.5	nc	nc	nc	nc	nc	nc	nc	49.2
Fonderie de Normandie (FDN)	-	PU	2.8	16.8	0,0	6,303	nc	0.0	5.4	779.0	141.8	591.0	629.9	42,767.4

(1) All the impacts arising from employee catering facilities are included in the data for the Renault sites.
(2) Liquid discharges from the Batilly (Sovab) plant include those of the Industrial Supplier Park and the Compagnie d'Affrètement et de Transport (CAT) as well as the waste of the Industrial Supplier Park.
(3) Water consumption at the Bursa site includes that of the Industrial Supplier Park.
(4) The Welfare Center of the Busan site is excluded from the impacts.
(5) All the impacts of the Industrial Supplier Park are included in Cacia plant data.
(6) Data from the Choisy-le-Roi plant include all the impacts of GAIA's operations.
(7) Water consumption at the Cléon site includes that of the Fonderie de Normandie (FDN). A portion of the liquid discharges and energy consumption of FDN is also included.
(8) The liquid discharges from the Douai site include those of the Industrial Supplier Park and all the impacts of the Delivery Dispatch Center.
(9) 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 28% in 2010.
(10) Water consumption at the Flins site includes that of the Spare Parts Distribution Center as well as the environmental impacts of GAIA.
(11) Water consumption at the Palencia site includes that of the Industrial Supplier Park.
(12) The impacts of ACI Pitesti are included in the data from Dacia Automobile. Liquid discharges at the Pitesti site (Dacia) include those of the Industrial Supplier Park.
(13) Water consumption at the Sandouville site includes that of the Industrial Supplier Park.
(14) Liquid discharges from the Santa Isabel Cordoba plant include those of the Compagnie d'Affrètement et de Transport (CAT), the Delivery Dispatch Center and the Parts and Accessories department and the ILN (Logistics center).
(15) Liquid discharges from the Valladolid engine plant are aggregated with those of the Valladolid body assembly plant.

2.6.3 ENVIRONMENTAL INDICATORS FOR PRODUCTS ✦

TECHNICAL AND ENVIRONMENTAL CHARACTERISTICS FOR THE BEST-SELLING VEHICLES IN EUROPE (27 COUNTRIES) IN 2010

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	M 5	Euro 4	4.3	113	71.2	Renault eco²
Renault	Twingo II	G	1.2	1,149	56	M 5	Euro 4	4.8	114	70.3	Renault eco²
Renault	Clio III	G85	1.2 16v	1,149	55	M 5	Euro 4	7.8	125	73.2	Renault eco²
Renault	Clio III	D	1.5 dCi	1,461	50	M 5	Euro 4	4.3	115	70.4	Renault eco²
Renault	Clio III	G	1.2 16v	1,149	55	M 5	Euro 4	5.9	139	73.2	Renault eco²
Renault	Modus	D	1.5 dCi	1,461	63	M 5	Euro 4	4.3	114	70.7	Renault eco²
Renault	Modus	G	1.2 16v	1,149	55	M 5	Euro 4	5.9	139	71	Renault eco²
Renault	Kangoo	D	1.5 dCi	1,461	63	M 5	Euro 4	5.3	140	71.9	Renault eco²
Renault	Kangoo	G	1.6 16v	1,598	78	M 5	Euro 4	8.1	192	72.4	-
Renault	Mégane III	G85	1.6 16v	1,598	81	M 5	Euro 4	6.8	160	73.6	Renault eco²
Renault	Mégane III	D	1.5 dCi	1,461	78	M 6	Euro 5	4.4	114	73.6	Renault eco²
Renault	Mégane III	G	1.6 16v	1,598	81	M 5	Euro 4	6.9	162	73.6	-
Renault	Scénic III	G85	1.6 16v	1,598	81	M 5	Euro 4	7.4	174	73.5	Renault eco²
Renault	Scénic III	D	1.5 dCi	1,461	78	M 6	Euro 4	5.1	134	72.3	Renault eco²
Renault	Scénic III	G	1.4 16v	1,397	96	M 6	Euro 5	7.3	168	71.9	-
Renault	Koleos	D	2.0 dCi	1,995	110	M 6	Euro 4	7.3	191	72	-
Renault	Koleos	G	2.5	2,488	126	M 6	Euro 4	9.6	227	73	-
Renault	Laguna III	D	1.5 dCi	1,461	81	M 6	Euro 4	4.9	130	71.6	Renault eco²
Renault	Laguna III	G	1.6 16v	1,598	103	M 6	Euro 4	7.6	180	73.2	-
Renault	Espace IV	D	2.0 dCi	1,995	96	M 6	Euro 4	7.2	190	72.6	-
Renault	Espace IV	G	2.0 t	1,998	125	M 6	Euro 4	9.5	224	70.7	-
Dacia	Logan	G85	1.6	1,598	64	M 5	Euro 4	7.2	170	72.9	Dacia eco²
Dacia	Logan	D	1.5 dCi	1,461	63	M 5	Euro 4	4.6	120	70.7	Dacia eco²
Dacia	Logan	G/GPL	1.4	1,390	55	M 5	Euro 4	8.1	130	72.7	Dacia eco²
Dacia	MCV	G85	1.6 16v	1,598	77	M 5	Euro 4	7.6	178	73.9	Dacia eco²
Dacia	MCV	D	1.5 dCi	1,461	63	M 5	Euro 4	5.2	137	72.8	Dacia eco²
Dacia	MCV	G	1.4	1,390	64	M 5	Euro 4	7.6	179	74	-
Dacia	Sandero	D	1.5 dCi	1,461	50	M 5	Euro 4	5.3	140	71	Dacia eco²
Dacia	Sandero	G/GPL	1.4	1,390	55	M 5	Euro 4	8.1	130	72.7	Dacia eco²

2.6.4 STATUTORY AUDITORS' REASONABLE ASSURANCE REPORT ON THE ENVIRONMENTAL DATA

DELOITTE & Associés

ERNST & YOUNG - Audit

Renault

Year ended December 31, 2010

Statutory auditors' assurance 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. This report should be read in conjunction with, and is construed in accordance with French law and professional standards applicable in France.

To the Strategic Environmental Planning department,

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 2010, as set out under the "Group Total" line in the "Site environmental indicators in 2010" table in chapter 2.6.2. of the Registration document (the "Data" [(1)]), has been prepared, in all material respects, in accordance with the 2010 Environmental Protocol for Renault sites (the "Guidelines"), summarized under "Method used for the Site environmental indicators in 2010" table in chapter 2.6.1.

The responsibility of Renault's management is to prepare the data and draw up the Guidelines. The Guidelines are available for consultation at the "Energy, Health & Safety, and Environment" department.

Our responsibility is to express an opinion on the Data, based on our audit. Our verification work was carried out in accordance with professional guidelines applicable in France and international standard ISAE 3000 (International Standard on Assurance Engagements). Our independence is defined by the laws, regulations and code of ethics and professional conduct governing the profession.

Nature and scope of our work

We conducted our work in accordance with professional guidelines applicable in France.

In order to express our opinion on the Data, we performed the following procedures:

We assessed the Guidelines with respect to their precision, clarity, objectivity, completeness and relevance compared to the Group's activities and reporting practices of the automotive industry.

- At Group level, we conducted interviews with the environmental data reporting managers and:
  - analyzed anomaly risks and materiality,
  - assessed the application of the Guidelines, carried out analytical procedures and consistency checks, and verified data processing and aggregation at Group level.
- We selected a sample of fourteen sites [(2)] that are representative of the activities and the geographical locations, based on their contribution to the Group's consolidated data and the results of the aforementioned anomaly risk analysis.
  - The selected sites represent on average 58.8% of the total value of environmental data published by Renault. The percentages for 2010 break down as follows:

Water consumption	65%
Water discharge: SS	68%
Water discharge: OM	71%
Water discharge: METOX	59%
Non-hazardous industrial waste	62%
Non-hazardous industrial waste (excluding inert waste and scrap metal)	53%
Non-hazardous industrial waste (scrap metal)	64%
Hazardous waste	49%
Energy consumption	55%
Atm. emissions: GHG	52%
Atm. emissions: SO_2	59%
Atm. emissions: NO_x	56%
Atm. emissions: VOC	55%

  - At the level of the selected sites and entities, we verified the understanding and application of the Guidelines, and carried out substantive tests based on sampling, which consisted in verifying the calculation formulae, as provided in the Guidelines, and reconciling the data with the supporting evidence.
- We reviewed the presentation of the "Data" in the 2010 Registration document in chapter 2.6.2.

To assist us in conducting our work, we referred to the environmental experts of our firms under the responsibility of Messrs Eric Duvaud for Ernst & Young Audit and Eric Dugelay for Deloitte & Associés.

In view of the work carried out on the Group's major locations over the last twelve years and the improvements made by Renault to enhance the sites' understanding of and application of the Guidelines, we consider that our verification work provides a reasonable basis for our opinion.

(1) See Appendix 1.
(2) On-site work: Palencia, Seville, Dacia, Villiers-Saint-Frédéric, ACI Le Mans, Douai, Sandouville, Flins, Cléon, Dieppe; Remote work: Novo Mesto, Somaca, San Isabel Cordoba, Moscow.

Information on the Guidelines

We have the following comment to make on the Guidelines:

- According to the Guidelines, the frequency of analysis of discharges depends on regulatory constraints that apply to Renault sites. For some sites, the frequency of analysis required by local regulations and implemented within the framework of the Data calculation is not sufficient to ensure an adequate reliability in respect of “Water discharge” Data (SS, OM and METOX).

Conclusion

In our opinion, the Data, as set out under the “Total” line in the “Site environmental indicators in 2010” table, has been prepared, in all material respects, in compliance with the Guidelines prepared by Renault.

Neuilly-sur-Seine and Paris-La Défense, February 17, 2011

The Statutory Auditors

DELOITTE & ASSOCIÉS

ERNST & YOUNG – Audit

Appendix 1 : table Site environmental indicators in 2010 (see 2.6.2)

Appendix 2 : Method used for the site environmental indicators in 2010 table (see 2.6.1)

3

3

CORPORATE GOVERNANCE

The elements of the annual financial report are identified by the AFR sign in the table of contents.

✦ Global Reporting Initiative (GRI) Directives

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.

This report 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 Group Finance, Management Control and Legal Departments.

This report was ratified by the Board of Directors at its meeting on February 9, 2011.

Renault also carefully and continually analyzes the best corporate governance practices described in the Afep/Medef report (modified by the Afep/Medef recommendations dated October 6, 2008 on the compensation of senior executives of listed companies), making every effort to incorporate these recommendations into its internal regulations.

Accordingly, the Board decided that the company would refer to the amended Afep/Medef corporate governance code when preparing the report.

3.1 REPORT OF THE CHAIRMAN OF THE BOARD

3.1.1 PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

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, Renault-Nissan b.v. has limited powers with respect to Renault s.a.s., 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.

3.1.1.1 MANAGEMENT METHODS

FUNCTIONS OF CHAIRMAN OF THE BOARD COMBINED WITH THOSE OF CHIEF EXECUTIVE OFFICER

In 2010 the Board of Directors decided to maintain a governance system combining the functions of Chairman of the Board and Chief Executive Officer. On the recommendation of the Appointments and Governance Committee, it renewed Mr Ghosn's term as Chairman and CEO.

The reason for the decision to combine the functions of Chairman of the Board and Chief Executive is to simplify decision-making and responsibilities and to ensure a similar governance structure within the Alliance, with the presence of a Chief Operating Officer at Renault and Nissan.

Further, the balance of powers is ensured by the fact that independent directors are in the majority on the Board and a Senior Independent Director was appointed in July 2009.

Aside from strategic decisions and the monitoring of financial and legal issues and public affairs, which remain the direct responsibility of the Chairman and CEO, operational decisions are under the authority of the Chief Operating Officer.

The curbs placed by the Board of Directors on the powers of the CEO are described in the Board's internal regulations. These provide that the Board of Directors will examine the Group's strategic plan on an annual basis and discuss the company's strategic policies, including those connected with the Alliance, put forward by the Chairman and CEO. The Board examines any changes to those policies once yearly. Further, it also gives its opinion before any major decision inconsistent with the company's strategy can be made.

The Board amended its internal regulations in 2010 with a view to supervising decisions on strategic transactions and investments by requiring prior authorization from the Chairman of the Board.

The Chairman and CEO must seek permission from the Board of Directors for organic growth operations or acquisitions, and for investments in or divestments from any company, whether existing or to be formed, where the amount exceeds €250 million.

He informs the Board of Directors about the acquisition or disposal of equity holdings worth between €60 million and €250 million.

Every quarter, if applicable, the Chairman and CEO provides the Accounts and Audit Committee with a list of equity investments or disposals worth less than €60 million. Board members can ask the Committee to show them this list.

APPOINTMENT OF A SENIOR INDEPENDENT DIRECTOR

In 2009 the Board of Directors appointed Philippe Lagayette as Senior Independent Director.

The Senior Independent Director was appointed after the functions of Chairman and CEO were combined. The Senior Independent Director, whose role consists in coordinating the activities of the independent directors, provides a link between the independent directors and the Chairman and CEO, acting in his capacity as Chairman of the Board of Directors.

The Board appoints the Senior Independent Director from among the eligible independent directors, upon a proposal by the Appointments and Governance Committee. The Senior Independent Director is appointed for the term of his directorship.

The Senior Independent Director's tasks include:

- advising the Chairman of the Board and the Chairmen of the specialized committees;
- chairing Board meetings where the Chairman and CEO is not present. In particular, the Senior Independent Director chairs discussions intended to assess the performance of the Chairman and CEO with a view to determining his remuneration, having obtained the opinion of the Remuneration Committee.

He sits on the Accounts and Audit Committee and the Appointments and Governance Committee.

The internal regulations of the Board of Directors, which are given in chapter 3.4, reflect the new governance arrangements.

3.1.1.2 COMPOSITION OF THE BOARD OF DIRECTORS ✦

At March 1, 2011 the company was administered by a Board of Directors composed of 19 members:

- 13 directors appointed by the Annual General Meeting of Shareholders (AGM);
- two directors appointed by administrative order, representing the French State;
- three directors elected by employees;
- one director elected by the AGM on the recommendation of employee shareholders.

The term of office of directors elected by the AGM is 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.

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 the meeting.

The minutes of the Board meetings are made available within four weeks of each meeting.

BOARD OF DIRECTORS

DIRECTORS	OFFICES/FUNCTIONS
Carlos Ghosn Member of the Appointments and Governance Committee Number of shares: 205,200 Born on March 9, 1954 Date of first term: April 2002 Current term expires (AGM): 2014	**Chairman and CEO** Current offices and functions in other companies: *France:* n.a. *Abroad*: Director: Alcoa, AvtoVAZ President and CEO: 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 Member of the Industrial Strategy Committee Number of shares: 6 shares and 200 ESOP units Born on February 10, 1953 Date of first term: November 2002 Current term expires: November 2012	**Advanced Process Design Engineer, Renault**
Alain J.P. Belda* Member of the Appointments and Governance Committee Member of the International Strategy Committee Number of shares: 1,000 Born on June 23, 1943 Date of first term: May 2009 Current term expires (AGM): 2013	**CEO, Warburg Pincus** Current offices and functions in other companies: *France:* n.a. *Abroad:* Director: IBM, Citigroup Offices or functions in the past five years no longer held: Non-executive Chairman of Alcoa Chairman and Director of Alcoa Chairman and CEO of Alcoa Director of Brown University Member of the Board of Trustees of the Conference Board Member of the Business Council

✦ Global Reporting Initiative (GRI) Directives

DIRECTORS	OFFICES/FUNCTIONS
Patrick Biau Director elected by employees Member of the International Strategy Committee Number of shares: 688 ESOP units Born on February 5, 1956 Date of first term: November 2008 Current term expires: November 2012	**Cost Control, Investments, Renault**
Alain Champigneux Director elected by employees Member of the Accounts and Audit Committee Number of shares: 1,076 ESOP units Born on January 1, 1954 Date of first term: November 2002 Current term expires: November 2012	**Renault Document Manager**
Charles de Croisset* Member of the Accounts and Audit Committee Member of the Industrial Strategy Committee Number of shares: 1,000 Born on September 28, 1943 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: Fondation du Patrimoine Director: LVMH Member of the Supervisory Board: Euler & Hermès Non-voting director: Galeries Lafayette *Abroad:* International Advisor, Goldman Sachs International Offices or functions in the past five years no longer held: Director: Bouygues, Thales UK, Thales
Bernard Delpit* Member of the International Strategy Committee Number of shares: 1,000 Born on October 26, 1964 Date of first term: April 2010 Current term expires (AGM): 2014	**Chief Financial Officer, La Poste Group** Current offices and functions in other companies: *France:* Member of Executive Committee: La Poste Member of Audit Committee: Banque Postale, GeoPost and Poste Immo Director: Sofiposte, Geoposte, Banque Postale Prévoyance, Poste Immo Member of the Supervisory Board: Banque Postale, Banque Postale Asset Management *Abroad: n.a.* Offices or functions in the past five years no longer held: n.a.
Thierry Desmarest* Chairman of the International Strategy Committee Member of the Industrial Strategy Committee* Member of the Remuneration Committee Number of shares: 1,500 Born on December 18, 1945 Date of first term: April 2008 Current term expires (AGM): 2012	**Honorary Chairman of Total** Current offices and functions in other companies: *France*: Chairman: Fondation Total and Fondation de l'École Polytechnique Director: Total SA, Air Liquide, Sanofi-Aventis Member of the Supervisory Board: École Polytechnique *Abroad:* Member of the Board of Bombardier (Canada) Offices or functions in the past five years no longer held: CEO of Total SA Chairman and CEO of Elf Aquitaine Chairman of the Board of Total
Jean-Pierre Garnier* Chairman of the Industrial Strategy Committee Member of the International Strategy Committee Member of the Remuneration Committee Number of shares: 1,000 Born on October 31, 1947 Date of first term: April 2008 Current term expires (AGM): 2012	Current offices and functions in other companies: *France*: Director: Cerenis (biotech company) *Abroad*: Director: United Technology Corp. Chairman: NormsOxys Corp. Offices or functions in the past five years no longer held: Chairman and CEO of GlaxoSmithKline Beecham p.l.c. Chairman of GlaxoSmithKline p.l.c. Director: GlaxoSmithKline Beecham p.l.c., Biotechnology Industry Organization, Eisenhower Exchange Fellowship
Takeshi Isayama Number of shares: 1,000 Born on March 8, 1943 Date of first term: May 2009 Current term expires (AGM): 2013	**Senior Advisor, Carlyle Japan L.L.C.** Current offices and functions in other companies: Director: Dainippon Screen Mfg Co., Ltd, Terumo Corp, The Japan Fund Advisor: Tokyo University of Agriculture and Technology, BitAuto Offices or functions in the past five years no longer held: Advisor: National Institute of Advanced Industrial Science and Technology ("Visiting Scholar") Director: Seiyu GK (Wal-Mart subsidiary) Vice-Chairman: Nissan Motor Co., Ltd.

DIRECTORS	OFFICES/FUNCTIONS
Alexis Kohler Member of the Accounts and Audit Committee Member of the Industrial Strategy Committee Number of shares: (a) Born on November 16, 1972 Date of first term: February 2010 Current term expires (AGM): 2011	**Division Director, Transports and Media, French Government Shareholding Agency, at the Ministry of the Economy, Industry and Employment** Current offices and functions in other companies: Director (government representative): Aéroport de Paris, RATP, Grand Port Maritime du Havre, France Télévision, Société Audiovisuel Extérieur de la France, STX France. Offices or functions in the past five years no longer held: TSA, GIAT Industries, La Monnaie de Paris, Société de valorisation foncière et immobilière (SOFAVIM)
Marc Ladreit de Lacharrière[*] Chairman of the Appointments and Governance Committee Member of the Remuneration Committee Number of shares: 1,020 Born on November 6, 1940 Date of first term: October 2002 Current term expires (AGM): 2014	**Chairman and Chief Executive Officer of 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, Gilbert Coullier Productions (SAS) 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 Offices or functions in the past five years no longer held: Chairman: Fitch Group Holdings Director: Algorithmics, 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: 1,150 Born on July 11, 1943 Date of first term: February 2003 Current term expires (AGM): 2013	**Barrister (Cabinet La Garanderie & Associés)** Former chair: Paris Bar Association 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: n.a.
Philippe Lagayette[*] Senior Independent Director Chairman of the Accounts and Audit Committee Member of the Appointments and Governance Committee Number of shares: 1,000 Born on June 16, 1943 Date of first term: May 2007 Current term expires (AGM): 2011	**Chairman of the Fondation de France** Current offices and functions in other companies: *France:* President Philippe Lagayette Conseils Vice Chairman Barclays Capital Member of the Board: PPR, Fimalac Chairman of Fondation de France Chairman of the Board of Institut des Hautes Études Scientifiques, and Foundation of Scientific Co-operation for Research on Alzheimer's Disease *Abroad:* n.a. Offices or functions in the past five years no longer held: Member of the Board of La Poste Vice-Chairman of JP Morgan in EMEA.
Franck Riboud[*] Chairman of the Remuneration Committee Number of shares: 331 Born on November 7, 1955 Date of first term: December 2000 Current term expires (AGM): 2014	**Chairman and Chief Executive Officer, Chairman of the Executive Committee of Danone Group** Current offices and functions in other companies: *France:* Chairman of the Board: Danone Communities Chairman of the Guidance Committee: Fonds Danone pour l'Ecosystème Director: Association Nationale des Industries Agroalimentaires, Lacoste France SA, Danone SA, Accor SA, International Advisory Board HEC Member representing Danone Group: Conseil National du Développement Durable Member of the Supervisory Board: Fondation ELA *Abroad:* Director: Bagley Latinoamerica SA, Danone SA (Spain), Rolex SA, Rolex Holding SA Offices or functions in the past five years no longer held: Chairman and Director: Danone Asia Pte Limited Chairman of the Board: Compagnie Gervais Danone SA, Générale Biscuit SA Director: L'Oréal SA, Sofina, Quiksilver, Wadia BSN India Limited, Fondation Gain (Global Alliance for Improved Nutrition), Ominium Nord Africain (ONA) Member of the Supervisory Board: Accor
Luc Rousseau Member of the International Strategy Committee Member of the Industrial Strategy Committee Number of shares: (a) Born on March 16, 1957 Date of first term: February 2010 Current term expires (AGM): 2012	**Director General of Competitiveness, Industry and Services** Ministry of the Economy, Industry and Employment Current offices and functions in other companies: Member of the Supervisory Board of Areva Member of the Board of Directors: FSI (strategic investment fund), CEA (atomic energy commission) and the ANR (national research agency) Government commissioner for the Board of Directors of La Poste, FT1CI Government representative: Board of Directors of the AFII (Invest in France Agency), OSEO, Palais de la Découverte and La Cité des Sciences et de l'Industrie Offices or functions in the past five years no longer held: Government commissioner: AII (agency for industrial innovation), OSEO Innovation

✦ Global Reporting Initiative (GRI) Directives

DIRECTORS	OFFICES/FUNCTIONS
Hiroto Saikawa Member of the International Strategy Committee Number of shares: 100 Born on November 14, 1953 Date of first term: May 2006 Current term expires (AGM): 2014	**Executive Vice President for Asia-Pacific Region, Affiliated companies, and Purchasing, Nissan Motor Co. Ltd.**
Michel Sailly Director elected by employee shareholders Member of the International Strategy Committee Member of the Industrial Strategy Committee Number of shares: 266 ESOP units Born on October 8, 1949 Date of first term: May 2009 Current term expires (AGM): 2013	**Renault Production Way (SPR) Autodiagnostic project leader**
Pascale Sourisse* Member of the Accounts and Audit Committee Number of shares: 1,000 Born on March 7, 1962 Date of first term: April 2010 Current term expires (AGM): 2014	**General Manager, C4I Defense and Security Systems division** **Member of the Executive Committee of Thales** Current offices and functions in other companies: *France*: Chair and CEO: Thales Communications Chair: Thales Solutions de Sécurité et Services Chair: Thales Services President of the Board: Telecom Paris Tech (École Nationale Supérieure des Télécommunications) Member of the Board: Vinci, Agence Nationale des Fréquences, DCNS, Institut Télécom Member of the Supervisory Board of Thales Alenia Space *Abroad*: n.a. Offices or functions in the past five years no longer held Chair and CEO: Thales Alenia Space (TAS) Chair and CEO: Alcatel Alenia Space Chair: Eurospace, European Space Industry Association Member of the Board: Groupe des Industries Françaises Aéronautiques et Spatiales (GIFAS) Member of the Board: Association Européenne des Industries Aéronautiques Spatiales et de Défense (ASD)

* *Independent director.*
(a) *See paragraph below.*

The mean age of incumbent directors is 59. Each director must own at least one registered share [1]. However, administrative regulations forbid the directors appointed by the French State from owning shares as government representatives.

OTHER DISCLOSURES REFERRED TO IN ANNEX 1 OF EUROPEAN REGULATION 809/2004

To Renault's knowledge, none of its directors or senior executives 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, Management Board or 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.

The directors are not related by family ties.

Corporate officers are not bound to Renault or any of its subsidiaries by service agreements that provide for benefits at expiration.

(1) Share of Renault's capital held by directors: 0.07%.

EXPIRATION OF TERMS OF OFFICE

CURRENT TERM EXPIRES	DIRECTOR
	Mr Kohler
2011	Mr Lagayette
	Mr Audvard
	Mr Biau
	Mr Champigneux
	Mr de Croisset
	Mr Desmarest
	Mr Garnier
2012	Mr Rousseau
	Mr Belda
	Mrs de La Garanderie
	Mr Isayama
2013	Mr Sailly
	Mr Delpit
	Mr Ghosn
	Mr Ladreit de Lacharrière
	Mr Riboud
	Mr Saikawa
2014	Mrs Sourisse

3.1.1.3 THE BOARD OF DIRECTORS IN 2010

The Board of Directors met 12 times in 2010.

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 88%.

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 action described below.

ACCOUNTS AND BUDGET

The Board:

- approved the Group's consolidated financial statements and the individual financial statements of Renault and Renault s.a.s. for 2009, approved the consolidated financial statements for first-half 2010 and set the appropriation of 2009 income to be proposed to the AGM;
- adopted the 2011 operating and investment budget;
- approved the sale of B shares held in Volvo AB with a view to reducing Renault's net financial debt;
- voted on additional performance-related bonuses in respect of FY 2009.

CORPORATE GOVERNANCE ✦

The Board:

- reappointed Carlos Ghosn as Chairman and CEO;
- restricted the powers of the CEO by requiring decisions on strategic operations and investments to receive prior Board authorization;
- created an Industrial Strategy Committee, upon a proposal by the Appointments and Governance Committee, and amended the Board's internal regulations;
- conducted a full self-assessment of its operating methods and decided on the definition of independent director;
- appointed the Senior Vice President, Legal Department/Chief Compliance Officer as the new Compliance Officer, thus combining the functions;
- adopted the Chairman's report pursuant to Article L. 225-37 of the Commercial Code;
- reviewed the sponsorship activities of Renault and its subsidiaries;
- analyzed and approved the answers to shareholders' questions ahead of the AGM.

GROUP STRATEGY

The Board:

- approved the "Renault 2016 Plan – Drive the change" put forward by senior management;
- discussed Renault's strategic guidelines, with particular emphasis on the electric vehicle, as part of a day devoted to this issue;
- approved continued engagement in Formula 1 and the creation of Renault Sport F1, a motorsports division that will oversee Renault's involvement in Formula 1 both on the racing side and as a supplier of technology for 2011 and beyond;

✦ Global Reporting Initiative (GRI) Directives

- reviewed progress in the Tangiers program, looking at the procedures for building an industrial complex in the Tangiers area with the launch of a second manufacturing line;
- affirmed Renault's commitment in India though the creation of its own distribution network and approved the restructuring by Mahindra and Renault of the Mahindra Renault Pvt Ltd joint-venture to ensure continuity and to capitalize on Logan's positive image among Indian consumers;
- approved the signature of a final agreement with AvtoVAZ shareholders, Russian Technologies and Troika Dialog, regarding the means to restructure AvtoVAZ.

THE ALLIANCE AND THE STRATEGIC PARTNERSHIP WITH DAIMLER

The Board:

- approved strategic cooperation with Daimler AG and the one-time cross-shareholdings;
- noted the summary of the Alliance Board's decisions and proposals.

REGULATED AGREEMENTS

The Board authorized the following agreements:

- a rider to the loan agreement with the government and riders consistent with the provisions of decrees 2009-348 of March 30, 2009 and 2009-445 of April 20, 2009, with a view to modifying the procedures for early payment, in particular to make early repayment of €1 billion of the €3 billion loan initially granted by the government in April 2009;
- in connection with regulations on the control of major risks to which RCI Banque is subject as a credit institution, a €550 million cash pledge agreement with RCI Banque to reduce its credit exposure to Renault Retail Group, the captive sales network.

As part of the strategic cooperation with Daimler AG:

- Master Cooperation Agreement with Daimler AG, Nissan Motor Co. Ltd. and Renault-Nissan b.v.;
- share contribution agreement with Nissan Motor Co. Ltd.;
- share disposal agreement with the French State, *via* the sale of 1,628,344 shares of Treasury stock to the French State.

3.1.1.4 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, based on a questionnaire that uses the simplified format of the Spencer Stuart survey. The audit was carried out by the Appointments and Governance Committee, chaired by Mr Ladreit de Lacharrière, and was based on personal interviews by Mr Ghosn and Mr Lagayette.

All the Board members wholeheartedly stress their positive view of the Board's operating procedures.

Broadly speaking, a relation of trust exists between the Board and the senior executives. This trust has been built up by introducing a more transparent and more exhaustive approach to discussion. The efforts made in terms of content, with the meeting dedicated to strategy, and in terms of form, with the more relaxed atmosphere and freedom of expression, contribute to building trust and creating a sense of team.

The work of the committees was considered satisfactory, even though some directors feel that the role of these committees is to review issues that are frequently of great technical complexity, not necessarily within the remit of the Board, which should focus on more strategic decisions.

The directors would like less details of operational, accounting or financial aspects, and more strategic discussion on fundamental issues.

All the directors would like to see more in-depth, sectoral discussions from time to time, particularly on Renault markets, brand models, the competition, and corporate social responsibility.

The creation of a communication unit is seen as a significant improvement in the way the Board of Directors works, although a number of criticisms can still be made, particularly on the lack of information in the event of a crisis.

The Board expressed an open opinion or requested improvements on the following points:

- the formal organization of Board executive sessions, as in English-speaking countries, reserved for a restricted number of directors;
- more women on the Board;
- the need to provide certain documents further in advance of Board meetings.

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 was repeated and will be held again in the future. It gives directors an opportunity to exchange views with members of the Renault Management Committee.

3.1.1.5 ASSESSMENT OF DIRECTOR INDEPENDENCE ✦

At its meeting on February 9, 2011 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 February 9, 2011 Renault had ten independent directors on its Board: Dominique de La Garanderie, Pascale Sourisse, Charles de Croisset, Alain Belda, Bernard Delpit, Thierry Desmarest, Jean-Pierre Garnier, Marc Ladreit de Lacharrière, Philippe Lagayette, and Franck Riboud (see table, chapter 3.1.1.2, above).

Representatives of the French State, employee-elected directors, the director elected by employee shareholders, the Chairman and CEO, 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 management as far as their presence on the Board is concerned. This is illustrated by the special contribution they make to the Board's proceedings.

3.1.1.6 SPECIALIZED COMMITTEES 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.

On a proposal by the Appointments and Governance Committee, the Board created in addition to the four existing committees an Industrial Strategy Committee, which will strengthen Renault's governance in terms of preparing the Board's work. Like the other committees, the new Industrial Strategy Committee will play a consultative role and will endeavor to aid the Board and the Chairman in taking decisions by providing opinions on the strategic operations and investments presented by senior management to the Board.

The roles of these committees are described in the internal regulations in chapter 3.4.

ACCOUNTS AND AUDIT COMMITTEE

This committee has six members: Philippe Lagayette in the chair, Alain Champigneux, Charles de Croisset, Dominique de La Garanderie, Alexis Kohler and Pascale Sourisse. Four of the six are independent directors.

The committee met six times in 2010, 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 2009 and first-half 2010, as well as all financial news releases;
- early repayment of part of the loan from the French government;
- the review of the results of the 2010 Audit Plan and the analysis of the 2011 Plan;
- risk mapping, analysis and monitoring methods used in the Group;
- management of risks, notably financial risks, that the Group may face;
- the activity of the compliance function;
- compliance of the activity of the Renault Accounts and Audit Committee with AMF recommendations on audit and internal control;
- the strategic cooperation with Daimler AG as regards the structuring of cross-shareholdings and valuation methods.

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.

REMUNERATION COMMITTEE

The committee has four members, all of whom are independent directors: Franck Riboud in the chair, Thierry Desmarest, Jean-Pierre Garnier and Marc Ladreit de Lacharrière.

The committee met four times in 2010, and the attendance rate was 100%. The main items on its agenda were:

- the remuneration of the Chairman and CEO and members of the Executive Committee and the Chairman and CEO's complementary pension scheme;
- the performance requirements for awarding the Chairman and CEO variable remuneration, linked to the Plan;
- the obsolescence of KPIs linked to stock options and free shares under the Renault Commitment 2009 Plan.

APPOINTMENTS AND GOVERNANCE COMMITTEE

This committee has five members: Marc Ladreit de Lacharrière in the chair, Dominique de La Garanderie, Carlos Ghosn, Alain J.P. Belda and Philippe Lagayette. Four of the five members are independent directors.

The committee met three times in 2010, and the attendance rate was 100%. The main items on its agenda were:

- the reappointment of Mr Ghosn as Chairman of the Board for the duration of his directorship;
- the creation of an Industrial Strategy Committee and the related amendments to the internal regulations;
- the composition of the Board and its committees and the simplified assessment of its operation;
- a revision of the list of independent directors in accordance with Afep/Medef criteria;
- the amendment to Renault's articles of association to increase the number of directors appointed by the AGM from 14 to 15.

INTERNATIONAL STRATEGY COMMITTEE

This committee has nine members: Thierry Desmarest in the chair, Yves Audvard, Patrick Biau, Alain J.P. Belda, Bernard Delpit, Jean-Pierre Garnier, Luc Rousseau, Hiroto Saikawa and Michel Sailly.

Four of the nine committee members are independent.

✦ Global Reporting Initiative (GRI) Directives

The committee met twice in 2010, and the attendance rate was 100%.

As part of a presentation on Group strategy, the committee examined:

- the situation in Russia and the new strategy in India;
- without reserves, the strategic cooperation with Daimler AG.

INDUSTRIAL STRATEGY COMMITTEE

This committee has seven members: Jean-Pierre Garnier in the chair, Yves Audvard, Charles de Croisset, Thierry Desmarest, Alexis Kohler, Luc Rousseau and Michel Sailly.

Three of the seven committee members are independent.

The committee met three times in 2010, and the attendance rate was 100%. It reviewed industrial strategy, with a particular focus on:

- competitive issues in relation to the Sandouville facility;
- the deployment of the Tangiers project, with the launch of a second manufacturing line. This industrial project has a vital bearing on the success of the Entry range and Renault's profitability.

3.1.1.7 COMPLIANCE COMMITTEE

The Compliance Committee met three times in 2010, attended by the Senior Vice President, Legal Department, the Senior Vice President, Corporate Controller, the Senior Vice President, Internal Audit, the Senior Vice President, HR, the Senior Vice President, Internal Control and Risk Management, the Group Chief Financial Officer and the Senior Vice President, Corporate Social Responsibility.

The Board of Directors appointed the Senior Vice President of the Legal Department to the position of Compliance Officer in July 2010. The functions of Chief Compliance Officer and Compliance Officer were merged.

Committee meetings lasted an average of two hours.

The committee's duties and responsibilities are set out in the Code of good conduct and compliance rules approved by the Board of Directors on December 5, 2007 (see chapter 3.1.3.2).

Accordingly, the Committee examined:

- the impact, from an ethical standpoint, of social media and collaborative development tools within the Group;
- progress made in internal control mapping and the 2010 action plan;
- the overall approach in application to prevent breaches of insider regulations, following the publication by the AMF of a draft code of good conduct to prevent insider dealing;
- the introduction of a system of governance for Group subsidiaries and stakeholdings under the authority of a Stakeholding Supervisory Board;
- the introduction of a Group Corporate Defense unit, following penal reform in Spain and Italy;
- activity reports by the departments in charge of Group protection and IT security;
- main findings of internal audits and associated action plans;
- report by the Senior Vice President, Internal Audit, on frauds detected within the Group.

The Compliance Officer operates within the framework of the compliance function.

In 2010 the Compliance Officer:

- as in previous years, published memoranda in the form of instructions, 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.

3.1.1.8 PROCEDURES FOR SHAREHOLDERS TO ATTEND GENERAL MEETINGS

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, given 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 1.3.2.2 (foundation) and in chapter 5.2.6.2.

3.1.2 PRINCIPLES AND RULES ADOPTED BY THE BOARD OF DIRECTORS FOR THE REMUNERATION OF SENIOR EXECUTIVES AND 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 compensation of corporate officers of listed companies. The Board considers that these recommendations are in line with the Group's corporate governance system.

The Board of Directors decided that 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 the French Commercial Code.

Copies of the Afep/Medef code are available at corporate head office.

At its meeting on May 6, 2009, the Board of Directors opted to combine the functions of Chairman of the Board of Directors and CEO.

The remuneration and benefits received by the Chairman and CEO are decided by the Board of Directors acting on the recommendation of the Remuneration Committee.

The remuneration of the Chairman and CEO comprises a fixed portion and a variable portion.

It was stipulated that, from this date, the Chairman and CEO would receive no remuneration in his capacity as Chairman of the Board of Directors.

In 2010 the Board of Directors set out the procedure for establishing the variable portion for 2010. It was decided that this portion would be equal to between 0 and 150% of the fixed portion and that it would be based on the following criteria:

- ROE – return on equity;
- the difference between the actual operating margin and the budget provision;
- the free cash flow threshold set by the Board of Directors.

Alongside these criteria, the Board also integrates a factor of quality linked to strategy and management.

At its meeting on February 9, 2011, acting on the recommendation of the Remuneration Committee, the Board of Directors set this portion at 138.24% for 2010.

However, drawing the appropriate conclusions from the crisis that recently affected the company, Mr Ghosn informed the Board of Directors on March 14, 2011 that he had decided to waive the variable portion of his remuneration for 2010. The Board took note of the decision.

A summary table of remunerations and benefits paid to corporate officers, including stock option plans, is included in chapter 3.3.3.4.

The Chairman and CEO also benefits from the complementary pension scheme set up for members of the Group Executive Committee (see chapter 3.3.1). It is the policy of the Board of Directors to consider appointed corporate officers as executives, for all aspects relating to remuneration, and particularly pensions.

3.1.3 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

This report covers all fully-consolidated Group companies.

3.1.3.1 GROUP OBJECTIVES AND STANDARDS FOR INTERNAL CONTROL AND RISK MANAGEMENT ✦

INTERNAL CONTROL AND RISK MANAGEMENT OBJECTIVES

To deal with the risks inherent in its activities, the Renault group has put in place structures and procedures to control them and to limit their negative impact. The internal control system is implemented in all the company's businesses and activities. Its primary objectives are to:

- identify and manage risks to which the company is exposed;
- ensure compliance with laws, regulations and the company's by-laws;
- control quality, cost and delivery times in its activities;
- ensure the quality, reliability and relevance of financial, accounting and management disclosures;
- reduce exposure to fraud risk.

Internal control cannot, however, offer an absolute guarantee that internal control objectives will be achieved.

APPLICATION OF AMF STANDARDS

Since 2007, the Renault group has applied the standards and application guidelines of the French securities regulator, AMF, which were updated in July 2010, and the recommendations of the Audit Committee working group, published in July 2010.

Since Sales Financing is subject to banking and financial regulations, the internal control framework specified by Regulation no. 97–02 is systematically applied by the Board of Directors, the executives and the personnel of RCI Banque.

✦ Global Reporting Initiative (GRI) Directives

3.1.3.2 MANAGEMENT OF OPERATIONS AND INTERNAL CONTROL ✦

MANAGEMENT OF OPERATIONS

Role of the executive bodies

Management committees operating at two levels oversee the Group's operations:

- level 1 committees, whose scope is the entire Group, include:
  - the Group Executive Committee (GEC), which is in charge of strategic orientations and decisions. Headed by the Chairman and Chief Executive Officer, its members are the Chief Operating Officer, the Executive Vice Presidents, the Corporate Secretary General, the Chief Financial Officer, the Executive Vice-President, Manufacturing and Supply Chain, and the head of the Asia-Africa Region. Its decisions are submitted to the Board of Directors for approval when they fall under the Board's authority, following the recommendation, if need be, of the International Strategy Committee and Industrial Strategy Committee. The Chairman and Chief Executive Officer reports to the Board of Directors on their implementation. The Group Executive Committee oversees operations and controls the execution of directives by monitoring budget commitments as well as policies and operations in the Regions, programs and corporate functions,
  - the Operations Committee, headed by the Chief Operating Officer, which is responsible for operational decisions. Its members are the same as the Group Executive Committee's except for the Chairman and Chief Executive Officer,
  - the Renault Management Committee (RMC), which is made up of the GEC members plus the heads of the main departments at Renault,
  - specialized committees headed by either the Chairman and Chief Executive Officer or the Chief Operating Officer. They make decisions at the Group level as well as in the Group's cooperative undertakings in the Renault-Nissan Alliance and with the Daimler group;
- level 2 committees, which are specialized by general management area or by function (for example, engineering and quality; plan, product planning and programs, and management control; manufacturing and logistics; sales and marketing; purchasing, design, legal, management delegated to the Chairman, etc.) or by Region.

The operating rules and characteristics of these committees – chairman and membership, frequency, length and agenda of meetings, reporting methods, communication of decisions, and the archiving of minutes – are formalized.

There is a Regional Management Committee (RMC) for each Region (Europe, Americas, Asia-Africa, Euromed and Eurasia). Each RMC is made up of representatives of the corporate functions and vehicle programs as well as managers from the main countries in each Region.

There are Program departments for the automotive segments as well as for the electric vehicle programs, the new mobility offer, and the cross-division projects. The Program departments are assigned long-term profitability objectives for the life cycles of the products they develop, manufacture and market. They receive support from the Regions and corporate functions.

In addition to operational reporting structures, the Group has set up a staff reporting system so that support function managers can provide leadership for their function throughout the Group.

Strategic decisions and the supervision of financial and legal matters are the Chairman and Chief Executive Officer's direct responsibility, while operational decisions are made by the Chief Operating Officer.

The decision-making process is based on a system of delegation that determines in which areas and at which levels operational managers may make decisions. All the rules for delegating decision-making authority are communicated to the personnel over the intranet. When a strategic or financial decision is called for, a workflow chart specifies the persons involved, in accordance with internal control procedures.

Decisions concerning certain transactions, and notably those related to the capital of the subsidiaries, disposals/acquisitions, partnerships, cooperation, and the hedging of raw materials risk, are made following a specific review by a committee of experts, which gives an opinion. The final decision is then made by the Chairman and Chief Executive Officer.

Ethics and compliance procedure

Code of good conduct and compliance rules

The Renault group's Code of good conduct and compliance rules are communicated to the personnel, and all employees are expected to abide by them. Employees' familiarity with the Code is checked during their annual performance assessment.

The Renault Management Way program, whose deployment continued in 2010, also emphasizes the Group's values and the importance of respecting them.

Compliance Committee

The Compliance Committee's tasks include:

- ensuring that the rules of governance are respected;
- ensuring that the code of good conduct and financial compliance rules are respected;
- developing action plans to ensure that internal control procedures are in line with AMF standards and application guidelines;
- reviewing the risk management system;
- analyzing and assessing irregularities identified by the Internal Audit Department, and monitoring action plans to improve internal control.

The Compliance Committee is chaired by the Senior Vice President, Legal Department. Its members include the Chief Financial Officer, the Senior Vice Presidents, Management Control, Internal Audit, Human Resources, Internal Control and Risk Management, and the Corporate Social Responsibility Officer (see chapter 3.1.1.7).

Whistleblowing

The Group has instituted a whistleblowing system to enable any member of the personnel to report irregularities in the specific areas of accounting, finance, banking, and anti-corruption.

INTERNAL CONTROL SUPERVISION ✦

The Management Control Department does the preliminary studies and then defines and sets up the Renault group's internal control and risk management system.

Internal Control, Audit and Risk Management Charter

The Internal Control, Audit and Risk Management Charter complies with the international standards published by *Institut Français de l'Audit et du Contrôle Internes* (IFACI), which is affiliated with the Institute of Internal Auditors. This Charter sets forth the roles and responsibilities of the internal control staff.

The internal control system conforms to the AMF's general rules for internal control and strictly adheres to the principle of the separation of tasks, with:

- personnel responsible for determining and setting the rules;
- personnel responsible for their day-to-day implementation;
- personnel responsible for seeing that the internal control system is properly applied.

The internal control rules are defined and set by:

- senior management, which determines, in agreement with the Board of Directors, the Group's objectives. It decides the operating rules and procedures as well as the quantified performance objectives;
- the Management Control Department, acting through the Internal Control and Risk Management Department, which defines and sets internal control principles, rules and techniques pertaining to accounting and management processes as well as operational processes.

Some of the risks identified by the Risk Management Department may be dealt with by applying rules and procedures; as such they enter the scope of the internal control system. The linkage of internal control and risk management is facilitated by bringing these two activities together in the same department.

Implementation and first-level control of the internal control system are performed by:

- management, which adapts and applies the defined internal control rules and methods in its area of responsibility;
- employees, who are expected to comply with the internal control system in their work areas;
- management control, which ensures that management rules are followed by all personnel.

Permanent oversight to verify that the system is properly and effectively applied is provided by:

- the Internal Audit Department, within the Financial Department. It makes independent and objective assessments of the level and quality of internal control, advises and recommends improvements to the system, and gives senior management reasonable assurance of the degree of control over operations. In 2010, as in previous years, the Internal Audit Department verified the compliance of operations with Group management rules, the effectiveness of certain processes in the company, and the quality of the internal control system applied to prevent problems and correct their impact;
- the Compliance Committee, which ensures that the internal control system is correctly applied based on periodic assessments submitted to it by the Internal Control and Risk Management Department and the Internal Audit Department;
- the statutory auditors, who assess the internal control of the preparation and treatment of accounting and financial data as part of their mission and issue recommendations;
- the Accounts and Audit Committee, one of the committees of the Board of Directors (see chapter 3.1.1.6), whose membership, authority and missions are set forth in the final report on the Audit Committee of July 2010. It monitors the effectiveness of the internal control and risk management systems as well as the independence of the statutory auditors. The audit plan is presented for approval to this committee as well as to the previously cited Group Executive Committee.

3.1.3.3 INTERNAL CONTROL OBJECTIVES

RISK MANAGEMENT

A Group Risk Committee, chaired by the Executive Vice President, Plan, Product Planning, Programs, defines the risk management policy, validates the risk mapping for the Group, and monitors progress in action plans to deal with major risks to the Group.

With the Internal Control, Audit and Risk Management Charter, the Risk Management Department has formalized the global risk management system in a document that informs everyone of the organization and methods used by the company.

The Group applies a risk management method based partly on identifying a wide range of risks, which are then mapped, and partly on carrying out action plans to deal with risks by eliminating, preventing, guarding against or transferring them. Risk Committees are being set up in the operational entities to validate entities' mappings and action plans. The Insurance Department is closely involved in this process.

✦ Global Reporting Initiative (GRI) Directives

To carry out its mission, the Risk Management Department relies on two networks.

- one is made up of experts who manage a specific area of risk. These may be risks common to any company or, in the following cases, specific to a business sector:
  - risks related to internationalization, operational security and product quality, suppliers, manufacturing and environmental impact, and information systems,
  - financial and legal risks;
- the second network is made up of correspondents in the management function who work in all the Group's entities and serve as liaisons with the Risk Management Department.

To draw up the audit plan for the company's major risks, the Internal Audit Department uses the risk mappings to identify critical audit themes and assess risk coverage. The audit results are then used to update the risk mapping.

The Compliance Committee and the Accounts and Audit Committee periodically examine the system and how it is functioning.

In 2010, the Risk Management Department carried out and started new projects:

- a mapping of major risks to the Group, which was presented to the Accounts and Audit Committee on December 1, 2010;
- inclusion of the major risks mapping in the development of the medium-term plan. This allows the proposed plans for dealing with risks to be integrated in the medium-term plan and clarifies their possible financial impact;
- inclusion of the risk mapping methodology in the planning of international development projects.

A description of the risk factors to which the Group is exposed is dealt with in a separate chapter of the 2010 Registration document (chapter 1.6).

LEGAL AND REGULATORY COMPLIANCE

Reporting to the Chairman and CEO, the Legal Department ensures that the Group complies with the legal and regulatory requirements applicable in the countries in which it operates.

The application of legal and regulatory requirements is the responsibility of each operating sector or each functional department in its area of expertise, in collaboration with the Legal Department. Internal control objectives relating to legal and regulatory requirements are implemented at each level of Group management, in cooperation with the Financial Department and Management Control Department. Nevertheless, owing to the specific importance of applying a standard of rules for the Group at international level, a number of cross-cutting compliance objectives are managed by the central departments concerned, which ensure local, national or international deployment in line with applicable rules and regulations. Particular emphasis is placed on respecting rules relating to competition, labour and employment, safety and environmental protection.

The Compliance Committee ensures the regulatory compliance of internal procedures.

CONTROL AND OPTIMIZATION OF OPERATIONS

Senior management updates and communicates Renault's overall objectives as well as the allocation of resources to the Regions, businesses and programs. Group Management Control draws up an instruction memorandum for each of the operational sectors, Regions, businesses and programs. These memorandums include macroeconomic hypotheses to be taken into account (exchange rates, interest rates, inflation rates, raw materials prices, etc.), financial and non-financial indicators that will be measured over the course of the following financial year, the calendar, and the segmentation of the activity scope. Each Region transmits these instructions to the subsidiaries located in it after adding elements specific to the businesses.

The Management Control function stimulates and measures economic performance at the various levels of the organization (Group, operational sectors, Regions, businesses, programs).

Management control is decentralized so as to take account of the specifics of each business. Its mission is laid out in instructions prepared periodically by the Management Control Department.

In the Group's management model, its role consists in:

- adjusting the company's economic objectives and budget;
- measuring the performance of the Group's entities, Regions, businesses and vehicle programs and monitoring free cash flow indicators;
- making an economic analysis of proposed management decisions at every level, checking compliance with standards, plans and budgets, assessing economic relevance, and formulating an opinion and recommendation in each case.

To accomplish these tasks, it uses the following resources:

Operating procedures and methods

Development of standard management procedures continued in 2010 with major updates, based in part on a review of the internal control system. The aim is to provide line managers with a standard set of procedures.

All the documentation is available to staff in all the Group's entities through the Management Control intranet portal. This documentation includes:

- all standards, rules and instructions, whether they pertain to a specific business or apply in a general manner across the entire company;
- an economics dictionary to help employees better understand the main concepts and aggregates used to guide the Group's business performance;
- the internal control system, as the review of operating systems progresses.

A key player in internal control, the Management Control function has the further mission, in accordance with the Internal Control Charter, of auditing and managing risk, of defining the internal control system, and of deploying it and performing first-level control. (see chapter 3.1.3.2). This control is done during the period of self-assessments in the entities and carried out by them using specific questionnaires for each type of activity. At the conclusion of the self-assessments, strong points and areas where the entities need to implement action plans are identified. The results of the self-assessments are communicated to the Internal Audit Department, which may decide to conduct an audit. By systematically reviewing the results of these audits, it is possible to identify the structural areas of the overall internal control system that are most in need of improvement.

Sales Financing also defines its control system in accordance with the banking regulations specifically applicable to it. It has a tool to centralize and verify procedures. In all subsidiaries, the employees concerned have access to their entity's procedures as well as to those of the Group *via* a single tool. The main Sales Financing processes (e.g., approval of loans and investments, collection/disputes, refinancing, system security, physical assets security, risk monitoring, and accounting) are covered by procedures based on the principle of separation of authority. These procedures introduce approval and validation processes, ensure that decisions are made at the appropriate level, and include checks to ensure proper implementation.

Sales Financing has a framework procedure laying out the compliance system, which is managed by the subsidiaries through quarterly Compliance Committee meetings. Key issues are then taken up at RCI Banque's Compliance Committee meetings.

Information systems

The risk management and internal control systems of the Renault Information Systems Department (RISD) are managed as follows:

- general risks related to financial processes (investments, purchases, profitability, etc.) are monitored by the RISD's Economic Performance Department;
- specific risks related to operational IT processes (declining quality or productivity in development activities, operations, support, skills, etc.) are monitored by the Quality Department. This department is responsible for defining and monitoring these processes (project management, operational quality, support, etc.) at the Group level. It uses the RISD performance indicators (incidents, results, etc.) and a 280-point self-assessment questionnaire concerning RISD procedures that is completed by the sites, subsidiaries and corporate departments;
- risks related to information systems security (interruptions of IT operations, theft of confidential data or destruction of electronic data) are monitored by the Architectures, Methods and Technologies Department through:
  - a Group-level IT risks Committee set up by the RISD in collaboration with the Risk Management Department, with representatives from company departments and the Information Management Program,
  - Security Monitoring Committees, which verify the application of IT security procedures at operational level in accordance with best international practice (ISO 27001 policy and approach),
  - a structure for validating the architecture and security levels in projects,
  - risk reviews carried out by the RISD, in addition to the audits done by the Internal Audit or Group Protection Departments.

A training system to develop required skills

The Management Control Department actively supports the management employees training program as a way to enhance performance. This program is a tool in the multi-annual plan for transforming the management function and helping to better meet the needs of senior management.

The Management-Finance Academy provides training (both e-learning and classroom courses), educational materials, an economics dictionary for management control and finance staff and employees in general. It continued to broaden and develop these materials in 2010.

Individual and collective skills assessments are planned in the management function for Spring 2011 to work out individual improvement plans and to measure staff performance.

An improvement plan for the internal control system

Key developments in 2010 included:

- the reorganization of the management function in the Group with the creation of an office tasked with standardizing processes, their supporting materials, and their key internal control points, including operational aspects;
- revision of the IT master plan for the management function in application of the new orientations of the management function and its organization;
- a contribution to projects aimed at simplifying processes at Renault, while ensuring that essential elements of internal control are retained;
- development of the system of delegation of authority, including the creation of an archiving system;
- alignment of quality certification procedures for operational processes with the internal control procedures;
- the drawing up of a Renault-Nissan Alliance Charter for suppliers, to encourage them to adopt socially responsible policies in their activities and relations with their own suppliers.

The review of Renault's internal control system continued in 2010 from two angles:

- development of a guide for applying the AMF internal control standards in a way adapted specifically to Renault based on a comprehensive inventory of the procedural framework at Renault (management and internal control rules). This inventory revealed that the Group's internal control standards were, on the whole, in line with AMF recommendations. Action plans to formalize certain rules and processes are being prepared and will be periodically monitored in 2011 by the Compliance Committee.

  Some processes that were deemed insufficient in relation to AMF recommendations are being further examined in order to bring them into line with these recommendations and to improve their operational effectiveness;

- an in-depth analysis of operational processes considered high-priority because of their direct impact on the Group's cash flow. These processes included:
  - the management of new vehicle inventories and the logistics for importing vehicles manufactured outside Europe,
  - the management of warranty expenses on the sales of new vehicles,
  - the payroll process.

The review of these processes made it possible to improve the internal control system by formalizing the internal control methods and bringing them into line with AMF standards and improving their effectiveness.

Improvements were also made to the internal control self-assessment procedure in 2010 with the preparation of new questionnaires, which were sent out prior to the carrying out of new self-assessments.

The multi-year program of analyzing high-priority processes in detail will continue in 2011, notably with in-depth reviews of the following:

- purchasing of externally manufactured parts;
- engineering costs in Automotive projects;
- parts inventory management.

Meanwhile, the overall procedural framework will be updated to take into account the revised standards and application guidelines published by the AMF in July 2010.

RELIABILITY OF ACCOUNTING AND FINANCIAL DATA

The internal control system for accounting and financial data is based on the AMF standards. It covers not only the processes for preparing financial data for the accounts, forecasting and financial reporting, but also the operational processes upstream that go into the production of this information.

Consistency between the management data and published accounting data is the key element in the process of preparing this information.

The Group's information systems enable it to simultaneously produce accounts according to local accounting rules and those of the Group, ensuring the consistency of data in a centralized system where data are consolidated in short periods of time. The management controllers and the Administrative and Financial Directors of the subsidiaries, under the supervision of the Chairmen and Chief Executive Officers of these same subsidiaries, are responsible for the preparation of the financial statements.

A manual setting out the Group's presentation and evaluation standards (currently being revised) is provided to all entities so that financial information is reported in a uniform manner.

Principles used in the preparation of financial statements

Renault group's consolidated financial statements are prepared in conformity with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) on December 31 of the year and endorsed for application by a regulation published in the Official Journal of the European Union at year-end close.

The Group Accounting Department has an "Accounting Standards and Rules" office that is authorized to impose the application of the accounting rules in force. Company employees are informed through regular communications about changes and updates to the standards.

The Renault group, whose activities are divided into two distinct operational sectors – Automotive and Sales Financing (RCI Banque) – prepares its consolidated financial statements using a single consolidation system based on an accounting charter common to all consolidated entities.

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 October 31 for end-December. Summary meetings are organized with the statutory auditors and attended by senior management. The Accounts and Audit Committee is involved at every key stage of the approval process for financial and accounting disclosures.

Structural elements of the control process

The Renault group manages the decentralized operations of the subsidiaries in its two business divisions in France and abroad by relying on the following key strategies to obtain high-quality financial and accounting information while reducing the time needed to prepare the financial statements:

- operational systems upstream from accounting are standardized as far as possible;
- ERP financial and accounting modules continue to be introduced at industrial and/or commercial entities worldwide.

This highly structured software enables each entity to apply its own internal control process and ensures that processed data are reliable and consistent. In particular, the definition and monitoring of user profiles help to ensure that the rules of task separation are respected.

Control of basic transactions handled by operational systems, where the initial control takes place, is key to ensuring that accounting and financial data are reliable. The operational systems feed data to the auxiliary accounting systems through a number of interfaces. These interfaces, which are continually monitored to ensure they capture all economic events for each process, then rapidly and regularly send these data to the centralized accounting system. Financial and accounting staff pay particular attention to controlling transfers between non-integrated systems and accounting systems.

The accounting teams have worked with IT staff to develop a security process to protect the ERP in the event of a major malfunction. A business continuity plan has been introduced at central level as well as at the subsidiaries that use ERP.

Statutory auditors Charter

In 2004, Renault, together with the statutory auditors and under the authority of the Chairman and Chief Executive Officer, took the initiative of drafting a Charter concerning the missions and independence of the statutory auditors and signing it with them. It defines the scope of application, addresses the separation of missions by specifying those inherent in the statutory auditors' function, which are thus authorized automatically, and those incompatible with their mandate. It also specifies the additional or complementary missions that may be performed by the statutory auditors and their networks and how those missions are to be authorized and supervised. Further, in accordance with law, the Charter also includes a commitment to independence and lays down the rules for the rotation of signatory partners. This Charter is consistent with the code of ethics of the profession of statutory auditor.

This Charter governs the relationship between the Renault group (the parent company and the fully consolidated French and foreign subsidiaries) and its statutory auditors. The auditors are responsible for seeing that the Charter is applied by members of their network acting as external auditors for fully consolidated subsidiaries and for ensuring compliance with the regulations in force in countries where Group companies are located.

Financial communication

The growing importance of financial communication, its multiplying forms, and the absolute necessity of providing high-quality financial information have led the Renault group to turn over all its financial communication to the Financial Relations Department at the Financial Department and to give it the means to supply the reliable, high-quality information required.

The Financial Relations Department is in charge of:

- the preparation of the Registration document that is filed with the AMF, as well as the half-yearly and annual reports on operations and the quarterly data;
- communication with the financial markets;
- relations with analysts and investors specialized in socially responsible investments;
- relations with investors and individual shareholders;
- relations with the supervisory authority (AMF).

3.2 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 ✦

Year ended December 31, 2010

This is a free translation into English of the statutory auditors' report issued in French 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 on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information issued in French 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 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 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, 2010.

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 and risk management 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 and risk management 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 our work, we have nothing to report on the information in respect of the company's internal control and risk management 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, March 24, 2011

The statutory auditors

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

3.3 REMUNERATION OF SENIOR EXECUTIVES AND CORPORATE OFFICERS

3.3.1 REMUNERATION OF SENIOR EXECUTIVES ✦

3.3.1.1 PROCEDURE FOR DETERMINING REMUNERATION

FIXED AND VARIABLE REMUNERATION

Members of the Renault Management Committee receive a consideration comprising a fixed and a variable portion.

For 2010, the variable portion was based on achieving the joint criterion of positive free cash flow, and other individual criteria linked to the performance of the sector of responsibility. At its meeting on February 9, 2010 the Board of Directors noted that the main objective concerning free cash flow had been reached. It was therefore decided that the members of the Renault Management Committee were eligible for variable remuneration based on that criterion. Concerning the Chairman and CEO, the procedure for determining the variable portion of remuneration in 2010 includes other criteria detailed in 3.3.2.1.

However, further to the proposal made by Mr Ghosn to the Board of Directors on March 14, 2011, the senior executives involved in the crisis that recently affected the company will not receive their variable remuneration for 2010.

SUPPLEMENTARY PENSION SCHEME

Further to the meetings of the Board of Directors on October 28, 2004 and October 31, 2006, the members of the Group Executive Committee benefit from the supplementary pension scheme. This comprises:

- a defined contribution scheme equivalent to 8% (5% paid by the company and 3% by the beneficiary) of annual remuneration between eight and 16 times the upper earnings limit for social security contributions;
- a defined benefit scheme capped at 30% of remuneration, subject to length of service and on condition that the beneficiary serves out the rest of his or her career within the Group;
- a defined benefit scheme capped at 15% of remuneration. This scheme is mentioned for information only since it applies to just one member of the committee who had fulfilled the condition of being on the Executive Committee at June 30, 2004.

The remuneration taken as the basis for calculating defined benefit schemes is equivalent to the average of the three highest remunerations earned over the ten years prior to retirement. In all cases, this base remuneration may not exceed 65 times the social security contribution earnings limit.

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 Chairman 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.

3.3.1.2 REMUNERATION OF RENAULT MANAGEMENT COMMITTEE MEMBERS IN 2010

In 2010, the total remuneration paid to the 27 members of the Renault Management Committee in office at December 31, 2010 amounted to €10,618,213, including a fixed portion of €8,560,275 (of which, for the nine members of the Group Executive Committee, €4,899,747 including a fixed portion of €4,106,085), compared with total remuneration of €7,508,519 paid to the Renault Management Committee, of which €3,909,089 for the members of the Group Executive Committee, in 2009. No variable portion was paid to members of the Renault Management Committee in 2009 for 2008.

Renault Management Committee members do not receive directors' fees from Group companies in which they hold senior office.

✦ Global Reporting Initiative (GRI) Directives

3.3.2 REMUNERATION OF THE EXECUTIVE DIRECTOR

In accordance with the December 2008 version of the Afep/Medef recommendations and with the position of the French securities regulator, *Autorité des marchés financiers*, the executive director does not also hold an employment contract with Renault.

3.3.2.1 PROCEDURE FOR DETERMINING REMUNERATION

FIXED AND VARIABLE REMUNERATION

The remuneration of the Chairman and CEO comprises a fixed portion and a variable portion.

Note that the Chairman and CEO is not remunerated for his function as Chairman of the Board of Directors.

In 2010, the Board of Directors established the procedures for determining the variable portion for 2010. It was decided that this portion would total between 0 and 150% of the fixed portion, based on the following criteria:

- ROE – return on equity;
- the difference between the actual operating margin and the budget provision;
- the free cash flow threshold set by the Board of Directors.

Alongside these criteria, the Board also integrates a factor of quality linked to strategy and management.

At its meeting on February 9, 2011, acting on the recommendation of the Remuneration Committee, the Board of Directors set this portion at 138.24% for 2010.

However, drawing the appropriate conclusions from the crisis that recently affected the company, Mr Ghosn informed the Board of Directors on March 14, 2011 that he had decided to waive the variable portion of his remuneration for 2010. The Board took note of the decision.

SUPPLEMENTARY PENSION SCHEME

The Chairman and CEO also benefits from the supplementary pension scheme set up for members of the Group Executive Committee (see chapter 3.3.1.1). The policy of the Board of Directors is to treat corporate officers, which it appoints, as senior executives for the purposes of ancillary remuneration, particularly retirement benefits.

3.3.2.2 REMUNERATION OF THE SENIOR EXECUTIVE DIRECTOR

The total remuneration of the Chairman and CEO paid by Renault SA and the companies it controls was as follows (in €):

	2009		2010	
CARLOS GHOSN	**OWING FOR 2009**	**PAID IN 2009**	**OWING FOR 2010**	**PAID IN 2010**
Fixed remuneration	1,200,000	1,200,000	1,200,000	1,200,000
Variable remuneration (1)	0	0	0*	0
In-kind benefits	12,809	12,809	14,655	14,655
Total as CEO	1,212,809	1,212,809	1,214,655	1,214,655
Directors' fees (1)	28,000	28,000	28,000	28,000
TOTAL	**1,240,809**	**1,240,809**	**1,242,655**	**1,242,655**

(1) Paid the following year.
** At the meeting of the Board of Directors on March 14, 2011, Mr Ghosn waived his variable remuneration for 2010, i.e. €1,658,880.*

3.3.3 STOCK-OPTIONS GRANTED TO SENIOR EXECUTIVES AND CORPORATE OFFICERS

3.3.3.1 LEGAL FRAMEWORK

No free stock options have been granted since 2008.

Two financial resolutions on grants of options and bonus shares will be submitted to the Annual General Meeting of April 29, 2011 (see chapter 6: Presentation of resolutions).

3.3.3.2 GENERAL POLICY ON OPTION GRANTS UNDER EXISTING PLANS

REMUNERATION COMMITTEE

The Board of Directors approves the stock-option plan on the basis of the report of the Remuneration Committee. The Committee examines proposals from the Chairman to grant options to certain Group employees, in compliance with the general arrangements set by the Annual General Meeting. The Chairman and CEO does not take part in the committee's proceedings when the matter under review concerns him personally.

AIMS OF THE STOCK-OPTION PLANS

The main aim of the stock-option plan is to involve Renault executives worldwide, 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 reinforces the role of the Group's responsibility centers in Europe and the rest of the world. In Automotive 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 sub-system 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 and 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 the members of the Renault Management Committee, including the eight members of the Group Executive Committee at December 31, 2010.

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 one to four, with a median of 1,500 options in 2007. No options have been granted since 2008.

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 Chairman with full knowledge of the facts. A General Careers Committee, chaired by the Chairman 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 Chairman can make proposals to the Board's 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.

3.3.3.3 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 Chairman and CEO who informs the Remuneration Committee.

No Group subsidiary operates a stock-option plan for its own shares.

3.3.3.4 SUMMARY OF PLANS IN PLACE AT DECEMBER 31, 2010

The options granted under Plans 6 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.

The total volume of plans underway at December 31,2010 is equivalent to 3.51% of the number of shares making up the share capital.

date of grant/board meeting		OPTION START DATE	EXPIRY DATE	NUMBER OF GRANTEES	TOTAL OPTIONS GRANTED	O/W/ MEMBERS OF RENAULT MANAGEMENT COMMITTEE (1) (3)	STRIKE PRICE *(IN €)*	DISCOUNT	OPTIONS EXERCISED AT 12/31/2010	OPTIONS LAPSED AT 12/31/2010	OPTIONS OUTSTANDING AT 12/31/2010 (2)
AGM AUTHORIZATION GRANTED ON JUNE 11, 1998											
Plan 6	07/09/2000 and 24/10/2000	08/09/2005 et 25/10/2005	06/09/2010 and 23/10/2010	638	1,889,300	750,000	49.27 and 49.57	None	1,295,313	593,987	0
Plan 7	18/12/2001	19/12/2006	17/12/2011	858	1,861,600	505,000	48.97	None	868,404	80,476	912,720
Plan 8	05/09/2002	06/09/2007	04/09/2012	809	2,009,000	645,000	49.21	None	443,987	67,327	1,497,686
AGM AUTHORIZATION GRANTED ON APRIL 29, 2003											
Plan 9	08/09/2003	09/09/2007	07/09/2011	813	1,922,000	605,000	53.36	None	285,453	69,491	1,567,056
Plan 10	14/09/2004	15/09/2008	13/09/2012	758	2,145,650	695,000	66.03	None	16,000	98,300	2,031,350
Plan 11	13/09/2005	14/09/2009	12/09/2013	639	1,631,093	650,000	72.98	None	3,000	138,193	1,489,900
AGM AUTHORIZATION GRANTED ON MAY 4, 2006											
Plan 12	04/05/2006	05/05/2010	03/05/2014	693	1,674,700	556,000	87.98	None	3,000	339,616	1,332,084
Plan 13 (5) Options Committ. 2009	04/05/2006	05/05/2010	03/05/2014	650	2,741,700	1,550,000	87.98	None	2,000	2,739,700	0
Plan 13 bis (5) Shares Committ. 2009	04/05/2006	05/05/2010	-	549	1,379,000	290,000	0	None	6,500	1,372,500	0
Plan 14	05/12/2006	06/12/2010	04/12/2014	710	1,843,300	680,000	93.86	None	0	286,394	1,556,906
Plan 15 (4)	05/12/2007	06/12/2011	04/12/2015	743	2,080,000	735,000	96.54	None	0	2,080,000	0
Plan 16 (5) Options Compl. Committ. 2009	05/12/2007	06/12/2011	04/12/2015	199	797,787	160,000	96.54	None	0	797,787	0
Plan 16 bis (5) Shares Compl. Committ. 2009	05/12/2007	06/12/2011	-	199	132,166	60,000	0	None	0	132,166	0

(1) The Renault Management Committee at the date on which the stock-options were granted.
(2)) Under Plans 6 to 9, a total of 3,977,462 options were unexercised at December 31, 2010.
(3) Including grants to Mr Ghosn of 200,000 options in 2005; 100,000 under Plan 2006, and 200,000 under Plan 2007.
(4) All options under this plan were lost since the operating margin target was not achieved (Board meeting February 11, 2009).
(5) All options under these plans, as well as bonus shares, are lost since the operating margin target of Commitment 2009 was not achieved (Board meeting February 10, 2010).

In 2010:

- no options were granted or exercised;

Stock-options granted to and exercised by the ten employees, other than corporate officers, receiving the highest number of options	TOTAL OPTIONS GRANTED / SHARES ACQUIRED	WEIGHTED AVERAGE PRICE	PLAN NO.	PLAN NO.
Options granted during the year by the issuer, or any option-granting company to the ten employees of this issuer or any company within this scope, receiving the highest number of options (aggregate information).	N/A			
Options on the shares of the issuer or the aforementioned companies exercised during the year by the ten persons of the issuer and these companies, acquiring or subscribing the largest number of options (aggregate information).	N /A			

- options exercised by corporate officers were as follows:

Options exercised by corporate officers during the year

	PLAN NO. AND DATE	NUMBER OF OPTIONS	STRIKE PRICE	GRANT YEAR
Carlos Ghosn		NONE		

3.3.3.5 SUMMARY OF REMUNERATION PAID TO CORPORATE OFFICERS

Summary of remuneration and allocations of options

CHAIRMAN AND CEO	2009	2010
Remuneration owing in respect of the year	1,240,809	1,242,655
Value of options granted during the year	0	0
Value of performance shares granted during the year	0	0
TOTAL	1,240,809	1,242,655*

* *At the meeting of the Board of Directors on March 14, 2011, Mr Ghosn waived his variable remuneration for 2010, i.e. €1,658,880.*

Stock-option allocations

The stock-option plans still active to date are plans 7, 8, 9, 10, 11,12 and 14.

		PLAN 7	PLAN 8	PLAN 9	PLAN 10	PLAN 11	PLAN 12	PLAN 13
Carlos Ghosn	-	-	25,000*	25,000**	200,000*	200,000	100,000	1,000,000***
	PLAN 14	PLAN 15						
Carlos Ghosn	200,000	200,000**						

* *Was not a member of the Renault Management Committee.*
** *All options under this plan were lost since the operating margin target was not achieved (Board meeting February 11, 2009).*
*** *All options under these plans, as well as bonus shares, are lost since the operating margin target of Commitment 2009 was not achieved (Board meeting February 10, 2010).*

Benefits to senior executive officer

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
Chairman and CEO **Carlos Ghosn**	-	X	X	-	-	X	-	X

* *See chapter 3.3.1.1.*

3.3.4 DIRECTORS' FEES

The Annual General Meeting may allocate directors' fees, the amount of which remains fixed until otherwise decided.

3.3.4.1 AMOUNT

The Annual General Meeting on April 29, 2003 voted an annual amount of €600,000 (1) to be apportioned among the directors for the current year and subsequent years, until further notice. The Board is responsible for allotting these fees.

3.3.4.2 METHOD OF ALLOTMENT

The directors' fees for FY 2010 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).

(1) The amount of €600,000 is the median of directors' fees paid by other CAC 40 companies.

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 2010 amounted to €599,311 (€571,336 in 2009).

Fees allotted to directors for the year depending on attendance at Board and committee meetings

	TOTAL FEES RECEIVED IN € (1)	
Directors	**2010**	**2009**
Mr Ghosn	28,000	28,000
Mr Audvard	32,821	32,500
Mr Belda	28,521	18,164
Mr Biau	29,800	32,500
Mrs Bréchignac (3) (4)	5,121	28,500
Mr Champigneux	29,800	32,500
Mr de Croisset	34,454	32,500 (2)
Mr Delpit (4)	18,251	-
Mr Desmarest	39,228	28,500
Mr Garnier	34,195	30,500
Mr Isayama	26,833	17,205 (2)
Mr Kohler (3) (4)	29,677	-
Mr Ladreit de Lacharrière	37,633	38,418
Mrs de La Garanderie	34,300	35,000
Mr Lagayette	41,500	39,959
Mr Paye(4)	17,208	41,500
Mr Riboud	25,333	33,000
Mr Rioux (3) (4)	1,977	32,500
Mr Saikawa	25,366	-
Mr Sailly	31,021	22,000 (2)
Mr Rousseau (3) (4)	32,821	20,164
Mrs Sourisse (4)	15,551	-

(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.

3.4 ADDITIONAL INFORMATION: INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

Internal regulations of the Board of Directors, Director's Charter and procedure concerning the use and/or the communication of insider information.

Adopted by the Board during its meeting of 10 September 1996 and amended during its meetings of 8 June 2000, 23 October 2001, 25 July 2002, 17 December 2002, 22 February 2005, 29 July 2009 and 30 April 2010.

The purpose of these regulations is to define the rules, terms and methods of working of the Board of Directors and its Committees.

3.4.1 INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

3.4.1.1 THE BOARD OF DIRECTORS

Renault's Board of Directors, a collegiate body, is obliged to act in all circumstances in the company interest. The Board collectively represents all of the shareholders and takes into account any stakeholders' expectations.

The Board of Directors elects the Chairman of the Board of Directors and the Chief Executive officer. As the Board has opted for the concentration of the powers arising under these positions, the person holding them shall take the title of Chairman and Chief Executive Officer. Thus, by way of simplification, these regulations shall refer exclusively to the title of Chairman and Chief Executive officer, it being specified that he shall act as the case may be under his responsibilities as Chairman of the Board of Directors or as Chief Executive Officer.

As a continuation of this decision to concentrate these positions, the Board of Directors shall appoint a "Senior Independent Director" from among the members of the Board, for the purpose of guaranteeing the respect of the collegial decision making-process and the expression of any standpoints.

The Board shall determine, on the proposal of the Chairman and Chief Executive Officer acting under his responsibilities as Chief Executive officer, Renault's strategy; it supervises the management of the company and ensures the quality of information provided to the shareholders, and to markets, through the financial statements or at the time of very substantial operations. It makes public its opinion as to the conditions of operations concerning the company's shares whenever the nature of such operations so requires.

The Board of Directors discusses the strategic orientations of the Company, including with respect to the Alliance, as proposed by the Chairman and Chief Executive Officer; it examines, once per year, the possible changes with respect to these orientations. It votes, in advance, on any important decision which is not in line with the strategy of the enterprise.

The Chairman and Chief Executive Officer shall obtain the authorization of the Board of Directors to make external or internal growth operations, take-over or sales of any shareholding in any existing Company or Company to be created for any amount exceeding 250 million euros.

The Chairman and Chief Executive Officer gives an information to the Board of Directors for any take-over or sales operations when the amount is comprised between 60 and 250 million euros.

The Chairman and Chief Executive Officer shall, on a quarterly basis, remit, if any, to the Accounts and Audit Committee, a list of all take-over or sales operations below 60 million euros. Members of the Board of Directors shall have access to such list upon request to the Accounts and Audit Committee.

The Board of Directors, on a yearly basis, examines the strategic plan of the Group.

The Board of Directors discusses and determines, on the report of the Chairman and Chief Executive Officer, the decisions which the single member of Renault s.a.s. may be led to make, as well as those that may be called upon by the Restated Master Alliance Agreement.

It examines Renault's medium term plan, operating budget and investment budget once per year.

At each of its meetings, it shall be informed of developments in the results of the Company with reference to the income statement, the balance sheet and cash flow, and twice per year with reference to its off-balance sheet commitments.

It approves the report drawn up by the Chairman and Chief Executive Officer, acting under his responsibilities as Chairman of the Board of Directors, reporting on the conditions for the preparation and organization of work of the Board of Directors, as well as the procedures for internal control and risk management.

It shall be alerted by the Chairman and Chief Executive Officer, promptly, as to any external event or internal development which has a major impact on the prospects of the Company or the forecasts which have been presented to the Board of Directors.

Renault's Board of Directors proceeds whenever necessary with an examination of its composition, and of its organization and its working once per year; it informs the shareholders of the positions or arrangements that it adopts in this respect.

The Board of Directors may, on a proposal by the Chairman and Chief Executive Officer, appoint a former corporate officer as Honorary Chairman, due in particular to his past contribution to the development and success of the enterprise

Meetings of the Board of Directors may proceed using any technical means, provided that such means guarantee the effective participation of the Directors. Directors who participate in meetings of the Board using such means shall therefore be deemed present for the calculation of quorum and majority, except for proceedings concerning the drafting of the company financial statements or consolidated financial statements, and proceedings concerning the appointment or removal from office of the Chairman of the Board of Directors, the Chief Executive Officer or the deputy chief executives, for which the physical presence of the Directors is required.

3.4.1.2 THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and Chief Executive Officer shall, under his responsibilities and by virtue of the powers vested in him as Chairman of the Board of Directors, carry out the tasks described below.

He organizes and directs the work of the Board, and reports on this to the General Meeting. He ensures the proper working of the company's decision-making bodies and, especially, the Board's committees. In particular, he ensures, with the Senior Independent Director, that the Directors are in a position to be able to fulfill their tasks, notably within the committees to which they contribute.

He ensures that principles of corporate governance are set out and implemented to the highest level.

He alone may act and express himself in the name of said body.

The Chairman and Chief Executive Officer represents the Group in its high-level relations, notably with public authorities, at the national and international level.

He ensures that the Board dedicates the necessary time to questions concerning the future of the Group and especially its strategy, notably with respect to the Alliance.

He submits the strategic orientations of the Company, including those pertaining to the Alliance and the decisions that the single member of Renault s.a.s may be led to take, to the Board of Directors. He informs the Board of measures taken in the implementation of the Restated Master Alliance Agreement, and reports to it on the decisions that the Board may take in the implementation of the Restated Master Alliance Agreement.

He may hear the statutory auditors.

He may attend, in a consultative capacity, meetings of the Board's committees which he is not a member of and may consult them on any question falling within their powers.

3.4.1.3 APPOINTMENT OF A REFERENCE DIRECTOR OR "SENIOR INDEPENDENT DIRECTOR"

The "Senior Independent Director", whose designation forms part of the extension of the concentration of powers of the Chairman of the Board of Directors and the Chief Executive Officer, constitutes a guarantee as to the balance of powers. The Senior Independent Director, whose role shall consist in coordinating the activities of the independent directors, may act as liaison between the Chairman and Chief Executive Officer, acting under his responsibilities as Chairman of the Board of Directors, and the independent directors.

The Senior Independent Director, upon the proposal of the Appointment and Governance Committee, is appointed by the Board from among the directors classed as independent, for the duration of his term of office as director, on the recommendation of the Appointments and Governance Committee.

He is the member of the Accounts and Audit Committee and of the Appointments and Governance Committee of the Company.

His tasks shall include, in particular:

- advising the Chairman of the Board, and the Chairmen of each of the specialized committees;
- chairing meetings of the Board of Directors in the absence of the Chairman and Chief Executive Officer. In particular, he shall chair proceedings concerning the assessment of performance with a view to fixing the remuneration of the Chairman and Chief Executive Officer after the advice of the Remuneration Committee.

3.4.1.4 THE BOARD'S COMMITTEES

In order to favour the performance of its tasks and the attainment of the objectives it sets itself, Renault's Board of Directors has five study Committees:

- an Accounts and Audit Committee;
- a Remunerations Committee;
- an Appointments and Governance Committee;
- an International Strategy Committee;
- an Industrial Strategy Committee.

The Chairmen of the various committees report on the work and opinions of the Committees which they chair at meetings of the Board of Directors.

A. COMPOSITION, TASKS AND METHOD OF WORKING 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, with in particular some competency in financial or accounting matters. The Chairman and Chief Executive Officer cannot be a member of this committee.

It shall not include any Director or permanent representative of a Director who holds office within a company in which a Director or permanent representative of Renault reciprocally sits on the Audit Committee or Accounts Committee.

The Chairman of the Committee is chosen by the Board of Directors.

Tasks and powers

The tasks of the Accounts and Audit Committee are, notably at the time of drafting the company or consolidated accounts drawn up on both a half-yearly and annual basis (hereinafter referred to as the “financial statements”), and on the preparation of any decision which is submitted to the vote of the Board of Directors in this respect:

- to analyze the financial statements as prepared by the Company’s departments and divisions. The examination of the financial statements by the Committee must be accompanied by a memorandum from the statutory auditors underlining the essential points in the results, the accounting choices made, and a memorandum from the Chief Financial Officer describing risk exposure, and the off-balance-sheet commitments of the Company. With respect to internal audit and risk control, the Committee must examine the significant off-balance-sheet commitments and risks, hear the head of internal audit, give its opinion on the organization of this department and be informed of its work programme. It must be an addressee of the detailed internal audit reports or a periodical summary of these reports in order to allow the detection of significant risks;
- to ensure that the methods adopted for the drafting of the financial statements comply with applicable standards, and to analyze the changes made to these methods, where applicable;
- to examine with the statutory auditors the nature, extent and results of their inspection of the financial statements; to raise with them in particular any remarks which they may wish to make on the financial statements at the end of their review work;
- to give its opinion on the appointment or renewal of the statutory auditors and on the quality of their work;

  The Committee is thus called upon to prepare the selection of external auditors, putting forward the one making the best offer. It shall issue a recommendation on the statutory auditors nominated for appointment by the General Meeting and, in a general manner, it ensures compliance with rules guaranteeing the independence of the statutory auditors;
- to follow the effectiveness of internal control and risk management systems, to verify the relevance of the internal control methods;
- to examine the extent of group consolidation, and the reasons why certain companies, as the case may be, are not included within the consolidated scope of the Group;
- to make any recommendations to the Board in the fields described above.

It may be consulted by the Chairman and Chief Executive Officer on any question falling within the scope of its tasks.

Method of working

The Committee meets each time it considers it necessary and in any event prior to meetings of the Board, where the Board’s agenda includes the closing of or examination of the financial statements or any decision concerning the financial statements.

For the fulfillment of its tasks, the Committee shall have the possibility of meeting the statutory auditors while excluding the presence of the company executives and persons involved in the drafting of the financial statements, and may request that they produce any document or information necessary for the fulfillment of their tasks.

Its secretariat is provided by the secretariat of the Board of Directors.

B. COMPOSITION, TASKS AND METHOD OF WORKING 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 Chief Executive Officer may not be member of this committee.

It shall not include any Director or permanent representative of a Director who holds office within a company in which a Director or permanent representative of Renault reciprocally sits on the Remunerations Committee.

The Chairman of the Committee is chosen by the Board of Directors.

Tasks and powers

It has the following tasks:

- to propose to the Board the amount of the variable part of remuneration for corporate officers and the rules for fixing this variable part, ensuring the coherency of these rules with the annual assessment of the performance of the interested parties as well as with the enterprise’s medium term strategy, and supervising the annual application of these rules;
- to make any recommendation to the Board concerning the remuneration, perks and pension of the Chairman of the Board of Directors and the Chief Executive Officer and any other senior executive or corporate officer;
- to assess all of the remuneration and perks received by the senior executives and by members of the Executive Committee, including, as the case may be, from other companies in the Group;
- to examine the general policy for the attribution of options and comparable perks and make proposals to the Board of Directors both in matters of policy and with respect to the attribution of stock options and comparable perks.

It may be consulted by the Chairman and the Chief Executive Officer on any question falling within the scope of its tasks and on any question connected to the fixing of the remuneration of members of the Group Executive Committee.

Method of working

The Remunerations Committee meets at least once per year and, in any event, prior to meetings of the Board where the Board’s agenda includes questions falling within the scope of its tasks. Whenever necessary, it may have external bodies proceed with such research and surveys as it thinks fit, at the expense of the enterprise.

Its secretariat is provided by the secretariat of the Board of Directors.

C. COMPOSITION, TASKS AND METHOD OF WORKING OF THE APPOINTMENTS AND GOVERNANCE COMMITTEE

Composition

The Appointments and Governance Committee is chaired by a director appointed by the Board, and its member shall comprise directors chosen by the Board, with the majority of them to be independent.

It shall not include any Director or permanent representative of a Director who holds office within a company in which a Director or permanent representative of Renault reciprocally sits on the Appointments and Governance Committee.

Tasks and powers

It has the following tasks:

- to make all proposals to the Board concerning the appointment of the Chairman of the Board of Directors, the Chief Executive Officer and the corporate officers, in conformity with procedure, as it has determined in advance, intended in particular to select the Directors, and to proceed with studies concerning potential candidates;
- to assess whether it is opportune to renew expiring terms of office, while taking account in particular of the changes and developments in the Company's shareholders and the necessity of maintaining a suitable proportion of independent Directors;
- to be in a position to provide the Board with proposed solutions for succession in the event of an unforeseeable vacancy;
- to make all proposals concerning the chairmanship and concerning the composition and tasks of the various Board committees;
- to follow up on questions of corporate governance;
- to draft, each year, an overview of the working of the Board, and where necessary to propose changes.

Method of working

The Appointments and Governance Committee meets at least once per year and, in any event, prior to meetings of the Board where the Board's agenda includes questions falling within the scope of its tasks. Whenever necessary, it may have external bodies proceed with such research and surveys as it thinks fit, at the expense of the enterprise.

Its secretariat is provided by the secretariat of the Board of Directors.

D. COMPOSITION, TASKS AND METHOD OF WORKING OF THE INTERNATIONAL STRATEGY COMMITTEE

Composition

The International Strategy Committee is made up of Directors chosen by the Board of Directors.

The Chairman of the Committee is chosen by the Board of Directors.

Tasks and powers

Its work concerns the activity of the Company outside France.

It has the following tasks:

- to study strategic orientation proposed by the Chairman and Chief Executive Officer concerning the international development of the Company and the Alliance;
- to analyze and examine the Company's international projects for the Board, and to issue an opinion on these projects;
- to proceed with the follow-up of the Company's international projects and to draft reports on the request of the Board.

It may be consulted by the Chairman and Chief Executive Officer on any question falling within the scope of its tasks.

Method of working

This Committee meets at least twice each year and each time it considers it necessary, and prior to meetings of the Board where the Board's agenda includes the examination of international projects.

For the fulfillment of its tasks, the Committee may meet the concerned departments and divisions of the Company and those persons who contribute directly to the drafting of these projects, and request that they produce any document or information necessary for the fulfillment of their tasks.

Its secretariat is provided by the secretariat of the Board of Directors.

E. COMPOSITION, TASKS AND METHOD OF WORKING OF THE INDUSTRIAL STRATEGY COMMITTEE

Composition

The Committee is made up of Directors chosen by the Board of Directors. The Chairman is chosen by the Board of Directors.

Tasks

The tasks are to review the:

- major orientations concerning the industrial strategy of the Group;
- major capacities projects;
- main plants and different projects of growth and/or reduction of the Group;
- competitiveness of the existing manufacturing plants and their suppliers' basis;
- projects of strategic agreements and partnerships; external growth operations or sales having a significant impact on the industrial strategy of the Group;
- major industrial strategic orientations to prepare decisions to be taken during the year;
- once a year as soon as they are engaged, major projects regarding vehicles and engines.

Method of working

This Committee meets at least twice each year, the Executive Vice-President, Manufacturing and Logistics being present, and each time it considers it necessary, and prior to meetings of the Board where the Board's agenda includes the examination of industrial strategy.

For the fulfillment of its tasks, the Committee may meet the concerned departments and divisions of the Company and those persons who contribute directly to the drafting of these projects, and request that they produce any document or information necessary for the fulfillment of their tasks.

Its secretariat is provided by the secretariat of the Board of Directors.

3.4.2 THE DIRECTOR'S CHARTER

The Board has laid down the terms of a Director's Charter which specifies a Director's rights and duties.

3.4.2.1 KNOWLEDGE OF THE LEGAL FRAMEWORK GOVERNING PUBLIC LIMITED COMPANIES AND THE ARTICLES OF ASSOCIATION OF THE COMPANY

Each Director, at the time that he takes up office, must have informed himself of the general and specific duties attaching to his office. In particular he must have informed himself as to laws and regulations concerning the working of public limited companies, Renault's Articles of Association, a copy of which will have been given to him, these internal regulations and any addition or amendment as may later be made thereto.

3.4.2.2 HOLDING SHARES IN THE COMPANY

Pursuant to Article 11.2 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 shares.

It is recalled that the law also obliges directors' spouses to ensure that their shares are registered shares or 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 transactions made by the Directors and by persons who are closely connected to them concerning the shares –acquisitions, subscriptions, exchanges, etc.– each Director undertakes to inform the Group Compliance Officer within twenty-four hours of undertaking such a transaction.

3.4.2.3 REPRESENTING THE SHAREHOLDERS

Each Director must act in all circumstances in Renault's company interest, and represents all of the shareholders.

3.4.2.4 DUTY OF HONESTY AND FAIRNESS

Each Director is obliged to inform the Board of any situation or risk of a conflict of interests with Renault or any company in its group, and must abstain from the vote for the corresponding decision(s).

3.4.2.5 DUTY OF DILIGENCE

Each Director must dedicate the time and attention necessary for the performance of his tasks. He must be assiduous and must attend all meetings of the Board and of the Committees which he is a member of, except in the event of true impossibility.

3.4.2.6 RIGHT TO OBTAIN COMMUNICATION AND DUTY TO INFORM

Each Director has the duty to inform himself. He must request from the Chairman of the Board of Directors, at appropriate times, the information that he considers necessary in order to fulfill his tasks and in order to participate with respect to the points recorded on the agenda for meetings of the Board. In addition, the Board's Secretariat shall remain at the Directors' disposal at all times in order to document this information.

3.4.2.7 PROFESSIONAL SECRECY

Each Director must, in addition to the duty of discretion provided for by Article 225-37 of the Commercial Code, consider himself to be bound by professional secrecy for all non-public information which he may become aware of in the context of his tasks as Director.

3.4.2.8 INSIDER INFORMATION

Each Director undertakes, as any senior manager in the Group, to comply with Renault's internal procedure concerning the use and/or communication of insider information concerning Renault and/or Nissan, as well as any applicable legislative or regulatory provisions.

3.4.2.9 REIMBURSEMENT OF EXPENSES

Each Director is entitled to reimbursement, on presentation of substantiating documents or receipts, of his travelling expenses as well as other expenses which he incurs in the interest of the company.

3.4.3 PROCEDURE CONCERNING THE USE AND/OR COMMUNICATION OF INSIDER INFORMATION

Furthermore, the Board of Directors has adopted the following provisions as internal procedure applicable to the whole group, concerning the prevention of the use or communication of insider information.

Since the opening up of Renault's share capital in 1994 and the listing of its shares on the Paris financial market, the Company is more than ever exposed to the risk of use and/or communication of insider information. In addition to civil law, administrative law and criminal law sanctions that Renault directors, senior executives, corporate officers and employees face if they are found guilty of committing, aiding and abetting or receiving the benefit of offences in this field, the credit of the Company itself with respect to the general public may find itself enduringly affected in the event of proven misconduct.

Therefore, in order to avoid any use and/or communication of information which may turn out to be harmful to the Company, this procedure is intended to define:

- the nature of this information;
- the conditions for its use and/or communication;
- the application of these rules to the attribution of stock options.

3.4.3.1 NATURE OF THE INSIDER INFORMATION

Insider information shall mean any information concerning Renault and/or Nissan, whether favourable or unfavourable, which could have an effect on the stock market price of Renault and/or Nissan shares were it to be made public (hereinafter referred to as "Insider Information"). Insider Information may concern, but shall not be limited to, the current situation or prospects of Renault and/or Nissan and the companies of their group, as well as the prospects for the development of Renault and/or Nissan shares.

More generally, any information that has not been released to the market through a communiqué, press release etc. shall remain non-public. It is only the publication of information through media which broadcast or circulate widely which will confer a public nature on insider information.

3.4.3.2 USE AND/OR COMMUNICATION OF INSIDER INFORMATION

Any and all directors, senior executives, corporate officers and employees of Renault and the companies of its group who hold Insider Information whether permanently or on occasion (hereinafter referred to as an "Insider") must, whatever their degree of responsibility, refrain from undertaking any transaction on the market, whether undertaken directly or through the intermediary of a third party, concerning Renault and/or Nissan shares, 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 Insider Information must not, as a general rule, undertake any transaction concerning Renault and/or Nissan shares (including shares in FCPE Actions Renault ["Renault Shares" in-house investment fund]) during the following periods:

- from 1 January to the announcement of Renault's annual results and Nissan's quarterly results (i.e. approximately the beginning of February);
- from 1 April to the announcement of Nissan's annual results (i.e. approximately mid May);
- from 1 July until the announcement of Renault's half-yearly results and Nissan's quarterly results (i.e. approximately the end of July);
- from 1 October until the announcement of Nissan's quarterly results (i.e. approximately mid November).

Furthermore, any and all *Insiders* must not disclose any Insider Information within Renault or outside Renault other than in the normal context of their duties, that is to say for purposes or for an activity other than those for which or in respect to which said information is held, and must take all appropriate steps for this purpose.

Generally, Insiders must act with the greatest caution, and the fact of holding such information shall necessarily lead them to refrain from proceeding with any transaction concerning Renault and/or Nissan shares even where said transaction was planned prior to becoming aware of the information in question.

3.4.3.3 THE APPLICATION TO THE ATTRIBUTION OF STOCK-OPTIONS

Without prejudice to the above, the Board of Directors undertakes not to grant stock options:

- within a period of ten stock market business days prior to and following the date on which the consolidated financial statements, or in their absence the company financial statements, 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 which 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 market business days after the date on which said information was made public.

In order to ensure the proper understanding of and compliance with this procedure, the importance of which for the Companies does not need to be emphasized, on 26 July 2001 the Board appointed a professional ethics advisor, who must be consulted for any question concerning its interpretation and its application.

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4

FINANCIAL STATEMENTS

The elements of the annual financial report are identified by the AFR sign in the table of contents.

✦ Global Reporting Initiative (GRI) Directives

4.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS ✦

Renault

Year ended December 31, 2010

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered 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 balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying consolidated financial statements of Renault;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (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 management makes certain estimates and assumptions concerning, in particular, the value of certain asset, liability, income and expense accounts, the main items of which are summarized in note 2-B to the consolidated financial statements. For all these items, we assessed the appropriateness of the accounting rules and methods applied and disclosures provided in the notes to the financial statements. We also reviewed the consistency of the underlying assumptions, the quantified impact thereof and the available documentation and assessed on this basis the reasonableness of estimates made;
- as disclosed in note 14-A to the consolidated financial statements, the Group accounts for its investment in Nissan by the equity method; our audit of the scope of consolidation included a review of the factual and legal aspects of the Alliance which serve as the underlying basis for this accounting policy;
- as part of our assessment of the accounting policies 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 12-A3;
- as disclosed in notes 9-B and 11-B to the consolidated financial statements, the Group has recognized part of the net deferred tax assets of French tax group; we have reviewed the consistency of the underlying assumptions for the computation of FY 2011-2016 taxable income, the quantified impact thereof and the available documentation and assessed on this basis the reasonableness of estimates made;
- we have reviewed the terms of the strategic cooperation agreement signed between the Renault Nissan Alliance and Daimler AG in April 2010 and which is described in note 4.2.7.2 to the consolidated financial statements, and have assessed the appropriateness of the accounting treatment of this operation.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, February 14, 2011

The statutory auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit

4.2 CONSOLIDATED FINANCIAL STATEMENTS

4.2.1 CONSOLIDATED INCOME STATEMENT ✦

(€ million)	**2010**	**2009**
Sales of goods and services	37,654	32,415
Sales financing revenues	1,317	1,297
Revenues (note 4)	**38,971**	**33,712**
Cost of goods and services sold	(30,620)	(26,978)
Cost of sales financing (note 5)	(813)	(953)
Research and Development expenses (note 12-A)	(1,834)	(1,795)
Selling, general and administrative expenses	(4,605)	(4,382)
Operating margin (note 6)	**1,099**	**(396)**
Other operating income and expenses (note 7)	(464)	(559)
Other operating income	*197*	*137*
Other operating expenses	*(661)*	*(696)*
Operating income	**635**	**(955)**
Net interest income (expenses)	(354)	(353)
Interest income	*146*	*118*
Interest expenses	*(500)*	*(471)*
Other financial income and expenses	(22)	(51)
Financial income (note 8)	**(376)**	**(404)**
Gain on sale of AB Volvo Series B shares	**2,000**	
Share in net income (loss) of associates	**1,289**	**(1,561)**
Nissan (note 14)	*1,084*	*(902)*
Other associates (note 15)	*205*	*(659)*
Pre-tax income	**3,548**	**(2,920)**
Current and deferred taxes (note 9)	(58)	(148)
NET INCOME	**3,490**	**(3,068)**
Net income – non-controlling interests' share	70	57
Net income – parent-company shareholders' share	3,420	(3,125)
Earnings per share [1] *(in €)* (note 10)	12.70	(12.13)
Diluted earnings per share [1] *(in €)* (note 10)	12.70	(12.13)
Number of shares outstanding *(in thousands)* (note 10)		
for earnings per share	*269,292*	*257,514*
for diluted earnings per share	*269,292*	*257,514*

(1) Net income – parent-company shareholders' share divided by number of shares stated.

4.2.2 CONSOLIDATED COMPREHENSIVE INCOME

Other components of comprehensive income are reported net of tax effects, which are presented in note 11-B.

(€ million)	**2010**	**2009**
NET INCOME	**3,490**	**(3,068)**
Actuarial gains and losses on defined-benefit pension plans	(14)	(45)
Translation adjustments on foreign activities	258	112
Partial hedge of the investment in Nissan	(242)	(43)
Fair value adjustments on cash flow hedging instruments	80	32
Fair value adjustments on available-for-sale financial assets	232	6
Total other components of comprehensive income excluding associates (A)	**314**	**62**
Actuarial gains and losses on defined-benefit pension plans	59	83
Translation adjustments on foreign activities	2,019	(387)
Fair value adjustments on cash flow hedging instruments	8	59
Fair value adjustments on available-for-sale financial assets	24	17
Associates' share of other components of comprehensive income (B)	**2,110**	**(228)**
OTHER COMPONENTS OF COMPREHENSIVE INCOME (A) + (B)	**2,424**	**(166)**
COMPREHENSIVE INCOME	**5,914**	**(3,234)**
Parent-company shareholders' share	5,826	(3,300)
Non-controlling interests' share	88	66

4.2.3 CONSOLIDATED FINANCIAL POSITION

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
ASSETS		
Non-current assets		
Intangible assets (note 12-A)	3,677	3,893
Property, plant and equipment (note 12-B)	11,504	12,294
Investments in associates	14,199	12,084
Nissan (note 14)	*13,345*	*10,583*
Other associates (note 15)	*854*	*1,501*
Non-current financial assets (note 23)	1,728	1,026
Deferred tax assets (note 9)	705	279
Other non-current assets (note 19)	435	424
TOTAL NON-CURRENT ASSETS	**32,248**	**30,000**
Current assets		
Inventories (note 16)	4,567	3,932
Sales financing receivables (note 17)	19,276	18,243
Automobile receivables (note 18)	1,329	1,097
Current financial assets (note 23)	799	787
Current tax assets	178	195
Other current assets (note 19)	1,685	1,636
Cash and cash equivalents (note 23)	10,025	8,023
TOTAL CURRENT ASSETS	**37,859**	**33,913**
Assets held for sale (note 7-B)	**-**	**65**
TOTAL ASSETS	**70,107**	**63,978**

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	1,127	1,086
Share premium	3,785	3,453
Treasury shares	(145)	(229)
Revaluation of financial instruments	235	(109)
Translation adjustment	(554)	(2,568)
Reserves	14,367	17,474
Net income – parent-company shareholders' share	3,420	(3,125)
Shareholders' equity – parent-company shareholders' share	**22,235**	**15,982**
Shareholders' equity – non-controlling interests' share	522	490
TOTAL SHAREHOLDERS' EQUITY (NOTE 20)	**22,757**	**16,472**
Non-current liabilities		
Deferred tax liabilities (note 9)	125	114
Provisions – long-term (note 21)	2,243	1,829
Non-current financial liabilities (note 24)	7,096	9,048
Other non-current liabilities (note 22)	734	660
TOTAL NON-CURRENT LIABILITIES	**10,198**	**11,651**
Current liabilities		
Provisions – short-term (note 21)	965	914
Current financial liabilities (note 24)	4,546	3,825
Sales financing debts (note 24)	19,366	19,912
Trade payables	6,348	5,911
Current tax liabilities	106	54
Other current liabilities (note 22)	5,821	5,179
TOTAL CURRENT LIABILITIES	**37,152**	**35,795**
Liabilities associated with assets held for sale (note 7-B)	**-**	**60**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**70,107**	**63,978**

4.2.4 CHANGES IN SHAREHOLDERS' EQUITY

(€ million)	NUMBER OF SHARES *(thousand)*	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	REVALUATION OF FINANCIAL INSTRUMENTS	TRANSLATION ADJUSTMENT	RESERVES	NET INCOME (PARENT-COMPANY SHAREHOLDERS' SHARE)	SHAREHOLDERS' EQUITY (PARENT-COMPANY SHAREHOLDERS' SHARE)	SHAREHOLDERS' EQUITY (NON-CONTROLLED ENTITIES' SHARE)	TOTAL SHAREHOLDERS' EQUITY
BALANCE AT DECEMBER 31, 2008	**284,937**	**1,086**	**3,453**	**(612)**	**(223)**	**(2,241)**	**16,925**	**571**	**18,959**	**457**	**19,416**
2009 net income								(3,125)	**(3,125)**	57	**(3,068)**
Other components of comprehensive income					114	(327)	38	-	**(175)**	9	**(166)**
2009 comprehensive income					***114***	***(327)***	***38***	***(3,125)***	***(3,300)***	***66***	***(3,234)***
Allocation of 2008 net income							571	(571)	-	-	-
Dividends										(34)	**(34)**
Cost of stock-option plans							16		**16**		**16**
(Acquisitions)/disposals of treasury shares				383			(256)		**127**		**127**
Impact of capital increases										15	**15**
Impact of changes in the scope of consolidation with no loss of control (1)										(14)	**(14)**
Other changes							180		**180**		**180**
BALANCE AT DECEMBER 31, 2009	**284,937**	**1,086**	**3,453**	**(229)**	**(109)**	**(2,568)**	**17,474**	**(3,125)**	**15,982**	**490**	**16,472**
2010 net income								3,420	**3,420**	70	**3,490**
Other components of comprehensive income					344	2,014	48		**2,406**	18	**2,424**
2010 comprehensive income					***344***	***2,014***	***48***	***3,420***	***5,826***	***88***	***5,914***
Allocation of 2009 net income							(3,125)	3,125			
Dividends										(40)	**(40)**
Cost of stock-option plans							7		**7**		**7**
(Acquisitions)/disposals of treasury shares				84			(24)		**60**		**60**
Impact of capital increases	10,785	41	332						**373**		**373**
Impact of changes in the scope of consolidation with no loss of control (1)							(3)		**(3)**	(16)	**(19)**
Other changes							(10)		**(10)**		**(10)**
BALANCE AT DECEMBER 31, 2010	**295,722**	**1,127**	**3,785**	**(145)**	**235**	**(554)**	**14,367**	**3,420**	**22,235**	**522**	**22,757**

(1) The impact of changes in the scope of consolidation results from the treatment applied to acquisitions of non-controlling interests and put options for buyouts of non-controlling entities (note 2-J).
Details of changes in consolidated shareholders' equity in 2010 are given in note 20.

4.2.5 CONSOLIDATED CASH FLOWS

(€ million)	**2010**	**2009**
Net income	**3,490**	**(3,068)**
Cancellation of unrealized income and expenses		
Amortization and impairment	3,069	3,146
Share in net (income) loss of associates	(1,289)	1,561
Other unrealized income and expenses (note 27-A)	(2,087)	(5)
Cash flow (1)	**3,183**	**1,634**
Dividends received from associates	**88**	**81**
Net change in financing for final customers	(448)	377
Net change in renewable dealer financing	(146)	(126)
Decrease (increase) in sales financing receivables	**(594)**	**251**
Bond issuance by the Sales Financing segment (note 24-A)	3,929	3,149
Bond redemption by the Sales Financing segment (note 24-A)	(2,308)	(2,795)
Net change in other sales financing debts	(2,354)	871
Net change in other securities and loans of the Sales Financing segment	(129)	152
Net change in sales financing financial assets and debts	**(862)**	**1,377**
Change in capitalized leased vehicles	**(109)**	**(256)**
Decrease (increase) in working capital (note 27-B)	**264**	**2,953**
CASH FLOWS FROM OPERATING ACTIVITIES	**1,970**	**6,040**
Capital expenditure (note 27-C)	(1,867)	(2,309)
Disposals of property, plant and equipment and intangibles	219	236
Acquisitions of investments with gain of control, net of cash acquired	-	-
Acquisitions of other investments, net of cash acquired	(39)	(86)
Disposals of investments with loss of control, net of cash transferred	7	-
Disposals of other investments, net of cash transferred and other (2)	3,114	-
Net decrease (increase) in other securities and loans of the Automotive segment	(30)	65
CASH FLOWS FROM INVESTING ACTIVITIES	**1,404**	**(2,094)**
Transactions with non-controlling interests (3)	-	-
Dividends paid to parent-company shareholders (note 20-D)	-	-
Dividends paid to non-controlling interests	(77)	(22)
(Purchases) sales of treasury shares	60	127
Cash flows with shareholders	**(17)**	**105**
Bond issuance by the Automotive segment (note 24-A)	1,696	750
Bond redemption by the Automotive segment (note 24-A)	(1,164)	(1,271)
Net increase (decrease) in other financial liabilities of the Automotive segment	(1,982)	2,378
Net change in financial liabilities of the Automotive segment	**(1,450)**	**1,857**
CASH FLOWS FROM FINANCING ACTIVITIES	**(1,467)**	**1,962**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,907**	**5,908**

(1) Cash flow does not include dividends received from associates.
(2) Including the sales of AB Volvo Series B shares for €3,006 million (operation described in "Significant events").
(3) Via capital increases or capital reductions and acquisitions of additional investments in controlled companies (note 2-J).

(€ million)	**2010**	**2009**
Cash and cash equivalents: opening balance	**8,023**	**2,058**
Increase (decrease)	1,907	5,908
Effect of changes in exchange rate and other changes	95	57
Cash and cash equivalents: closing balance	**10,025**	**8,023**

Details of interest received and paid by the Automotive segment are given in note 27-D.
Current taxes paid by the Group are reported in note 9-A.

4.2.6 SEGMENT REPORTING

A – INFORMATION BY OPERATING SEGMENT

A1 – CONSOLIDATED INCOME STATEMENT BY OPERATING SEGMENT

(€ million)	AUTOMOTIVE	SALES FINANCING	INTERSEGMENT TRANSACTIONS	CONSOLIDATED TOTAL
2010				
Sales of goods and services	37,172	482	-	37,654
Sales financing revenues	-	1,317	-	1,317
External sales (note 4)	**37,172**	**1,799**	**-**	**38,971**
Intersegment sales	(283)	376	(93)	-
Sales by segment	**36,889**	**2,175**	**(93)**	**38,971**
Operating margin (1)	**381**	**703**	**15**	**1,099**
Operating income	**(78)**	**698**	**15**	**635**
Financial income (2)	**26**	**-**	**(402)**	**(376)**
Gain on sale of AB Volvo Series B shares	**2,000**	**-**	**-**	**2,000**
Share in net income (loss) of associates	**1,287**	**2**	**-**	**1,289**
Pre-tax income	**3,235**	**700**	**(387)**	**3,548**
Current and deferred taxes	157	(211)	(4)	(58)
Net income	**3,392**	**489**	**(391)**	**3,490**
2009				
Sales of goods and services	31,951	464	-	32,415
Sales financing revenues	-	1,297	-	1,297
External sales (note 4)	**31,951**	**1,761**	**-**	**33,712**
Intersegment sales	(317)	342	(25)	-
Sales by segment	**31,634**	**2,103**	**(25)**	**33,712**
Operating margin (1)	**(915)**	**506**	**13**	**(396)**
Operating income	**(1,457)**	**489**	**13**	**(955)**
Financial income (2)	**(102)**	**-**	**(302)**	**(404)**
Share in net income (loss) of associates	**(1,566)**	**5**	**-**	**(1,561)**
Pre-tax income	**(3,125)**	**494**	**(289)**	**(2,920)**
Current and deferred taxes	14	(157)	(5)	(148)
Net income	**(3,111)**	**337**	**(294)**	**(3,068)**

(1) Details of amortization and depreciation are provided in the consolidated cash flow statements by operating segment.
(2) Sales financing dividends are included in the Automotive segment's financial income and eliminated as an intersegment transaction.

A2 – CONSOLIDATED FINANCIAL POSITION BY OPERATING SEGMENT

DECEMBER 31, 2010 *(€ million)*	AUTOMOTIVE	SALES FINANCING	INTERSEGMENT TRANSACTIONS	CONSOLIDATED TOTAL
Non-current assets				
Property, plant and equipment and intangible assets	15,003	188	(10)	15,181
Investments in associates	14,165	34	-	14,199
Non-current financial assets – investments in non-controlled entities	3,359	-	(2,431)	928
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segment	800	-	-	800
Deferred tax assets and other non-current assets	1,044	145	(49)	1,140
TOTAL NON-CURRENT ASSETS	**34,371**	**367**	**(2,490)**	**32,248**
Current assets				
Inventories	4,563	4	-	4,567
Customer receivables	1,414	19,642	(451)	20,605
Current financial assets	910	520	(631)	799
Other current assets and current tax assets	1,587	2,222	(1,946)	1,863
Cash and cash equivalents	8,814	1,342	(131)	10,025
TOTAL CURRENT ASSETS	**17,288**	**23,730**	**(3,159)**	**37,859**
Assets held for sale	**-**	**-**	**-**	**-**
TOTAL ASSETS	**51,659**	**24,097**	**(5,649)**	**70,107**
Shareholders' equity	**22,638**	**2,435**	**(2,316)**	**22,757**
Non-current liabilities				
Deferred tax liabilities and long-term provisions	1,977	391	-	2,368
Non-current financial liabilities	6,835	261	-	7,096
Other non-current liabilities	544	190	-	734
TOTAL NON-CURRENT LIABILITIES	**9,356**	**842**	**-**	**10,198**
Current liabilities				
Short-term provisions	921	44	-	965
Current financial liabilities	5,124	-	(578)	4,546
Trade payables and sales financing debts	6,407	20,058	(751)	25,714
Other current liabilities and current tax liabilities	7,213	718	(2,004)	5,927
TOTAL CURRENT LIABILITIES	**19,665**	**20,820**	**(3,333)**	**37,152**
Liabilities associated with assets held for sale	**-**	**-**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**51,659**	**24,097**	**(5,649)**	**70,107**

DECEMBER 31, 2009 *(€ million)*	AUTOMOTIVE	SALES FINANCING	INTERSEGMENT TRANSACTIONS	CONSOLIDATED TOTAL
Non-current assets				
Property, plant and equipment and intangible assets	15,953	245	(11)	16,187
Investments in associates	12,058	26	-	12,084
Non-current financial assets – investments in non-controlled entities	2,392	-	(2,254)	138
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segment	888	-	-	888
Deferred tax assets and other non-current assets	553	145	5	703
TOTAL NON-CURRENT ASSETS	**31,844**	**416**	**(2,260)**	**30,000**
Current assets				
Inventories	3,927	5	-	3,932
Customer receivables	1,179	18,660	(499)	19,340
Current financial assets	1,025	380	(618)	787
Other current assets and current tax assets	1,532	2,041	(1,742)	1,831
Cash and cash equivalents	5,408	2,738	(123)	8,023
TOTAL CURRENT ASSETS	**13,071**	**23,824**	**(2,982)**	**33,913**
Assets held for sale	**65**	**-**	**-**	**65**
TOTAL ASSETS	**44,980**	**24,240**	**(5,242)**	**63,978**
Shareholders' equity	**16,363**	**2,259**	**(2,150)**	**16,472**
Non-current liabilities				
Deferred tax liabilities and long-term provisions	1,585	309	49	1,943
Non-current financial liabilities	8,787	261	-	9,048
Other non-current liabilities	509	151	-	660
TOTAL NON-CURRENT LIABILITIES	**10,881**	**721**	**49**	**11,651**
Current liabilities				
Short-term provisions	865	49	-	914
Current financial liabilities	4,455	4	(634)	3,825
Trade payables and sales financing debts	5,938	20,593	(708)	25,823
Other current liabilities and current tax liabilities	6,418	614	(1,799)	5,233
TOTAL CURRENT LIABILITIES	**17,676**	**21,260**	**(3,141)**	**35,795**
Liabilities associated with assets held for sale	**60**	**-**	**-**	**60**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**44,980**	**24,240**	**(5,242)**	**63,978**

A3 – CONSOLIDATED CASH FLOWS BY OPERATING SEGMENT

(€ million)	AUTOMOTIVE	SALES FINANCING	INTERSEGMENT TRANSACTIONS	CONSOLIDATED TOTAL
2010				
Net income	**3,392**	**489**	**(391)**	**3,490**
Cancellation of unrealized income and expenses				
Amortization and impairment	3,045	24	-	3,069
Share in net (income) loss of associates	(1,287)	(2)	-	(1,289)
Other unrealized income and expenses	(2,076)	(14)	3	(2,087)
Cash flow (1)	**3,074**	**497**	**(388)**	**3,183**
Dividends received from associates	**88**	**-**	**-**	**88**
Decrease (increase) in sales financing receivables		(563)	(31)	(594)
Net change in financial assets and sales financing debts		(867)	5	(862)
Change in capitalized leased vehicles	(155)	48	(2)	(109)
Decrease (increase) in working capital	395	(105)	(26)	264
CASH FLOWS FROM OPERATING ACTIVITIES	**3,402**	**(990)**	**(442)**	**1,970**
Purchases of intangible assets	(733)	(1)	-	(734)
Purchases of property, plant and equipment	(1,130)	(3)	-	(1,133)
Disposals of property, plant and equipment and intangibles	219	-	-	219
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired/transferred	7			7
Acquisitions and disposals of other investments and other assets (2)	3,075			3,075
Net decrease (increase) in other securities and loans of the Automotive segment	(30)			(30)
CASH FLOWS FROM INVESTING ACTIVITIES	**1,408**	**(4)**		**1,404**
Cash flows with shareholders	(12)	(407)	402	(17)
Net change in financial liabilities of the Automotive segment	(1,493)	-	43	(1,450)
CASH FLOWS FROM FINANCING ACTIVITIES	**(1,505)**	**(407)**	**445**	**(1,467)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,305**	**(1 401)**	**3**	**1,907**

(1) Cash flow does not include dividends received from associates.
(2) Including the sales of AB Volvo Series B shares for €3,006 million (operation described in "Significant events").

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(€ million)	AUTOMOTIVE	SALES FINANCING	INTERSEGMENT TRANSACTIONS	CONSOLIDATED TOTAL
2009				
Net income	**(3,111)**	**337**	**(294)**	**(3,068)**
Cancellation of unrealized income and expenses				
Amortization and impairment	3,124	30	(8)	3,146
Share in net (income) loss of associates	1,566	(5)	-	1,561
Other unrealized income and expenses	(193)	183	5	(5)
Cash flow [(1)]	**1,386**	**545**	**(297)**	**1,634**
Dividends received from associates	**81**	**-**	**-**	**81**
Decrease (increase) in sales financing receivables	-	76	175	251
Net change in financial assets and sales financing debts	-	1,366	11	1,377
Change in capitalized leased vehicles	(248)	(9)	1	(256)
Decrease (increase) in working capital	2,923	33	(3)	2,953
CASH FLOWS FROM OPERATING ACTIVITIES	**4,142**	**2,011**	**(113)**	**6,040**
Purchases of intangible assets	(670)	(16)	-	(686)
Purchases of property, plant and equipment	(1,620)	(3)	-	(1,623)
Disposals of property, plant and equipment and intangibles	236	-	-	236
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired/transferred	-	-	-	-
Acquisitions and disposals of other investments and other assets	(86)	-	-	(86)
Net decrease (increase) in other securities and loans of the Automotive segment	81	-	(16)	65
CASH FLOWS FROM INVESTING ACTIVITIES	**(2,059)**	**(19)**	**(16)**	**(2,094)**
Cash flows with shareholders	105	(302)	302	105
Net change in financial liabilities of the Automotive segment	2,017	-	(160)	1,857
CASH FLOWS FROM FINANCING ACTIVITIES	**2,122**	**(302)**	**142**	**1,962**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,205**	**1,690**	**13**	**5,908**

(1) Cash flow does not include dividends received from associates.

B – INFORMATION BY REGION

(€ million)	EUROPE [1]	EUROMED	EURASIA	ASIA-AFRICA	AMERICAS	CONSOLIDATED TOTAL
2010						
Revenues	27,171	2,996	1,044	3,869	3,891	38,971
Property, plant and equipment and intangibles	11,612	1,644	431	810	684	15,181
2009						
Revenues	25,714	2,428	598	2,393	2,579	33,712
Property, plant and equipment and intangibles	12,784	1,583	376	809	635	16,187

(1) Including France:

(€ million)	2010	2009
Revenues	*12,697*	*12,517*
Property, plant and equipment and intangibles	*9,918*	*10,840*

The Regions presented correspond to the geographic sectors of the Group's structure.

Consolidated revenues are presented by location of customers.

Property, plant and equipment and intangibles are presented by location of subsidiaries and joint-ventures.

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4.2.7 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.2.7.1 ACCOUNTING POLICIES AND SCOPE OF CONSOLIDATION

NOTE 1 – APPROVAL OF THE FINANCIAL STATEMENTS

The Renault group's consolidated financial statements for 2010 were finalised at the Board of Directors' meeting of February 9, 2011 and will be submitted for approval of the shareholders at the General Shareholders' Meeting.

NOTE 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 2010 are prepared under IFRS (International Financial Reporting Standards) as issued by the IASB (International Accounting Standards Board) at December 31, 2010 and adopted by the European Union at the year-end.

A - Changes in accounting policies

The following standards, interpretations and amendments were published in the Official Journal of the European Union at December 31, 2010 and were applied for the first time in 2010:

STANDARD/INTERPRETATION	
IFRS 3, revised 2008	Business combinations (1)
IAS 27, revised	Consolidated and separate financial statements (1)
Various improvements	2009 annual improvements to IFRSs
Improvement to IFRS 5	Non-current assets held for sale and discontinued activities – 2008 annual improvements to IFRSs
Amendment to IFRS 2	Share-based payment - Group cash-settled share-based payment transactions
Amendment to IAS 39	Financial instruments: recognition and measurement - Eligible hedged items
IFRIC 12	Service concession agreements
IFRIC 15	Agreements for the construction of real estate
IFRIC 16	Hedges of a net investment in a foreign operation
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers

(1) IFRS 3 and IAS 27 (revised) are applicable to business combinations that take place on or after January 1, 2010. The accounting policies used for these operations are presented in notes 2.D and 2.J.

The first application of these standards, interpretations and amendments has no significant impact on the financial statements at December 31, 2010.

The Group has undertaken no early application of any of the following standards, interpretations and amendments which have been published in the Official Journal of the European Union at December 31, 2010 but are not yet mandatory:

STANDARD/INTERPRETATION		DATE OF MANDATORY APPLICATION
IAS 24 (revised)	Related party disclosures	January 1, 2011
Amendment to IAS 32	Financial instruments: presentation - Classification of rights issues	January 1, 2011
IFRIC 19	Extinguishing financial liabilities with equity instruments	January 1, 2011
Amendment to IFRIC 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction - Prepayments of a minimum funding requirement	January 1, 2011

The Group does not currently expect adoption of these new standards, interpretations and amendments to have a significant impact on the consolidated financial statements.

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 estimates established at the time the financial statements were finalised.

The main items in the financial statements that are sensitive to estimates and judgments at December 31, 2010 are the following:

- fixed assets (note 2-L and 13);
- property, plant and equipment related to leased vehicles or inventories related to used vehicles (notes 2-G, 12-B and 16);
- investments in associates (notes 2-L, 14 and 15);
- sales financing receivables (notes 2-G and 17);
- deferred taxes (notes 2-I and 9);

- provisions, particularly vehicle warranty provisions (note 2-G), provisions for pensions and other long-term employee benefit obligations (note 21-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.

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 partial or total disposal of businesses or operating entities, and other gains and losses relating to changes in the scope of consolidation and direct acquisition costs;
- 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, particularly impairment of fixed assets.

Reporting by operating segment

Since 2009 segment information has been presented in accordance with IFRS 8, “Operating segments”, which replaced IAS 14, “Segment reporting”.

The operating segments used by Renault are:

- the Automotive segment, 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 segment, which the Group considers as an operating activity, carried out by RCI Banque and its subsidiaries for the distribution network and final customers.

The information by operating segment is based on internal reporting to the Group Executive Committee, identified as the “Chief Operating Decision-Maker” as defined by IFRS 8. This information is prepared under the IFRSs applicable to the consolidated financial statements. All Group financial data are assigned to the operating segments. The “Intersegment transactions” column is reserved for transactions between the two segments, which are carried out on near-market conditions. Dividends paid by the Sales Financing segment to the Automotive segment are included in the Automotive division’s financial income.

The indicator used to evaluate segment performance is the operating margin.

Apart from taxes and the associates’ share in net income, 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 Automotive segment.

Assets and liabilities are specific to each segment. Receivables assigned by the Automotive segment 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 Automotive segment has a repurchase commitment are included in the segment’s assets. When these vehicles are financed by the Sales Financing segment, the Sales Financing segment recognises a receivable on the Automotive segment.

Current and non-current assets and liabilities

Sales financing receivables, other securities, derivatives, loans and financial liabilities of the Sales Financing segment (other than redeemable shares and subordinated loans) are considered as current assets and liabilities, as they are used in normal business cycle of this operating segment.

For the Automotive segment, 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 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 2010, 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 one of the other components of comprehensive income, and therefore 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. They are therefore expressed in the relevant entity's functional currency, and translated into Euro at the closing rate.

When a foreign company is sold, the accumulated translation adjustments on its assets and liabilities are transferred to net 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).

The following impacts are therefore recorded in net income:

- translation adjustments related to financial operations by the Automotive segment 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 Automotive segment, 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 buyback commitment with a high probability of application, 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 buyback 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 PROGRAMMES

When based on the volume or price of the products sold, the cost of these programmes is deducted from revenues when the corresponding sales are recorded. Otherwise, the cost is included in selling, general and administrative expenses. If programmes 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 recognized immediately when the rates offered cannot cover refinancing and administration costs, and charged to sales financing revenues 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 Automotive segment 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 segment 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 unfavorable 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;
- 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)

Except for derivatives, 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 cash flow 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 and dividends from companies that are neither controlled nor under significant influence, which are recognized in the year they are distributed.

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. 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 authorized 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

Non-controlling interests (formerly called “minority interests”) are carried at fair value (the full goodwill method) or at their share in the fair value of assets acquired and liabilities transferred (the partial goodwill method). To date Renault has only recognized goodwill valued under the partial goodwill method. The choice of which method to use will be made for each individual case.

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.

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 and put options on non-controlling interests in companies controlled by the Group are treated as equity transactions. The positive or negative difference between the cost of acquiring shares and the book value of the non-controlling interests acquired is recorded in shareholders’ equity. The non-controlling interests concerned by put options are stated at fair 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 (eg 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, the cost of personnel assigned to the project and a share of overheads dedicated exclusively to development activities.

They also include financing costs for projects that began on or since January 1, 2009. The capitalization rate for borrowing costs is equal to the weighted average interest rate on non-dedicated borrowings of the year, with a limit such that capitalized borrowing costs do not exceed the total borrowing costs borne during the year. When a project is financed through a specific borrowing, the capitalization rate is equal to the interest rate on the borrowing.

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.

Production cost also includes financing costs borne during the construction phase of property, plant and equipment when construction began on or after January 1, 2009. The capitalization rate applied is the same as the rate used for intangible assets.

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 buyback clause covering more than one year (note 2-G).

Amortization

Amortization 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 amortization 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 **Automotive segment**, impairment tests are carried out at two levels:

- At the level of vehicle-specific and component-specific assets

  Vehicle-specific and component-specific assets are capitalized development expenses, specific tools and supplier tools. Impairment tests are carried out by comparing the net book value of the assets with the recoverable value, calculated based on discounted future cash flows related to the vehicle or component.

- At the level of cash-generating units

  A cash-generating unit is defined as the smallest identifiable group of assets that generates largely independent cash flows. 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 cash flows expected to arise from the continuing use of an asset. Future cash flows derive from the business plan drawn up and validated by the Management, plus a terminal value based on discounted normative cash flows after application of a growth rate to infinity. They also include the dividends paid by the Sales Financing segment to the Automotive segment; these dividends represent, in cash form, the Sales Financing segment's contribution as taken into consideration in internal assessments of project profitability.

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 prices 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 segment, an impairment test is carried out at least once a year or whenever as 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 cash flows as determined in the most recent five-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 cash flows 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 impairment 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 realisable 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. The normal level of activity is assessed site by site, in order to determine the share of fixed costs to be excluded in the event of below-normal activity.

Inventories are valued under the FIFO (First In First Out) method.

When the net realisable value is lower than the balance sheet value, 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 Automotive and Sales Financing segments. The resulting receivables and liabilities are recorded as operating items.

P – Treasury shares

Treasury shares are shares held for the purposes of stock-option plans awarded to Group managers and executives. They 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. 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, principally on a straight-line basis over the years of service.

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 average duration of the benefit plan concerned.

The actuarial gains and losses resulting from revisions of the underlying assumptions and experience-based adjustments are included in other components of comprehensive income, as allowed under 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, other securities i.e. short-term investments undertaken for management of cash surpluses, 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.

Investments in non-controlled companies in which Renault does not have significant influence, and other securities

Investments in non-controlled companies in which Renault does not have significant influence are considered as "available-for-sale" assets. Other securities are analyzed on a case-by-case basis: they are classified as "assets stated at fair value through profit and loss" if the Group intends to sell them in the short term, and as "available-for-sale" assets otherwise.

The fair values of financial assets are determined in priority by reference to the market price. If this is not possible, the Group uses a valuation method that is not based on market data.

Changes in the fair value of "available-for-sale" assets are included in other components of comprehensive income. If there is a significant or prolonged decrease in the fair value such that it falls below the acquisition price, impairment is recorded in the income statement.

Loans

Loans essentially include interbank loans for investment of cash surpluses.

They are initially recognized at fair value, plus directly attributable transaction costs.

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. These instruments are stated at amortized cost.

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. These instruments are stated at fair value.

U – Financial liabilities and sales financing debts

The Group recognizes a financial liability (for the Automotive segment) 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 debts represented by a certificate, borrowings from credit institutions, 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 Automotive segment redeemable shares are recorded in financial income and expenses, while changes in the fair value of Sales Financing segment redeemable shares are recorded in the operating margin.

Bonds, other debts represented by a certificate, borrowings from credit institutions and other interest-bearing borrowings

Bonds, other debts represented by a certificate, borrowings from credit institutions 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 generally 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 cash flows, 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 Automotive segment's derivatives are reported in the balance sheet as current if they mature within 12 months and non-current otherwise. All Sales Financing segment 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;
- cash flow 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;
- cash flow 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 other components of comprehensive income, while the ineffective portion is included in net income. 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 other components of comprehensive income, while the ineffective portion is included in net income. The cumulative amount included in equity is transferred to net income 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.

NOTE 3 – CHANGES IN THE SCOPE OF CONSOLIDATION

	AUTOMOTIVE	SALES FINANCING	TOTAL
Number of companies consolidated at December 31, 2009	**136**	**38**	**174**
Newly consolidated companies (acquisitions, formations, etc.)	6	-	6
Deconsolidated companies (disposals, mergers, liquidations, etc.)	(13)	-	(13)
Number of companies consolidated at December 31, 2010	**129**	**38**	**167**

The main changes in the scope of consolidation were as follows:

- 2010

Following signature of the letter of intent in December 2009, the consequences of which were reflected in the 2009 financial statements, Renault signed a strategic partnership agreement for its involvement in Formula 1 racing on February 5, 2010, transferring 75% of the capital of Renault F1 Team Ltd.

On December 6, 2010 the Group exercised its put option on the remaining 25% investment, for €5 million. This transaction has no impact on the 2010 financial statements, since the residual 25% had been stated at realisable value in the Group's accounts since the 2009 year-end.

Since 2008, through formation of the holding company Renault Environnement, the Group has worked with the SITA/Suez Environnement group to modernise end-of-life vehicle recycling operations in France. Renault Environnement and its subsidiaries Indra Investissements and Boone Comenor, both jointly-owned with SITA, are all included in the Group's scope of consolidation in 2010.

The Group made some changes during 2010 to the partnership initiated in 2005 with the Indian group Mahindra & Mahindra, which bought out Renault's shares in the joint-venture Mahindra Renault Ltd. The Group is continuing to do business in India through sale of a Logan licence and as the supplier of several components, and has reasserted its intention to continue Indian operations in the long term. On March 17, 2010 the Renault-Nissan Alliance inaugurated the Chennai plant with annual production capacity of 400,000 units, which will initially manufacture the new Nissan Micra. In 2011, production will also start on two Renault models to be sold on the Indian market: Koleos and Fluence. The joint-venture Renault Nissan Automotive India Private Limited is accounted for by the equity method from January 1, 2010.

The Group decided to deconsolidate Renault Venezuela from July 1, 2010 as this subsidiary is not material.

- 2009

Renault set up a new entity named Renault Tanger Méditerranée in Morocco, which was fully consolidated over the second half of 2009. Renault Tanger Méditerranée carries out industrial investments for the production site in the Tanger Méditerranée Special Development Zone.

4.2.7.2 SIGNIFICANT EVENTS

Cooperation with Daimler

In April 2010 the Renault-Nissan Alliance and Daimler AG signed a strategic cooperation agreement designed to bring rapid benefits for all three groups from a certain number of defined projects and the sharing of best practices. The agreement principally concerns a new common architecture for small vehicles, widespread powertrain sharing and joint development for light commercial vehicles.

This strategic industrial cooperation is reinforced by new cross-shareholdings between the three groups, reflected in the following exchanges of shares:

- Daimler acquired 3.1% of new shares issued by Renault;
- Daimler acquired 3.1% of Nissan's shares from Renault;
- Renault acquired 3.1% of Daimler's shares before transferring 1.55% of its investment in Daimler to Nissan, in exchange for 2% of Nissan's shares.

For the purposes of this operation the Renault group issued 10,785 thousand shares with par value of €3.81 per share. Of these 10,785 thousand shares, 9,167 thousand were remitted as remuneration for the investment acquired in Daimler and the remaining 1,618 thousand were subscribed by the Nissan group to maintain its percentage holding in the Renault group at 15%.

The Nissan group, meanwhile, transferred some of its treasury shares in exchange for the Daimler and Renault shares received. After these operations, Nissan owned 0.9% of its own shares (compared to 3.0% at December 31, 2009).

Following these exchanges, Daimler now owns a 3.1% stake in the Renault SA and Nissan groups, and Renault and Nissan each hold 1.55% of Daimler shares. Renault's investment in Nissan has been reduced from 44.3% to 43.4%.

The Renault group also sold 1,628 thousand treasury shares to the French State in order to maintain the State's shareholding in Renault at 15.01%.

The number of Renault shares now in circulation is 295,722 thousand (284,937 thousand at December 31, 2009). The percentages owned by the French State and Nissan are unchanged (15.01% and 15% respectively).

This agreement has the following impact on the Group's consolidated financial statements at December 31, 2010:

- the sale of Nissan's shares generated a capital gain of €30 million recorded under "Other operating income and expenses";
- the new shares issued by Renault led to a €373 million increase in consolidated shareholders' equity;
- the sale of treasury shares by Renault to the French State resulted in a €60 million increase in consolidated shareholders' equity, equivalent to the sale price;
- the neutralization of Nissan's investment in Renault (Nissan owns 15% of Renault), amounting to €(962) million at December 31, 2009, was adjusted for the combined effect of Renault's lower percentage holding in Nissan (€13 million) and the Renault capital increase subscribed by Nissan (€(26) million). It now amounts to €(975) million;
- the Daimler shares are included in the balance sheet assets under "Financial assets" as "Investments in non-controlled entities". The change in their fair value between the acquisition date and the closing date, which amounts to €250 million, is recorded in other components of comprehensive income in the category of "Fair value adjustments on available-for-sale financial assets".

Sale of AB Volvo Series B shares

On October 6, 2010 Renault sold all the Series B shares it owned in AB Volvo, i.e. 302,916 thousand shares representing 14.2% of the share capital and 3.8% of the voting rights in AB Volvo, via a private placement with institutional investors, at the price of SEK 93 per share.

As Series B shares only concern one tenth of Volvo voting rights, in contrast to ordinary A shares that confer one voting right, Renault retains 17.5% of voting rights and is still the leading shareholder in AB Volvo. Taking into consideration the treasury shares held by AB Volvo, Renault's percentage interest in AB Volvo is 6.8%, compared to 21.8% at December 31, 2009. The consolidation method (equity method) remains unchanged. Renault has the same representation on the Board of Directors (two directors) and retains its significant influence.

This agreement has the following impacts on the consolidated financial statements at December 31, 2010:

- sale of the AB Volvo Series B shares generated a €2 billion profit, which is reported on a specific line of the consolidated income statement in view of its significant, non-recurring nature;
- sale of the AB Volvo Series B shares generated a cash inflow of €3,006 million, resulting in an equivalent reduction in net financial indebtedness.

4.2.7.3 INCOME STATEMENT AND COMPREHENSIVE INCOME

NOTE 4 – REVENUES

A – 2009 revenues applying 2010 Group structure and methods

(€ million)	AUTOMOTIVE	SALES FINANCING	TOTAL
2009 revenues	**31,951**	**1,761**	**33,712**
Changes in the scope of consolidation	31	(10)	21
2009 revenues applying 2010 Group structure and methods	**31,982**	**1,751**	**33,733**
2010 REVENUES	**37,172**	**1,799**	**38,971**

Rental income recorded by the Group in connection with vehicle sales with a repurchase commitment or vehicle rentals totalled €538 million in 2010 (€517 million in 2009). This income is included in sales of services.

B – Breakdown of revenues

(€ million)	2010	2009
Sales of goods	35,528	30,499
Sales of services [(1)]	2,126	1,916
Sales of goods and services	**37,654**	**32,415**
Income on customer financing	895	865
Income on leasing and similar operations	422	432
Sales financing revenues	**1,317**	**1,297**
REVENUES	**38,971**	**33,712**

(1) Including €482 million for sales financing in 2010 (€464 million in 2009).

NOTE 5 – COST OF SALES FINANCING

(€ million)	2010	2009
Income on cash investments	180	174
Refinancing expenses	(944)	(954)
Net financing costs	**(764)**	**(780)**
Net credit losses	**(49)**	**(173)**
COST OF SALES FINANCING	**(813)**	**(953)**

NOTE 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

	2010	2009
Personnel expenses (€ *million*)	5,603	5,140
Workforce at December 31	124,749	124,307

Details of pensions and other long-term benefit expenses are presented in note 21-C.

C – Share-based payments

Share-based payments concern stock-options and free shares granted to personnel, and amounted to a personnel expense of €8 million for 2010 (€14 million in 2009).

The plan valuation method is presented in note 20-H.

D – Rental expenses

Rents amounted to approximately €242 million in 2010 (€255 million in 2009).

E – Other expenses

In 2009, other expenses in France included business tax *(Taxe professionnelle)*. This tax was replaced in 2010 by the *Contribution économique territoriale* (CET). Both components of this local contribution, corporate real property tax (CFE) and a contribution based on value added (CVAE), are classified in the same category of expenses.

F – Foreign exchange gains/losses

In 2010, the operating margin included a net foreign exchange gain of €15 million (compared to a net foreign exchange loss of €4 million in 2009).

NOTE 7 – OTHER OPERATING INCOME AND EXPENSES

(€ million)	2010	2009
Restructuring and workforce adjustment costs	(449)	(218)
Gains and losses on total or partial disposal of businesses or operating entities, and other gains and losses related to changes in the scope of consolidation	39	(118)
Gains and losses on disposal of property, plant and equipment and intangible assets (except vehicle sales)	112	102
Impairment of fixed assets	(159)	(297)
Other unusual items	(7)	(28)
TOTAL	**(464)**	**(559)**

A – Restructuring and workforce adjustment costs

Restructuring costs recorded in 2010 were mainly incurred for the introduction of workforce adjustment measures in France, Spain and Turkey.

In France, these costs include the effect of measures proposed to respond to the hardship of work for older employees.

2009 restructuring costs included a €22 million reversal from provisions following final computation of the costs of the "*Projet Renault Volontariat*" voluntary termination plan introduced in October 2008 for Renault s.a.s. employees. More than 4,500 employees signed up to the plan, which closed in April 2009. After these departures the Group decided to progressively reorganize its establishments in the Paris area between 2009 and 2012. The restructuring costs for 2009 thus included a €66 million expense for rental commitments on temporarily vacant premises. Other restructuring costs mainly relate to restructuring action for certain businesses and workforce adjustment measures, particularly in Spain.

B – Gains and losses on total or partial disposal of businesses or operating entities, and other gains and losses related to changes in the scope of consolidation

In 2010, the net gain on disposal of businesses essentially corresponds to the profit on sale of Nissan shares as part of the cooperation agreement with the Daimler group (see "Significant events").

In 2009, this item comprised the sale of part of the Group's Formula 1 activity. After signing a letter of intent in December 2009, on February 5, 2010 Renault signed a strategic partnership agreement for its future involvement in Formula 1 racing, transferring 75% of its shares in the subsidiary Renault F1 Team Ltd. A provision of €118 million was booked at December 31, 2009 to cover the effect of this disposal (mainly goodwill).

C – 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 in 2010 and 2009 results from sales of land and buildings (in France, Korea, Belgium and Spain).

D – Impairment of fixed assets

As a result of impairment tests on fixed assets, a €159 million expense was recognized in 2010 (€297 million in 2009). In 2010 and 2009 this impairment essentially concerned capitalized development expenses for vehicles and components in the range (two vehicles in 2009, two other vehicles and one component in 2010).

NOTE 8 – FINANCIAL INCOME

The net interest expense for 2010 amounting to €354 million (€353 million in 2009) includes interest on the loans received from the French government and the European Investment Bank during the first half of 2009.

An initial repayment of €1 billion was made in September 2010 for the €3 billion loan from the French State.

Other financial income and expenses comprise:

(€ million)	2010	2009
Change in fair value of redeemable shares (note 24-A)	(31)	(43)
Other	9	(8)
TOTAL	**(22)**	**(51)**

Foreign exchange gains and losses included under "Other" represent a gain of €5 million in 2010 (compared to a loss of €1 million in 2009).

NOTE 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, and the UK.

A – Current and deferred tax expense

Breakdown of the tax charge

(€ million)	2010	2009
Current income taxes	(340)	(172)
Deferred tax credits (charges)	282	24
CURRENT AND DEFERRED TAXES	**(58)**	**(148)**

In 2010, €274 million of current income taxes were generated by foreign entities (€156 million in 2009).

Current taxes paid by the Group during 2010 totalled €186 million (€192 million in 2009).

B – Breakdown of the tax charge

(€ million)	2010	2009
Income before taxes and share in net income of associates	**2,259**	**(1,359)**
Income tax rate applicable in France	34.43%	34.43%
Theoretical tax income (charge)	**(778)**	**468**
Effect of differences between local rate and the French rate	102	62
Tax credits	33	55
Distribution taxes	(68)	63
Change in unrecognized deferred tax assets	(136)	(865)
Other impacts (1)	789	69
Current and deferred tax income (charge)	**(58)**	**(148)**

(1) Other impacts are primarily the following: permanent differences, income subject to reduced tax rates, the cost of tax reassessments, and prior year adjustments. In 2010 this amount includes the favorable €650 million effect of reduced-rate taxation of the gain on sale of AB Volvo Series B shares.

Until December 31, 2009, as there was no prospect of reporting taxable income, the Group wrote off all net deferred tax assets of the French tax consolidation system.

In 2010, the forecast results in the 2011/2016 plan led the Group to recognize some of these net deferred tax assets. The corresponding reversals were partly transferred to income and partly to consolidated reserves (notes 9 C-2 and 11-B), depending on the origins of the tax basis. The amount transferred to income explains the lower expense reported under "Change in unrecognized deferred tax assets" (negative effect of €177 million in 2010; negative effect of €771 million in 2009).

C – Breakdown of net deferred taxes

C1 – Change in deferred tax assets and liabilities

(€ million)	2010	2009
Deferred tax assets	279	252
Deferred tax liabilities	(114)	(132)
Net deferred tax assets (liabilities) at January 1	**165**	**120**
Deferred tax income (expense) for the period	282	24
Deferred tax income (expense) included in equity (1)	122	3
Translation adjustments	11	10
Change in scope of consolidation and other	-	8
Net deferred tax assets (liabilities) at December 31	**580**	**165**
Deferred tax assets	*705*	*279*
Deferred tax liabilities	*(125)*	*(114)*

(1) Mainly related to changes in the financial instruments revaluation reserve, actuarial gains and losses, and the effect of the partial hedge of the investment in Nissan.

C2 – Breakdown of net deferred tax assets by nature

(€ million)	2010	2009
Deferred taxes on:		
Investments in associates	(116)	(39)
Fixed assets	(1,759)	(1,741)
Provisions and other expenses or valuation allowances deductible upon utilization	864	778
Loss carryforwards	3,590	3,152
Other	249	205
Net deferred tax assets (liabilities)	**2,828**	**2,355**
Unrecognized deferred tax assets (note 9-C3)	(2,248)	(2,190)
NET DEFERRED TAX ASSETS (LIABILITIES) REPORTED	**580**	**165**

The residual unrecognized net deferred tax assets of entities included in the French tax consolidation amounted to €1,549 million. €508 million of these unrecognized assets arose on items booked through equity (chiefly the effects of the partial hedge of the investment in Nissan, revaluation of financial instruments, and actuarial gains and losses), and €1,041 million on items affecting the income statement.

C3 – Breakdown of unrecognized net deferred tax assets, by expiry

(€ million)	2010	2009
Net deferred tax assets that can be carried forward indefinitely	2,159	2,129
Other net deferred tax assets expiring in more than 5 years	23	14
Other net deferred tax assets expiring between 1 and 5 years	50	17
Other net deferred tax assets expiring within 1 year	16	30
TOTAL UNRECOGNIZED NET DEFERRED TAX ASSETS (1)	**2,248**	**2,190**
Deferred taxes on tax loss carryforwards	*2,184*	*2,119*
Other deferred taxes	*64*	*71*

(1) Including €1,549 million at December 31, 2010 (€1,505 million at December 31, 2009) corresponding to unrecognized net deferred tax assets of entities included in the French tax consolidation (note 9-C2).

NOTE 10 – BASIC AND DILUTED EARNINGS PER SHARE

(in thousands of shares)	2010	2009
Shares in circulation	292,127	284,937
Treasury shares	(3,438)	(7,882)
Shares held by Nissan x Renault's share in Nissan	(19,397)	(19,541)
Number of shares used to calculate basic earnings per share	**269,292**	**257,514**

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)	2010	2009
Number of shares used to calculate basic earnings per share	269,292	257,514
Dilutive effect of *stock-options* and free share attribution rights	-	-
Number of shares used to calculate diluted earnings per share	**269,292**	**257,514**

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 stock-options and rights to free share attribution with a dilutive effect.

In 2010, stock-options and free share attribution rights had no dilutive effect in view of the Renault share's average price over the period.

In 2009, as a net loss was recorded for the year, all stock-options and free share attribution rights were excluded in calculating the diluted earnings per share.

NOTE 11 – OTHER COMPONENTS OF COMPREHENSIVE INCOME

A – Breakdown of other components of comprehensive income

(€ million)	2010	2009
Actuarial gains and losses on defined benefit pension plans	**(14)**	**(45)**
Translation adjustments on foreign activities		
Gains/(losses) for the period	234	112
Reclassification under net income	24	-
TOTAL TRANSLATION ADJUSTMENTS ON FOREIGN ACTIVITIES	**258**	**112**
Partial hedge of the investment in Nissan		
Gains/(losses) for the period	(280)	(43)
Reclassification under net income	38	-
TOTAL PARTIAL HEDGE OF THE INVESTMENT IN NISSAN	**(242)**	**(43)**
Cash flow hedges		
Gains/(losses) for the period	(28)	(91)
Reclassification under net income	108	123
TOTAL CASH FLOW HEDGES	**80**	**32**
Available-for-sale financial assets		
Gains/(losses) for the period	232	6
Reclassification under net income	-	-
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**232**	**6**
Associates' share of other components of comprehensive income	**2,110**	**(228)**
OTHER COMPONENTS OF COMPREHENSIVE INCOME	**2,424**	**(166)**

B – Tax effects of other components of comprehensive income

	OTHER COMPONENTS OF COMPREHENSIVE INCOME					
	2010			2009		
(€ million)	BEFORE TAX	TAX	AFTER TAX	BEFORE TAX	TAX	AFTER TAX
Actuarial gains and losses on defined benefit pension plans	(19)	5	(14)	(54)	9	(45)
Translation adjustments on foreign activities	258	-	258	112	-	112
Partial hedge of the investment in Nissan	(375)	133	(242)	(43)	-	(43)
Cash flow hedges	73	7	80	32	-	32
Available-for-sale financial assets	249	(17)	232	9	(3)	6
Associates' share of other components of comprehensive income	2,116	(6)	2,110	(228)	-	(228)
TOTAL	**2,302**	**122[1]**	**2,424**	**(172)**	**6**	**(166)**

(1) Including €112 million related to partial recognition of the net deferred tax assets of the French tax consolidation (note 9-B).

4.2.7.4 OPERATING ASSETS AND LIABILITIES, SHAREHOLDERS' EQUITY

NOTE 12 – INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

A – Intangible assets

A1 – Intangible assets at December 31

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
Capitalized development expenses	7,099	7,021
Goodwill	250	232
Other intangible assets	443	395
Intangible assets, gross	**7,792**	**7,648**
Capitalized development expenses	(3,821)	(3,516)
Other intangible assets	(294)	(239)
Amortization and impairment	**(4,115)**	**(3,755)**
INTANGIBLE ASSETS, NET	**3,677**	**3,893**

Most goodwill is in Europe.

A2 – Changes during the year

(€ million)	GROSS VALUE	AMORTIZATION AND IMPAIRMENT	NET VALUE
Value at December 31, 2008	**7,315**	**(3,002)**	**4,313**
Acquisitions (note 27-C)/(amortization)	720	(1,080)	(360)
(Disposals)/reversals	(342)	342	-
Translation adjustment	23	(15)	8
Change in scope of consolidation and other	(68)	-	(68)
Value at December 31, 2009	**7,648**	**(3,755)**	**3,893**
Acquisitions (note 27-C)/(amortization)	751	(987)	(236)
(Disposals)/reversals	(640)	639	(1)
Translation adjustment	30	(20)	10
Change in scope of consolidation and other	3	8	11
Value at December 31, 2010	**7,792**	**(4,115)**	**3,677**

Acquisitions of intangible assets in 2010 comprise €676 million of self-produced assets and €75 million of purchased assets (respectively €585 million and €133 million in 2009). They also include €9 million of capitalized borrowing costs. The capitalization rate for borrowing costs in 2010 is 3.7%.

Amortization and impairment in 2010 include €144 million of impairment of capitalized development expenses relating mainly to two vehicles in the range and one component (note 7-D).

A3 – Research and Development expenses included in income

(€ million)	2010	2009
Research and Development expenses	(1,728)	(1,643)
Capitalized development expenses	666	587
Amortization of capitalized development expenses	(772)	(739)
TOTAL REPORTED IN INCOME STATEMENT	**(1,834)**	**(1,795)**

B – Property, plant and equipment

B1 – Property, plant and equipment at December 31

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
Land	594	596
Buildings	5,877	5,706
Specific tools	12,109	11,608
Machinery and other tools	9,879	9,836
Vehicles leased to customers	2,123	2,113
Other tangibles	871	613
Construction in progress	793	991
Property, plant and equipment, gross	**32,246**	**31,463**
Land and buildings	(2,923)	(2,749)
Specific tools	(9,407)	(8,566)
Machinery and other tools	(7,055)	(6,704)
Vehicles leased to customers	(581)	(540)
Other tangibles	(776)	(610)
Depreciation and impairment	**(20,742)**	**(19,169)**
PROPERTY, PLANT AND EQUIPMENT, NET	**11,504**	**12,294**

Depreciation and impairment in 2010 include impairment of €13 million (see note 7-D).

B2 – Changes during the year

Changes during 2010 in property, plant and equipment were as follows:

(€ million)	DECEMBER 31, 2009	ACQUISITIONS/ (DEPRECIATION AND IMPAIRMENT)	(DISPOSALS)/ REVERSALS	TRANSLATION ADJUSTMENTS	CHANGE IN SCOPE OF CONSOLIDATION AND OTHER	DECEMBER 31, 2010
Land	596	3	(17)	15	(3)	594
Buildings	5,706	244	(128)	64	(9)	5,877
Specific tools	11,608	694	(219)	104	(78)	12,109
Machinery and other tools	9,836	336	(213)	132	(212)	9,879
Vehicles leased to customers	2,113	695	(742)	18	39	2,123
Other tangibles	613	55	(80)	15	268	871
Construction in progress [(1)]	991	(202)	(19)	20	3	793
Property, plant and equipment, gross [(2)]	**31,463**	**1,825**	**(1,418)**	**368**	**8**	**32,246**
Land	-	-	-	-	-	-
Buildings	(2,749)	(238)	83	(23)	4	(2,923)
Specific tools	(8,566)	(998)	176	(65)	46	(9,407)
Machinery and other tools	(6,704)	(635)	205	(79)	158	(7,055)
Vehicles leased to customers [(3)]	(540)	(171)	156	(5)	(21)	(581)
Other tangibles	(610)	(42)	69	(11)	(182)	(776)
Construction in progress	-	-	-	-	-	-
Depreciation and impairment	**(19,169)**	**(2,084)**	**689**	**(183)**	**5**	**(20,742)**
Land	596	3	(17)	15	(3)	594
Buildings	2,957	6	(45)	41	(5)	2,954
Specific tools	3,042	(304)	(43)	39	(32)	2,702
Machinery and other tools	3,132	(299)	(8)	53	(54)	2,824
Vehicles leased to customers	1,573	524	(586)	13	18	1,542
Other tangibles	3	13	(11)	4	86	95
Construction in progress [(1)]	991	(202)	(19)	20	3	793
Property, plant and equipment, net	**12,294**	**(259)**	**(729)**	**185**	**13**	**11,504**

(1) Construction in progress transfer to dedicated asset category is reported in the "acquisitions/(depreciation and impairment)" column.
(2) Acquisitions during 2010 include €34 million of borrowing costs capitalized over the year. The capitalization rate for borrowing costs in 2010 is 3.7%.
(3) Impairment of vehicles leased to customers amounts to €154 million at December 31, 2010 (€155 million at December 31, 2009).

Changes during 2010 in property, plant and equipment were as follows:

(€ million)	GROSS VALUE	DEPRECIATION AND IMPAIRMENT	NET VALUE
Value at December 31, 2009	**31,463**	**(19,169)**	**12,294**
Acquisitions/(depreciation and impairment)	1,825	(2,084)	(259)
(Disposals)/reversals	(1,418)	689	(729)
Translation adjustment	368	(183)	185
Change in scope of consolidation and other	8	5	13
Value at December 31, 2010	**32,246**	**(20,742)**	**11,504**

NOTE 13 – 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).

A – Impairment tests on vehicle-specific and component-specific assets

Following impairment tests of assets dedicated to specific vehicles or components, impairment of €159 million was booked during 2010 (€297 million at December 31 2009), mainly in respect of two models in the range and one component. This impairment is 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. For vehicles presenting the greatest risk, a further 15-25% decrease in any of the assumptions used would bring the value in use to the same level as the book value.

B – Impairment tests on cash-generating units – Automotive segment

In 2010 as in 2009, only the Europe cash-generating unit was subjected to an impairment test, as there were no indications of impairment in 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 cash flow method on the basis of the following assumptions:

Europe	2010	2009
Business plan duration	6 years	5 years
Growth rate to infinity	1.5%	1.5%
After-tax discount rate	8.2%	8.2%

In 2010 as in 2009, no impairment was recognized on assets included in the cash-generating units subjected to impairment tests.

An impairment test was also carried out on the Automotive segment as a cash-generating unit, following the same procedure as for tests of other cash-generating units.

The assumptions used for the Automotive segment are as follows:

	2010	2009
Forecast sales volumes over the projected horizon *(units)*	3,052,000	2,868,000
Growth rate to infinity	1.5%	1.5%
After-tax discount rate	8.2%	8.2%

In 2010 as in 2009, no impairment was recognized on assets included in the Automotive segment 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 projected volume reduction must not exceed 235,000 units;
- the after-tax discount rate must not exceed 12%.

With a growth rate to infinity close to zero, the conclusions of the test are unaffected.

NOTE 14 – INVESTMENT IN NISSAN

A – Nissan consolidation method

Following the operations described in "Significant events", Renault's investment in Nissan was down slightly, from 44.3% in 2009 to 43.4% in 2010. 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, 2010 as in 2009, Renault supplied four of the total nine members of Nissan's Board of Directors;
- Renault Nissan b.v. 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 b.v. 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 January to December are consolidated in Renault's annual financial statements).

Following the transactions described in "Significant events", Nissan held 0.9% of its own shares at December 31, 2010, compared to 3.0% at December 31, 2009. Consequently, Renault's percentage interest in Nissan was 43.8% at December 31, 2010, compared to 45.7% at December 31, 2009.

C – Changes in the investment in Nissan

	SHARE IN NET ASSETS			NET GOODWILL	TOTAL
(€ million)	BEFORE NEUTRALIZATION	NEUTRALIZATION PROPORTIONAL TO NISSAN'S INVESTMENT IN RENAULT [1]	NET		
At December 31, 2009	**10,817**	**(962)**	**9,855**	**728**	**10,583**
2010 net income	1,084	-	1,084	-	1,084
Dividend distributed	(88)	-	(88)	-	(88)
Translation adjustment	1,756	-	1,756	162	1,918
Effect of the Alliance/Daimler cooperation [2]	(212)	(13)	(225)	(12)	(237)
Other changes [3]	85	-	85	-	85
At December 31, 2010	**13,442**	**(975)**	**12,467**	**878**	**13,345**

(1) Nissan has held 15% of Renault since the acquisition in 2002, excluding the subsequent impacts of Renault's repurchases of its treasury shares.

(2) These effects are described in "Significant events".

(3) Other changes include Renault dividends received by Nissan (if any), 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, 2009	2010 NET INCOME	DIVIDENDS	TRANSLATION ADJUSTMENT	EFFECTS OF THE ALLIANCE/ DAIMLER COOPERATION (1)	OTHER CHANGES (2)	DECEMBER 31, 2010
Shareholders' equity – Nissan share under Japanese GAAP	**2,690**	**277**	**(21)**	**(190)**	**86**	**16**	**2,858**
Restatements for Renault group requirements:							
Restatement of fixed assets	354	(2)					352
Provision for pension and other long-term employee benefit obligations (3)	(234)	32		2		26	(174)
Capitalization of development expenses	565	(25)					540
Deferred taxes and other restatements (4)	(225)		(1)	11	(5)	(19)	(239)
Net assets restated for Renault group requirements	**3,150**	**282**	**(22)**	**(177)**	**81**	**23**	**3,337**
(€ million)							
Net assets restated for Renault group requirements	**23,660**	**2,468**	**(201)**	**3,940**	**639**	**198**	**30,704**
Renault's share	45.7%						43.8%
(before neutralization described below)	10,817	1,084	(88)	1,756	(212)	85	13,442
Neutralization proportional to Nissan's investment in Renault (5)	(962)				(13)		(975)
Renault's share in the net assets of Nissan	**9,855**	**1,084**	**(88)**	**1,756**	**(225)**	**85**	**12,467**

(1) Operations described in "Significant events".
(2) Other changes mainly include the change in actuarial gains and losses on pension obligations and the change in the financial instruments revaluation.
(3) Including actuarial gains and losses recognized in equity.
(4) Including elimination of Nissan's investment in Renault, accounted for by the equity method.
(5) Nissan has held 15% of Renault since the acquisition in 2002, excluding the subsequent impacts of Renault's repurchases of its treasury shares.

E – Nissan net income under Japanese GAAP

Since Nissan's financial year ends at March 31, the Nissan net income included in the 2010 Renault consolidation is the sum of Nissan's net income for the final quarter of its 2009 financial year and the first three quarters of its 2010 financial year.

	JANUARY TO MARCH 2010		APRIL TO JUNE 2010		JULY TO SEPTEMBER 2010		OCTOBER TO DECEMBER 2010		JANUARY TO DECEMBER 2010	
	FOURTH QUARTER OF NISSAN'S 2009 FINANCIAL YEAR		FIRST QUARTER OF NISSAN'S 2010 FINANCIAL YEAR		SECOND QUARTER OF NISSAN'S 2010 FINANCIAL YEAR		THIRD QUARTER OF NISSAN'S 2010 FINANCIAL YEAR		REFERENCE PERIOD FOR RENAULT'S 2010 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)	*(in billions of yen)*	*(€ million)* (1)
Net income – parent-company shareholders' share	(12)	(92)	107	908	102	919	80	714	277	2,449

(1) Converted at the average 2010 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, 2010. 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)
2010 revenues	8,460	72,645
2010 net income (2)	304	2,613
Shareholders' equity at December 31, 2010	3,618	33,299
BALANCE SHEET TOTAL AT DECEMBER 31, 2010	**11,025**	**101,472**

(1) Converted at the average exchange rate for 2010 i.e.116 JPY = 1 EUR for income statement items, and at the December 31, 2010 rate i.e. 109 JPY = 1 EUR 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 Group has partially hedged the yen/euro exchange risk on its investment in Nissan since 1999.

At December 31, 2010, the corresponding hedging operations totalled ¥148 billion (€1,362 million), comprising ¥13 billion (€120 million) of private placements on the EMTN market and ¥135 billion (€1,242 million) in bonds issued directly in yen on the Japanese Samurai bond market.

During 2010, these operations generated unfavourable foreign exchange differences of €413 million (€43 million in 2009). After deduction of deferred taxes and items recycled to profit and loss following sale of the Nissan shares, the net unfavourable effect of €(242) million was included in the Group's consolidated reserves (note 20-E).

H – Valuation of Renault's investment in Nissan at stock market prices

Based on the quoted price at December 31, 2010 of JPY 773 per share, Renault's investment in Nissan is valued at €13,959 million (€12,190 million at December 31, 2009 based on the price of JPY 810 per share).

I – 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 2010 principally takes the following forms:

Joint investments

Renault and Nissan share development costs and investments for gearbox and engine production.

The two Groups have made joint investments since 2007 for production of Logan vehicles. This type of cooperation has been extended to South Africa, where the Nissan group has manufactured the Sandero since 2009.

Vehicle manufacturing

In Brazil, Renault supplies Nissan with assembly services for its Frontier and Livina models at the Curitiba plant. 18,000 vehicles were assembled during the year.

Production of the dual-badged Clio/Platina at Nissan's Aguascalientes plant in Mexico and the Aprio (from the Logan range) at Renault's Curitiba plant for the Mexican market has been suspended.

Renault Samsung Motors produced 50,000 Nissan-badged SM3 vehicles in 2010, purchased by Nissan for sale through its own network (mainly in Russia and the Middle East).

Concerning light commercial vehicles, Nissan produced 41,000 Trafic vans at its Barcelona plant over the year. 13% of these are sold through the Nissan network. Renault, meanwhile, produced 1,000 Interstar (Nissan-badged Masters), which are purchased by Nissan for sale through its own network. This low volume is explained by the model reaching the end of its life, and the launch of the new model derived from the New Master, planned for 2011.

Part sales

In Europe, Renault group produces engines common to the Alliance at its Cléon plant, for use by Nissan's Japanese and UK plants in the Nissan Qashqai and X-Trail vehicles. Renault also supplies gearboxes and engines manufactured at the plants in Cacia in Portugal, Valladolid and Seville in Spain, Cléon in France and Pitesti in Romania to Nissan's plants in Sunderland in the UK, Barcelona in Spain, and Saint Petersburg in Russia. In 2010 Renault's Seville plant began making gearboxes assembled for the new Micra manufactured by Nissan in the Alliance's new plant opened in Chennai (India). It also started production of gearboxes and engines for Nissan, after European production of the NV200 Mini Van was transferred from Japan to Barcelona.

In South America, Renault supplies gearboxes made by its subsidiary Cormecanica to Nissan plants located mostly in Mexico, Indonesia, Brazil and China. These parts are used in Nissan's Micra, Note and Qashqai. Renault also supplies gearboxes to Nissan for use in production at its plants in Japan, China, South Africa, Indonesia, Vietnam and Thailand. In total Renault supplied 765,000 gearboxes and 262,000 engines during 2010.

In South Korea, Nissan supplies Renault Samsung Motors with parts used in the SM3, SM5, SM7 and the Koleos.

Renault also uses Nissan's V6 3.5 litre petrol engine for the Laguna and the Espace, Nissan pinions for the Megane range, and automatic gearboxes, with continuous variable transmissions for the Megane and the Espace. Renault also uses a 2.0 litre engine developed jointly with Nissan for the Laguna and Clio. In 2010, Nissan began to supply rear axles for the Duster.

Sales

Group Offices, run by Renault, have been set up at European level to facilitate exchanges of best practices.

At local level, local joint Group Offices, 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 also markets Nissan vehicles in some countries in Europe (essentially in the former Yugoslavia), and in South America (Argentina).

Conversely, Nissan markets Renault vehicles in Japan, Australia and the Gulf countries.

Finance

From trading-rooms in Lausanne and Singapore, Renault Finance acts as the 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 2010, Renault Finance undertook foreign exchange transactions totalling approximately €22.6 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. In 2010, the consolidated RCI sub-group recorded €72 million of income in the form of commission and interest received from Nissan.

Total figures for 2010

Total sales by Renault to Nissan and purchases by Renault from Nissan during 2010 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.

NOTE 15 – INVESTMENTS IN OTHER ASSOCIATES

Details of investments in other associates are as follows:

- balance sheet value: €854 million at December 31, 2010 (€1,501 million at December 31, 2009);
- Renault's share in the net income of other associates: €205 million for 2010 (€(659) million for 2009).

Most of these amounts relate to the investments in AB Volvo and in AvtoVAZ, accounted for under the equity method.

A – AB Volvo

AB Volvo's financial year-end is December 31.

A1 – Changes in the value of Renault's investment in AB Volvo

(€ million)	SHARE IN NET ASSETS	NET GOODWILL	TOTAL
At December 31, 2009	**1,225**	**35**	**1,260**
2010 net income	214	-	214
Dividend distributed	-	-	-
Effects of the sale of AB Volvo Series B shares	(1,003)	(28)	(1,031)
Repurchase of AB Volvo treasury shares	-	-	-
Translation adjustment, actuarial gains and losses and revaluation of financial instruments	69	6	75
At December 31, 2010	**505**	**13**	**518**

As explained in "Significant events", in October 2010 the Group sold all the Series B shares it owned in AB Volvo, i.e. 302,916 thousand shares representing 14.2% of the share capital and 3.8% of the voting rights in AB Volvo. Taking into consideration the treasury shares held by AB Volvo (4.8% of its own shares, unchanged from 2009), Renault's percentage interest in AB Volvo is now 6.8%, compared to 21.8% at December 31, 2009. The contributions for the first three quarters of 2010 have been calculated based on a 21.8% percentage ownership; only the contribution after the sale of the shares (final quarter of 2010) has been calculated using the new percentage ownership.

Based on AB Volvo's stock market share price of SEK 115 per A share at December 31, 2010, Renault's investment in AB Volvo is valued at €1,778 million.

A2 – Changes in AB Volvo equity restated for the purposes of the Renault consolidation

(€ million)	DECEMBER 31, 2009	NET INCOME 2010	DIVIDENDS	EFFECTS OF THE SALE OF SERIES B SHARES	OTHER CHANGES	DECEMBER 31, 2010
Shareholders' equity – AB Volvo share	6,477	1,138			540	8,155
Restatements for Renault group requirements	(856)	82			4	(770)
Net assets restated for Renault group requirements	5,621	1,220			544	7,385
Renault's share in the net assets of AB Volvo	**1,225**	**214**	**-**	**(1,003)**	**69**	**505**

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.

A3 – AB Volvo financial information under IFRS

AB Volvo financial information for 2010 established under IFRS, as published by AB Volvo, is summarized as follows:

	(in millions of SEK)	*(€ million)* (1)
2010 revenues	264,749	27,730
2010 net income	11,212	1,174
Shareholders' equity at December 31, 2010	74,121	8,267
BALANCE SHEET TOTAL AT DECEMBER 31, 2010	**318,007**	**35,471**

(1) *Converted at the average exchange rate for 2010 i.e. 9.55 SEK = 1 EUR for income statement items, and at the December 31, 2010 rate i.e. SEK 8.97 = 1 EUR for balance sheet items.*

A4 – Operations between the Renault group and the AB Volvo group

There were no significant joint operations by the Renault group and the AB Volvo group in 2010.

B – AvtoVAZ

AvtoVAZ's financial year-end is December 31. 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 three-month time-lag. Consequently, the AvtoVAZ net income included in Renault's 2010 consolidated financial statements is the sum of AvtoVAZ's net income for the final quarter of its 2009 financial year and the first three quarters of its 2010 financial year.

B1 – Changes in the value of Renault's investment in AvtoVAZ

(€ million)	SHARE IN NET ASSETS
At September 30, 2009	**119**
Net income for the period October 1, 2009 to September 30, 2010	(21)
Dividend distributed	-
Repurchase of AvtoVAZ treasury shares	-
Translation adjustment, actuarial gains and losses and revaluation of financial instruments	(7)
At September 30, 2010	**91**

Renault's percentage interest in AvtoVAZ was 25.0% at December 31, 2010, unchanged from December 31, 2009.

The contribution recorded for 2010 was significantly higher than in 2009 (a loss of €370 million had been recorded in 2009 for the period October 1, 2008 to September 30, 2009). The AvtoVAZ group is benefiting from the automobile market's recovery in Russia, driven partly by a scrappage premium programme, but the impairment loss reserve recognized on tangible assets in 2009 was retained in 2010.

On July 15, 2010 the shareholders of AvtoVAZ (Renault, Russian Technologies and Troïka Dialog) signed the final agreement on the resources and main stages of restructuring and recapitalization of AvtoVAZ. Renault will retain its 25% investment plus one share in AvtoVAZ, and will invest the equivalent of €240 million over the period up to 2012, thus contributing to the manufacture of new models on a new production line dedicated to the Logan platform (with maximum capacity of 350,000 vehicles a year, used 75% by the Renault-Nissan Alliance). Renault will also assist AvtoVAZ in these developments.

Based on AvtoVAZ's stock market share price of RUB 26.8 per ordinary share and RUB 5.19 per preferred share at September 30, 2010, Renault's investment in AvtoVAZ is valued at €238 million (€124 million at September 30, 2009 based on the price of RUB 14.7 per ordinary share and RUB 3 per preferred share).

At December 31, 2010, the stock market valuation (€318 million) is €227 million higher than the value of AvtoVAZ in Renault's financial statements. The Group has not recorded any impairment loss.

B2 – Changes in AvtoVAZ equity restated for the purposes of the Renault consolidation

(€ million)	OCTOBER 1, 2009	NET INCOME FOR THE PERIOD OCTOBER 1, 2009 – SEPTEMBER 30, 2010	DIVIDENDS	OTHER CHANGES	SEPTEMBER 30, 2010
Shareholders' equity – AvtoVAZ share	444	(84)	-	(26)	334
Restatements for Renault group requirements	30	-	-	-	30
Net assets restated for Renault group requirements	474	(84)	-	(26)	364
Renault's share in the net assets of AvtoVAZ	**119**	**(21)**	**-**	**(7)**	**91**

Restatements for Renault group requirements mainly concern valuation of intangibles (the Lada brand) and fair value measurement of financial liabilities.

B3 – AvtoVAZ financial information under IFRS

AvtoVAZ's published financial information under IFRS for 2009 (year-ended December 31) and the first three quarters of the year 2010 is summarised below:

2009	*(millions of roubles)*	*(€ million)* (1)
2009 revenues	92,043	2,085
2009 net income	(49,214)	(1,115)
Shareholders' equity at December 31, 2009	11,868	275
BALANCE SHEET TOTAL AT DECEMBER 31, 2009	**121,200**	**2,809**

(1) *Converted at the average exchange rate for 2009 i.e. 44.14 RUB = 1 EUR for income statement items and the exchange rate at December 31, 2009 i.e 43.15 RUB = 1 EUR for balance sheet items.*

JANUARY TO SEPTEMBER 2010	*(millions of roubles)*	*(€ million)* (1)
Revenues, January – September 2010	95,691	2,405
Net income, January – September 2010	2,916	73
Shareholders' equity at September 30, 2010	14,656	352
BALANCE SHEET TOTAL AT SEPTEMBER 30, 2010	**126,461**	**3,033**

(1) *Converted at the average exchange rate for January to September 2010, i.e. 39.79 RUB = 1 EUR for income statement items and the exchange rate at September 30, 2010, i.e 41.69 RUB = 1 EUR for balance sheet items*

B4 – Operations between the Renault group and the AvtoVAZ group

There were no significant joint operations by the Renault and AvtoVAZ groups in 2010.

NOTE 16 – INVENTORIES

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
Raw materials and supplies	1,058	916
Work-in-progress	263	237
Finished products	3,246	2,779
INVENTORIES, NET	**4,567**	**3,932**
Inventories, gross [(1)]	*5,049*	*4,450*
Impairment [(2)]	*(482)*	*(518)*

(1) Including gross value of used vehicles: €1,005 million at December 31, 2010 (€929 million at December 31, 2009).

(2) Including impairment of used vehicles: €143 million at December 31, 2010 (€129 million at December 31, 2009).

NOTE 17 – SALES FINANCING RECEIVABLES

A – Sales financing receivables by nature

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
Dealership receivables	4,535	4,326
Financing for end-customers	11,665	11,118
Leasing and similar operations	4,017	3,811
Gross value	**20,217**	**19,255**
Impairment	(941)	(1,012)
NET VALUE	**19,276**	**18,243**

The Sales Financing segment undertook several securitization operations through special purpose vehicles (in France, Italy, Germany and the United Kingdom) involving receivables on the dealership network and 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 €7,247 million at December 31, 2010 (€7,441 million at December 31, 2009). A liability of €3,775 million was recognized at December 31, 2010 (€3,812 million at December 31, 2009) 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 European Central Bank and therefore form a liquidity reserve. At December 31, 2010, RCI Banque had provided guarantees of €2,832 million (€3,892 million in 2009) to the European Central Bank: €2,749 million in the form of shares in securitization vehicles and €83 million in sales financing receivables (€3,611 million and €281 million at December 31, 2009). RCI Banque has used €450 million of this liquidity reserve at December 31, 2010 (€2,000 million at December 31, 2009), classified as borrowings from credit institutions in sales financing debts (note 24).

At December 31, 2010, RCI Banque also provided guarantees to the *Société de financement de l'économie française* (SFEF) in the form of receivables with book value of €1,658 million (€1,978 million at December 31, 2009), in return for financing of €824 million (€1,084 million at December 31, 2009) recorded in borrowings from credit institutions in debts of the Sales Financing segment (note 24).

The fair value of sales financing receivables is €19,448 million at December 31, 2010 (€18,333 million at December 31, 2009). This value is estimated by discounting future cash flows at rates that would be applicable to similar loans (conditions, maturity and debtor quality) at the year-end.

B – Sales financing receivables by maturity

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
-1 year	11,052	10,507
1 to 5 years	8,190	7,692
+5 years	34	44
TOTAL SALES FINANCING RECEIVABLES, NET	**19,276**	**18,243**

C – Breakdown of overdue sales financing receivables (gross values)

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
Receivables for which impairment has been recognized [(1)]: overdue by	**702**	**800**
0 to 30 days	21	31
30 to 90 days	52	59
90 to 180 days	56	80
More than 180 days	573	630
Receivables for which no impairment has been recognized: overdue by	**16**	**14**
0 to 30 days	16	2
30 to 90 days	-	10
90 to 180 days	-	1
More than 180 days	-	1

(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 financing commitments for 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). In particular, guarantees held in connection with overdue or impaired sales financing receivables amounted to €462 million at December 31, 2010 (€607 million at December 31, 2009).

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, 2009	**(1,012)**
Impairment recorded during the year	(421)
Reversals for application	268
Reversals of unused residual amounts	241
Translation adjustment and other	(17)
Impairment at December 31, 2010	**(941)**

NOTE 18 – AUTOMOBILE RECEIVABLES

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
Gross value	1,432	1,234
Impairment	(103)	(137)
AUTOMOBILE RECEIVABLES, NET	**1,329**	**1,097**

These receivables do not include accounts receivable 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, and no single non-Group customer accounts for more than 10% of the Group's total sales revenues.

The fair value of Automobile receivables is equal to their net book value due to their short-term maturities.

NOTE 19 – OTHER CURRENT AND NON CURRENT ASSETS

	DECEMBER 31, 2010			DECEMBER 31, 2009		
(€ million)	NON- CURRENT	CURRENT	TOTAL	NON- CURRENT	CURRENT	TOTAL
Prepaid expenses	59	183	242	68	218	286
Tax receivables (excluding current taxes)	8	852	860	14	846	860
Other receivables	262	561	823	206	477	683
Investments in controlled unconsolidated entities	106	-	106	136	-	136
Derivatives on operating transactions of the Automotive segment	-	8	8	-	-	-
Derivatives assets on financing transactions of the Sales Financing segment	-	81	81	-	95	95
TOTAL	**435**	**1,685**	**2,120**	**424**	**1,636**	**2,060**
Gross value	*584*	*1,725*	*2,309*	*573*	*1,672*	*2,245*
Impairment	*(149)*	*(40)*	*(189)*	*(149)*	*(36)*	*(185)*

NOTE 20 – SHAREHOLDERS' EQUITY

A – Share capital

The capital increases undertaken during the period are described in "Significant events".

The total number of ordinary shares issued and fully paid-up at December 31, 2010 was 295,722 thousand, with par value of €3.81 per share (unchanged from December 31, 2009).

Treasury shares do not bear dividends. They accounted for 0.98% of Renault's share capital at December 31, 2010 (1.59% at December 31, 2009).

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 2009.

The Group's objectives are monitored in different ways in the different operating segments.

The Group manages the Automotive segment's capital with reference to a ratio equal to the segment'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 segment's loans, shareholders' equity is as reported in the Group's balance sheet). This ratio stood at 6.3% at December 31, 2010 (35.9% at December 31, 2009).

The Sales Financing segment 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%.

The Group also partially hedges its investment in Nissan (note 14-G).

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, 2010	DECEMBER 31, 2009
Total value of treasury shares *(€ million)*	145	229
Total number of treasury shares	2,895,381	4,523,725

Over 2010 Renault sold more than 1,628 thousand treasury shares for the sale price of €60 million, generating a loss of €(24) million recorded in shareholders' equity.

D – Distributions

At the General and Extraordinary Shareholders' Meeting of April 30, 2010, it was decided that no dividend would be distributed (as was the case in 2009).

E – Translation adjustment

The change in translation adjustment over the year is as follows:

(€ million)	2010	2009
Change in translation adjustment on the value of the investment in Nissan [1]	1,923	(365)
Impact, net of tax, of partial hedging of the investment in Nissan (note 14-G)	(242)	(43)
Total change in translation adjustment related to Nissan	**1,681**	**(408)**
Other changes in translation adjustment	354	81
TOTAL CHANGE IN TRANSLATION ADJUSTMENT	**2,035**	**(327)**

(1) Including €5 million transferred to income in 2010 after the sale of Nissan shares, reported under "Effects of the Alliance/Daimler cooperation" in note 14-C.

In 2010 and 2009, other changes in the translation adjustment mostly resulted from movements in 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)	CASH FLOW HEDGES	AVAILABLE-FOR-SALE FINANCIAL ASSETS	TOTAL
At December 31, 2009 [1]	**(139)**	**30**	**(109)**
Changes in fair value recorded in shareholders' equity	(45)	257	212
Transfer from shareholders' equity to the income statement [2]	133	(1)	132
At December 31, 2010 [1]	**(51)**	**286**	**235**

(1) For the schedule of transfers of amounts related to cash flow hedges transferred to shareholders' equity, see note F-3 below.
(2) For a breakdown of the amounts related to cash flow hedges transferred to shareholders' equity, see note F-2 below.

F2 – Breakdown of the amounts related to cash flow hedges transferred from the financial instrument revaluation reserve to the income statement

(€ million)	2010	2009
Operating margin	108	189
Other operating income and expenses	-	-
Net financial income (expense)	-	(1)
Share in net income of associates	25	60
Current and deferred taxes	-	(65)
TOTAL TRANSFERRED TO THE INCOME STATEMENT FOR CASH FLOW HEDGES	**133**	**183**

F3 – Schedule of amounts related to cash flow hedges transferred from the financial instruments revaluation reserve to the income statement

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
Within one year	2	(44)
After one year	(36)	(70)
Revaluation reserve for cash flow hedges excluding associates	**(34)**	**(114)**
Revaluation reserve for cash flow hedges - associates	(17)	(25)
TOTAL REVALUATION RESERVE FOR CASH FLOW HEDGES	**(51)**	**(139)**

This schedule is based on contractual maturities of hedged cash flows.

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 2010 or 2009. All plans introduced since 2006 include performance conditions which determine the number of options or shares granted to beneficiaries.

G1 – Changes in the number of stock-options held by personnel

	2010			2009		
	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	**10,977,350**	**67**		**11,703,615**	**67**	
Granted	-			-		
Exercised	-			-		
Expired	(589,648)	54	N/A	(726,265)	63	N/A
Outstanding at December 31	**10,387,702**	**68**		**10,977,350**	**67**	

G2 – Options and free share attribution rights yet to be exercised at December 31, 2010

PLAN	TYPE OF PLAN	GRANT DATE	EXERCISE PRICE (€)	OUTSTANDING	EXERCISE PERIOD
Plan 7	Stock purchase options	December 18, 2001	48.97	912,720	December 19, 2006 - December 17, 2011
Plan 8	Stock purchase options	September 5, 2002	49.21	1,497,686	September 6, 2007 - September 4, 2012
Plan 9	Stock purchase options	September 8, 2003	53.36	1,567,066	September 9, 2007 - September 7, 2011
Plan 10	Stock subscription options	September 14, 2004	66.03	2,031,350	September 15, 2008 - September 13, 2012
Plan 11	Stock subscription options	September 13, 2005	72.98	1,489,900	September 14, 2009 - September 12, 2013
Plan 12	Stock subscription options	May 4, 2006 and May 12, 2006 and June 30, 2006	87.98	1,332,084	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 (1)
Plan 13 bis	Attribution of free shares	May 12, 2006 and July 17, 2006	-	-	May 5, 2012 (1)
Plan 14	Stock subscription options	December 5, 2006 and February 19, 2007	93.86	1,556,906	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 (1)
Plan 16	Stock subscription options	December 5, 2007 and January 25, 2008	96.54	-	December 6, 2011 – December 5, 2015 (1)
Plan 16 bis	Attribution of free shares	December 5, 2007 and January 25, 2008	-	-	December 6, 2013 (1)

(1) As the performance conditions defined in the Renault Contract 2009 were not achieved, the free share plans are void.

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 7 and 8, and four years for plans 9 to 16. For stock-option plans, the exercise period then covers five years for plans 7 and 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 at the time each plan is valued.

The plans have been valued as follows:

N° PLAN	INITIAL VALUE (thousand of €)	UNIT FAIR VALUE	EXPENSE FOR 2010 (€ million)	EXPENSE FOR 2009 (€ million)	SHARE PRICE AT GRANT DATE (€)	VOLATILITY	INTEREST RATE	EXERCISE PRICE (€)	DURATION OF OPTION	DIVIDEND PER SHARE (€)
Plan 9	32,820	18.15	-	-	55.40	33.0%	3.79%	53.36	4-8 years	1.15
Plan 10	39,870	19.75	-	-	69.05	27.0%	3.71%	66.03	4-8 years	1.40
Plan 11	22,480	14.65	-	(4)	72.45	23.5%	2.68%	72.98	4-8 years	1.80
Plan 12 (1)	17,324	16.20	(2)	(4)	87.05	28.1%	3.90%	87.98	4-8 years	2.40 – 4.50
Plan 13 (1)	36,634	15.86	-	-	87.82	27.2%	3.85%	87.98	4-8 years	2.40 – 4.50
Plan 13 bis (1)	74,666	72.60	-	-	83.71	N/A	3.83%	N/A	N/A	2.40 – 4.50
Plan 14 (1)	26,066	15.00	(6)	(6)	92.65	26.7%	3.88%	93.86	4-8 years	2.40 – 4.50
Plan 15 (1)	29,747	15.19	-	-	84.68	36.0%	3.79%	96.54	4-8 years	2.40 – 4.50
Plan 16 (1)	10,279	13.68	-	-	81.79	36.4%	3.77%	96.54	4-8 years	2.40 – 4.50
Plan 16 bis (1)	9,040	71.15	-	-	87.28	N/A	3.81%	N/A	N/A	2.40 – 4.50
TOTAL	**298,926**		**(8)**	**(14)**						

(1) 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.

NOTE 21 – PROVISIONS

A – Provisions at December 31

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
Provisions (other than provisions for pension and other long-term employee obligations)	**1,962**	**1,590**
Provisions for restructuring and workforce adjustment costs	*595*	*296*
Provisions for warranty costs	*728*	*753*
Provisions for tax risks and litigation	*311*	*266*
Other provisions	*328*	*275*
Provisions for pension and other long-term employee benefit obligations	**1,246**	**1,153**
TOTAL PROVISIONS	**3,208**	**2,743**
Provisions – long-term	*2,243*	*1,829*
Provision – short-term	*965*	*914*

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, 2009	**296**	**753**	**266**	**275**	**1,590**
Increases	461	398	97	175	1,131
Reversals of provisions for application	(151)	(375)	(26)	(74)	(626)
Reversals of unused balance of provisions	(16)	(60)	(38)	(31)	(145)
Changes in scope of consolidation	(1)	(2)	-	(20)	(23)
Translation adjustments and other changes	6	14	12	3	35
At December 31, 2010	**595**	**728**	**311**	**328**	**1,962**

Reversal of unused balances of provisions mainly result from changes in the assumptions used to estimate the original provision.

In 2010, increases to restructuring provisions include the effect of workforce adjustment measures, essentially in France, Spain and Turkey (note 7-A).

At December 31, 2010, other provisions included €40 million of provisions established in application of environmental regulations (€43 million at December 31, 2009). 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, 2010.

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 €414 million in 2010 (€410 million in 2009).

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 annually 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 21-C6).

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)	4.5%

(1) The rate most frequently used to value the Group's obligations in France is 4.5% (4.6% in 2009) However, the rate varies between companies depending on the maturities of obligations.

The weighted average rate of return expected for the Group's principal funds is 4.9% in 2010. In the UK, where a significant portion of the group's pension funds are invested, the expected rate of return is 6.2%.

This return is determined based on past returns for each category of assets included in the portfolios.

C3 – Net expense for the year

(€ million)	2010	2009
Current service cost	83	77
Amortization of past service cost	(2)	(2)
Interest cost	65	49
Expected return on fund assets	(18)	(16)
Effects of workforce adjustment measures	(1)	(1)
Net expense (income) for the year	**127**	**107**

C4 – Provisions at December 31

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
French companies	1,039	976
Foreign companies	207	177
TOTAL	**1,246**	**1,153**

C5 – Changes in obligations, fund assets and provision

(€ million)	OBLIGATIONS	FUND ASSETS	OBLIGATIONS NET OF FUND ASSETS	UNRECORDED PAST SERVICE COSTS	BALANCE SHEET PROVISION
Balance at December 31, 2009	**1,492**	**(347)**	**1,145**	**8**	**1,153**
Net expense for the year 2010 (note 21-C3)	148	(19)	129	(2)	127
Benefits paid out	(68)	17	(51)	-	(51)
Contributions to funds	-	(9)	(9)	-	(9)
Actuarial gains (losses)	38	(19)	19	-	19
Translation adjustments	22	(14)	8	-	8
Change in scope of consolidation and other	-	(1)	(1)	-	(1)
Balance at December 31, 2010	**1,632**	**(392)**	**1,240**	**6**	**1,246**

C6 – Breakdown of fund assets

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
Equities	92	95
Bonds	254	209
Other	46	43
TOTAL FUND ASSETS	**392**	**347**

The weighted average real rate of return expected for the Group's principal funds is 6.6% in 2010. In the UK, where a significant portion of the Group's pension funds are invested, the expected real rate of return for 2010 is 9.9%.

The current best estimate for contributions payable in 2011 is €9 million.

C7 – Historical data

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
Obligations not covered by funds	1,207	1,054	977	1,130	1,021
Obligations covered by funds	425	438	376	450	486
Total obligations (A)	1,632	1,492	1,353	1,580	1,507
Value of fund assets (B)	392	347	307	388	363
Funding status (B) – (A)	**(1,240)**	**(1,145)**	**(1,046)**	**(1,192)**	**(1,144)**
Actuarial gains and losses on obligations recorded in equity during the year (before tax)	**(38)**	**(66)**	**44**	**(93)**	**(104)**
Actuarial gains and losses on fund assets recorded in equity during the year (before tax)	**19**	**12**	**(47)**	**10**	**19**

The cumulative actuarial net-of-tax gains and losses (excluding the associates' share) included in Other components of comprehensive income is €(255) million in 2010 (€(241) million at December 31, 2009).

NOTE 22 – OTHER CURRENT AND NON-CURRENT LIABILITIES

	DECEMBER 31, 2010			DECEMBER 31, 2009		
(€ million)	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Tax liabilities (excluding current taxes)	350	670	1,020	323	574	897
Social liabilities	13	1,543	1,556	11	1,279	1,290
Other liabilities	244	3,171	3,415	206	2,915	3,121
Deferred income	127	436	563	120	411	531
Derivatives on operating transactions of the Automotive segment	-	1	1	-	-	-
TOTAL	**734**	**5,821**	**6,555**	**660**	**5,179**	**5,839**

Other liabilities mainly correspond to deferred income recorded in connection with sales contracts including a buyback commitment.

4.2.7.5 FINANCIAL ASSETS AND LIABILITIES, FAIR VALUE AND MANAGEMENT OF FINANCIAL RISKS

NOTE 23 – FINANCIAL ASSETS – CASH AND CASH EQUIVALENTS

A – Current/non-current breakdown

	DECEMBER 31, 2010			DECEMBER 31, 2009		
(€ million)	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Investments in non-controlled entities	928	-	928	138	-	138
Other securities	-	56	56	-	68	68
Loans	89	485	574	68	327	395
Derivative assets on financing operations by the Automotive segment	711	258	969	820	392	1,212
Total financial assets	**1,728**	**799**	**2,527**	**1,026**	**787**	**1,813**
Gross value	*1,729*	*811*	*2,540*	*1,027*	*795*	*1,822*
Impairment	*(1)*	*(12)*	*(13)*	*(1)*	*(8)*	*(9)*
Cash equivalents	-	96	96	-	47	47
Cash on hand and bank deposits	-	9,929	9,929	-	7,976	7,976
TOTAL CASH AND CASH EQUIVALENTS	**-**	**10,025**	**10,025**	**-**	**8,023**	**8,023**

The increase in investments in non-controlled entities mainly concerns the Daimler shares purchased in connection with the strategic partnership described in "Significant events".

Investments in non-controlled entities include €58 million (€57 million at December 31, 2009) paid to the Modernization Fund for Automobile Equipment Suppliers (*Fonds de modernisation des équipementiers automobile* - FMEA), as part of the support plan for these suppliers introduced by the French authorities and automakers. Renault has undertaken a commitment to pay a total of €200 million as funds are called.

The current portion of other securities corresponds to securities that cannot be classified as cash equivalents.

B – Breakdown by category of financial instruments and fair value

(€ million)	INSTRUMENTS HELD FOR TRADING (1)	HEDGING DERIVATIVES	AVAILABLE-FOR-SALE INSTRUMENTS	TOTAL INSTRUMENTS CARRIED AT FAIR VALUE	LOANS AND RECEIVABLES	TOTAL
Investments in non-controlled entities			928	928		928
Other securities	1		55	56		56
Loans					574	574
Derivative assets on financing operations by the Automotive segment	882	87		969		969
Total financial assets at December 31, 2010	**883**	**87**	**983**	**1,953**	**574**	**2,527**
Cash equivalents	67		29	96		96
Cash on hand and bank deposits					9,929	9,929
TOTAL CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2010	**67**		**29**	**96**	**9,929**	**10,025**
Investments in non-controlled entities			138	138		138
Other securities	10		58	68		68
Loans					395	395
Derivative assets on financing operations by the Automotive segment	1,118	94		1,212		1,212
Total financial assets at December 31, 2009	**1,128**	**94**	**196**	**1,418**	**395**	**1,813**
Cash equivalents	15		32	47		47
Cash on hand and bank deposits					7,976	7,976
TOTAL CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2009	**15**		**32**	**47**	**7,976**	**8,023**

(1) Including derivatives not designated as hedges for accounting purposes.

No financial assets were reclassified in 2010 (nor 2009).

The fair value of loans is €595 million at December 31, 2010 (€409 million at December 31, 2009). For loans with original maturity of less than three months and floating-rate loans, the value recorded in the balance sheet is considered to be the fair value. Other fixed-rate loans have been measured by discounting future cash flows using the rates offered to Renault at December 31, 2010 and December 31, 2009 for loans with similar conditions and maturities.

The fair value of cash on hand and bank deposits is equal to their net book value, due to their short-term maturity.

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NOTE 24 – FINANCIAL LIABILITIES AND SALES FINANCING DEBTS

A – Current/non-current breakdown

	DECEMBER 31, 2010			DECEMBER 31, 2009		
(€ million)	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Renault SA redeemable shares	262	-	262	231	-	231
Bonds	4,180	968	5,148	3,192	1,009	4,201
Other debts represented by a certificate	-	416	416	-	617	617
Borrowings from credit institutions (at amortized cost)	1,142	749	1,891	1,174	595	1,769
Borrowings from credit institutions (at fair value)	223	-	223	230	-	230
Other interest-bearing borrowings	425	2,165	2,590	3,247	1,259	4,506
Financial liabilities of the Automotive segment (excluding derivatives)	**6,232**	**4,298**	**10,530**	**8,074**	**3,480**	**11,554**
Derivative liabilities on financing operations of the Automotive segment	602	248	850	713	345	1,058
Total financial liabilities of the Automotive segment	**6,834**	**4,546**	**11,380**	**8,787**	**3,825**	**12,612**
Diac redeemable shares	11	-	11	10	-	10
Bonds	-	7,808	7,808	-	6,113	6,113
Other debts represented by a certificate	251	7,315	7,566	251	6,851	7,102
Borrowings from credit institutions	-	4,007	4,007	-	6,651	6,651
Other interest-bearing borrowings	-	99	99	-	115	115
Total financial liabilities and debts of the Sales Financing segment (excluding derivatives)	**262**	**19,229**	**19,491**	**261**	**19,730**	**19,991**
Derivative liabilities on financing operations of the Sales Financing segment	-	137	137	-	182	182
Financial liabilities and debts of the Sales Financing segment	**262**	**19,366**	**19,628**	**261**	**19,912**	**20,173**
TOTAL FINANCIAL LIABILITIES AND SALES FINANCING DEBTS	**7,096**	**23,912**	**31,008**	**9,048**	**23,737**	**32,785**

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 €14 million for 2010 (€16 million for 2009), is included in interest expenses. These shares are listed on the Paris Stock Exchange, and traded for €328 at December 31, 2010 and €290 at December 31, 2009 for par value of €153, leading to a corresponding €31 million adjustment to the fair value of redeemable shares recorded in other financial expenses (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 2010, Renault SA redeemed bonds issued between 2003 and 2007 for a total of €1,164 million, and undertook new bond issues totalling €1,696 million with maturities between 2012 and 2017.

RCI Banque also redeemed bonds for a total of €2,308 million in 2010, and issued new bonds totalling €3,929 million and maturing between 2011 and 2016.

€3 billion loan from the French government in 2009

During 2009 the Group received a loan of €3 billion from the French government. This loan was initially repayable at term in 2014, although early repayment in part or in full was authorized from 2011.

In September 2010, once the State had given its authorization, the Group made an early repayment of a first tranche of €1 billion.

The interest rate applicable comprises a fixed portion of 6% and a variable portion indexed on the Group's operating margin rate, between a lower and upper limit set respectively at 6% and 9%.

The loan agreement stipulates that the interest rate will be raised if Renault fails to honour its commitments regarding development of clean vehicle systems and technologies in France, introduction of partnership arrangements with suppliers and using profits to reinforce shareholders' equity and make investments. The agreement includes standard accelerated payment clauses (in the event of default on repayments, inaccurate declarations, failure to comply with contractual obligations, insolvency proceedings, etc.) and entitles the French State to demand full repayment within three months if direct or indirect control over more than 50% of the capital or voting rights is transferred without prior approval.

This loan is recorded at amortized cost.

€400 million loan from the European Investment Bank

In 2009 the European Investment Bank approved a four-year loan of €400 million to help the Group in the transition to cleaner technologies with lower fuel consumption. The applicable interest rate of 4.4% is lower than the rate the Group could have negotiated on the market, and the favourable differential is treated as a subsidy calculated at €35 million. In accordance with Renault group accounting policies, this subsidy is charged to intangible assets or deducted from the Research and Development expenses financed by the loan.

Credit lines

At December 31, 2010, Renault SA had confirmed credit lines opened with banks worth €4,015 million (€4,070 million at December 31, 2009). The short-term portion amounted to €755 million at December 31, 2010 (€860 million at December 31, 2009). These credit lines had not been used at December 31, 2010 (nor 2009).

Sales financing's confirmed credit lines opened in several currencies with banks amounted to €4,570 million (€4,725 million at December 31, 2009). The short-term portion amounted to €1,377 million at December 31, 2010 (€1,526 million at December 31, 2009). These credit lines had been used to the extent of €3 million at December 31, 2010 (they were not used in 2009).

The contractual documentation for financial liabilities and confirmed credit lines contains no clause that could affect the continued supply of credit in the event of any change in Renault's credit rating or financial ratio compliance.

B – Breakdown by category of financial instrument and fair value

	INSTRUMENTS STATED AT FAIR VALUE				INSTRUMENTS STATED AT AMORTIZED COST (2)		
DECEMBER 31, 2010 *(€ million)*	INSTRUMENTS HELD FOR TRADING (1)	HEDGING DERIVATIVES	INSTRUMENTS DESIGNATED FROM INITIAL RECOGNITION AS AT FAIR VALUE	TOTAL INSTRUMENTS STATED AT FAIR VALUE	BALANCE SHEET VALUE	FAIR VALUE	BALANCE SHEET VALUE
Renault SA redeemable shares			262	262			262
Bonds					5,148	5,318	5,148
Other debts represented by a certificate					416	416	416
Borrowings from credit institutions			223	223	1,891	1,877	2,114
Other interest-bearing borrowings					2,590	2,645	2,590
Derivative liabilities on financing operations of the Automotive segment	847	3		850			850
TOTAL FINANCIAL LIABILITIES OF THE AUTOMOTIVE SEGMENT	**847**	**3**	**485**	**1,335**	**10,045**	**10,256**	**11,380**
Diac redeemable shares			11	11			11
Bonds					7,808	8,178	7,808
Other debts represented by a certificate					7,566	7,553	7,566
Borrowings from credit institutions					4,007	3,966	4,007
Other interest-bearing borrowings					99	99	99
Derivative liabilities on financing operations of the Sales Financing segment	83	54		137			137
FINANCIAL LIABILITIES AND DEBTS OF THE SALES FINANCING SEGMENT	**83**	**54**	**11**	**148**	**19,480**	**19,796**	**19,628**

(1) Including derivatives not classified as hedges for accounting purposes.
(2) Including financial liabilities subject to fair value hedges.

	Instruments stated at fair value				Instruments stated at amortized cost (2)		
December 31, 2009 *(€ million)*	**Instruments held for trading (1)**	**Hedging derivatives**	**Instruments designated from initial recognition as at fair value**	**Total instruments stated at fair value**	**Balance sheet value**	**Fair value**	**Balance sheet value**
Renault SA redeemable shares			231	231			231
Bonds					4,201	4,259	4,201
Other debts represented by a certificate					617	617	617
Borrowings from credit institutions			230	230	1,769	1,784	1,999
Other interest-bearing borrowings					4,506	4,768	4,506
Derivative liabilities on financing operations of the Automotive segment	1,053	5		1,058			1,058
TOTAL FINANCIAL LIABILITIES OF THE AUTOMOTIVE SEGMENT	**1,053**	**5**	**461**	**1,519**	**11,093**	**11,428**	**12,612**
Diac redeemable shares			10	10			10
Bonds					6,113	6,249	6,113
Other debts represented by a certificate					7,102	7,008	7,102
Borrowings from credit institutions					6,651	6,632	6,651
Other interest-bearing borrowings					115	115	115
Derivative liabilities on financing operations of the Sales Financing segment	8	174		182			182
FINANCIAL LIABILITIES AND DEBTS OF THE SALES FINANCING SEGMENT	**8**	**174**	**10**	**192**	**19,981**	**20,004**	**20,173**

(1) Including derivatives not classified as hedges for accounting purposes.
(2) Including financial liabilities subject to fair value hedges.

The fair value of financial liabilities and debts of the Sales Financing segment stated at amortized cost is essentially determined by discounting future cash flows at rates offered to Renault at December 31, 2010 and 2009 for loans with similar conditions and maturities.

C – Breakdown by maturity

For financial liabilities including derivatives, contractual flows are similar to the expected flows and correspond to the amounts to be paid.

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 Automotive segment

	DECEMBER 31, 2010							
(€ 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)								
2003	41	41	-	-	-	41	-	-
2004	50	50	50	-	-	-	-	-
2005	92	92	-	92	-	-	-	-
2006	1,026	1,026	460	-	538	28	-	-
2007	623	623	-	556	-	57	-	10
2008	824	824	414	-	410	-	-	-
2009	750	750	-	-	-	750	-	-
2010	1,715	1,715	-	414	156	-	645	500
Accrued interest, expenses and premiums	27	52	52	-	-	-	-	-
Total bonds	**5,148**	**5,173**	**976**	**1,062**	**1,104**	**876**	**645**	**510**
Other debts represented by a certificate	416	416	416	-	-	-	-	-
Borrowings from credit institutions	2,114	2,134	748	223	754	264	86	59
Other interest-bearing borrowings	2,590	2,645	2,158	48	27	19	22	371
Total other financial liabilities	**5,120**	**5,195**	**3,322**	**271**	**781**	**283**	**108**	**430**
Future interest on bonds and other financial liabilities		**869**	**154**	**179**	**160**	**118**	**57**	**201**
Redeemable shares	**262**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Derivative liabilities on financing operations	**850**	**851**	**248**	**440**	**149**	**11**	**3**	**-**
TOTAL FINANCIAL LIABILITIES OF THE AUTOMOTIVE SEGMENT	**11,380**	**12,088**	**4,700**	**1,952**	**2,194**	**1,288**	**813**	**1,141**

Other interest-bearing borrowings maturing in one year or less include the €2 billion balance of the loan received from the French government in 2009. This loan will be repaid early, as the contract allows.

The portion of financial liabilities of the Automotive segment maturing within one year breaks down as follows:

	DECEMBER 31, 2010			
(€ million)	CONTRACTUAL FLOWS MATURING WITHIN 1 YEAR	-1 MONTH	1-3 MONTHS	3 MONTHS-1 YEAR
Bonds	976	436	37	503
Other financial liabilities	3,322	367	1,382	1,573
Future interest on bonds and other financial liabilities	154	-	14	140
Redeemable shares	-	-	-	-
Derivative liabilities on financing operations	248	89	63	96
TOTAL FINANCIAL LIABILITIES MATURING WITHIN 1 YEAR	**4,700**	**892**	**1,496**	**2,312**

C2 – Financial liabilities and debts of the Sales Financing segment

	DECEMBER 31, 2010							
(€ 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)								
2005	34	34	2	23	-	-	9	-
2006	85	84	70	1	-	-	13	-
2007	500	500	-	500	-	-	-	-
2008	842	842	842	-	-	-	-	-
2009	2,295	2,295	1,529	766	-	-	-	-
2010	3,929	3,936	106	1,107	1,439	-	604	680
Accrued interest, expenses and premiums	123	144	144	-	-	-	-	-
Total bonds	**7,808**	**7,835**	**2,693**	**2,397**	**1,439**	**-**	**626**	**680**
Other debts represented by a certificate	7,566	7,566	5,129	1,767	300	119	251	-
Borrowings from credit institutions	4,007	4,002	2,830	759	66	244	101	2
Other interest-bearing borrowings	99	99	99	-	-	-	-	-
Total other financial liabilities	**11,672**	**11,667**	**8,058**	**2,526**	**366**	**363**	**352**	**2**
Future interest on bonds and other financial liabilities		**654**	**167**	**234**	**116**	**69**	**59**	**9**
Redeemable shares	**11**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Derivative liabilities on financing operations	**137**	**258**	**142**	**57**	**22**	**20**	**14**	**3**
TOTAL FINANCIAL LIABILITIES AND DEBTS OF THE SALES FINANCING SEGMENT	**19,628**	**20,414**	**11,060**	**5,214**	**1,943**	**452**	**1,051**	**694**

The portion of financial liabilities and debts of the Sales Financing segment maturing within one year breaks down as follows:

	DECEMBER 31, 2010			
(€ million)	CONTRACTUAL FLOWS MATURING WITHIN 1 YEAR	-1 MONTH	1-3 MONTHS	3 MONTHS-1 YEAR
Bonds	2,693	-	243	2,450
Other financial liabilities	8,058	2,756	2,150	3,152
Future interest on bonds and other financial liabilities	167	68	23	76
Redeemable shares	-	-	-	-
Derivative liabilities on financing operations	142	19	32	91
TOTAL FINANCIAL LIABILITIES MATURING WITHIN 1 YEAR	**11,060**	**2,843**	**2,448**	**5,769**

NOTE 25 – FAIR VALUE OF FINANCIAL INSTRUMENTS AND IMPACT ON NET INCOME

A – Fair value of financial instruments by level

The following breakdown by level is presented for financial instruments carried in the balance sheet at fair value:

- level 1: instruments whose fair values are derived from a listed price in an active market;
- level 2: instruments whose fair values are derived from observable market prices and are not included in Level 1;
- level 3: instruments whose fair values are derived from data not observable on the market.

(€ million)	DECEMBER 31, 2010 FAIR VALUE IN BALANCE SHEET	LEVEL 1	LEVEL 2	LEVEL 3
Investments in non-controlled entities	928	834	-	94
Other securities	56	-	56	-
Derivative assets on financing operations by the Automotive segment	969	-	969	-
Derivative assets on transactions undertaken for operating purposes by the Automotive segment	-	-	-	-
Derivative assets on financing operations by the Sales Financing segment	81	-	81	-
Cash equivalents	96	82	14	-
Financial instruments stated at fair value in the balance sheet assets	**2,130**	**916**	**1,120**	**94**
Renault SA redeemable shares	262	262	-	-
Borrowings from credit institutions by the Automotive segment	223	-	223	-
Derivative liabilities on transactions undertaken for financing purposes by the Automotive segment	850	-	850	-
Derivative liabilities on transactions undertaken for operating purposes by the Automotive segment	-	-	-	-
Diac redeemable shares	11	11	-	-
Derivative liabilities on financing operations of the Sales Financing segment	137	-	137	-
Financial instruments stated at fair value in the balance sheet liabilities	**1,483**	**273**	**1,210**	**-**

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.

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, the valuation methods for each level are as follows:

- level 1: fair value is identical to the most recent listed price;
- level 2: fair value is generally determined by recognized valuation models that use observable market data;
- level 3: the fair value of investments in non-controlled companies is based on the share of net assets.

No financial instruments were transferred between Level 1 and Level 2 in 2010, or into or out of Level 3.

B – Changes in Level 3 financial instruments

Level 3 financial instruments amounted to €94 million at December 31, 2010. They decreased by €(44) million over the year, essentially as a result of first consolidation of the subsidiary Renault Nissan Automotive India Private Limited, as described in note 3 on changes in the scope of consolidation.

C – Impact of financial instrument on net income

	Financial assets other than derivatives			Financial liabilities other than derivatives			
2010 *(€ 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 [(1)]**	**Derivatives**	**Total impact on net income**
Interest income	1	1	99			45	146
Interest expenses				(15)	(480)	(5)	(500)
Change in fair value				(23)	21	1	(1)
Impairment			34				34
Dividends							
Gains (losses) on sale		1					1
Net foreign exchange gains and losses	17		111		(110)	(16)	2
TOTAL IMPACT ON NET INCOME - AUTOMOTIVE SEGMENT	**18**	**2**	**244**	**(38)**	**(569)**	**25**	**(318)**
Including:							
Operating margin	*17*		*118*		*(88)*		*47*
Other operating income and expenses							
Net financial income (expense)	*1*	*2*	*126*	*(38)*	*(481)*	*25*	*(365)*
Interest income		10	1,373			114	1,497
Interest expenses					(764)	(180)	(944)
Change in fair value				(1)	7	(7)	(1)
Impairment			(49)				(49)
Dividends							
Gains (losses) on sale							
Net foreign exchange gains and losses					112	(112)	-
TOTAL IMPACT ON NET INCOME - SALES FINANCING SEGMENT		**10**	**1,324**	**(1)**	**(645)**	**(185)**	**503**
Including :							
Operating margin		*10*	*1,324*	*(1)*	*(645)*	*(185)*	*503*
Other operating income and expenses							
Net financial income (expense)							
TOTAL GAINS AND LOSSES WITH IMPACT ON NET INCOME	**18**	**12**	**1,568**	**(39)**	**(1,214)**	**(160)**	**185**

(1) Including financial liabilities subject to fair value hedges.

For the Automotive segment, the impact of financial instruments on net income mainly corresponds to foreign exchange gains and losses on operating transactions, and impairment of operating receivables.

D – Fair value hedges

(€ million)	**2010**	**2009**
Change in fair value of the hedging instrument	(23)	(214)
Change in fair value of the hedged item	29	220
Net impact on net income of fair value hedges	**6**	**6**

This net impact of fair value hedges on net income corresponds to the ineffective portion of hedges. Hedge accounting methods are described in note 2-V.

NOTE 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, 2010 *(€ million)*	FINANCIAL ASSETS		OTHER ASSETS	FINANCIAL LIABILITIES AND SALES FINANCING DEBTS		OTHER LIABILITIES
	NON-CURRENT	CURRENT	CURRENT	NON-CURRENT	CURRENT	CURRENT
Cash flow hedges			7			
Fair value hedges			39			
Hedge of the net investment in Nissan						
Derivatives not classified as hedges and derivatives held for trading		115	2		195	1
TOTAL FOREIGN EXCHANGE RISK		**115**	**48**		**195**	**1**
Cash flow hedges	9		22	3	38	
Fair value hedges	78		19		15	
Derivatives not classified as hedges and derivatives held for trading	624	143		599	137	
TOTAL INTEREST RATE RISK	**711**	**143**	**41**	**602**	**190**	
Cash flow hedges						
Fair value hedges						
Derivatives not classified as hedges and derivatives held for trading						
TOTAL COMMODITY RISK						
TOTAL	**711**	**258**	**89**	**602**	**385**	**1**

DECEMBER 31, 2009 *(€ million)*	FINANCIAL ASSETS		OTHER ASSETS	FINANCIAL LIABILITIES AND SALES FINANCING DEBTS		OTHER LIABILITIES
	NON-CURRENT	CURRENT	CURRENT	NON-CURRENT	CURRENT	CURRENT
Cash flow hedges						
Fair value hedges			38			
Hedge of the net investment in Nissan					2	
Derivatives not classified as hedges and derivatives held for trading		161	37		143	
TOTAL FOREIGN EXCHANGE RISK		**161**	**75**		**145**	
Cash flow hedges	13		7	3	174	
Fair value hedges	82		12			
Derivatives not classified as hedges and derivatives held for trading	725	231	1	710	208	
TOTAL INTEREST RATE RISK	**820**	**231**	**20**	**713**	**382**	
Cash flow hedges						
Fair value hedges						
Derivatives not classified as hedges and derivatives held for trading						
TOTAL COMMODITY RISK						
TOTAL	**820**	**392**	**95**	**713**	**527**	

The specialist subsidiary Renault Finance handles the Automotive segment'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 17 and 18).

B1 – Liquidity risk

The Group is financed via the capital markets, through:

- long-term ressources (bond issues, private placements, project financing, etc.);
- short-term bank loans or commercial paper issues;
- securitization of receivables by RCI Banque.

The Automotive segment needs sufficient financial ressources to finance its day-to-day business and the investments necessary for future growth. It therefore regularly borrows on the banking and capital markets, and this exposes it to liquidity risk in the event of market closure or tensions over credit availability. As part of its centralised cash management policy, Renault SA handles most refinancing for the Automotive segment through long-term ressources via the capital markets (bond issues, private placements, bank financing), short-term financing such as treasury notes, or project financing via the banking sector or semi-public bodies.

Medium-term refinancing for the Automotive segment in 2010 was mostly provided by five to seven-year bonds totalling €1,150 million as part of Renault SA's EMTN programme, and a Samurai bond issue on the Japanese market totalling ¥45 billion (€404 million), marking a return to a market that had been closed since January 2008. In 2009 Renault received a five-year €3 billion loan from the French government. After renegotiation with the government, Renault made an early repayment of €1 billion in September 2010. The contractual documentation for this financing contains no clause that could affect the continued supply of credit in the event of any change in Renault's credit rating or financial ratio compliance.

Renault also sold its Series B shares in AB Volvo in October 2010.

Given the available cash reserves and confirmed credit lines unused at the year-end, the Automotive segment has sufficient financial ressources to cover its commitments over a 12-month horizon.

The Sales Financing segment's business depends on reliable access to financial ressources: 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 over the last few years, reflecting surplus long-term ressources compared to applications, remains positive. RCI Banque therefore distributes loans from ressources raised several months previously, enabling the segment to maintain a stable financial margin.

Medium-term refinancing for the Sales Financing segment in 2010 under the RCI Banque group's centralised refinancing totalled €4,994 million, mainly provided by:

- €3,917 million in refinancing on the bond markets: six public bond issues in euros and a tap of €3,575 million;
- €975 million in refinancing on the securitization markets, RCI Banque placed a securitization vehicle backed by automobile credits in Germany amounting to €873 million. This operation is the largest post-crisis automobile securitization, confirming the reopening of this financing source for this type of asset. Conduit financing of the British portfolio was extended for a further year, and the amount financed was increased by €102 million.

The Group's short-term financing is secured by confirmed available credit lines (€4,015 million for Renault SA and €4,567 million for RCI Banque at December 31, 2010). 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.

Confirmed credit lines open but unused are described in note 24-A.

B2 – Foreign exchange risks

MANAGEMENT OF FOREIGN EXCHANGE RISKS

The Automotive segment is exposed to foreign exchange risks in the course of its industrial and commercial business. These risks are monitored and centralised by Renault's Cash and Financing department.

It is Renault's general policy not to hedge operating future cash flows in foreign currencies. As a result, the Group's operating margin is exposed to foreign exchange risks. At December 31, 2010, the Group set up a foreign exchange hedge that partly hedges the 2011 sales revenues in pounds sterling.

Subsidiaries' financing and investing cash flows in foreign currencies are usually hedged in the same currencies.

Most financial liabilities and debts of Sales Financing are in euros.

Equity investments are not hedged, apart from the investment in Nissan, totalling ¥148 billion at December 31, 2010 (note 14-G).

Renault Finance undertakes operations unrelated to operating cash flows 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 segment 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 2010.

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 financial instruments denominated in Japanese yen, held for the purposes of the policy to partially hedge its investment in Nissan (note 14-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 cash flow hedges and the partial hedge of the investment in Nissan. All other impacts affect net income.

For the Automotive segment, 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 have an unfavourable effect of €13 million at December 31, 2010, chiefly resulting from yen bond issues associated with 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 20-E). The estimated impact on net income at December 31, 2010 is not significant.

CURRENCY DERIVATIVES

	DECEMBER 31, 2010				DECEMBER 31, 2009			
(€ million)	NOMINAL	-1 YR	1-5 YRS	+5 YRS	NOMINAL	-1 YR	1-5 YRS	+5 YRS
Currency swaps – purchases	2,662	848	1,814	-	3,281	1,400	1,873	8
Currency swaps - sales	2,929	1,077	1,852	-	3,550	1,662	1,877	11
Forward purchases	12,004	11,887	117	-	11,182	11,182	-	-
Forward sales	12,026	11,909	117	-	11,159	11,159	-	-
Forward purchases – Future cash flows	275	275	-	-	-	-	-	-
Forward sales – Future cash	268	268	-	-	-	-	-	-

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. Dealer credit is issued at fixed-rates for durations of less than 12 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 (cash flow hedges). The objective for each subsidiary is to hedge all risks in order to protect the sales margin.

The Automotive segment'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 partial hedge of Nissan equity is fixed-rate.

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 2010.

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 100 base point 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 cash flow hedges after a 100 base point rise in interest rates. All other impacts affect net income.

Calculation of the individual segments' sensitivity to interest rates includes intersegment loans and borrowings.

For the Automotive segment, the impact on net income and shareholders' equity (before taxes) of a 100 base point rise in interest rates applied to financial instruments exposed to interest rate risks would be €(9) million and €4 million respectively at December 31, 2010.

For the Sales Financing segment, the impact on net income and equity (before taxes) of a 100 base point rise in interest rates applied to financial instruments exposed to interest rate risks would be €(26) million and €22 million respectively at December 31, 2010. The impact on equity results mainly from the change in the fair value of swaps undertaken to hedge future cash flows. The Sales Financing segment's sensitivity to interest rate risks is stable in comparison to 2009.

FIXED-RATE/FLOATING-RATE BREAKDOWN OF FINANCIAL LIABILITIES AND SALES FINANCING DEBTS, AFTER THE EFFECT OF DERIVATIVES (EXCLUDING DERIVATIVES)

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
Fixed-rate	24,279	27,641
Floating-rate	5,743	3,904
TOTAL FINANCIAL LIABILITIES, SALES FINANCING DEBTS (EXCLUDING DERIVATIVES)	**30,022**	**31,545**

INTEREST RATE DERIVATIVES

	DECEMBER 31, 2010				DECEMBER 31, 2009			
(€ million)	NOMINAL	-1 YR	1-5 YEARS	+5 YRS	NOMINAL	-1 YR	1-5 YEARS	+5 YRS
Interest rate swaps	35,603	13,797	21,165	641	44,227	17,066	27,095	66
FRAs	1,100	1,100	-	-	800	800	-	-
Other interest rate hedging instruments	-	-	-	-	60	60	-	-

B4 – Equity risks

MANAGEMENT OF EQUITY RISKS

The Group's exposure to equity risks essentially concerns the Daimler shares acquired in connection with the cooperation agreements, and 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 2010.

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 would have an unfavourable impact of €83 million on shareholders' equity. The impact on net income is not significant at December 31, 2010.

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, 2010 for the Automotive segment business.

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 authorized limits is monitored on a daily basis under strict internal control procedures.

The heightened vigilance introduced in 2008 for counterparty risk was continued in 2010 as in 2009: certain banking counterparties were placed under close monitoring and in some cases limits previously granted were eliminated.

No losses were recorded in 2010 due to default by a banking counterparty.

4.2.7.6 CASH FLOWS AND OTHER INFORMATION

NOTE 27 – CASH FLOWS

A – Other unrealized income and expenses

(€ million)	2010	2009
Net allocation to provisions	420	(156)
Net effects of sales financing credit losses	(88)	110
Net (gain) loss on asset disposals [(1)]	(2,146)	18
Change in fair value of redeemable shares	31	44
Change in fair value of other financial instruments	(29)	(8)
Deferred taxes	(282)	(22)
Other	7	9
OTHER UNREALIZED INCOME AND EXPENSES	**(2,087)**	**(5)**

(1) Including the €2,000 million gain on sale of the AB Volvo shares.

B – Change in working capital

(€ million)	2010	2009
Decrease (increase) in net inventories	(587)	1,373
Decrease (increase) in Automobile net receivables	(200)	630
Decrease (increase) in other assets	(21)	377
Increase (decrease) in trade payables	344	502
Increase (decrease) in other liabilities	728	71
INCREASE (DECREASE) IN WORKING CAPITAL	**264**	**2,953**

C – Capital expenditure

(€ million)	2010	2009
Purchases of intangible assets	(734)	(720)
Purchases of property, plant and equipment (other than leased vehicles)	(1,134)	(1,332)
TOTAL PURCHASES FOR THE PERIOD	**(1,868)**	**(2,052)**
Deferred payments	1	(257)
TOTAL CAPITAL EXPENDITURE	**(1,867)**	**(2,309)**

D – Interest received and paid by the Automotive segment

(€ million)	2010	2009
Interest received	125	106
Interest paid	(507)	(329)
INTEREST RECEIVED AND PAID	**(382)**	**(223)**

NOTE 28 – RELATED PARTIES

A – Remuneration of directors and executives and Executive Committee members

A1 – Remuneration of directors and executives

At its meeting of May 6, 2009, the Board of Directors decided to combine the functions of Chairman of the Board of Directors and President and Chief Executive Officer. The President and CEO ceased to receive any remuneration for his duties as Chairman of the Board as of that date.

The principles for consideration and related benefits of the President and CEO comply with French decrees 2009-348 of March 30, 2009 and 2009-445 of April 20, 2009 concerning "the conditions for remuneration of managers of companies receiving State aid or support due to the economic crisis, and directors of public companies."

The table below reports the remuneration paid, pro rata to the periods in which the functions were occupied:

(€ million)	2010	2009
Basic salary	1.2	1.2
Performance-related remuneration	1.7	-
Employer's social security charges	0.8	0.4
Complementary pension	0.7	0.6
Total remuneration excluding stock-options	4.4	2.2
Stock-option plans	0.7	1.6
Stock-option plans – effect of cancellations	-	-
Total remuneration under stock-option plans	0.7	1.6
President and Chief Executive Officer	**5.1**	**3.8**
Basic salary	-	-
Fixed fee payable to the Chairman of the Board	-	0.1
Employer's social security charges	-	0
Complementary pension	-	-
Total remuneration excluding stock-options	-	0.1
Stock-option plans	-	-
Stock-option plans – effect of cancellations	-	-
Total remuneration under stock-option plans	-	-
Chairman of the Board of Directors [(1)]	**-**	**0.1**

(1) Until May 6, 2009.

Directors' fees amounted to €600,000 in 2010 (€571,336 in 2009), of which €28,000 were paid for the Chairmen's functions (€38,795 in 2009).

A2 – Remuneration of Executive Committee members

The consideration and related benefits of members of the Executive Committee (other than the Chairman and Chief Executive Officer), were recognized in expenses as follows:

(€ million)	2010	2009
Basic salary	3.2	2.8
Performance-related salary	1.0	-
Employer's social security charges	1.8	1.0
Complementary pension	1.4	1.1
Other	0.7	-
Total remuneration excluding stock-options	8.1	4.9
Stock-option plans	0.5	1.2
Stock-option plans – effect of cancellations	-	-
Total remuneration under stock-option plans	0.5	1.2
Executive Committee members	**8.6**	**6.1**

B – Renault's investments in associates

Details of Renault's investments in Nissan, AB Volvo and AvtoVAZ are provided respectively in note 14, 15-A and 15-B.

NOTE 29 – OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND 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 (eg 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 and contingent liabilities

A1 – Ordinary operations

The Group is committed for the following amounts:

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
Other guarantees given [1]	317	239
Financing commitments in favor of customers [2]	2,004	2,240
Firm investment orders	610	427
Lease commitments	219	221
Assets pledged, provided as guarantees or mortgaged and other commitments [3]	136	132

(1) Including €40 million of financial guarantees at December 31, 2010 which could be called in immediately after the year-end.

(2) Confirmed credit lines opened for customers by the Sales Financing segment lead to a maximum payment of this amount within 12 months after the year-end.

(3) Assets pledged, provided as guarantees or mortgaged mainly concern guarantees of financial liabilities, provided 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, 2010	DECEMBER 31, 2009
Less than 1 year	46	49
Between 1 and 5 years	123	132
More than 5 years	50	40
LEASE COMMITMENTS	**219**	**221**

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 favor. At December 31, 2010, 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 (*Société nouvelle de roulements*) also contained an option for a firm future purchase by NTN of a further 16% in SNR, which was exercised on the first anniversary of the sale. In April 2010 after the third anniversary, Renault exercised its put option concerning 29% of SNR. From the fifth anniversary date, Renault has a unilateral option to sell its residual 18% investment in SNR, valid for five 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 and contingent assets

(€ million)	DECEMBER 31, 2010	DECEMBER 31, 2009
Other guarantees received [1]	2,782	3,135
Assets pledged or mortgaged [2]	1,361	912
Other commitments	136	26

(1) Including €1,499 million for commitments received by the Sales Financing segment for sale to a third party of rental vehicles at the end of the rental contract.

(2) The Sales financing segment receives guarantees from its customers in the course of sales financing for new or used vehicles. Guarantees received from customers amount to €1,336 million at December 31, 2010.

Off-balance sheet commitments received concerning confirmed opened credit lines are presented in note 24-A.

NOTE 30 – FEES PAID TO STATUTORY AUDITORS AND THEIR NETWORK

The audit fees recognized 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

	2010		2009		2010/2009	
(€ thousands)	AMOUNT EXCLUDING VAT	%	AMOUNT EXCLUDING VAT	%	AMOUNT	%
Audit						
Statutory audit, certification, review of individual and consolidated accounts						
- Issuer [1]	2,288	46.6%	2,246	44.2%	42	1.9%
- Fully consolidated subsidiaries	2,376	48.4%	2,699	53.2%	(323)	-12.0%
Other inspections and services directly linked to the statutory auditor's mission						
- Issuer [1]	63	1.3%	37	0.7%	26	70.3%
- Fully consolidated subsidiaries	102	2.1%	-	-	102	-
SUBTOTAL AUDIT	**4,829**	**98.4%**	**4,982**	**98.1%**	**(153)**	**-3.1%**
Other network services for the fully consolidated subsidiaries						
- Legal, tax, labour-related	80	1.6%	94	1.9%	(14)	-14.9%
- Other	-	-	-	-	-	-
SUBTOTAL	**80**	**1.6%**	**94**	**1.9%**	**(14)**	**-14.9%**
TOTAL FEES	**4,909**	**100%**	**5,076**	**100%**	**(167)**	**-3.3%**

(1) Renault SA and Renault s.a.s.

Deloitte network

	2010		2009		2010/2009	
(€ thousands)	AMOUNT EXCLUDING VAT	%	AMOUNT EXCLUDING VAT	%	AMOUNT	%
Audit						
Statutory audit, certification, review of individual and consolidated accounts						
- Issuer [(1)]	2,634	36.8%	2,523	35.7%	111	4.4%
- Fully consolidated subsidiaries	4,291	59.9%	4,019	56.8%	272	6.8%
Other inspections and services directly linked to the statutory auditor's mission						
- Issuer [(1)]	12	0.2%	93	1.3%	(81)	-87.1%
- Fully consolidated subsidiaries	32	0.4%	142	2.0%	(110)	-77.5%
SUBTOTAL AUDIT	**6,969**	**97.3%**	**6,777**	**95.8%**	**192**	**2.8%**
Other network services for the fully consolidated subsidiaries						
- Legal, tax, labour-related	193	2.7%	209	3.0%	(16)	-7.7%
- Other			87	1.2%	(87)	-100.0%
SUBTOTAL	**193**	**2.7%**	**296**	**4.2%**	**(103)**	**-34.8%**
TOTAL FEES	**7,162**	**100%**	**7,073**	**100%**	**89**	**1.3%**

(1) Renault SA and Renault s.a.s.

NOTE 31 – SUBSEQUENT EVENTS

No significant events have occurred since the year-end.

NOTE 32 – CONSOLIDATED COMPANIES

A – Fully consolidated companies (subsidiaries)

RENAULT GROUP'S INTEREST *(%)*	COUNTRY	DECEMBER 31, 2010	DECEMBER 31, 2009
Renault SA	France	Consolidating company	Consolidating company
AUTOMOTIVE			
FRANCE			
Renault s.a.s	France	100	100
Arkanéo	France	100	100
Auto Châssis International (ACI) Le Mans	France	100	100
Auto Châssis International (ACI) Villeurbanne	France	100	100
Fonderie de Normandie	France	100	100
I-DVU	France	100	100
I-DVE	France	100	100
Maubeuge construction automobile (MCA)	France	100	100
Renault Environnement	France	100	-
Renault développement industriel et commercial (RDIC)	France	100	100
Renault Retail Group SA and subsidiaries	France	100	100
RDREAM	France	100	100
SCI parc industriel du Mans	France	100	100
SCI Plateau de Guyancourt	France	100	100
SNC Renault Cléon	France	100	100
SNC Renault Douai	France	100	100

RENAULT GROUP'S INTEREST *(%)*	COUNTRY	DECEMBER 31, 2010	DECEMBER 31, 2009
SNC Renault Flins	France	100	100
SNC Renault Sandouville	France	100	100
Société des automobiles Alpine Renault	France	100	100
Sofrastock International	France	100	100
Société de transmissions automatiques	France	80	80
Société de véhicules automobiles de Batilly (Sovab)	France	100	100
Société immobilière de construction française pour l'automobile et la mécanique (Sicofram) and subsidiary	France	100	100
Société immobilière Renault habitation (SIRHA)	France	100	100
Société immobilière d'Epone	France	100	100
Société immobilière pour l'automobile et la mécanique (Siam)	France	100	100
Sodicam 2	France	100	100
Technologie et Exploitation Informatique (TEI)	France	100	100
EUROPE			
Cacia	Portugal	100	100
Cofal	Luxembourg	-	100
Grigny Ltd.	United Kingdom	100	100
Motor Reinsurance Company	Luxembourg	100	100
Renault Belgique Luxembourg and subsidiaries	Belgium	100	100
Renault F1 Team Ltd.	United Kingdom	-	100
Renault Ceska Republica and subsidiaries	Czech Republic	100	100
Renault Croatia	Croatia	100	100
Renault Espana Comercial SA (RECSA) and subsidiaries	Spain	100	100
Renault Espana SA and subsidiaries	Spain	100	100
Renault Finance	Switzerland	100	100
Renault Group b.v.	Netherlands	100	100
Renault Hungaria and subsidiaries	Hungary	100	100
Renault Industrie Belgique (RIB)	Belgium	100	100
Renault Italia and subsidiaries	Italy	100	100
Renault Irlande	Ireland	100	100
Renault Deutsche AG and subsidiaries	Germany	100	100
Renault Nederland	Netherlands	100	100
Renault österreich and subsidiaries	Austria	100	100
Renault Nordic	Sweden	100	100
Renault Suisse SA and subsidiaries	Switzerland	100	100
Renault Polska	Poland	100	100
Renault Portuguesa and subsidiaries	Portugal	100	100
Renault Retail Group UK Ltd.	United Kingdom	100	100
Renault Slovakia	Slovakia	100	100
Renault Nissan Slovenia d.o.o.	Slovenia	100	100
Renault U.K.	United Kingdom	100	100
Revoz	Slovenia	100	100
EUROMED			
Auto Châssis International (ACI) Romania	Romania	-	100
Dacia and subsidiaries	Romania	99	99
Oyak-Renault Otomobil Fabrikalari	Turkey	52	52
Renault Algérie	Algeria	100	100
Renault Industrie Roumanie	Romania	100	100
Renault Maroc	Morocco	80	80
Renault Mécanique Roumanie	Romania	100	100
Renault Nissan Roumanie	Romania	100	100
Renault Technologie Roumanie	Romania	100	100

RENAULT GROUP'S INTEREST *(%)*	COUNTRY	DECEMBER 31, 2010	DECEMBER 31, 2009
Renault Nissan Bulgarie	Bulgaria	100	100
Société marocaine de construction automobile (Somaca)	Morocco	77	77
Renault Tanger Méditerranée	Morocco	100	100
Renault Tanger Exploitation	Morocco	100	-
Renault Maroc Service	Morocco	100	100
EURASIA			
AFM Industrie	Russia	100	100
Avtoframos	Russia	94	94
Remosprom	Russia	64	64
Renault Ukraine	Ukraine	100	100
AMERICA			
Groupe Renault Argentina	Argentina	100	100
Renault do Brasil LTDA	Brazil	100	100
Renault do Brasil SA	Brazil	100	100
Renault Corporativo SA de C.V.	Mexico	100	100
Renault Mexico	Mexico	100	100
Sociedad de Fabricacion de Automotores (Sofasa) and subsidiary	Colombia	100	100
Renault Venezuela	Venezuela	-	100
ASIA & AFRICA			
Renault Private Ltd.	India	100	100
Renault Pars	Iran	51	51
Renault Samsung Motors	South Korea	80	80
Renault South Africa and subsidiaries	South Africa	51	51
SALES FINANCING			
FRANCE			
Diac	France	100	100
Diac Location	France	100	100
Compagnie de Gestion Rationnelle (Cogera)	France	100	100
RCI Banque and branches	France	100	100
Société internationale de gestion et de maintenance automobile (Sigma)	France	100	100
Société de gestion, d'exploitation de services en moyens administratifs (Sogesma)	France	100	100
EUROPE			
RCI Financial Services Ltd.	United Kingdom	100	100
Overlease Espagne	Spain	100	100
RCI Bank AG	Austria	100	100
RCI Bank Polska	Poland	100	100
RCI Finance CZ sro	Czech Republic	100	100
RCI Financial Services Belgique	Belgium	100	100
RCI Financial Services BV	Netherlands	100	100
RCI Gest IFIC and subsidiary	Portugal	100	100
RCI Gest Seguros	Portugal	100	100
RCI Versicherungs Service GmbH	Germany	100	100
Renault Acceptance Ltd.	United Kingdom	100	100
Renault Autofin SA Belgique	Belgium	100	100
Renault Credit Polska	Poland	100	100
RCI Zrt Hongrie	Hungary	100	100
RCI Finance SA	Switzerland	100	100
RCI Services Ltd.	Malta	100	100
RCI Life Ltd.	Malta	100	100
RCI Insurance Services Ltd.	Malta	100	100

RENAULT GROUP'S INTEREST *(%)*	COUNTRY	DECEMBER 31, 2010	DECEMBER 31, 2009
EUROMED			
RCI Broker de Assigurare	Romania	100	100
RCI Leasing Romania	Romania	100	100
RCI Finance Maroc	Morocco	100	100
RCI Finantare Romania	Romania	100	100
AMERICA			
Consorcio Renault do Brasil	Brazil	100	100
CAM RCI Brasil	Brazil	60	60
CFI Renault do Brasil	Brazil	60	60
Courtage SA	Argentina	100	100
Renault do Brasil S/A Corr. de Seguros	Brazil	100	100
ROMBO Compania Financiera	Argentina	60	60
ASIA & AFRICA			
RCI Korea	South Korea	100	100

B – Proportionately consolidated companies (joint-ventures)

RENAULT GROUP'S INTEREST *(%)*	COUNTRY	DECEMBER 31, 2010	DECEMBER 31, 2009
AUTOMOTIVE			
Française de Mécanique	France	50	50
Mahindra Renault Ltd.	India	-	49
Renault Nissan Technology and Business Centre India Private Ltd. (RNTBCI)	India	67	67
Indra Investissements	France	50	-
SALES FINANCING			
Renault Leasing CZ sro	Czech Republic	50	50
Renault Credit Car	Belgium	50	50

C – Companies accounted for by the equity method (associates)

RENAULT GROUP'S INTEREST (%)	COUNTRY	DECEMBER 31, 2010	DECEMBER 31, 2009
AUTOMOTIVE			
Nissan Group	Japan	43.8	45.7
AB Volvo Group	Sweden	6.8	21.8
AvtoVAZ Group	Russia	25	25
MAIS	Turkey	49	49
Boone Comenor	France	12	-
Renault Nissan Automotive India Private Limited	India	30	-
SALES FINANCING			
Nissan Renault Finance Mexico	Mexico	15	15

4.3 STATUTORY AUDITORS' REPORT

4.3.1 ON THE ANNUAL FINANCIAL STATEMENTS

Renault

Year ended December 31, 2010

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 includes information specifically required by French law in such reports, whether modified or not. This information is presented after the opinion on the financial statements and includes (an) explanatory paragraph(s) discussing the auditors' assessment(s) of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the financial statements.

This report 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 compliance with the assignment entrusted to us by your Annual General meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying annual financial statements of Renault;
- the justification of our assessments;
- the specific verifications and information required by French 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 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 financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- as disclosed in the note 1.A to the financial statements, and in accordance with the French National Accounting Body (*Conseil national de la comptabilité)* Recommendation n°. 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 2010 fiscal year.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Find out more at www.renault.com

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 24, 2011

The statutory auditors

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

4.3.2 ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Renault

General meeting of Shareholders to approve the financial statements for the year ended December 31, 2010

Statutory auditors' report on related party agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required 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, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the General meeting of Shareholders.

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.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE GENERAL MEETING OF SHAREHOLDERS

AGREEMENTS AND COMMITMENTS AUTHORIZED DURING THE YEAR

In accordance with Article L. 225-40 of the French Commercial Code (*Code de commerce*), we have been advised of certain related party agreements and commitments which received prior authorization from your Board of Directors.

1. With the French State

a) Nature and purpose

Amendment to the loan agreement.

CONDITIONS

During its meeting of July 29, 2010, your Board of Directors has authorized the signature of an amendment to the loan agreement with the French State which is compliant with decrees n°2009-348 of March 30, 2009 and n°2009-445 of April 20, 2009 in order to modify the early repayment conditions and especially to proceed, no later than September 2010, to the early repayment of one billion euros out of the three billion granted by the French State in April 2009. In the 2010 fiscal year, the amount of interest expenses relating to this loan agreement reached €191,713,000.

b) Nature and purpose

Shares disposal agreement through the sale of treasury shares.

CONDITIONS

During its meeting of April 6, 2010, your Board of Directors has authorized the signature of an agreement for the sale of shares which defines the terms and conditions of the sale, by your company, of treasury shares to the French State. On April 28, 2010, your company has proceeded to the sale, outside the market, to the French State of 1,628,344 treasury shares which had become unassigned for a price of €60,248,728, corresponding to €37 per share. The loss relating to this disposal and booked in 2010 amounted to €24,271,484.

2. With RCI Banque

Nature and purpose

Credit facility agreement.

CONDITIONS

During its meeting of September 28, 2010, your Board of Directors has authorized the signature of a credit facility agreement, in the framework of the regulation relating to the control of the "Large risks" ratio as defined in Article 1.1 of French Banking and Financial Regulation committee (*Comité de la réglementation bancaire et financière*) regulation n°. 93-05, with which RCI Banque activity must comply as a credit institution, with RCI Banque for an amount of €550,000,000, with a view to allowing to reduce its credit exposure on Renault Retail Group, the Group's business distribution network. This new agreement replaces the credit facility agreement with Cogera mentioned below. In the 2010 fiscal year, the amount of interest income relating to this credit facility agreement reached €1,681,000.

3. With Nissan Motor Co. Ltd

Nature and purpose

Master Cooperation Agreement with Nissan Motor Co. Ltd, Daimler AG and Renault-Nissan B.V.

CONDITIONS

During its meeting of April 6, 2010, your Board of Directors has authorized the signature of an agreement named Master Cooperation Agreement with a view to implementing a long term strategic cooperation between the parties. This agreement also includes the cross participation between your company, Nissan Motor Co. Ltd and Daimler AG.

In the framework of this Master Cooperation Agreement, the following transactions have been achieved on April 28, 2010:

- the transfer by Daimler AG to your company of Daimler treasury shares representing 0.90% of Daimler AG share capital, remunerated through the emission of shares by your company, representing 3.10% of its share capital. Your company has issued 9,167,391 new shares with a nominal value of €3.81, equivalent to a capital increase nominal amount of €34,927,759.71 representing 3.10% of its share capital to the benefit of Daimler AG in return for the transfer by Daimler AG of 9,549,366 treasury shares with a nominal amount of €2.87;

- the transfer by Nissan Finance to your company of a convertible bond granting 0.20% of the share capital of Nissan Motor Co. Ltd, remunerated through the emission of shares of your company, representing 0.55% of its share capital. The capital increase of your company, through the emission of 1,617,775 new shares with a nominal value of €3.81, fully granted to Nissan Finance, has been achieved on April 28, 2010 as the payment for the contribution in kind of the bond convertible into Nissan shares, representing 0.20% of the share capital of Nissan Motor Co. Ltd, equivalent to 9,123,958 shares;
- the exchange transaction between your company and Daimler AG of 3.10% of the share capital of Nissan Motor Co. Ltd held by your company, equivalent to 140,142,168 shares, against 2.20% of the share capital of Daimler AG, equivalent to 23,347,390 shares with a nominal value of €2.87 and a cash compensation of an amount of €90,102,604 to the profit of your company;
- the sale by your company to Nissan Motor Co. Ltd of 1.55% of the share capital of Daimler AG. The sale of 16,448,378 Daimler shares to Nissan Motor Co. Ltd has been concluded on April 28, 2010 for an amount of €584,246,387 paid by Nissan Motor Co. Ltd to your company;
- the sale by Nissan Motor Co. Ltd to your company of 1.97% of the share capital of Nissan Motor Co. Ltd. The sale of 89,055,237 Nissan treasury shares to your company has been concluded on April 28, 2010 for an amount of JPY 73,737,736,236 paid by your company to Nissan Motor Co. Ltd.

Thus, after the conclusion of these operations on April 28, 2010, and after the conversion of Nissan Finance bond, Daimler AG holds 3.10% of your company share capital and 3.10% of Nissan Motors Co. Ltd. share capital. Your company holds 1.55% of Daimler AG share capital and 43.4% of Nissan Motors Co. Ltd. share capital. Finally, Nissan Motors Co. Ltd. holds 1.55% of Daimler AG share capital and 15% of your company share capital.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

AGREEMENTS AND COMMITMENT APPROVED IN PRIOR YEARS WITH CONTINUING EFFECTS DURING THE YEAR

In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we have been advised that the implementation of the following agreements and commitments which were approved by the General meeting of Shareholders in prior years continued during the year.

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 to 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 French Banking and Financial Regulation committee (*Comité de la réglementation bancaire et financière*) regulation No. 93-05, calculated on a consolidated basis. Credit facility agreement has been terminated on September 29, 2010. In the 2010 fiscal year, the amount of interest income relating to this agreement reached €3,293,000.

2. With Renault s.a.s.

a) 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 2010 fiscal year, the amount, free of taxes, invoiced by Renault s.a.s. concerning these services totaled €3,268,000.

b) 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 2020. In the 2010 fiscal year, the amount of finance interest income concerning this agreement totaled €422,000.

Neuilly-sur-Seine and Paris-La Défense, March 24, 2011

French original signed by the statutory auditors

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4.4 RENAULT SA PARENT-COMPANY FINANCIAL STATEMENTS

4.4.1 FINANCIAL STATEMENTS

INCOME STATEMENT

(€ million)	2010	2009
Operating expenses	(32)	(25)
Increases to provisions	(5)	(5)
NET OPERATING EXPENSE	**(37)**	**(30)**
Investment income	363	334
Increases to provisions	(5)	
INVESTMENT INCOME AND EXPENSES (NOTE 2)	**358**	**334**
Foreign exchange losses	(212)	(869)
Increases to and reversals from provisions for exchange risks	(192)	827
FOREIGN EXCHANGE GAINS AND LOSSES (NOTE 3)	**(404)**	**(42)**
Interest and equivalent income	2	2
Interest and equivalent expenses	(438)	(365)
Reversals of provisions and transfers of charges	69	326
Net gains on sales of marketable securities	(24)	(6)
Depreciation and provisions	(5)	(11)
OTHER FINANCIAL INCOME AND EXPENSES (NOTE 4)	**(396)**	**(54)**
NET FINANCIAL INCOME	**(442)**	**238**
PRE-TAX INCOME BEFORE EXCEPTIONAL ITEMS	**(479)**	**208**
Exceptional income on capital transactions	1,504	112
Exceptional expenses on capital transactions	(1,020)	(363)
NET EXCEPTIONAL ITEMS (NOTE 5)	**484**	**(251)**
INCOME TAX (NOTE 6)	**163**	**92**
NET INCOME	**168**	**49**

BALANCE SHEET

ASSETS *(€ million)*	2010 GROSS	2010 DEPRECIATION, AMORTISATION & PROVISIONS	2010 NET	2009 NET
Investments stated at equity	11,025		11,025	8,373
Other investments (note 7)	7,228	14	7,214	6,413
Advances to subsidiaries and affiliates (note 8)	11,828	15	11,813	11,894
FINANCIAL ASSETS	**30,081**	**29**	**30,052**	**26,680**
TOTAL FIXED ASSETS	**30,081**	**29**	**30,052**	**26,680**
RECEIVABLES	**189**		**189**	**3**
MARKETABLE SECURITIES (NOTE 9)	**146**	**95**	**51**	**79**
CASH AND CASH EQUIVALENTS	**13**		**13**	**16**
OTHER ASSETS (NOTE 10)	**390**		**390**	**177**
TOTAL ASSETS	**30,819**	**124**	**30,695**	**26,955**

SHAREHOLDERS' EQUITY AND LIABILITIES *(€ million)*	2010	2009
Share capital	1,127	1,086
Share premium	4,783	4,425
Revaluation surplus	9	9
Equity valuation difference	5,209	2,557
Legal and tax basis reserves	108	108
Retained earnings	6,351	6,302
Net income	168	49
SHAREHOLDERS' EQUITY (NOTE 11)	**17,755**	**14,536**
REDEEMABLE SHARES (NOTE 12)	**129**	**129**
PROVISIONS FOR RISKS AND LIABILITIES (NOTE 13)	**362**	**167**
Bonds	5,101	4,131
Borrowings from credit institutions	1,248	1,258
Other loans and financial debts	5,893	6,660
FINANCIAL LOANS AND BORROWINGS (NOTE 14)	**12,242**	**12,049**
OTHER LIABILITIES (NOTE 15)	**174**	**57**
DEFERRED INCOME (NOTE 16)	**33**	**17**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**30,695**	**26,955**

STATEMENT OF CHANGES IN CASH

(€ million)	2010	2009
Cash flow (note 20)	(141)	(823)
Change in working capital requirements	(68)	73
CASH FLOW FROM OPERATING ACTIVITIES	**(209)**	**(750)**
Capital increase of Renault s.a.s.		(2,155)
Net decrease (increase) in other investments	(317)	
Net decrease (increase) in loans	81	(110)
Net decrease (increase) in marketable securities	60	127
Net decrease (increase) in other financial assets	5	
CASH FLOW FROM INVESTING ACTIVITIES	**(171)**	**(2,138)**
Bond issues	1,696	750
Bond redemptions	(958)	(1,261)
Net increase (decrease) in other interest-bearing borrowings	(742)	3,444
Capital increase	399	
Bond issuance expenses and redemption premiums	(12)	(8)
CASH FLOW FROM FINANCING ACTIVITIES	**383**	**2,925**
Cash and cash equivalents: opening balance	**(1)**	**(38)**
Increase (decrease) in cash and cash equivalents	3	37
CASH AND CASH EQUIVALENTS: CLOSING BALANCE	**2**	**(1)**

4.4.2 NOTES TO THE FINANCIAL STATEMENTS

4.4.2.1 ACCOUNTING POLICIES

Renault SA draws up its annual financial statements in accordance with French law and accounting regulations as defined by the 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 - 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 companies that are fully consolidated in the Group's financial statements;
- 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.

B - Advances to subsidiaries and affiliates

Loans to related companies and advances to subsidiaries and affiliates are recorded at historical cost. Impairment is recognised when there is a probability that these loans will not be recovered.

C - 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 free share plans and stock option plans are included in marketable securities. In compliance with CNC avis 2008-17 of November 6, 2008, they are stated at acquisition cost. No adjustment has been made to the value of shares acquired before the CNC issued this opinion.

D - Loan costs and issuance expenses

Loan costs, including issuance expenses, and bond redemption premiums, which are recorded in Other Assets, are amortised on a straight-line basis over the corresponding duration.

E - 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 unrealised 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,
  - unrealised foreign exchange gains are netted against unrealised foreign exchange losses with a similar term in the same currency,
  - any residual unrealised foreign exchange losses by currency and term are recognised.

F - Provisions for risks and liabilities

Provisions for risks and liabilities are defined in accordance with CRC regulation 2000-06. They are established for probable payment obligations existing at the 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 that cannot be reliably estimated. Provisions are not established for contingent liabilities, but an off-balance sheet commitment is reported where relevant.

G - 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 unrealised loss is recognised in the income statement, while unrealised gains are not recognised in income.

The fair value of forward exchange contracts is based on market conditions. The fair value of currency swaps is determined by discounting future cash flows, 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. The market value of derivatives is not recognised in the balance sheet in the individual financial statements.

H - 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.

4.4.2.2 INVESTMENT INCOME AND EXPENSES

Details are as follows:

(€ million)	2010	2009
Dividends received from Nissan Motor Co. Ltd.	88	
Other dividends received	37	
Interest on loans	238	334
Increases to provisions related to subsidiaries and affiliates	(5)	
TOTAL	**358**	**334**

All interest on loans concerns Group subsidiaries.

4.4.2.3 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 not classified as hedges in the individual financial statements. They are included in financial income and expenses in the income statement.

Foreign exchange gains and losses in 2010 mainly comprise the following:

- a foreign exchange loss of €154 million on redemption of the bond issued on May 28, 2003 (nominal value €750 million);
- a foreign exchange loss of €49 million on redemption of the bond issued on December 15, 2005 (nominal value 25 billion yen);
- a provision of €321 million for unrealised foreign exchange losses booked in 2010 and an amount of €129 million reversed from provisions booked in 2009.

Foreign exchange gains and losses in 2009 included a net loss of €869 million.

Changes in the hedge of the net assets of Nissan are shown in note 18.A.

4.4.2.4 OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses generated a net loss of €396 million in 2010 (compared to a loss of €54 million in 2009) and comprise net interest payments of €438 million on Renault borrowings after swaps, and a €56 million reversal from impairment recorded in respect of treasury shares that were sold during the year. A reversal of €310 million from impairment on treasury shares was booked in 2009.

Sales of marketable securities generated a loss of €24 million.

Details of interest paid and other similar expenses are as follows:

(€ million)	2010	2009
Net accrued interest after swaps on bonds (*)	(143)	(105)
Net accrued interest after swaps on borrowings from credit institutions	(35)	(57)
Accrued interest on termination of borrowings from subsidiaries	(20)	(33)
Accrued interest on redeemable shares	(14)	(16)
Accrued interest on the loan from the French government	(192)	(124)
Other financial expenses	(1)	
Other (treasury notes and commitment commissions)	(33)	(30)
TOTAL	**(438)**	**(365)**

(*) The net interest on bonds comprises accrued and paid interest amounting to €219 million (€217 million in 2009), and accrued and received interest on swaps amounting to €76 million (€112 million in 2009).

In 2010, the €143 million of interest received and paid mainly comprise:

- €45 million on the bond issued on October 13, 2009;
- €19 million on the bond issued in 2 tranches on May 24, 2006 (swapped) and April 16, 2008;
- €10 million on the swapped bond issued on June 30, 2010;
- €6 million on the swapped bond issued on April 16, 2007.

The net interest receivable on the swapped portion of bonds and borrowings from credit institutions amounted to €45 million: €82 million on the paying leg and €37 million on the receiving leg.

In 2009, the €105 million of interest received and paid after swaps, included €26 million on the swapped bond issued on May 24, 2006 and €22 million on the swapped bond issued on June 26, 2002.

4.4.2.5 NET EXCEPTIONAL ITEMS

The net exceptional income of €484 million reflects the gain on the transfer of 140,142,168 Nissan shares to Daimler AG as part of the strategic cooperation between the Renault-Nissan Alliance and Daimler AG.

4.4.2.6 INCOME TAX

As Renault SA elected to determine French income taxes under the domestic tax consolidation regime when it was formed, this regime has applied 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. The parent-company is not obliged to reimburse the subsidiaries for the tax savings resulting from utilisation of their tax losses when the subsidiaries return to profit or leave the tax consolidated group.

The income generated by income taxes for 2010 was €163 million, resulting from the domestic tax consolidation. The loss reported under the Group's tax consolidation amounts to €1,307 million, a €5,928 million decrease over the previous year.

Details of the tax income for the year are as follows:

		TAXES					NET INCOME	
(€ million)	PRETAX INCOME	THEORICAL	NETTING	CREDIT GENERATED	TAX CREDIT	NET TAX DUE	THEORETICAL	AS BOOKED
Current income subject to normal rate	(479)	(227)		227		0	(252)	(479)
Net exceptional items	484	8		(8)		0	475	484
Tax consolidation						(163)		163
TOTAL	**5**	**(219)**		**219**		**(163)**	**223**	**168**

Details of Renault SA's future tax position are as follows:

	2010		2009		VARIATIONS	
(€ million)	ASSETS (1)	LIABILITIES (2)	ASSETS (1)	LIABILITIES (2)	ASSETS	LIABILITIES
Temporarily non-deductible expenses						
Provisions for risks and liabilities	127		57		70	
Expenses deducted (or taxed income) not yet recognized for accounting purposes	**35**	**113**	**56**	**45**	**(21)**	**68**
TOTAL	**162**	**113**	**113**	**45**	**49**	**68**

(1) i.e. future tax credit.
(2) i.e. future tax charge.

4.4.2.7 INVESTMENTS

Changes during the year were as follows:

(€ million)	AT START OF YEAR	CHANGE OVER THE YEAR	AT YEAR-END
Investment in Nissan Motor Co. Ltd.	6,413	209	6,622
Investment in RNBV		8	8
Investment in Daimler		584	584
Other investments	13		13
Impairment and provisions on other investments	(13)		(13)
TOTAL	**6,413**	**801**	**7,214**

In April 2010 the Renault-Nissan Alliance and Daimler AG signed a strategic cooperation agreement designed to bring rapid benefits for all three groups from a certain number of defined projects and the sharing of best practices. The agreement principally concerns a new common architecture for small vehicles, widespread powertrain sharing and joint development for light commercial vehicles.

This strategic industrial cooperation is reinforced by new cross-shareholdings between the three groups, reflected in the following exchanges of shares:

- Daimler acquired 3.1% of new shares issued by Renault;
- Daimler acquired 3.1% of Nissan's shares from Renault;
- Renault acquired 3.1% of Daimler's shares, with a €90 million balancing payment, before transferring 1.55% of its investment in Daimler to Nissan, in exchange for 1.97% of Nissan's shares.

For the purposes of this operation Renault SA issued 10,785 thousand shares with par value of €3.81 per share. Of these 10,785 thousand shares, 9,167 thousand were remitted as remuneration for the investment acquired in Daimler and the remaining 1,618 thousand were subscribed by the Nissan group to maintain its percentage holding in Renault SA at 15% (see note 11). The capital increase resulting from this operation amounts to €399 million: share capital of €41 million plus a total share premium of €358 million (see note 11).

Nissan, meanwhile, transferred some of its treasury shares in exchange for the Daimler and Renault shares received.

Following these exchanges, Daimler now owns a 3.1% stake in Renault SA and Nissan, and Renault SA and Nissan each hold 1.55% of Daimler shares. Renault SA's investment in Nissan has been reduced from 44.3% to 43.4%.

Finally, Renault SA sold 1,628,000 treasury shares to the French State to enable it to retain its 15.01% ownership of the company. This transaction generated a loss of €24 million (note 4). The total number of Renault shares in circulation is now 295,722,284 (compared to 284,937,118 at December 31, 2009). The percentage of French State ownership remains unchanged at 15.01%.

4.4.2.8 ADVANCES TO SUBSIDIARIES AND AFFILIATES

Changes during the year were as follows:

(€ million)	AT START OF YEAR	INCREASES	DECREASES	AT YEAR-END
Capitalisable advances	5			5
Loans	11,903	4,437	(4,517)	11,823
TOTAL BEFORE PROVISIONS (1)	**11,908**	**4,437**	**(4,517)**	**11,828**
Provisions	(14)		(1)	(15)
TOTAL NET	**11,894**	**4,437**	**(4,518)**	**11,813**
(1) Current portion (less than 1 year)	*11,820*	*4,437*	*(4,516)*	*(11,741)*
Long-term portion (over 1 year)	*88*		*(1)*	*87*

Loans include:

- €6,301 million in short-term investments with Group finance companies as part of the Group's cash management programme (€2,655 million in 2009);
- €25 million in long-term loans to Renault s.a.s. (identical to 2009);
- €5,497 million in current accounts resulting from centralised cash management agreements with Group subsidiaries (€9,223 million in 2009).

All loans relate to Group subsidiaries.

The Group's cash management policy was reorganised in 2008 with the introduction of cash pooling facilities between Renault SA and its subsidiaries.

4.4.2.9 MARKETABLE SECURITIES

Marketable securities include €146 million for Renault SA's treasury shares, against which impairment of €95 million has been booked.

In 2010, Renault SA sold treasury shares with book value of €84 million (1,628,344 shares) for the price of €60 million, generating a loss on disposal of €24 million. An amount of €56 million was reversed from the corresponding impairment.

In 2009, marketable securities consisted of Renault SA's treasury shares for a total of €230 million, against which impairment of €151 million was booked.

Changes in treasury shares were as follows:

	AT START OF YEAR	OPTIONS EXERCISED	SHARES SOLD	AT YEAR-END
Number of shares	4,523,725		1,628,344	2,895,381
Value (€ million)	230		(84)	146
Impairment	(151)		56	(95)
TOTAL	**79**		**(28)**	**51**

4.4.2.10 OTHER ASSETS

The major components of other assets are:

- a €19 million payment (€21 million at December 31, 2009) for the purposes of the 1%-rate housing loan financing operation introduced in 2004, when Renault contracted a loan 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 amortised over the duration of the loan (15 years) at the same rate as the interest paid on the debt;
- issuance expenses of €10 million, including €3 million for the 5-year bond issued on October 13, 2009 with nominal value of €750 million;
- redemption premiums amounting to €16 million, comprising €8 million for the 5-year bond issued on April 16, 2008 with nominal value of €300 million and €3 million for the 5-year bond issued on October 13, 2009 with nominal value of €750 million;
- €344 million of translation adjustments essentially resulting from unrealised foreign exchange losses, covered by provision, on bonds issued in or swapped to yen as a partial hedge of the investment in Nissan.

4.4.2.11 SHAREHOLDERS' EQUITY

Changes in shareholders' equity were as follows:

(€ million)	BALANCE AT START OF YEAR	ALLOCATION OF 2009 NET INCOME	DIVIDENDS	2010 NET INCOME	OTHER	BALANCE AT YEAR-END
Share capital	1,086				41	1,127
Share premium	4,425				358	4,783
Revaluation surplus	9					9
Equity valuation difference	2,557				2,652	5,209
Legal and tax basis reserves	108					108
Retained earnings	6,302	49				6,351
Net income	49	(49)		168		168
TOTAL	**14,536**	**0**	**0**	**168**	**3,051**	**17,755**

The share capital and share premium increased by €399 million: Nissan Motor subscribed to Renault SA's capital increase for a total of €60 million (1,617,775 shares) and Daimler AG subscribed €339 million (9,167,391 shares or 3.1% of the capital of Renault SA).

Non-distributable reserves amounted to €5,326 million at December 31, 2010.

Renault SA's shareholding structure was as follows at December 31, 2010:

	OWNERSHIP STRUCTURE		VOTING RIGHTS	
	NUMBER OF SHARES HELD	% OF CAPITAL	NUMBER	%
French state	44,387,915	15.01%	44,387,915	17.86%
Employees	9,529,250	3.22%	9,529,250	3.84%
Treasury shares	2,895,381	0.98%		
Nissan	44,358,343	15.00%		
Daimler	9,167,391	3.10%	9,167,391	3.69%
Other	185,384,004	62.69%	185,384,004	74.61%
TOTAL	**295,722,284**	**100%**	**248,468,560**	**100%**

The par value of a Renault SA share is €3.81.

4.4.2.12 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.

797,659 redeemable shares remained on the market at December 31, 2010, with an average weighted cost of €158.93 each or a total of €129 million including accrued interest. These shares are listed on the Paris Bourse. The market price for redeemable shares with par value of €153 was €328 at December 31, 2010 (€290 at December 31, 2009).

The 2010 return on redeemable shares, amounting to €14 million (€16 million in 2009) is included in interest and equivalent expenses.

4.4.2.13 PROVISIONS FOR RISKS AND LIABILITIES

Provisions for risks and liabilities break down as follows:

(€ million)	2009	INCREASES	REVERSALS	2010
Foreign exchange losses	129	192		321
Other provisions for risks	38	4	(1)	41
TOTAL	**167**	**196**	**(1)**	**362**
Current (less than 1 year)	*22*	*4*		*26*
Long-term (over 1 year)	*145*	*192*	*(1)*	*336*

Each 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.

4.4.2.14 FINANCIAL LOANS AND BORROWINGS

A - Bonds

The principal changes in bonds over 2010 were as follows:

- issuance on February 4, 2010 of a 3-year bond with total nominal value of 10 billion yen, at the fixed rate of 2.53% (swapped to euros at the fixed rate of 4.28%);
- issuance on March 22, 2010 of a 7-year bond with total nominal value of €500 million, at the fixed rate of 5.625%;
- issuance on June 25, 2010 of a 3-year bond with total nominal value of 7 billion yen, at the fixed rate of 2.76% (swapped to a floating rate of 3-month Euribor +257.5 bp);
- issuance on June 30, 2010 of a 5-year bond with total nominal value of €400 million, at the fixed rate of 5.625% (swapped to a floating rate of 3-month Euribor +3.875%);
- issuance on September 20, 2010 of a 5-year bond with total nominal value of €250 million, at the fixed rate of 5.625%;
- issuance on December 10, 2010 of a 2-year bond with total nominal value of 45 billion yen, at the fixed rate of 1.95%;
- redemption of the April 27, 2007 3-year bond issue totalling 2 billion yen at the fixed rate of 1.285%;
- redemption of the May 28, 2003 7-year bond issue totalling €750 million at the fixed rate of 4.625% (swapped to a fixed rate of 1.236%);
- redemption of the December 8, 2003 7-year bond issue totalling €20 million at the fixed rate of 4.785%;
- redemption of the December 15, 2005 5-year bond issue totalling 25 billion yen at the fixed rate of 1.12%.

Breakdown by maturity

	DECEMBER 31, 2010						
(€ million)	Total	- 1 YR	1 TO 2 YRS	2 TO 3 YRS	3 TO 4 YRS	4 TO 5 YRS	+ 5 YRS
Nominal value	5,045	924	1,034	1,052	875	650	510
Accrued interest	56	56					
TOTAL	**5,101**	**980**	**1,034**	**1,052**	**875**	**650**	**510**

	DECEMBER 31, 2009						
(€ million)	TOTAL	- 1 YR	1 TO 2 YRS	2 TO 3 YRS	3 TO 4 YRS	4 TO 5 YRS	+ 5 YRS
Nominal value	4,106	975	763	597	890	871	10
Accrued interest	25	25					
TOTAL	**4,131**	**1,000**	**763**	**597**	**890**	**871**	**10**

Breakdown by currency

	DECEMBER 31, 2010		DECEMBER 31, 2009	
(€ million)	BEFORE DERIVATIVES	AFTER DERIVATIVES	BEFORE DERIVATIVES	AFTER DERIVATIVES
Euro	3,408	3,551	3,001	2,248
Yen	1,693	1,550	1,130	1,883
TOTAL	**5,101**	**5,101**	**4,131**	**4,131**

Breakdown by interest rate type

	DECEMBER 31, 2010	DECEMBER 31, 2009
(€ million)	AFTER DERIVATIVES	AFTER DERIVATIVES
Fixed rate	3,340	2,865
Floating rate	1,761	1,266
TOTAL	**5,101**	**4,131**

B - Borrowings from credit institutions

Borrowings from credit institutions stood at €1,248 million at December 31, 2010 (€1,258 million at December 31, 2009) and are mainly contracted on the market.

The principal changes in bonds over 2010 were as follows:

- issuance on July 29, 2010 of a 2-year bond with total nominal value of €77 million at the floating rate of 3-month Euribor +136.50 bp;
- issuance on November 9, 2010 of a 2-year bond with total nominal value of USD 97 million at the fixed rate of 2.44% (swapped to a floating rate of 3-month Euribor +192 bp);
- issuance on November 22, 2010 of a 3-year bond with total nominal value of USD 68 million at the fixed rate of 3.04% (swapped to a floating rate of 3-month Euribor +185 bp);
- redemption on December 5, 2010 of the 2-year bond totalling €150 million, at the floating rate of 3-month Euribor +175 bp;
- redemption on December 9, 2010 of the 2-year bond totalling 6 billion yen, at the fixed rate of 2.98%.

Breakdown by maturity

	DECEMBER 31, 2010						
(€ million)	TOTAL	- 1 YR	1 TO 2 YRS	2 TO 3 YRS	3 TO 4 YRS	4 TO 5 YRS	+ 5 YRS
Nominal value	1,240	95	205	632	230	47	31
Accrued interest	8	8					
TOTAL	**1,248**	**103**	**205**	**632**	**230**	**47**	**31**

	DECEMBER 31, 2009						
(€ million)	TOTAL	- 1 YR	1 TO 2 YRS	2 TO 3 YRS	3 TO 4 YRS	4 TO 5 YRS	+ 5 YRS
Nominal value	1,235	201	83	60	182	630	79
Accrued interest	23	23					
TOTAL	**1,258**	**224**	**83**	**60**	**182**	**630**	**79**

Breakdown by currency

	DECEMBER 31, 2010		DECEMBER 31, 2009	
(€ million)	BEFORE DERIVATIVES	AFTER DERIVATIVES	BEFORE DERIVATIVES	AFTER DERIVATIVES
Euro	1,130	1,248	1,212	1,212
Yen			46	46
Other currencies	118			
TOTAL	**1,248**	**1,248**	**1,258**	**1,258**

Breakdown by interest rate

	DECEMBER 31, 2010	DECEMBER 31, 2009
(€ million)	AFTER DERIVATIVES	AFTER DERIVATIVES
Fixed rate	518	570
Floating rate	730	688
TOTAL	**1,248**	**1,258**

Borrowings from credit institutions maturing within one year include €12 million in bank credit balances.

C - Other loans and financial debts

Other loans and financial debts amounted to €5,893 million at December 31, 2010 (€6,660 million in 2009), and principally comprise:

- borrowings from Group subsidiaries with surplus cash;
- treasury notes amounting to €563 million;
- a €2 billion loan from the French government.

During 2009 Renault received a loan of €3 billion from the French government. This loan matures at the end of its 5-year term in 2014. It was initially repayable in part or in full from April 2011, but an amendment was signed to define new terms for early repayment. Among other modifications this amendment allowed early repayment of €1 billion in September 2010. The balance outstanding at the year-end will also be repaid early under the terms defined in the contract.

The interest rate applicable to this loan comprises a fixed portion of 6% and a variable portion indexed on the Group's operating margin rate, between a lower and upper limit set respectively at 6% and 9%.

The loan agreement stipulates that the interest rate will be raised if Renault fails to honour its contractual commitments regarding development of clean vehicle systems and technologies in France, introduction of partnership arrangements with suppliers and using profits to reinforce shareholders' equity and make investments. The agreement includes standard accelerated payment clauses (in the event of default on repayments, inaccurate declarations, failure to comply with contractual obligations, insolvency proceedings, etc.) and entitles the lender to demand full repayment within 3 months if direct or indirect control over more than 50% of the capital or voting rights is transferred without prior approval.

No loans or financial debts are secured.

D - Liquidity risk

The Group's Automotive 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, and this exposes it to a liquidity risk in the event of market closure or tensions over credit availability. As part of its centralised cash management policy, Renault SA handles most refinancing for the Automotive division through long-term resources via the capital markets (bond issues, private placements), short-term financing such as treasury notes, or bank financing.

These credit lines contain no clause that might adversely affect credit availability as a result of a change in Renault's credit rating or financial ratio compliance.

Short-term financing is secured by confirmed credit agreements (see note 19). The contractual documentation for these confirmed credit lines contains no clause that could affect the continued supply of credit in the event of any change in Renault's credit rating or financial ratio compliance.

Given the available cash reserves, confirmed credit lines unused at the year-end, and the prospects for renewal of short-term financing, Renault SA has sufficient financial resources to cover its commitments over a 12-month horizon.

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4.4.2.15 OTHER LIABILITIES

Changes in other liabilities were as follows:

(€ million)	2010	2009	VARIATION 2010 / 2009
Tax liabilities	168	57	111
Payables to suppliers of capital assets	5		5
Other liabilities	1		1
TOTAL	**174**	**57**	**117**

The €111 million increase in tax liabilities results from a €11 million increase in tax liabilities and a €100 million increase in the liability for taxes payable to subsidiaries under the French domestic tax consolidation system.

4.4.2.16 DEFERRED INCOME

Deferred income mainly comprises unrealised foreign exchange gains on borrowings issued in yen or swapped to yen, totalling €21 million. These borrowings were subscribed as part of the hedge of the net assets of Nissan.

4.4.2.17 INFORMATION CONCERNING RELATED COMPANIES

"Related companies" are all entities fully consolidated in the Group's consolidated financial statements.

INCOME STATEMENT

	2010		2009	
(€ million)	TOTAL	RELATED COMPANIES	TOTAL	RELATED COMPANIES
Interest on loans	238	237	334	332
Interest and equivalent expenses	(438)	(16)	(365)	(39)
Reversals of provisions and transfers of charges	205		1,282	

BALANCE SHEET

	2010		2009	
(€ million)	TOTAL	RELATED COMPANIES	TOTAL	RELATED COMPANIES
Loans	11,823	11,788	11,903	11,858
Receivables	189		3	
Cash and cash equivalents	13		16	
Borrowings from credit institutions	1,248	195	1,258	
Loans and financial debts	5,893	3,187	6,660	2,791
Other liabilities	174	141	57	

4.4.2.18 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)	AT DECEMBER 31, 2010	AT DECEMBER 31, 2009
FOREIGN EXCHANGE RISKS:		
Currency swaps		
Purchases	142	752
With Renault Finance	*142*	
Sales	156	750
With Renault Finance	*156*	
Other forward exchange contracts and options		
Purchases	432	283
With Renault Finance	*432*	*283*
Sales	431	284
With Renault Finance	*431*	*284*
INTEREST RATE RISKS:		
Interest rate swaps	**1,796**	**1,401**
With Renault Finance	*1,692*	*1,292*

Transactions undertaken to manage exchange rate exposure principally comprise currency swaps and forward currency operations to hedge financing contracted in foreign currencies, apart from financing in yen undertaken specifically for the partial hedge of Renault's share in Nissan's net assets.

Renault SA also carries out forward currency sales to hedge loans to subsidiaries denominated in foreign currencies.

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.

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:

	AT DECEMBER 31, 2010		AT DECEMBER 31, 2009	
(€ million)	BALANCE SHEET VALUE	FAIR VALUE	BALANCE SHEET VALUE	FAIR VALUE
ASSETS				
Marketable securities, gross [1]	146	126	230	164
Loans	11,823	11,972	11,903	11,912
Cash and cash equivalents	13	13	16	16
LIABILITIES				
Redeemable shares	129	262	129	231
Bonds	5,101	3,956	4,131	4,258
Other interest-bearing borrowings [2]	7,141	7,169	7,918	8,133

(1) Including treasury shares.
(2) Excluding redeemable shares.

C - Estimated fair value of off-balance sheet financial instruments

	AT DECEMBER 31, 2010		AT DECEMBER 31, 2009	
(€ million)	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Forward exchange contracts	735	(726)	324	(326)
With Renault Finance	*735*	*(726)*	*324*	*(326)*
Currency swaps	294	(275)	783	(761)
With Renault Finance	*294*	*(275)*		
Interest rate swaps	89	(3)	103	(3)
With Renault Finance	*79*		*88*	

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.

The methods and assumptions used are by nature theoretical, and judgment plays a major role in interpreting market data.

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 recognised 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 cash flows using the rates at December 31, 2010 and December 31, 2009 for loans with similar conditions and maturities;
- **liabilities:** the fair value of financial liabilities is determined by discounting future cash flows at risk-free rates at December 31, 2010 and December 31, 2009 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 cash flows using exchange rates and interest rates prevailing at December 31, 2010 and December 31, 2009 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. Unrealised 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, 2010 and December 31, 2009.

4.4.2.19 OTHER COMMITMENTS AND CONTINGENCIES

Off-balance-sheet commitments are as follows:

(€ million)	2010 TOTAL	2010 CONCERNING RELATED COMPANIES	2009 TOTAL	2009 CONCERNING RELATED COMPANIES
Commitments received				
Unused credit lines	4,215	200	4,250	180
TOTAL	**4,215**	**200**	**4,250**	**180**
Commitments given				
Guarantees and deposits	565	550	465	450
Unused credit lines			100	100
TOTAL	**565**	**550**	**565**	**550**

As part of the management of RCI Banque's major risk ratio, Renault SA had provided Cogera (a fully-owned RCI Banque subsidiary) with a limited recourse €450 million credit facility from December 2004, and Renault SA's corresponding receivable was pledged in favour of Cogera. In 2008, this arrangement was complemented by a pledged deposit of €100 million by Renault SA's to RCI Banque. All these measures for management of RCI Banque's major risk ratio were replaced in 2010 by a pledged deposit agreement between Renault SA and RCI Banque, for an amount of €550 million.

There are no restrictive clauses on credit lines opened but unused.

The forward sales and swaps undertaken by Renault SA are described above (note 18.A – Management of exchange and interest rate risk).

4.4.2.20 CASH FLOW

Cash flow is determined as follows:

(€ million)	2010	2009
Net income	168	49
Increases to provisions and deferred charges	10	9
Net increase to provisions for risks and liabilities	196	(829)
Net increases to impairment	(55)	(310)
Loss on sale of treasury shares	24	258
Gain on disposals of investments	(484)	
TOTAL	**(141)**	**(823)**

4.4.2.21 WORKFORCE

Renault SA has no employees.

4.4.2.22 DIRECTORS' FEES

Directors' fees amounted to €600,000 in 2010 (€571,336 in 2009), of which €28,000 were for the function of Chairman (€38,795 in 2009).

4.4.2.23 SUBSEQUENT EVENTS

No significant events have occurred since the year-end.

OTHER INFORMATION – INVESTMENTS STATED AT EQUITY *(€ MILLION)*

COMPANIES	SHARE CAPITAL	RESERVES AND RETAINED EARNINGS	% OF CAPITAL HELD	BOOK VALUE OF SHARES OWNED
INVESTMENTS				
Renault s.a.s.	534	2,191	100.00	10,232
Dacia [(1)]	596	111	99.43	781
Sofasa [(2)]	1	87	23.71	12
TOTAL INVESTMENTS				**11,025**

(1) The exchange rate used for Dacia is 4.262 Romanian lei = 1 euro.
(2) The exchange rate used for Sofasa is 2,558 Colombian peso = 1 euro.

OTHER INFORMATION – INVESTMENTS STATED AT EQUITY *(€ MILLION)*

COMPANIES	OUTSTANDING LOANS AND ADVANCES FROM RENAULT SA	SALES REVENUES EXCLUDING TAXES 2010	NET INCOME (LOSS), PRIOR YEAR	DIVIDENDS RECEIVED BY RENAULT SA IN 2010
INVESTMENTS				
Renault s.a.s.	2,749	32,008	951	
Dacia (3)		2,709	71	37
Sofasa (4)		474	20	

(3) The exchange rate used for Dacia is 4.21 Romanian lei = 1 euro.
(4) The exchange rate used for Sofasa is 2,516.67 Colombian peso = 1 euro.

ACQUISITION OF INVESTMENTS

See note 7.

5

5

RENAULT AND ITS SHAREHOLDERS

The elements of the annual financial report are identified by the AFR sign in the table of contents.

✦ Global Reporting Initiative (GRI) Directives

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'S 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, 2010, the share capital amounted to €1,126,701,902.04 (one billion one hundred and twenty six million seven hundred and one thousand nine hundred and two euro and four cents) consisting of 295,722,284 shares with a par value of €3.81. The shares are fully subscribed and paid in.

In view of the 2,895,381 shares of treasury stock and the 44,358,343 shares held by Nissan Finance Co., Ltd., the total number of voting rights at that date was 248,468,560.

5.2.2 CHANGE IN THE 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 April 2010 in the context of the strategic cooperation agreement with Daimler AG. Board of Directors' meeting approved two reserved share issues on April 28, 2010:

- a share issue reserved for Daimler AG that gave it 3.1% of new shares in exchange for 1.55% of Daimler AG's treasury stock;
- a second share issue reserved for Nissan Finance that gave it 0.7% of the new shares in exchange for Nissan Co. Ltd. shares, in order to maintain Nissan Finance's share in the capital.

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
28/04/2010	Capital increase reserved for Nissan Finance Co., Ltd.: 1,617,775 shares issued at €37 (par: €3.81)	1,091,774,142.33	286,554,893
28/04/2010	Capital increase reserved for Daimler AG.: 9,167,391 shares issued at €37 (par: €3.81)	1,126,701,902.04	295,722,284

N.B.: No changes in the share capital in FY 2000, 2003, 2004, 2005, 2006, 2007, 2008 and 2009.

* *Shares at €3.81.*

5.2.4 UNISSUED AUTHORIZED CAPITAL

5.2.4.1 OVERALL AUTHORIZATIONS

The General meeting of Shareholders of May 6, 2009 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.

To date, the Board has only authorized the cross shareholding exchange as part of the strategic cooperation with Daimler AG (see above).

Since the current authorization expires shortly, new authorizations will be put to the General Meeting on April 29, 2011.

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 VOARD OF DIRECTOR	UTILIZATION
13th resolution* **GM 2009**	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 2010 financial statements.	N/A
15th resolution **GM 2009**	Issue without preemptive rights of shares as consideration for cash contributions. Valid 26 months until the GM called to approve the 2010 financial statements.	April 2010
17th resolution **GM 2009**	Capital increase through capitalization of reserves, income or issuance or share premiums. Valid 26 months until the GM called to approve the 2010 financial statements. Capped at a nominal value of €1 billion.	N/A
20th resolution **GM 2009**	Capital increase through issuance of shares reserved for employees. Valid 26 months until the GM called to approve the 2010 financial statements. Capped at 3% 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 thirteenth and fifteenth resolutions is set in the sixteenth resolution at €500 million by the Combined General Meeting of May 6, 2009.*

5.2.5 POTENTIAL CAPITAL

5.2.5.1 OPTIONS

The authorization granted by the Combined General Meeting of April 29, 2008 has expired. A new resolution will be submitted to the Combined General Meeting of April 29, 2011, details of which are provided in Chapter 6.

For details of grants and outstanding options, see Chapter 3.3.3 of this Registration Document.

5.2.5.2 BONUS SHARES

The authorization granted by the Combined General Meeting of May 4, 2006 has expired. A new resolution will be submitted to the Combined General Meeting on April 29, 2011, details of which are provided in Chapter 6.

For details of grants under the above authorizations, see Chapter 3.3.3.4 of this Registration Document.

5.2.5.3 SHARE BUYBACKS (1)

1) TRADING BY RENAULT IN ITS OWN SHARES IN 2010 AND ALLOCATION OF TREASURY STOCK

At December 31, 2010 Renault SA held 2,895,381 shares of €3.81 par value and a book value of €50,840,722.

Pursuant to Article L. 225-209 of the Commercial Code, the sixth resolution of the Combined General Meeting of April 30, 2010 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. The authorization is valid until November 6, 2011, unless the annual general meeting of April 29, 2011 authorizes a new program, as described in paragraph 2) below.

(1) This paragraph contains information that will appear in the program description, pursuant with article 241-2 of the amf general regulations, and the information required pursuant to the measures stipulated in article l.225-211 of the commercial code.

Renault SA did not acquire any of its own shares in 2010. However, as part of this authorization and its share buyback program approved by the Combined General Meeting of April 30, 2010, Renault acquired 1,163,874 shares in February 2011 to cover its stock option plans.

In addition, on April 28, 2010, pursuant to the 2010 strategic cooperation agreement with Daimler AG, Renault SA sold a block of 1,628,344 shares held in treasury stock to the French State to allow the French State to retain its holding without dilution following the share issues for i) Daimler AG for 3.1% of the capital and ii) for Nissan for 0.7% of the capital, in exchange for their shares. The shares sold were originally allocated as coverage for stock subscription option plans considerably out of the money.

The 2,895,381 shares held directly or indirectly by Renault SA at December 31, 2010, are allocated as follows:

- 2,895,381 to cover buy-back options, bonus share plans, and to cover stock option plans in order to offset dilution arising from the exercise of options to subscribe new shares;
- zero shares remitted for the exercise of rights attached to financial securities creating the right to an allotment of company stock by conversion, exercise, redemption, exchange, or any other method, in accordance with securities regulations;
- zero 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;
- zero shares retained and subsequently remitted or as consideration for possible acquisitions;
- zero shares cancelled.

Percentage of treasury stock held directly or indirectly at December 31, 2010: 0.98%.

Number of shares cancelled over the 24 months preceding December 31, 2010: 10,000* shares.

Number of shares held in the portfolio at December 31, 2010: 2,895,381 shares.

Book value of the portfolio at December 31, 2010: €50,840,722.

Portfolio value at December 31, 2010**: €125,949,073.

* *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.*

** *Based on a share price of €43.5.*

TRADING BY RENAULT IN ITS OWN SHARES DURING 2010 IN CONNECTION WITH PROGRAMS AUTHORIZED BY THE COMBINED GENERAL MEETINGS ON MAY 6, 2009 AND APRIL 30, 2010:

	TOTAL GROSS FLOWS AT DECEMBER 31, 2010		OPEN INTEREST AT DECEMBER 31, 2010	
	PURCHASES	SALES	LONG POSITIONS	SHORT POSITIONS
Number of shares	none	1,628,344	none	none
Average sell, buy or strike price	none	€37/share	none	none
Total	none	€60,248,728	none	none

2) DESCRIPTION OF THE BUYBACK PROGRAM SUBMITTED FOR APPROVAL TO THE AGM ON APRIL 29, 2011

Pursuant to Articles 241-1 to 242-7 of the AMF General Regulation and Article L. 451-3 of the Monetary and Financial Code, this section describes the purpose and arrangements for the new treasury stock buyback program organized by Renault SA ("the Company"), which will be submitted for approval to the Combined General Meeting of Shareholders on April 29, 2011.

The aims of the program are to:

- use some or all of the 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; or to cover all other types of allocation intended for the employees and senior executives of the Company and its Group, in accordance with law;
- cancel the shares, subject to the adoption of the seventh resolution by the Combined General Meeting;
- remit the shares for the exercise of rights attached to financial securities creating the right to an allotment of Company stock by conversion, exercise, redemption, exchange or any other method, in accordance with securities regulations;
- 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;
- retain some or all of the shares and remit them subsequently in exchange or as consideration for possible acquisitions.

The maximum purchase price shall be €100 per share (ISIN code: FR0000131906), and the number of shares eligible for acquisition shall be no more than 5% of the share capital, i.e. theoretically 14,786,114 shares. It should be noted that (A) this limit applies to a capital amount that, where necessary, will be adjusted to reflect any transactions carried out subsequent to the General Meeting; and that (B) where the shares are purchased to promote liquidity, in accordance with the AMF General Regulation, the number taken into account to calculate the aforementioned 5% limit shall be the number of shares purchased less the number resold during the authorized period.

The total amount that the Company may spend to buy back its own stock shall not exceed €1,478 million.

The number of shares acquired by the Company for retention or exchange as part of a merger, partial merger or demerger shall not exceed 5% of the share capital.

Once approved by the General Meeting of April 29, 2011, this program shall be valid for a period that expires at the next Annual General Meeting called to approve the 2011 financial statements and shall be no longer than eighteen months, i.e. until October 29, 2012.

5.2.6 RENAULT SHARE OWNERSHIP ✦

5.2.6.1 RENAULT SHAREHOLDERS AT DECEMBER 31, 2010

OWNERSHIP OF SHARES AND VOTING RIGHTS FOR THE LAST THREE FISCAL YEARS

	12/31/2010			12/31/2009			12/31/2008		
	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	44,387,915	15.01%	17.86%	42,759,571	15.01%	17.99%	42,759,571	15.01%	18.32%
Nissan Finance. Co, Ltd	44,358,343	15.00%	-	42,740,568	15.00%	-	42,740,568	15.00%	-
Daimler AG	9,167,391	3.10%	3.69%	-	-	-	-	-	-
Employees (1)	9,145,220	3.09%	3.68%	9,529,250	3.34%	4.01%	9,530,004	3.34%	4.08%
Treasury stock	2,895,381	0.98%	-	4,523,725	1.59%	-	8,773,698	3.08%	-
Public	185,768,034	62.82%	74.77%	185,384,004	65.06%	78.00%	181,133,277	63.57%	77.60%
TOTAL	**295,722,284**	**100.00%**	**100.00%**	**284,937,118**	**100.00%**	**100.00%**	**284,937,118**	**100.00%**	**100.00%**

(1) The employee-owned shares (present ans former employees) counted in this category qare those held in company savings schemes.

Renault carried out a capital increase in April 2010, following the strategic cooperation agreement with Daimler. The share capital is now €1,126,701,902.04 broken down into 295,722,284 shares and the major shareholdings are now as follows:

- 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, 2009. Nissan Finance Co., Ltd. is not entitled to exercise the voting rights attached to these shares, owing to Renault's ownership interest in Nissan;
- the Daimler group holds 3.10% (9,167,391 shares);
- current and former Renault employees hold 3.09% of the capital in the form of shares managed through collective investment schemes;
- the percentage of treasury stock is 0.98%. These shares do not carry voting rights;
- in view of these changes, the free float is now 62.82% of the capital (compared with 65.06% at December 31, 2009).

A survey of the holders of Renault shares was carried out on December 31, 2010 to obtain an estimated breakdown of the public's ownership interest by category of major shareholder. At that date, institutional shareholders owned approximately 55.13% of the capital, with French institutions holding 11.43% and foreign institutions 43.70%. The 10 largest French and foreign institutional investors held approximately 21.4% of the capital. Individual shareholders were estimated to own around 7.27% of the capital.

✦ Global Reporting Initiative (GRI) Directives

5.2.6.2 SHAREHOLDER AGREEMENTS ON SHARES MAKING UP THE AUTHORISED CAPITAL

RESTRICTIONS ON THE TRANSFER OF SHARES AND THE EXERCISE OF VOTING RIGHTS

As part of the Master Cooperation Agreement on long-term strategic cooperation signed on April 7, 2010 by Renault SA, Nissan Motor Co. Ltd, Renault-Nissan BV, and Daimler AG, the Parties made the following commitments in accordance with Article L. 225-100-3 of France's Commercial Code:

- lock-up commitment: for a five-year period beginning on the date of the Master Cooperation Agreement signature, Daimler commits to not transfer its holding in Renault without the prior agreement of the other parties. However, providing the transfer concerns all Renault shares and that the beneficiary is not a competitor of Renault, the lock-up commitment does not apply to the following cases: (i) transfer to a subsidiary, (ii) a public offer for Renault shares recommended by Renault's Board of Directors, (iii) a change in control of Renault. The commitment will end prematurely if the Master Cooperation Agreement is terminated before the end of the five-year period;
- right of first offer: if Daimler wants to transfer its Renault shares (either at the end of the lock-up commitment or during that period providing it has transfer authorization), Renault benefits from the right of first offer, allowing it to acquire those shares. If Renault chooses not to exercise its right, Daimler may sell its shares to third parties that are not competitors of Renault or use them to invest in the market;
- commitment in the event of a hostile takeover bid: after the end of the lock-up commitment, Daimler agrees to not tender its shares to a takeover bid for Renault that has not received approval from Renault's Board of Directors. This commitment will end on termination of the Master Cooperation Agreement.

ACTION IN CONCERT BETWEEN THE PARTIES

Renault and Daimler have represented and warranted that they are not acting in concert, directly or indirectly, as defined in Article L. 233-10 of the French Commercial Code.

5.3 MARKET FOR RENAULT SHARES

5.3.1 RENAULT SHARES

5.3.1.1 LISTING EXCHANGE AND STOCK INDEXES

Renault has been 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.

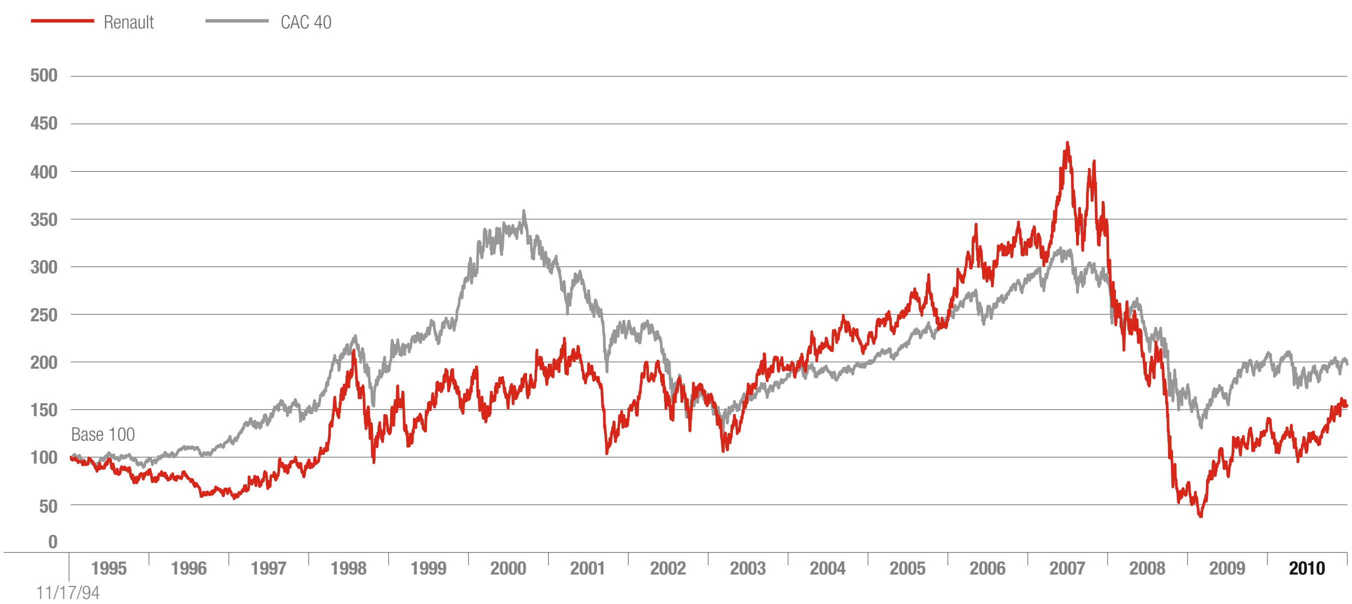
Renault shares (ISIN code FR0000131906, Symbol: RNO) are listed on Euronext – compartment A and qualify for the deferred-settlement account system (SRD) and for inclusion in French equity savings plans.

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 Auto 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 *Aspi Eurozone*, *Ethibel Sustainability Index Excellence Europe*, *ECPI E.Capital Partners*, etc. (cf. chap. 2.4).

5.3.1.2 SHARE PRICE PERFORMANCE

SINCE NOVEMBER 17, 1994 (FIRST STOCK MARKET QUOTATION)



SHARE PRICE AND TRADING VOLUMES OVER THE PAST 18 MONTHS ✦

		CLOSING PRICE *(€)*		
	No. OF SHARES TRADED	LAST	LOW	HIGH
Sept 09	66,591,305	31.87	28.80	34.32
Oct 09	66,823,125	30.60	30.07	36.78
Nov 09	56,092,448	32.20	30.13	33.65
Dec 09	39,392,798	36.20	33.49	36.20
Jan 10	55,029,465	34.26	33.86	39.70
Feb 10	76,862,189	30.20	29.42	35.32
March 10	60,888,385	34.70	29.515	36.60
Apr 10	56,828,246	35.41	34.00	37.74
May 10	88,111,063	29.385	26.56	35.94
June 10	60,628,161	30.785	27.78	34.255
July 10	43,639,324	34.235	29.425	35.80
Aug 10	35,240,472	32.06	31.20	35.675
Sept 10	41,819,292	37.745	31.735	38.345
Oct 10	50,110,038	39.925	35.32	43.805
Nov 10	35,560,008	40.38	38.63	44.895
Dec 10	25,113,193	43.50	40.24	45.97
Jan 11	42,668,380	47.785	43.83	50.53
Feb 11	47,999,131	44.415	41.62	49.955

Source: Reuters.

SHARE PERFORMANCE IN 2010

RENAULT					INDEXES	
					CHANGE SINCE 12/31/2009	
CLOSING PRICE AT 12/31/2010	MARKET CAPITALIZATION AT 12/31/2010 *(in M€)*	2010 HIGH (12/07/10)	2010 LOW (05/25/10)	CHANGE SINCE 12/31/2009	CAC 40	DJES AUTO
€43.5	12,864	€45.6	€26.765	+ 20.2%	- 3.3%	+ 47.1%

Source: Reuters.

The average share price in the last 30 trading days of 2010 was €43.65 (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, unchanged at December 31, 2010.

PAYOUT IN

The gross interest on redeemable shares paid on October 25, 2010 in respect of 2009 was €19.15, (€10.29 for the fixed portion and €8.86 for the variable portion).

The interest on redeemable shares for FY 2010, payable on October 24, 2011, will be €20.53 , comprising €10.29 for the fixed portion and €10.24 for the variable portion based on consolidated revenue of €38,971 million for 2010 and €33,733 million for 2009, on a comparable basis.

TRADING VOLUMES AND PRICES OF RENAULT REDEEMABLE SHARES OVER THE PAST 18 MONTHS

		CLOSING PRICE *(€)*		
	No. SHARES TRADED	LAST	LOW	HIGH
Sept 09	9,468	310.00	293.05	310.00
Oct 09	9,725	279.00	279.00	311.00
Nov 09	13,622	280.00	277.95	283.90
Dec 09	43,351	290.00	275.20	291.25
Jan 10	27,988	308.70	290.00	309.85
Feb 10	8,446	311.50	307.80	317.00
March 10	8,112	322.00	311.55	323.95
Apr 10	8,246	327.00	317.10	329.20
May 10	11,702	302.95	295.50	328.55
June 10	7,258	301.35	295.00	308.80
July 10	8,920	301.80	295.90	304.95
Aug 10	27,805	328.00	299.35	328.00
Sept 10	22,769	349.00	318.20	353.05
Oct 10	14,230	342.80	337.00	363.75
Nov 10	8,741	344.40	337.05	351.90
Dec 10	10,254	328.00	325.25	348.55
Jan 11	8,937	347.00	325.25	367.30
Feb 11	4,903	347.00	343.25	353.95

Source: Reuters.

✦ Global Reporting Initiative (GRI) Directives

5.3.2.2 DIAC REDEEMABLE SHARE

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 FR0000047821.

At December 31, 2010 the number of redeemable shares issued by Diac in 1985 and still outstanding was 69,269. At the closing price of €165.50, they were worth a total of €11,464,019.50 (€10,560,059.05 at the par value of €152.45).

In the course of 2010 the share price fluctuated between €146.55 (February 8) and €170 (April 30 and May 3).

5.3.3 DIVIDENDS ✦

Meeting on February 28, 2011 the Board of Directors will propose to pay a dividend of €0.30 per share for the FY 2010. This will be put to vote at the Annual General Meeting on April 29, 2011.

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.

	No. SHARES IN AUTHORIZED CAPITAL AT DECEMBER 31	DIVIDENDS PER SHARE *(€)*	PAYABLE DATE
2006	284,937,118	3.1	May 15, 2007
2007	284,937,118	3.8	May 15, 2008
2008	284,937,118	0	-
2009	284,937,118	0	-
2010 (1)	295,722,284	0.30	May 16, 2011

(1) In accordance with the proposal of the Board of Directors and subject to the decision of the Combined General Meeting of April 29, 2011.

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 was listed 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 voice mail number, 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, and an online web function to manage Renault registered shares.

In 1995, after the floatation, Renault set up a **Shareholders' Club** to enable investors to get to know the company, its issues and products better, as well as the world of automobiles in general.

Open to anyone holding at least one share, the Club currently has 8,000 members who are invited to visit Renault plants or research centers, to conferences on a range of subjects and also, since 2010, to electric car tests. More than 300 shareholders per year benefit from this wide-ranging program.

To inform shareholders about the group's activities on a regular basis, Renault has made tools **available 24/7**. In addition to the Shareholders' Letter, which Club members receive three times a year, shareholders also have access to a toll-free voice mail number, an e-mail address and a dedicated Finance page on the Group's website www.renault.com.

To further enrich its communications tools, a shareholders' guide was put on line in 2008, which provides present or future shareholders with all the useful information they need about the various types of Renault shares.

To improve its service further, Renault developed a new tool in 2009: the Shareholders' page. This may be accessed through www.renault.com / Finance and enables all Club members to sign up for events on line, to manage their accounts, and buy Renault memorabilia at special rates.

Live video broadcasts of results meetings (annual and half-yearly) and of the Annual General Meeting are transmitted on the www.renault.com website, so that shareholders can follow the highlights of the Group's financial events, in real time or after the event.

To improve the clarity of information provided to shareholders, a **Shareholder Consultative Committee** was formed in 1996. The Committee is composed of nine Renault shareholders (of whom two employees or retired employees) and meets at the company's headquarters several times a year, to work on improving Renault's communications with shareholders in all media (see the Finance page on the website, Shareholders' Letter).

Renault also likes to get to know its shareholders through discussions at **regional meetings**. The Finance division team visits various French cities over the year to take part in meetings with more than 250 shareholders that are either organized by Renault branches or together with the French Federation of Investment Clubs. Since 2006, Renault has attended more than 20 regional shareholder meetings, and in 2010 the Finance Division met shareholders in Lyon, Marseille and Strasbourg.

5.4.2 INSTITUTIONAL INVESTORS / SOCIALLY RESPONSIBLE INVESTORS

The Group organizes analysts' meetings to coincide with the release of its financial results or the announcement of exceptional events. It also holds individual meetings with investors throughout the year, both in France and abroad, and Renault managers give presentations at industry conferences and major motor shows.

To secure investor support over the long term, Renault maintains close links with analysts and investors in the socially responsible investment (SRI) community. This involves individual meetings and topical conferences organized by specialized intermediaries in Europe and the USA. Renault managers regularly speak out on social and environmental issues for the attention of SRI analysts and investors.

✦ Global Reporting Initiative (GRI) Directives

5.4.3 2011 FINANCIAL CALENDAR

February 10 (before opening)	2010 annual results
April 26 (after close)	Q1 2011 revenues
April 29 (afternoon)	Annual General Meeting
July 28 (before opening)	2011 half-year results
October 27 (after close)	2011 9-month revenues

5.4.4 CONTACTS ✦

INVESTOR RELATIONS DEPARTMENT

E-mail: communication.actionnaires@renault.com

Toll-free voicemail: +33(0) 800 650 650

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

Website: www.renault.com/rubrique Finance

Contact:

Duncan Minto

Renault Investor Relations Director

T: +33 (0) 1 76 84 53 09 – F: +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
T: 892 23 00 00 in France
+33 (0) 1 40 14 11 16 from abroad
F: +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 2010, 2009, 2008 and 2007, all filed with the AMF.

5.4.6 ANNUAL INFORMATION DOCUMENT

Information published or publicly disclosed over the past 12 months pursuant to Article L. 451-1-1 of the Monetary and Financial Code and Article 221-1-1 of the AMF General Regulation.

ANNUAL INFORMATION DOCUMENT (MARCH 1, 2010 - FEBRUARY 28, 2011)

DATE	DOCUMENTS
	PERIODIC AND OCCASIONAL INFORMATION AVAILABLE ON WWW.AMF-FRANCE.ORG AND WWW.RENAULT.COM
	REGISTRATION DOCUMENT 2009
March 26, 10	Filing date: March 25, 2010
	The 2009 Registration Documents includes the buyback program, the annual information document and the auditor's fees.
	PRESS RELEASES
March 26,10	Share buy-back program document
April 7, 10	The Renault-Nissan Alliance and Daimler AG announce their long-term strategic cooperation plan
April 27, 10	Financial information, first quarter at March 31, 2010
April 28, 10	Cooperation Agreement
April 28, 10	Voting rights and shares comprising the capital at April 27, 2010
May 12, 10	Nissan contributes €70 million to Renault's results in the H1 2010
June 17,10	Base Prospectus
June 30,10	Prospectus with the final conditions for the issue of €400 million EMTN
July 8, 10	World sales results, first half 2010
July 30, 10	Financial results, first half 2010
July 30, 10	Monthly statement on the number of shares and voting rights at July 30, 2010
Aug 3, 10	Supplement for the Base Prospectus for the EMTN (half-yearly results published)
Sept 10, 10	Early repayment of €1 billion to the French State
Sept 10, 10	Monthly statement on the number of shares and voting rights at August 31, 2010
Sept 13, 10	Supplement to the second Base Prospectus for the EMTN program
Sept 20, 10	Final conditions for the bond issue under the EMTN program
Oct 6, 10	Renault announces the disposal of its B shares in Volvo AB
Oct 7, 10	Renault has sold its stake in the B shares of Volvo AB
Oct 13, 10	Monthly statement on the number of shares and voting rights at September 30, 2010
Oct 27, 10	Financial results, 3rd quarter 2010
Nov 5, 10	Nissan's contribution to Renault's Q3 2010 results
Nov 5, 10	Monthly statement on the number of shares and voting rights at October 31, 2010
Nov 16, 10	3rd Supplement to the Base Prospectus for the EMTN program
Nov 24, 10	4th Supplement to the Base Prospectus for the EMTN program
Dec 13, 10	Monthly statement on the number of shares and voting rights at November 30, 2010
Jan 10, 11	Monthly statement on the number of shares and voting rights at December 30, 2010
Jan 31, 11	Financial results 2010, estimated
Feb 10, 11	Financial results 2010, definitive
Feb 10, 11	Renault 2016 - Drive the Change
Feb 10, 11	Annual Report 2010 available
Feb 22, 11	Monthly statement on the number of shares and voting rights at January 31, 2011
	CORPORATE SHARE OPERATIONS
April 29, 10	Voting rights and shares making up the capital at April 27, 2010
	CORPORATE ACTION REPORT
	Posted online: May 11, 2010, September 23, 2010

DATE	DOCUMENTS
	INFORMATION PUBLISHED IN THE LEGAL GAZETTE (BALO) AND AN OFFICIAL JOURNAL
March 10, 10	Shareholders' General Meeting Notice, April 30, 2010
March 29, 10	First call for a meeting of holders of redeemable shares (April 16, 2010) in the BALO and the *Journal Spécial des Sociétés*
April 2, 10	First call, Shareholders' General Meeting, April 30, 2010
May 7, 10	Annual financial statements for 2009
	INFORMATION PUBLISHED IN KANTO LOCAL FINANCE (JAPAN) AND ON EDINET
June 4,10	Shelf Registration Statement
June 4,10	Annual Securities Report at December 31, 2009
Sept 30, 10	Amendment to the Shelf Registration Statement
Nov 30,10	Amendment to the Shelf Registration Statement
Dec 2,10	Amendment to the Shelf Registration Statement
Dec 3,10	Supplement to the Shelf Registration Statement

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MIXED GENERAL MEETING APRIL 29, 2011

The elements of the annual financial report are identified by the AFR sign in the table of contents.

PRESENTATION OF THE RESOLUTIONS

Fourteen resolutions are being submitted to the mixed General meeting which will be convened on April 29, 2011.

THE BOARD FIRST OF ALL PROPOSES THE ADOPTION OF NINE RESOLUTIONS BY THE ORDINARY GENERAL MEETING

APPROVAL OF THE ANNUAL 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 2010 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 2010 financial year and the payment of dividends. The reinforcement of equity capital makes it possible to consider a distribution of dividends for the 2010 financial year of €0.30 per share.

In accordance with the new dividend policy presented in "Renault 2016 – Drive the change" Plan, in 2011 Renault will pay shareholders dividends which were received in 2010 from associated companies, *i.e.* those received from Nissan, the only associated company to have paid dividends.

As a reminder, the new dividend payment policy, announced on February 10, 2011, is organised around two wings:

- on the one hand, dividends from associated companies which will be systematically paid over to Renault shareholders the following year;
- on the other hand, an additional dividend based on the operational free cash-flow generated in the automotive activity. This may be added to the amounts of dividends from associated companies according to the economic environment and Renault's financial situation.

The dividend proposed for the 2010 financial year arises exclusively from the first wing of the new dividend policy. Indeed, in the 2010 calendar year, Renault received €88 million in dividends from Nissan (5 yen per Nissan share), giving €0.30 per share for Renault shareholders.

The date for payment of the dividend is May 16, 2011.

It is recalled that for the last two years, Renault has not paid any dividends to its shareholders due to the economic crisis.

REGULATED AGREEMENTS

By 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.

It should be noted that only those agreements which were approved for the 2010 financial year are to be the subject of your vote and that prior agreements which have continued to be performed are stated only for your information.

The following agreements were approved over the 2010 financial year.

ADDENDUM TO THE LOAN AGREEMENT BETWEEN RENAULT AND THE FRENCH STATE

The Board, at its meeting of July 29, 2010, authorised the signature of an addendum to the loan agreement with the State, in order to amend the terms for early repayment and in particular to proceed, as of September 2010, with the early repayment of one billion euros out of the three billion granted by the French State in April 2009. For the 2010 financial year, the amount of interest expense amounted to €191,713,000 for this loan agreement.

Common Directors: representatives of the French State.

CASH PLEDGE AGREEMENT WITH RCI BANQUE

The Board, at its meeting of September 28, 2010, approved the signature, in the context of regulations concerning the auditing of "Large Risks" as defined in Article 1.1 of regulation No. 93-05 by the *Comité de la réglementation bancaire et financière* (Banking and Financial Regulation committee), to which RCI Banque is subject as a credit institution, of a cash pledge agreement with RCI Banque for an amount of €550 million, in order to reduce its exposure to credit risk with the Renault Retail Group, the captive commercial network. This new agreement replaces the credit agreement with Cogera already approved by your General meeting. For the 2010 financial year, the amount of interest income amounted to €1,681,000 for this cash pledge agreement.

AGREEMENTS SIGNED IN THE FRAMEWORK OF LONG-TERM STRATEGIC COOPERATION WITH DAIMLER AG

Master Cooperation Agreement with Daimler AG, Nissan Motor Co. Ltd and Renault-Nissan B.V.

The Board, at its meeting of April 6, 2010, authorised the signature of a "Master Cooperation Agreement", the main purpose of which is to put a long-term strategic cooperation in place among the parties. This agreement also provides for cross-shareholdings to be acquired among Renault SA, Nissan Motor Co. Ltd and Daimler AG.

Common Directors: representatives of Nissan.

In the framework of this Master Cooperation Agreement, the following operations were carried out on April 28, 2010:

- capital contribution by Daimler AG to Renault SA of Daimler shares held as treasury stock representing 0.90% of Daimler's share capital, remunerated by the issue of Renault SA shares representing 3.10% of its capital. Renault SA issued 9,167,391 new shares of a par value of €3.81 each, giving a capital increase for a par amount of €34,927,759.71 representing 3.1% of its share capital, in favour of Daimler AG in return for the contribution in kind by Daimler of 9,549,366 shares held as treasury stock of a par value of €2.87 each;
- capital contribution by Nissan Finance to Renault SA of a convertible bond providing entitlement to 0.20% of the share capital of Nissan Motor Co. Ltd, remunerated by the issue of Renault SA shares representing 0.55% of its share capital. The capital increase for Renault, with the issue of 1,617,775 new Renault shares of a par value of €3.81 each, allotted in their entirety to Nissan Finance, was carried out on April 28, 2010 as remuneration for the contribution in kind by Nissan Finance of a convertible bond, convertible into Nissan shares representing 0.2% of the share capital of Nissan Motor Co. Ltd, *i.e.* 9,123,958 shares;
- the exchange between Renault SA and Daimler AG of 3.10% of the share capital of Nissan Motor Co. Ltd owned by Renault SA, *i.e.* 140,142,168 shares, for 2.20% of the share capital of Daimler AG, *i.e.* 23,347,390 shares of a par value of €2.87 each and a cash balancing adjustment of an amount of €90,102,604 in favour of Renault SA;
- the sale by Renault SA to Nissan Motor Co. Ltd of 1.55% of the share capital of Daimler. The transaction for the sale of 16,448,378 Daimler shares in favour of Nissan Motor Co. Ltd was carried out on April 28, 2010 for an amount of €584,246,387 paid by Nissan to Renault SA;
- the sale by Nissan Motor Co. Ltd to Renault of 1.97% of the share capital of Nissan Motor Co. Ltd. The transaction for the sale of 89,055,237 Nissan shares held as treasury stock in favour of Renault SA was carried out on April 28, 2010 for an amount of 73,737,736,236 yens paid by Renault SA to Nissan Motor Co. Ltd.

Therefore, on the completion of these operations, and after conversion of the Nissan Finance bond, Daimler AG holds 3.10% of the share capital of Renault SA and 3.10% of the share capital of Nissan Motor Co. Ltd. For its part, Renault SA holds 1.55% of the share capital of Daimler and 43.4% of the share capital of Nissan Motor. Co. Ltd. Finally, Nissan Motor Co. Ltd holds 1.55% of the share capital of Daimler AG and 15% of the share capital of Renault SA.

Agreement for the sale of shares with the French State *via* the sale of Renault shares held as treasury stock

The Board, at its meeting of April 6, 2010, authorised the signature of a share purchase agreement which laid down the terms and conditions of the sale by Renault SA of treasury stock to the French State. Renault SA proceeded on April 28, 2010 with the off-market sale to the French State of a block of 1,628,344 shares held as treasury stock, at a price of €60,248,728, *i.e.* €37 per share. The capital loss on sale amounts to €24,271,484.28.

Common Directors: representatives of the State.

STATUTORY AUDITORS' REPORT ON REDEEMABLE SHARES

The **fifth resolution** proposes that the General meeting takes formal note of the statutory auditors' report on elements used to determine the remuneration of equity loan stock issued by Renault in 1983 and 1984 and in particular its variable part, tied to the development of Renault's consolidated turnover in 2010 as determined by constant methods with reference to a constant structure.

The coupon which will be paid to bearers of Renault equity loan stock on October 24, 2011 will amount to €20.53, comprising a fixed part of €10.29 and a variable part of €10.24.

It may be recalled that Renault has issued a total of 2,000,000 redeemable shares with a par value FRF 1,000 (*i.e.* €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 taken from the Finance section of the renault.com site or obtained on request from the Investor Relation department (toll-free number +33 (0)800 650 650).

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RENEWAL OF THE TERMS OF OFFICE OF TWO DIRECTORS

The **sixth resolution** asks you to approve the renewal of the term of office of Mr Philippe Lagayette for 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, 2014.

Mr Philippe Lagayette, 68 years old, is President of *Fondation de France*, and has occupied the position of Senior Independent Director of Renault since July 2009. He is the Chairman of the Accounts and Audit committee and member of the Appointments and Governance committee. At the end of the General meeting, the Board of Directors will be asked to renew Mr Philippe Lagayette's appointment to these positions.

Mr Philippe Lagayette meets the criteria for independence within the meaning of the Afep/Medef report since he does not maintain any ties of any nature whatsoever with Renault.

The **seventh resolution** asks you to take note of the renewal of the appointment of Mr Alexis Kohler, appointed by Administrative Order of February 10, 2011, published in the *Journal Officiel* of February 18, 2011, as representative of the French State, for a new duration 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, 2014.

Mr Alexis Kohler, 38 years old, is Shareholdings Director with the Transport and Audiovisual Agency of the State Shareholdings Agency (*Agence des participations de l'État*), with the Ministry for the Economy, Industry and Employment.

Mr Alexis Kohler is member of the Accounts and Audit committee and member of the Industrial Strategy committee. At the end of the General meeting, the Board of Directors will be asked to renew Mr Alexis Kohler's appointment to these positions.

Concerning the make-up of the Board of Directors, the presence of a majority of independent directors, and the presence of a senior independent director in the person of Mr Philippe Lagayette, is a guarantee as to the balance of powers.
The role attributed to the Senior independent director is described in the internal regulations of the Board of Directors (Registration document, chapter 3.4 and web-site).

Additional information about the positions held by the Directors is presented on page 21 of the call notice and is taken up in Chapter 3.1.2 of the Registration document. Moreover, the web-site www.renault.com/finance section allows you to find all of the information concerning the General meeting.

FIXING THE AMOUNT OF DIRECTORS' FEES

The total envelope for fees adopted by your General meeting in 2003 is no longer sufficient to cover the directors' presence due to an increase in exceptional meetings of the Board, the creation of the Industrial Strategy committee and the presence of a supplemental director in 2010.

It may be recalled that the distribution of directors' fees is determined on the basis of the following criteria:

- a fixed portion, associated with the mere membership of the Board, giving an amount which may attain €14,000 (the sums being calculated *pro rata temporis*);
- a variable portion, connected with members' effective presence, giving an amount which may attain €14,000 (the sums being calculated *pro rata temporis*).

Two complementary sums may be added to the above:

- one for attendance of a Board committee, giving an amount which may attain €4,500 (the sums being calculated *pro rata temporis*);
- the other for chairing one of these committees, giving an amount which may attain €4,500 (the sums being calculated *pro rata temporis*).

With directors' fees being around €30,000 (according to attendance levels) our Company is below the average for comparable groups in the CAC 40, which is around €58,000 (2010 AMF report on corporate governance and senior executives compensation).

In addition, Renault wishes your Board to open up on an international level. For all of these reasons, you are asked in the **eighth resolution** to authorise a total envelope of €1,200,000, in line with the average of companies in the CAC 40, it being understood that your Board will have to proceed with a stage-by-stage adjustment:

- for the 2011 financial year, directors' fees standing at an average of €47,000 per director (average of SBF 120 companies);
- for the 2012 financial year, directors' fees standing at an average of €63,000 per *director (average of CAC 40 companies).

PURCHASE OF THE COMPANY'S OWN SHARES

Over 2010, your Company did not acquire any shares pursuant to the authorisation granted by the General meeting of April 30, 2010.

In the framework of putting in place the strategic cooperation agreements with Daimler AG in April 2010, Renault SA proceeded on April 28, 2010 with the off-market sale of a block of 1,628,344 shares in favour of the French State in order to offset the dilution of the French State's holding in Renault's share capital following on from the capital increases reserved in favour of Daimler AG and Nissan for 0.7% of the share capital, made as consideration for the contribution in kind of securities. These shares were initially allocated to cover stock option plans which were out-of-the-money.

Thus, on December 31, 2010, there were 2,895,381 shares in the treasury stock portfolio; this holding is equal to 0.98% of the share capital. Treasury stock does not bear dividends or voting rights.

In February 2011, the Company acquired a total of 1,163,874 shares *i.e.* 0.39% of the share capital, at an average price of €46, *i.e.* a total amount of €54,105,846, in order to cover its current stock option programmes.

In the **ninth resolution,** you are asked to authorise the Board of Directors to put a new programme into place for the acquisition of the company's own shares under those conditions and with those objectives laid down by law. This authorisation is given for a maximum period of eighteen months as of this General meeting, and will substitute itself for the authorisation 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), the French financial markets authority, and solely in order to allow the Company to perform its prior commitments, so long as these commitments are not liable to cause the bid to fail.

The presented resolution provides for a maximum purchase price of €100 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 (the same percentage as in 2010) and the maximum amount of funds that may be invested in the purchase of treasury stock is €1,478 million (the limit of 5% of share capital corresponded to 14,786,114 shares on December 31, 2010).

A document entitled "programme description", describing the terms of these purchases can be consulted on the www.renault.com web-site under the "Finance" and "Regulatory Information" tabs.

An overview of these operations will be presented to the General meeting called to decide on the accounts for the 2011 financial year.

NEXT, FOUR RESOLUTIONS ARE WITHIN THE POWERS OF THE EXTRAORDINARY GENERAL MEETING

REDUCTION OF THE REGISTERED CAPITAL BY CANCELLING SHARES

In the **tenth resolution,** it is proposed that the General meeting authorises the Board, for a period of 18 months, to reduce the registered capital by cancelling shares acquired in the programme for purchase of the company's own shares. The terms for these acquisitions are those defined in the ninth 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 authorised by the Extraordinary General meeting. The purpose of this resolution is therefore to delegate such powers to the Board.

The Board did not use its power to cancel shares, as provided for in the resolution adopted by the Extraordinary General meeting of April 30, 2010.

ALLOCATION OF STOCK OPTIONS AND BONUS SHARES (REFERRED TO AS PERFORMANCE SHARES)

The **eleventh** and **twelfth resolutions** are tools to provide motivation and encourage the loyalty of members of staff.

Conceived as a real management tool, making it possible to bind individual and collective performance levels more closely together, these resolutions, in line with the 2008 Afep/Medef recommendations which Renault has adhered to, enter into the continuity of authorisations granted by the General meeting of May 4, 2006. Your Company has therefore made the exercise of stock options and the acquisition of performance shares conditional upon attaining individual and collective performance levels in the context of the "Renault 2016 – Drive the change" Plan for the 2011-2013 period and on an annual basis.

All the allocations shall be conditioned upon performance criteria decided by the Board of Directors, on a proposal made by the Compensation committee, based on a collective commitment concerning:

- the operating margin for the year 2011. Performance criteria for the years 2012 and 2013 will be defined with the construction of the budget of these considered years; and
- the operational free cash flow in the context of the "Renault 2016 – Drive the change" Plan for the 2011-2013 period as follows:

  if the cumulative free cash flow for the period 2011-2013 is :

  - < €2 billion = 0%,
  - ≥ €2 billion = 50%,
  - ≥ €3 billion = 100% linear allocation between €2 and 3 billion.

The Board of Directors may not apply any rebate or discount and the price shall therefore be in accordance with the relevant legislation.

The Compensation committee, whose members are all independent, shall pay attention to the good observance of the performance criteria.

As a reminder, all of the stock options for the Renault Commitment 2009 were cancelled due to the failure to attain the performance criteria tied to the operating margin.

At the same time, the Board of Directors decided, at its meeting on February 9, 2011, on a supplement of €20 million for financial profit-sharing. This amount was paid on March 18, 2011.

Moreover, the Company has announced the negotiation of an addendum to the 2011-2013 profit-sharing agreement, in order to determine the possible amount of the profit-sharing bonus in favour of all employees of Renault s.a.s. in France, also on the basis of attaining the plan's targets.

In accordance with the Afep/Medef recommendations, it is for the Board of Directors to define the maximum percentage of options that may be allotted to the Chief Executive Officer compared to the total envelope adopted by the shareholders.

It is now specified that:

- the Chief Executive Officer will not receive any performance shares;
- salaried senior executives will receive a combination of stock options and performance shares;
- employees who make a particular contribution to attaining the annual targets for the success of the plan will receive only performance shares.

The number of allotted options and shares will not vary from your Company's prior practice, *i.e.*:

- options for subscription to or purchase of shares covering a number of shares representing 0.48% of the shares representing the Company's registered capital on the date of this General meeting;
- performance shares covering a number of shares representing a maximum of 1.04% of the shares representing the Company's registered capital on the date of this General meeting.

The General meeting's authorisation is requested for a period of 38 months, *i.e.* until the General meeting which decides on the financial statements for the 2013 financial year (at the latest on June 29, 2014) in order to cover the allotment of stock options and performance share pursuant to the two different programmes:

- on an annual basis in 2011, 2012 and 2013;
- with respect to the plan for the 2011-2013 period.

The Board of Directors will make sure that no stock-options are allotted to the senior executives for the 2011 financial year, and that neither stock-options nor performance shares are allotted to any corporate officer who may have been involved in the crisis the Company has just been through.

The limits that are sought, *i.e.* 1.52% in total, should be compared to the total outstanding percentage of 3.51% on the date of the General meeting. Your Board will pay attention not to overcome the 5% threshold during the period of 38 months, it being recalled that over the period in question, *i.e.* from April 29, 2011 to June 29, 2014 at the latest, the following plans will expire:

Years	Plans	Date of expiration	Exercise Price (in euros)	Total percentage of capital
2001	N°7	12/17/2011	48.97	0.84%
2003	N°9	09/07/2011	53.36	
2002	N°8	09/04/2012	49.21	1.2%
2004	N°10	09/13/2012	66.03	
2005	N°11	09/12/2013	72.98	0.5%
2006	N°12	05/03/2014	87.98	0.45%

Considering the performance conditions described above, the stock options and bonus share awards are 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 durability and development of the enterprise.

CAPITAL INCREASE BY THE ISSUE OF SHARES RESERVED TO EMPLOYEES

As this Extraordinary General meeting is being called upon to decide on authorisation granted to the Board to attribute stock options and bonus shares by the issue of new shares, which will lead to an increase in the Company's registered capital, you are therefore being asked, in accordance with the law, to approve a resolution to proceed with a capital increase reserved to employees.

This **thirteenth 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 1% of the amount of shares making up the registered capital.

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 *(3.09% at December 31, 2010).*

POWERS FOR FORMALITIES

The **fourteenth resolution** is a standard resolution granting powers necessary to proceed with publication and other formalities.

7

7 ADDITIONAL INFORMATION

The elements of the annual financial report are identified by the AFR sign in the table of contents.

✦ Global Reporting Initiative (GRI) Directives

7.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Person who accepts full responsability for the Registration Document and the related supplemental information:
Mr. Carlos Ghosn, Chairman and Chief Executive Officer.

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 the Registration document 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 consolidated financial statements included for reference purposes in this Registration document (chapter 7.2) for the financial year closing on December 31, 2009. This report contains observations concerning changes in accounting rules and methods.

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 28, 2011

Chairman and Chief Executive Officer

Carlos Ghosn

7.2 INFORMATION CONCERNING FY 2008 AND 2009

Pursuant to Article 28 of Commission regulation (EC) 809/2004, the following historical data is incorporated by reference in the 2010 Registration document:

7.2.1 FY 2008

The 2008 Registration document was filed with the *Autorité des marchés financiers* on March 11, 2009 under No. D09-0113 (French version).

The consolidated financial statements are outlined on pages 189 to 254 of chapter 7 and the corresponding audit report is on page 190 of chapter 7.

Financial information is on pages 56 to 60 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.

7.2.2 FY 2009

The 2009 Registration document was filed with the *Autorité des marchés financiers* on March 25, 2010 under No. D10-0168 (French version).

The consolidated financial statements are outlined on pages 208 to 272 of chapter 7 and the corresponding audit report is on page 206 of chapter 7.

Financial information is on pages 57 to 61 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.

7.3 STATUTORY AUDITORS

7.3.1 STATUTORY AUDITORS

Deloitte & Associés

Represented by Thierry Benoit and Antoine de Riedmatten

185, avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine

Deloitte & Associés was appointed by the French Finance Ministry on April 25, 1990. It was reappointed by the Joint General meeting of June 7, 1996, April 26, 2002 and April 29, 2008 for a period of six years. This term will expire at the close of the Annual General meeting convened to approve the accounts for 2013.

Ernst & Young Audit

Represented by MM. Jean-François Bélorgey and Aymeric de la Morandière

11, allée de l'Arche
92400 Courbevoie

Ernst & Young was appointed by the French Finance Ministry on March 27, 1979. It was reappointed by the Joint General meeting of June 7, 1996, April 26, 2002 and April 29, 2008 for a period of six years. This term will expire at the close of the Annual General meeting convened to approve the accounts for 2013.

7.3.2 ALTERNATE AUDITORS

BEAS

Alternate for Deloitte & Associés

7-9, Villa Houssay
92200 Neuilly-sur-Seine

Gabriel Galet

Alternate for Ernst & Young Audit

11, allée de l'Arche
92400 Courbevoie

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 meeting of June 7, 1996, April 26, 2002 and April 29, 2008 for a period of six years. This term will expire at the close of the Annual General meeting convened to approve the accounts for 2013.

7.3.3 FEES PAID TO STATUTORY AUDITORS

The fees paid to statutory auditors and their networks are presented in note 30 of the appendix to the consolidated financial statement.

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n.a.: not applicable.

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(1) The ♦ symbol indicates information relating to the Global Reporting Initiative (GRI) Directives.

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