

Mixed General Meeting of Shareholders

Summary of questions from the floor

In your opinion, what are Renault's positive points and opportunities for progress?

Mr. Carlos Ghosn, President and CEO of Renault:

It would seem to be the tradition, when a new President arrives, that he should say straight away what he thinks are the company's positive points and opportunities for progress. I'll tell you what I think, but please note that I may change my mind over the next three months because I will be going into the field.

Whatever happens, I don't think I'll get it very wrong. Renault's positive points and strong points are as follows: creativity, loyalty and the ability to be very disciplined, daring and generosity. These have resulted in industrial achievements and the creation of high added value. The opportunities for progress are as follows: to make international development an ever more important part of the company, to boost the quality of products and services, especially by improving the way customers are dealt with by dealers, and finally to broaden the range. We don't have enough 4WDs, top-end vehicles and cross-overs. Those are all projects for the future.

What are your plans for Formula 1?

Mr. Carlos Ghosn: Renault has been investing in F1 for four years. Of the first four races of the season, we achieved four wins. Obviously we will continue to support F1 but our investment must have practical repercussions for marketing, sales and brand image. Our commitment to F1 must be useful to the company.

Do you intend to reduce the production capacity of European plants?

Mr. Carlos Ghosn:

The question of capacity only arises when you have agreed to stop growing. At the moment our battle is for the expansion of Renault and the Renault brand. With all the plans for growth in the company today, capacity is a non-issue. Optimizing capacity is, however. Our priority is to plan for growth and to achieve volumes in accordance with that. Capacity must be fully utilized.

Don't you think the release of Logan in Western Europe will cannibalize Renault's entry-level range, particularly Clio?

Mr. Patrick Blain, Executive Vice President, Sales and Marketing:

Logan, which is an extremely spacious, robust and inexpensive vehicle, is designed to compete with the Korean vehicles which are our true rivals. In Central Europe we have been selling Logan for six months and we have not observed any cannibalization of the Clio Saloon. Moreover, the launch dates for Clio III in each of the European markets will be spaced out over several months.

In Western Europe the entry-level price for Logan will be about €7,500, the equivalent of the price in Romania when different equipment levels, tax differences and additional transport costs are factored in.

Why is Renault's price-earnings ratio (PER) so low?

Mr. Thierry Moulouquet, Executive Vice President, Chief Financial Officer:

If the Renault share represents one of the lowest PERs in the CAC 40, that is mainly a reflection of the company's past. A combination of changes in operational performance – Renault was among the leading European volume manufacturers in 2004 – and strategic shareholdings should persuade the financial markets to re-evaluate the ratios applied to Renault very soon.

The major ratings agencies have put Renault up a notch, bringing it up to a BBB+ rating, but we believe that still does not reflect our current results and performance.

Many executives at Renault are going to reach the retirement age (60) in the years ahead. What is Renault's policy in this area?

Mr. Michel de Virville, Corporate Secretary General, Executive Vice President, Group Human Resources:

Many Renault executives are coming up to the legal retirement age of 60. Like many companies, Renault has introduced various early-retirement schemes. By 2007, these schemes will have completely disappeared and people will retire at the legal age.

What is Renault doing to bring about equality in the company?

Mr. de Virville:

Our policy has two main objectives: to ensure equal treatment in terms of pay, training and careers, and to make more room for women at Renault, which like a lot of manufacturing firms has not allotted them enough space in the past. An initial report on the agreement signed on October 12, 2004, showed that the overall situation was satisfactory but that several aspects could be improved, because we can never be vigilant enough in this respect. We have managed to hire 30% of women in the recruitment of young executives. However, one of the limits we have encountered is that not enough young women are doing industrial and technical studies. So we have to encourage more women to embark on training for those occupations.

What objective quality criteria do you use to gauge Renault's standing in terms of quality?

Mr. Jean-Louis Ricaud, Executive Vice President, Engineering and Quality:

We use material published in the trade press, particularly the annual barometer in *AutoJournal's* October issue, which ranks the leading brands according to quality/reliability and quality/equipment, as well as SOFRES and J.D. POWER surveys. We have observed continuous progress during the past three years. We also use internal indicators such as warranty costs and number of incidents reimbursed. These show that over three years the situation has improved considerably because we have practically halved the company's warranty costs. This progress is undeniable but we still have a lot to do to rank among the top three automakers worldwide in terms of quality.

How is Renault positioned in terms of CO₂ and particulate emissions?

Mr. Jean Louis Ricaud:

Renault is the top European automaker where CO₂ emissions are concerned, with 147 grammes, thanks to the excellent performance of its diesel engines in terms of fuel consumption. As for particulates, we are currently developing a range of engines equipped with particulate filters which work by trapping and then burning particulates without releasing them into the atmosphere. The 2.2 diesel engines already have the filters and we are about to launch the 1.9 engine for Scénic, then Laguna. At the start of 2006, we will be marketing particulate filters with smaller diesel engines in the 1.5 range. That means it will be possible to fit all Renault's vehicles and all Renault's diesel engines with a particulate filter by early 2006. In cooperation with Nissan, we are also working on hybrid vehicles which could be available by 2009 or 2010.

Mr. Georges Douin, Executive Vice President, Product & Strategic Planning and International Operations:

Naturally, this is a major concern for the company. We are working on cutting fuel consumption; we are among the best-ranked automakers in Europe in that respect. The fact that petrol is expensive has advantages as well as disadvantages, because it encourages oil companies to make investments and bring abandoned oil wells and operations back into service. So shortages should not be a problem in the short term. It is also interesting to look into other sources of energy, especially natural gas. We are starting to make models that run on natural gas, in Europe but also in Iran, where it is a priority. We are also using biofuels as additives, with the maximum proportion currently at 5%, while developing engines that will take higher proportions in future. Finally, in the long term hybrid engines will account for a significant share of the market between 2010 and 2020, as will fuel cells after 2020.

The most important point is CO₂ emissions. We are right to be concerned when we see rising rates of car ownership in emerging countries. India and China will have enormous levels of carbon monoxide and carbon dioxide emissions in the next few years. Even though the transport sector, which is bound to grow, is only responsible for some of the CO₂ emissions generated by economic activity and industry in general. We will do our share, but we also have to rely on a global approach.

The personalities of the current Chairman and the future President and CEO of the Renault group are very important. How important is this for a group like Renault?

Mr. Louis Schweitzer, Chairman of the Board of Directors:

I shall make two comments. First of all, I believe that there is more than one model for a good President. Different types of personality can succeed. I hope that will be borne out in practice at Renault. Secondly, I know of no President who has succeeded alone. Success in business is necessarily the result of joint efforts. But then nor do I know of any badly managed company that has succeeded. You need a good "fit" between the President and the company. And I am pretty sure that will be the case at Renault in future.