

1999 ANNUAL REPORT

Summary



RENAULT

RENAULT GROUP

Renault is pursuing a strategy of profitable growth.

In 1999 this resulted in worldwide sales reaching record levels (2.4 million passenger cars, LCVs and trucks), revenues amounting to FRF 246.6 billion (EUR 37.6 billion) and operating margin of FRF 14.5 billion (EUR 2.2 billion).

The group's operations are divided into three Divisions, which employ 159,608 people.

— AUTOMOBILE DIVISION

The Automobile Division is the Group's core business accounting for 79% of consolidated revenues. It designs, develops, manufactures and sells passenger cars and light commercial vehicles, as well as farm machinery (Renault Agriculture). With over 30 industrial sites worldwide, it produced 2.3 million vehicles in 1999. As in 1998, Renault was the leading brand in Western Europe for passenger cars and light commercial vehicles in 1999.

Revenues	FRF	195,068
	EUR	29,738
Operating margin	FRF	11,563
	EUR	1,763
Sales of passenger cars and LCVs	units	2,286,337
Investment	FRF	13,617
	EUR	2,076
Workforce	units	131,261

(In millions of euros and francs unless otherwise indicated)

— COMMERCIAL VEHICLES DIVISION

The Commercial Vehicles Division of the Renault Group represents 17% of consolidated revenues and develops, produces and distributes a full range of trucks in Europe and North America. In the United States, operating through Mack Inc., the Renault Group holds third place in the maximum capacity truck market with a share of 13.1%. Renault V.I. represents 10.7% of the European market for trucks over 5 tons, but is also prominent in passenger transport by way of its subsidiary Irisbus (equally owned with Iveco). In 1999, it consolidated its dominance over the coach and bus markets in France, Italy, Spain and the Czech Republic.

Revenues	FRF	42,470
	EUR	6,474
Operating margin	FRF	1,444
	EUR	220
Sales of trucks over 5 tons	units	82,217
Investment	FRF	1,385
	EUR	211
Workforce	units	24,634

(In millions of euros and francs unless otherwise indicated)

— FINANCE DIVISION

Under holding company Compagnie Financière Renault, the Finance Division brings together over 40 vehicle sales financing and credit companies as well as two banks, providing Renault with financial and commercial support. In 1999, it accounted for 4% of consolidated revenues. Renault Crédit International (RCI), one of the leading automobile financing and service groups in Europe, offers a wide range of financing and service packages to individuals and companies. It finances over a third of Renault sales in Europe and contributes to Renault's international development.

Revenues	FRF	9,051
	EUR	1,380
Operating margin	FRF	1,458
	EUR	222
Investment	FRF	981
	EUR	150
Workforce	units	3,713

(In millions of euros and francs unless otherwise indicated)

HIGHLIGHTS AND KEY FIGURES

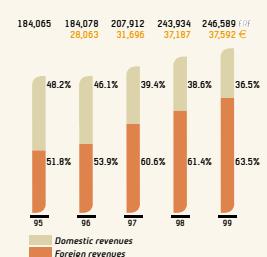
In 1999, Renault generated operating margin of FRF 14.5 billion (EUR 2.2 billion), up nearly 15% on the previous year. That performance is due to the success of a product range that is not only innovative but also – thanks to successful cost cutting – increasingly competitive.

— REVENUES

Renault continues to grow foreign revenues

Continuing its efforts to expand outside France, Renault generated nearly two-thirds of its revenues in foreign markets in 1999.

FRF million and EUR million



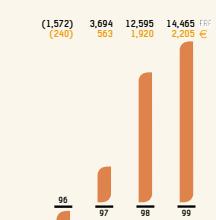
— OPERATING MARGIN*

Renault is one of the world's top carmakers in terms of profitability

In 1999, Renault generated operating margin* of FRF 14.5 billion (EUR 2.2 billion), a rise of nearly 15% on 1998. This makes the Group one of the world's top carmakers in terms of profitability (5.0% of revenues).

(*) Operating margin has been adopted by Renault as a performance indicator. It measures income generated directly by operations, before exceptional and extraordinary items.

FRF million and EUR million

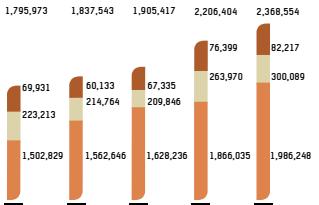
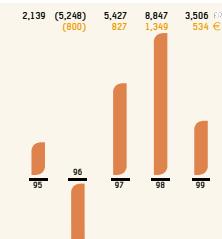


— NET INCOME

Net income: FRF 3.5 billion (EUR 534 million).

In 1999, Renault set up a provision of FRF 3.0 billion (EUR 584 million) for an early retirement plan for workers aged 57 and over. It also expensed its share of Nissan's Retiree Plan, namely FRF 1.9 billion / EUR 296 million.

FRF million and EUR million



— WORLD SALES

Renault beats its world sales record

Renault's worldwide sales reached a record level of nearly 2.4 million vehicles. This amounts to an increase of more than 450,000 units – or nearly 25% – in two years.

(1) With effect from January 1, 1999, Renault no longer records sales of coaches and buses. This business has been transferred to Irisbus. Data for 1998 have been restated accordingly.

Units



The Scenic is our star product, leading the field in compact monospace vehicles. 330,000 units were sold in 1999 alone, for a total of 1.3 million units worldwide. This will be the first Renault vehicle produced by Nissan in Mexico.

— RENAULT'S MARKET SHARE IN EUROPE AND THE USA

Renault: Europe's leading automobile brand

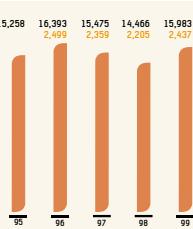
	1995	1996	1997	1998	1999
Europe					
Passenger cars	10.3	10.1	9.9	10.7	11.0
Passenger cars and LCVs	10.8	10.4	10.1	11.0	11.3
Trucks over 16 tons	11.9	11.8	11.7	12.1	12.2
USA					
Class B trucks (Retail sales)	12.0	12.1	12.5	12.8	13.1

In Europe, Renault ranks number-one for passenger cars and light commercial vehicles, posting gratifying gains in both markets. In the market for trucks over 16 tons, Mack has strengthened its number-three ranking in the USA, garnering market share for the seventh year running.

— CAPITAL EXPENDITURES IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Capex up more than 10%

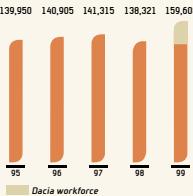
To further its policy of regular product renewal, Renault earmarked a total of FRF 15,983 million / EUR 2,437 million – the equivalent of 6.5% of revenues – for capital expenditures in property, plant, equipment and intangibles.



— WORKFORCE

A group-wide workforce of nearly 160,000

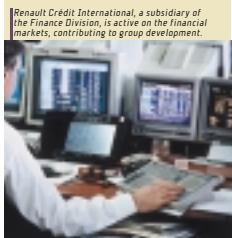
In 1999, Renault's workforce totalled 159,608 employees, more than 80,000 in the Automobile Division. The increase in staff numbers in 1999 is chiefly due to Renault's acquisition of a 51% stake in the carmaker Dacia, which employs 26,475 persons.



Number of employees



The Magnum is Renault V.I.'s flagship model at the top end of its range in Europe. This long-haul truck is moving from strength to strength, featuring advanced electronic equipment and outstanding comfort.



Renault Crédit International, a subsidiary of the Finance Division, is active on the financial markets, contributing to group development.



On March 27, 1999, in Tokyo, Louis Schweitzer, Chairman and C.E.O. of Renault, and Yoshikazu Hanawa, Chairman, President and C.E.O. of Nissan, signed the Alliance agreement.

The Scenic RX4 is the first four-wheel drive compact monospace, a sporting leisure-based vehicle with top-range finish, equipment and engines.



A daring concept, Avantime combines elegance and comfort with dynamic performance. It targets non-conformist customers looking for a quality product that is different.



1999 ANNUAL REPORT

Annual General Meeting
of June 8, 2000



The bulldog brand celebrates its centenary in 2000 and launches Vision, the cornerstone of its growth strategy in North America.

Renault's new Head Office in Boulogne-Billancourt.

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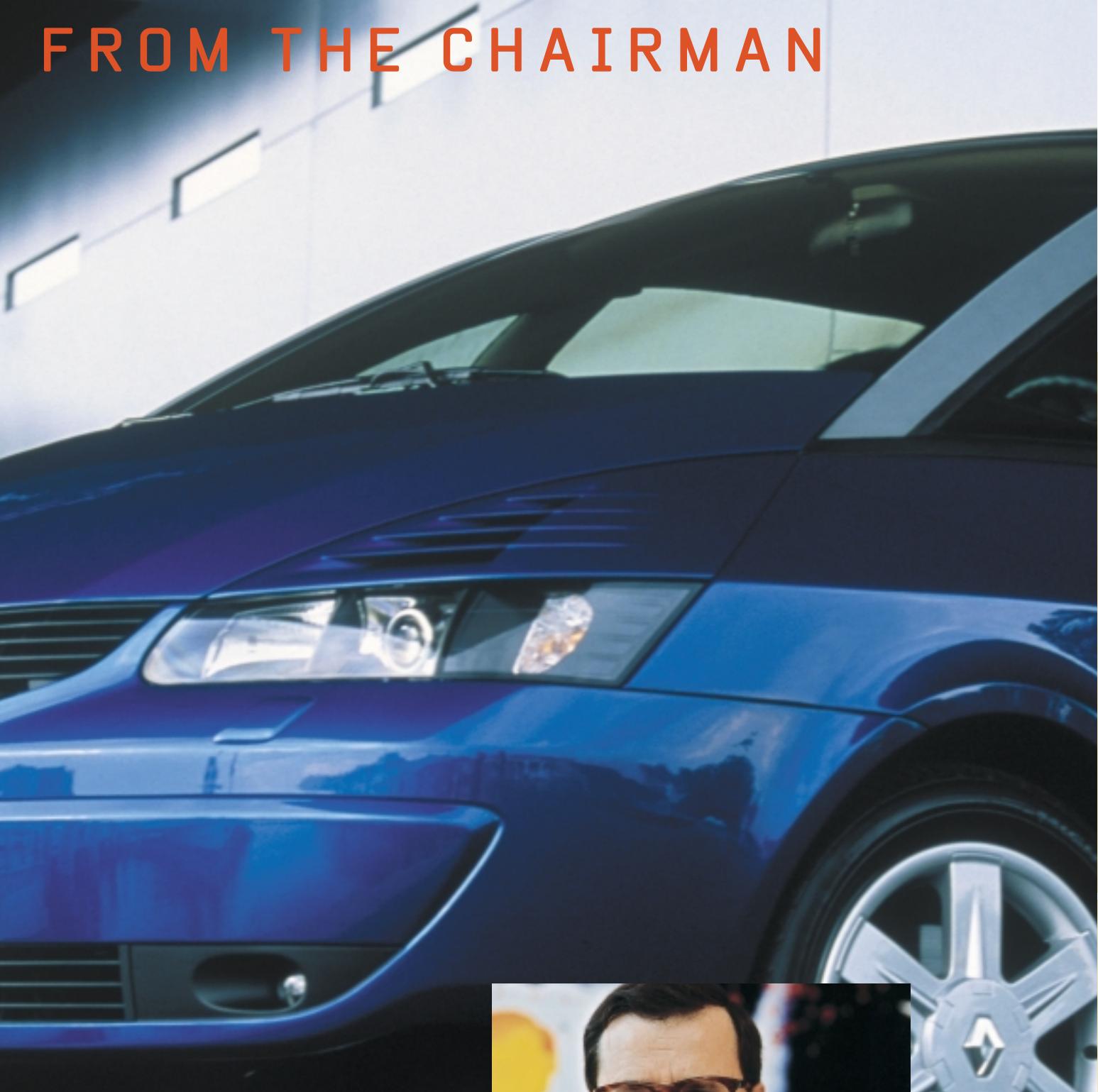
OUTLOOK

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- A constantly evolving range
(back flap)

RENAULT'S NEW HEAD OFFICE

13-15, QUAI LE GALLO,
F 92513 BOULOGNE-BILLANCOURT CEDEX — FRANCE

FROM THE CHAIRMAN



Louis Schweitzer
Chairman and Chief Executive Officer

In 1999 we sold nearly 2.3 million cars worldwide, a record high generating the highest revenues and operating margin in Renault's history.

1999: a record year

In 1999 we sold nearly 2.3 million cars worldwide, a record high generating the highest revenues and operating margin in Renault's history.

Our business thus grew for the third consecutive year and market share rose significantly both in Europe, where we were once again the leading brand, and around the world.

Successes were mirrored in gains at our Commercial Vehicles and Finance Divisions, reflecting a determined, ongoing drive to achieve profitable growth built on competitive strengths in quality, cost and speed. Other key components of this strategy are innovation and international development.

Our successes reflect the skills and commitment of all of the men and women at Renault, and I would like to take this opportunity to thank them.

The year also set the stage for our future growth, as our Alliance with Nissan transformed Renault from a regional player to an international major.

A range of joint initiatives were implemented rapidly and are already generating benefits through substantial savings and growth. Among them:

- a common platform for Nissan and Renault's future small cars;
- joint research projects and exchanges of components;
- the decision to return to the Mexican market, using Nissan's powerful industrial and commercial presence and popular Renault models including the Scenic and Clio as a springboard;
- foundations for close cooperation with our Japanese partner to facilitate its expansion in Europe and our own development in Asia.

Momentum achieved through the Alliance and Nissan's energetic revival plan allow us to look to the future of our partnership with confidence.

At the same time, we pursued efforts to expand Renault's own presence abroad. Moves here included acquiring a majority equity interest in Dacia, which will be our second brand, and start-up of production of the Mégane in Russia. In early 2000 we also announced plans for a new plant producing light commercial vehicles in Brazil.

Our strategy of profitable growth can draw on a key strength – a range of products widely acclaimed in France, Europe and the world. Response to the launch of the Scenic RX4, the first four-wheel drive compact monospace, was very favorable. And both Avantime and the Laguna's replacement underscore our ambitions at the top end of the market, as well as the vision, daring and warmth associated with our brand identity.

In 2000, we will continue to advance on all fronts, notably with our New Distribution system – a major strategic challenge – and integration of e-commerce into our strategy. Delivering high-quality products and services at the best price is a means of increasing customer satisfaction while consolidating shareholder confidence, and will remain a prime concern.

The success of our Alliance with Nissan will be achieved through pursuit of our own development, our capacity to work together, and our partner's return to profitability. We are confident that success will bring the construction of the powerful bi-national group we intend to become, while asserting our distinctive identities and brand images.



Board of Directors on December 31, 1999

LOUIS SCHWEITZER

Chairman of the Board

04

PIERRE ALANCHE

BANQUE NATIONALE DE PARIS

Represented by Michel PÉBEREAU

JEAN-MARIE BOUSSET

JEAN-PIERRE CAMESCASSE

FRANÇOIS DE COMBRET

YOSHIKAZU HANAWA

NICOLAS JACHIET

JEAN-LUC LAGARDÈRE

HENRI MARTRE

JEAN-CLAUDE PAYE

JEAN PEYRELEVADE

DANIÈLE POTVIN

ANTOINE RIBOUD

JEANNE SEYVET

ROBERT STUDER

RAYMOND H. LÉVY

Honorary President



Louis SCHWEITZER
Chairman and Chief Executive Officer
57 years old

*École Nationale d'Administration.
Inspector of Finance. Joined Renault in 1986.
Became Chief Financial Officer and Head of Strategic Planning in 1988,
then Executive Vice President in 1989.
Appointed President and Chief Operating Officer in December 1990.
Chairman and C.E.O since May 1992.*

Group Executive Committee and Management Committee

on December 31, 1999

LOUIS SCHWEITZER*
Chairman and Chief Executive Officer

MICHEL GORNET
Senior Vice President, Manufacturing

PATRICK BLAIN
Senior Vice President, Market Area France

FRANÇOIS HINFRAY*
Executive Vice President, Sales and Marketing

RÉMI DECONINCK
Senior Vice President, Product Planning

JACQUES LACAMBRE
*Senior Vice President,
Advanced Vehicle Engineering and Research*

GÉRARD DETOURBET
Senior Vice President, Powertrain

PATRICK LE QUÉMÉNT
Senior Vice President, Corporate Design

THIERRY DOMBREVAL
Senior Vice President, Strategy and Marketing

SHEMAYA LÉVY*
Executive Vice President

CHRISTIAN DOR
Senior Vice President, Chief Financial Officer

PHILIPPE MELLIER
Senior Vice President, Market Area Europe

GEORGES DOUIN*
Executive Vice President, Product & Strategic Planning and International Operations

LUC-ALEXANDRE MÉNARD
Senior Vice President, Mercosur

ALAIN DUBOIS-DUMÉE
Senior Vice President, Corporate Communications

PIERRE POUPEL
Senior Vice President, Quality

JEAN-BAPTISTE DUZAN
Senior Vice President, Purchasing

ALAIN-PIERRE RAYNAUD
Senior Vice President, Corporate Controller

MICHEL FAIVRE-DUBOZ
Senior Vice President, Vehicle Development Engineering

TSUTOMU SAWADA
Senior Vice President, Adviser to the Chairman

PATRICK FAURE*
Chairman and Chief Executive Officer, Renault V.I.

PIERRE-ALAIN DE SMEDT*
*Executive Vice President, Research,
Engineering, Manufacturing and Purchasing*

PHILIPPE GAMBA
Chairman and Chief Executive Officer, Renault Crédit International

FRANCIS STAHL
Senior Vice President, Light Commercial Vehicles

MANUEL GOMEZ
Senior Vice President, International Operations

MICHEL DE VIRVILLE*
*Corporate Secretary General,
Group Human Resources*

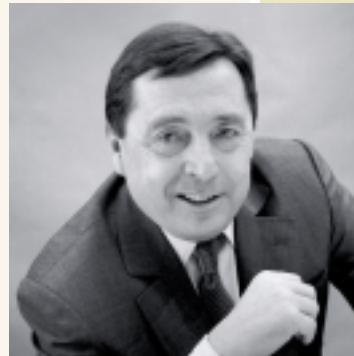
** Senior Executives of the Renault Group who are members of the Group Executive Committee chaired by Louis Schweitzer.
Effective March 1, 2000, Jean-Pierre CORNIQUET was appointed Senior Vice President,
Organization and Information Systems, and joined the Renault Management Committee.*

EMENT TEAM



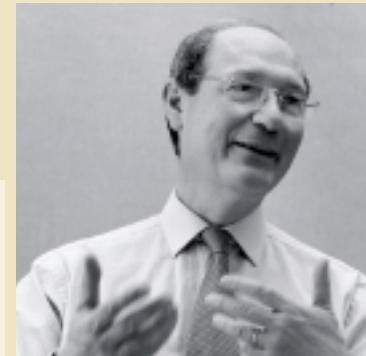
Georges DOUIN
Executive Vice President
54 years old

École Polytechnique. Joined Renault in 1967 as a quality engineer in the R&D Department. Became Head of Engineering in 1988, then Vice President, Technology, in 1989 before being appointed Senior Vice President, Product and Strategic Planning and Projects in 1992. Senior Vice President, Product and Strategic Planning and International Operations since July 1997. Appointed Executive Vice President in 1998.



Patrick FAURE
Chairman and Chief Executive Officer, Renault V.I.
53 years old

École Nationale d'Administration. Joined Renault in 1979 as Sales Branch Manager. Managing Director of Renault Austria (1981) and Renault U.K. (1982), he was appointed Chairman of Renault Sport in 1986. Became Secretary General of the Renault Group in 1988, then Executive Vice President, Head of Sales and Marketing in 1991. In October 1998, he was appointed Chairman and C.E.O. of Renault V.I. He has been Chairman of Renault Sport since 1986.



Pierre-Alain de SMEDT
Executive Vice President
55 years old
A graduate in economics from the University of Brussels, he

began his career in Belgium, notably with Volkswagen and Tractebel. He returned to Volkswagen in 1990 and was appointed Chairman of Autolatina, VAG and Ford's joint subsidiary in Latin America. In 1994, he became Chairman of Volkswagen Brazil and Argentina, before being named Chairman of SEAT at the end of 1996. He was appointed Executive Vice President of Renault in 1999, with responsibility for Advanced Engineering and Research, Vehicle Engineering, Vehicle Programs, Powertrain, Purchasing, Manufacturing, Industrial Companies and the Mercosur Division.



François HINFRAY
Executive Vice President
45 years old

École Nationale d'Administration. Joined Renault in 1989 as Director in charge of European Affairs, before becoming Assistant to the Chairman in 1990. He was appointed Director of the Rouen Branch Office in 1991, Regional Director based in Dijon in 1992, then Managing Director of Deutsche Renault in 1993. In June 1997, he became Senior Vice President, Market Area France, before becoming Executive Vice President, Head of Sales and Marketing in October 1998. He is also responsible for the Light Commercial Vehicle Division.



Shemaya LÉVY
Executive Vice President
52 years old

National School for Statistics and Business Administration (ENSAE). Joined Renault in 1972. Appointed Director of International Operations, America-Asia Area, for Renault V.I. in 1978, Marketing and Sales Director for North America in 1980, then Vice President, Marketing and Sales in 1987 and Chairman and C.E.O. of Renault V.I. in 1994. Became Renault Executive Vice President in October 1998, reported to the Financial Departments, Corporate Controller, General Auditor, Capital Expenditure Controller and Vice President, Organization and IS Engineering.



Michel de VIRVILLE
Corporate Secretary General, Renault Group Human Resources
54 years old

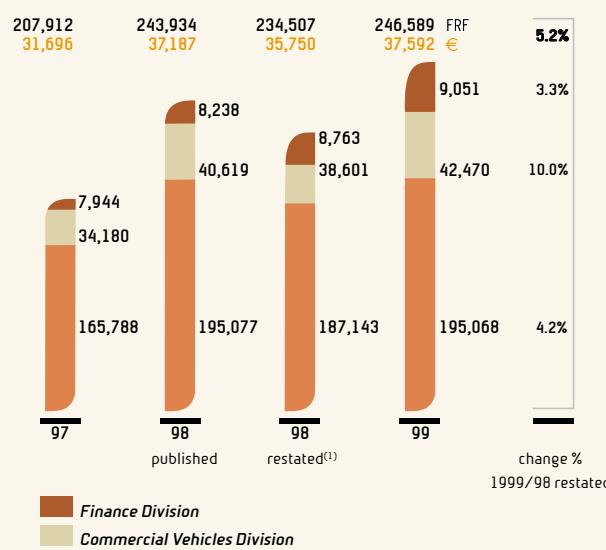
PhD in mathematics. Research engineer at the CNRS (National Center for Scientific Research). Ministry of Labor (1986). Adviser at the Auditor-General's Department. Joined Renault in 1993. Became responsible for the Human Resources Department in 1996, and was appointed Corporate Secretary General in 1998, with responsibility for the Group's Human Resources.

SOWING THE SEEDS OF FUTURE GROWTH

Renault pursued its strategy of profitable growth in 1999, setting new records for vehicle sales and operating margin. And although the exceptional items recorded this year have adversely affected the financial statements, they nevertheless contain the seeds of future growth. The FRF 3.8 billion provision (EUR 584 million) for an early retirement plan for workers aged 57 and over will drive down operating expenses in the coming years. And the Nissan Revival Plan, reflected in a FRF 1.9 billion provision (EUR 296 billion) in the 1999 accounts, will enable our partner to return to break-even as early as next year.

06

— REVENUES BY DIVISION



— FRF million and EUR million

— 5.2% RISE IN REVENUES⁽¹⁾

— Worldwide sales of **passenger cars and light commercial vehicles** reached an all-time record of 2,286,337 units, up 7.3% on 1998. In Western Europe, sales grew faster than the overall market as Renault's new models confirmed their earlier successes.

— In **commercial vehicles**, Renault VI / Mack benefited from the combined impact of positive trends in both the European and US markets, posting record sales in the USA and holding steady in Europe.

— The average interest-bearing assets of the **Finance Division** grew 14.1%. This figure does not include the assets of Nissan's finance subsidiaries, which Renault took over in 1999.

Against this background, revenues rose (on a consistent basis) by 4.2% for the Automobile Division, 10% for the Commercial Vehicles Division, and 3.3% for the Finance Division. Overall, the Group recorded revenues of FRF 246.6 billion (EUR 37.6 billion).

(1) On a consistent basis.

— OPERATING MARGIN BY DIVISION

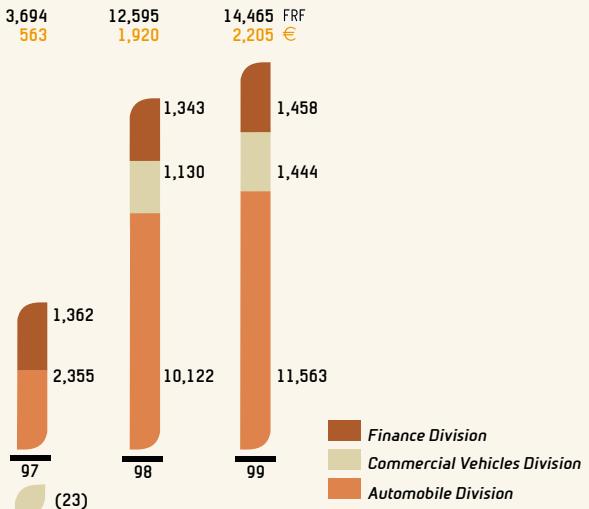
— OPERATING MARGIN UP NEARLY 15%

Renault generated operating margin of FRF 14.5 billion (EUR 2.2 billion), a marked improvement on 1998.

— The **Automobile Division** contributed FRF 11,563 million (EUR 1,763 million) to operating margin, reflecting both an increase in vehicle sales and the ongoing effects of manufacturing reorganization and cost cutting.

— The **Commercial Vehicles Division's** contribution to operating margin rose to FRF 1,444 million (EUR 220 million) on the back of stronger sales, higher selling prices in the USA, and the continuing benefits of the cost-cutting program.

— The operating margin of the **Finance Division** reached FRF 1,458 million (EUR 222 million), an increase of 8.6%.



— FRF million and EUR million

With comfort, modularity and safety second to none, the Scenic is maintaining its lead in the compact monospace segment it created.



SUMMARIZED STATEMENTS OF INCOME

	1997	1998	1999			
	FRF million	EUR million	FRF million	EUR million	FRF million	EUR million
Revenues	207,912	31,696	243,934	37,187	246,589	37,592
Operating margin	3,694	563	12,595	1,920	14,465	2,205
Other operating income and expenses	(1,664)	(254)	(1,756)	(268)	(4,729)	(721)
Operating income	2,030	309	10,839	1,652	9,736	1,484
Financial income	2,018	308	394	60	208	32
Share in Nissan net income	-	-	-	-	(2,165)	(330)
Pre-tax income	4,095	624	11,145	1,699	7,610	1,160
Tax	1,343	205	(2,375)	(362)	(4,068)	(620)
Renault net income	5,427	827	8,847	1,349	3,506	534

Renault reported **net income** of FRF 3,506 million (EUR 534 million) for 1999. The highlights were as follows:

- improvement in profitability: operating margin reached 5.9% of revenues, compared with 5.2% in 1998;
- recognition of a FRF 3,833 million provision (EUR 584 million) for an early retirement plan for workers aged 57 and over;

– acquisition of Nissan Motor securities: Nissan had a negative impact of FRF 2,165 million (EUR 330 million) in the 1999 financial statements, including FRF 1,942 million (EUR 296 million) for the Revival Plan;

- recognition of a net tax charge of FRF 4,068 million (EUR 620 million), compared with an expense of EUR 2,375 million (EUR 362 million) in 1998.

STATEMENT OF CASH FLOWS AND FINANCIAL STRUCTURE

	1997	1998	1999			
	FRF million	EUR million	FRF million	EUR million	FRF million	EUR million
Cash flow from operations	13,804	2,104	20,321	3,098	21,745	3,314
Capital expenditures in plant, property and equipment and intangible assets (net of disposals)	12,889	1,965	11,863	1,808	13,334	2,033
Acquisition of Nissan securities	-	-	-	-	32,253	4,917
Net financial debt⁽¹⁾ (industrial and commercial activities)	4,181	637	(10,569)	(1,612)	17,705	2,700
Shareholders' equity	43,917	6,695	51,562	7,861	53,689	8,185

⁽¹⁾ In 1999, Renault redeemable shares previously considered as near-equity were recorded as debt. Years 1997 and 1998 have been restated accordingly.

– In 1999, Renault earmarked a total of FRF 13,334 million (EUR 2,033 million) for capital expenditures in plant, property and equipment and intangible assets, chiefly to renew its product and component ranges and to modernize its facilities.

– Capital outlays were amply covered by cash from operations, which reached FRF 21,745 million (EUR 3,314 million), up 7% due to an improvement in trading conditions.

– Net financial debt of industrial and commercial activities grew as a result of the acquisition of Nissan Group securities. Excluding Renault redeemable shares⁽¹⁾, amounting to FRF 2,085 million (EUR 318 million), this item totaled FRF 15,620 million (EUR 2,382 million).

– In view of 1999's results, shareholders' equity at year-end was FRF 53,689 million (EUR 8,185 million).

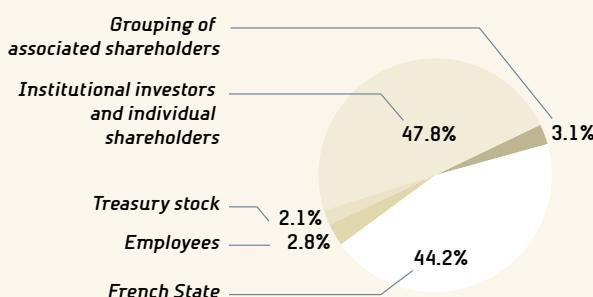
SHAREHOLDERS: A STEADY FLOW OF INFORMATION

In 1999, Renault's share price rose 25.1% to end the year at EUR 47.86. The company is committed to an open and comprehensive shareholder information policy, providing clear updates at regular intervals.

SHARE CAPITAL AND OWNERSHIP

On December 31, 1999, Renault's capital stock amounted to FRF 5,994,964,175 represented by 239,798,567 fully-paid shares with a nominal value of FRF 25 each. Shares were held as follows:

RENAULT SHAREHOLDERS



On December 31, 1999

DIVIDEND DISTRIBUTION IN 2000

The Board of Directors will ask the Annual General Meeting of Shareholders on June 8, 2000 to approve a dividend of FRF 5.00 per share (EUR 0.76225), giving individuals the right to a dividend tax credit (avoir fiscal) of FRF 2.50 (EUR 0.38)*.

(*) The Finance Act for 2000 modified rules for legal entities subject to corporate income tax.

TREND IN SHARE PRICE

Renault shares experienced marked ups and downs in 1999. A steep decline in March reflected investor concern over prospects facing the European auto industry and the company's acquisition of an interest in Nissan, but was followed by a vigorous rally as of June, when

RENAULT SHARE PRICE



CAC 40 index based on Renault share price of EUR 17 on December 31, 1996

contributing factors included renewed confidence in the industry outlook, more optimistic assessments of benefits arising from the Alliance with Nissan, and good half-year results. These combined to boost the share price which peaked for the year at EUR 55 (FRF 360.78) on September 3. In November, Nissan Motors' slide on the Tokyo Stock Exchange pulled Renault down to end 1999 at EUR 47.86 (FRF 313.94), for a full-year rise of 25.1%. This compares with a 51.1% increase in the CAC 40 index over the same period.

KEY FIGURES FOR 1999

	1997		1998		1999	
Number of shares on December 31.	FRF	EUR	FRF	EUR	FRF	EUR
Financial data						
Net income per share (units)	22.79	3.47	36.98	5.64	14.62	2.23
Equity per share (units)	184.41	28.11	215.51	32.86	223.89	34.13
Net dividend per share (units)	3.50	0.53	5.00	0.76225	5.00	0.76225 ⁽¹⁾

(1) In accordance with the proposal of the Board of Directors and the decision at the AGM of Shareholders on June 8, 2000.

Stock market data⁽²⁾

Closing price on Dec. 31	169.30	25.81	251.00	38.26	313.94	47.86
Market capitalization on Dec. 31	40.6	6.2	60.2	9.2	75.3	11.5
High for the year	187.80	28.63	399.90	60.96	360.78	55.00
Low for the year	106.10	16.17	168.00	25.61	200.26	30.53

(2) In francs and euros, except for market capitalization in billions of francs and euros.

The lines are sharper, cleaner,
the elegance more masculine.
The cabin is both more comfortable
and more practical. The new equipment
levels and engines are staggering.
Scenic or "total design".

SHAREHOLDER INFORMATION

Renault - Shareholder Relations

Investor Relations 0760

27-33, quai Le Gallo

92512 - Boulogne-Billancourt Cedex - France

Tel.: +33 (0)1.41.04.59.99

Fax: +33 (0)1.41.04.51.49

Corporate website: www.renault.com

Renault - Employee Shareholder Relations

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How does Renault manage its relationship with shareholders?



CÉDRIC BANNEL
DIRECTOR, INVESTOR RELATIONS

 The investor relations department is an interface between Renault and its shareholders. Our priorities are transparency, quality

of information and equal treatment - investors with only a few shares get exactly the same respect and attention as big pension funds. Our role is to explain the Renault Group and its strategy, giving the market the information it needs to evaluate our capacity to generate profits over the long term.

We try to bring our shareholders security and visibility through regular contacts and new approaches to communication.

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Shareholder information: a two-way process

SINCE LISTING IN NOVEMBER 1994, RENAULT HAS TAKEN A VARIETY OF INITIATIVES TO KEEP SHAREHOLDERS UP-TO-DATE ON NEW DEVELOPMENTS. MEMBERS OF THE SHAREHOLDERS' CLUB RECEIVE A QUARTERLY NEWSLETTER AND A SUMMARY OF THE ANNUAL REPORT, AND A SPECIAL 12-PAGE BULLETIN WAS SENT TO MORE THAN 120,000 SHAREHOLDERS WHEN THE NISSAN ALLIANCE WAS ANNOUNCED. FINANCIAL INFORMATION DISPLAYED ON THE COMPANY'S WEBSITE [WWW.RENAULT.COM] IS DESIGNED WITH INDIVIDUAL INVESTORS IN MIND, AND INCLUDES THE CURRENT STOCK PRICE, UPDATED IN REAL TIME. INPUT FROM THE 12-MEMBER SHAREHOLDERS' ADVISORY COMMITTEE HELPS SHAPE RENAULT'S COMMUNICATIONS

AND SHAREHOLDER RELATIONS POLICIES.

IN 1999 THE COMMITTEE MET THREE TIMES, ONCE IN A PLENARY SESSION WITH THE COMPANY CHAIRMAN, AND TWICE IN WORKING GROUPS - TO PREPARE THE FINANCIAL ANNOUNCEMENT CONCERNING THE RENAULT/NISSAN ALLIANCE, AND TO FINALIZE THE SUMMARY OF THE 1999 ANNUAL REPORT.

FINALLY, IN NOVEMBER 1999 RENAULT TOOK PART IN ACTIONARIA, A TRADE SHOW FOR RETAIL INVESTORS HELD IN PARIS, AND CONTINUED TO PROMOTE THE RENAULT SHARE AND IMPROVE KNOWLEDGE OF THE COMPANY THROUGH CONTACTS WITH INVESTMENT ADVISERS IN FRANCE THROUGHOUT THE YEAR.

RENAULT-NISSAN: THE WORLD'S FOURTH LARGEST AUTOMOTIVE GROUP

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The Global Alliance agreement we signed with Nissan in Tokyo on March 27 came into force on May 28, 1999. This was rapidly followed by the first main stages in implementation, confirming the merits of an Alliance built on common values and a shared ambition, mutual trust and respect for differences within a balanced relationship.

— SHARED COMMITMENT TO SUCCESS

Our strategic vision centers on a commitment to profitable growth. In pursuing this goal, we can build on a solid base and draw on the strengths of complementary expertise in sales and technology. We have also set up structures, operational since last June, designed to help us make rapid and effective progress in cutting costs and enhancing performance.

The Global Alliance Committee, jointly presided over by Renault Chairman and CEO Louis Schweitzer and Nissan's Chairman, President and CEO Yoshikazu Hanawa, defines a common strategy and decides on the implementation of the proposals for synergies and cooperation put forward by twelve CCTs (Cross-Company Teams).

Each CCT is headed by a manager from either Renault or Nissan, with the exception of the Product Planning and Related Strategy Team which is under the joint leadership of the two companies. Work carried out by the CCTs, made up of between six and 15 members, is in turn coordinated by a Steering Committee backed by the Paris and Tokyo offices of the Alliance Coordination Bureau. Finally, we have adopted a set of principles set out in an Alliance Charter providing a framework for the smooth cooperation essential to success.

— SWEEPING ACTION TO RENEW NISSAN'S STRENGTHS

On October 18, 1999 Nissan's management in Tokyo, led by Chief Operating Officer Carlos Ghosn, unveiled the dynamic, far-reaching Nissan Revival Plan designed to rapidly restore competitiveness and lay the foundations for lasting, profitable growth. This includes an



The historic handshake between Louis Schweitzer, Chairman and CEO of Renault, and Yoshikazu Hanawa, Chairman, President and CEO of Nissan Motor Co., sealed the agreement whereby Renault took a 36.8% equity stake in its Japanese Partner and acquired world-class status.

immediate goal of a return to profit as of the financial year ending March 31, 2001.

The first priority is massive reduction of debt and costs through measures which include the sale of non-essential assets, closure of five production sites in Japan, a complete overhaul of purchasing and relationships with suppliers, streamlining of the sales network and cuts in selling, general, and administrative expense. Purchasing, which is to account for a high 20% of total savings, will now be centralized under a single global management structure in keeping with Nissan's strategy of replacing a multi-regional approach with a truly worldwide organization.

The plan also calls for redefining the product range, fewer platforms and overall optimization of the manufacturing base associated with higher R & D spending.

— Manufacturing locations in 1999



North America
United States

Central America
Mexico

South America
Argentina, Brazil, Chile,
Colombia, Uruguay

Western Europe
Spain, France, Portugal,
United Kingdom

Eastern Europe
Romania, Slovenia

**North Africa,
Middle East**
Egypt, Iran, Morocco, Turkey

Sub-Saharan Africa
South Africa, Kenya,
Zimbabwe

Russia

Asia
Indonesia, China, Japan,
Malaysia, Pakistan, Philippines,
Taiwan, Thailand, Vietnam

— CONSIDERABLE SYNERGIES

The exceptionally close fit between our two groups in areas ranging from products and markets to production sites and engineering opens a broad range of opportunities for cooperation over the short, medium and long term. Five of the twelve Cross-Company Teams are thus working on product, vehicle engineering, powertrains, purchasing and production. The other seven are focusing on the assessment and development of potential synergies in production and sales by geographical region.

— SCOPE FOR SAVINGS IN PURCHASING

By coordinating our purchasing activities worldwide, we are targeting considerable cost savings. The key lies in meticulous benchmarking to enhance both our performance and our purchasing capacity.



YUTAKA SUZUKI, SENIOR VICE PRESIDENT,
HEAD OF THE RENAULT-NISSAN PARIS-BASED
COORDINATION BUREAU

What is your vision of the binational group Renault and Nissan aim to become?



The binational concept is not easy to explain. To simplify, while each company has a head office in its own country – one in France, one in Japan – and each wants to maintain strictly separate brand identities, we are working together and exchanging ideas. This involves sharing information at an early stage on major issues with medium- and long-term implications – product planning, for example, but also common platforms and powertrains, shared use of industrial facilities, joint purchasing and more.

This approach generates synergies and spin-offs that benefit both partners, without wasting valuable energy, time and money.



A GLOBAL SYSTEM

The drive we have initiated in cooperation with our partner Nissan to identify strategic synergies has already led to a number of initiatives with global or regional promise. Combined with the implementation of each group's own programs, these will consolidate our position among the world's leading vehicle manufacturers.

— A NEW FUTURE TAKES SHAPE

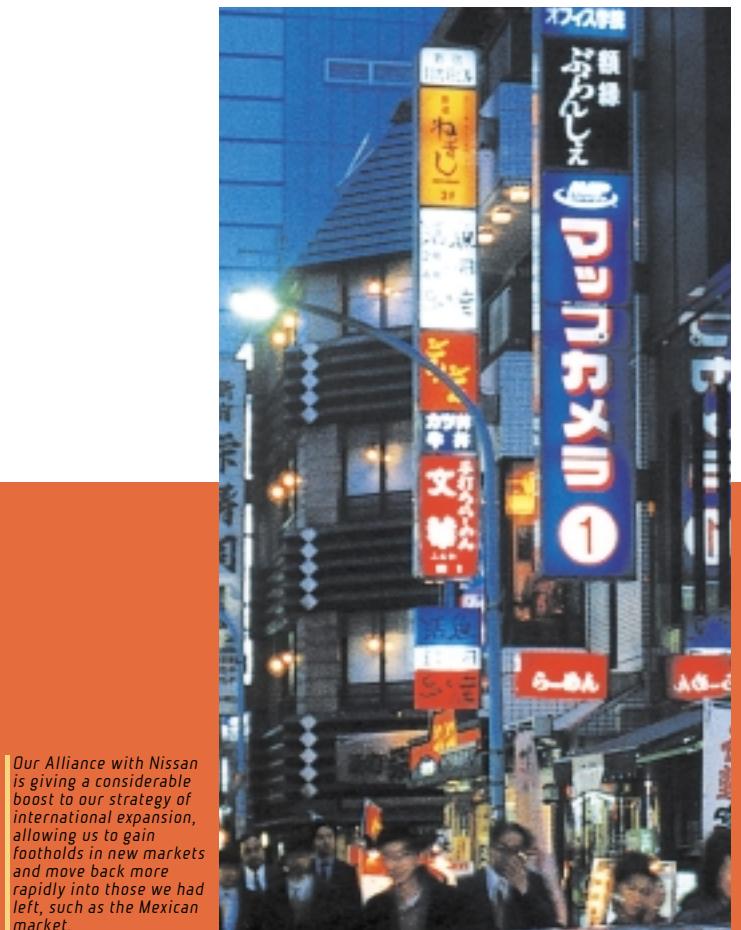
A product planning strategy based on common platforms, power-trains and other components is the linchpin of our Alliance. Our aim is to reduce the number of platforms used for the development of all vehicles for both our groups to ten by 2010, and in so doing achieve significant economies of scale. This will also enable us to make the most of the presence and organization of our two brands on different markets.

A first important step in this direction has been taken with the B platform. Developed by a bi-national team of engineers, it will serve as the base for the replacements of Nissan's Micra, March and Cube models, as well as of Renault's Clio and Twingo. The first products will be rolled out in 2002.

In the strategically vital field of distribution, the potential for dynamic cooperation spanning world markets is clearly huge. We have thus begun considering ways to bring our European sales and distribution organizations closer together, while at the same time preserving the distinct identities of our brands.

— A MAJOR FIRST IN MEXICO

Continuing the deployment of synergies in keeping with our strategy of profitable growth and mutual support, in December 1999 we launched a project for a return to Mexico in cooperation with Nissan. The support of our partner's industrial and commercial resources will enable us to make the move, already considered since 1998, in the most cost-effective way possible. In return, Nissan, which holds 22% of the Mexican market, will benefit from fuller utilization of capacity at its factories, joint purchasing and shared back-office structures, significantly enhancing its competitive position in the region. The two Renault vehicles to be produced locally will be sold through a network of Renault dealerships, in large part developed on the basis of Nissan's existing distribution organization. In addition, Renault Crédit International will be offering new financial services for sales to both our groups' customers and dealers.



Our Alliance with Nissan is giving a considerable boost to our strategy of international expansion, allowing us to gain footholds in new markets and move back more rapidly into those we had left, such as the Mexican market.



Renault on campus in Rio de Janeiro

IN ADDITION TO OUR DRIVE TO EXPAND SALES AND PRODUCTION, WE ARE ALSO CONDUCTING RESEARCH ACTIVITIES IN BRAZIL TO IMPROVE OUR KNOWLEDGE OF THE MARKET AND DEVELOP THE PRODUCTS AND SERVICES TO MATCH. A RESEARCH PROGRAM DEVOTED TO TRANSPORT AND MOBILITY WAS LAUNCHED IN MARCH 1999 WITH THE COOPERATION OF THE UNIVERSITY OF RIO DE JANEIRO'S COPPETEC FOUNDATION AND INRETS, THE PARIS-BASED INSTITUTE FOR RESEARCH INTO TRANSPORT AND SAFETY.

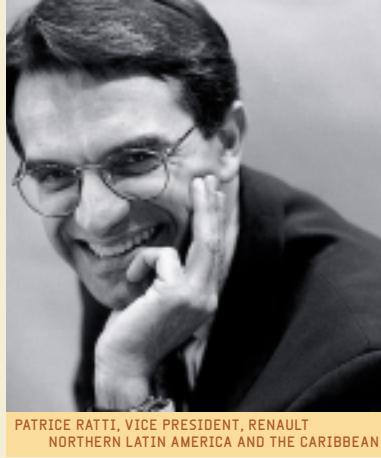
What are the basic reasons for your confident view of prospects for Renault's return to Mexico?

BB

The Mexican market, which we left 15 years ago, is already large and offers tremendous growth potential. In addition, Renault is still well remembered, and has a special place in people's feelings. We will be making our return with products which are consistent with our image in terms of originality and technological innovation, but which also offer new standards of quality and are very different from what is already available on this rather traditional market.

In addition, the Nissan plants that will be producing the Scenic and Clio have a well established reputation for quality, and we will be able to call on a large number of world-class suppliers. Which all means that we will be making our return in highly favorable conditions from both financial and technical points of view.

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PATRICE RATTI, VICE PRESIDENT, RENAULT NORTHERN LATIN AMERICA AND THE CARIBBEAN

While the Alliance is a special focus of attention, there has been no let-up in our strategic drive to expand internationally and streamline our production system

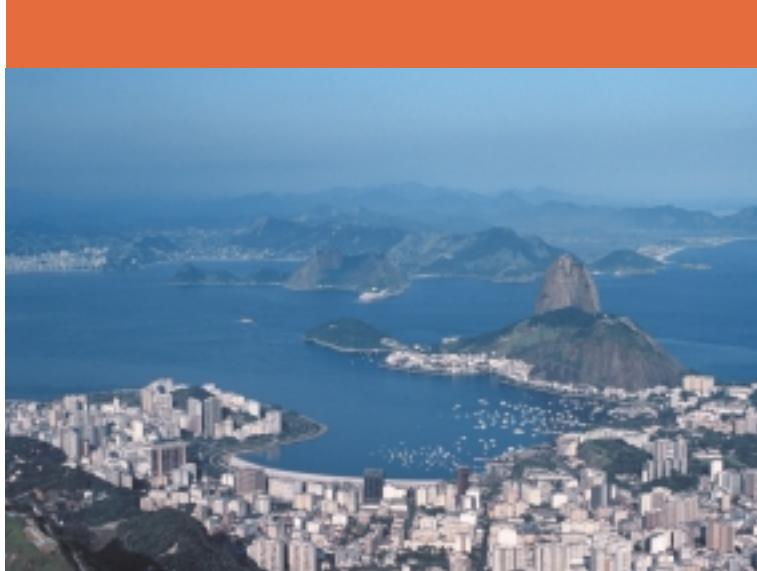
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Brazil: continuing to build our base for expansion in Mercosur countries, on December 2, 1999 we inaugurated an engine plant at our Ayrton Senna site in Curitiba. Mecânica Mercosul, which has the capacity to produce 280,000 engines a year, will be supplying the nearby Clio and Scenic assembly lines as well as our other sites in Latin America. A second unit to start up in 2001 will produce engine parts, in particular for export. As announced in January 2000, the Curitiba site will also be the base for a light commercial vehicle plant with annual capacity of 50,000 units, further consolidating our position in the Mercosur heartland.

Romania: on September 29, 1999, Dacia became our new brand. Dacia is now in the private sector, with Renault holding 51% and the Romanian state the remainder. We are planning to build a car for sale at \$6,000, mainly intended for the domestic market and emerging markets.

Russia: in April 1999, Avtofromos, equally owned by Renault and the City of Moscow, began assembly of Méganes in Moscow. This was associated with the creation of a training center and a national spare parts center. Avtofromos has also taken on distribution of Renault vehicles in Russia. In July 1999, the company signed an investment agreement with the Finance Minister of the Russian Federation to remove significant obstacles to our plans for continued expansion of sales and production.

Turkey: in November 1999, production of the three-box sedan version of the Clio got under way at the Bursa site, a cornerstone of our international development. The plant had previously taken over production of small 16-valve engines from the Motores site in Valladolid, Spain. Our strategy of using this production unit for supplies enables us to significantly increase sales to North Africa and the Middle East.



Renault agriculture in India

AT THE END OF 1999, RENAULT AGRICULTURE SA ANNOUNCED ITS ACQUISITION OF A 20% INTEREST IN INTERNATIONAL TRACTORS LIMITED, A TRACTOR MANUFACTURER BASED IN HOSHIARPUR IN NORTHWESTERN INDIA. THE MOVE OPENS UP NEW DEVELOPMENT PROJECTS FOR RENAULT AGRICULTURE SA IN EMERGING MARKETS.

A MAJOR INDUSTRY BRAND

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— FOUR YEARS OF CONTINUED GAINS

The successes of 1999, bringing us a step nearer to our goal of taking 5% of the world market in 2010, reflect a broad range of strengths. They include a varied and winning product line-up designed to meet Renault's stringent European standards now applied worldwide, with regular upgrading of products to include more standard equipment, in particular the latest safety features. Our range of engines has been fully renewed to offer enhanced performance and even greater respect for the environment, while sales and services are constantly adapted to match customer expectations.

In Western Europe we were the leading brand with 11.3% of the market in 1999 after 11% in 1998. We consolidated our number-one position in light commercial vehicles and moved into second place for passenger cars, while Clio was the best-selling small car on the market. On our traditional markets outside Europe, business held up well in the face of recession in the Mercosur countries and the impact of the Russian crisis on Turkey. We were thus able to consolidate our leadership in Argentina and double our share of the Brazilian market to 2.7%. In Turkey, we maintained our lead in passenger cars and light commercial vehicles, with an up-to-date offering and active promotion of imports.

— MAKING THE DIFFERENCE

Acclaimed at the 1999 auto show in Frankfurt, the Avantime marks a decisive step forward in our product strategy. Designed and developed in cooperation with Matra, the Avantime is not the new top-of-the-range model to replace Safrane – it is an alternative concept, breaking with traditional approaches and foreshadowing our future offering at the upper end of the market. Similarly, we are set to break new ground on the fast-growing market for sport utility vehicles with the Scenic RX4, which makes its debut in spring 2000. The only four-wheel drive compact monospace on the market, the Scenic RX4 is in a category of its own, with both design and concept setting it apart from rivals. Signaling a new breed of automobile, it combines elegance, comfort and performance with driving pleasure and a rugged sporting style.

— NEW APPEAL AND NEW MUSCLE

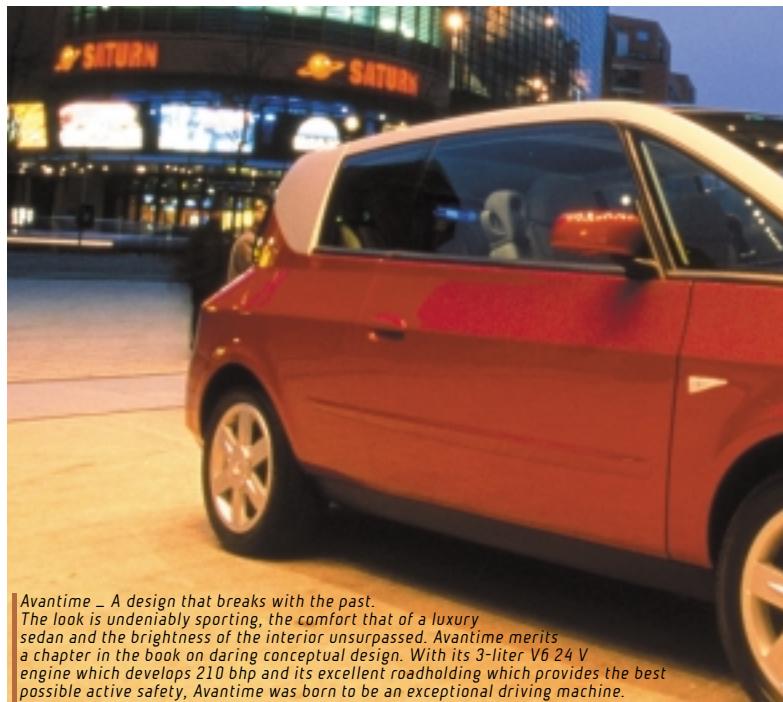
Kangoo is steadily building its reputation as a light commercial vehicle for world markets with a combination of flair and convenience, now enhanced with a second sliding side door. Scenic Phase 2 remains the top compact monospace and the Clio is now available in a three-box sedan version. Produced at Bursa in Turkey since last autumn, this will start rolling off the assembly line at our Curitiba plant in Brazil towards the middle of 2000.

In 1999, our group sold a record 2.29 million passenger cars and light commercial vehicles. A rise of 7.3% from the previous year, this puts us on course for our sales target of four million vehicles in 2010.

At the same time, control of costs and complete mastery of quality are more than ever fundamental priorities, since they are the basis of our competitive strength and brand image.

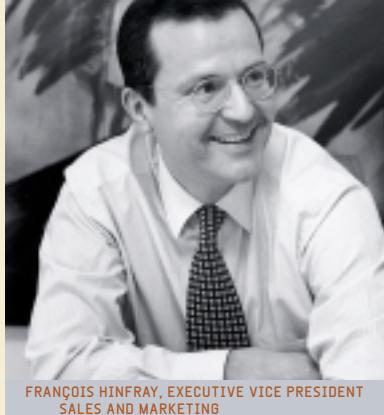
The renewal of our engine line, begun in 1998, continued on schedule in 1999 and all models now feature multi-valve gasoline units of various sizes – the one exception being the Twingo, to be equipped in the course of 2000.

In addition to this renewal of our mainstream engine range, we have adopted common rail technology for the diesel version of the Laguna, to be followed by the new Scenic and Scenic RX4 in early 2000. We also equipped the Mégane Coupé and Cabriolet with the IDE, gasoline direct injection engine.



Avantime – A design that breaks with the past. The look is undeniably sporting, the comfort that of a luxury sedan and the brightness of the interior unsurpassed. Avantime merits a chapter in the book on daring conceptual design. With its 3-liter V6 24 V engine which develops 210 bhp and its excellent roadholding which provides the best possible active safety, Avantime was born to be an exceptional driving machine.

What is the place of brand management in Renault's overall strategy?



FRANÇOIS HINFRAY, EXECUTIVE VICE PRESIDENT
SALES AND MARKETING



As Georges Douin*

and I defined it,

the brand identity expressing Renault's personality is a combination of vision, daring and warmth. A strong design and innovative features created with people in mind are the fundamental characteristics of our product range. Together they create a distinctive style that gives us a clear competitive advantage over other manufacturers. Needless to say, our brand identity is built upon a solid base formed by the reliability and safety of our vehicles plus quality service. Today, we are committed not only to asserting our identity, but also to developing it more effectively outside France, particularly on the emerging countries we are now entering. A strong image attracts new customers and generates brand loyalty. By adding an intangible but very real value to our products, it also allows higher margins. In short, a powerful image is both a commercial asset and a lever for financial success - which makes strengthening that image a key priority for the future.



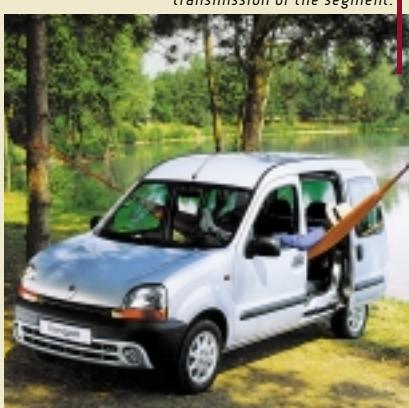
* Executive Vice President, Product and Strategic Planning and International Operations.



A wide protective belt line, bigger bumpers, larger fenders, increased ground clearance and other details, which blend elegance and robustness, adorn the mono-space architecture with its flat floor and exceptional cabin space. These are the distinguishing features of the Scenic RX4 which make it a 4x4 like no other on the market.



Produced at Bursa in Turkey, where it has been on sale since November 1999, the three-box sedan version of the Clio, christened Symbol, has brought the Renault range available there up-to-date. Designed for heavy-duty use, Clio Symbol meets the demands of customers used to a sedan with four doors and a trunk. Production of the Clio sedan will also begin in early 2000 at Curitiba in Brazil.



Now with a second sliding side door and a new direct injection turbodiesel F9Q 1.9 dTi engine, Kangoo has consolidated a lead set to grow with the first automatic "Proactive" transmission of the segment.



Satellite-guided tractors

IN 1999, RENAULT AGRICULTURE, FRANCE'S TOP TRACTOR MANUFACTURER, REAPED THE REWARDS OF A STRATEGY TARGETING EUROPE-WIDE MARKETS, REPORTING A SIGNIFICANT RISE IN SALES. ITS PRODUCT LINE-UP, INCORPORATING THE LATEST TECHNOLOGY, HAS RECENTLY BEEN ROUNDED OUT WITH THE ATLES, A TRACTOR DESIGNED ESPECIALLY FOR THE BIGGEST FARMS.

RENAULT AGRICULTURE HAS ALSO ATTRACTED ATTENTION WITH AN INNOVATIVE PROTOTYPE FOR THE FIRST AUTOMATIC SATELLITE GUIDANCE SYSTEM FOR TRACTORS. DEVELOPED IN ASSOCIATION WITH RESEARCH INSTITUTE CEMAGREF, THIS IS EXPECTED TO GO ON THE MARKET IN 2003.

SIMILARLY, THE INFOTRAC ON-BOARD COMPUTER WILL ALLOW USERS TO TRACK PRODUCTIVITY AS THEY WORK.

Atles, powered by a 240 bhp engine, is the latest Renault Agriculture offering and tractor of the year 2000. It will go on sale in July 2000.



WELCOMING CUSTOMERS

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— REORGANIZING TO TAKE THE LEAD

To succeed in our strategy of profitable growth we must have the right tools to meet the challenges of rapid changes in the automobile market – in particular the emergence of new contenders and new technologies, as well the growing power of electronic media. Here service, a source of profit and brand differentiation, will be a critical competitive resource. Against this backdrop, the Renault Sales and Marketing Department is preparing for the future with a complete overhaul of organization involving, among other things, the creation of two new entities to broaden the notion of service and incorporate the functions of the former After-Sales Department. The new Service Department will be supporting the Renault offering, simultaneously consolidating existing strengths and developing new expertise in areas such as network engineering, relationship marketing and the Internet. The other new entity for Parts and Accessories will be operating in an area likely to face rapid change, since margins are high, competitors numerous and original brands inadequately protected.

— THE NEW DISTRIBUTION PROJECT

The New Distribution Project was launched at the end of 1998 with the ambitious aims of guaranteeing customers delivery of the car of their choice within two weeks, while at the same time halving stock by 2001. In 1999, implementation got under way throughout the group, with initial targets successfully achieved. The previous system has been replaced by another based on actual customer orders throughout the French network and in most European countries – the Netherlands, Belgium, the Czech Republic, Germany, Poland and the UK. Slovakia, Austria and Italy were added to the list early in 2000.

Achieving this required implementation of the Renault Intranet and new information systems in all these countries, as well as a far-reaching training program with 15,000 participants.

— CLIP, OUR NEW ELECTRONIC DIAGNOSIS SYSTEM, WAS UNVEILED AT THE EQUIP'AUTO 99 TRADE FAIR AND IS ALREADY IN OPERATION AT MANY OF OUR EUROPEAN SITES. EVEN MORE ADVANCED THAN OPTIMA AND NXR, CLIP IDENTIFIES PROBLEMS AND ANALYZES ALL POSSIBLE CAUSES TO FIND APPROPRIATE REMEDIES, WITH TRULY APPRECIABLE TIME SAVINGS.

As business conditions become increasingly complex and competitive, service is more than ever the key to success in the automobile business. We are determined to win the lead in this area, and are developing the structures needed to put us ahead of competitors and build even closer ties to customers.

All ten European assembly plants and the Matra plant operating in partnership with Renault reorganized to “welcome customers on site” by taking orders directly from distributors. CAT, Renault’s transport subsidiary, was naturally closely involved, with efforts focused on speeding vehicle deliveries through reorganization of transport flows and development of new information systems.

All the principles underlying the New Distribution Project have thus taken practical shape, with the next stages concerning improvements to practice and performance.

Renault Assistance, an effective breakdown service greatly appreciated by customers. In 1999, Renault Assistance answered 350,000 calls throughout Europe with 72% of repairs carried out on the spot.



Renault Minute outlets are continuing to be deployed throughout Europe, and in our new markets. In 1999, their number rose to over 700, with 35 new outlets created outside Europe.



Offering the customers top quality services at the best price is a critical competitive factor in the automobile business.



Why was the Netherlands chosen as the first country to implement the New Distribution Project? And how did it go?

GG Our country is small, our dealerships are well equipped with information technology – and we like to get results. Dutch dealers welcomed the project, which got under way in December 1998 with a staff training program. Startup was a bit difficult, one of the main reasons being the success of Renault cars and the pressures this put on deliveries and production. The New Distribution Project supposes the complete reliability of every link in the chain, as well as the availability of production capacity. Some more adjustments will be needed before we can meet our promise of guaranteed two-week deliveries to the full.



MARTIN HEGEMAN, RENAULT SALES DIRECTOR FOR THE NETHERLANDS

A FULL RANGE OF COMMERCIAL VEHICLES

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— A MAJOR FULL-RANGE MANUFACTURER

In the US, Mack's Vision, an innovative truck designed for affordable long-haul transportation, was an immediate success from its launch in February 1999, particularly with the medium-size fleets which are its core target. Buoyed by an upbeat domestic market and still favorable prospects, Vision will make a significant contribution to Mack's continued progress.

Winning 13.1% of the US market, Mack consolidated its third place ranking and is now ready to tackle new markets – continuing the uninterrupted gains of the past seven years.

In Europe, Renault VI confirmed its ambition to become a full-range manufacturer with the launch of the Mascott. This diversified range of light-duty trucks from 3.5 to 6.5 tons replaces the Messenger and complements the Master range. Light commercial vehicles are helping to boost European sales and overseas exports, strengthening the group's overall position in the light truck sector – a fast-expanding and, most importantly, high volume market.

The final launch completing the renewal of our European range is the Midlum. This new range of medium trucks from 6 to 16 tons was unveiled in February 2000. Midlum is available in 24 basic models, with options making it the ideal choice for all types of operation. The Midlum cab was designed and developed in cooperation with Daf under an agreement signed by the two companies in 1997. The new cab will be produced at the Blainville plant in Normandy for both Renault VI and Daf.

— CONTINUING MOMENTUM IN COOPERATION

In its first year, Irisbus, the joint subsidiary of Renault VI and Iveco, demonstrated the advantages of merging the bus and coach business of its two parents, proving a success in terms of integration and management as well as of sales. Irisbus has a sufficiently broad range to meet demand on all national markets for vehicles from 3.5 tons up. Newly created subsidiaries in Germany, the UK and Australia will stimulate growth in these countries.

Irisbus also concluded a major agreement with Hungarian private-sector manufacturer Ikarus, setting up a joint subsidiary for buses and coaches. Irisbus holds 75% of the new company Ikarusbus.

On June 28, 1999, Renault VI, truck-maker Amo Zil and the City of Moscow signed a memorandum of understanding. This concerns the creation of a joint company for the production and sale in Russia of maximum capacity and medium-range trucks based on the Premium,

Mack had another excellent year in the US, while in Europe we completed the renewal of our range with two final launches. At the same time, cooperation was further reinforced and a new trans-Atlantic organization put in place. The Renault VI/Mack group thus continues to consolidate the basis for its strategy of profitable growth in a fast-changing sector.



Vision, Mack's new long-haul truck, combines power and economical operation while the cab, developed in cooperation with Renault Design, features superior styling and driver comfort.

Kerax and Midlum models. Four to six-liter engines are included in the same deal.

Turning to Nissan Diesel, in which Renault has acquired a 22.5% equity stake, potential for synergies with Renault VI has been identified, but their realization is contingent on a solution being found to the problem of Nissan Diesel's debt burden.

Renault VI focuses on defense business

TO MEET THE CHALLENGES OF RAPID CHANGE IN THE DEFENSE SECTOR AS WELL AS THE FUTURE NEEDS OF ARMED FORCES, RENAULT VI HAS BROUGHT ALL DEFENSE OPERATIONS TOGETHER TO FORM AN INDEPENDENT UNIT. CALLED RENAULT VI DÉFENSE, THIS EMPLOYS SOME 230 PEOPLE. THE COMPANY WILL FOCUS STRATEGY ON COOPERATION IN EUROPE FOR MAJOR PROJECTS SUCH AS THE VCI, AN INFANTRY COMBAT VEHICLE, AS WELL AS ON EXPANSION OF EXPORT SALES. A RESPONSIVE STRUCTURE WILL ENABLE THE NEW ORGANIZATION TO DEAL EFFECTIVELY WITH NEW CHALLENGES THAT INCLUDE THE OPENING OF NATIONAL MARKETS, A GROWING NUMBER OF PAN-EUROPEAN PROJECTS AND A TREND TO CONCENTRATION IN THE DEFENSE INDUSTRY. RENAULT VI IS THUS WELL PLACED TO CONSOLIDATE ITS POSITION AS A MAJOR SUPPLIER OF MILITARY EQUIPMENT.



How does the Vision fit into Mack's strategy?

GC Vision is a key weapon in Mack's growth strategy. With its light weight, efficiency, high-tech operating features, and superior styling and ergonomics, Vision has given Mack entry into the highly competitive long-haul market and a new tool for increasing our presence in the West.

But Vision is only the most striking component of a more comprehensive conquest strategy, one that includes major enhancements and expansion of our Western network, improved customer support programs and exciting new products targeting the needs of Western customers.

Although the Vision introduction was certainly the highlight of 1999, Mack's strong performance was fuelled by a solid commitment to meeting the needs of our existing customers and traditional market segments, while aggressively implementing this growth strategy.

jj



Mascott is a compact truck that is at once tough, reliable, multi-purpose and – as users soon discover – indispensable.



In 1999, Renault VI reorganized production at its Blainville site in Normandy and the Bourg-en-Bresse plant in central France, with the former now the center for cab production for all the European range, and the latter focusing on assembly of heavy trucks.



INTERNATIONALIZATION AND GROWTH

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— MAJOR NEW DEVELOPMENT

Renault Crédit International took a decisive step forward on June 2, 1999 when it acquired the eight financial subsidiaries of Nissan in Germany, the UK, the Netherlands, Italy and Spain. A major new development for the group, this acquisition will quicken expansion in keeping with its strategic focus on profitable growth.

Synergies are already being realized, particularly in the area of refinancing. They will be further developed in the course of the current year, although distribution networks and customer bases of the two brands will remain strictly separated.

— BUILDING BASES IN THE MERCOSUR AND MEXICO

To back the group's development on new markets, Renault Crédit International is naturally committed to international expansion, with current priorities including the Mercosur countries and Mexico.

In Argentina, RCI has reached an agreement with Banco Francés, a subsidiary of Banco Bilbao Vizcaya, for the creation of a joint subsidiary to finance Renault sales, while an RCI branch will handle inventory financing as of 2000.

Similarly, in Brazil, a joint venture with Sudameris, a subsidiary of the Intesa Comit group, now provides financing for both Renault sales and dealers' stocks.

The launch of these operations in South America has coincided with the emergence of new opportunities in Central America. The industrial and commercial cooperation between Renault and Nissan which began in Mexico in December 1999 should soon allow RCI to offer financing and other services to Renault and Nissan customers and dealers.

Products for a Europe-wide market

RCI AIMS TO HELP CUSTOMERS MAKE OPTIMUM USE OF THEIR CAR THROUGH SERVICE PACKAGES DEVELOPED IN CLOSE COOPERATION WITH RENAULT'S MARKETING DEPARTMENT. INCLUDING NOT ONLY FINANCING BUT ALSO AN INCREASINGLY WIDE VARIETY OF RELATED SERVICES, THESE PLAY AN IMPORTANT ROLE IN MAINTAINING LOYALTY WHEN THE TIME COMES FOR A NEW PURCHASE. BUILDING ON SUCCESSFUL EXPERIENCE IN FRANCE AND OTHER COUNTRIES, RCI HAS THE CAPACITY TO DEVELOP FINANCING PRODUCTS WITH EUROPE-WIDE APPEAL. Thus the "1, 2, 3" PACKAGE LAUNCHED IN FRANCE IN 1998 IS BEING DEVELOPED THROUGH MULTIFESTRENO IN SPAIN AND FINGEST IN PORTUGAL. SIMILARLY, ITALIAN AND BELGIAN CUSTOMERS NOW BENEFIT FROM COMPLEMENTARY SERVICES SUCH AS CARDS WITH A REVOLVING CREDIT LINE, WHILE PERSONAL LOAN SERVICES AVAILABLE IN FRANCE AND THE UK HAVE BEEN EXTENDED TO PORTUGAL.

Renault Crédit International, a subsidiary of our Finance Division, is the top automobile financing company in France and Europe as a whole. It is now consolidating its leadership and competitive strength to serve the Renault-Nissan Alliance.

— NEW DISTRIBUTION CHANNELS

Automobile distribution may take new and different shapes, and RCI is actively preparing for change, exploring new channels and ways to increase revenues and consolidate its strategy of conquest. At the same time, it has made a promising start in multi-brand financing, both under its own name and in association with other entities. In France, RCI has teamed up with consumer finance company Cofinoga through an equally owned subsidiary, Sygma Finance, while in Italy and Spain it has set up a subsidiary named Accordia which provides Renault dealers with a broad range of services.

Long-term rentals under its Overlease brand are another development priority for RCI. Continuing its development in the face of fierce competition, Overlease is now present throughout Europe, with Switzerland and Austria added to the list in early 2000.





In 1999, RCI turned in one of its best performances ever. How do you see its future development, particularly following the Renault-Nissan Alliance?



PHILIPPE GAMBA
CHAIRMAN & CEO, RCI

The front office of Renault Crédit International at the group's head office in Marne-la-Vallée, near Paris.

RCI RCI acquired a new dimension with the purchase of Nissan's financial subsidiaries in Europe – a leap into the international arena that boosted business by 15%. We have also expanded in Argentina, Brazil and Mexico, and are moving into new business areas with development potential. In the future, and this applies to car sales in general, we will no longer be selling vehicles, but comprehensive packages – "mobility solutions" combining product, financing and service. For RCI, this means greater involvement in sales and marketing policies for Renault and Nissan models. We must build on our current position to enhance marketing, offer more packages to promote client loyalty and enhance our role as banker to the Renault dealer network.



Changes in the workforce, with an emphasis on young people, have led to an increase in productivity in Renault factories, like here in Sandouville.



— UNDERPINNING INTERNATIONALIZATION

Rapid changes in the scale and international scope of our business entail in-depth changes in habits, organization and management processes. To take one important example, a special effort is being made to develop foreign language skills, particularly in English which is the official language of the Alliance with Nissan. All new recruits are required to achieve a score of at least 750 on TOEIC – the Test of English for International Communication. And since the Renault-Nissan Alliance brings together two different countries and cultures as well as two distinct parent companies, we have adopted a program to promote intercultural understanding, with a view to operating under the very best conditions. This program will continue in 2000 with training sessions devoted to relevant aspects of Japanese and French culture.

One of the first steps in the implementation of the Alliance has been to bring people closer together through the exchange of staff members between the two partners. The Human Resources Department has thus set up new structures to facilitate transfers and provide the necessary framework for cooperation.

NEW HORIZONS RESOURCES

Reflecting the changing shape of Renault, 1999 was an eventful year in human resources. Key themes included international expansion and staff mobility, management of skills resources, management development and implementation of the agreement on employment, work schedules and reduction of hours.

— MANAGEMENT MOBILITY

Staff mobility is essential to a business which never stands still, and this mobility is increasingly international. Reflecting these demands, two working groups have been set up to define the ground rules, one devoted to internationalization and the other to staff mobility in general. In the same area, the Renault Intranet includes a section listing all positions to be filled in France and other countries. Operating since mid-1999, it is visited approximately 1,400 times a day.

Similarly, management training programs for both new recruits and other staff members have been revamped to better meet the challenges of new operational needs, an increasingly international workforce and the growing diversity of business projects. Thus the 610 managers recruited in 1999 will all take an induction course presenting Renault's industrial and commercial operations, helping them to gain familiarity with the company and, by the same token, find their place more easily.

In addition to training, Renault places special emphasis on the empowerment of its managers and supervisory staff. Salaries thus include a variable performance-related component based on individual and group targets embodying overall strategy.

Vilvoorde – standing by commitments

IN 1999, A REPORT WAS ISSUED ON THE SETTLEMENT RELATING TO THE CLOSURE OF THE RENAULT SITE AT VILVOORDE IN BELGIUM. WE HAVE FULFILLED ALL OUR COMMITMENTS CONCERNING RECONVERSION AND OUTPLACEMENT OF EMPLOYEES AT THE SITE. THE PLAN WAS IMPLEMENTED ON SCHEDULE AND WE ACHIEVED OUR AIMS IN THE BEST POSSIBLE CONDITIONS.

IN HUMAN

Readjusting the working week has given the company greater flexibility, allowing it to adapt rapidly to demand and to provide a better service for the customer.



Renault and the 35-hour week

THE AGREEMENT ON EMPLOYMENT, SCHEDULES AND REDUCTION OF WORKING HOURS IN FRANCE SIGNED ON APRIL 16, 1999 TOOK EFFECT ON SEPTEMBER 1. THE MOST IMPORTANT AND COMPREHENSIVE OF ITS KIND IN SEVERAL YEARS, THIS GIVES ALL RENAULT EMPLOYEES THE BENEFIT OF TEN ADDITIONAL DAYS' LEAVE EACH YEAR WITH NO LOSS OF SALARY. THEY WILL ALSO BE ABLE TO CAPITALIZE INDIVIDUAL ENTITLEMENT TO DAYS OR HOURS OF TRAINING. A KEY PROVISION OF THE AGREEMENT CONCERNED THE EARLY RETIREMENT OF EMPLOYEES NEARING THE END OF THEIR CAREER. IN THE NEXT FIVE YEARS, THERE WILL BE 10,500 EARLY DEPARTURES, ALLOWING FOR THE RECRUITMENT OF 3,900 NEW EMPLOYEES IN ADDITION TO THE 2,100 JOBS TO BE GENERATED BY THE REDUCTION OF WORKING HOURS, FOR A TOTAL RECRUITMENT OF 6,000 PEOPLE OVER THE FIVE-YEAR PERIOD.

THROUGHOUT THE NEGOTIATIONS RENAULT'S AIM WAS TO ACHIEVE A WIN-WIN AGREEMENT BENEFITTING BOTH EMPLOYEES AND THE COMPANY. FOR EMPLOYEES, IT MEANS IMPROVED WORKING CONDITIONS WITH THE STANDARD WORK WEEK CUT FROM 39 TO 35 HOURS WITHOUT LOSS OF SALARY, AS WELL AS INDIVIDUAL TRAINING ENTITLEMENT, RECRUITMENT OF YOUNG PEOPLE AND EARLY RETIREMENT FOR THOSE NEAR THE END OF THEIR CAREER. AND FOR RENAULT IT OFFERS SCOPE TO REORGANIZE WORK ON AN INNOVATIVE BASIS TO MEET CUSTOMER EXPECTATIONS AND THUS MAINTAIN VITALLY IMPORTANT COMPETITIVE STRENGTHS.

How do people at the Douai plant see the Alliance with Nissan?

Excellent, especially in terms of benchmarking. We will have an opportunity to learn more about how Nissan works and achieves the excellence which has won it such a reputation for productivity and quality. One of our superintendents spent a month at their Sunderland plant in the UK and when he came back he had some very persuasive things to say about operator training and managerial discipline. We stand to gain a lot from this type of exchange, whether within the framework of the Alliance with Nissan or as part of Renault's more general move to internationalization.

SYLVAIN CHANTALOUPE, WORKSHOP SUPERINTENDENT OF THE TRIM ASSEMBLY DEPARTMENT AT THE DOUAI PLANT IN NORTHERN FRANCE



The Renault Technocentre - creative excellence today for driving excellence tomorrow.



BPU – a shared tool

BPU – FROM THE FRENCH *BASE PERSONNELLE UNIQUE* – IS A NEW GLOBAL SYSTEM FOR MANAGING HUMAN RESOURCES THROUGHOUT THE GROUP. NOW BEING PHASED IN, THIS EMPLOYEE DATA BASE TAKES INTO ACCOUNT DIFFERENCES INHERENT IN EACH COUNTRY, GIVING USERS A CLEAR VIEW OF TRAINING, SALARIES AND MORE. IN JANUARY 2000, THE GROUP'S GERMAN PAYROLL WAS PREPARED WITH BPU FOR THE FIRST TIME.

LOOKING AHEAD

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— FINANCIAL OUTLOOK

Revenues will rise in 2000, with a buoyant economy fueling growth across most of Europe, particularly France, and in the Mercosur countries.

Renault will be pursuing cost-cutting measures and is on target to achieve its projected FRF 20 billion savings by the end of the year. At the same time, full write-off in 1999 of some FRF 3.8 billion in expense linked to an early retirement program for employees aged 57 and over will cut operating costs in the next few years. Expansion abroad will continue, and our Alliance with Nissan will give additional impetus to initiatives outside Europe. Our policy of sharing vehicle platforms and production capacity, and exchanging components and vehicles, will also be extended.

Renault is confident that the Revival Plan adopted by Nissan's new management team and announced on October 18 will allow a return to break-even in fiscal 2000, ending March 31, 2001. The plan's impact on Nissan's profitability will be felt with increasing force through both cost-cutting measures and new product launches.

For the third year running, operating margin should be robust at around 5% of revenues, and net income should be significantly higher than in 1999.

— NEW PRODUCTS WITH WINNING WAYS

Our 2000 line-up brings added power, comfort and safety, with a better than ever range of engines and world-class equipment. Power comes from a choice of 16V engines across the entire range, including the Twingo, and 3-liter 24-valve V6 versions for the Laguna, Safrane and Espace, as well as the powerful 250 bhp unit of the Renault Sport Clio featuring a rear mid-mounted engine. Comfort is center stage with air-conditioning to meet a steep rise in demand, high-quality trim and additional storage space. Onboard equipment features the latest technology, including the Carminat global positioning system to guide drivers through major European cities as well as Odysline for emergency assistance. And of course passenger safety remains a top priority – as illustrated in a new concept for an adaptive restraint system based on airbags with two levels of inflation and a seatbelt with double pretensioner.

For Renault, 2000 is set to be a year of significant growth, driven by continued expansion on international markets, ongoing efforts to improve our competitive strengths, a gradual turnaround at Nissan and development of joint projects.

While awaiting roll-out of its successor, the Laguna range continues to display the qualities behind its success, with three versions – Comfort, Pack and Luxury Pack, a complete range of multi-valve and common rail diesel engines and a host of new interior appointments at ever more competitive prices.

Finally, widespread media coverage of the Avantime concept car unveiled at the Frankfurt Auto Show in October 1999 underscored the appeal of this monospace coupé of the same name which is set to inaugurate a new segment in the Renault range. Market launch is scheduled for the end of the year 2000.

Turning to research and development, cooperation with Nissan in advanced engineering projects will make a key contribution to the success of our Alliance. Priorities include fuel consumption, alternative sources of energy and on-board electronics.



Derived from the 2.0 16V "F4R", the standard unit of the Espace, Laguna and Scenic, the 16-valve F5R with twin camshaft and direct gasoline injection (IDE), was a joint development with Renault Sport. The result, for the Mégane Coupé and Cabriolet, is a versatile and lively engine which gains in driving pleasure and fuel economy without the slightest compromise in terms of emission control.

A CONSTANTLY EVOLVING RANGE

Our pride in the success of our range, both in Europe and on developing markets, has encouraged us to maintain our efforts to introduce further distinctive stylistic and technological innovations. This ability to innovate is at the heart of the range's strength and is what gives it its special appeal. Our progress in the area of safety has become increasingly recognized: after the Mégane in 1998, the Espace was classed as the safest MPV in its category in 1999 in a test carried out by the independent European organization Euro NCAP.



SCENIC RX4 ...
The first compact 4x4 leisure-based monospace, the Scenic RX4 combines the looks of a compact MPV with an off-road capability, backed up by a 2.0-litre gasoline engine and a 1.9-litre diesel unit fitted with a Common Rail. The RX4 is perfectly suited to all types of road surfaces, including the very worst.



MEGANE CABRIOLET ... In addition to multi-valve engines, the sporting member of the New Mégane family produced in Palencia (Spain) has, along with the coupe, benefited from the first European direct-injection gasoline engine, the 1.6-litre F8R unit, developed by Renault Sport. Bigger wheels, a horizone combi radiator grille, twin-round headlamps and a one-piece rear lamp cluster all combine to give a more expressive exterior design. The Mégane Cabriolet also features an electrically-operated hood.

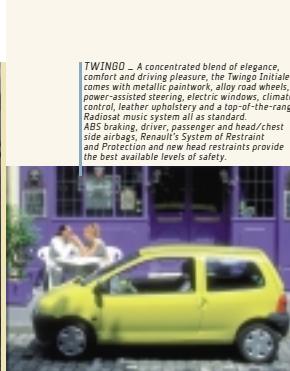


MIDLUM ... Launched in early 2000 as a replacement for the Master, Midlum's 2000-ton capacity concludes a full renewal cycle of Renault V.I.'s medium range. This range covers all sectors, the entire spread from 6 to 18 tons GVW, meeting the wide-ranging demands of today's distribution and delivery businesses.



CLIO RS 2.0 16 V ... Its livelier lines and equipment have sophistication. The new sporty edition to the Clio family has a 2-liter 16 V engine with variable timing and a five-speed gearbox. This unit, developed by Renault Sport, is based on the 140 bhp F4R, which powers the Espace, Laguna and Scénic.

MEGANE STATION WAGON ... Produced in Bursa (Turkey), the Megane Station Wagon family has taken its place on the popular lower mid-range station wagon market. Designed principally for families, it currently has the Megane Station Wagon has class-leading luggage space (11.5 m³) and other features. Like the rest of the family, this Megane comes with a 12-year anti-corrosion warranty.



TWINGO ... A concentrated blend of elegance, comfort and driving pleasure, the Twingo Initiale compact hatchback has alloy wheels, power-assisted steering, electric windows, climate control, leather upholstery and a top-of-the-range Renault music system as standard. ABS, front and driver, passenger, head/chest side airbags, Renault's System of Restraint and Protection and new headrests provide the best available levels of safety.



KANGOO CAR ... A second sliding side door and new turbodiesel direct injection engine (F9D 1.9 dTi); Kangoo has built on a lead set to go on to be a leader in the first automatic (Progear) transmission of the segment. The four levels of upgraded equipment, Base, R16, R16 and Parma, offer air conditioning, power-assisted steering, safety belts with pretensioners and programmed-restraint airbags.





Does the new direction given to Research mean that the focus will be more on the short term?



On the contrary! The purpose of research is to lay the foundations for Renault's future lines of products and services. Which means that it must factor in the long term. But links to engineering are now closer, helping to ensure that projects are applied quickly. Research is organized around some 40 major projects adopted by Renault and drawing on outside support from technology institutes as well as industrial partners. Striking the right balance between long - and short-term aims demands not only step-by-step planning, but also the development of a world network of technological support and the creation of new research centers like those we have already set up in Russia and Brazil.



PIERRE BEUZIT
VICE PRESIDENT, RESEARCH



Koleos, a four-wheel-drive sedan blending refinement and power.

Koleos: suave style

and rugged strength

DARING, SLEEK AND EFFICIENT, KOLEOS IS AN ALL-SURFACE CONCEPT CAR WITH A DIFFERENCE, ILLUSTRATING RENAULT'S SPECIAL APPROACH TO THE SUV SEGMENT. IT COMBINES THE COMFORT AND ON-THE-ROAD QUALITIES OF A TRADITIONAL SEDAN WITH THE OFF-ROAD CAPABILITY OF A FOUR-WHEEL DRIVE VEHICLE. POWERED BY A HYBRID UNIT THAT COMBINES A TWO-LITER 16 VALVE TURBOCHARGED GASOLINE ENGINE WITH AN ELECTRIC MOTOR, IT FEATURES VARIABLE HEIGHT SUSPENSION, THE VEHICLE'S MAIN FUNCTIONS ARE CONTROLLED VIA A SCREEN WITH VOICE ACTIVATION AND THE HEADLIGHTS FEATURE AN INNOVATIVE FLUID OPTICS CONCEPT. TECHNOLOGICAL SOPHISTICATION AND REFINED STYLING COMBINE TO MAKE THIS TOP-OF-THE-RANGE LEISURE VEHICLE SOMETHING SPECIAL—AND IT CAN ALSO BE CONVERTED INTO A PICKUP.

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