

# 2007 ANNUAL REPORT



# 2007 KEY FIGURES\*

**GROUP SALES WORLDWIDE:**

**2,484,472 VEHICLES**

**REVENUES – RENAULT SHARE:**

**€40,682 MILLION**

**OPERATING MARGIN:**

**€1,354 MILLION**

**NET INCOME — RENAULT SHARE:**

**€2,669 MILLION**

**DIVIDEND PER SHARE:**

**€3.80\*\***

**WORKFORCE:**

**130,179 EMPLOYEES**

\* Published figures.

\*\* As proposed at the Annual General Meeting on April 29, 2008.

# 2007 KEY FIGURES

## TOTAL INDUSTRY VOLUME – REGISTRATIONS – CARS + LCVs

(IN UNITS)

	2003	2004	2005	2006	2007
Europe + France	17,096,627	17,561,095	17,514,551	17,773,957	18,059,825
Euromed + Americas + Asia-Africa	21,994,091	24,571,894	27,022,655	29,353,333	31,984,185
<b>Total</b>	<b>39 090 718</b>	<b>42,132,989</b>	<b>44,537,206</b>	<b>47,127,290</b>	<b>50,044,010</b>

## RENAULT GROUP – MARKET SHARE – CARS + LCVs

(%)

	2003	2004	2005	2006	2007
Europe + France	11.1%	10.8%	10.4%	9.4%	8.8%
Euromed + Americas + Asia-Africa	2.1%	2.3%	2.5%	2.5%	2.7%

## RENAULT GROUP – REGISTRATIONS - CARS + LCVs

(IN UNITS)

	2003	2004	2005	2006	2007
Europe + France	1,894,262	1,895,703	1,823,479	1,666,032	1,593,789
Euromed + Americas + Asia-Africa	460,798	561,341	682,083	740,707	861,072
<b>Total</b>	<b>2,355,060</b>	<b>2,457,044</b>	<b>2,505,562</b>	<b>2,406,562</b>	<b>2,454,861</b>

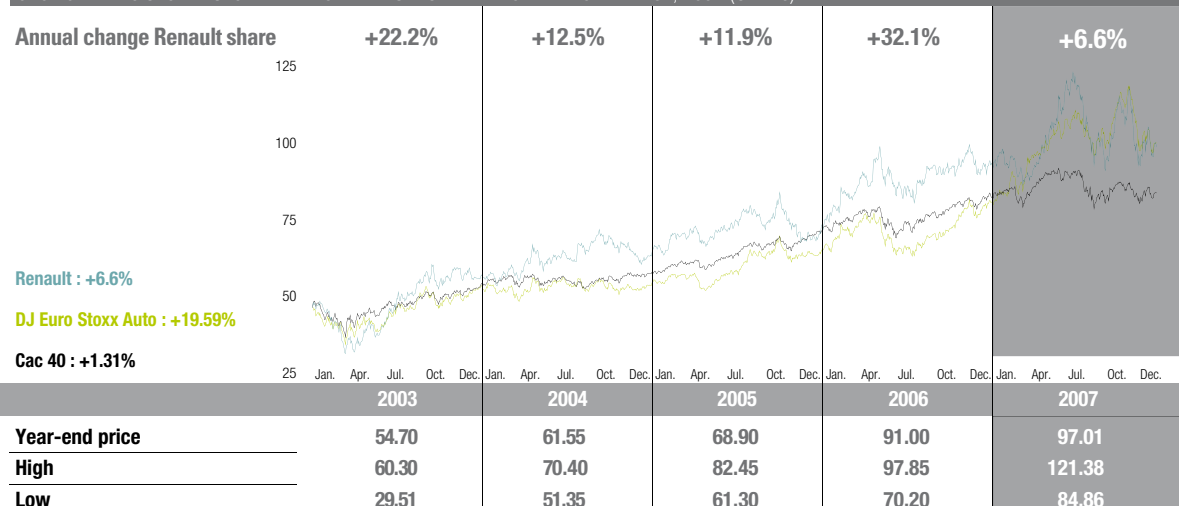
## INTERNATIONAL GROUP SALES

	2003	2004	2005	2006	2007*
%	19.6%	22.8%	27.2%	30.8%	35.1%

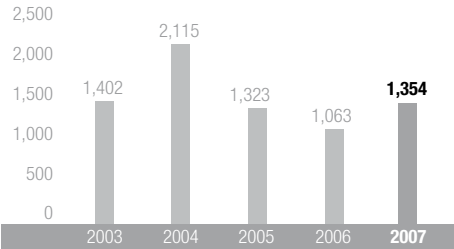
\*In line with the Renault Commitment 2009 business plan, the Group expects the volume of sales generated outside Europe to rise to 37% by 2009.

## RENAULT SHARE PERFORMANCE FROM DECEMBER 31, 2002 TO DECEMBER 31, 2007 (€)

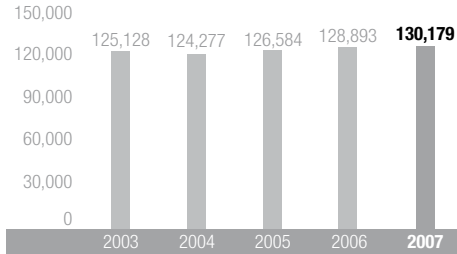
CAC 40 AND DJ STOXX AUTO INDEXED ON RENAULT SHARE PRICE AT DECEMBER 31, 2002 (€44.78)



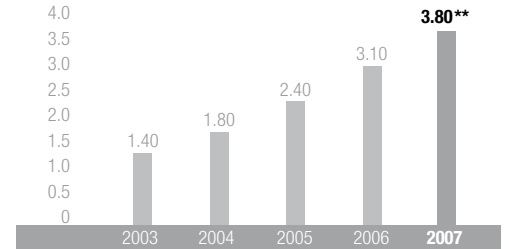
**OPERATING MARGIN\***  
(€ MILLION)



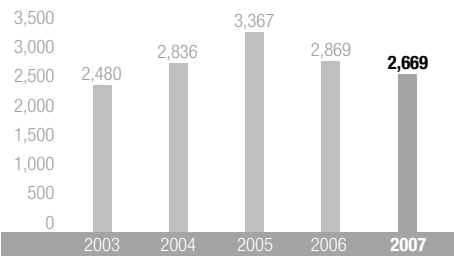
**WORKFORCE\***  
(IN UNITS)



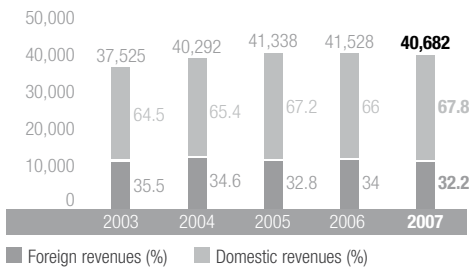
**DIVIDEND PER SHARE**  
(€)



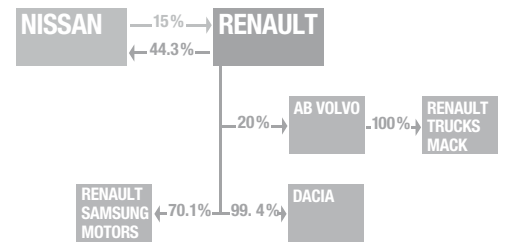
**NET INCOME – RENAULT SHARE**  
(€ MILLION)



**REVENUES – RENAULT SHARE**  
(€ MILLION)

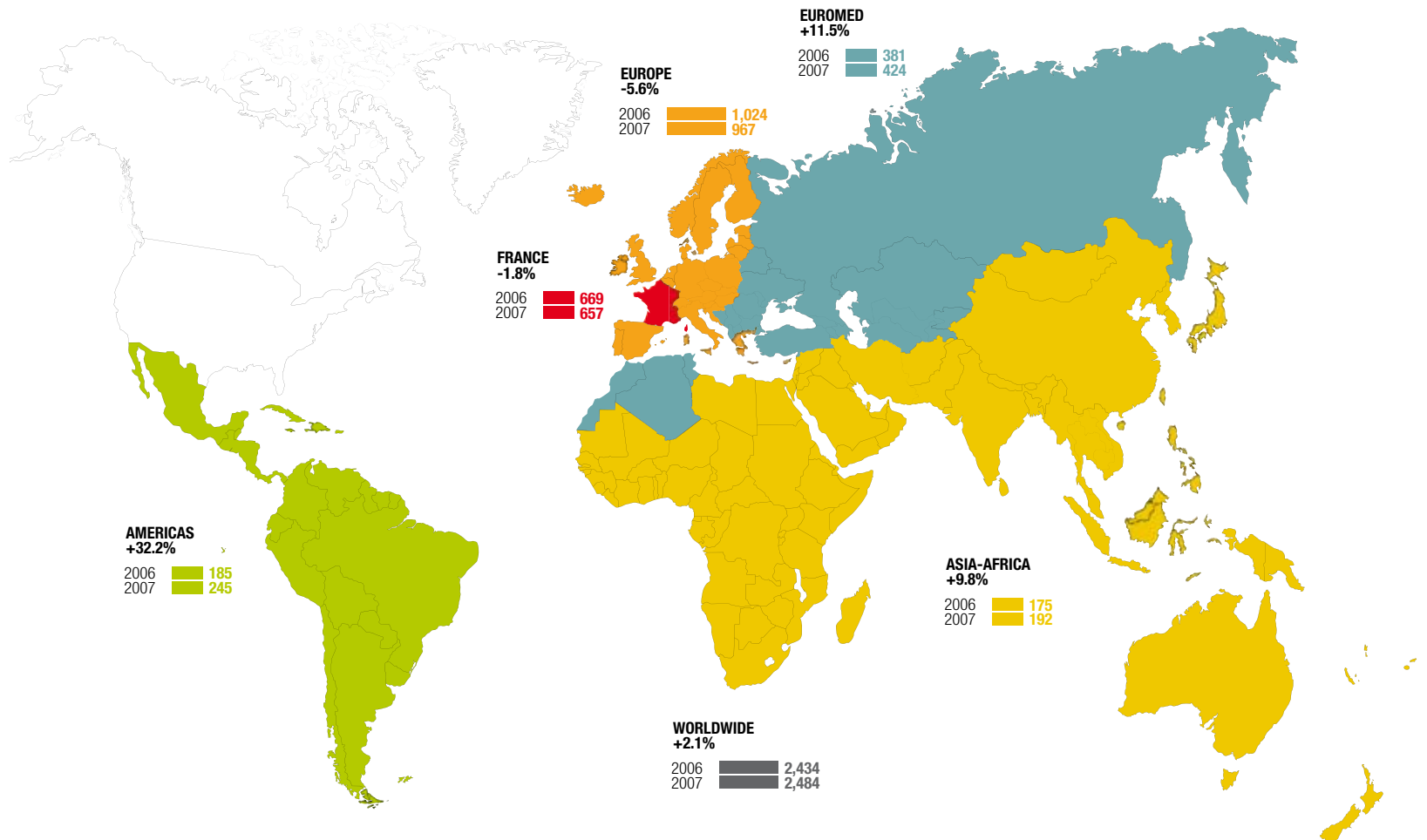


**SIMPLIFIED STRUCTURE OF THE RENAULT GROUP**  
AT DECEMBER 31, 2007



\*Published figures. \*\*As proposed at the Annual General Meeting on April 29, 2008.

**COMMERCIAL RESULTS**  
(THOUSAND UNITS – CARS + LCVs)



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# 2007 IN PICTURES

2007 SAW SALES GROWTH RESUME UNDER THE IMPETUS OF SIX NEW PRODUCT LAUNCHES. INTERNATIONAL EXPANSION QUICKENED AND WE LAUNCHED THE RENAULT ECO<sup>2</sup> SIGNATURE FOR OUR MOST ECOLOGICAL AND ECONOMICAL VEHICLES.

## NEW LAGUNA IN THE SPOTLIGHT IN FRANKFURT

Unveiled at the Frankfurt Auto Show in September 2007, New Laguna made its first appearance in European sales networks in mid-October. Aiming for a top place in its category in terms of product and service quality, New Laguna reflects the combined commitment of all sections of the business - from engineering and quality to purchasing and manufacturing. Produced at our Sandouville plant in Normandy, it achieved top ratings for quality and reliability as soon as it rolled off the assembly lines.



## ROLLING OUT A NEW BRAND IDENTITY

In September, Renault's new brand identity made its public debut at the Frankfurt Automobile Show. Building on Renault's rich heritage and culture, the new identity backs up the Group's new market ambitions, positioning it as a human, reliable and enthusiastic brand.

## BUILDING STRENGTH ON INTERNATIONAL MARKETS

In 2007, Renault reinforced its international presence, bolstering positions in countries where it was already represented and continuing its drive to build new positions on high-growth markets. On the production side, capacity was expanded in Russia and a large new project was launched in Chennai, India together with Nissan. On September 1, the Renault-Nissan Alliance signed a memorandum of understanding with the Kingdom of Morocco for the construction of a manufacturing site near Tangiers, and in December it entered into a new industrial partnership with the leading Russian automaker AvtoVAZ. Renault also restructured its sales network, opening subsidiaries in Ireland on November 1, 2007 and in Scandinavia on January 1, 2008.

# 2,484,472

RENAULT VEHICLES SOLD WORLDWIDE IN 2007.





#### QM5 LAUNCH IN SOUTH KOREA

Launched in November 2007 in South Korea, QM5 is the first cross-over vehicle designed by Renault, developed by Nissan and produced by Renault Samsung Motors (RSM). Based on the Koleos concept car, it will also be the first car produced by RSM and marketed by Renault, which will start selling it in spring 2008. Production at the Pusan plant in South Korea was the logical choice in view of local demand, with the Korean market expected to take up nearly half of the cars produced.

#### RENAULT ECO<sup>2</sup> SPELLS OUT THE MESSAGE

In May, Renault launched the eco<sup>2</sup> signature to distinguish the most economical and environment-friendly cars in its lineup. To qualify, vehicles must be manufactured on ISO 14001-certified sites, emit less than 140g of CO<sub>2</sub> per kilometer or run on biofuel. They must also be 95% recoverable and contain at least 5% of recycled plastic. In November, the Bibendum Challenge in Shanghai was the occasion for Renault to unveil its Logan Renault eco<sup>2</sup> concept car, which meets all three criteria. The car offers exceptional fuel consumption of just 2.72 liters per 100km, holding CO<sub>2</sub> emissions to only 71g per kilometer.

#### NEW TWINGO LAUNCH

On the market in France since mid-June 2007, New Twingo is the latest addition to Renault's lineup of compacts. Produced at the Nova Mesto site in Slovenia, New Twingo combines connected style with feisty performance and practical design, giving Renault a new edge in the small-car segment.

**MORE INFORMATION AT  
WWW.RENAULT.COM**



# FROM THE PRESIDENT & CEO

## **MIDWAY THROUGH RENAULT COMMITMENT 2009, WE ARE IN LINE WITH THE PLANNED TRAJECTORY.**

All indicators point to significantly higher quality in our offering of products and services. Despite a challenging environment, we achieved a 3.3% operating margin in 2007, exceeding the 3% milestone we had set. In the past two years, the entire company joined forces to lay the groundwork for future growth: we overhauled our product line-up, developed new technologies and expanded our geographical footprint on booming markets. We are now ready and able to take the offensive.

During these two years, we focused on meeting the three objectives of Renault Commitment 2009, but our ambitions naturally extend beyond 2009. Our aim is not to hit a temporary peak at this date, but to position Renault durably on the path of strong and profitable growth. We initiated a number of high-potential projects with our eye on the longer-term horizon.

Given that the long-term outlook for mature markets is at best flat, the future growth of the auto industry depends largely on positioning in high-growth markets.

This explains our decision to build two new Alliance plants to expand our global capacities. The first is in Chennai, India and the second in the port of Tangiers in Morocco. We aim to make these two plants, which will each have an annual production capacity of 400,000 vehicles, the most competitive in our production system.

Similarly, we were able to win selection from among a number of candidates as the exclusive partner of AvtoVAZ, Russia's largest manufacturer with production capacity currently estimated at over one million units a year. This partnership represents an exceptional opportunity for Renault. By reviving the Lada brand, the Alliance will become the clear leader in the Russian market, which will soon be the largest in Europe.

We are also preparing for the future with two other projects designed to extend the limits of mobility and thus of our industry.

The goal today is no longer to simply reduce the negative environmental impact of cars, but to eliminate it. We are currently developing vehicles capable of running on renewable energy without any impact at all on the environment. Within three years, we will be able to mass market electrical vehicles with zero carbon dioxide, zero particle and zero noise emissions without sacrificing performance, autonomy or driving pleasure. You will see the first concrete example on the Israeli market in 2011.

Alongside "zero emission" mobility, we are developing mobility for all. This is the aim of the \$2,500 vehicle we want to develop together with Nissan and the Indian manufacturer Bajaj. Designed for emerging markets, this car is made primarily for people who have not yet had access to individual transportation.

2006 and 2007 were years in which we invested in the success, not just of this plan, but also of all those that will follow. From 2008 on, we will start to reap the rewards of all the hard work the men and women of Renault have put in over the past two years. We have confirmed our milestone of a 4.5% operating margin in 2008 and expect to increase our sales volumes by over 10%. This growth is unprecedented in the history of Renault and it will be fueled by a product offensive that is unprecedented as well: after the six new products launched in 2007, nine new vehicles will be rolled-out in 2008.

As shareholders, you have a direct interest in our progress. We have undertaken to raise the dividend to €4.5 per share by 2009. This year, the Board of Directors will ask the Annual General Meeting to raise the dividend from €3.1 in 2007 to €3.8 in 2008, based on 2007 earnings.

You can count on the motivation of the men and women of Renault, who have all rallied around Renault Commitment 2009, to make this an innovative, global company working within the Alliance to deliver a strong and lasting performance.





# RENAULT COMMITMENT 2009

**HALFWAY THROUGH THE BUSINESS PLAN, QUALITY IS ON TARGET, OUR PROFITABILITY MILESTONE HAS BEEN SURPASSED AND OUR PRODUCT OFFENSIVE IS UNDERWAY.**



February 14, 2008: Carlos Ghosn announces 2007 results.

## 2007, THE YEAR OF QUALITY

Quality, the first of Renault's commitments, was the focus of concerted efforts throughout the company. The quality of products and services has improved significantly, reaching the highest levels ever attained by Renault.

This is borne out by all our indicators:

- The number of end-of-assembly-line defects has been divided by six in the past two years.
- The number of incidents reported during the first three months on the road was reduced by half from 2005 to 2007.
- Some vehicles already rank among the top 3 of their segment. For example, the German Automobile Club has ranked Scénic, Modus and Clio 3 among the best three cars of their category. In India, Logan was named the best in its category by two independent organizations.
- All indicators show that New Laguna is well positioned to become one of the top three in its segment in terms of quality.

- The quality of service has improved considerably as well. The share of customers worldwide who say they are "fully satisfied" with sales and after-sales services rose from 72.1% in January 2006 to 78.4% at the end of 2007. This increase represents 700,000 more customers who are fully satisfied.

All processes are now in place to ensure that this progress spreads to the entire line-up, all over the world, to make quality one of Renault's lasting assets.

A New Laguna undergoes quality control at the Sandouville factory in Normandy (France).



# RENAULT COMMITMENT 2009

## PROFITABILITY: RENAULT OUTPERFORMS THE OPERATING MARGIN MILESTONE SET FOR 2007

Profitability is the second of Renault's commitments. Despite a challenging environment for the entire automotive industry, the Group achieved the operating margin milestones set for 2006 and 2007, with 3.3% in 2007 exceeding the 3% forecast.

Improved profitability is due mainly to efforts by all business functions to improve productivity and cut costs in the past two years. In 2006 and 2007:

- Purchasing costs were reduced by 9.1%, excluding the impact of raw material prices.
- Productivity gains at the plants helped cut manufacturing costs by 5.4%.
- Logistics costs fell by 7.3%.
- General and administrative expenses declined 5% despite the development of our international operations.
- Distribution costs rose by 3.1%.
- Investment costs were reduced by 35%, enabling Renault to execute this period of intensive development with no significant increase in spending.

This policy will be pursued with the same focus in 2008 and 2009.

For the first time since the launch of the business plan, all regions reported a positive operating margin. By reinforcing its international management, for example with the Regional Management Committees, Renault increased the number of its profit centers and reduced its dependency on the European market.

## PAVING THE WAY FOR STRONG, SUSTAINABLE GROWTH

Growth is Renault's third commitment. The first part of the business plan was devoted to laying the groundwork for strong and sustainable growth. Renault overhauled its product line-up, developed new technologies and expanded its geographical footprint.

Never before has Renault developed so many new products, at such high quality levels and during such a short period as in the past two years. The number of new vehicles in development doubled between 2005 and 2007. The resulting rapid pace of product launches will fuel growth thanks to a rejuvenated product range that extends into new segments and is better tailored to the requirements of all customers, be they French, German, Brazilian, Indian, Russian or Korean.

Alongside these products, we have developed new technologies designed to reconcile performance, safety and preservation of the environment.

We thus added new engines to our powertrain range, now benchmarks in their segments in terms of fuel efficiency — the case of the 2.0-liter dCi, the 1.2-liter 100hp turbo and the dCi 110hp, which enables New Laguna to emit just 130g of carbon dioxide per kilometer. Optimization of existing engines, means that 48% of Renault vehicles sold in Europe in 2007 emit less than 140 grams of carbon dioxide per kilometer.

Lastly, Renault retained its leadership in safety with nine cars awarded the maximum 5-star rating in the Euro-NCAP tests.

The first half of the plan also saw Renault expand existing operations in high-growth markets, including Colombia, Russia, Turkey and Romania, and enter new markets in India and Iran. Between the end of 2005 and the end of 2007, total production capacity, including that installed at its partners, increased by 600,000 vehicles a year.

Thanks to two years of dedicated efforts, Renault is well equipped to meet the challenges of Renault Commitment 2009. There has been a breakthrough in quality, our cost structure is sound and we have laid the foundations for future growth.



Tune-up at the end of the Renault Logan assembly line at the Avtoframos factory in Russia.

## OUTLOOK FOR 2008

Renault has confirmed its milestone of a 4.5% operating margin in 2008 and the planned dividend growth — another step towards our commitment to a 6% operating margin in 2009.

2007 was the year of quality for Renault, and 2008 will be the year of growth. The Group expects to increase its sales volumes by over 10%.

This growth will be fueled by a product offensive of unprecedented magnitude, as we reap the full-year benefits of the vehicles rolled out in 2007: Logan Van, New Twingo, New Laguna sedan and estate, QM5 and Sandero.

The product offensive initiated in 2007 will intensify this year with nine vehicles making their first appearances worldwide.

Four of these are renewals that will help rejuvenate the range:

- Kangoo PC and Kangoo LCV, which sold over 2 million units in their first generation
- Mégane hatch, the core of our range and
- a product designed for international markets — a sedan that will be the successor to Clio Symbol.

We will also launch five products, entirely new in our line-up, positioning Renault in high-growth segments:

- Grand Modus and Clio Grand Tour. Both models were well received by the market in early 2008.
- A new model derived from the Logan platform: Logan pick-up.
- An LCV specifically designed for urban use: New Kangoo Express Compact.
- And finally, Laguna coupe, equipped with the new V6 dCi engine and the 4-wheel active drive chassis.

## 2006/2008 PRODUCT OFFENSIVE



Including products rolled out in 2007 and due to arrive on certain new markets in 2008, there will be 13 product events in France: seven new vehicle launches and the market roll-out of Laguna estate, Koleos and Sandero. We will also introduce three face-lifts for existing vehicles (Modus phase II and the sports versions of Twingo and Laguna). There will be 14 launches in the Europe region, 12 in the Euromed region, six in the Americas and 11 in Asia-Africa.



Carlos Ghosn unveils Renault Koleos at the presentation of financial results on February 14, 2008.

# CORPORATE GOVERNANCE

## BOARD OF DIRECTORS AT DECEMBER 31, 2007



### LOUIS SCHWEITZER

Chairman of the Board  
Chairman of the Appointments and Governance Committee  
Age 65  
Number of shares: 283,845 and 5,115 ESOP units  
Date of first term: May 1992  
Current term expires: 2009

### ALAIN CHAMPIGNEUX

Document Manager, Quality Department  
Director elected by employees  
Member of the Accounts and Audit Committee  
Age 54  
Number of shares: 694 ESOP units  
Date of first term: November 2002  
Current term expires: 2008

### DOMINIQUE DE LA GARANDERIE

Attorney, former Chair of the Paris Bar Association  
Independent Director  
Member of the Accounts and Audit Committee and of the Appointments and Governance Committee  
Age 64  
Number of shares: 150  
Date of first term: February 2003  
Current term expires: 2009

### FRANCK RIBOUD

Chairman and Chief Executive Officer, Danone Group  
Independent Director  
Chairman of the Remuneration Committee  
Age 52  
Number of shares: 331  
Date of first term: December 2000  
Current term expires: 2010

### CARLOS GHOSN

President and CEO  
President and CEO, Nissan Motor Co., Ltd.  
President of the Alliance Board and Renault Nissan b.v.  
Age 53  
Number of shares: 205,200  
Date of first term: April 2002  
Current term expires: 2010

### FRANÇOIS DE COMBRET

Senior Advisor to Union de Banques Suisses  
Independent Director  
Member of the Remuneration Committee  
Age 66  
Number of shares: 1,000  
Date of first term: July 1996  
Current term expires: 2008

### PHILIPPE LAGAYETTE

Chairman, JP Morgan France  
Independent Director  
Chairman of the Accounts and Audit Committee  
Age 64  
Number of shares: 1,000  
Date of first term: May 2007  
Current term expires: 2011

### RÉMY RIOUX\*

*Conseiller Référendaire* to the Cour des Comptes  
Director of Shareholdings at APE (Agence des Participations de l'Etat), French Ministry for the Economy, Finance and Industry  
Member of the Accounts and Audit Committee  
Age 38  
Date of first term: February 2007  
Current term expires: 2011

### YVES AUDVARD

Renault Advanced Process Design Engineer  
Director elected by employees  
Member of the International Strategy Committee  
Age 56  
Number of shares: 6 and 123 ESOP units  
Date of first term: November 2002  
Current term expires: November 2008

### CHARLES DE CROISSET

International Advisor, Goldman Sachs Europe  
Independent Director  
Member of the Accounts and Audit Committee  
Age 64  
Number of shares: 1,000  
Date of first term: April 2004  
Current term expires: 2008

### HENRI MARTRE

Honorary Chairman, Aérospatiale  
Independent Director  
Chairman of the International Strategy Committee  
Age 80  
Number of shares: 328  
Date of first term: July 1996  
Current term expires: 2011

### HIROTO SAÏKAWA

Executive Vice-President Purchasing, Nissan Motor Co., Ltd.  
Age 54  
Number of shares: 100  
Date of first term: May 2006  
Current term expires: 2010

### MICHEL BARBIER

Renault Working Conditions Technician  
Director elected by employees  
Member of the International Strategy Committee  
Age 52  
Number of shares: 6 and 249 ESOP units  
Date of first term: November 2002  
Current term expires: November 2008

### ITARU KOEDA

Co-Chairman of the Board of Directors and Executive Vice President of Nissan Motor Co., Ltd.  
Age 66  
Number of shares: 500  
Date of first term: July 2003  
Current term expires: 2009

### JEAN-CLAUDE PAYE

Attorney  
Independent Director  
Member of the Accounts and Audit Committee and of the International Strategy Committee  
Age 73  
Number of shares: 200  
Date of first term: July 1996  
Current term expires: 2010

### GEORGES STCHERBATCHEFF

Renault Representative for Industry-wide Standardization  
Director elected by employees  
Member of the International Strategy Committee  
Age 61  
Number of shares: 40 and 1,894 ESOP units  
Date of first term: April 2004  
Current term expires: 2009

### CATHERINE BRÉCHIGNAC\*

President, CNRS  
Member of the International Strategy Committee  
Age 61  
Date of first term: December 2006  
Current term expires: 2008

### MARC LADREIT DE LACHARRIÈRE

Chairman and Chief Executive Officer, Fimalac  
Independent Director  
Member of the Remuneration Committee and of the Appointments and Governance Committee  
Age 67  
Number of shares: 1,020  
Date of first term: October 2002  
Current term expires: 2010

\* Civil service regulations prohibit these Directors, as representatives of the French state, from owning company shares.



## OPERATION OF THE RENAULT BOARD OF DIRECTORS

The Renault Board of Directors met seven times in 2007. At each of these meetings, management presented a report on the finances, market performance and the industrial and technical activities of the group in all areas, before fielding questions from Board members. Main themes considered during the year are outlined below.

### ACCOUNTS AND BUDGETS

The Board adopted the consolidated financial statements for 2006 and the half-year accounts for 2007, and set the amount of the dividend to be submitted to shareholders for approval at their general meeting. It also adopted operational and investment budgets for the 2008 financial year.

### CORPORATE GOVERNANCE

The Board conducted a full assessment of its own operation, with results confirming the positive conclusions of the in-depth review commissioned in 2004 (see box p.11).

The Board also adopted the new Code of Conduct and Compliance Procedures. This involves the appointment of a Compliance Officer and the introduction of a whistleblowing system with disclosures across the group processed on a central basis.

### GROUP STRATEGY

The Board approved the signature of a memorandum of understanding concerning the construction of an industrial site near Tangiers in Morocco. It also delegated powers to senior management to enter into a partnership agreement with AvtoVAZ in Russia. Finally, it reviewed progress on Renault's development in India.

### RENAULT-NISSAN ALLIANCE

The Board was apprized of the report on the decisions and proposals of the Alliance Board.

### PHOTOS:

#### LINE 1

Carlos Ghosn / Jean-Claude Paye - Charles de Croisset - Michel Barbier / Michel Barbier - Alain Champigneux / Charles de Croisset - Marc Ladreit de Lacharrière / Hiroto Saikawa - Louis Schweitzer / Georges Stcherbatcheff

#### LINE 2

Henri Martre - Franck Riboud / Catherine Bréchnignac - François de Combret / Philippe Lagayette - Dominique de La Garanderie / Jean-Claude Paye / Itaru Koeda / Yves Audvard - Rémy Rioux - Henri Martre

# CORPORATE GOVERNANCE

## OPERATION OF BOARD COMMITTEES

The Board of Directors has four specialized Committees.

### ACCOUNTS AND AUDIT COMMITTEE

The Committee has six members: its chairman, Philippe Lagayette; Alain Champigneux; Charles de Croisset; Dominique de la Garanderie; Jean-Claude Paye and Remy Rioux. Four of the six are independent directors. In 2007, the Committee met four times. Subjects considered included consolidated and parent-company financial statements for full-year 2006 and the first half of 2007; dividends to be paid in respect of the 2007 financial year; auditors' fees; the internal audit plans for 2007 and 2008; and the establishment and operation of the Compliance Committee.

### REMUNERATION COMMITTEE

The Committee has three members: its chairman Franck Riboud; François de Combret and Marc Ladreit de Lacharrière, all independent directors. The Committee met twice in 2007, considering issues that included in particular conditional allocation of stock options and free shares in respect of the 2007 and 2008 financial years and the Renault Commitment 2009 business plan, as well as compensation of the Chairman of the Board of Directors, the President and CEO, and the members of the Executive Committee.

### APPOINTMENTS AND GOVERNANCE COMMITTEE

The Committee has three members: its chairman Louis Schweitzer and two independent directors, Marc Ladreit de Lacharrière and Dominique de La Garanderie. In 2007, the Committee met twice to consider issues that included Board membership and revision of the list of independent directors based on the criteria defined in the AFEP-Medef report on corporate governance. The Committee also reviewed the results of the self-assessment conducted by the Board of Directors and considered the situation regarding the succession of Renault managers in compliance with the rules of corporate governance.

### INTERNATIONAL STRATEGY COMMITTEE

The Committee has five members: its chairman Henri Martre; Yves Audvard; Michel Barbier; Catherine Bréchnignac; Jean-Claude Paye and Georges Stcherbatcheff. Two are independent directors. In 2007, the Committee met twice to examine the role of Renault and Nissan information systems in support of Renault's international development, and the state of the Chinese automobile industry and market.



THE EXECUTIVE COMMITTEE  
AT THE ANNUAL GENERAL MEETING  
ON MAY 2, 2007.



## SELF-ASSESSMENT OF THE BOARD OF DIRECTORS

In compliance with business practice and the recommendations of the AFEP-Medef report on corporate governance, the Board of Directors conducted a detailed review of its own organization and operation with the assistance of the Spencer Stuart consultancy. This was three years after the previous assessment of the same kind.

The Appointments and Governance Committee examined the findings of this review at its meeting on December 5 and reported the results to the Board.

Findings were in general highly positive, confirming the results of the review conducted in 2004.

All Board members unreservedly acknowledged the trust existing between management and the Board.

All considered that they were kept fully

informed of the group's operations and financial position.

Members acknowledged the quality of the organization and operation of the Board, in particular as regards the frequency of meetings, the pertinence of agendas and documentation supplied, and the standard of debate.

The Board welcomed the introduction of detailed reports on Renault's competitors in response to the request made at the previous self-assessment.

There was a consensus in favor of the new approach taken by the Accounts and Audit Committee, which, in addition to its essential role in the validation of financial statements, is the best placed to monitor risk incurred by the business and thus to make an annual assessment of risk management and prevention.

The full-day meeting scheduled for 2008 to consider the company's strategy after Renault Commitment 2009 was welcomed.

The Board expressed an open opinion or requested improvements on the following:

- The range of competencies represented on the Board no longer appeared fully adequate considering the challenges ahead and it would thus be desirable to appoint new members, who should be active managers with extensive experience of industry and international markets. The Appointments and Governance Committee has begun a review of Board membership and its renewal.
- The overall level of Director's fees was judged lower than the average for companies making up the CAC 40 market index.

Although judging the work of Committees satisfactory, in particular as regards the Accounts and Audit Committee, the Board called for more detailed reporting on the deliberations of the Appointments and Governance Committee and the Remuneration Committee. It also noted overlap in reporting from the Executive Committee and the International Strategy Committee.

The Chairman of the Board of Directors and the committees concerned undertook to take the directors' remarks on these points into account over the year ahead.



# CODE OF CONDUCT

## “MAKING RISK CONTROL EVERYONE'S BUSINESS”



**Michel de Virville,**  
Corporate Secretary  
General\*

### WHY IS RENAULT UPDATING ITS CODE OF CONDUCT?

Ethical principles are essential to how Renault does business. This is why we drew up a Code of Conduct back in 1994, spelling out the principles, conduct and practices they entail in relationships within our own business and with the world around us. This code must evolve in step with the changes in Renault's environment, in particular those resulting from our increasingly broad international presence. By keeping risks relating to unethical conduct well under control, we gain added leverage for greater efficiency

and help to safeguard business development over the long term. As a result of economic globalization, Renault has expanded into countries where standards are not always clearly defined or consistently applied, which makes compliance all the more vital. This is the context for the new Code of Conduct and Compliance adopted by the Board of Directors on September 26, 2007, which comes into force on January 1, 2008.

### WHAT ARE THE MAIN CHANGES?

To begin with, Renault is setting up a permanent compliance structure charged with implementing and enforcing internal procedures, and ensuring that these are in keeping with best international practice in the field of regulation and rules of conduct. It will be overseen by a Compliance Officer appointed by the Chief Executive. The Compliance Officer will draw on the support of a Global Compliance Committee with relays in all of our business regions.

Another major new development is an organized structure for whistle-blowing and internal procedures for processing alerts at group level, the aim being to get all employees involved in risk control. Let me emphasize that the sole purpose of this is to protect the interests of the business. The system offers additional room for employees to speak up and is in no way intended to replace procedures already provided for by law. It allows all employees to draw attention to misconduct, but only in areas that concern finances, accounting, banking and the prevention of corruption. It is in full keeping with the regulations defined by the CNIL, France's national committee for information ethics. And it has absolutely nothing to do with control and surveillance.

### WHAT ASSURANCES DOES IT OFFER STAFF MEMBERS?

Staff members who make use of the system can be sure that their identity will remain fully

confidential. As for those whose conduct or involvement is in question, they will be informed as early as possible and will have every chance to speak out and defend themselves. All their rights will be fully respected, and they will have unimpeded access to information and protection afforded by the law. They will be able to check all their personal data and require corrections if needed. No anonymous alerts will be considered.

### HOW WILL THE CODE BE DEPLOYED ACROSS THE GROUP?

It has been translated into ten languages and the accompanying communications kit comes in several different versions to allow for the specifics of each business line. All employees and newcomers to the group will receive copies.

*\*On Feb. 1, 2008 T. Moulonguet replaced M. de Virville as Compliance Officer.*

New Laguna and New Laguna Grand Tour.





# MANAGEMENT TEAM

## GROUP EXECUTIVE COMMITTEE

AT FEBRUARY 1, 2008



Left to right, T. Moulonguet, M. Gornet, C. Ghosn, P. Blain, J.L. Ricaud and P. Pélata.

### CARLOS GHOSN

PRESIDENT, AGE 53

École Polytechnique and École des Mines. In 1996, after 18 years at Michelin, he joined Renault as Executive Vice President in charge of operations in Mercosur countries as well as Advanced Research, Car Engineering, Car Manufacturing, Powertrain Operations and Purchasing. In 1999, he was appointed Nissan's Chief Operating Officer, and then became the company's President and Chief Executive Officer in 2001. President and Chief Executive Officer of Renault since May 2005, he remains President and Chief Executive Officer of Nissan.

### JEAN-LOUIS RICAUD

EXECUTIVE VICE PRESIDENT, ENGINEERING AND QUALITY, AGE 55

École Normale Supérieure, Agrégation in mathematics. Chief Engineer at the École des Mines. Began his career at Cogema. Joined Renault in 2002 as Senior Vice President, Quality and a member of the Renault Management Committee. He was appointed Executive Vice President, Engineering and Quality and became a member of the Group Executive Committee and the Renault-Nissan Alliance Board on January 1, 2005.

### PATRICK BLAIN

EXECUTIVE VICE PRESIDENT, SALES AND MARKETING, LEADER, EUROPE, AGE 55

École des Mines. Master's Degree in Economics. Master of Science, Stanford University. Joined Renault in 1977. Senior Vice President, Market Area France and member of the Renault Management Committee in 1998, then Senior Vice President, Market Area Europe in 2000. On January 1, 2005 he was appointed Executive Vice President, Sales & Marketing and became a member of the Group Executive Committee and the Renault-Nissan Alliance Board.

### PATRICK PÉLATA

EXECUTIVE VICE PRESIDENT, PLAN, PRODUCT PLANNING AND PROGRAMS, LEADER, ASIA-AFRICA, AGE 52

École Polytechnique, École Nationale des Ponts et Chaussées. Doctorate from EHESS. Joined Renault in 1984 and became Senior Vice President, Vehicle Engineering Development and a member of the Management Committee in 1998. In 1999, he became Nissan Executive Vice President, Corporate and Product Planning, Design and Programs, and a member of the Executive Committee. He was appointed Executive Vice President, Plan, Product Planning and Programs with the Renault group and became a member of the Group Executive Committee on July 1, 2005. He is also a member of the Renault-Nissan Alliance Board.

### MICHEL GORNET

EXECUTIVE VICE PRESIDENT, MANUFACTURING AND LOGISTICS, LEADER, FRANCE, AGE 61

École Polytechnique. Harvard Business School. Joined Renault in 1968. Appointed General Manager of the Billancourt plant in 1986, then of the Sandouville plant in 1989. He became Senior Vice President, Manufacturing in 1994 and joined the Renault Management Committee at that time. He was appointed Executive Vice President, Manufacturing and Logistics and member of the Group Executive Committee on January 1, 2005. In March 2007, he was placed in charge of Group Human Resources.

### THIERRY MOULONGUET

EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER, LEADER, AMERICAS, AGE 56

École Nationale d'Administration. Joined Renault in February 1991 as Head of Group Financial Relations, before being appointed Vice President, Controller of Capital Expenditures in 1996. In 1999, following the signature of the Renault-Nissan Alliance agreement, he joined Nissan in Japan as Deputy Chief Financial Officer. In 2000 he was appointed Chief Financial Officer of Nissan, and on January 1, 2004 became Executive Vice President and Chief Financial Officer of Renault and a member of the Group Executive Committee.

# MANAGEMENT TEAM

## EXECUTIVE COMMITTEE AND MANAGEMENT COMMITTEE AT FEBRUARY 1, 2008

### CARLOS GHOSN\*

President and Chief Executive Officer

### MICHEL BALTHAZAR

Senior Vice President, Pre-engineering, Projects and Requirements

### PATRICK BLAIN\*

Executive Vice President, Sales and Marketing  
Leader, Europe

### MARIE-CHRISTINE CAUBET

Senior Vice President, Market Area Europe

### JACQUES CHAUVET

Senior Vice President, Market Area France

### MARIE-FRANÇOISE DAMESIN

Senior Vice President, Corporate Communications

### ODILE DESFORGES

Senior Vice President, Purchasing  
Chairman and Managing Director, Renault-Nissan Purchasing Organization (RNPO)

### JEAN-BAPTISTE DUZAN

Senior Vice President, Corporate Controller

### CHRISTIAN ESTÈVE

Deputy Corporate Secretary General,  
General Manager, Corporate Resources,  
Chairman of Dacia  
Leader, Euromed

### MICHEL FAIVRE-DUBOZ

Senior Vice President, Supply Chain and Logistics

### PHILIPPE GAMBA

Chairman and Chief Executive Officer,  
RCI Banque

### MICHEL GORNET\*

Executive Vice President, Manufacturing and Logistics  
Leader, France

### GÉRARD LECLERCQ

Senior Vice President, Group Human Resources

### PATRICK LE QUÉMENT

Senior Vice President, Corporate Design

### LUC-ALEXANDRE MÉNARD

Senior Vice President, Public Affairs

### BRUNO MORANGE

Senior Vice President, Light Commercial Vehicles

### THIERRY MOULONGUET\*

Executive Vice President, Chief Financial Officer, Compliance Officer  
Leader, Americas

### STEPHEN NORMAN

Senior Vice President Global Marketing

### PATRICK PÉLATA\*

Executive Vice President, Plan, Product Planning and Programs  
Leader, Asia-Africa

### JACQUES PROST

Senior Vice President, Powertrain Engineering

### BERNARD REY

Senior Vice President, CEO Office and President of the Renault F1 Team

### JEAN-LOUIS RICAUD\*

Executive Vice President, Engineering and Quality

### JÉRÔME STOLL

Senior Vice President, Mercosur

### YANN VINCENT

Senior Vice President, Quality

### MICHEL DE VIRVILLE

Corporate Secretary General



NEW TWINGO - SHOWN HERE,  
THE 1.5DCI DYNAMIC VERSION  
ON THE ROAD IN SLOVENIA.

\* Members of the Group Executive Committee.

# RISK MANAGEMENT

In the course of its operation, the Renault group incurs risks with potentially adverse impacts on its assets and financial results. These risks are linked to the countries where we operate, reflecting exposure to economic and political instability, regulatory changes, social unrest, etc., as well as product quality and the impact of external purchasing on cost structures. But they also reflect the location and interdependence of production plants and information systems, distribution networks and environmental concerns. These operational risks are rounded out by financial risks such as exchange rate and counterpart risks, customer credit and taxes, as well as legal risk, particularly that arising from new regulatory requirements affecting the auto industry.

International expansion, partnerships, reliance on information systems and technology and the emergence of new forms of violence have aggravated existing dangers and made for new threats.

Today an industrial business with a global presence needs to take a stricter, more proactive approach to risk control — an approach now fully integrated into the operational management of the Renault group.

This takes place in two fundamental stages:

- At the corporate level, medium-term plans are set up and incorporated into the annual budgets based on the company's perception of the risks and opportunities it faces. The risk management team develops methods and a comprehensive overview of major risks and their prevention, using risk mapping and monitoring.
- Units in charge of key business processes identify the skills and experts required to identify and prioritize risks and then deploy the appropriate solutions.

With risk factors clearly identified and defined, action plans are adopted to control their potential impact. All of the components of Renault's risk-management organization are the object of continuing improvement.



**ENVIRONMENTAL ISSUES,  
THE DISTRIBUTION NETWORK  
AND REGULATORY CHANGE ARE  
ALL RISKS THAT COULD AFFECT  
RENAULT'S SITUATION.**

# RENAULT SHAREHOLDERS

## NEW RESOURCES FOR COMMUNICATIONS WITH INDIVIDUAL SHAREHOLDERS

Renault has deployed a full range of communications tools to consolidate the loyalty of individual investors who already own shares, and to attract others. These include the Shareholders' Corner section of the renault.com website, a toll-free number with a voice server, and a dedicated email address (communication.actionnaires@renault.com). In 2007, these tools were upgraded in a number of areas.

### New service for Renault registered shareholders

Renault's registered shareholders can now use the online services of the Gisnomi portal to check their balances and transactions, place orders and consult the online order book for Renault shares.

### Award for Finance pages on renault.com

Based on the assessments of 6,300 users, in June 2007 on-line bank and brokerage Boursorama awarded its Grand Prix Boursoscan to Renault for the quality of information on its website. This rewarded

an upgrade to the Finance section of the site that drew on close cooperation between Renault staff and the Shareholders' Consultative Committee.

### Direct contacts at local meetings and the Actionaria fair

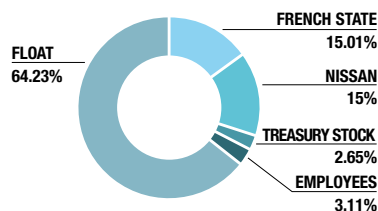
In 2007, Renault organized meetings with its shareholders in Marseille, Lille, Lyon and Nantes over the two days of Actionaria, an event dedicated to personal investment on the stock market. These were the occasions for informative presentations and lively debate on the latest developments in the business, which this year centered on the Product Offensive.

### Shareholders' Club for news and business insights

The Renault Shareholders Club, open since May 1995 to all individual investors with at least one share, provides a framework for a closer relationship between the company and its shareholders. It is also a channel for information about the Group's operations

and the latest developments in its business. Members receive a quarterly Shareholders' Letter and can participate in a wide variety of events. In 2007, these included visits to factories, dealerships, the Formula 1 site in Viry-Châtillon, and the Renault Technocentre, as well as breakfast forums at the At elier Renault showroom and restaurant on the Champs Elys es in Paris.

### Renault shareholders at December 31, 2007



A survey of owners of bearer shares conducted at the end of September 2007 showed that at that date individual shareholders

held 4.5% of equity and institutional investors a total of 60%, with French institutions accounting for 14% and foreign institutions for 46%.

### Close ties to institutional investors around the world

Renault organizes regular meetings with French and foreign financial analysts and investors. Analysts' meetings are held to coincide with announcements of financial results and exceptional events, while meetings with institutional investors are held at corporate headquarters and Renault offices outside France throughout the year.

Renault senior managers are also regular speakers at events organized by financial institutions and investors in Europe and the US, as well as at leading auto fairs and communications events such as those for the launch of New Laguna and New Twingo.

## PRIX BOURSOSCAN

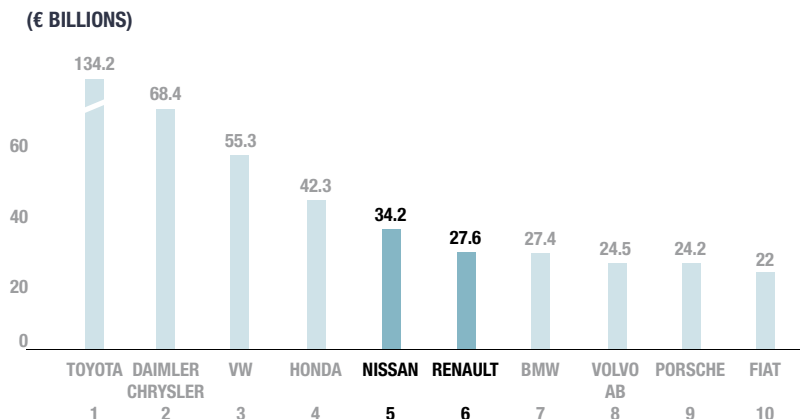
"We were obviously very pleased to win the Grand Prix Boursoscan in recognition of our commitment to making financial information easily available, in particular on the internet. We worked very hard this year to upgrade our French site. This first place is a deserved reward for the efforts and dedication of the teams working on this project."

**Thierry Moulouquet,**  
Executive Vice President, Chief  
Financial Officer & Leader of the  
Americas region



## MARKET CAPITALIZATION

RENAULT PLACED SIXTH WORLDWIDE IN AUTOMOBILE MANUFACTURING



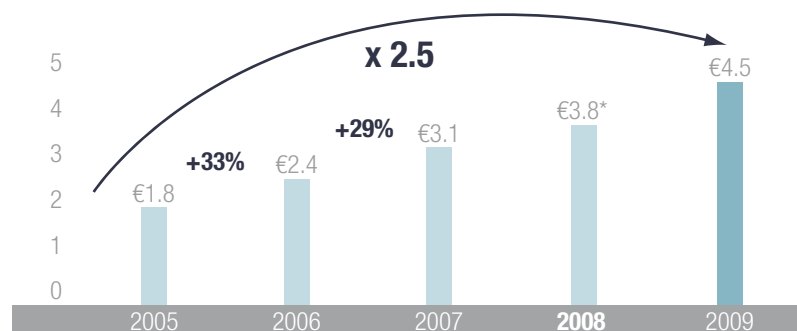
Based on a share price of €97.01, the Renault group's market capitalization stood at nearly €27.6 billion at December 31, 2007, compared with €25.9 billion a year earlier.

## FINANCIAL ANNOUNCEMENTS IN 2008

FEBRUARY 14	2007 ANNUAL RESULTS
APRIL 21	FIRST-QUARTER 2008 REVENUES
APRIL 29	ANNUAL GENERAL MEETING
MAY 15	DIVIDEND PAYMENT <sup>(1)</sup>
JULY 24	FIRST-HALF 2008 RESULTS
OCTOBER 23	NINE-MONTHS 2008 REVENUES

<sup>(1)</sup> As proposed at the Annual General Meeting on April 29, 2008.

## DIVIDEND PROPOSAL



\*As proposed at the Annual General Meeting on April 29, 2008.

## SHARING IN THE SUCCESSES OF RENAULT COMMITMENT 2009

On announcing its Commitment 2009 in February 2006, Renault included shareholders in its push for profitable growth, setting a target for regular annual rises in the dividend to €4.50 per share in 2009. The general downturn in world stock markets led to a decline in the share price to €97.01 at December 31, 2007.



SHAREHOLDERS GATHER FOR THE ANNUAL GENERAL MEETING ON MAY 2, 2007.

## SHAREHOLDER INFORMATION

### Email:

Direction des Relations Financières  
Service des Relations avec les actionnaires  
13-15 quai Alphonse le Gallo- 92512 Boulogne-Billancourt - cedex France.  
communication.actionnaires@renault.com

### Telephone:

Interactive voice response system: +33 (0) 1 76 84 59 99 and 0 800 650 650 (toll-free in France).  
Renault group employee shareholder hotline: +33 (0) 1 76 84 31 74

Access all our documents and watch live broadcasts of major Group events (AGM, earnings releases):

[www.renault.com/rubrique\\_Finance](http://www.renault.com/rubrique_Finance)

### To register your Renault shares in bearer form:

BNP PARIBAS - Securities Service - Actionariat Renault  
Immeuble Tolbiac - 75450 - Paris Cedex 09 - France  
Tel: +33 (0) 1 40 14 89 89



# 1 PRODUCT OFFENSIVE GETS UNDERWAY

THE RENAULT GROUP SOLD 2,484,472 VEHICLES WORLDWIDE IN 2007, A 2.1% RISE ON 2006. INTERNATIONAL GROWTH IS CONTINUING APACE, WITH SALES OUTSIDE EUROPE UP 16.5%. A FULL 35% OF TOTAL GROUP SALES ARE NOW MADE OUTSIDE THE FRANCE AND EUROPE BUSINESS REGIONS, COMPARED WITH 30% AT THE END OF 2006. 2007 MARKED THE KICK-OFF OF OUR PRODUCT OFFENSIVE.

# THE PRODUCT PIPELINE



## TWO SHOW CARS PRESENTED IN FRANKFURT IN 2007

A special highlight of the 2007 Frankfurt Auto show was the presentation of two Renault show cars prefiguring models to be put on the market in 2008. The first of these, Logan Coupe Concept, illustrates Renault's vision of the GT sports coupe, combining elegance, driving pleasure and comfort. Underpinned by the four-wheel Active Drive chassis, it boasts a brand-new V6 dCi powertrain generating 230bhp.

The second, Kangoo Compact Concept, is designed for active young city-dwellers with a taste for leisure and the pleasures of life. It prefigures the production model to be rolled out in January 2008.



Laguna Coupe Concept - technology with style.



  
**MORE INFORMATION AT**  
**[WWW.RENAULT.COM/](http://WWW.RENAULT.COM/)**



## CONTINUED INTERNATIONALIZATION OF DESIGN

The internationalization of Renault's design activities continued in 2007, in particular through the reinforcement of local centers such as Renault Design India, based in Mumbai. A market watch center since 2005, it has already won its spurs with

key contributions to projects such as the Logan Steppe presented at the Geneva Auto Show in 2006, and saw its creative role reinforced in 2007. Renault Design India is now a full-fledged design center in its own right, with operations covering the

entire range from initial designs through to construction of models and prototypes. In 2007, two new centers were opened, Renault Design America Latina, based in Sao Paulo, Brazil, and Renault Design Central Europe in Bucharest, Romania.

Development continued at the Kihueng centre in South Korea, whose workforce will rise to 60 in 2008.



Kangoo Compact Concept - roomy and light for open-air leisure.

## NEW BRAND IDENTITY

The September 2007 Frankfurt Auto Show provided the ideal occasion for Renault to roll out its new brand identity. Under the guidance of the Design Department, this builds on Renault's rich history and culture to back up new market ambitions as a human, reliable and enthusiastic brand. By the same token, it involves all Renault units in all parts of the world in a shared promise to their customers.



# THE PRODUCT PIPELINE



## NEW KANGOO

The expressive lines and distinctive personality of the first Kangoo launched in 1997 brought a revolution to the leisure activity vehicle sector. Practical and versatile, Kangoo has been an enormous success with over 2.3 million vans manufactured to date on sites spanning four continents — MCA Maubeuge in France, Casablanca in Morocco, Cordoba in Argentina and Kuala Lumpur in Malaysia.

New Kangoo, on sale in western European countries in late 2007 - early 2008, retains the best of earlier models while at the same time offering added quality, comfort and convenience. A short, chunky front end

freed up space for the bright, airy passenger cabin, which is further enhanced by its steeply-raked MPV-style windscreen. Some versions have pop-open windows, others electric. All have large doors which open onto a totally reworked interior designed with occupants' comfort and well-being in mind, as confirmed by acoustic and thermal performances matching those of a passenger minivan. New Kangoo comes complete with a diverse and comprehensive range of reliable powertrain packages — a diesel engine with three power variants and two gasoline engines — to ensure a lively road performance unmatched in the leisure-utility segment.

New safety features include advanced driver assistance technology originally developed for the upper end of the range, with equipment such as cruise control and speed limiters, automated headlights and windshield wipers with rain detectors. There are also two to six airbags and safety belts with pretensers and load limiters, as well as anti-submerging systems on seats at the front and rear, and Isofix attachments for three children's seats.

Passenger and utility versions of New Kangoo were developed on a parallel basis to optimize processes, and both display the robust features and reliability of utility vehicles together with added load capacity. At the same time, New Kangoo uses the same basic chassis as Scénic, making for improved road handling, optimized braking, and greater loading capacity.

Alongside New Twingo, New Laguna, Logan MCV and Logan Van, New Kangoo is one of the first five new models rolled out in pursuit of the product plan target calling for 26 new Renaults by the end of 2009. With New Kangoo Express and New Kangoo Express Compact, the Kangoo lineup is set to make a significant contribution to achieving the Plan's goals for profitability and growth.



New Kangoo - onboard comfort and wellbeing .

## PRODUCT OFFENSIVE TO SHOW FULL FORCE IN 2008



**Patrick Pélata,**  
Strategic Planning,  
Product Planning and  
Vehicle Programs

### HOW WOULD YOU SUM UP DEVELOPMENTS IN 2007?

I would say the main thing is that confidence was renewed, with our teams laying the foundations for the success to come in 2009 with the beginnings of our Product Offensive, which will show its full force in 2008.

### WHAT ABOUT THE ENVIRONMENT? WHAT ROLE DID IT PLAY?

Environmental issues are essential to

Renault's strategy. Our Commitment 2009 program calls for us to sell a million cars with CO<sub>2</sub> emissions under 140g per kilometer in 2008, with a third of those emitting less than 120g per kilometer. In 2007, we took a new step forward with the launch of the eco<sup>2</sup> label for the vehicles in our range that satisfy key ecological criteria.

We also started up a variety of programs to prepare for stricter standards in Europe, particularly as regards CO<sub>2</sub> emissions. Not to mention our agreement with the Israeli government for the launch of an electric car - only a small part of our commitment to ambitious environmental goals, but nonetheless significant.

## SANDERO

Sandero, a new five-door hatchback sedan, effectively complements Renault's offering for Latin American markets. Produced at the Ayrton Senna factory in Curitiba, Brazil, it features appealing modern design that suggests both dynamic performance and robustness. An expressive front end features a bumper-fascia perfectly integrated into a body whose design reinforces the overall impression of sturdiness, in particular thanks to broad protective side strips. The rear styling underscores the impression of a roomy car, and the

innovative dashboard has been designed for clarity and ease of use.

While Sandero's retail price places it in the small-car segment, its ample interior and exterior dimensions — it is 4.02 meters in length with a storage capacity of 320 liters — put it up with the larger compacts. In terms of active safety, Sandero features the latest-generation Bosch 8.0 ABS, also equipping Laguna and Clio II ranges. On the passive safety front, Sandero has been designed to meet the requirements

of European regulations. Its 3-point seat belts, airbags, honeycomb dashboard, padded doors, and roof cross-member provide standards of passive safety that are highly competitive on South American markets.

Powertrains will vary from market to market. In Argentina, Sandero will be powered by gasoline and diesel engines, while in Brazil the range will focus on FlexFuel engines that burn biofuels. The 1.6 16V gasoline engine to be used in Argentina will make for lively road performance combined

with low fuel consumption, since it achieves 90% of maximum torque available at 2,000rpm. The diesel alternative is the 1.5 dCi featuring second-generation common rail injection, which counts among the best in the category. Finally, in Brazil, the 1.0 16V and 1.6 16V FlexFuel engines already equipping Clio II and Logan will be on offer alongside a 1.6 8V FlexFuel engine not previously used for Renault ranges.



Sandero, sold in Brazil and in Argentina since December 2007.

Below: quality control at the end of the assembly line at the Curitiba factory in Brazil.



# 2,300,000

>> KANGOO'S PRODUCED SINCE LAUNCH IN 1997.

# PASSENGER CARS

## 2.1% RISE IN SALES WORLDWIDE.



### BACK TO GROWTH

Group sales for 2007 totaled 2,484,472 vehicles worldwide, an increase of 53,843 units or 2.1% over the previous year. This overall result reflected two opposed trends. The launches of New Twingo in mid-June and New Laguna in mid-October created renewed upward momentum after a testing first half. In the rest of the world, growth continued, fuelled by all three brands. Sales were up 1% for Renault and 17.4% for Dacia, while easing 1.4% for Renault Samsung Motors.

#### Twingo

A highlight of the year was the launch of New Twingo, on sale in France and Europe from mid-June. It fully achieved its targets with nearly 56,000 units sold. Twingo I continued to maintain a healthy pace, with sales of 32,477 in the first half. Twingo also made its debut on the UK market during the year.

#### Modus

Modus sales declined in a difficult market

for small MPVs. 64,466 units were sold altogether in 2007, 25.4% less than in the previous year. The launches of New Modus and Grand Modus at the end of the year made for a moderate rebound at the beginning of 2008.

#### Clio

Clio III sales slowed from 349,770 in 2006 to 365,887 in 2007. Trends varied from one business region to the next. In France and Europe, sales volumes declined, reaching respective totals of 140,149 and 167,494 compared with 149,318 and 186,619 in 2006. In contrast, in the Euromed region total sales of Clio, manufactured at the Bursa site in Turkey, reached 19,351 units compared with 13,512 in 2006. The launch of Clio Grand Tour at the beginning of 2008 reinforces Clio's position on this segment of the market.

#### Megane

In the C segment, where Megane is due to



New Twingo

be renewed, it managed to keep the decline in sales to 5.14%, with 620,210 units sold in 2007 compared with 653,826 in 2006. Trends on different markets varied. Overall, sales in France and Europe flattened from 555,122 in 2006 to 501,112 in 2007, but Scénic and Grand Scénic held onto

their share of the market in both regions. Megane is also the first range compatible with E85 ethanol-based fuel, reflecting the environmental targets of Renault Commitment 2009. Megane's debut in the Americas region reinforced the brand's position in the markets concerned, boosting



Clio Grand Tour



Grand Modus

business with the sale of 33,522 vehicles. In Iran, where its sales more than doubled, Megane confirmed its appeal for local customers.

#### Laguna

Launched in mid-October, New Laguna achieved its targets, with 22,519 sold in France and Europe over three months. The launch of the Laguna station wagon at the beginning of 2008 should provide added momentum to this good start. The shift to the new generation went smoothly, with Laguna II stocks cleared before New Laguna's arrival on the market. All told, Laguna sales were down 7.2% from 2006 to a total of 77,236 in 2007.

#### Vel Satis

Worldwide sales of Vel Satis came to 3,141 in 2007, showing a decline of 38.6% from the previous year.

#### Espace

Espace IV maintained its place on the upper market segment in 2007, reporting constant sales volumes and market share in a steady overall segment. A total of 42,004 vehicles were sold. Espace leads its segment in both France, with 34.6% of the market, and Switzerland, where holds 24%.

#### Renault Samsung Motors

Overall, sales of Renault Samsung Motors eased from 121,660 units in 2006 to 119,825 in 2007. The SM3 and SM7 saw respective declines of 7.2% and 18.8%, but thanks to the new version of the SM5, sales climbed 1.7% to 73,331 for the year. The end-2007 launch of the cross-over QM5 in South Korea put fresh life into the range. In its first two months, QM5 sold 2,158 units. Based on the Koleos concept car, it will be making its debut on European markets under the Renault banner in spring 2008.

# 2.1%

**GROWTH IN WORLD SALES  
IN 2007.**

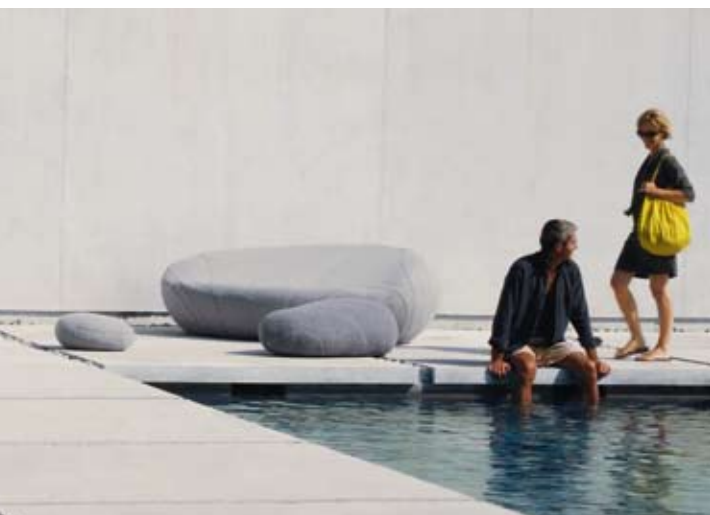
**MORE INFORMATION AT  
[WWW.RENAULT.COM](http://WWW.RENAULT.COM)**



QM5



New Laguna



New Laguna Grand Tour

# THE LOGAN PROGRAM



**LOGAN SALES CONTINUED TO PROGRESS IN 2007. OVER 780,000 UNITS HAVE BEEN SOLD SINCE THE PROGRAM WAS MARKETED IN 2004. THREE NEW PRODUCTION SITES WERE ADDED TO MEET DEMAND.**

## EXTENDING THE LOGAN LINEUP AND REINFORCING INTERNATIONAL PRESENCE

Over 780,000 Logan vehicles have been sold worldwide since market launch in September 2004. An important new stage in the deployment of the program was reached in 2007 when production started up in Iran, India and Brazil. Logan cars are now made in seven countries for sale under the Renault and Dacia brands in 57 countries. After its initial launch in Romania at the end of 2006, Logan MCV made its debut on other European markets where sales totaled 96,000. Logan is a centerpiece of Renault's strategy for international expansion and sales growth. In 2007, the Logan lineup sold a total of 366,779 vehicles, 48.1% more than in the previous year.

## STARTS FOR THREE NEW PRODUCTION SITES AND SANDERO IN 2007

Tondar, the Iranian version of Logan, went into production in 2007, targeting an enormously promising market with an offering that matches local needs. Production also started up in India at the beginning of 2007, where Logan is produced and marketed by the Mahindra-Renault joint venture set up under an agreement signed in Mumbai on March 21, 2005. Logan is manufactured at Mahindra's plant in Nashik, located 180 km from Mumbai in the state of Maharashtra.

The plant has the capacity to turn out 50,000 cars a year.

At the end of the year the Logan lineup was extended with the launch of Sandero, a five-door hatchback on sale in Argentina and Brazil from the beginning of 2008. Simple, modern, economical, reliable and robust, Sandero embodies the Logan spirit and, Renault's international strategy of manufacturing near its markets.

## LOGAN PICKUP UNVEILED AT THE BUCAREST AUTO SHOW

Presented for the first time at the Bucharest Auto Show in March 2007, the Logan pickup offers a combination of versatility and comfort designed for tradespeople. It is manufactured at the Pitesti site in Romania alongside three other Logan bodies.



## LOGAN IS WIDENING ITS INTERNATIONAL HORIZONS...



**Gérard Détourbet,**  
Vice President,  
Worldwide X90  
Program

In 2007, three new production sites started operations, two of them — in India and Iran — in regions where Renault was not previously present. So last year marked a second important stage in the process of internationalization following the first steps in 2005. Capacity expansion was another important feature of the year, with the Pitesti site now producing 350,000 cars

a year and the Somaca plant in Morocco exporting to Europe. Decisions were also taken to double capacity at our Russian subsidiary AvtoFramos to 160,000 cars a year and set up two new sites dedicated in large part to Logan, one in Chennai, India, and the other in Tangiers, Morocco. Finally, there was the announcement of a project for South Africa and extension of Logan MCV sales to other parts of Europe. So in 2007, Logan did its part to contribute to Renault Commitment 2009.

### HOW HAS SANDERO DONE IN ITS FIRST FEW MONTHS ON THE MARKET?

The Latin American media gave Sandero a very warm welcome from the start, unanimously hailing the quality of the

vehicle and the renewal of Renault. Distributors take a bright view of prospects for the new vehicle following the earlier launches of Megane and Logan. Sandero made its world debut in Brazil and has been seen as Brazil's own car from the start, which augurs very well for the future.

### WHY IS DACIA ADOPTING A NEW VISUAL IDENTITY?

Following its international expansion and the arrival of Sandero, the Dacia range needed to overhaul its identity, to be more in touch and display more personality. The new logo aims to achieve this with simple, modern lines making for effective visual impact, underscoring the dynamism and character of the brand.

## DACIA'S NEW VISUAL IDENTITY



Dacia presented its new visual identity at the Geneva Auto Show in March 2008, which also saw the unveiling of Sandero. Based on the Dacia brand identity, it aims to raise visibility and reinforce Dacia's image with lines that are at once more up to date and more distinctive. This identity applies to all communications, sales material and graphics, covering everything from stationery to trade-fair presentations and the design of product logos.

# POWERTRAINS

**WITH ENVIRONMENTAL ISSUES GAINING NEW WEIGHT IN 2007, RENAULT CAN BE RIGHTFULLY PROUD OF ITS SUCCESS IN DESIGNING POWERTRAINS THAT PLACE IT AMONG EUROPE'S BEST PERFORMERS FOR THE REDUCTION OF FUEL CONSUMPTION AND CARBON EMISSIONS.**

## ENGINES FOR A CLEAN ENVIRONMENT

A perfect example of these successes is the TCE 100bhp gasoline engine, which made its debut in May 2007 and now equips Clio, New Twingo, and Modus. Demonstrating Renault's expertise in downsizing, it combines the power of a 1.4l engine with the torque of a 1.6l engine and the fuel consumption of a 1.2l engine. Using only 5.9 liters of gasoline for 100 km to set CO<sub>2</sub> emissions at no more than 140g per km, it is one of the most efficient engines on the market.

The same expertise is put to work for diesels, as illustrated by the 105bhp 1.4 dCi engine equipping Megane. This is fitted with a particle filter and emits only 120g of CO<sub>2</sub> per km. On New Laguna, the same engine, in a 110bhp version, achieves a record reduction in CO<sub>2</sub> emissions to just 136g per km in a mixed cycle. Hailed by the press, the 100bhp New Laguna deservedly carries the Renault eco<sup>2</sup> label.

In 2007, Renault was one of the rare manufacturers with a dual offering of bio-ethanol

and bio-diesel enabled vehicles in Europe. Offering E100 compatible versions of Clio and Megane in Brazil since 2004, Renault launched its first bio-ethanol car on European markets in June 2007 — the E85-compatible 105bhp 1.6l 165V Megane. Since the end of 2006, our group has also made B30 bio-diesel enabled Traffic and Master models, respectively equipped with 2.0 dCi (90 or 115bhp) and 2.5 dCi (100 or 120bhp) engines for corporate fleets. In 2008, the offering will be rounded out with the first biofuel-compatible diesels for passenger cars, including New Twingo with a B30 compatible 65bhp 1.5 dCi engine.

More generally, success in reducing pollution levels for diesel engines is well illustrated by the 2.0 dCi equipping New Laguna, which already satisfies the Euro 5 standards that come into force in the European Union in 2009.



M9R 2.0 dCi.

## COMBINING ENGINE PERFORMANCE WITH ENVIRONMENTAL RESPONSIBILITY

"Environmental considerations are an essential part of Renault's approach to Powertrain Engineering. We are currently working hard on the deployment of our downsized range, illustrated in 2007 with the launch of the TCE 100 engine for Clio and Modus and the 110bhp dCi engine for New Laguna. At the same time, we are as committed as ever to designing powertrains that constantly enhance driving pleasure.

For us, a highlight of 2007 was the Frankfurt Auto Show, when we presented the new V6 dCi concept engine, pre-figuring the V6 3.0 dCi engines that will later equip the cars at the top of our range. It develops an outstanding power output of 195kW, with a wide range of engine speeds peaking at 5,200rpm. Maximum torque is a lively 550 Nm at 1,750rpm, which makes for real pleasure behind the wheel. Fitted with a particulate filter and a nitrogen oxide trap, the Renault V6 dCi Concept combines high performance with respect for the environment — in fact, it already meets the Euro 6 standards."

**Jacques Prost,**  
VP Powertrain Engineering.



M9R engine on show at the Atelier Renault for the presentation of New Laguna — "driving pleasure with complete peace of mind".

# LIGHT COMMERCIAL VEHICLES



**RENAULT WAS EUROPE'S TOP BRAND FOR LIGHT COMMERCIAL VEHICLES FOR THE TENTH YEAR RUNNING IN 2007, WINNING 14.2% OF THE MARKET IN THE FRANCE AND EUROPE REGIONS.**

## RENAULT, THE LEADING LCV BRAND IN EUROPE

New vehicle registrations were up 1% on 2006. The Renault brand held 14.2% of the market and retained its leadership in the France and Europe regions for the tenth year in a row thanks to the success of Kangoo Express, Trafic and Master. Ten years after launch, Kangoo LCV placed second on the European market for small commercial vans, with 18.3% market penetration at end of 2007. Passenger and utility models have shown unflinching appeal with sales since 1997 now totaling over two million vehicles.

At the 2007 Frankfurt Auto Show, Renault unveiled New Kangoo, which retains the best of earlier models while offering enhanced quality, comfort and versatility. Standard passenger and utility versions of

New Kangoo went to market in France and Europe in January 2008 and will be followed by the short version of the utility van in June 2008.

Renault's share of the market for utility and passenger vans in the France and Europe business regions has risen steadily since 2001, reaching 12.7% at the end of 2007, up from 12.4% a year earlier. These vigorous performances place Renault among the top three on the segment.

Trafic continued its excellent results, with sales totaling 60,750 in 2007, 17.5% more than in 2006. This robust rise reflects impetus from the launch of New Trafic in September 2006 and the growing success

of Passenger and Generation models.

Since 2004, Renault has had an active presence on the camping-car market, supplying Master bases to 13 producers. At the end of August, 2007, Master sales for use as camping cars topped the 25,000 mark. Sales in this area more than tripled in three years to account for over 10% of new Master registrations.

Excluding camping cars, special vehicles adapted for other uses or produced in partnership accounted for 10% of Kangoo sales, over 30% of Trafic sales and 40% of Master sales. A total of 80,000 specially adapted vehicles, including camping cars, are sold each year.



New Kangoo: the best of a tradition with enhanced quality, comfort and convenience.

New Kangoo Express: getting the job done in comfort.



## GAINING GROUND ON INTERNATIONAL MARKETS

In 2007, Renault's Light Commercial Vehicles Division sold 59,000 vehicles outside Europe, 12% more than in 2006, continuing to extend international reach.

This healthy result reflects in particular a 46.9% surge in the Americas. Argentina, Turkey and Morocco are now among the Division's top ten markets.

## ENVIRONMENT-FRIENDLY RANGES

The 2.0 dCi (90 or 115bhp) and 2.5 dCi (100 or 120bhp) engines equipping New Traffic and New Master can use B30 fuel,

in line with Renault's Commitment 2009 regarding diesel engines able to run on blends with 30% biofuel.



Whether for professional purposes or leisure, Traffic Passenger and Traffic Generation offer quality features for enhanced practicality and performance.



**10** >> 10 YEARS  
AS THE LEADING  
LCV BRAND IN EUROPE.



Master, like Traffic, is equipped with B30 biofuel-enabled 2.0 dCi and 2.5 dCi.

# THE VEHICULE RANGE



## PASSENGER CARS



**TWINGO**  
*(exists in GT version)*



**TWINGO RENAULT SPORT**



**CLIO II CAMPUS**



**CLIO III FIVE-DOOR**  
*(exist in three-door version)*



**CLIO III RENAULT SPORT**



**CLIO GRAND TOUR**



**SANDERO**



**THALIA/SYMBOL/CLASSIC**



**LOGAN**



**MODUS AND GRAND MODUS**



**MEGANE FIVE-DOOR**  
*(exists in version three-door and GT)*



**MEGANE SEDAN AND  
MEGANE GRAND TOUR**



**MEGANE COUPÉ CABRIOLET**



**MEGANE RENAULT SPORT**



**SCENIC AND GRAND SCENIC**  
*(exists in seven-door version)*



**NEW LAGUNA**  
*(exists in GT version\*)*



**NEW LAGUNA GRAND TOUR**  
*(exists in GT version\*)*



**KOLEOS \***



**VEL SATIS**



**ESPACE AND GRAND ESPACE**



**NEW KANGOO**



**TRAFIC**



**LIGHT  
COMMERCIAL  
VEHICLES**



**DACIA  
RANGE**



RENAULT SAMSUNG  
MOTORS

**RSM  
RANGE**



**NEW KANGOO COMPACT EXPRESS\***



**NEW KANGOO EXPRESS\***



**TRAFIC LCV**



**MASTER LCV (L1H1)**



**MASTER RWD**



**SANDERO**



**LOGAN**



**LOGAN MCV**



**LOGAN VAN**



**LOGAN PICK-UP \***



**SM 3**



**SM 5**



**SM 7**



**QM 5**

\* Commercialized in 2008



# 2 THE RENAULT- NISSAN ALLIANCE

A UNIQUE PARTNERSHIP BETWEEN TWO GLOBAL COMPANIES,  
THE RENAULT-NISSAN ALLIANCE FURTHER STRENGTHENED SYNERGIES  
BETWEEN THE TWO BRANDS IN 2007, WHILE STEPPING UP THE PACE OF  
INTERNATIONAL DEVELOPMENT.

# THE PRINCIPLES OF THE ALLIANCE



## THE PRINCIPLES OF THE ALLIANCE

The Alliance is based on trust and mutual respect. Its organization is transparent, ensuring clear decision-making for speed, accountability and high standards of performance. It aims for maximum efficiency by combining the strengths of both companies and developing synergies through common structures, cross-company teams, shared platforms and components.

To attract and retain the best talent, the Alliance offers good working conditions and

challenging opportunities, encouraging staff to adopt an entrepreneurial approach open to the world at large.

The Alliance targets attractive returns for the shareholders of both companies, and complies with recognized best practice in corporate governance. It upholds the principles of sustainable development.



## OBJECTIVES

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

- to win customer recognition as one of the top three automotive groups for the quality and value of its products and services — in each business region and on each market segment;
- to rank among the top three automotive groups for critical technologies, with each partner taking the lead in specific domains of excellence;
- to consistently generate total operating profit that places it among the top three automotive groups in the world, by holding operating margin high and maintaining strong growth rates.

## STRATEGIC MANAGEMENT

Nissan and Renault, respectively headquartered in Tokyo and Paris, have separate managements and run their operations through their own Executive Committees. Each is accountable to its own shareholders and board of directors.

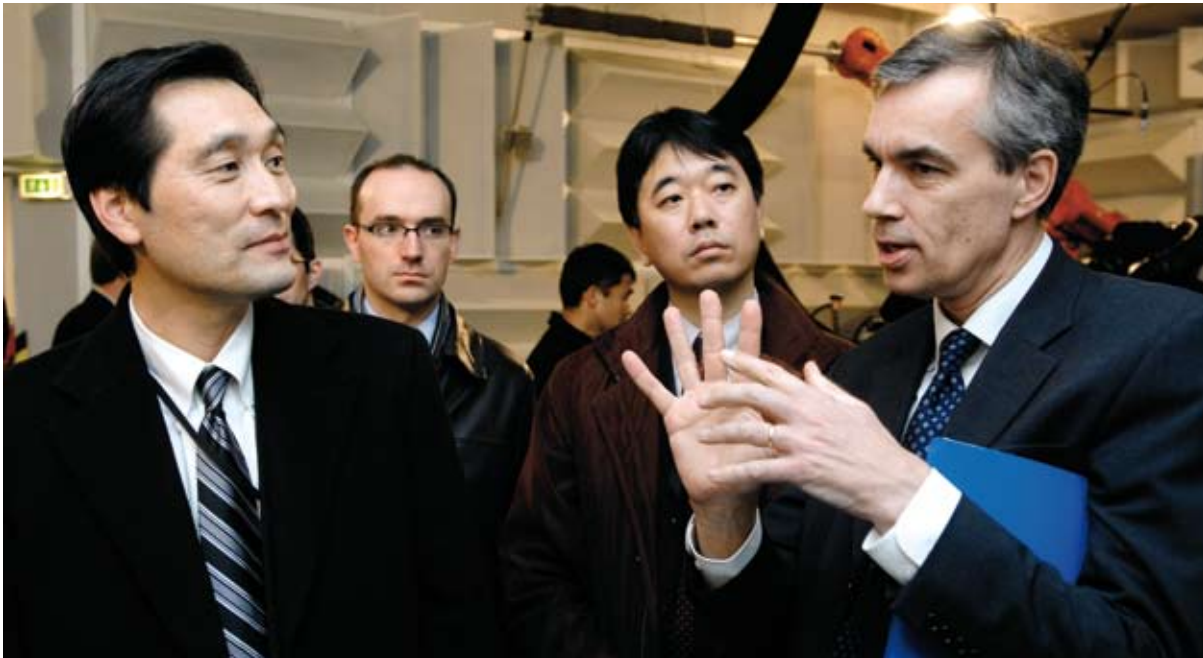
In March 2002, the Alliance set up a strategic management company, Renault-Nissan bv, to draw up common strategies and take overall responsibility for synergies. This Dutch company, equally owned by Nissan and Renault, hosts the Alliance Board, which meets up to ten times a year. Carlos Ghosn is the President of the Board, whose members also include three Renault Executive Vice Presidents and three Nissan Executive Vice Presidents. Other members of the Renault and Nissan Executive Committees, representing the highest levels of management, also attend meetings. The Board sets

the strategic course for the Alliance over the medium and long term, and co-ordinates joint operations worldwide.

The Alliance Board oversees other entities that include:

- the Renault and Nissan Coordination Bureau and the teams in Paris and Tokyo coordinating Alliance activities, including the work of the various steering committees and cross-company teams;
- steering committees, co-chaired by members of Renault and Nissan Executive Committees, which are charged with submitting key issues for the consideration of the Alliance Board meetings, supervising the operation of joint working groups, and, in a general way, contributing to the realization of Alliance projects;
- over 30 cross company teams and functional task teams providing support for the Alliance in all key areas of business, including product planning, research and advanced engineering, vehicle engineering, powertrain engineering, manufacturing and purchasing. Their prime mission is to explore scope for added synergies between the two companies. Based in Tokyo, Paris and other Alliance sites around the world, team members are in daily contact; they usually hold conference calls once a week and face-to-face meetings once a month. Team leaders make regular reports to the Alliance Board on progress in their field of competence.

  
**MORE INFORMATION AT**  
**WWW.RENAULT.COM**



January 24, 2008: Renault and Nissan staff attending a Cross-Company Team meeting visit the Lardy test site near Paris.

**6,160,046** >> VEHICLES SOLD  
WORLDWIDE BY RENAULT  
AND NISSAN IN 2007

## WORKING TOGETHER

Benchmarking and transparency have meant substantial savings for both Alliance partners, providing the basis for fruitful cooperation illustrated by the development of common B and C platforms and sharing of new power-trains. To this end, each company applies its core engineering competencies, with Nissan taking the lead for the development of new gasoline engines, while Renault takes the lead for diesels. Engines are tuned differently in their Nissan and Renault applications. They also drive differently and behave differently, reflecting distinct brand and market priorities.

## RENAULT-NISSAN PURCHASING ORGANIZATION, THE ALLIANCE'S FIRST AND LARGEST COMBINED OPERATION

RNPO is easily the largest joint company in the Alliance, employing a total of 300 people in Tokyo, Paris and Farmington Hills, Michigan, where Nissan has its North American technical center. Negotiating on behalf of both Nissan and Renault, it now meets nearly 85% of the Alliance's total purchasing needs. Renault and Nissan nonetheless still have their own purchasing departments which implement the purchasing policy decided by RNPO. RNPO is intended to round out the purchasing resources of Renault and Nissan, not take their place.

"The amount of purchasing through RNPO is certain to grow as we share more common components," says Odile Desforges, Chairman and Managing

Director of RNPO and Senior Vice President, Purchasing, at Renault. "We also aim to source more components in low-cost countries such as China and India. Their contribution is already growing at a spectacular rate as more large suppliers set up there and their technology bases progress."

RNPO staff members are specifically employed by either Renault or Nissan. "All employees are nonetheless there for both Alliance members," explains Desforges. "It is their job to support Nissan Value Up and Renault Commitment 2009, and have both companies' interests at heart. They never favor one above the other, which ensures that it is always a win-win situation."

# COOPERATION AND SYNERGIES



**THE ALLIANCE WITH RENAULT HAS QUICKENED RENAULT'S DEVELOPMENT AS A GLOBAL BUSINESS. SINCE ITS INCEPTION, NISSAN HAS ACHIEVED A SPECTACULAR TURNAROUND IN FINANCIAL RESULTS, WHILE RENAULT HAS CONSOLIDATED ITS OPERATING PERFORMANCE. COOPERATION BETWEEN THE TWO PARTNERS WAS REINFORCED IN 2007.**

## VEHICLE ENGINEERING POWERTRAINS

Renault is drawing fresh strength from Nissan's recognized know-how in the design and construction of four-wheel drives. Nissan made an active contribution to the development of the cross-over conceived and designed by Renault and now manufactured by Renault Samsung Motors in Korea. Unveiled as Koleos Concept at the Paris Motor Show in September 2006, this went on sale under the name QM5 in Korea in December 2007 and will be tackling European markets as Koleos in the second quarter of 2008.

This co-development based on the sharing of tasks across companies with different cultural roots in France, Japan and Korea was a special challenge for the Alliance and an exercise in cross-cultural management. At the same time it illustrates a key strength of the Alliance since such co-development is crucially important in the context of market globalization.

In India, the Alliance set up a new center for operational technologies in Chennai. Named Renault Nissan Technology and Business Centre India Private Ltd (RNTBCI), this is a joint venture in which each of the two Alliance partners has a 50% interest. Designed to provide varied support for both Renault and Nissan around the world, it will in time offer a complete range of services covering product and process engineering, purchasing, design, cost management and IT development. RNTBCI is expected to employ more than 1,500 people by 2010.

Also in India, a joint delegation from Renault and Nissan visited the Bajaj Auto Chakan site in Puna to review the feasibility of a project for a very low-cost car. Consideration of the project continues.

On display for the first time on the Renault stand at the 2007 Frankfurt Auto Show, the Alliance's latest diesel, the V6 dCi Concept, will be on offer for New Laguna and future Renault and Nissan vehicles at the top end of the range, including the Nissan Maxima in the United States in 2010.

The new 2,993 cc engine block is based on the Alliance's MID diesel and shares 25% of its components. Particularly compact, it is designed to fit into the New Laguna's engine compartment without infringing regulatory

requirements for the protection of pedestrians. Generating 195 kW, the equivalent of 365bhp, it also supplies maximum engine torque of 550 Nm at 1,750 rpm. The V6 dCi Concept meets Euro 6 and North American emissions standards.

The range of applications for the Alliance's first diesel, the M1D, which already equips Nissan models in Europe, is to be extended to Japan, where it will equip Nissan X-Trail as of autumn 2008.

## RESEARCH AND ADVANCED ENGINEERING

Renault and Nissan work together on projects of common interest in the strategic fields of research and advanced engineering, thereby optimizing allocations of resources while at the same time covering a wider range of possible solutions and speeding technical progress to offer new products.

Joint projects of this kind are extremely varied, concerning everything from fuel

cells and hybrid engines to materials, electronics, mechanics and active security. By pooling technical expertise as well as their knowledge of markets and the resources of their international networks, the two partners have adopted the most effective strategy to expand the technology bases of each and develop solutions that place the Alliance among the world's top three auto manufacturers in terms of critical technologies.

## QUALITY

The Alliance Quality Charter defines common quality rules and procedures that come into play in all Alliance projects. Updated in January 2003, these rules and procedures are an essential part of the shared commitment that unites Renault and Nissan. A Functional Task Team is charged with continuing improvement in this area, drawing the lessons from the most effective quality practices applied by Nissan or Renault in the US, Japan or Europe. These practices are then adopted and, where possible, further improved by both partners.

*\*FFT: Functional Task Teams.  
\*\*CTT: Cross Company Teams.*

## THE RENAULT-NISSAN ALLIANCE — MILESTONES

**March 27, 1999:** Renault and Nissan announce a strategic alliance, with Renault acquiring a 36.8% interest in Nissan (shares and other voting securities) for ¥643 billion (€5 billion/\$5.4 billion)

**June 1999:** Organizational structures are set up for joint projects to back profitable growth for the two partners in the Alliance. Headed by the Global Alliance Committee, these structures cover all areas of operation.

**October 30, 2001:** Renault and Nissan announce further reinforcement of the Alliance, as provided in the initial agreement, setting up Renault-Nissan bv, an equally-owned joint subsidiary established under Dutch law, to take charge of strategic management.

**March-May 2002:** Renault exercises equity warrants held since 1999 early to raise its interest in Nissan from 36.8% to

44.43%, and Nissan raises its interest in Renault to 15%.

**May 29, 2009:** The Alliance Board meets for the first time.

**May 2005:** Carlos Ghosn is named President and CEO of Renault and Renault Nissan bv, at the same time remaining President of Nissan.



## MANUFACTURING

Manufacturing is naturally a key area for the sharing of best practice, and the two partners are currently working together on the next stages in the continuing development of the Renault Production Way and Nissan Production Way. This process enables each partner to benefit from the other's experience to enhance its own performance. An example is the important contribution Nissan was able to make to the upgrading of Renault's Novo Mesto plant in Slovenia ahead of the launch of New Twingo in 2007.

The Nissan Aprio, a compact based on Logan, is a second example. Targeting the Mexican market, it went into production at Renault's Curitiba plant in Brazil.

Sandero, the recently launched hatchback, is yet another example. Renault has announced that this will be put on the South African market in 2009, broadening competition in the AB segment and offering local customers a roomy 4.02-meter long car at a very affordable price. Sandero will be produced locally at Nissan's Rosslyn site from the beginning of 2009.

In a major joint initiative, the Alliance has signed an agreement with the Kingdom of Morocco for the construction of one of the largest automobile plants in the Mediterranean area. Based near Tangiers, this will turn out 200,000 vehicles a year as of 2010 and annual capacity will in time rise to 400,000 vehicles. Related investments are estimated at €600 million, including €350 million for the initial phase. Creating a strategic base for the Alliance's worldwide production, the site will be operated by Renault, making vehicles based on the Logan platform and on new-generation Nissan LCVs. A good 90% of production will be for export.

The site will make the Renault-Nissan Alliance one of the largest employers in the Tangiers area, creating 6,000 jobs directly and a further 30,000 indirectly. In preparation, additional investments have been made to provide appropriate training for local workers.

## LOGISTICS

Since 2004, a special cross company team has been dedicated to logistics, identifying opportunities for enhanced efficiency where partners' sites in different parts of the world are close to each other and jointly managing the two companies' value chains. It also plans for the Alliance's steadily increasing international needs. The Alliance has defined four priorities for progress in this area — strategy, cost management for new projects, international development and human resources.

## THE AUTOMOBILE INDUSTRY'S MOST SUCCESSFUL PARTNERSHIP

The Alliance's strategy has proven its worth. Nissan, previously the world's number-seven vehicle manufacturer by market capitalization, was in fifth place in 2007, with market value multiplied by 2.7 since 1999. Over the same period, Renault moved up from the 15th to the sixth place with its value multiplied by 1.4. Taken together, Renault and Nissan rank among the five largest automakers worldwide.



Visit to the Research and Advanced Engineering exhibition at the Guyancourt Technocenter for the 4th Alliance Convention.

## OPTIMIZING THE ALLOCATION OF RESOURCES



**Thierry Moulouguet,**  
Executive Vice  
President and Chief  
Financial Officer

### 2007: A YEAR OF PROGRESS FOR THE ALLIANCE

Levers for the Alliance's development were well at work in 2007, which saw a number of important new projects lift off. An agreement was signed for the construction of a joint production facility in Chennai, India, which will be up and running in 2010. In September, an agreement was reached with Moroccan authorities for the construction of a joint production site near Tangiers, which will be operational in 2010. Another highlight was the announcement of a partnership with the Indian auto manufacturer Bajaj for the development of an ultra low-cost car from 2010 on.

This will complement the Alliance's offering based on Logan. In another key area, Renault and Nissan launched a joint project for the development of technology for electric-power vehicles, the aim being to significantly increase sales in this segment from 2012 on. In purchasing, Renault-Nissan Purchasing Organization continued gathering momentum and now deals with 85% of the Alliance's needs.

### LEVERAGE FOR TECHNOLOGY WITH AN EYE ON THE ENVIRONMENT

The Alliance provides a channel for Renault and Nissan to share technologies and gain added competitive strength. In this, a key priority is to optimize allocation of development tasks. Examples include fuel cells, where Nissan takes the lead, while in the field of powertrains Renault takes the lead for diesels and Nissan for gasoline engines. New Laguna perfectly illustrates the benefits, with two of the four powertrains on offer for the range developed jointly by Renault

and Nissan, while the diesel option was developed by Renault and the remaining engine by Nissan. The 110bhp 1.5 dCi powertrain equipping New Laguna cuts CO<sub>2</sub> emissions to only 130g per kilometer, the lowest level in the segment. In 2007, momentum from the Alliance continued to generate economies of scale, optimize the worldwide allocation of resources and speed technology transfers.

### PACE TO CARRY ON FROM 2007 TO 2008

The investments made in December 2007 and the launch of a strategic partnership with AvtoVAZ will reinforce the Alliance's presence in Russia and offer added capacity. AvtoVAZ shows how the initiatives of one Alliance partner can quickly benefit the other. In Western Europe, Nissan will be able to accelerate the penetration of its top-of-the-range Infiniti with the support of Renault's diesel technology. As in all areas of the Alliance, both partners come out on top.

**MORE INFORMATION AT  
WWW.RENAULT.COM**

# COOPERATION AND SYNERGIES

## 2007: EXPANDING SYNERGIES AND THE ALLIANCE'S GEOGRAPHICAL FOOTPRINT



Renault and Nissan have announced plans to build one of the largest auto-manufacturing sites in India in 2009. Located in Chennai, in the state of Tamil Nadu, its production capacity will come to 400,000 units a year.

Renault benefits from Nissan's recognized know-how in the design and construction of four-wheel drives. Nissan made an active contribution to the development of the cross-over conceived and designed by Renault and now manufactured by Renault Samsung Motors in Korea. Unveiled as Koleos Concept at the Paris Motor Show in September 2006, this went on sale under the name QM5 in Korea in December 2007 and will be tackling European markets as Koleos in the second quarter of 2008.

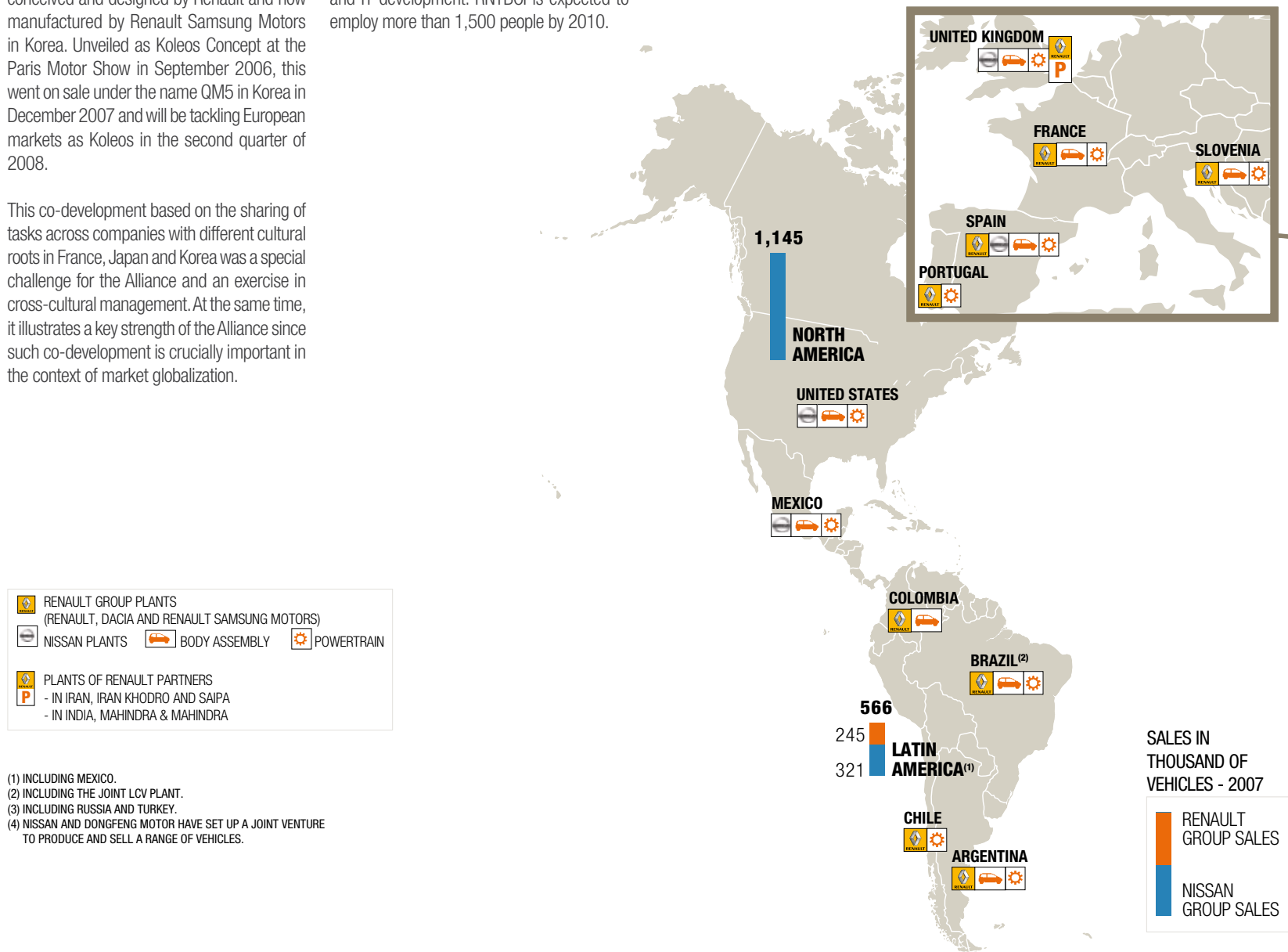
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In Russia, the new partnership with AvtoVAZ will bring multiple benefits as well. It will considerably strengthen the Renault-Nissan Alliance's competitive standing in Russia and give rise to new opportunities for sharing components and production facilities.

On display for the first time on the Renault stand at the 2007 Frankfurt Auto Show, the

Alliance's latest diesel, the V6 dCi Concept, will be on offer for New Laguna and future Renault and Nissan vehicles at the top end of the range, including the Nissan Maxima in the United States in 2010.



(1) INCLUDING MEXICO.  
 (2) INCLUDING THE JOINT LCV PLANT.  
 (3) INCLUDING RUSSIA AND TURKEY.  
 (4) NISSAN AND DONGFENG MOTOR HAVE SET UP A JOINT VENTURE TO PRODUCE AND SELL A RANGE OF VEHICLES.

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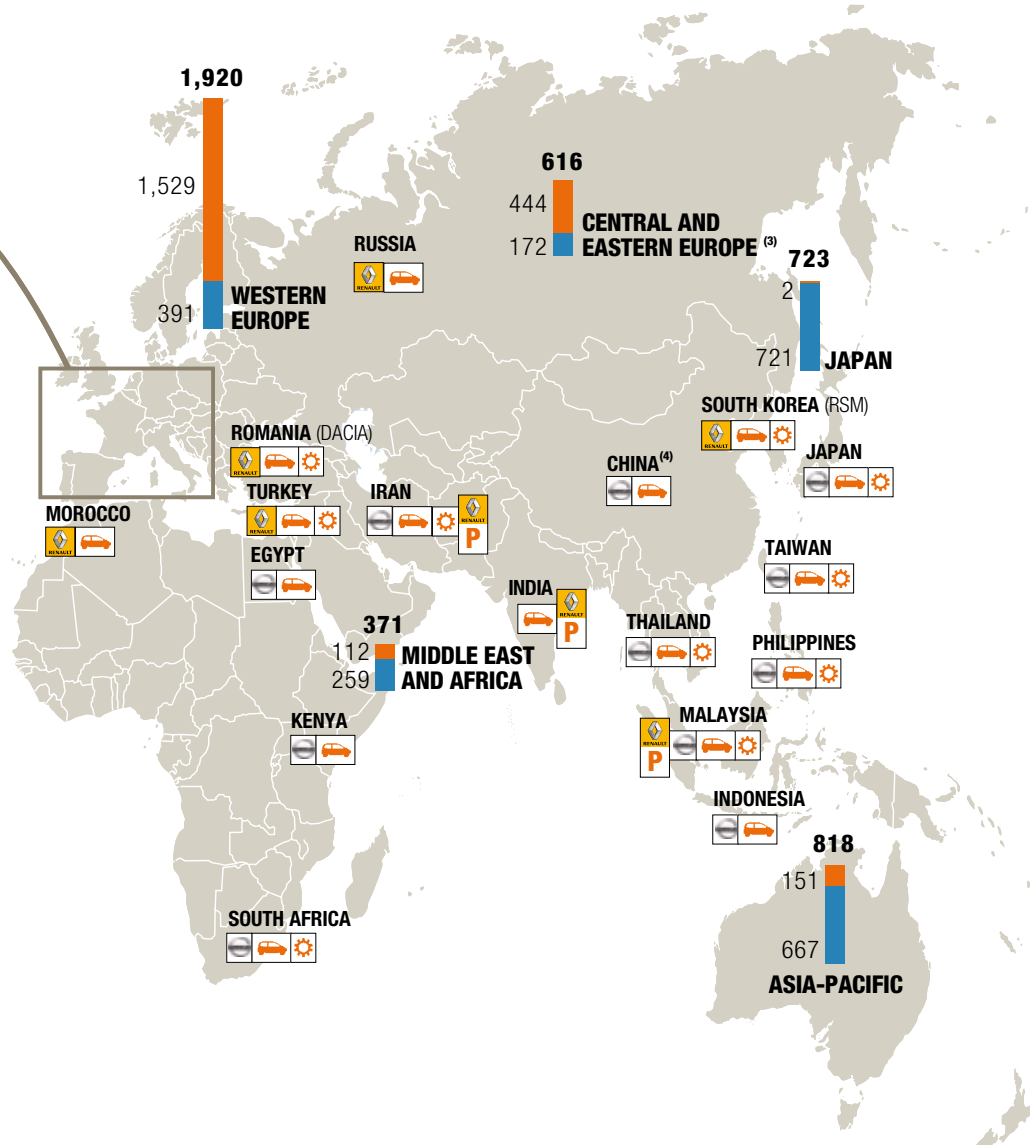
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NUMBER OF UNITS SOLD WORLDWIDE IN 2007	
RENAULT GROUP	2,484,472
NISSAN GROUP	3,675,574
RENAULT-NISSAN ALLIANCE	6,160,046

# NISSAN IN 2007



Nissan GT-R; New Dimensional Multi-Performance Supercar.

## NISSAN — STRATEGY AND GROWTH

Nissan released its interim results for the first half of the 2007-2008 financial year (i.e. the six months from April 1 to September 30, 2007). While profits were down, progress was made to put the company back on course for its full-year objectives. The company was able to offset difficulties, which included high raw-material and energy prices, rising interest rates, and little or no growth in mature markets. These factors, combined with high levels of incentive spending, left the auto industry no room to pass on higher costs to end customers.

In the first half of the financial year, Nissan's worldwide sales totaled 1,816,000 units, up 6.3% from the same period of 2006. This growth came as total industry volumes declined in Japan, the U.S. and Europe.

### Japan

In Japan, Nissan sold 332,000 units in the first half, declining 5% less than the market. Unit sales of 15,000 for new Dualis and 13,000 for the all-new X-Trail made significant contributions to the result.

### United States

In the United States, first-half sales rose 5.4% to 534,000 units. Nissan launched the all-new Rogue in September and new Murano in January 2008, and expects these key products to do well in a difficult market. Sales of the premium brand Infiniti rose 5.1%, boosted by the new G37 sedan and coupe.

### Europe

In Europe, Nissan sales came to 304,000 units. Growth in Russia, where first-half sales doubled from the previous year to reach 67,000 units, continued to offset declines in Western Europe. The new UK-built Qashqai continued to gather momentum and accounted for 20% of European sales.

### Rest of world

In the rest of the world, which includes Mexico and Canada, sales were up 13.1% to 646,000 units. Sales in China surged by over 25.2% to 225,000 units, with Tilda leading the way and the launch of the Livina making for added pace. Combined with a more than 2.1% rise to 89,000 units in Gulf State countries and a good showing in Indonesia, this offset declines in Mexico and Taiwan. Fiscal 2007 brought 11 new products, including the Rogue compact crossover in the U.S. At the high-performance end of the range, Nissan unveiled the long-awaited GT-R, a Nissan brand icon that will now be tackling global markets, whereas in the past it was sold mainly in Japan.



# NISSAN WORLDWIDE

## NISSAN CONTINUES TO AIM FOR THE OBJECTIVES SET IN NISSAN VALUE UP AND INVESTS FOR THE FUTURE.

### NISSAN WORLDWIDE

#### Expansion in China

Tokyo (Jan. 9, 2008) – Nissan Motor Co., Ltd. (NML) and Dongfeng Motor Group Co., Ltd. (DFG) announces the launch of Dongfeng Nissan Auto Finance Co., Ltd. (DNAF), based in Shanghai. This comes against the backdrop of a 25.2% rise in Nissan sales in China. DNAF will provide retail financing for Nissan and Infiniti customers across China, as well as inventory financing for dealers of both brands in Shanghai, Beijing and Shenzhen.

#### Russia takes top spot for Nissan Europe

Trappes, France (Jan. 8, 2008) – Nissan announces that Russia has become its top European market with 2007 sales showing a 60% rise on a year to over 120,000 units. A total of 250,000 Nissan vehicles have been sold in Russia since the launch of the sales

company in January 2004. Construction of a new manufacturing plant in St. Petersburg is well underway, with opening scheduled for 2009.

#### Nissan set for major push into India

Chennai, India – Nissan and Renault announce their choice of Chennai in the southern state of Tamil Nadu as the location for what will be one of the largest automotive production sites in India, with an installed annual capacity of 400,000 units.

Chennai / Tokyo (Oct. 29, 2007) – Hinduja Group flagship Ashok Leyland and Nissan Motor Co., Ltd., today signed a binding Master Cooperation Agreement (MCA) for the formation of three joint ventures to back Light Commercial Vehicle (LCV) business. The agreement was signed in Chennai today by R. Seshasayee, Managing Director of

Ashok Leyland and Carlos Ghosn, President and CEO of Nissan Motor Co., Ltd.

Paris / Tokyo (Sept. 6, 2007) – The Renault Nissan Alliance today announced the creation of a new business center in Chennai, India to be opened in early 2008. It will support a wide range of engineering and business services for Renault and Nissan facilities around the world. When completed, the business center will provide services including product and manufacturing engineering, purchasing, design, cost management and information systems development.

#### Nissan engines take pride of place

Detroit, Michigan (Dec. 12, 2007) – Nissan's VQ37VHR engine has been named to the 10 Best Engines list by Ward's Automotive Group, marking the 14th straight year a VQ series engine has earned that distinction.

It is the only engine that has been included every year since the award began in 1995.

#### All-new Nissan GT-R

Tokyo (Oct. 25, 2007) – Nissan announces the all-new Nissan GT-R – the 21st Century supercar. One of the world's fastest vehicles, holding a production-car lap record at the famed Nürburgring in Germany, it is also one of the world's easiest and safest cars for high-speed driving.

#### Nissan and NEC advance lithium-ion technology

Tokyo (April 13, 2007) – Nissan and NEC Corporation sign an agreement to set up a joint-venture – Automotive Energy Supply Corporation (AESC) – focusing on lithium-ion battery technology for large-scale automotive application by 2009. Nissan and NEC Group are to invest ¥490 million in the joint venture, which will be the leading producer of lithium-ion batteries for the global automotive community, using pioneering technologies developed by Nissan and NEC Group.

#### Nissan and Chrysler sign OEM product agreement

Tokyo/Auburn Hills, Michigan (Jan. 11, 2008) – Chrysler LLC and Nissan Motor Co., Ltd., announce an agreement for Nissan to supply Chrysler with a new car for limited distribution in South America. Based on the Nissan Versa sedan, the new car will be supplied to Chrysler on an Original Equipment Manufacture (OEM) basis in 2009. This is the second product-exchange agreement between the two corporations, with Nissan affiliate JATCO already supplying Chrysler with transmissions since 2004.

Following its debut in Europe, the second generation X-TRAIL was introduced in Japan in August 2007.



# COMMERCIAL RESULTS OF THE ALLIANCE



**RENAULT AND NISSAN SOLD A TOTAL OF 6,160,046 VEHICLES IN 2007 (+ 4.2%) FOR A GLOBAL MARKET SHARE OF 9.1%\* AND A NEW ANNUAL SALES RECORD FOR THE ALLIANCE.**

## WORLD SALES OF THE RENAULT-NISSAN ALLIANCE

Renault and Nissan sold respectively 2,484,472 and 3,675,574 units, Renault's worldwide sales increased by 2.1%, while Nissan's rose by 5.7%. The main growth zones for the Alliance were Russia (+49.9%), Latin and South America (+12.6%), China (+25.6%) and the Middle East and Africa (+16.2%).

The success of Logan, sold under the Renault and Dacia brands, was confirmed with sales rising more than 48% to 367,745 units. The Logan family grew in 2007 with the arrival of Logan MCV and Logan Van. The latest Logan-platform model, Sandero, was launched in Mercosur at the end of 2007.

Renault continued to grow internationally, increasing its non-Europe sales by 16.5% to 863,187, for nearly 35% of total sales. Renault started its product offensive in 2007, launching Logan Van, New Twingo, New Laguna sedan and station wagon, QM5 and Sandero. Four new models will be launched in the first two months of 2008: the passenger car and LCV versions of New Kangoo, Clio Estate and Grand Modus. Phase 2 of the Modus will be released as well, together with five other models in 2008. The three brands (Renault, Dacia, RSM) will all contribute to the growth of the Renault group. Sales are forecast to rise over 10% in 2008, driven by increases in all regions.

coupe, Livina series and the Rogue crossover. Global sales of Infiniti vehicles increased at 151,683 units, boosted by the G35 sedan and the launch of the G37 coupe.

Nissan recorded sales of over one million units for the third consecutive year with a 4.8% increase in its largest market, the United States. Sales in 2007 were led by the Nissan Versa subcompact, Altima mid-size passenger cars and Infiniti G35 luxury sedan.

In Japan, Nissan's overall sales fell 6% to 720,973. Despite a decline in the overall vehicle segment, Nissan saw improved volume and market share in the minicar segment, bolstered by new products like Pino. In Europe, annual sales increased slightly. Strong demand in Russia – 59.6% increase vs. 2006 – and the continued success of Qashqai offset challenging conditions in the mature markets.

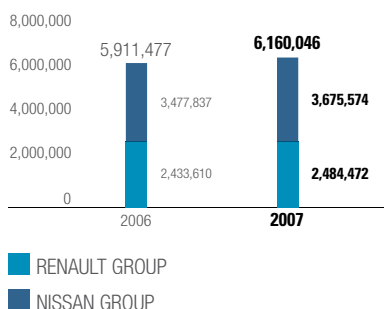
In other global markets, Nissan sales increased by 8% to 1,024,683 units. In China, sales in calendar year 2007 increased 25%, supported by the continued popularity of the Tiida model and new models such as the Livina. In addition, Infiniti and LCV business units continue to grow in markets such as Korea, GCC and China.

in emerging markets. Growth continues in China, through Nissan and Dongfeng, and in India with Renault and Mahindra & Mahindra. In Russia Nissan is building a plant in St Petersburg which will open in 2009 and Renault has continued operations with Avtoframos and signed a Memorandum of Understanding with AvtoVAZ whose manufacturing capacities will allow for production of over 750,000 cars annually.

In Tangiers, Morocco, and Chennai, India, the Alliance is developing vehicle manufacturing facilities whose capacity will eventually reach 400,000 vehicles a year in each region. Both companies in the Alliance will continue to grow through innovative collaboration, leveraging the expertise of this uniquely successful partnership for mutual value creation.

\* Total PC+LCV market sales based on Renault estimates: 67,738,307.

### RENAULT-NISSAN ALLIANCE WORLDWIDE SALES (PASSENGER CARS AND LCV)



### Renault returns to growth

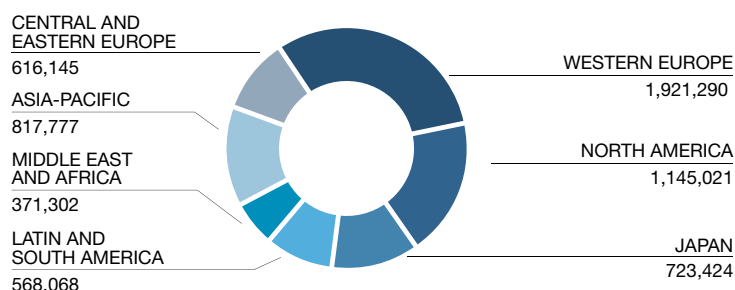
Renault sold 2,134,484 vehicles under the Renault brand (+0.9%), 119,824 under Renault Samsung Motors brand (-1.5%), and 230,164 Dacia-branded vehicles (+17.2%).

### New models drive Nissan's global growth

Nissan sold a record 3,675,574 vehicles under the Nissan and Infiniti brands, up 5.7% over the prior year. Significant new models introduced in 2007 included the Altima

### WORLDWIDE SALES BY GEOGRAPHICAL REGION IN 2007

(UNITS SOLD AND % OF TOTAL)



### Delivering value for both partners

The Renault-Nissan Alliance advanced on all fronts in 2007, creating new opportunities for future growth. In product development and engineering, Nissan was able to enrich its line-up thanks to Renault's Logan platform. Renault is capitalizing on Nissan's acknowledged expertise in 4x4 vehicles. Nissan actively participated in the development of an all-new crossover vehicle for the Renault and Renault Samsung brands. Styled and defined by Renault, the new vehicle is built by Renault Samsung Motors in Korea. The Alliance continues to grow with existing operations and significant new investments



All-new Murano offers enhanced technology and a new premium driving feel.

**ROGUE, ADDING A NEW DIMENSION  
TO THE CROSSOVER SPORT UTILITY  
SEGMENT.**







# 3 EFFORTS REWARDED

IN 2007 ALL CORPORATE FUNCTIONS WORKED HARD TO ACHIEVE THE TARGETS ASSIGNED TO THEM: LAGUNA MET ITS QUALITY COMMITMENT, RENAULT ENGINEERING REORGANIZED TO BACK THE GROUP'S GROWING INTERNATIONAL PRESENCE, PURCHASING HELD FIRM IN A DIFFICULT MARKET, AND SALES SUCCESSFULLY USHERED NEW MODELS INTO DEALERS' SHOWROOMS.

# QUALITY

**QUALITY IS A CORE COMPONENT OF RENAULT COMMITMENT 2009 — AND A PRIORITY FOR ALL OUR BUSINESSES, IN ALL PARTS OF THE WORLD.**



## COMMITMENT 2009

Quality is the first of the three overriding objectives of Renault Commitment 2009 and is essential to achieving the other two, profitability and growth. It underpins the Renault brand image, and is critical to our capacity to penetrate new markets around the world, thereby raising sales volumes. The impact on profitability is equally important, given the implications of warranty and non-quality costs for cost reduction. For customers, this commitment to quality means an undertaking to meet their expectations in terms of perceived quality, reliability and durability. To achieve that, we take a structured approach defined in the Renault Excellence Plan, deployed since 2005 with the goal of making quality an enduring focus of group culture. The Plan is organized around six key areas at every level, from the first development stages through to sales, targeting new levels of performance in both operational and support functions. New Laguna, launched in 2007, is the emblem of the Plan's quality commitment.

## NEW LAGUNA — THE STANDARD BEARER FOR THE QUALITY CHAIN

New Laguna lends concrete form to Renault's quality drive, leading the way for all the vehicles produced under the Commitment 2009 program and beyond.



New Laguna fords a river during extreme heat trials in Argentina.

Quality control on New Laguna at the Sandouville factory in Normandy, France.



## STRUCTURING SERVICE FOR QUALITY

Quality in sales and after-sales service is a strategic priority expressed in Renault's commitment to securing a place among the top three in the field. Customer satisfaction at each stage — booking of orders, delivery of vehicles and after-sales service — is clearly critical to loyalty, and this means that customers must be able to count on the same quality of service throughout the network. To achieve that goal, Renault has defined homogeneous, reproducible standards and procedures that all dealers, agents and subsidiaries undertake to abide by.



A warm welcome is part of what service quality means – a Renault dealership in Saint Avold, eastern France.

**MORE INFORMATION AT**  
**WWW.RENAULT.COM**

### NUMBER OF DEFECTIVE PARTS DELIVERED BY SUPPLIERS



### NUMBER OF INCIDENTS REPORTED BY CUSTOMERS IN THE FIRST THREE MONTHS ON THE ROAD



### NUMBER OF DEFECTS TO BE REPAIRED BEFORE VEHICLES LEAVE THE PLANT



### NUMBER OF OFF-ROAD INCIDENTS IN THE FIRST YEAR ON THE ROAD



## PROGRESS GAINS MOMENTUM



**Yann Vincent,**  
Senior VP Quality

As regards service quality, the feedback we have had from initial markets has been positive, showing that we have crossed a new threshold in this area.

### AND WHAT ABOUT THE NEXT STAGE?

We are maintaining the momentum for progress that began with Modus. Each time a new product comes out, quality indicators improve. So Laguna has benefited from the progress achieved with Modus, Clio III and Twingo. We must pursue constant progress wherever we operate. We know that future growth will be generated outside Europe, which means that we have to work even harder on our capacity to take the specifics of regional markets into account and offer solutions that genuinely satisfy customer expectations. And we have to enhance the durability of our vehicles, since cost of use is an increasingly important consideration for buyers.

### HAS LAGUNA ACHIEVED ITS QUALITY TARGETS?

The new line has only been on the market for a few months now, so it is too early for definite assessments of customer perceptions. But we are very pleased with how well startup went. There are three main reasons. First, continuing the results achieved by its predecessor at the end of its production life, New Laguna immediately achieved the highest standards of quality at the factory gate. Second, the results of test-drives adding up to millions of miles without problems demonstrated New Laguna's reliability. Third and last, the number of warranty claims is lower than for Clio at the same stage, which is very encouraging. Clearly, Laguna is off to a good start.

# ENGINEERING, RESEARCH AND DEVELOPMENT



**IN 2007, ENVIRONMENTAL ISSUES WERE THE FOCUS OF GROWING PUBLIC DEBATE. THEY WERE ALSO A CENTRAL CONCERN FOR RENAULT ENGINEERS DESIGNING CARS TO MEET DEMANDING EMISSION LIMITS IN WHAT IS NOW A GLOBAL CONTEXT.**

## R&D EFFORTS BEAR FRUIT

In 2007, R&D spending was equivalent to 6.05% of consolidated sales — proof of its fundamental role in the Renault Commitment 2009 program, underpinning the development of our offering.

New vehicles call on the full range of engineering know-how: from the very first steps in the process, each new car is designed to combine global appeal with scope for adaptation to customer demands on local markets

and full compliance with new environmental standards.

Engineering efficiency is directly measured in the capacity to meet deadlines and achieve programmed development milestones, as illustrated in 2007 by 10 major product launches. These successes testify to the resourcefulness and the dedicated efforts of our engineering teams in working towards Commitment 2009 goals.

Quality was another key priority and 2007 was a year of significant progress in this area, drawing on the contributions of engineering teams, factories and purchasing units working in close cooperation with suppliers. Judged by the rate of off-road breakdowns in the first three months on the road, two-thirds of the Renault range now rank among the world's top performers in their segments.

## ENGINEERING GOES GLOBAL

As with Renault's other core business functions, engineering is now a global activity organized on a worldwide basis, with new centers set up close to end markets and customers.

Renault Engineering, the worldwide business function, thus draws on the expertise of the Corporate Engineering Department based in France, combined

with that of development centers in major markets. These include Renault Technology Americas with units in Brazil, Argentina, Mexico, Chile and Colombia; Renault Technology Korea; Renault Technology Romania, which covers the center in Turkey as well as Romania; Renault Technology Spain; and Renault Technology India.

This new structure enables Renault Engineering to take advantage of local opportunities in terms of competencies, costs and procurement to develop quality vehicles attuned to the demands of local markets in highly competitive conditions.

## R&D WITH AN EYE ON ENVIRONMENTAL PROGRESS

Renault's R&D factors in environmental impacts from the earliest stages in the design and development process.

As regards CO<sub>2</sub>, efforts target key variables including mass, aerodynamics, combustion efficiency and electricity consumption. Performance in these four areas is a focus for emissions in general, along with post-treatment of exhaust with equipment such as particulate filters and nitrogen oxide

traps. Recycling is another main priority for R&D, particularly as regards materials, in line with an approach that covers the full vehicle life cycle.

## LAGUNA — SETTING THE EXAMPLE

New Laguna is a first in that it is actually lighter than the model it replaces despite its many additional functions. Weight has been cut by an average of 15 kg compared to Laguna II. The new equipment would normally have added nearly 100 kg, but this has been more than offset by optimization of each component and the use of new materials developed by research teams. Weight reduction was included in the initial brief for the New Laguna project, in keeping with



Navigation system on Clío Grand Tour Concept.

## RENAULT'S STRATEGY FOR INNOVATION

Since the beginning of 2006, Renault's innovation strategy has been directed by the Research, Advanced Studies and Materials Department — dubbed DREAM from the French *Direction de la Recherche, des Etudes Avancées et des Matériaux*. This strategy has four priority themes:

- CO<sub>2</sub> and the environment,
- safety,
- life on board,
- dynamic performance.



### Recycled materials\*

- 1 Left lower wheel arch shield supports
- 2 Engine cover
- 3 Compartment
- 4 Closure water box (right and left)
- 5 Water deflector
- 6 Substrate insulation (under dashboard)
- 7 Soundproofing (under dashboard)
- 8 Plate insulator
- 9 Support moulding right injected
- 10 Interface radio
- 11 Fuse trim
- 12 Stowage mat
- 13 Airbag computer casing
- 14 Door inserts
- 15 Backshell (if coated)
- 16 Airbag cover plate
- 17 Sunvisor shell
- 18 Door spacer
- 19 Wheel houses
- 20 Front floor carpet

*\*Non exhaustive list.*



## IN 2007, THE RENAULT GROUP FILED 998 PATENTS

Strategy for safety took a new step forward in 2007 with the adoption of what we call our Real Safety policy. An international network has been set up to identify specific local needs as regards safety equipment, based on accident statistics.

Turning to life on board, even more emphasis was put on interactive systems for drivers and passengers.

And finally, as regards dynamic performance, work focused on the chassis. In this area, an outstanding example of innovation at work is

the Active Drive four-wheel steering system that will equip the Laguna GT Coupé, winner of the Innovation Trophy sponsored by leading auto magazines.

Active Drive 4WS: on most cars, only the front wheels steer, whereas with four-wheel steering the rear wheels can also be turned to the left or the right. This tightens the car's turning radius, making for easier parking and more effective obstacle avoidance.

The Active Drive 4WS also excels in difficult braking conditions, or when avoiding sudden obstacles.

**10** >> MAJOR LAUNCHES IN 2007

## RENAULT TECHNOLOGY ROMANIA

Renault Technology Romania (RTR) opened in Bucharest in June 2007. Dedicated to developing vehicles and powertrains for production in regional plants or markets in central and eastern Europe, Turkey, Russia, and North Africa, it will have around 3,000 employees by the end of 2009. Together with development centers in South America, Korea and India, it reflects Renault's international expansion.



# A GLOBAL PRODUCTION AND SUPPLY CHAIN SYSTEM



**RENAULT'S INDUSTRIAL SYSTEMS IN FRANCE AND EUROPE ARE REINFORCING THEIR COMPETITIVENESS AND ENHANCING FLEXIBILITY. IN OTHER REGIONS, INDUSTRIAL EXPANSION CONTINUES IN ORDER TO BRING MANUFACTURING CLOSER TO THE END MARKETS. MORE THAN EVER, LOGISTICS ARE A DECISIVE COMPONENT OF THE COST OF SALES.**

## FLEXIBLE, COMPETITIVE INDUSTRIAL CAPACITIES IN FRANCE AND EUROPE

Production increased by some 180,000 cars from 2006 to 2007, but there were significant differences from one region to the next. In France and Europe, production declined overall while increasing on international markets and for light commercial vehicles. Four new products made their debut during the year — Logan MCV, Logan Van, the Laguna sedan and New Twingo. Logan MCV proved a huge success, enabling Dacia to double its sales in the Europe business region, and the model now takes up half the capacity at the Pitesti plant in Romania.

In the past, new vehicle launches were milestone events at intervals of seven to eight years. Today, Renault Commitment 2009 calls for 26 new models, entailing over 50 starts on vehicle and powertrain production lines. Standardization of production processes and efficient working methods founded on the Renault Production System have enabled Renault to build robust positions on international markets and to take the growing number of new product launches in its stride.



Clio Estate production at the Bursa factory in Turkey.

New Laguna on the assembly line of the Sandouville plant in Normandy, France.



## A BUSY YEAR FOR LOGISTICS

The logistics organization set up in 2006 helped to keep costs under control in a context of rapid international expansion. Cooperation with Nissan was stepped up, in particular as regards purchasing of transport, which took 15% off distribution costs. During the year, the International Logistic Network's export platform in Puna, India, went into operation, making its first deliveries — fascia for Romania — in September. As a result of the rapid growth in Logan sales and production, the Pitesti site in Romania is now the group's leading logistics hub ahead of Grand Couronne in France, with over 13,000 containers shipped in 2007.



Dacia Logan assembly at the Somaca factory in Casablanca, Morocco.

## EXPANDING PRODUCTION CAPACITY OUTSIDE EUROPE

International development has accelerated with Logan now made in India and Iran. In summer 2007, capacity was increased at the plants in Bursa, Turkey, and Pitesti, Romania, to 60 vehicles an hour. Other projects in the pipeline include doubling the production capacity of the Moscow plant to 30 units per hour and increasing that of the Casablanca site to 18 units per hour. Two further projects have been launched jointly with Nissan, one in Chennai, India and the other in Tangiers, Morocco.

## SUPPLY CHAIN — LOGISTICS TAKE CENTER STAGE

Logistics played a key role Renault's growth outside the France and Europe regions in 2007, with spending under this heading totaling €1.3 billion. Since 2005, global sales have benefited from vigorous rises of 55% in the Americas region, 24% in the Euromed region and 26% in the Africa-Asia region.

In addition to production starts in India and Iran, highlights of the year included the materialization of the project in South Africa. New challenges for logistic teams came at the beginning of 2008 with the start of QM5 production in South Korea and the importation of vehicles from Asia to France and Europe. Continuing developments of this kind mean that efficient logistics are more critical than ever to international growth.



Parts warehouse at the Cleon factory west of Paris.



**MORE INFORMATION AT  
WWW.RENAULT.COM**

## LOGISTICS UNDERPIN INTERNATIONAL GROWTH



**Michel Faivre-Duboz,**  
Head of supply chain  
and logistics.

### WHAT ARE THE KEY CHALLENGES IN THE SUPPLY CHAIN TODAY?

Reliability and efficiency — making sure that customers get their cars on the promised date. To do that, we have to control every stage, from the moment the order is

booked through to final delivery. Meeting our deadlines and keeping our promises are absolutely vital, not least because of the impact on competitiveness and brand image. Which means not only that we have to be efficient, but also that we must never promise anything we cannot deliver.

### RAPIDLY EXPANDING INTERNATIONAL PRESENCE...

And logistics are keeping pace, which is not always an easy job. We have to be able to get products from the countries where they are made to the countries where they are sold, and do so cost-effectively — and

then do it better and better to win new competitive edge. That is why we are working on our process in particular to reinforce cooperation between planning, purchasing, manufacturing, sales and other functions. The goal is clear: to ensure that we have robust, reliable processes to deliver services customers can count on around the world.

## IMPLEMENTING ENVIRONMENTAL STANDARDS AT ALL PRODUCTION SITES

The ongoing efforts of Renault production sites around the world have opened the way for fresh progress in 2008, with all now implementing ISO 14001. The most recent certification was awarded to the Casablanca plant in December 2007. Certification acknowledges the continuous improvement in environmental standards and other aspects of sustainable development.

# PURCHASING

## IN 2007, RENAULT PURCHASING TEAMS CONTINUED TO CUT COSTS AGAINST A BACKDROP OF RISING RAW MATERIAL PRICES.



### FRESH DECLINES IN PURCHASING COSTS

Despite persistently high raw-material prices, Renault's Purchasing Department successfully continued the drive to cut costs and stay on course for Commitment 2009. Including the impact of higher raw-material prices, purchasing savings in the year came to a €390 million. To build relationships with suppliers that ensure the highest levels of performance over time, Renault applies a policy founded on the principle of trust, transparency and respect that are at the heart of the Renault-

Nissan Purchasing Way. In concrete terms, that means setting clearly defined, realistic objectives and offering visibility regarding opportunities for additional business. Just as importantly, relationships are a matter of close, ongoing dialog, which in some cases can extend to short-term support to enable suppliers to meet targets. In 2007, Renault assigned a team of 40 specialists to help suppliers enhance the competitiveness and efficiency of their own supply chains.

### QUALITY OF PURCHASED PARTS AND SERVICES

Renault suppliers have to comply with the demanding requirements that result from the purchasing quality plan initiated at the beginning of the decade. This provides for management by objectives, alert and escalation procedures, assistance procedures and business holds in the event of repeated failures.

Renault has 120 quality experts, half of them outside France, dedicated to supplier quality through the application of effective tools and

stringent processes at every level, from engineering to volume manufacturing and after-sales parts. The results speak for themselves with the number of defective parts delivered by suppliers divided by three from the end of 2004 to the end of 2007. For the launch of New Laguna, supplier quality was monitored even more closely. Not only must suppliers be able to deliver parts to specifications, they must also demonstrate that they can control processes over time.

### BACKING INTERNATIONAL GROWTH

The Purchasing Department has continued expanding its international reach to supply Renault production sites in a growing number of countries, as well as to optimize purchasing of services and equipment. International sourcing thus already accounts for over 40%

of all purchases. The Logan program has offered exceptional opportunities for suppliers to develop highly competitive production bases close to assembly plants in India, Iran and, more recently, in Brazil with Logan-Sandero.



Yann Vincent, Odile Desforges and Carlos Ghosn with the seven winners of the 2007 Supplier Quality awards.

### DEVELOPING SINGLE PURCHASING ORGANIZATIONS ABROAD

The purchasing operations of Renault and Nissan are complementary, reflecting the complementary geographical distribution of their production facilities. In each country we have a single purchasing organization that meets the needs of both groups. To take some examples, in India, Renault — already present in Mumbai — will play the lead role in purchasing for the joint industrial project in Chennai, while Nissan's local purchasing organizations take the lead in Mexico and for Renault's new project in South Africa



Renault Sandero assembly line at the Curitiba factory in Brazil.





The search for recyclable materials is an integral part of Renault's quality approach. Recycled plastics are delivered in pellet form, as shown here.

## SUPPLIERS AS PARTNERS IN SUSTAINABLE DEVELOPMENT

Renault is committed to sustainable development. In purchasing, this means that no long-term relationship with suppliers is possible without respect for the environment and fundamental rights at work.

Renault thus places special emphasis on the need for suppliers to reduce the use of hazardous substances, favor recycling, and contribute to the reduction of vehicle weight. Similarly, in the field of employees' rights, suppliers must comply with Renault's Declaration of Fundamental Social Rights, undertaking in particular to reject all forms of child labor and forced labor, and to implement

health, hygiene and safety policies consistent with those of the Renault Group. By the end of March 2007, 98% of suppliers had given formal undertakings to comply with these principles. Suppliers must also ensure that the same principles apply at each stage in their own supply chains.

Sustainability criteria are now integrated into processes for the selection and approval of suppliers as well as performance reviews. Suppliers are also required to conduct self-assessment reviews in this area.

**MORE INFORMATION AT  
WWW.RENAULT.COM**

## RENAULT NISSAN PURCHASING ORGANIZATION

RNPO, the first joint company to result from the Renault-Nissan Alliance, was set up in 2001 to strengthen the bargaining positions of the two partners by pooling orders, thus reducing purchasing costs for both. It also extends the range of suppliers available to each and helps to accelerate sharing of best practices. Renault and Nissan have kept their own purchasing departments, which define priorities for their own projects, together with targets for quality, costs and delivery deadlines. On this basis, RNPO adopts a sourcing strategy, selects suppliers and takes decisions on prices and compliance. Operating from bases in Tokyo, Paris and Farmington Hills, Michigan, the organization further extended its reach in 2007 and now meets 85% of the Alliance's purchasing needs.

## TARGETS ACHIEVED



**Odile Desforges,**  
Senior Executive Vice  
President, Purchasing,  
Chairman and  
Managing Director  
RNPO.

### HOW HAVE PURCHASING TEAMS DEALT WITH COST PRESSURES, PARTICULARLY RISING RAW MATERIAL PRICES?

Accelerated deployment of a strategy based on sourcing in leading competitive countries, reduction of operating costs and pooling of orders with Nissan enabled us

to meet 2007 targets for cost reduction despite these pressures. The gains we achieved not only more than offset rises in prices for steel and other materials for Renault itself, but also offset a large part of the impact on our suppliers. Nor is parts purchasing the only area concerned. We have also continued cooperation with customers to reduce the cost of services, in particular by favoring larger suppliers and longer-term contracts.

### HOW DOES PURCHASING SUPPORT INTERNATIONAL EXPANSION?

We are placing special emphasis on local sourcing for components, production equipment and services. To take the

example of body components, the local content averages 80% at sites outside Europe. Some 80% of local suppliers are subsidiaries of international groups or have agreements for technical cooperation with these groups, while the remainder operate at a purely local level. Purchasing teams at headquarters cooperate closely with local organizations — 40% of the 1,900 staff members in the Purchasing Department work directly in the field to obtain the best possible purchasing terms. In 2007, 27% of the parts used in Western European plants came from leading competitive countries.

# SALES



**THE ARRIVAL OF 26 NEW MODELS IN DEALERS' SHOWROOMS IS A CHALLENGE THAT RENAULT'S SALES ORGANIZATION IS MEETING WITH ROBUST PROCESSES AND OPERATIONAL TOOLS. THE PRIORITY IS CLEAR – FLAWLESS CUSTOMER SERVICE AT EVERY STEP FROM ORDER TO DELIVERY AND THROUGHOUT THE LIFE OF THE VEHICLE.**

## NEW PRODUCTS HIT THE NETWORK

The first vehicles produced under Renault Commitment 2009 reached dealers' showrooms in the second half of 2007, with New Twingo on sale from June and New Laguna, the program's standard bearer, from October. December saw the launch of Sandero and Koleos in, respectively, Brazil and Korea (sold as QM5 under the Renault Samsung Motors brand); both will be rolled out in Europe in mid-2008. The early months of 2008 will see the arrival of Kangoo, Grand Modus, Modus phase 2, Clio Grand Tour and Laguna Grand

Tour. With Commitment 2009, the number of new launches has doubled, and Renault's sales organization has readied for the challenge with added resources and reinforced processes to ensure that each new model realizes its full potential. In this, fundamental priorities are effective procedures, efficiency and performance. At each stage in the sales process, quality is backed by demanding methods and procedures, new tools and optimal logistics to ensure the availability of parts and accessories.

## REINFORCING INTERNATIONAL PRESENCE

The contribution of business outside the France and Europe regions is on the rise, and Renault is implementing effective tools and processes to ensure its success on high-growth markets.

Structured for efficiency and performance, the sales organization is divided into five business regions – France, Europe, Euromed, Asia-Africa and the Americas.

Moves into new countries may be limited to sales or combine sales and industrial presence – as in the case of Iran and, more recently, India. In its drive to pursue growth, Renault and its Alliance partner Nissan have set up production in Iran and India, increased production capacity in Russia, and announced two new major projects in Morocco and India.

## UNIFORM MANAGEMENT STANDARDS FOR SUBSIDIARIES

Management standards are applied in sales just as they are in manufacturing, down to the smallest detail, and in particular by the subsidiaries. The Dutch subsidiary, for example, puts Renault Commitment 2009 into practice in order to achieve the best quality levels, rank among the top 3 in terms of volumes and become the most cost-effective subsidiary in Europe in terms of distribution costs. To do so, it has defined an eight-point

strategy for progress that is monitored on a regular basis.

More generally, the leaders of the Market Area Europe have set up a new organization to ensure that subsidiaries concentrate on deploying the sales and marketing strategy consistently throughout the region. The purpose is to standardize and simplify their operations and define their role and responsibilities vs. the central functions. Subsidiaries



# 11,000

now apply common principles with regard to the organization, staffing and scheduling necessary to boost the efficiency of Renault's sales and marketing in a given country. This same approach is being applied in Renault's other business regions as well.



Talking with a Renault Business Center customer in Belgium.

## >> ELECTROMECHANICS TRAINED IN 2006 AND 2007

### AN UNCEASING SEARCH FOR IMPROVEMENT IN THE NETWORKS

Since the launch of its business plan in February 2006, Renault has deployed a worldwide drive to improve the quality of customer service called Renault Excellence Plan 4. The first phase, launched in February 2006, drew up 20 items essential to customer satisfaction to be systematically implemented by the network. Sales teams were trained in these essentials on an unprecedented level and financial incentives given to encourage quality service. Over one

million customers worldwide were surveyed to assess their satisfaction with the delivery of their vehicle or after-sales services. Mystery customer surveys were reinforced to test how the 20 essentials were actually implemented in the dealerships. In France, 2,500 such surveys were carried out in 2007. The European findings showed that the number of customers spontaneously declaring themselves "fully satisfied" rose 5 points to 77% in July 2007.

The second phase of the Renault Excellence Plan aims to standardize the processes and methods of the sales network even further to guarantee that customers around the world are satisfied with Renault's sales and after-sales services. Simple measures make it possible to monitor in day-to-day operations how these standards are applied.

### PUTTING THE RENAULT PRODUCTION SYSTEM TO WORK IN SALES

Renault Excellence Plan for services recognizes the importance of test drives for a customer. These are now better organized with a fleet manager appointed in each dealership to allow customers to try out new cars in the best possible conditions. The quality of deliveries has also been improved by standardizing the preparation and hand-over process to customers. From the moment they arrive in a dealership to the delivery to the customer, vehicles follow a

set procedure marked by numerous controls and documents to ensure that no item is forgotten and that the vehicle is handed over in spotless condition. And to facilitate maintenance, the ergonomics of factory assembly lines have been applied to optimize the workstations of repair mechanics in order to improve both the quality of customer service and productivity.



## NEW LEVERS FOR CUSTOMER SATISFACTION

Renault has also developed a range of effective new tools to offer customers irreplaceable reception and repair services. Workshops can now use a special software package to optimize reception and customer scheduling. New jobs can be entered into the system and scheduled as soon as the initial appointment is made.

Service advisers also have a new software tool for diagnosis enabling them to identify the origin of problems in less than a minute. They start by asking customers a few simple questions about the incident. The information is recorded and sent on to the workshop, ensuring there is no discrepancy between the customer's explanations and the advisor's interpretation. Each symptom corresponds to a code in the software.

In the workshop, technicians making the repairs follow the step-by-step instructions given by the software, called Clip. The new application is far more intuitive and can access all the information relating to a given symptom to identify the exact cause and the measures that need to be taken.

The aim is to have full diagnosis in less than an hour in 80% of cases and in less than two hours in 95% of cases. A tiny camera enables technicians to visualize defective parts that are difficult to reach. And if the problem proves too complicated to solve on their own, they can use a direct video link to Renault Assistance, where the technical support team is able to see the parts concerned and discuss solutions, all using the same tool.

Once the diagnosis is complete, the technician can get to work with the support of Dialogys, a new software package that provides full access to repair procedures, estimated work time and required parts.

## RENAULT BANNERS FOR QUALITY IN QUICK REPAIRS

Quick-repair networks Renault Minute and Renault Minute Carrosseries make an essential contribution to customer satisfaction, bringing services close to home and doing away with the need for garage appointments. Renault Minute, which provides standard servicing and maintenance, has now been in operation for over 22 years and is present in 22 countries, counting 1,063 outlets at the end of 2007. Launched in 2001, the Renault Carrosseries network for quick body repairs is well attuned to a market where minor accidents in city areas are increasingly the rule. These already account for 70% of mishaps. The number of outlets is rising rapidly and at the end of 2007, there were nearly 760 Renault Minute Carrosserie sites in 19 countries.

## TRAINING – THE KEY TO FLAWLESS SERVICE

From 2006 to 2007, nearly 23,000 staff members from Renault's sales organization, almost half of them customer advisers, attended training sessions devoted to the attitudes and behavior that express the Renault spirit. The program was developed by the Renault Academy, which is charged with training for the Renault network. Backing up the New Laguna launch, a program combining technical and sales components has enabled all technical

service providers to update their expertise. And to allow these coordinators to focus on more complex and unusual breakdowns, Renault created a new job function: electromechanics. In 2006 and 2007, 11,000 electromechanics were trained, opening Clip software up to 3.5 times more users. A new course for service advisers was also introduced to promote in-depth knowledge of the product and new tools deployed for product reception.



Dedicated software, here in use at a Renault dealership in Saint Nazaire, western France, speeds up processing and optimizes scheduling for repair customers.



Spare parts storage at a Renault Business Center in Belgium.



Welcoming a customer at the Lyon East dealership - Renault's PER4 service quality program makes customer satisfaction the top priority.



## LOGISTICS — SPARE PARTS ON CALL WORLDWIDE

Effective logistics to ensure ready availability of spare parts are essential to the development of Renault sales in all parts of the world, offering customers a guarantee of quality service in good time and at competitive prices. Within the Renault network, 97% of spare parts are available

immediately, one of the best performances in the industry worldwide. This reflects the efficiency of distribution circuits, branching out from 30 centers around the world. They deal with over 170,000 catalog items and ship a total of 250,000 orders a day. Genuine Renault parts make an essential

contribution to customer satisfaction in repairs and maintenance. Regardless of repair and model, they are available for ten years after sales end—and in some cases even more.



The International Logistic Network hub at Grand Couronne in Normandy plays a key role in international flows.

## QUALITY & SERVICE BRING REWARDS



**Patrick Blain,**  
Vice President, Sales  
and Marketing and LCV.

### HOW IS RENAULT'S SALES NETWORK PREPARING TO MAKE THE MOST OF THE 26 NEW MODELS?

All of our teams have geared up to meet the challenge. We have overhauled our methods in all areas, from corporate functions to dealerships.

Streamlining our processes was one priority, but we have also paid special attention to vehicles for display and test-drives at dealerships, training for our sales force, and customer relationship management.

Changes deployed enabled us to accompany the launch of six new products in very good conditions in 2007, and will underpin our response to the faster pace of new roll-outs in 2008.

### WHAT DO YOU SEE AS THE MAIN STRENGTHS OF THE NETWORK?

Our Renault Excellence Plan 4 has now been deployed worldwide, and gives our network the capacity to guarantee consistently high quality service at each stage in our customer relationships, from initial sale through to after-sales and maintenance.

Quality of service starts with making the customer the main focus for each and every employee. It requires greater standardization of methods and tools for all of our network's activities. It is both an essential means of improving customer satisfaction and a source of profitability for our partners.

This investment in the Quality & Service approach is paying off, with Renault gaining ground in all countries and already ranked among the top three carmakers in France and Spain.

### HOW WOULD YOU SUM UP PROSPECTS FOR THE YEAR AHEAD?

The nine new models anticipated this year offer an exceptional opportunity to extend our cover of the world market. They will lend fresh momentum to our traditional markets — France and Europe — while developing our network in new markets altogether, opening prospects in high-potential regions such as Euromed, the Americas and Asia-Africa.

# SALES FINANCING

**IN 2007, RCI BANQUE CONTINUED TO EXTEND ITS INTERNATIONAL REACH, REINFORCING EXISTING BASES ON LOCAL MARKETS AND MOVING INTO NEW COUNTRIES TO BACK THE INTERNATIONALIZATION OF THE RENAULT GROUP.**



## REINFORCEMENT OF LOCAL BASES

Present in the UK through an equally-owned joint venture for Renault sales financing since 1977, RCI Banque also provided financing for Nissan through a wholly-owned subsidiary. In July 2007, it took full control of Renault financing and merged the two entities to form RCI Financial Services, thereby optimizing the Alliance's financial operations in the UK and significantly strengthening the group's presence on the local market.

RCI Banque also continued to deploy its services in Central Europe, setting up two new units in Slovakia and Slovenia, both dedicated to network finance.

During the year, RCI Banque also stepped up operations in the Euromed business region to keep pace with the Group's expansion in sales and production. Present in Morocco under a commercial agreement since 2006, in October 2007 it was granted official approval for the pursuit of its development through a wholly-owned financial subsidiary. RCI Banque is among the leaders for auto financing in Morocco.



DIAC Customer Service Center in Lyon, France.

## NEW REACH

With effect from January 1, 2008, Renault has returned to direct distribution of vehicles, spare parts and services in Sweden, Norway, Finland and Denmark. RCI Banque has backed this up with the direct provision of financing in the four Nordic countries from the same date through a newly created

branch in Sweden and a network of local partnerships for customer financing. The move into Scandinavia is part of a general policy of international growth also illustrated by a commercial agreement in Ukraine to allow local customer financing to start up in 2008.

## RESULTS ON TARGET

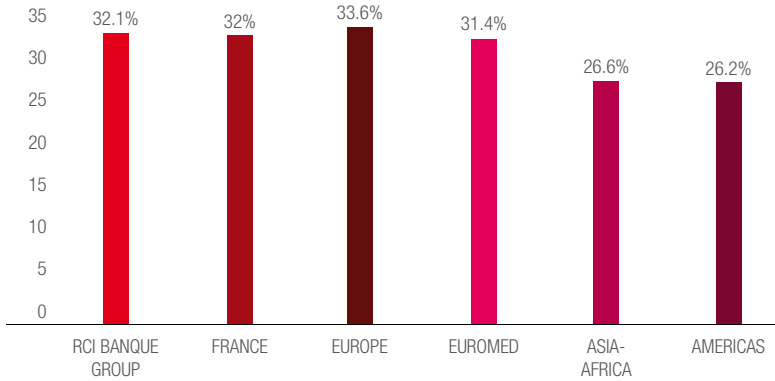
While financial and commercial conditions were more testing in 2007, RCI Banque made a full contribution to the implementation of

Renault Commitment 2009, achieving an operating margin in line with its objective thanks to the development of its services.

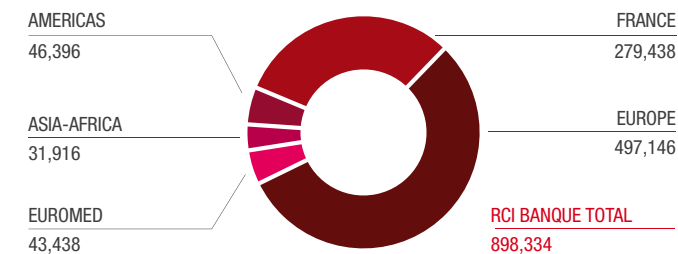
Briefing at RCI Banque headquarters.



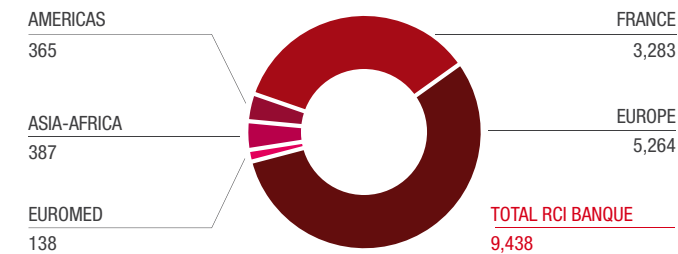
**PROPORTION OF NEW VEHICLES FINANCED**  
(RENAULT, NISSAN, DACIA, RENAULT SAMSUNG MOTORS)



**NUMBER OF VEHICLES FINANCED IN 2007 (NEW AND USED VEHICLES)**



**NEW CONTRACTS (€ MILLION)**



**RCI BANQUE LAUNCHES CARTE BLEUE VISA CARD IN FRANCE**

RCI Banque launched its own Visa Renault card in France at the end of 2007, and with it a new service for Renault customers. The card is offered to all customers of the Renault network and is also available on a dedicated internet site. It can be used for payments, cash withdrawals and as a credit card, and carries special benefits at Renault and its partners. Under a loyalty program, users get points for each payment made; these can be cashed in at Renault and partner businesses, or exchanged for Air France tickets. Valid worldwide through the Visa network, the card lets holders pay up front with free deferred debit, or draw on an associated credit line to pay

in ten separate installments or in small monthly payments. A host of advantages that underscore the commitment of RCI Banque, Renault and its network to serving customers better.



# FORMULA 1

## RENAULT TOOK THIRD PLACE ON THE PODIUM FOR THE 2007 FIA\* FORMULA 1 CONSTRUCTORS' WORLD CHAMPIONSHIP.



### A MORE DIFFICULT YEAR

Following two victorious seasons, Renault had a more difficult year, but was nonetheless in the top three. When FIA, the governing body for Formula 1 racing, announced in 2006 that only one tire supplier, Bridgestone, would be allowed from 2007 on, Renault knew that it would be facing a challenge after the years of successful partnership with its former supplier.

"We are paying the price for our 2006 season," commented Flavio Briatore, Managing Director of Renault Formula 1 Team, at the time. "Fighting it out to the very last race to win the 2006 titles hampered our preparations for 2007."

Not that there was any letup in the efforts of the teams in Viry-Châtillon in France and Enstone in the UK — charged, respectively, with design and development of engines

and chassis — who put all their know-how to work to correct teething problems with the Renault R27. These took driver Heikki Kovalainen to his first and only podium placing for the season at the Japanese Grand Prix.

The lags accumulated at the beginning of the season put the championship out of reach, and the decision was thus taken to focus development efforts on 2008. As Flavio Briatore puts it, "The 2007 season was disappointing, but it also taught us a lot. We were a bit late in getting our program for 2007 into gear and we had a difficult time adapting to Bridgestone tires. That was unsettling and we weren't able to catch up over the season. But I don't see why we can't take a serious option on the 2008 Championship. We now know how to build a chassis around Bridgestone tires and our

teams haven't changed since we took the titles in previous years. They know how to design a fast car. I have a good feeling about the prospects."

This determination to move back up to the top of the field as quickly as possible took concrete form with the selection at year-end 2007 of a team of top-flight drivers for the season ahead. In 2008, Fernando Alonso, twice world champion, will wear the Renault colors again alongside Nelson Piquet, Jr. The pair will be joined by young French driver Romain Grosjean, a member of the Renault Driver Development and Euroseries 2007 Formula 3 Champion programs, as test driver.

The importance of this planned return to the front of the field in 2008 goes beyond sporting results, since it will also provide

support for achieving the goals defined in the Renault Commitment 2009. These emphasize quality targets, aiming to place Laguna among the top three for quality in its segment, which are very much akin to the Renault F1 Team's goal of a podium placing in each Grand Prix.

Renault's participation in Formula 1 racing also eases access to new markets, since the image and recognition won on the course are a major source of momentum for brand development on the four continents where the races are held. It can thus make an essential contribution to meeting sales targets through to 2009.

*\*Fédération Internationale de l'Automobile.*



G. Fisichella at the wheel of a Renault in the Belgian Grand Prix.



Renault F1 Team at the Malaysian Grand Prix.



# RENAULT SPORT TECHNOLOGIES

**THE 2007 “WORLD SERIES BY RENAULT” SEASON THAT ENDED ON THE BARCELONA TRACK ON OCTOBER 27 CONTINUED THE SUCCESSES OF THE TWO PREVIOUS YEARS. MEETINGS ATTRACT GROWING NUMBERS WITH AN EXCITING COMBINATION OF RACING AND A VARIETY OF ACCOMPANYING EVENTS.**

## A PROFITABLE BUSINESS UNIT

The 2007 World Series by Renault season proved an immense success, bringing total attendance since the event began in 2005 up to nearly 1.8 million. The season started in April with a meeting in Zolder, Belgium, followed by others in Hungary, the UK, France and Portugal, then the closing races in Barcelona on October 27. In addition to the international Championships themselves, World Series meetings are the occasion for demonstrations by the ING Renault Formula 1 team and displays from the Renault Heritage Foundation, as well as concerts.

Races are organized around three international championships — Formula Renault 3.5, Formula Renault 2.0 Eurocup, and the Megane Eurocup Trophy. In the Formula Renault 3.5 championship, some 30 aspiring Formula 1 drivers compete at the wheels of identical 425 bhp racing cars, while Renault 2.0 Eurocup cars have given stars like Lewis Hamilton, Kimi Raikkonen and Felipe Massa the opportunity to reveal their potential. The 20 drivers in the Eurocup Megane Trophy events come from a background in go-karting and have set their sights on Formula 1.

## WORLD SERIES FORMULA RENAULT 3.5

Drivers participating in Formula Renault 3.5 events aim to follow in the footsteps of Robert Kubica, who competed in the 2005 season before going on to win a place in Formula 1. A new version of the Formula Renault 3.5 rolled out at the end of September 2007 will be on the tracks for the 2008 season. Featuring a chassis modeled after the Renault F1 R27, it is powered by a 500bhp V6 flexifuel engine.

The new Formula Renault 3.5 on the Marigny Cours track in France.



Air extractor in the Clio Renault Sport World Series By Renault.



## 141 SPECIALIZED RENAULT SPORT OUTLETS

Renault Sport dealers share a passion that is reflected in their constant readiness to provide customers with professional advice, offering sports car enthusiasts the

quality solutions they look for in products and services. This is the foundation for close, ongoing relationships between customers and their dealers, from

the delivery of Renault sports cars to customized after-sales service. In 2007, 86 new dealerships opened in Europe.

## CLIO RS WORLD SERIES LIMITED EDITION

Unveiled at the World Series by Renault event at the Magny Cours track in France on September 22 and 23, 2007, Clio RS World Series Limited Edition features a Cup chassis as standard equipment and is powered by a 2.0 16V atmospheric engine.

The engine combines responsiveness (215 Nm at 5,500 rpm) with power (200bhp at 7,250 rpm) and is equipped with a 6-speed manual transmission developed through the Renault-Nissan Alliance. The distance from the fifth to the sixth gear has been lengthened to improve acoustic performance, particularly for motorway driving.

# OTHER INVESTMENTS AND PARTNERSHIPS



## A MAJOR SHAREHOLDER OF NISSAN AND AB VOLVO, IN 2007 RENAULT STEPPED UP ITS STRATEGY OF PARTNERSHIPS TO QUICKEN THE PACE OF INTERNATIONAL EXPANSION.

### AB VOLVO

Renault's truck-making businesses, Renault VI and Mack, were merged with Volvo's in January 2001 to form AB Volvo. Renault now has a 21.80% equity interest in the company and holds 21.30% of voting rights, which makes it the leading shareholder of Europe's largest manufacturer of heavy trucks, ranked second worldwide.

Within this framework, the Volvo, Renault Trucks and Mack brands continued to develop of their individual identities while at the same time complementing each other in terms of products and geographical scope. Products on offer through a sales network spanning 130 countries in Europe (including Russia), Asia, North and South America cover the full range from the lightest to the heaviest trucks on the road. AB Volvo's positions in Asia were recently reinforced with the acquisition of Japanese truck-maker Nissan Diesel.

In 2007, a total of over 236,000 trucks were sold worldwide, compared with 219,931 in 2006. Nissan Diesel sales have been consolidated from April, 2007.

International expansion continues, as illustrated in April 2007 by Volvo's decision to invest in a new truck-assembly facility in Russia to meet fast-growing demand in CIS countries. In July, subsidiary Renault Trucks followed this up with the signature of an agreement with Turkey's Karsan for the production of trucks to be sold in Turkey and neighboring countries.

### NISSAN

(see page 40)

### EXTENDING LOCAL PRESENCE AND PARTNERSHIPS

#### Iran

Renault's industrial operations in Iran are headed up by Renault Pars, a joint venture set up in May 2004, in which Renault has a 51% interest. The remaining 49% is owned by AIDCo (26% Iran Khodro, 26% Saipa and 48% IDRO). Production started up in 2007, first in March at the Pars Khodro plant and then in May at Iran Khodro. A total of 15,000 Tondars, the Iranian name for Logan, were made during the year. Renault also has a project to assemble Megane models with Pars Khodro.

#### India

In 2007, Renault's entry into the Indian market took concrete shape with the commercial launch of Logan in partnership with Mahindra & Mahindra. After six months on the market, Logan had already taken its place among the top three for its segment with 15% market penetration. It also topped the list for initial quality in JD Power ratings.

Another important step forward in this strategic market came with plans to build a second production site together with Nissan. A memorandum of understanding signed with the Government of Tamil Nadu in February 2007 provides for the construction of India's largest automobile manufacturing site near the state capital Chennai. This will also be the first factory jointly planned and designed within the framework of the Alliance.

During the year, Renault and Nissan set up Renault Nissan Technology and Business Centre India (RNTBCI), a joint venture based in the Mahindra World City technology park on the outskirts of Chennai. From 2008 on, it will be the base for the partners' engineering and IT operations.

Renault and Nissan also began discussions with a new partner, Bajaj, to launch an ultra-low-cost vehicle. Bajaj is India's number-two motorcycle manufacturer and the leader for motorized tricycles.

#### Russia

Renault owns 94% of Avtoframos in association with the City of Moscow. Considering the success of Logan in Russia, where 67,844 units were sold in 2007, the two partners signed a new agreement in May 2007 to provide for an increase in Logan production capacity to over 160,000 a year from mid-2009. Renault is to invest \$150 million for new facilities, while the City of Moscow will contribute land and buildings.

At a meeting in Togliatti on December 8, Renault and AvtoVAZ signed a memorandum of understanding that will provide the basis for AvtoVAZ to renew and extend its range, bolstering the Lada brand and consolidating its number-one place in Russia while preserving its identity. The exchange of technology and know-how play an important part in this. Russian Technologies, the main shareholder of AvtoVAZ, will retain its interest, ensuring the continued support of the Russian government.

### AB VOLVO'S FINANCIAL RESULTS (IN € OR SEK MILLION)

	2007			2006	
	SEK	EUR*	CHANGE 2007/2006	SEK	EUR*
NET REVENUES	285,405	30,855	+ 10.00%	258,835 <sup>(1)</sup>	26,832
OPERATING INCOME	22,231	2,403	+ 9%	20,399	2,205
NET INCOME	15,029	1,624	- 8%	16,318	1,765
DIVIDEND PER SHARE IN SEK	25	FOR FISCAL 2006	198.50%	16.75	FOR FISCAL 2005
DIVIDEND EXTRAORDINAIRE IN SEK	25				
YEAR-END 31/12 IN SEK					
VOLVO A SHARE	108		+ 15.50%	93.52	
VOLVO B SHARE	108.5		+ 19.70%	90.67	

\* 1 EUR = 9.25 SEK <sup>(1)</sup> RESTATED

### South Africa

An agreement was signed with Nissan in May 2006 for the assembly of Logan Pickup and Sandero ranges from the end of 2008. Sandero will be assembled by Nissan and distributed by Renault South Africa, while Logan Pickup will be assembled and sold directly by Nissan under its own brand. Nissan will buy completely knocked down parts from Renault and finance all product-specific investments.

### Singapore

A sales subsidiary set up in June 2007 imports Renault vehicles and spare parts for sale to local dealership Wearnes.

### Morocco

In September 2007, Renault signed an agreement with the Kingdom of Morocco for the construction of an industrial site near Tangiers with access to TangerMed port facilities. Operations will benefit from the outstanding infrastructure now serving northern Morocco. The site will in time have the capacity to turn out 400,000 vehicles a year, making it one of the largest centers for automobile manufacturing in the Mediterranean area. Initial capacity will be 200,000 vehicles a year for an investment estimated at €600 million including the first tranche of €350 million. Additional product-specific investments of between

€200 million and €400 million will be required, with the actual amount depending on the variety of vehicles produced.



Renault Logan in Russia.



HRH Mohammed VI and Carlos Ghosn at the official signing of the memorandum of understanding for the construction of an industrial site near Tangiers, Morocco.



Logan Renault on the road in India.

## EXPANDING THE NETWORK

### Ireland

At the end of October 2007, Renault acquired Glencullen Distributors Ltd., which had been its local importer of vehicles and parts for 21 years. The move will facilitate deployment of the Renault Commitment 2009 program on this promising market, where 230,000 vehicles were sold in 2007 for a market share of 3.7%. Following the acquisition, on November 1, 2007 Renault set up a subsidiary under the name Renault Ireland for the distribution of all Renault passenger cars and light commercial vehicles in the country.

### Scandinavia

Since January 1, 2008 Renault has taken over distribution in Sweden, Norway, Finland and Denmark. through subsidiary Renault Nordic, set up with an investment of €24 million. Previously — since 1982 — sales on these markets had been handled by Volvo Car under an agreement that expired on December 31, 2007. The target is to raise the number of passenger cars and light commercial vehicles sold from 35,000 in 2006 to 45,000 by 2009.



# 4 SUSTAINABLE DEVELOPMENT DRIVES CORPORATE STRATEGY

A CORE COMPONENT OF RENAULT COMMITMENT 2009, SUSTAINABLE DEVELOPMENT IS ALSO A PRIORITY EVERY DAY. IN 2007 WE LAUNCHED THE RENAULT ECO<sup>2</sup> LABEL, STEPPING UP OUR COMMITMENT TO THE ENVIRONMENT, AND CONFIRMED OUR INVESTMENT IN DIVERSITY.

# HUMAN RESOURCES



**RENAULT'S HUMAN RESOURCE POLICIES CENTER ON THE DEDICATION AND COMPETENCE OF OUR PEOPLE. THESE ARE ESSENTIAL UNDERPINNINGS FOR THE SUCCESS NOT ONLY OF RENAULT COMMITMENT 2009, BUT OF ALL THE PROJECTS TO FOLLOW. WHICH MAKES THEM CRITICAL TO OUR ABILITY TO MAINTAIN HIGH LEVELS OF PERFORMANCE OVER TIME.**

## MANAGEMENT QUALITY AND STAFF MOTIVATION

The quality of management is fundamental to the success of Renault Commitment 2009. In 2006, we addressed this very theme with a Group-wide staff survey to measure perceived management quality and staff motivation. Conducted with the assistance of an international consultancy, the initiative identified areas for improvement for action plans within each department, subsidiary and national organization. These plans are the components of a collective endeavor, calling on all staff members to join forces to enhance standards of management and levels of motivation Group-wide.

Over 100,000 employees took part in the survey, setting the response rate at a high 87%. The results, presented to all staff in December 2006, showed high levels of personal commitment and attachment to the business. They were followed up with over

one thousand plans for improvement, implemented at both corporate and local levels.

A fresh survey was conducted at the end of 2007 to identify changes from the previous year, define new directions for progress, correct action under way and adopt new action plans where appropriate to enhance management quality and reinforce staff motivation for the year ahead. The findings are integrated into Group management processes as instruments for ongoing progress.

Clearly, training plays an essential role in the drive to enhance management quality, and programs in this area have been optimized to factor in the findings of the Commitment survey. Management development programs are organized at corporate and regional levels and by business function.

In 2007, the master plan for these programs was updated to clarify objectives:

- At the corporate level: encouraging cross-functionality and the development of a common culture;
- By main business function: fostering management by performance;
- At the local/regional level: reinforcing common management practices for local entities.

Together these initiatives came into their own in engineering units in the Paris region, where developments led us to deploy a special program. This included appointment of a manager with global responsibility for all entities, a drive to improve workplace relationships, and a heightened focus on training in personal efficiency and stress management.



Going on shift at the Bursa factory in Turkey.

## HR AS A VECTOR FOR MANAGING EXCELLENCE



**Gérard Leclerc,**  
Senior Vice President,  
Group Human  
Resources

**YOU TOOK UP YOUR PRESENT POSITION IN 2007. HOW WOULD YOU EXPLAIN YOUR VISION OF HUMAN RESOURCES?**

Human resource management is strategically vital, since it is all about the development of the men and women who are the mainsprings for Renault's success. Our job is to act as a vector for the management of excellence, which means backing up the deployment of strategy

and the operation of our teams, ensuring effective ties between our corporate leaders and individual staff members. By the same token, it means ensuring consistent human resource management in all parts of the world with homogenous, cost-effective structures that deliver the best.

**HR STRUCTURES WERE OVERHAULED IN Q1 2007. WHY WAS THAT?**

The new organization has two clearly defined objectives. Firstly, to ensure that the presence of HR teams has real meaning for all staff members, by appointing local representatives to support management and at the same time listen attentively to what employees have to say. More generally, the new structure is designed to reinforce our management of competencies in keeping with a unified,

global vision. Which means in particular the presence of Career and Competency Development Advisers within each global business function.

Local and global structures are directly attached to the Corporate Human Resource Department, which is the focus of HR expertise for the group as a whole and implements its policies in all parts of the world with the support of HR management in each Business Area. To back the deployment of the new organization, local human resource managers and Career and Competency Development Advisers benefit from targeted training programs, with modules designed for each business line and timed to match human resource schedules.



**MORE INFORMATION AT  
[WWW.RENAULT.COM](http://WWW.RENAULT.COM)**

## COMPETENCIES PROGRAM

Operating in a context of global competition, the automobile industry is founded on specialized competencies and know-how. Which means that developing these competencies is crucial to our competitive differentiation. Since 2002, we have implemented a cross-functional program for the prospective management of human resources under the name Renault Competencies.

Renault Competencies aims to ensure that we have the resources we need to achieve strategic targets at all times. Its guiding principle is that skills and know-how are what really make the difference.

Under the guidance of management in each area of business and with the support of human resource teams, the program centers on identifying and developing the competencies needed to realize Commitment 2009 objectives and meet future challenges. To this end, 48 Competency Managers appointed by the CEO take responsibility for defined areas of competency, applying a cross-functional approach with worldwide scope. They are assisted by technical advisers as well as human resource managers and Career and Competency Development advisers in the sector concerned. Together,

they identify the strategically critical competencies that the Group must have, as well as the new competencies needed to back international expansion. They then evaluate shortfalls in each area as the bases for development plans, applying levers that include recruitment and career development — both areas where the Careers Renault online service can make an important contribution — plus training and organization.

Renault Competencies is based on continuous progress. Results are reviewed annually before defining the objectives for the year ahead in a constant drive to reinforce the competitiveness of our business, the performance of our teams and the employability of our people.



Renault Human Resources Convention.

**48** >> HUMAN RESOURCE  
COMPETENCY MANAGERS IN  
CHARGE OF SPECIFIC FIELDS.

## THE RENAULT GROUP COMMITTEE

Today, Renault is a global, multicultural business, which makes it all the more important to promote and share the values that ensure our unity and cohesion. These values, which include in particular the attachment to employee representation, were reaffirmed in the Declaration of Fundamental Employee Rights signed by Renault and employee representatives in 2004.

In keeping with this, we place special emphasis on the continuity and quality of dialog with our employees and their representatives at all levels — which is part of the processes of technical, economic and social change associated with the deployment of our strategy. The priority is to favor decision-making close to the realities of the business, preparing for changes ahead and smoothing transition by seeking balance and convergence between the interests of the business and those of its employees.

Renault applies the same principles of responsibility to employees in all the

countries where it operates, as illustrated by the definition of a Group policy for relationships with employee representatives laid down in October 2005. In 2007, this again contributed to the frequency and quality of exchanges with representatives.

While relationships with employee representatives naturally vary according to the country concerned and the particular requirements of national laws, we also have a Group Committee representing employees in all parts of the world. This provides an effective framework for trans-national debate on our business and strategy. Following the renewal of its founding agreement on April 26, 2007, two new standing members joined the Committee, one from Poland and the other from Romania. It also welcomed an observer from Russia. As a result, it is now made up of 34 representatives from majority-owned subsidiaries in 19 countries spanning the European Union, Brazil, Argentina, South Korea, Turkey and Russia.

## HUMAN RESOURCES IN THE RENAULT GROUP — KEY FIGURES, DECEMBER 31, 2007

HEADCOUNT	HOURS OF TRAINING	ACCIDENT FREQUENCY RATE	SAVINGS GENERATED BY EMPLOYEES' IDEAS FOR PROGRESS	EMPLOYEES ADMINISTERED THROUGH GROUP IT SYSTEMS	GROUP COMMITTEE MEMBERS FROM OUTSIDE FRANCE
130,179	4.9 MILLIONS	3.54	€135 MILLION	NEARLY 100,000	34 MEMBERS FROM 19 COUNTRIES

For more information about Renault's policies, initiatives and performance in the field of human resources see:

- the Renault registration document
- the Sustainable Development page on the Renault corporate website at [www.renault.com](http://www.renault.com)

# ENVIRONMENT

**IN 2007, RENAULT'S ENVIRONMENTAL PROGRAM TOOK AN IMPORTANT STEP FORWARD WITH THE LAUNCH OF THE RENAULT ECO<sup>2</sup> LABEL. MORE THAN EVER, THE RENAULT RANGE STANDS FOR ENVIRONMENTAL QUALITY AND AFFORDABILITY.**



## DEMANDING AIMS

Renault has set its sights high for environmental standards, as illustrated by the targets for the reduction of CO<sub>2</sub> emissions defined in 2006 within the framework of the Commitment 2009 program. Our environmental program is structured around three goals — to rank among the three best performing automanufacturers for CO<sub>2</sub> emissions, to offer a range of biofuel-enabled vehicles, and to develop alternative, environment-friendly technologies.

Targets for CO<sub>2</sub> emissions have already been achieved, and Renault is now among the top performers, with powertrains showing the rewards of nearly two decades of efforts to cap fuel consumption.

An example is the 100bhp TCE gasoline engine, which made its debut in May 2007 on Clio and now also powers New Twingo. Demonstrating Renault's expertise in downsizing, it consumes only 5.9 liters for 100 km (2.143 per 100 miles), setting CO<sub>2</sub> emissions at 140g per km. The same expertise has been put to work for diesels, as illustrated by the 105bhp 1.5 dCi equipping Megane, which is fitted with a particulate filter and emits only 120g of CO<sub>2</sub> per km. The same engine, which also equips New Laguna in a 110bhp version, takes 5.1 liters for 100 km in a mixed cycle, setting CO<sub>2</sub> emissions at 130g per km.

Convinced that biofuels are an essential part of the drive to limit greenhouse gas emissions, Renault is one of the only manufacturers with a dual offering of biofuel-enabled vehicles in Europe. Since the end of 2006, our group has made B30-enabled Traffic and Master, respectively equipped with 2.0 dCi and 2.5 dCi engines, available for corporate fleets. In June 2007, the group launched a biofuel version of the Megane sedan and Master equipped

with 105bhp 1.6 16v engines. In 2008, the offering will be rounded out with the first biofuel-compatible diesels for passenger cars, including New Twingo with a B30-compatible 65 bhp 1.5 dCi engine. Renault is also naturally taking a keen interest in second-generation biofuels and since March 2006 has participated in research conducted through the Alliance for Synthetic Fuels in Europe (ASFE), which brings together European auto manufacturers and oil companies.

Turning to alternative technologies, Renault draws on the resources of the Alliance with Nissan for developments in areas ranging from hybrid and electric vehicles to fuel cells.



Logan Eco<sup>2</sup> Concept, presented at the Bibendum Michelin Challenge in Shanghai, emits just 71g of CO<sub>2</sub> per km — a record low.

  
**MORE INFORMATION AT  
[WWW.RENAULT.COM](http://WWW.RENAULT.COM)**



The paint used at Renault's Sandouville plant is water soluble, helping to limit the environmental impact.



## RENAULT ECO<sup>2</sup>

Launched in May 2007, the Renault eco<sup>2</sup> label for affordable, environment-friendly cars marks a new step forward in the efforts we have deployed for over more than a decade to limit the impact of our activities on the environment. Renault eco<sup>2</sup> vehicles must meet three requirements: production on an ISO 14001<sup>(1)</sup> certified site, emissions under 140g per km or compatible with E85 ethanol or B30<sup>(2)</sup> biodiesel fuels; and components including at least 5% recycled plastic<sup>(3)</sup>.

<sup>(1)</sup> The 14001 certification award by the International Standards Organization testifies to the methodical pursuit of progress in limiting the impact of operations on the natural environment. This concerns in particular reductions in consumption of energy and water, visual and acoustic impacts, atmospheric emissions and release of waste water. With the recent certification of the AvtoFramos plant in Russia and the Somaca site in Morocco, all Renault sites were ISO 14001 compliant by the beginning of 2008.

<sup>(2)</sup> Compliance with a 140g per kilometer limit on CO<sub>2</sub> emissions can be achieved through downsizing and related technologies or the use of biofuels. The plants used to produce biofuels absorb CO<sub>2</sub> from the atmosphere in the process of photosynthesis that allows them to grow. Compared with the well-to-wheel cycle for gasoline, the reduction in emissions can reach 70% for E85 bio-ethanol and 30% for biodiesel.

<sup>(3)</sup> In addition to being designed to allow 95% of its mass to be reused at the end of its life — through recycling of materials and generation of energy — Renault eco<sup>2</sup> vehicles include at least 5% recycled plastic. 10% of Clio II mass is thus recycled plastic (20 kg and New Twingo 9% (15 kg).



Twingo Biodiesel on show at the 2007 Paris Agricultural Fair.



Megane Bioethanol at the 2007 Barcelona Auto Show.



Manufacturing

Emissions

Recycling

## A PROACTIVE APPROACH TO ENVIRONMENTAL PLANNING



**Alice de Brauer,**  
Vice President,  
Strategic Environmental  
Planning

### WHAT IS RENAULT'S APPROACH TO DEALING WITH ENVIRONMENTAL CHALLENGES?

Proactive, not reactive! Our environmental management is structured as a network encompassing all operations our own and those of our suppliers. Clearly defined targets are set to limit of all harmful impacts on climate change, water quality, waste, noise and quality of the air. At Renault, environmental management concerns every stage in the product life cycle from vehicle manufacture and customer use, from fuel consumption and transformation through to the treatment and reuse of end-of-life vehicles.

And that pays, as the results show. Over the past three vehicle generations, fuel consumption and, by the same token, CO<sub>2</sub> emissions, have been cut by 30% for Clio gasoline models and Megane diesels. Harmful emissions have in some cases been reduced by as much as 70% or even 90%. On the production side, energy use has been cut by a quarter, and both water consumption and waste volumes more than halved.

### WHAT IS BEHIND THE RENAULT ECO<sup>2</sup> LABEL?

In February 2006, our Chief Executive publicly stated our environmental undertakings within the framework of the Commitment 2009 program: selling one million cars with CO<sub>2</sub> emissions below 140g per kilometer, including a third with emissions below 120g per kilometer, and a dual offer of biofuel-enabled cars, using E85 for gasoline engines and B30 for diesels. We also wanted to deliver a clear message to our

customers. The eco<sup>2</sup> label does just that — it tells them which cars perform best in terms of the criteria adopted, which are emission levels, production on sites with environmental certification and reusability of end-of-life vehicles.

### HOW DO YOU FEEL ABOUT RENAULT'S ENVIRONMENTAL ACHIEVEMENTS IN 2007?

I think we have a right to be proud of what has been achieved with the support of all our staff and our suppliers for environmental progress. Renault recognizes and accepts environmental challenges, and we believe that the drastic changes they entail for our industry should be seen as opportunities rather than constraints. We made significant progress in 2007, a year that marked a new stage in our environmental commitment. But however proud we may be of that progress, we are also very aware that it is only the beginning of what is going to be a lengthy process of change.

# SOCIAL RESPONSIBILITY



**PROMOTING ROAD SAFETY THROUGH A RANGE OF INTERNATIONAL PROGRAMS REMAINS A FOCUS OF RENAULT'S COMMITMENT TO SOCIETY AT LARGE, TOGETHER WITH MANY OTHER INITIATIVES FOR PROGRESS AND WELL-BEING.**

## SAFETY FOR ALL

Since its launch in 2000, Renault's Safety for All program has made nearly ten million children aged between seven and 11 more aware of essential aspects of road safety. In 2007, the program was on offer in 22 countries, making it the largest ever initiative by an automaker to promote road safety round the globe. Safety for All equips primary school teachers with "Kids on the Road" lesson kits and backs this up with drawing competitions for added interest and motivation. In 2007, competitions were held in eight countries – Cyprus, France, Mexico, Poland, Portugal, Russia, Switzerland and Turkey – and attracted nearly 6,000 entries illustrating the chosen theme of "getting to school safely". Winners from each country met up for the final at Disneyland Paris on June 8 to 10.



Mexican children hard at work on Safety for All.

## ACTION WHERE IT COUNTS: RENAULT AS SPONSOR

Along with its subsidiaries around the world, Renault is involved in a wide variety of sponsorship programs and public-interest initiatives that together represented outlays of €8 million in 2007. Action focused in particular on education, training and the promotion of road safety, but also involved support of social and humanitarian causes and culture, in each case factoring in local conditions to optimize impact. To cite just a few examples:

- The Renault Foundation provides support for foreign students and exchange programs that enhance the cross-cultural skills of promising individuals.
- Since 2001, Renault has been a partner

in South Africa's Valued Citizens initiative, which promotes responsible citizenship through action in public schools to foster a culture rooted in the values of the South African Constitution. Renault is proud of its contribution to the continuing success of this program, which has involved over 395,000 young people and more than 3,350 educators and schools to date.

- Reagroup, Renault's distribution subsidiary for Europe, has set up its own fund to provide financing for humanitarian action in France, Africa and Asia. Its achievements in this area have won recognition with Reagroup's nomination for the 2007 Human Resource Initiative awards

organized by French press titles Le Figaro and l'Express, together with consultants Hudson.

- In Slovenia, Renault subsidiary Revoz finances equipment purchases for hospitals in Novo Mesto, and contributes to action for the rehabilitation of the Krka river.
- In Colombia, Sofasa, which assembles and distributes Renault vehicles, offers its support for World Vision and its programs to help underprivileged children.
- Renault Iran supports an association collecting funds to help children suffering from cancer.
- In South Korea, Renault Samsung Motors

makes donations in favor of the aged, orphans and disaster victims. It also supports a tree-planting initiative with local people in the village of Shin-ho.



**MORE INFORMATION AT  
WWW.RENAULT.COM**

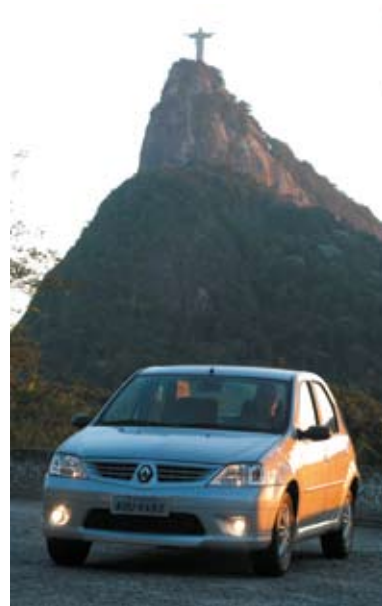
## RENAULT DO BRAZIL: THE SHOE TREE NURSERY

Renault provides financial and other support for this nursery school in Sao Jose dos Pinhais and its 200 pupils aged under six. The emphasis is on social and environmental progress, as illustrated by the school's two main projects.

- Environmental education: the school has set up a system of selective waste collection that pupils learn to apply. This is an effective way to raise awareness of the need for environmental responsibility not only among the children themselves but also their parents and teachers. In action,

the materials recovered after sorting are sold through Renault, with all proceeds going to the school.

- Literacy and culture: Renault provides financial support to build libraries and train staff, helping to bring children together for creative learning. Designed to make reading a pleasure and spur interest in the arts, sciences and other subjects, with access to non-fiction as well as fiction, the library also contributes to the promotion of local culture.

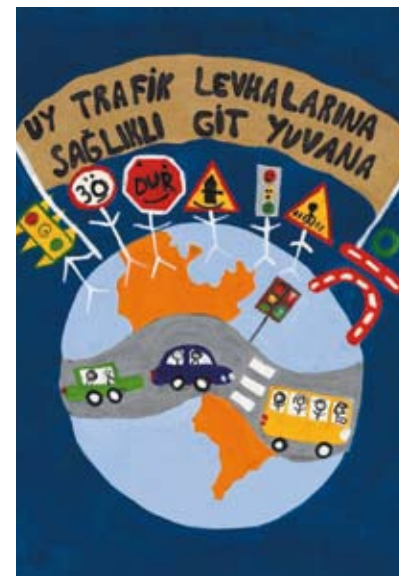


Renault Logan Hi-Flex  
in Rio de Janeiro, Brazil.

"Stick to the rules and come home in one piece" -  
a winning Safety for All entry from the  
Ilkogretim Okulu school in Antalya, Turkey.



Raising awareness of road safety in Aguascalientes, Mexico.



## PARTNERSHIP WITH THE WOMEN'S FORUM

Continuing its partnership with the Women's Forum, in 2007 Renault backed the Elle Foundation's Women for Education awards for initiatives in support of training and education for women in all parts of the world.

Renault CEO Carlos Ghosn presented the award together with a donation of €100,000 to the Afghanistan Libre association, which sets up programs to educate Afghan girls and women at its center in Paghman in the Province of Kabul. This is in keeping with Renault's broader commitment to training and the promotion of diversity not only within the business, but across all segments of the economy and society at large.

## ACTIVE SUPPORT FOR DIVERSITY



**Aude de Thuin**,  
President of the  
Women's Forum

### HOW DO YOU VIEW RENAULT'S INVOLVEMENT WITH THE WOMEN'S FORUM?

It's been very positive. But the Women's Forum also represents an excellent opportunity for a major industrial group like Renault — it's a means of demonstrating the group's commitment to diversity,

and especially, recognition of the role played by women in business. Renault's investment has grown over time, as has that of other big companies such as Suez and Orange. This reflects the growing awareness at the very top of the company of the role played by women. Renault was particularly active at our Deauville Forums in 2006 and 2007, highlighting its own international commitment through significant contributions to debates on major world issues.

### HOW DO YOU ASSESS RENAULT'S COMMITMENT TO DIVERSITY?

Renault represents a benchmark among the many businesses participating in the

Women's Forum. The CEO of Renault lent his support early on, speaking at our very first event, and in 2007 the company supported "Women for Education", a wide-reaching program dedicated to improving the lot of women and girls around the globe, and at the same time promoting economic development. Our debates are lively, which is all for the better, giving rise to constructive exchanges in a public forum. They have helped the Women's Forum to emerge as a unique forum for progress. In 2007, there were 1,200 participants from 70 countries all around the world.



# 5 SALES PERFORMANCE AND FINANCIAL RESULTS

IN 2007, RENAULT SOLD 245 MILLION VEHICLES, REPRESENTING 2.1% OF THE GLOBAL MARKET. THE GROUP ACHIEVED AN OPERATING MARGIN OF €1.354 BILLION, OR 3.3% OF REVENUE, WHILE NET INCOME, RENAULT SHARE, WAS €2.669 BILLION.

# SALES PERFORMANCE



## RENAULT GROUP SALES WORLDWIDE

The Renault group sold 2.5 million vehicles worldwide in 2007, an increase of 2.1% on 2006.

Renault's return to growth in 2007 was driven in the second half by new product launches, including New Twingo, New Laguna, New Laguna Estate, Sandero and QM5, the Group's first crossover vehicle.

- In the **France and Europe Regions**, which make up a highly competitive market that expanded 1.5%, Group sales

declined by 4.1% from 2006. The situation turned around in the second half, however, with a lift from the New Twingo and New Laguna launches, and sales rose 4.6% in the last quarter. The Renault brand has a combined market share of 8.4% for passenger cars and light commercial vehicles (cars + LCVs) and retains its leadership in the LCV market, with a 14.2% market share. The Dacia brand is expanding its customer base and continuing to grow with Logan and Logan MCV,

both of which are innovative concepts in Europe. Dacia brand sales rose 67.9% to 79,800 units.

- **Outside Europe**, sales growth quickened. In the Euromed, Americas and Asia-Africa Regions, sales rose 16.3% and now account for 35% of the Group's total sales, versus 30% in 2006. Dacia sales rose 1.0%, while the Renault brand's sales jumped 25.7%. Renault Samsung Motors sales slipped 1.5%.

- In the **Euromed Region**, Group sales rose 11.5% on the remarkable performance of the Renault brand, due notably to Logan's success in Russia (67,800 units, versus 49,300 in 2006) and a strong showing in North Africa, where sales climbed 9.7%.
- In the **Americas Region**, Group sales surged 32.2% amid buoyant market conditions. Group sales outpaced market growth sharply. The Group registered outstanding sales growth in Argentina (39.0% in a market up by 27.1%), Brazil (42.4% in a market up by 27.5%), and Venezuela (126.8% in a market up by 42.0%). Renault is thus gaining market share in full-growth countries.
- In the **Asia-Africa Region**, sales were up 9.8%, lifted by Renault brand growth of 35.9%. Renault Samsung sales of 117,200 units nearly matched the record level achieved in 2006, even though the QM5 cross-over was not launched until December.

### RENAULT GROUP – WORLDWIDE SALES BY BRAND AND BY REGION (CARS + LCVs)

	2007*	2006*	% CHANGE
<b>GROUP</b>	<b>2,484,472</b>	<b>2,433,610</b>	<b>+2.1</b>
<b>BY REGION</b>			
FRANCE	656,523	668,679	-1.8
EUROPE	966,619	1,024,224	-5.6
<b>FRANCE + EUROPE</b>	<b>1,623,142</b>	<b>1,692,903</b>	<b>-4.1</b>
EUROMED	424,431	380,657	+11.5
AMERICAS	245,197	185,438	+32.2
ASIA-AFRICA	191,702	174,612	+9.8
<b>EUROMED + AMERICAS + ASIA-AFRICA</b>	<b>861,330</b>	<b>740,707</b>	<b>+16.3</b>
<b>BY BRAND</b>			
RENAULT	2,134,484	2,115,572	+0.9
DACIA	230,164	196,378	+17.2
RENAULT SAMSUNG MOTORS	119,824	121,660	-1.5
<b>BY VEHICLE TYPE</b>			
PASSENGER CARS	2,080,110	2,042,796	+1.8
LIGHT COMMERCIAL VEHICLES	404,362	390,814	+3.5

\* Preliminary figures.



**MORE INFORMATION AT**  
[WWW.RENAULT.COM/FINANCE](http://WWW.RENAULT.COM/FINANCE)

**RENAULT GROUP – REGISTRATIONS (REG'S) AND MARKET SHARE (MKT SH.) (CARS + LCVs)**

SALES PERFORMANCE IN MAIN MARKETS	2007*		2006*	
	REG'S (IN UNITS)	MKT SH. (AS A%)	REG'S (IN UNITS)	MKT SH. (AS A%)
<b>FRANCE REGION</b>	<b>626,705</b>	<b>24.8</b>	<b>641,905</b>	<b>26.3</b>
<b>EUROPE REGION</b>	<b>966,538</b>	<b>6.2</b>	<b>1,024,127</b>	<b>6.7</b>
<i>o/w</i> GERMANY	157,968	4.7	173,276	4.7
ITALY	143,800	5.3	142,349	5.6
UK	148,970	5.4	160,286	6.0
SPAIN + CANARY ISLANDS	198,948	10.5	206,326	10.8
BELGIUM + LUXEMBOURG	63,792	9.8	66,986	10.4
POLAND	25,763	7.4	22,475	8.0
<b>FRANCE + EUROPE REGIONS</b>	<b>1,593,243</b>	<b>8.8</b>	<b>1,666,032</b>	<b>9.4</b>
<b>EUROMED REGION</b>	<b>424,431</b>	<b>9.1</b>	<b>380,657</b>	<b>10.2</b>
<i>o/w</i> ROMANIA	134,176	38.2	131,474	45.5
RUSSIA	101,166	3.9	72,484	3.8
TURKEY	91,645	15.4	92,366	14.9
ALGERIA	32,667	16.6	25,629	17.9
MOROCCO	30,151	29.5	26,750	31.7
<b>AMERICAS REGION</b>	<b>245,197</b>	<b>4.6</b>	<b>185,438</b>	<b>4.1</b>
<i>o/w</i> MEXICO	18,615	1.7	20,274	1.8
COLOMBIA	39,053	17.3	33,196	18.8
BRAZIL	73,614	3.1	51,682	2.8
ARGENTINA	66,969	12.5	48,196	11.5
<b>ASIA-AFRICA REGION</b>	<b>191,702</b>	<b>0.9</b>	<b>174,612</b>	<b>0.8</b>
<i>o/w</i> SOUTH AFRICA	8,407	1.4	15,580	2.5
SOUTH KOREA	117,203	9.3	119,088	10.1
<b>EUROMED + AMERICAS** + ASIA-AFRICA REGIONS</b>	<b>861,330</b>	<b>2.7</b>	<b>740,707</b>	<b>2.5</b>

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

**RENAULT GROUP - REGISTRATIONS IN FRANCE + EUROPE REGIONS BY MODEL - CARS + LCVs (IN UNITS)**

	2007*	2006*	% CHANGE
TWINGO / TWINGO II	88,714	55,668	+59.4
CLIO / CLIO III	434,561	482,307	-9.9
THALIA	6,581	8,267	-20.4
MODUS	62,825	82,208	-23.6
LOGAN / LOGAN MCV	79,487	47,347	+67.9
MÉGANE / MÉGANE II	488,653	546,134	-10.5
LAGUNA / LAGUNA III	71,397	77,249	-7.6
VEL SATIS	3,043	4,877	-37.6
ESPACE / ESPACE IV	40,624	41,366	-1.8
KANGOO	142,061	159,815	-11.1
TRAFIC / TRAFIC II	88,950	76,424	+16.4
MASTER / MASTER II	75,963	73,886	+2.8
MASCOTT** / MASTER PROPULSION	6,897	9,851	-30.0
MAXITY	2,804	-	-
OTHER	683	633	+7.9
<b>REGISTRATIONS IN FRANCE + EUROPE</b>	<b>1,593,243</b>	<b>1,666,032</b>	<b>-4.4</b>

\* Preliminary figures.  
\*\* Mascott is distributed by Renault Trucks, a subsidiary of AB Volvo.

**RENAULT GROUP - REGISTRATIONS IN EUROMED, AMERICAS AND ASIA-AFRICA REGIONS BY MODEL - CARS + LCVs (IN UNITS)**

	2007*	2006*	% CHANGE
TWINGO / TWINGO II	14,176	13,264	+6.9
CLIO / CLIO III	97,734	92,179	+6.0
THALIA / SYMBOL	94,393	85,340	+10.6
MODUS	1,435	4,157	-65.5
SANDERO	279	-	-
LOGAN / LOGAN MCV	287,245	200,210	+43.5
MÉGANE / MÉGANE II	149,750	125,495	+19.3
LAGUNA / LAGUNA III	4,152	4,199	-1.1
VEL SATIS	66	82	-19.5
ESPACE / ESPACE IV	139	289	-51.9
SM3	29,726	31,853	-6.7
SM5	73,330	72,270	+1.5
SM7	14,238	17,537	-18.8
QM5	2,518	-	-
KANGOO	72,271	64,556	+12.0
TRAFIC / TRAFIC II	4,064	3,933	+3.3
MASTER / MASTER II	15,412	13,027	+18.3
MASCOTT** / MASTER PROPULSION	280	452	-38.1
MAXITY	52	-	-
OTHER	70	11,864	-99.4
<b>REGISTRATIONS IN EUROMED + AMERICAS + ASIA-AFRICA</b>	<b>861,330</b>	<b>740,707</b>	<b>+16.3</b>

\* Preliminary figures.  
\*\* Mascott is distributed by Renault Trucks, a subsidiary of AB Volvo.

# SALES PERFORMANCE



## TOTAL INDUSTRY VOLUME - REGISTRATIONS - CARS + LCVs (IN UNITS)

MAIN RENAULT GROUP MARKETS	2007*	2006*	% CHANGE
<b>FRANCE REGION</b>	<b>2,526,005</b>	<b>2,440,580</b>	<b>+3.5</b>
<b>EUROPE REGION</b>	<b>15,513,732</b>	<b>15,333,358</b>	<b>+1.2</b>
<i>o/w</i> GERMANY	3,376,044	3,670,406	-8.0
ITALY	2,725,861	2,553,329	+6.8
UK	2,752,175	2,678,943	+2.7
SPAIN + CANARY ISLANDS	1,890,694	1,909,241	-1.0
BELGIUM+ LUXEMBOURG	648,104	641,083	+1.1
POLAND	347,378	280,020	+24.1
<b>FRANCE + EUROPE REGIONS</b>	<b>18,039,737</b>	<b>17,773,938</b>	<b>+1.5</b>
<b>EUROMED REGION</b>	<b>4,610,779</b>	<b>3,658,517</b>	<b>+26.0</b>
<i>o/w</i> ROMANIA	351,445	289,066	+21.6
RUSSIA	2,569,522	1,886,824	+36.2
TURKEY	594,762	617,838	-3.7
ALGERIA	196,853	142,955	+37.7
MOROCCO	102,202	84,277	+21.3
<b>AMERICAS</b>	<b>5,373,872</b>	<b>4,558,090</b>	<b>+17.9</b>
<i>o/w</i> MEXICO	1,093,988	1,132,417	-3.4
COLOMBIA	225,504	176,273	+27.9
BRAZIL	2,339,920	1,834,581	+27.5
ARGENTINA	534,199	420,304	+27.1
<b>ASIA-AFRICA</b>	<b>21,889,036</b>	<b>21,139,614</b>	<b>+3.5</b>
<i>o/w</i> SOUTH AFRICA	587,131	619,968	-5.3
SOUTH KOREA	1,256,598	1,182,680	+6.3
<b>EUROMED + AMERICAS** + ASIA-AFRICA REGIONS</b>	<b>31,873,687</b>	<b>29,356,221</b>	<b>+8.6</b>

\* Preliminary figures.

\*\* Excl. North America.



## INTERNATIONAL ROLLOUT OF THE LOGAN PROGRAM

LOGAN UNIT SALES	2007*	2006*	2005	2004	SINCE SEPT. 2004
<b>DACIA BRAND</b>					
FRANCE	32,684	18,791	9,798	-	61,273
EUROPE	46,850	28,605	20,511	2,080	98,046
EUROMED	146,793	133,707	103,301	20,751	404,552
<i>o/w Romania</i>	101,799	96,037	88,275	20,274	306,385
<i>Morocco</i>	12,638	12,723	2,499	-	27,860
<i>Algeria</i>	9,090	8,560	2,819	-	20,469
AMERICAS	504	417	162	-	1,083
ASIA-AFRICA	3,127	2,952	1,412	2	7,493
<b>TOTAL LOGAN UNDER THE DACIA BRAND</b>	<b>229,958</b>	<b>184,472</b>	<b>135,184</b>	<b>22,833</b>	<b>572,447</b>
<b>RENAULT BRAND</b>					
EUROMED	67,844	49,323	7,057	-	124,224
<i>o/w Russia</i>	67,844	49,323	7,057	-	124,224
AMERICAS	40,609	13,811	2,858	-	57,278
<i>o/w Venezuela</i>	12,762	5,037	689	-	18,488
<i>Colombia</i>	9,450	7,219	1,894	-	18,563
ASIA-AFRICA	28,368	-	-	-	28,368
<i>o/w India</i>	17,706	-	-	-	17,706
<i>Iran</i>	10,657	-	-	-	10,657
<b>TOTAL LOGAN UNDER THE RENAULT BRAND</b>	<b>136,821</b>	<b>63,134</b>	<b>9,915</b>	<b>-</b>	<b>209,870</b>
<b>TOTAL LOGAN</b>	<b>366,779</b>	<b>247,606</b>	<b>145,099</b>	<b>22,833</b>	<b>782,317</b>

\* Preliminary figures.

## RENAULT GROUP - WORLDWIDE PRODUCTION BY MODEL AND BY SEGMENT (1) - CARS + LCVs (IN UNITS)

	2007*	2006*	% CHANGE
LOGAN	420,255	256,351	+63.9
<b>ENTRY SEGMENT</b>	<b>420,255</b>	<b>256,351</b>	<b>+63.9</b>
TWINGO / TWINGO II	118,082	64,101	+45.7
CLIO** / CLIO III / THALIA	631,567	720,194	-12.3
MODUS	67,514	70,979	-4.9
<b>A ET B SEGMENTS</b>	<b>817,163</b>	<b>855,274</b>	<b>-4.4</b>
MÉGANE / MÉGANE II	629,612	662,281	-4.9
SM3	82,650	71,817	+15.1
QM5 / KOLÉOS	5,241	-	-
<b>C SEGMENT</b>	<b>717,503</b>	<b>734,098</b>	<b>-2.3</b>
LAGUNA / LAGUNA III	99,512	73,065	+36.2
SM5	76,363	71,675	+6.5
SM7	15,081	17,807	-15.3
ESPACE IV	40,674	41,432	-1.8
VEL SATIS	2,812	4,683	-39.9
<b>D, E, MPV SEGMENTS</b>	<b>234,442</b>	<b>208,662</b>	<b>+12.3</b>
KANGOO	220,038	232,647	-5.4
NOUVEAU KANGOO	7,226	-	-
TRAFIC II <sup>(2)</sup>	115,904	107,279	+8.0
MASTER II	119,120	105,789	+12.6
MASCOTT	7,585	17,413	-56.4
PICK-UP 1310	-	11,208	-
<b>SMALL VANS, VANS AND PICKUPS</b>	<b>469,873</b>	<b>474,336</b>	<b>-0.9</b>
<b>GROUP WORLDWIDE PRODUCTION</b>	<b>2,659,236</b>	<b>2,528,721</b>	<b>+5.2</b>

<sup>(1)</sup> Production data concern the number of vehicles leaving the production line.

<sup>(2)</sup> Excluding GM production in Luton but including GM production in Barcelona.

\* Preliminary figures.

\*\* Including 8,946 Renault-branded Clios manufactured at the Nissan plant in Aguascalientes (Mexico) in to 2007.

# FINANCIAL PERFORMANCE AND OUTLOOK FOR 2008



## GROUP REVENUES CAME TO €40,682 MILLION

The contribution from Sales Financing (RCI Banque) rose 4.8% on 2006, while that of Automobile climbed 1.6% to €38,679 million on a consistent basis. Several trends were at work:

- The revenue contribution from the France and Europe Regions fell 2.6% in a fiercely competitive market. Sales growth was positive in the second half, quickening in the final quarter with the launch of new products.

- All the other Regions made a positive contribution to revenues in 2007 on strong sales growth, especially in the Americas and Euromed Regions, where the product mix improved. The total contribution of Euromed, Americas and Asia-Africa improved 3.1% on 2006.

The increase in revenues can also be attributed to higher sales of powertrains and vehicles to partners, which made a positive contribution of 1.2 point.

## OPERATING MARGIN EXCEEDS THE OBJECTIVE

Group **operating margin** in 2007 totaled €1,354 million in 2007, or 3.3% of revenues, compared with €1,063 million and 2.6% in 2006.

**Sales Financing** contributed €472 million to Group operating margin, or 23.6% of its revenues, versus €492 million and 25.7% in 2006. That slight contraction can be explained by a decline in sales financing business, due to the decrease in commercial activity in Automobile in 2006 and firsthalf 2007.

Amid adverse economic conditions in 2007, with a negative currency impact of €154 million and raw materials costs up by €270 million, Automobile's contribution to operating margin increased 54.5% to €882 million, or 2.3% of revenues, owing chiefly to:

- growth in international sales, with the three non-European Regions generating positive operating margin;
- the steady performance of the commercial vehicle line-up in Europe;
- continued cost-cutting efforts:
  - purchasing costs fell by €660 million,

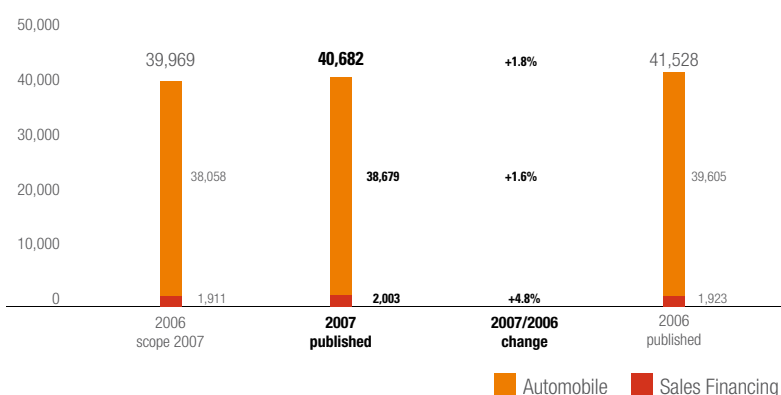
- excluding the impact of raw materials;
- manufacturing and logistics costs improved by €137 million;
- G&A declined 2%, by €44 million;
- special product-recall and warranty extension operations carried out with a view to preserving the Group's brand image; these resulted in a €152 million increase in warranty-related costs.

The product development cycle was the reason for a €196 million increase in capitalized R&D expenses in 2007.

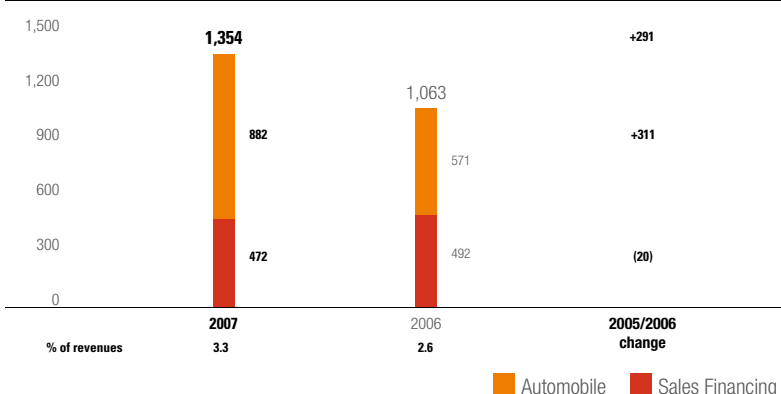
**Research and Development expenses** amounted to €2,462 million in 2007, of which €1,287 million, or 52.3% of the total, were capitalized, compared with 45.5% in 2006. This amount reflects the ongoing development and renewal of the vehicle and powertrain range under Renault Commitment 2009.

Overall, R&D expenses recorded in the income statement amounted to €1,850 million, or 4.5% of Renault Group revenues, compared with €1,963 million in 2006, or 4.9% restated.

REVENUES BY DIVISION (€ MILLION)



OPERATING MARGIN BY DIVISION (€ MILLION)



## NET INCOME, RENAULT SHARE TOTALED €2,734 MILLION

**Other operating income and expenses** showed a net charge of €116 million in 2007, compared with a net charge of €186 million in 2006.

In 2007 this item essentially comprised:

- €143 million in restructuring and work-force adjustment costs and provisions, compared with €241 million in 2006;
- capital gains amounting to €86 million, compared with €109 million in 2006, on the sale of land, mainly in France and Spain.

After recognizing this item, **Group operating income** came out at €1,238 million, versus €877 million in 2006.

**Net financial income/expense** showed income of €76 million in 2007, €15 million higher than in 2006.

Excluding the exceptional €135 million profit on the sale of Scania securities in 2006, financial income improved by €150 million. That increase can be attributed chiefly to:

- The lower cost of borrowing in Automobile. Through sound management of its financial assets and liabilities, Automobile continues to optimize the cost of its debt, despite a slight increase in average borrowings over the period;
- Income of €53 million related to the positive impact of the fair-value change in

Renault SA redeemable shares at closing market price, compared with a charge of €31 million in 2006.

In 2007 Renault booked a profit of €1,675 million from its share in the **net income of associated companies**:

- €1,288 million from Nissan;
- €352 million from AB Volvo.

Current and deferred taxes amounted to a net charge of €255 million (equivalent to 2006).

The effective tax rate (before the impact of income from associated companies) was

19% in 2007, compared with 27% in 2006. The lower rate was due to the refund of a tax credit in Italy and the continued improvement in the profit outlook for Renault do Brasil and Renault Argentina, which made it possible to recognize some of the deferred tax assets arising on loss carryforwards in those countries.

Net income was €2,734 million, compared with €2,960 million in 2006. After neutralizing Renault shares held by Nissan and treasury stock, earnings per share came to €10.32, compared with €11.23 in 2006.

## SOUND FINANCIAL STRUCTURE

**Net financial debt of Automobile** was €2,088 million at December 31, 2007, or 9.5% of shareholders' equity (compared with 11.5% of shareholders' equity at December 31, 2006).

The €326 million reduction in net debt was due to the following factors:

- cash flow of €4,552 million, an increase of €1,289 million on a consistent basis compared with 2006. That improvement was attributable to an increase in operating margin and dividends from associated companies, of which:
  - €456 million from Nissan,
  - €477 million from AB Volvo;
- sound management of net capital expenditure, which remained stable in 2007, at €3,565 million (after €3,585 million in 2006);

- virtual stability of the working capital requirement at end-December 2007.

Automobile generated €961 million in **free cash flow**. The dividend payout was €913 million, compared with €681 million in 2006, including €863 million paid by Renault SA.

Automobile's net financial debt also improved as a result of translation gains, including €233 million in connection with yen-denominated debt.

At December 31, 2007, **shareholders' equity** had increased by €998 million to €22,069 million, compared with a restated amount of €21,071 million at December 31, 2006.

The main reasons for the increase are rec-

ognition of €2,734 million in net income for 2007, minus:

- an €803 million dividend payout by Renault, or €3.10 per share for 2006, adjusted for Renault's equity interest in Nissan and treasury stock;
- a €738 million decline in translation adjustments, mainly including the indirect impact of the change in Nissan shareholders' equity, net of yen hedging;
- a €126 million increase in treasury stock compared with December 31, 2006 as a result of share buybacks in second-half 2007 to cover dilution related to the exercise of options granted to employees;
- a €37 million decrease in the financial instrument revaluation reserve (cash flow hedges and available-for-sale financial instruments).

## A 22.6% DIVIDEND INCREASE

At the Annual Generating Meeting of shareholders, Renault will propose a dividend payment of €3.80 per share in 2008 on 2007 earnings, compared with a payment of €3.10 in 2007 on 2006 earnings. That proposal is in line with the announcement of steadily increasing dividends under Renault Commitment 2009.

## OUTLOOK FOR 2008

In a less favorable macroeconomic environment in 2008, Renault can count on the impact from the launch of nine new products globally and on its expansion into the most dynamic and growing markets for auto sales in the world.

Renault therefore confirms its target of 4.5% operating margin for the year and an increase of more than 10% in Group sales compared to 2007.

### SUMMARY CONSOLIDATED INCOME STATEMENT (€ MILLION)

	2007	2006	2005
REVENUES	40,682	40,332	40,246
OPERATING MARGIN	1,354	4,063	1,323
OPERATING INCOME	1,238	877	1,514
FINANCIAL EXPENSE	76	61	(327)
SHARE IN NET INCOME OF ASSOCIATED COMPANIES	1,675	2,277	2,606
PRE-TAX GROUP INCOME	2,989	3,213	3,793
CURRENT AND DEFERRED TAXES	(255)	(255)	(331)
NET INCOME	2,734	2,960	3,462
NET INCOME – MINORITY INTERESTS' SHARE	65	74	86
<b>NET INCOME - RENAULT SHARE</b>	<b>2,669</b>	<b>2,886</b>	<b>3,376</b>

# FINANCIAL RESULTS



## CONSOLIDATED FINANCIAL STATEMENTS\*

The comparative figures for 2005 and 2006 are reported after adjustment to reflect changes in accounting methods introduced in the 2007 financial statements.

### CONSOLIDATED INCOME STATEMENTS (€ MILLION)

	2007	2006	2005
SALES OF GOODS AND SERVICES	39,190	38,901	38,886
SALES FINANCING REVENUES	1,492	1,431	1,360
<b>REVENUES</b>	<b>40,682</b>	<b>40,332</b>	<b>40,246</b>
COST OF GOODS AND SERVICES SOLD	(31,408)	(31,343)	(31,080)
COST OF SALES FINANCING	(1,121)	(985)	(926)
RESEARCH AND DEVELOPMENT EXPENSES	(1,850)	(1,963)	(2,034)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(4,949)	(4,978)	(4,883)
<b>OPERATING MARGIN</b>	<b>1,354</b>	<b>1,063</b>	<b>1,323</b>
OTHER OPERATING INCOME AND EXPENSES	(116)	(186)	191
<b>OPERATING INCOME</b>	<b>1,238</b>	<b>877</b>	<b>1,514</b>
NET INTEREST INCOME (EXPENSE)	(101)	(110)	(95)
<i>Interest income</i>	274	223	153
<i>Interest expenses</i>	(375)	(333)	(248)
OTHER FINANCIAL INCOME AND EXPENSES, NET	177	171	(232)
<b>FINANCIAL EXPENSE</b>	<b>76</b>	<b>61</b>	<b>(327)</b>
<b>SHARE IN NET INCOME (LOSS) OF ASSOCIATES</b>	<b>1,675</b>	<b>2,277</b>	<b>2,606</b>
NISSAN	1,288	1,888	2,284
OTHER ASSOCIATES	387	389	322
<b>PRE-TAX INCOME</b>	<b>2,989</b>	<b>3,215</b>	<b>3,793</b>
CURRENT AND DEFERRED TAXES	(255)	(255)	(331)
<b>NET INCOME</b>	<b>2,734</b>	<b>2,960</b>	<b>3,462</b>
NET INCOME - MINORITY INTERESTS' SHARE	65	74	86
NET INCOME - RENAULT SHARE	2,669	2,886	3,376
EARNINGS PER SHARE (1) IN €	10.32	11.23	13.23
DILUTED EARNINGS PER SHARE (1) IN €	10.17	11.10	13.12
NUMBER OF SHARES OUTSTANDING (IN THOUSANDS)			
for earnings per share	258,621	256,994	255,177
for diluted earnings per share	262,362	260,090	257,342

<sup>(1)</sup> Net income – Renault shares divided by number of shares stated.

## CONSOLIDATED BALANCE SHEETS (€ MILLION)

ASSETS - € MILLION	DEC. 31, 2007	DEC. 31, 2006	DEC. 31, 2005
<b>NON-CURRENT ASSETS</b>			
INTANGIBLE ASSETS	4,056	3,422	2,972
PROPERTY, PLANT AND EQUIPMENT	13,055	13,166	12,691
INVESTMENTS IN ASSOCIATES	12,977	12,958	12,372
Nissan	10,966	10,777	10,441
Other associates	2,011	2,181	1,931
NON-CURRENT FINANCIAL ASSETS	606	563	577
DEFERRED TAX ASSETS	220	313	355
OTHER NON-CURRENT ASSETS	504	376	358
<b>TOTAL NON-CURRENT ASSETS</b>	<b>31,418</b>	<b>30,798</b>	<b>29,325</b>
<b>CURRENT ASSETS</b>			
INVENTORIES	5,932	5,309	5,857
SALES FINANCING RECEIVABLES	20,430	20,360	20,700
AUTOMOBILE RECEIVABLES	2,083	2,102	2,055
CURRENT FINANCIAL ASSETS	1,239	2,229	1,871
OTHER CURRENT ASSETS	2,375	2,043	2,413
CASH AND CASH EQUIVALENTS	4,721	6,010	6,151
<b>TOTAL CURRENT ASSETS</b>	<b>36,780</b>	<b>38,053</b>	<b>39,047</b>
<b>TOTAL ASSETS</b>	<b>68,198</b>	<b>68,851</b>	<b>68,372</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES - € MILLION</b>	<b>DEC. 31, 2007</b>	<b>DEC. 31, 2006</b>	<b>DEC. 31, 2005</b>
<b>SHAREHOLDERS' EQUITY</b>			
SHARE CAPITAL	1,086	1,086	1,086
SHARE PREMIUM	3,453	3,453	3,453
TREASURY SHARES	(499)	(373)	(456)
REVALUATION OF FINANCIAL INSTRUMENTS	68	105	54
TRANSLATION ADJUSTMENT	(982)	(269)	548
RESERVES	15,782	13,700	10,968
NET INCOME - RENAULT SHARE	2,669	2,886	3,376
<b>SHAREHOLDERS' EQUITY - RENAULT SHARE</b>	<b>21,577</b>	<b>20,588</b>	<b>19,029</b>
SHAREHOLDERS' EQUITY - MINORITY INTERESTS' SHARE	492	483	463
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>22,069</b>	<b>21,071</b>	<b>19,492</b>
<b>NON-CURRENT LIABILITIES</b>			
DEFERRED TAX LIABILITIES	118	251	231
PROVISIONS - LONG-TERM	1,765	1,847	1,884
NON-CURRENT FINANCIAL LIABILITIES	5,413	5,430	5,901
OTHER NON-CURRENT LIABILITIES	523	428	516
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,819</b>	<b>7,956</b>	<b>8,532</b>
<b>CURRENT LIABILITIES</b>			
PROVISIONS - SHORT-TERM	954	1,053	1,264
CURRENT FINANCIAL LIABILITIES	1,517	3,715	2,547
SALES FINANCING DEBTS	21,196	21,212	22,427
TRADE PAYABLES	8,224	7,384	7,788
CURRENT TAX LIABILITY	166	121	215
OTHER CURRENT LIABILITIES	6,253	6,339	6,107
<b>TOTAL CURRENT LIABILITIES</b>	<b>38,310</b>	<b>39,824</b>	<b>40,348</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>68,198</b>	<b>68,851</b>	<b>68,372</b>

# FINANCIAL RESULTS



## CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Number of shares (thousand)	Share capital	Share premium	Treasury shares	Revaluation of financial instruments	Translation adjustment	Reserves	Net income - Renault share	Shareholders' equity (Renault share)	Shareholders' equity (minority interests)	TOTAL SHAREHOLDERS' EQUITY
<b>BALANCE AT DEC. 31, 2005</b>	<b>284,937</b>	<b>1,086</b>	<b>3,453</b>	<b>(456)</b>	<b>54</b>	<b>548</b>	<b>10,968</b>	<b>3,376</b>	<b>19,029</b>	<b>463</b>	<b>19,492</b>
2006 NET INCOME	-	-	-	-	-	-	-	2,886	2,886	74	2,960
INCOME AND EXPENSES RECORDED IN SHAREHOLDERS' EQUITY	-	-	-	-	51	(817)	21	-	(745)	(18)	(763)
<b>TOTAL INCOME AND EXPENSES FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>(817)</b>	<b>21</b>	<b>2,886</b>	<b>2,141</b>	<b>56</b>	<b>2,197</b>
ALLOCATION OF 2005 NET INCOME	-	-	-	-	-	-	3,376	(3,376)	-	-	-
DIVIDENDS	-	-	-	-	-	-	(617)	-	(617)	(18)	(635)
COST OF STOCK OPTION PLANS (ACQUISITIONS) / DIPOSALS OF TREASURY SHARES	-	-	-	-	-	-	55	-	55	-	55
IMPACT OF CHANGES IN THE SCOPE OF CONSOLIDATION AND CAPITAL INCREASES	-	-	-	83	-	-	-	-	83	-	83
<b>BALANCE AT DEC. 31, 2006</b>	<b>284,937</b>	<b>1,086</b>	<b>3,453</b>	<b>(373)</b>	<b>105</b>	<b>(269)</b>	<b>13,700</b>	<b>2,886</b>	<b>20,588</b>	<b>483</b>	<b>21,071</b>
2007 NET INCOME	-	-	-	-	-	-	-	2,669	2,669	65	2,734
INCOME AND EXPENSES RECORDED IN SHAREHOLDERS' EQUITY	-	-	-	-	(37)	(713)	(57)	-	(807)	(28)	(835)
<b>TOTAL INCOME AND EXPENSES FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37)</b>	<b>(713)</b>	<b>(57)</b>	<b>2,669</b>	<b>1,862</b>	<b>37</b>	<b>1,899</b>
ALLOCATION OF 2006 NET INCOME	-	-	-	-	-	-	2,886	(2,886)	-	-	-
DIVIDENDS	-	-	-	-	-	-	(803)	-	(803)	(50)	(853)
COST OF STOCK OPTION PLANS (ACQUISITIONS) / DIPOSALS OF TREASURY SHARES	-	-	-	-	-	-	66	-	66	-	66
IMPACT OF CHANGES IN THE SCOPE OF CONSOLIDATION AND CAPITAL INCREASES <sup>(1)</sup>	-	-	-	(126)	-	-	-	-	(126)	-	(126)
<b>BALANCE AT DEC. 31, 2007</b>	<b>284,937</b>	<b>1,086</b>	<b>3,453</b>	<b>(499)</b>	<b>68</b>	<b>(982)</b>	<b>15,782</b>	<b>2,669</b>	<b>21,577</b>	<b>492</b>	<b>22,069</b>

<sup>(1)</sup> The impact of changes in the scope of consolidation on the Renault share of shareholders' equity result from the treatment applied to acquisitions of minority interests and put options for buyouts of minority shareholdings in controlled companies.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (€ MILLION)

	2007	2006	2005
NET INCOME	2,734	2,960	3,462
CANCELLATION OF UNREALISED INCOME AND EXPENSES:			
<i>Depreciation and amortisation</i>	2,865	2,835	2,705
<i>Share in net income (loss) of associates</i>	(1,675)	(2,277)	(2,606)
<i>Dividends received from associates</i>	936	602	516
<i>Other unrealised income and expenses</i> <sup>(1)</sup>	(114)	(430)	164
<b>CASH FLOW</b>	<b>4,746</b>	<b>3,690</b>	<b>4,241</b>
FINANCING FOR FINAL CUSTOMERS	(11,114)	(12,008)	(12,998)
CUSTOMER REPAYMENTS	11,708	12,300	12,485
NET CHANGE IN RENEWABLE DEALER FINANCING	(37)	231	(304)
<b>DECREASE (INCREASE) IN SALES FINANCING RECEIVABLES</b>	<b>557</b>	<b>523</b>	<b>(817)</b>
BOND ISSUANCE BY THE SALES FINANCING DIVISION	2,022	1,875	2,988
BOND REDEMPTION BY THE SALES FINANCING DIVISION	(3,139)	(2,966)	(2,866)
NET CHANGE IN OTHER SALES FINANCING DEBTS	1,265	(792)	1,952
NET CHANGE IN OTHER SECURITIES AND LOANS OF THE SALES FINANCING DIVISION	(359)	(58)	(39)
<b>NET CHANGE IN SALES FINANCING FINANCIAL ASSETS AND DEBTS</b>	<b>(211)</b>	<b>(1,941)</b>	<b>2,035</b>
<b>DECREASE (INCREASE) IN WORKING CAPITAL</b> <sup>(1)</sup>	<b>(347)</b>	<b>314</b>	<b>(374)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>4,745</b>	<b>2,586</b>	<b>5,085</b>
CAPITAL EXPENDITURE	(4,644)	(4,644)	(4,018)
ACQUISITIONS OF INVESTMENTS, NET OF CASH ACQUIRED	(67)	(30)	(59)
DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES	1,086	1,152	1,073
DISPOSALS OF INVESTMENTS, NET OF CASH ACQUIRED, AND OTHER	63	55	100
NET DECREASE (INCREASE) IN OTHER SECURITIES AND LOANS OF THE AUTOMOBILE DIVISION <sup>(2)</sup>	615	423	(149)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(2,947)</b>	<b>(3,044)</b>	<b>(3,053)</b>
TRANSACTIONS WITH MINORITY SHAREHOLDERS <sup>(3)</sup>	26	(131)	(2)
DIVIDENDS PAID TO PARENT COMPANY SHAREHOLDERS	(863)	(664)	(494)
DIVIDENDS PAID TO MINORITY SHAREHOLDERS	(50)	(22)	(60)
(PURCHASES) SALES OF TREASURY SHARES	(126)	85	56
<b>CASH FLOWS WITH SHAREHOLDERS</b>	<b>(1,013)</b>	<b>(732)</b>	<b>(500)</b>
BOND ISSUANCE BY THE AUTOMOBILE DIVISION	588	851	245
BOND REDEMPTION BY THE AUTOMOBILE DIVISION	(451)	(928)	(388)
NET INCREASE (DECREASE) IN OTHER FINANCIAL LIABILITIES OF THE AUTOMOBILE DIVISION	(2,065)	1 069	(867)
<b>NET CHANGE IN FINANCIAL LIABILITIES OF THE AUTOMOBILE DIVISION</b>	<b>(1,928)</b>	<b>992</b>	<b>(1,010)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(2,941)</b>	<b>260</b>	<b>(1,510)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,143)</b>	<b>(198)</b>	<b>522</b>
	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>CASH AND CASH EQUIVALENTS: OPENING BALANCE</b>	<b>6,010</b>	<b>6,151</b>	<b>5,521</b>
INCREASE (DECREASE)	(1,143)	(198)	522
EFFECT OF CHANGES IN EXCHANGE RATE AND OTHER CHANGES	(146)	57	108
<b>CASH AND CASH EQUIVALENTS: CLOSING BALANCE</b>	<b>4,721</b>	<b>6,010</b>	<b>6,151</b>

<sup>(1)</sup> Other unrealised income and expenses include the change in net allocations to long-term and short-term provisions. The short-term portion was previously included in the decrease (increase) in working capital requirements.

<sup>(2)</sup> In 2006, this includes a €135 million gain on the sale of Scania shares.

<sup>(3)</sup> Via capital increases or capital reductions and acquisitions of additional investments in controlled companies.

# FINANCIAL RESULTS



## SEGMENT INFORMATION - CONSOLIDATED INCOME STATEMENTS BY DIVISION (€ MILLION)

	AUTOMOBILE	SALES FINANCING	INTERDIVISION TRANSACTIONS <sup>(1)</sup>	CONSOLIDATED TOTAL
<b>2007</b>				
SALES OF GOODS AND SERVICES	38,679	511	-	39,190
SALES FINANCING REVENUES	-	1,492	-	1,492
<b>EXTERNAL SALES</b>	<b>39,679</b>	<b>2,003</b>	-	<b>40,682</b>
INTERDIVISION SALES <sup>(1)</sup>	(276)	327	(51)	-
<b>REVENUES</b>	<b>38,403</b>	<b>2,330</b>	<b>(51)</b>	<b>40,682</b>
<b>OPERATING MARGIN</b>	<b>858</b>	<b>472</b>	<b>24</b>	<b>1,354</b>
<b>OPERATING INCOME</b>	<b>767</b>	<b>457</b>	<b>14</b>	<b>1,238</b>
<b>FINANCIAL EXPENSE</b>	-	-	-	<b>76</b>
<b>SHARE IN NET INCOME (LOSS) OF ASSOCIATES</b>	<b>1,668</b>	<b>7</b>	-	<b>1,675</b>
<b>PRE-TAX INCOME</b>	-	-	-	<b>2,989</b>
CURRENT AND DEFERRED TAXES	-	-	-	(255)
<b>NET INCOME</b>				<b>2,734</b>
<b>2006</b>				
SALES OF GOODS AND SERVICES	38,409	492	-	38,901
SALES FINANCING REVENUES	-	1,431	-	1,431
<b>EXTERNAL SALES</b>	<b>38,409</b>	<b>1,923</b>	-	<b>40,332</b>
INTERDIVISION SALES <sup>(1)</sup>	(203)	270	(67)	-
<b>REVENUES</b>	<b>38,206</b>	<b>2,193</b>	<b>(67)</b>	<b>40,332</b>
<b>OPERATING MARGIN</b>	<b>486</b>	<b>492</b>	<b>85</b>	<b>1,063</b>
<b>OPERATING INCOME</b>	<b>303</b>	<b>489</b>	<b>85</b>	<b>877</b>
<b>FINANCIAL EXPENSE</b>	-	-	-	<b>61</b>
<b>SHARE IN NET INCOME (LOSS) OF ASSOCIATES</b>	<b>2,272</b>	<b>5</b>	-	<b>2,277</b>
<b>PRE-TAX INCOME</b>	-	-	-	<b>3 215</b>
CURRENT AND DEFERRED TAXES	-	-	-	(255)
<b>NET INCOME</b>				<b>2,960</b>
<b>2005</b>				
SALES OF GOODS AND SERVICES	38,366	520	-	38,886
SALES FINANCING REVENUES	-	1,360	-	1,360
<b>EXTERNAL SALES</b>	<b>38,366</b>	<b>1,880</b>	-	<b>40,246</b>
INTERDIVISION SALES <sup>(1)</sup>	(34)	268	(234)	-
<b>REVENUES</b>	<b>38,322</b>	<b>2,148</b>	<b>(234)</b>	<b>40,246</b>
<b>OPERATING MARGIN</b>	<b>858</b>	<b>465</b>	<b>85</b>	<b>1,323</b>
<b>OPERATING INCOME</b>	<b>1,058</b>	<b>456</b>	-	<b>1,514</b>
<b>FINANCIAL EXPENSE</b>	-	-	-	<b>(327)</b>
<b>SHARE IN NET INCOME (LOSS) OF ASSOCIATES</b>	<b>2,604</b>	<b>2</b>	-	<b>2,606</b>
<b>PRE-TAX INCOME</b>	-	-	-	<b>3,793</b>
CURRENT AND DEFERRED TAXES	-	-	-	(331)
<b>NET INCOME</b>				<b>3,462</b>

<sup>(1)</sup> Interdivision transactions are carried out under near-market conditions.



**CONSOLIDATED BALANCE SHEETS BY DIVISION - DECEMBER 31, 2007** (EN MILLIONS D'EUROS)

ASSETS	AUTOMOBILE	SALES FINANCING	INTERDIVISION TRANSACTIONS <sup>(1)</sup>	CONSOLIDATED TOTAL
<b>NON-CURRENT ASSETS</b>				
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	16,788	343	(20)	17,111
INVESTMENTS IN ASSOCIATES	12,956	21	-	12,977
NON-CURRENT FINANCIAL ASSETS - INVESTMENTS IN NON-CONTROLLED ENTITIES	2,423	10	(2,395)	38
NON-CURRENT FINANCIAL ASSETS - OTHER SECURITIES, LOANS AND DERIVATIVES ON FINANCING OPERATIONS OF THE AUTOMOBILE DIVISION	585	-	(17)	568
DEFERRED TAX ASSETS AND OTHER NON-CURRENT ASSETS	603	111	10	724
<b>TOTAL NON-CURRENT ASSETS</b>	<b>33,355</b>	<b>485</b>	<b>(2,422)</b>	<b>31,418</b>
<b>CURRENT ASSETS</b>				
INVENTORIES	5,927	5	-	5,932
CUSTOMER RECEIVABLES	2,177	21,104	(768)	22,513
CURRENT FINANCIAL ASSETS	1,184	608	(553)	1,239
OTHER CURRENT ASSETS	1,839	2,124	(1,588)	2,375
CASH AND CASH EQUIVALENTS	3,697	1,319	(295)	4,721
<b>TOTAL CURRENT ASSETS</b>	<b>14,824</b>	<b>25,160</b>	<b>(3,204)</b>	<b>36,780</b>
<b>TOTAL ASSETS</b>	<b>48,179</b>	<b>25,645</b>	<b>(5,626)</b>	<b>68,198</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				<b>CONSOLIDATED TOTAL</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>21,987</b>	<b>2,385</b>	<b>(2,303)</b>	<b>22,069</b>
<b>NON-CURRENT LIABILITIES</b>				
DEFERRED TAX LIABILITIES AND LONG-TERM PROVISIONS	1,582	248	53	1,883
NON-CURRENT FINANCIAL LIABILITIES	5,141	272	-	5,413
OTHER NON-CURRENT LIABILITIES	459	64	-	523
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,182</b>	<b>584</b>	<b>53</b>	<b>7,819</b>
<b>CURRENT LIABILITIES</b>				
SHORT-TERM PROVISIONS	902	52	-	954
CURRENT FINANCIAL LIABILITIES	2,413	-	(896)	1,517
TRADE PAYABLES AND SALES FINANCING DEBTS	8,347	21,964	(891)	29,420
OTHER CURRENT LIABILITIES AND CURRENT TAX LIABILITY	7,348	660	(1,589)	6,419
<b>TOTAL CURRENT LIABILITIES</b>	<b>19,010</b>	<b>22,676</b>	<b>(3,376)</b>	<b>38,310</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>48,179</b>	<b>25,645</b>	<b>(5,626)</b>	<b>68,198</b>

<sup>(1)</sup> Interdivision transactions are carried out under near-market conditions.

# FINANCIAL RESULTS



## CONSOLIDATED CASH FLOW STATEMENTS BY DIVISION (€ MILLION)

	AUTOMOBILE	SALES FINANCING	INTERDIVISION TRANSACTIONS <sup>(1)</sup>	CONSOLIDATED TOTAL
<b>2007</b>				
NET INCOME	2,654	323	(243)	2,734
CANCELLATION OF UNREALISED INCOME AND EXPENSES:				
<i>Depreciation and amortisation</i>	2,815	87	(37)	2,865
<i>Share in net income (loss) of associates</i>	(1,668)	(7)	-	(1,675)
<i>Dividends received from associates</i>	936	-	-	936
<i>Other unrealised income and expenses <sup>(2)</sup></i>	(185)	55	16	(114)
<b>CASH FLOW</b>	<b>4,552</b>	<b>458</b>	<b>(264)</b>	<b>4,746</b>
DECREASE / (INCREASE) IN SALES FINANCING RECEIVABLES	-	413	144	557
NET CHANGE IN SALES FINANCING FINANCIAL ASSETS AND DEBTS	-	13	(224)	(211)
DECREASE / (INCREASE) IN WORKING CAPITAL <sup>(2)</sup>	(26)	(336)	15	(347)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>4,526</b>	<b>548</b>	<b>(329)</b>	<b>4,745</b>
PURCHASES OF INTANGIBLE ASSETS	(1,347)	(1)	-	(1,348)
PURCHASES OF PROPERTY, PLANT AND EQUIPMENT <sup>(3)</sup>	(3,160)	(145)	9	(3,296)
DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES <sup>(3)</sup>	942	141	3	1,086
ACQUISITION OF INVESTMENTS, NET OF DISPOSALS AND OTHER	41	(45)	-	(4)
NET DECREASE / (INCREASE) IN OTHER SECURITIES AND LOANS OF THE AUTOMOBILE DIVISION <sup>(3)</sup>	652	-	(37)	615
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(2,872)</b>	<b>(50)</b>	<b>(25)</b>	<b>(2,947)</b>
CASH FLOWS WITH SHAREHOLDERS	(1,017)	(248)	252	(1,013)
NET CHANGE IN FINANCIAL LIABILITIES OF THE AUTOMOBILE DIVISION	(1,765)	-	(163)	(1,928)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(2,782)</b>	<b>(248)</b>	<b>89</b>	<b>(2,941)</b>
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,128)</b>	<b>250</b>	<b>(265)</b>	<b>(1,143)</b>

<sup>(1)</sup> Interdivision transactions are carried out under near-market conditions.

<sup>(2)</sup> Other unrealised income and expenses include the change in net allocations to long-term and short-term provisions. The short-term portion was previously included in the decrease (increase) in working capital requirements.

<sup>(3)</sup> Including impact of leased vehicles:

(€ MILLION)	AUTOMOBILE	SALES FINANCING	GROUP TOTAL
PURCHASES OF PROPERTY, PLANT AND EQUIPMENT	(876)	(130)	(1,006)
DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT	767	144	911

## CONSOLIDATED CASH FLOW STATEMENTS BY DIVISION (€ MILLION)

	AUTOMOBILE	SALES FINANCING	INTERDIVISION TRANSACTIONS <sup>(1)</sup>	CONSOLIDATED TOTAL
<b>2006</b>				
NET INCOME	2,603	312	45	2,960
CANCELLATION OF UNREALISED INCOME AND EXPENSES:				
<i>Depreciation and amortisation</i>	2,817	86	(68)	2,835
<i>Share in net income (loss) of associates</i>	(2,272)	(5)	-	(2,277)
<i>Dividends received from associates</i>	602	-	-	602
<i>Other unrealised income and expenses <sup>(2)</sup></i>	(487)	32	25	(430)
<b>CASH FLOW</b>	<b>3,263</b>	<b>425</b>	<b>2</b>	<b>3,690</b>
DECREASE / (INCREASE) IN SALES FINANCING RECEIVABLES	-	524	(1)	523
NET CHANGE IN SALES FINANCING FINANCIAL ASSETS AND DEBTS	-	(1,935)	(6)	(1,941)
DECREASE / (INCREASE) IN WORKING CAPITAL <sup>(2)</sup>	281	70	(37)	314
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>3,544</b>	<b>(916)</b>	<b>(42)</b>	<b>2,586</b>
PURCHASES OF INTANGIBLE ASSETS	(1,129)	(3)	-	(1,132)
PURCHASES OF PROPERTY, PLANT AND EQUIPMENT <sup>(3)</sup>	(3,340)	(193)	21	(3,512)
DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES <sup>(3)</sup>	884	268	-	1,152
ACQUISITION OF INVESTMENTS, NET OF DISPOSALS AND OTHER	23	2	-	25
NET DECREASE / (INCREASE) IN OTHER SECURITIES AND LOANS OF THE AUTOMOBILE DIVISION <sup>(3)</sup>	421	-	2	423
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(3,141)</b>	<b>74</b>	<b>23</b>	<b>(3,044)</b>
CASH FLOWS WITH SHAREHOLDERS	(719)	(14)	1	(732)
NET CHANGE IN FINANCIAL LIABILITIES OF THE AUTOMOBILE DIVISION	966	-	26	992
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>247</b>	<b>(14)</b>	<b>27</b>	<b>260</b>
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>650</b>	<b>(856)</b>	<b>8</b>	<b>(198)</b>

<sup>(1)</sup> Interdivision transactions are carried out under near-market conditions.

<sup>(2)</sup> Other unrealised income and expenses include the change in net allocations to long-term and short-term provisions. The short-term portion was previously included in the decrease (increase) in working capital requirements.

<sup>(3)</sup> Including impact of leased vehicles:

(€ MILLION)	AUTOMOBILE	SALES FINANCING	GROUP TOTAL
PURCHASES OF PROPERTY, PLANT AND EQUIPMENT	(969)	(165)	(1,134)
DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT	685	268	953

<sup>(4)</sup> In 2006, this includes a €135 million gain on the sale of Scania shares.

# FINANCIAL RESULTS



## INFORMATION BY GEOGRAPHIC AREA (€ MILLION)

	FRANCE	EUROPE	EUROMED	ASIA-AFRICA	AMERICA	TOTAL CONSOLIDATED
<b>2007</b>						
REVENUES	13,105	17,342	4,310	2,757	3,168	40,682
CAPITAL EXPENDITURE	3,238	598	408	266	134	4,644
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES	11,363	2,559	1,751	756	682	17,111
OTHER OPERATING ASSETS <sup>(1)</sup>	5,130	3,060	813	577	810	10,390
<b>2006</b>						
REVENUES	13,643	17,950	3,733	2,689	2,317	40,332
CAPITAL EXPENDITURE	2,961	865	373	283	162	4,644
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES	10,928	2,737	1,526	735	662	16,588
OTHER OPERATING ASSETS <sup>(1)</sup>	4,779	2,941	766	331	637	9,454
<b>2005</b>						
REVENUES	13,753	18,889	3,396	2,130	2,078	40,246
CAPITAL EXPENDITURE	2,607	861	362	90	98	4,018
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES	10,469	2,778	1,297	546	573	15,663
OTHER OPERATING ASSETS <sup>(1)</sup>	5,871	3,123	541	272	518	10,325

<sup>(1)</sup> Other operating assets include inventories, Automobile receivables and other current assets.

Consolidated revenues are presented by location of customers.

Property, plant and equipment and intangibles, capital expenditure and other operating assets are presented by location of subsidiaries and joint ventures.

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