



# 2011 MIXED GENERAL MEETING

FRIDAY APRIL 29, 2011 AT 3 P.M.

AT THE PALAIS DES CONGRÈS 2, PLACE DE LA PORTE MAILLOT – 75017 PARIS

DRIVE THE CHANGE





# SUMMARY

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- //** Being a Renault shareholder, means:
- being associated with the life of the Group;
  - being informed about its activities and its commitments. **//**

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# RESOLUTIONS

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## AGENDA OF THE MIXED (JOINT ORDINARY AND EXTRAORDINARY) GENERAL MEETING

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### AS ORDINARY GENERAL MEETING

- Approval of the consolidated financial statements for the 2010 financial year (*The first resolution*)
- Approval of the Company's financial statements for the 2010 financial year (*The second resolution*)
- Appropriation of the results for the 2010 financial year (*The third resolution*)
- Agreements referred to in Article L. 225-38 of the French Commercial Code (*The fourth resolution*)
- Report by the Statutory Auditors on elements used to determine the remuneration of redeemable shares (*The fifth resolution*)
- Renewal of a Director's term of office (*The sixth resolution*)
- Renewal of a Director's term of office as a French State representative (*The seventh resolution*)
- Directors' fees envelope (*The eighth resolution*)
- Authorisation for the Company to trade in its own shares on the stock market (*The ninth resolution*)

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### AS EXTRAORDINARY GENERAL MEETING

- Authorisation to cancel holdings of the Company's own shares (*The tenth resolution*)
- Authorisation granted to the Board of Directors to grant options for subscription to or purchase of Renault shares to certain employees and to the eligible corporate officers of the Company and companies and groupings which are bound to it (*The eleventh resolution*)
- Authorisation granted to the Board of Directors to proceed with bonus share awards to eligible employees and corporate officers of the Company and companies and groupings which are bound to it (*The twelfth resolution*)
- Capital increase by the issue of shares reserved to employees (*The thirteenth resolution*)

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### AS ORDINARY GENERAL MEETING

- Powers for formalities (*The fourteenth resolution*)

# PRESENTATION OF THE RESOLUTIONS

## FOURTEEN RESOLUTIONS ARE BEING SUBMITTED TO THE MIXED GENERAL MEETING WHICH WILL BE CONVENED ON 29 APRIL, 2011.

The Board first of all proposes the adoption of nine resolutions by the Ordinary General Meeting.

### APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AND APPROPRIATION OF THE RESULTS

The **first two resolutions** deal with the approval of the consolidated financial statements and Renault's financial statements for the 2010 financial year.

The presented accounts have been drawn up in accordance with regulations in force, using IFRS (International Financial Reporting Standards) for the consolidated financial statements and in compliance with French statutory and regulatory provisions for the Company's own annual financial statements.

The **third resolution** deals with the appropriation of the Company's results for the 2010 financial year and the payment of dividends. The reinforcement of equity capital makes it possible to consider a distribution of dividends for the 2010 financial year of €0.30 per share.

In accordance with the new dividend policy presented in "Renault 2016 – Drive the change" Plan, in 2011 Renault will pay shareholders dividends which were received in 2010 from associated companies, i.e. those received from Nissan, the only associated company to have paid dividends.

As a reminder, the new dividend payment policy, announced on 10 February 2011, is organised around two wings:

- on the one hand, dividends from associated companies which will be systematically paid over to Renault shareholders the following year;
- on the other hand, an additional dividend based on the operational free cash-flow generated in the automobile activity. This may be added to the amounts of dividends from associated companies according to the economic environment and Renault's financial situation.

The dividend proposed for the 2010 financial year arises exclusively from the first wing of the new dividend policy. Indeed, in the 2010 calendar year, Renault received €88 million in dividends from Nissan (¥5 per Nissan share), giving €0.30 per share for Renault shareholders.

The date for payment of the dividend is 16 May 2011.

It is recalled that for the last two years, Renault has not paid any dividends to its shareholders due to the economic crisis.

### REGULATED AGREEMENTS

By the **fourth resolution**, you are asked to approve the Company's regulated agreements – which are concluded by Renault with its senior executives or directors, or with another company having the same senior executives or directors – which have given rise to a report drafted by the Statutory Auditors.

It should be noted that only those agreements which were approved for the 2010 financial year are to be the subject of your vote and that prior agreements which have continued to be performed are stated only for your information.

The following agreements were approved over the 2010 financial year.

- Addendum to the loan agreement between Renault and the French State:

The Board, at its meeting of 29 July 2010, authorised the signature of an addendum to the loan agreement with the French State, in order to amend the terms for early repayment and in particular to proceed, as of September 2010, with the early repayment of €1 billion out of the €3 billion granted by the French State in April 2009. For the 2010 financial year, the amount of interest expense amounted to €191,713,000 for this loan agreement.

Common Directors: representatives of the French State.

- Cash pledge agreement with RCI Banque:

In the context of regulations concerning the auditing of "Large Risks" as defined in Article 1.1 of Regulation No. 93-05 by the *Comité de la réglementation bancaire et financière* (Banking and Financial Regulation Committee), to which RCI Banque is subject as a credit institution, the Board, at its meeting of 28 September 2010, approved the signature, of a cash pledge agreement with RCI Banque for an amount of €550 million, in order to reduce its exposure to credit risk with the Renault Retail Group, the captive commercial network. This new agreement replaces the credit agreement with Cogera already approved by your General Meeting. For the 2010 financial year, the amount of interest income amounted to €1,681,000 for this cash pledge agreement.

- Agreements signed in the framework of a long-term strategic cooperation with Daimler AG:
  - Master Cooperation Agreement with Daimler AG, Nissan Motor Co. Ltd and Renault-Nissan b.v.
  - The Board, at its meeting of 6 April 2010, authorised the signature of a "Master Cooperation Agreement", the main purpose of which is to put a long-term strategic cooperation in place among the

parties. This agreement also provides for cross-shareholdings to be acquired among Renault SA, Nissan Motor Co. Ltd and Daimler AG.

Common Directors: representatives of Nissan.

In the framework of this Master Cooperation Agreement, the following operations were carried out on 28 April 2010:

- capital contribution by Daimler AG to Renault SA of Daimler shares held as treasury stock representing 0.90% of Daimler's share capital, remunerated by the issue of Renault SA shares representing 3.10% of its capital. Renault SA issued 9,167,391 new shares of a par value of €3.81 each, giving a capital increase for a par amount of €34,927,759.71 representing 3.10% of its share capital, in favour of Daimler AG in return for the contribution in kind by Daimler of 9,549,366 shares held as treasury stock of a par value of €2.87 each;
- capital contribution by Nissan Finance to Renault SA of a convertible bond providing entitlement to 0.20% of the share capital of Nissan Motor Co. Ltd, remunerated by the issue of Renault SA shares representing 0.55% of its share capital. The capital increase for Renault, with the issue of 1,617,775 new Renault shares of a par value of €3.81 each, allotted in their entirety to Nissan Finance, was carried out on 28 April 2010 as remuneration for the contribution in kind by Nissan Finance of a convertible bond, convertible into Nissan shares representing 0.2% of the share capital of Nissan Motor Co. Ltd, i.e. 9,123,958 shares;
- the exchange between Renault SA and Daimler AG of 3.10% of the share capital of Nissan Motor Co. Ltd owned by Renault SA, i.e. 140,142,168 shares, for 2.20% of the share capital of Daimler AG, i.e. 23,347,390 shares of a par value of €2.87 each and a cash balancing adjustment of an amount of €90,102,604 in favour of Renault SA;
- the sale by Renault SA to Nissan Motor Co. Ltd of 1.55% of the share capital of Daimler. The transaction for the sale of 16,448,378 Daimler shares in favour of Nissan Motor Co. Ltd was carried out on 28 April 2010 for an amount of €584,246,387 paid by Nissan to Renault SA;
- the sale by Nissan Motor Co. Ltd to Renault of 1.97% of the share capital of Nissan Motor Co. Ltd. The transaction for the sale of 89,055,237 Nissan shares held as treasury stock in favour of Renault SA was carried out on 28 April 2010 for an amount of €73,737,736,236 paid by Renault SA to Nissan Motor Co. Ltd.

Therefore, on the completion of these operations, and after conversion of the Nissan Finance bond, Daimler AG holds 3.10% of the share capital of Renault SA and 3.10% of the share capital of Nissan Motor Co. Ltd. For its part, Renault SA holds 1.55% of the share capital of Daimler and 43.4% of the share capital of Nissan Motor Co. Ltd. Finally, Nissan Motor Co. Ltd holds 1.55% of the share capital of Daimler AG and 15% of the share capital of Renault SA.

- Agreement for the sale of shares with the French State via the sale of Renault shares held as treasury stock.

The Board, at its meeting of 6 April 2010, authorised the signature of a share purchase agreement which laid down the terms and conditions of the sale by Renault SA of treasury stock to the French State. Renault SA proceeded on 28 April 2010 with the off-market sale to the French State of a block of 1,628,344 shares held as treasury stock, at a price of €60,248,728, i.e. €37 per share. The capital loss on sale amounts to €24,271,484.28.

Common Directors: representatives of the French State.

## STATUTORY AUDITORS' REPORT ON REDEEMABLE SHARES

The **fifth resolution** proposes that the General Meeting takes formal note of the Statutory Auditors' report on elements used to determine the remuneration of redeemable shares stock issued by Renault in 1983 and 1984 and in particular its variable part, tied to the development of Renault's consolidated turnover in 2010 as determined by constant methods with reference to a constant structure.

The coupon which will be paid to bearers of Renault redeemable shares stock on 24 October 2011 will amount to €20.53, comprising a fixed part of €10.29 and a variable part of €10.24.

It may be recalled that Renault has issued a total of 2,000,000 redeemable shares with a par value FRF 1,000 (i.e. €152.45), in two fungible issues of 1,000,000, in October 1983 and October 1984.

Renault redeemable shares are listed on Euronext Paris under ISIN code FR0000140014.

The issue prospectus (in French) can be downloaded from the Finance section of the [renault.com](http://renault.com) site or obtained on request from the Investor Relation department (toll-free number +33 (0)800 650 650).

## RENEWAL OF THE TERMS OF OFFICE OF TWO DIRECTORS

The **sixth resolution** asks you to approve the renewal of the term of office of Mr Philippe Lagayette for a new term of four years. This term of office will expire at the end of the General Meeting which votes on the accounts of the financial year ending on 31 December 2014.

Mr Philippe Lagayette, 67 years old, is President of *Fondation de France*, and has occupied the position of Senior Independent Director of Renault since July 2009. He is the Chairman of the Accounts and Audit Committee and member of the Appointments and Governance Committee. At the end of the General Meeting, the Board of Directors will be asked to renew Mr Philippe Lagayette's appointment to these positions.

Mr Philippe Lagayette meets the criteria for independence within the meaning of the Afep/Medef report since he does not maintain any ties of any nature whatsoever with Renault.

The **seventh resolution** asks you to take note of the renewal of the appointment of Mr Alexis Kohler, appointed by Administrative Order of 11 February 2011, published in the *Journal Officiel* of 18 February 2011, as representative of the French State, for a new duration of four years. This term of office will expire at the end of the General Meeting which votes on the accounts of the financial year ending on 31 December 2014.

Mr Alexis Kohler, 38 years old, is Shareholdings Director with the Transport and Audiovisual Agency of the State Shareholdings Agency (*Agence des participations de l'État*), with the Ministry for the Economy, Industry and Employment.

Mr Alexis Kohler is member of the Accounts and Audit Committee and member of the Industrial Strategy Committee. At the end of the General Meeting, the Board of Directors will be asked to renew Mr Alexis Kohler's appointment to these positions.

Concerning the make-up of the Board of Directors, the presence of a majority of independent directors, and the presence of a senior independent director in the person of Mr Philippe Lagayette, is a guarantee as to the balance of powers. The role attributed to the Senior independent director is described in the Internal Regulations of the Board of Directors (Registration document, chapter 3.4 and website).

Additional information about the positions held by the Directors is presented on page 22 of the meeting notice and is taken up in Chapter 3.1.2 of the Registration Document. Moreover, the website [www.renault.com/finance](http://www.renault.com/finance) section allows you to find all of the information concerning the General Meeting.

## FIXING THE AMOUNT OF DIRECTORS' FEES

The total envelope for fees adopted by your General Meeting in 2003 is no longer sufficient to cover the directors' presence due to an increase in exceptional meetings of the Board, the creation of the Industrial Strategy Committee and the presence of a supplemental director in 2010.

It may be recalled that the distribution of directors' fees is determined by the Board of Directors on the basis of the following criteria:

- a fixed portion, associated with the mere membership of the Board, giving an amount which may attain €14,000 (the sums being calculated *pro rata temporis*);
- a variable portion, connected with members' effective presence, giving an amount which may attain €14,000 (the sums being calculated *pro rata temporis*).

Two complementary sums may be added to the above:

- one for attendance of a Board Committee, giving an amount which may attain €4,500 (the sums being calculated *pro rata temporis*);
- the other for chairing one of these Committees, giving an amount which may attain €4,500 (the sums being calculated *pro rata temporis*).

With directors' fees being around €30,000 (according to attendance levels), our Company is below the average for comparable groups in the CAC 40, which is around €58,000 (2010 AMF report on corporate governance and senior executives compensation).

In addition, Renault wishes your Board to open up on an international level. For all of these reasons, you are asked in **the eighth resolution** to authorise a total envelope of €1,200,000, in line with the average of companies in the CAC 40, it being understood that your Board will have to proceed with a stage-by-stage adjustment:

- i) for the 2011 financial year, directors' fees standing at an average of €47,000 per director (average of SBF 120 companies);
- ii) for the 2012 financial year, directors' fees standing at an average of €63,000 per director (average of CAC 40 companies).

## PURCHASE OF THE COMPANY'S OWN SHARES

Over 2010, your Company did not acquire any shares pursuant to the authorisation granted by the General Meeting of 30 April 2010.

In the framework of putting in place the strategic cooperation agreements with Daimler AG in April 2010, Renault SA proceeded on 28 April 2010 with the off-market sale of a block of 1,628,344 shares in favour of the French State in order to offset the dilution of the French State's holding in Renault's share capital following on from the capital increases reserved in favour of Daimler AG and Nissan for 0.7% of the share capital, made as consideration for the contribution in kind of securities. These shares were initially allocated to cover stock option plans which were out-of-the-money.

Thus, on 31 December 2010, there were 2,895,381 shares in the treasury stock portfolio; this holding is equal to 0.98% of the share capital. Treasury stock does not bear dividends or voting rights.

In February 2011, the Company acquired a total of 1,163,874 shares i.e. 0.39% of the share capital, at an average price of €46, i.e. a total amount of €54,105,846, in order to cover its current stock option programmes.

In **the ninth resolution**, you are asked to authorise the Board of Directors to put a new programme into place for the acquisition of the Company's own shares under those conditions and with those objectives laid down by law. This authorisation is given for a maximum period of eighteen months as of this General Meeting, and will substitute itself for the authorisation given at the last General Meeting. This resolution provides that share acquisitions cannot be made during a takeover bid, except with strict compliance with the conditions defined by the General Regulations of the *Autorité des marchés financiers* (AMF), the French Financial Markets Authority, and solely in order to allow the Company to perform its prior commitments, so long as these commitments are not liable to cause the bid to fail.

The presented resolution provides for a maximum purchase price of €100 per share, plus acquisition costs.

While this is a customary resolution, the maximum number of shares that may be acquired is limited, having regard to the current economic context, to 5% of the share capital (the same percentage as in 2010) and the maximum amount of funds that may be invested in the purchase of treasury stock is €1,478 million (the limit of 5% of share capital corresponded to 14,786,114 shares on 31 December 2010).

A document entitled "*programme description*", describing the terms of these purchases can be consulted on the [www.renault.com](http://www.renault.com) website under the "Finance" and "Regulatory Information" tabs.

An overview of these operations will be presented to the General Meeting called to decide on the accounts for the 2011 financial year.

Next, four resolutions are within the powers of the Extraordinary General Meeting.

## REDUCTION OF THE REGISTERED CAPITAL BY CANCELLING SHARES

In **the tenth resolution**, it is proposed that the General Meeting authorises the Board, for a period of 18 months, to reduce the registered capital by cancelling shares acquired in the programme for purchase of the Company's own shares. The terms for these acquisitions are those defined in the ninth resolution.

Cancelling shares causes a change in the amount of the registered capital, and consequently a change in the terms of the Articles of Association, which can only be authorised by the Extraordinary General Meeting. The purpose of this resolution is therefore to delegate such powers to the Board.

The Board did not use its power to cancel shares, as provided for in the resolution adopted by the Extraordinary General Meeting of 30 April 2010.

## ALLOCATION OF STOCK OPTIONS AND BONUS SHARES (REFERRED TO AS PERFORMANCE SHARES)

The **eleventh** and **twelfth resolutions** are tools to provide motivation and encourage the loyalty of members of staff.

Conceived as a real management tool, making it possible to bind individual and collective performance levels more closely together, these resolutions, in line with the 2008 Afep/Medef recommendations which Renault has adhered to, enter into the continuity of authorisations granted by the General Meeting of 4 May 2006. Your Company has therefore made the exercise of stock options and the acquisition of performance shares conditional upon attaining individual and collective performance levels in the context of the "Renault 2016 – Drive the change" Plan for the 2011-2013 period and on an annual basis.

All the allocations shall be conditioned upon performance criteria decided by the Board of Directors, on a proposal made by the Compensation Committee, based on a collective commitment concerning:

- the operating margin for the year 2011. Performance criteria for the years 2012 and 2013 will be defined with the construction of the budget of these considered years, and
- the operational free cash flow in the context of the "Renault 2016 – Drive the change" Plan for the 2011-2013 period as follows:

if the cumulative free cash flow for the period 2011-2013 is:

- < €2 billion = 0%
- ≥ €2 billion = 50%
- ≥ €3 billion = 100% linear allocation between €2 and €3 billion.

The Board of Directors may not apply any rebate or discount and the price shall therefore be in application with the relevant legislation.

The Compensation Committee, whose members are all independent, shall pay attention to the good application of the performance criteria.

As a reminder, all of the stock options for the Renault Commitment 2009 were cancelled due to the failure to attain the performance criteria tied to the operating margin.

At the same time, the Board of Directors decided, at its meeting on 9 February 2011, on a supplement of €20 million for financial profit-sharing. This amount was paid on 18 March 2011.

Moreover, the Company has announced the negotiation of an addendum to the 2011-2013 profit-sharing agreement, in order to determine the possible amount of the profit-sharing bonus in favour of all employees of Renault s.a.s. in France, also on the basis of attaining the plan's targets.

In accordance with the Afep/Medef recommendations, it is for the Board of Directors to define the maximum percentage of options that may be allotted to the Chief Executive Officer compared to the total envelope adopted by the shareholders.

It is now specified that:

- the Chief Executive Officer will not receive any performance shares;
- salaried senior executives will receive a combination of stock options and performance shares;
- employees who make a particular contribution to attaining the annual targets and the targets for the success of the "Renault 2016 - Drive the change" Plan will receive only performance shares.

The number of allotted options and performance shares will not vary from your Company's prior practice, i.e.:

- options for subscription to or purchase of shares covering a number of shares representing 0.48% of the shares representing the Company's registered capital on the date of this General Meeting;
- performance shares covering a number of shares representing a maximum of 1.04% of the shares representing the Company's registered capital on the date of this General Meeting.

The General Meeting's authorisation is requested for a period of 38 months, i.e. until the General Meeting which decides on the financial statements for the 2013 financial year (at the latest on 29 June 2014) in order to cover the allotment of stock options and performance share pursuant to the two different programmes:

- i) on an annual basis in 2011, 2012 and 2013;
- ii) with respect to the Plan for the 2011-2013 period.

The Board of Directors will make sure that no stock options are allotted to the Chief Executive Officer for the 2011 financial year, and that neither stock options nor performance shares are allotted to any corporate officer who may have been involved in the crisis the Company has just been through.



The limits that are requested, i.e. 1.52% in total, should be compared to the total outstanding percentage of 3.51% on the date of the General Meeting. Your Board will pay attention not to exceed the 5% threshold during the period of 38 months, it being recalled that over the period in question, i.e. from 29 April 2011 to 29 June 2014 at the latest, the following plans will expire:

YEARS	PLANS	DATE OF EXPIRATION	EXERCISE PRICE (IN EUROS)	TOTAL PERCENTAGE OF CAPITAL
2001	N°7	17/12/2011	48.97	0.84%
2003	N°9	7/09/2011	53.36	
2002	N°8	4/09/2012	49.21	1.2%
2004	N°10	13/09/2012	66.03	
2005	N°11	12/09/2013	72.98	0.5%
2006	N°12	3/05/2014	87.98	0.45%



Considering the performance conditions described above, the stock options and bonus share awards are a veritable tool in order to have the interests of the beneficiaries converge with those of the shareholders. This is therefore a manner of sharing the same confidence in the durability and development of the enterprise.

## CAPITAL INCREASE BY THE ISSUE OF SHARES RESERVED TO EMPLOYEES

As this Extraordinary General Meeting is being called upon to decide on authorisation granted to the Board to attribute stock options and performance shares by the issue of new shares, which will lead to an increase in the Company's registered capital, you are therefore being asked, in accordance with the law, to approve a resolution to proceed with a capital increase reserved to employees.

This **thirteenth resolution** grants your Board power to proceed, on one or more occasions, with a capital increase reserved to employees who are members of a company savings scheme, by issuing new shares and, where applicable, the award of performance shares, within a limit of 1% of the amount of shares making up the registered capital.

The cap for this grant of powers has been reduced in order to put it in line with market practices, which adjust the cap according to the level of employee holdings in the registered capital (3.09% at 31 December 2010).

## POWERS FOR FORMALITIES

The **fourteenth resolution** is a standard resolution granting powers necessary to proceed with publication and other formalities.

# RESOLUTIONS

## AS ORDINARY GENERAL MEETING

### FIRST RESOLUTION

#### APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The General Meeting, having examined the management report from the Board of Directors and the report of the Statutory Auditors on the accounts of the financial year ended on 31 December 2010, hereby approves the consolidated financial statements as they have been presented to it, drawn up pursuant to Articles L. 233-16 and seq. of the French Commercial Code, showing net profits of €3,490,000,000. It also approves the operations evidenced by these accounts or summarised in these reports.

### SECOND RESOLUTION

#### APPROVAL OF THE COMPANY'S FINANCIAL STATEMENTS

The General Meeting, having examined the management report from the Board of Directors and the general report of the Statutory Auditors on the accounts of the financial year ended 31 December 2010, hereby approves, as they have been presented, the accounts for this financial year showing net profits of €168,344,914.90. It also approves the operations evidenced by these accounts or summarised in these reports.

### THIRD RESOLUTION

#### APPROPRIATION OF THE RESULTS

The General Meeting, on the basis of a proposal from the Board of Directors, hereby decides to appropriate the results of the financial year as follows:

Net profits from the financial year	€168,344,914.90
Allocation to the statutory reserve	€4,109,148.27
Remainder	€164,235,766.63
Previous carry forward	€6,350,915,692.95
Distributable profits for the financial year	€6,515,151,459.58
Dividends	€88,716,685.20
New carry forward	€6,426,434,774.38

A dividend equivalent to €0.30 per share will be distributed to each share of the Company which gives right to collect dividends.

The dividends will be paid on 16 May 2011.

Pursuant to Article 158 of the French General Tax Code, such dividends give right to a 40% tax reduction for individual shareholders whose tax residence is located in France.

If, at the time of paying the dividends, the Company holds part of its own shares according to the authorisations given, the dividends not distributed and related to such shares will be assigned to the *new carry forward* account.

In addition, the General Meeting acknowledges that, over the last three financial years, the following dividends have been paid out.

FINANCIAL YEAR	DIVIDEND PER SHARE (IN €)
2007	3.80
2008	/
2009	/

### FOURTH RESOLUTION

#### AGREEMENTS REFERRED TO IN ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

The General Meeting, after having heard the reading of the report of the Statutory Auditors on agreements referred to in Article L. 225-38 of the French Commercial Code, and deciding on the basis of this report, hereby approves each of these agreements referred to therein.

### FIFTH RESOLUTION

#### REPORT BY THE STATUTORY AUDITORS ON ELEMENTS USED TO DETERMINE THE REMUNERATION OF REDEEMABLE SHARES

The General Meeting takes note of the report of the Statutory Auditors on elements used for the determination of the remuneration of redeemable shares.

### SIXTH RESOLUTION

#### RENEWAL OF A DIRECTOR'S TERM OF OFFICE

The General Meeting hereby renews the term of office of Mr. Philippe LAGAYETTE, for a term of four years, i.e. until the General Meeting deciding on the accounts of the financial year ending 31 December 2014.

### SEVENTH RESOLUTION

#### RENEWAL OF A DIRECTOR'S TERM OF OFFICE AS A FRENCH STATE REPRESENTATIVE

The General Meeting hereby takes note of the renewal of the term of office of Mr. Alexis KOHLER designated as a French State representative by an order dated of 10 February 2011, published in the *Journal Officiel* dated of 18 February 2011, for a term of four years, i.e. until the General Meeting deciding on the accounts of the financial year ending 31 December 2014.

### EIGHTH RESOLUTION

#### DIRECTORS' FEES ENVELOPE

The General Meeting hereby decides to fix to €1,200,000 the annual amount of Directors' fees to be apportioned among the Directors for the current year and subsequent years, until further notice.

**NINTH RESOLUTION****AUTHORISATION FOR THE COMPANY TO TRADE IN ITS OWN SHARES ON THE STOCK MARKET**

The General Meeting, having examined the report from the Board of Directors, authorises the Board of Directors, pursuant to the provisions of Article L. 225-209 of the French Commercial Code, to deal in the Company's own shares under the conditions and within the limits set forth in law and regulations. The purpose of this authorisation is to allow the Company to make use of the possibilities accorded by the provisions of the law for dealing in its own shares, in particular in order to:

- (i) use all or part of the shares acquired in order to cover stock option plans or bonus share award plans, in order to offset the dilution associated with the exercise of share subscription options or with the purchase of bonus shares to be issued, or to cover any other forms of allotment intended for employees and officers of the Company and its Group under those terms and conditions laid by law;
- (ii) cancel them, subject to the adoption of the tenth resolution by the Mixed General Meeting;
- (iii) deliver its shares for the exercise of rights attached to securities which provide entitlement, either by conversion, exercise, redemption or exchange, to the attribution of shares in the Company, in the framework of stock market regulations;
- (iv) animate and maintain the secondary market or the liquidity of Renault's shares through an Investment Services Provider via a liquidity agreement in accordance with the good trade practices charter recognised by the *Autorité des Marchés Financiers* (French Financial Markets Authority);
- (v) use all or part of the shares acquired for conservation and later delivery as exchange or as payment in the context of any external growth operations.

The purchase, sale, transfer or exchange of these shares may be undertaken by all means, subject to compliance with regulations in force, including in over-the-counter sales and by block of shares, and through the use of financial derivatives, and the use of option-based strategies (purchase and sale of call and put options, and all combinations thereof in compliance with regulations in force), and at such times as the Board of Directors may think fit.

At the time of a public takeover bid, these transactions may only be carried out in strict compliance with the conditions of Article 232-15 of the General Regulations of the *Autorité des Marchés Financiers* (AMF), in order to allow the Company to meet its prior commitments, and solely:

- if, on the one hand, the takeover bid for Renault shares is fully paid in cash;
- and if, on the other hand, the acquisition transactions (a) are carried out in the continuation of a programme which is already under way, (b) enter within the objectives set out above in points (i) to (iii) and (v) above, and (c) are not liable to cause the bid to fail.

The General Meeting hereby fixes the maximum purchase price at €100 per share, excluding acquisition costs, on the one hand, and the maximum number of shares that may be acquired at 5% of the registered capital, on the other hand, it being recalled that A) this limit applies to an amount of the Company's share capital as adjusted, where applicable, to take account of any transactions affecting the registered capital after this General Meeting and that B) where the shares are bought in order to favour liquidity under those conditions defined by the AMF's General Regulations, the number of shares taken into account for the calculation of 5% of the share capital as provided for in the first paragraph corresponds to the number of shares acquired, after deducting the number of shares resold over the duration of the authorisation.

On 31 December 2010, such 5% of the share capital limit was equivalent to 14,786,114 shares. The total amount that the Company may use for the purchase of its own shares may not exceed €1,478 million (i.e. the number of shares specified above multiplied by €100).

In accordance with the provisions of Article L. 225-210 of the French Commercial Code, the Company may not hold, directly or through the intermediary of any person or entity acting in its own name, more than 10% of the total of its own shares, nor more than 10% of any given class of shares.

The number of shares acquired by the Company with a view to their conservation or exchange in the context of a merger, demerger, spin-off or capital contribution may not exceed 5% of its share capital.

In the event of a capital increase by incorporation of reserves, gratuitous awards of shares or increase in the par value of shares, or in the event of either a share split or reverse split, or any other transaction concerning shareholders' equity, the prices indicated hereinabove shall be adjusted by a multiplying ratio equal to the ratio between the number of shares making up the registered capital prior to the operation and this number after the operation.

The General Meeting notes that the shareholders shall be informed, at the next Annual General Meeting, of the precise allocation of acquired shares to the various pursued aims for all acquisitions of the Company's own shares.

The General Meeting decides that this authorisation may also be used for a share price guarantee procedure, in compliance with regulations in force.

This authorisation is granted for a duration which shall end on the next Annual General Meeting for the approval of the accounts, without however exceeding a maximum duration of eighteen months. All powers are hereby granted to the Board of Directors, with the possibility of sub-delegation, in order to make all stock market orders, conclude any and all agreements, draw up all documents including notably for information purposes, proceed with all formalities and declarations with respect to all bodies and, in general, do all that is necessary.

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## AS EXTRAORDINARY GENERAL MEETING

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### TENTH RESOLUTION

#### AUTHORISATION TO CANCEL HOLDINGS OF THE COMPANY'S OWN SHARES

The General Meeting, having examined the report from the Board of Directors and the special report of the Statutory Auditors, authorises the Board of Directors, pursuant to Article L. 225-209 of the French Commercial Code, with the possibility to sub-delegate such authorisation:

- to cancel, on one or more occasions, any shares acquired through the implementation of the authorisation granted in the ninth resolution submitted to this General Meeting, or any resolution which may be substituted for the same, up to a limit, within any period of twenty-four months, of 10% of the total number of shares making up the registered capital at the time of such operation, and, correlatively, to reduce the registered capital by applying the amount of the difference between the redemption value of the shares and their par value against any issue premium item or reserve item in the accounts;
- to amend the Articles of Association as a consequence and fulfil all necessary formalities.

This authorisation has been granted for a period which shall end at the next Annual General Meeting called to approve the accounts, without however exceeding a maximum duration of eighteen months.

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### ELEVENTH RESOLUTION

#### AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO GRANT OPTIONS FOR SUBSCRIPTION TO OR PURCHASE OF RENAULT SHARES TO CERTAIN EMPLOYEES AND TO THE ELIGIBLE CORPORATE OFFICERS OF THE COMPANY AND COMPANIES AND GROUPINGS WHICH ARE BOUND TO IT

The General Meeting, after having examined the report from the Board of Directors and the special report of the Statutory Auditors, hereby authorises the Board of Directors, pursuant to Article L. 225-177 of the French Commercial Code, to grant, on one or more occasions, in favour of certain management staff in the Company and in the companies and groupings which are bound to it under those conditions referred to in Article L. 225-180 of the French Commercial Code, stock options providing entitlement to the subscription of new shares in the Company issued by way of a capital increase, or the purchase of shares in the Company as acquired by the company itself under statutory and regulatory conditions.

The General Meeting, in addition, hereby authorises the Board of Directors, pursuant to Article L. 225-185 of the French Commercial Code, to grant said options to the Chairman of the Board of Directors, to the Chief Executive Officer and to the Deputy Chief Executives, provided that it is satisfied to at least one of the conditions defined in Article L. 225-186-1 of the French Commercial Code.

The Board of Directors shall have a period not exceeding thirty-eight months as of the date of this General Meeting, in order to use this authorisation on one or more occasions.

The total number of stock options which may be granted in this way may not provide entitlement to purchase or subscribe to of a number of shares which is greater than 0.48% of the amount of the shares making up the registered capital on the date hereof.

Moreover, the General Meeting hereby takes note that, pursuant to Article L. 225-178 of the French Commercial Code, this authorisation includes,

for the beneficiaries of options for subscription, the express waiver by the shareholders of their preferential subscription right for shares issued progressively with the exercise of options.

As of the date of attribution of stock options by the Board of Directors, the beneficiaries of these options shall have a minimum period of four years and a maximum of eight years in order to exercise this option. After this period has expired, the stock option shall lapse definitively.

The following may not benefit from stock options: company officers and members of staff of the Company and of Groupings which are connected under those conditions referred to in Article L. 225-180 of the French Commercial Code, who hold more than 10% of the registered capital of the Company.

The price to be paid on exercise of a subscription and/or purchase option by the beneficiaries shall be determined on the date on which the stock options are granted by the Board of Directors. The subscription and/or purchase price for the shares shall be fixed by the Board of Directors on the date on which the options are granted, within those limits and according to those terms laid down by law, it being specified that the Board of Directors may not apply any rebate or discount and the price shall therefore be at least equal to the average of the weighted average list price over the twenty stock market sessions preceding the date on which the option is granted.

No option may be granted less than twenty stock market sessions after the detachment of a coupon providing entitlement to dividends or capital increase.

No option may be granted:

- within a period of ten stock market sessions preceding and following the date on which the consolidated financial statements, or in their absence the Company's financial statements, were made public;
- during the period between the date on which the corporate decision-making bodies became aware of information which, if it were made public, could have a significant effect on the market price of Renault shares, and the date which follows ten stock market sessions after the date on which said information was made public.

The General Meeting hereby expressly makes the attribution and/or exercise of purchase or subscription options conditional upon individual and collective performance criteria, which shall notably be defined by the Board of Directors within the plan of the Company "Renault 2016 - Drive the change" for the period 2011-2013.

In the event of departure from the Company, and in the absence of a decision to the contrary, the employee will lose the benefit of purchase or subscription options attributed to him or her which have not been exercised.

The Board of Directors is hereby granted all powers within the above limits in order to determine all of the terms and conditions of the operation, including in particular:

- to fix the date of opening and exercising of options;
- to adopt the list of beneficiaries;
- to assess compliance with the performance criteria defined by this General Meeting, according to which the options shall be granted, and to add any conditions and criteria that it deems fit; to fix the quantities of shares to which such conditions will apply;

- to decide on the conditions under which the price or number of shares may be adjusted in order to take account of financial operations undertaken by the Company and, where necessary, the conditions under which the exercise of options may be suspended;
- to draw up the regulations for the stock option plan or the notice which shall fix the purchase price and terms under which the beneficiaries of these options may exercise their rights;
- to proceed with all acts and formalities in order to finalise the corresponding capital increase(s) arising under the authorisation provided in this resolution, and to make the correlative amendments to the Articles of Association; where necessary to sub-delegate to the Chief Executive Officer the powers to proceed with the aforementioned acts and formalities;
- on its simple decision, if it thinks fit, to apply the expenses of the capital increases against the amount of issue premiums pertaining to these capital increases and to deduct the necessary sums from this amount in order to increase the statutory reserve to one tenth of the new registered capital after each capital increase;
- and, generally, to do all that is necessary.

The Board of Directors shall inform the Annual General Meeting each year as to operations undertaken under this resolution.

## TWELFTH RESOLUTION

### **AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO PROCEED WITH BONUS SHARE AWARDS TO ELIGIBLE EMPLOYEES AND CORPORATE OFFICERS OF THE COMPANY AND COMPANIES AND GROUPINGS WHICH ARE BOUND TO IT**

The General Meeting, after having examined the report from the Board of Directors and the special report of the Statutory Auditors, hereby authorises the Board of Directors, pursuant to Article L. 225-197-1 of the French Commercial Code, to proceed, in favour of members of the salaried personnel of the Company or certain categories of them and of companies and groupings which are bound to it under those conditions referred to in Article L. 225-197-2 of the French Commercial Code, with the gratuitous award of bonus shares, whether such shares already exist or are to be issued.

In addition, the General Meeting hereby authorises the Board of Directors, pursuant to Article L. 225-197-1 II of the French Commercial Code, to proceed with the award of bonus shares in favour of the Chairman of the Board, the Chief Executive Officer and to the Deputy Chief Executives, provided that it is satisfied to at least one of the conditions defined in Article L. 225-197-6 of the French Commercial Code.

The Board of Directors shall have a period not exceeding thirty-eight months as of the date of this General Meeting, in order to use this authorisation on one or more occasions.

The total number of shares awarded gratuitously cannot exceed 1.04% of the amount of shares comprising the registered capital at the date hereof.

The General Meeting hereby expressly makes the final award of bonus shares, whether existing or to be issued, conditional upon meeting individual and collective performance criteria, which shall notably be defined by the Board of Directors within the plan of the Company "Renault 2016 - Drive the change" for the period 2011-2013.

The award of shares to their beneficiaries shall be definitive at the end of a minimum vesting period which will be defined by the Board of Directors but which will not be of less than two years.

The rights arising from bonus share awards shall be non-transferable until the end of the vesting period.

As of the date of definitive allocation of the shares, the beneficiaries of these shares shall be obliged to conserve the shares for a minimum period which will be defined by the Board of Directors, but which will not be of less than two years as of the date of definitive allocation of the shares. However, the General Meeting authorizes the Board of Directors, if the acquisition period of part or the totality of one or several allocations is equal to four years minimum, not to impose any minimum conservation period for such shares. It is reminded that the Board of Directors may define acquisition and conservation periods longer than those defined above.

Corporate officers and members of the personnel of the Company and of Groupings bound to it under those conditions referred to in Article L. 225-197-2 of the French Commercial Code, holding more than 10% of the registered capital of the Company, shall be excluded from the benefit of the awards. In addition, bonus share awards cannot have the effect of causing any of the aforementioned persons to hold more than 10% of the registered capital.

Moreover, the General Meeting formally notes that this authorisation includes, for the beneficiaries of bonus share awards, the express waiver by the shareholders of their preferential subscription right for shares issued progressively with the awards.

In the event of departure from the Company, and in the absence of a decision to the contrary, the employee will lose the benefit of shares awarded to him or her which have not been transferred.

The Board of Directors is hereby granted all powers within the above limits in order to implement this authorisation, including in particular:

- to make bonus share awards;
- to adopt the list of beneficiaries, the number of ordinary shares to be awarded to each of them, the method of allotment of the ordinary shares, and in particular the vesting period and conservation period for the ordinary shares;
- to assess compliance with the performance criteria defined by this General Meeting, according to which the shares shall be awarded, and to add any conditions and criteria that it deems fit;
- to decide to make any adjustments pursuant to such terms and methods that it shall determine, during the vesting period for the allocated shares, in order to take account of the impact of operations concerning the Company's capital and, in particular, to determine the conditions under which the number of awarded ordinary shares shall be adjusted;
- to carry out or have carried out any and all acts and formalities in order to make final the capital increases which may be made pursuant to the authorisation forming the subject-matter of this resolution, and to amend the Articles of Association as a consequence;
- on its simple decision, if it thinks fit, to apply the expenses of the capital increases against the amount of issue premiums pertaining to these capital increases and to deduct the necessary sums from this amount in order to increase the statutory reserve to one tenth of the new registered capital after each capital increase;
- and, generally, to do all that is necessary.

The Board of Directors shall inform the Annual General Meeting each year as to operations undertaken under this resolution.

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## THIRTEENTH RESOLUTION

### CAPITAL INCREASE BY THE ISSUE OF SHARES RESERVED TO EMPLOYEES

The General Meeting, deciding under the quorum and majority conditions required for extraordinary General Meetings and in the framework of Articles L. 3332-18 and seq. of the French Employment Code and Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code, having examined the report from the Board of Directors and the special report from the Statutory Auditors:

- 1 Delegates to the Board of Directors all powers necessary in order to proceed with a capital increase within a limit of 1% of the share capital, on one or more occasions, by its simple decision alone, through the issue of shares or other securities providing entitlement to the share capital of the Company and reserved to members of (i) an enterprise-level company savings scheme, or (ii) a group-level company savings scheme, who are employees or corporate officers of the Company or of a French or foreign company in the group which is tied to the group within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Employment Code, and which is majority-held either directly or indirectly by the Company;
- 2 Decides to exclude the preferential subscription rights of shareholders, in favour of said beneficiaries;
- 3 Decides that the Board of Directors may provide for the gratuitous attribution of shares or other securities granting access to the Company's share capital, it being understood that the total advantage arising from such attribution and, where applicable, from the Company's complementary contribution and discount on the subscription price, may not exceed the statutory or regulatory limits;
- 4 Decides that:
  - the subscription price for new shares may neither be higher than the average of the opening price quoted in the last twenty stock-market sessions preceding the date of the meeting of the Board of Directors fixing the dates of beginning of subscriptions, nor more than 20% less than said average,
  - the characteristics of the issues of other securities providing entitlement to the share capital of the Company shall be determined by the Board of Directors under such conditions as laid down by regulations.

The General Meeting hereby grants all powers to the Board of Directors in order to implement this delegation of powers, including in particular:

- to decide on and fix the terms of the issue and attribution of gratuitous shares or other securities providing entitlement to the share capital, pursuant to the authorisation granted above;
- to decide on the amount to issue, the issue price, and the terms of each issue;
- to determine the dates for the beginning and end of the subscription period;
- to fix, within statutory limits, the period granted to subscribers in order to pay up shares and, where applicable, other securities providing entitlement to the share capital of the Company;
- to determine the date, which may be retroactive, for possession and entitlement to dividends for the new shares and, as applicable, the other securities providing entitlement to the share capital of the Company;
- to determine the terms and conditions of operations to be undertaken pursuant to this authorisation and to request the listing of the created securities on the stock market wherever it may decide.

The Board of Directors shall also have all powers, with the right to sub-delegate such powers, in order to observe formally the capital increases up to the amount of the shares actually subscribed to, proceed with the correlative amendment of the Articles of Association, accomplish, either directly or through an agent, all operations and formalities as are connected to the capital increases by its simple decision, and, where it deems it fitting, to deduct the costs of the capital increases from the share issue premiums pertaining thereto and deduct the necessary sums from said amount in order to increase the statutory reserve to one-tenth of the new share capital after each capital increase and to proceed with all formalities and declarations with all bodies and do all that is otherwise necessary.

This authorisation granted to the Board of Directors, with the power to sub-delegate as necessary, shall be valid for a period of twenty-six months as of this date, and, within this limit, until the meeting of the General Meeting called to decide on the accounts for the 2012 financial year.

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## AS ORDINARY GENERAL MEETING

### FOURTEENTH RESOLUTION

#### POWERS FOR FORMALITIES

The General Meeting confers all powers on the bearer of a copy or an extract of the minutes of this Meeting in order to proceed with all necessary filing and publication formalities as provided for by law.

# CORPORATE GOVERNANCE AND BOARD OF DIRECTORS

## BOARD OF DIRECTORS OF RENAULT AT FEBRUARY 28, 2011\*

■ **CARLOS GHOSN**

Chairman and Chief Executive Officer

■ **YVES AUDVARD**

Director appointed by the employees

■ **ALAIN J. P BELDA** <sup>(1)</sup>

CEO, Warburg Pincus

■ **PATRICK BIAU**

Director appointed by the employees

■ **ALAIN CHAMPIGNEUX**

Director appointed by the employees

■ **CHARLES DE CROISSET** <sup>(1)</sup>

International Advisor with Goldman Sachs International

■ **BERNARD DELPIT** <sup>(1)</sup>

Chief Financial Officer, La Poste Group

■ **THIERRY DESMAREST** <sup>(1)</sup>

Honorary Chairman of Total

■ **JEAN-PIERRE GARNIER** <sup>(1)</sup>

■ **TAKESHI ISAYAMA**

Senior Advisor, Carlyle Japan L.L.C

■ **ALEXIS KOLHER**

Division Director - Transports and Media - French Government shareholding agency, Ministry for the Economy, Industry and Employment

■ **MARC LADREIT DE LACHARRIERE** <sup>(1)</sup>

Chairman and Chief Executive Officer of FIMALAC

■ **DOMINIQUE DE LA GARANDERIE** <sup>(1)</sup>

Barrister La Garanderie & Associés

■ **PHILIPPE LAGAYETTE** <sup>(1)</sup>

Chairman of the "Fondation de France"

Senior Independent Director of Renault

■ **FRANCK RIBOUD** <sup>(1)</sup>

Chairman and Chief Executive Officer - Chairman of the Executive Committee of Danone Group

■ **LUC ROUSSEAU**

General Director for Competitiveness, Industry and Services

Ministry for the Economy, Industry and Employment

■ **HIROTO SAIKAWA**

Executive Vice-President for Asia Pacific Region, Affiliated Companies and Purchasing of Nissan Motor Co., Ltd.

■ **MICHEL SAILLY**

Director elected by employee shareholders

■ **PASCALE SOURISSE** <sup>(1)</sup>

General Manager, C4I Defense and Security Systems Division

Member of the Executive Committee of Thales

\* Date of the Board meeting, which called the General Meeting.  
(1) Independent Directors.

# INFORMATION CONCERNING DIRECTORS WHOSE **RENEWALS** ARE BEING SUBMITTED TO THE GENERAL MEETING

## INFORMATION CONCERNING DIRECTOR APPOINTED BY THE FRENCH STATE WHOSE RENEWAL IS BEING SUBMITTED TO THE GENERAL MEETING



**ALEXIS KOHLER**

**Division Director - Transports and Media - French State shareholding agency**

**Ministry for the Economy, Industry and Employment**

**Member of the Accounts and Audit Committee**

**Member of the Industrial Strategy Committee**

Age: 38 years.

**Number of shares held: <sup>(1)</sup>**

➤ **Date of first term:** February 2010.

■ **Current offices and functions in other companies:**

*France:*

Director (French State representative): Aéroport de Paris, RATP, Grand Port Maritime du Havre, France Télévision, Société Audiovisuel Extérieur de la France, STX France

■ **Offices or functions in the past five years no longer held:**

TSA, GIAT Industries, Société de valorisation foncière et immobilière (SOFAVIM), La Monnaie de Paris.

*(1) Administrative regulation prohibits its directors to own shares as a state representative.*



## INFORMATION CONCERNING DIRECTOR WHOSE RENEWAL IS BEING SUBMITTED TO THE MEETING



### PHILIPPE LAGAYETTE

**Chairman of the Fondation de France**  
**Senior Independent Director since July 2009**  
**Chairman of the Accounts and Audit Committee**  
**Member of the Appointments and Governance Committee**

Age: 67 years.

**Number of shares held:** 1,000.

➤ **Date of first appointment:** May 2007.

■ **Current offices and functions in other companies:**

**France:**

Chairman of PL Conseils

Vice-Chairman Barclays Capital

Member of the Board of Directors: PPR, Fimalac.

Chairman of the Board of Directors of "Institut des Hautes Etudes Scientifiques".

Chairman of the Board of Directors of "Fondation de Coopérative Scientifique pour la recherche sur la maladie d'Alzheimer".

■ **Offices or functions in the past five years no longer held:**

Member of the Board of La Poste.

Vice-Chairman of JP Morgan in EMEA.

# PERSONS RESPONSIBLE FOR VERIFYING THE FINANCIAL STATEMENTS

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## STATUTORY AUDITORS

### ■ DELOITTE & ASSOCIES

Represented by MM. Antoine de Riedmatten and Thierry Benoit

185, avenue Charles-de-Gaulle  
92200 Neuilly-sur Seine

### ■ ERNST & YOUNG AUDIT

Represented by Mr Aymeric de la Morandière and Jean-François Belorgey

11, allée de l'Arche  
92037 Paris-la-Défense Cedex

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## SUBSTITUTE AUDITORS

### ■ BEAS

Alternate for Deloitte & Associates

7-9, Villa Houssay  
92200 Neuilly-sur-Seine

### ■ GABRIEL GALET

Alternate for ERNST & YOUNG Audit

11, Allée de l'Arche  
92037 Paris-la Défense cedex

According to the rules of rotations, sir Antoine de Riedmatten has succeeded Mrs Pascale Chastaing-Doblin.

# REPORTS OF THE BOARD OF DIRECTORS

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## SPECIAL REPORT BY THE BOARD ON STOCK OPTIONS AND BONUS SHARE AWARDS

Ladies and Gentlemen,

We have the honour of providing you, in accordance with Articles L. 225-184 and L. 225-197-4 of the Commercial Code, with the information concerning the grant of share subscription options (stock options) and free shares (bonus share awards) to our Company's employees and corporate officers who do not hold more than 10% of the share capital, over the financial year ended 31 December, 2010.

We have the honour **of informing you that:**

- **no stock-options and bonus share awards** have been granted over the 2010 financial year;
- **no exercise of stock-options** has been ordered by the corporate officers over the 2010 financial year;
- **no exercise of stock-options** has been ordered by any other optionee over the 2010 financial year.

Done in Boulogne Billancourt, on February 9, 2011

The Chairman of the Board of Directors

# REPORT BY THE **BOARD OF DIRECTORS** TO THE MIXED GENERAL MEETING OF APRIL 29, 2011 SITTING AS EXTRAORDINARY GENERAL MEETING

Ladies and Gentlemen,

We have called a General Meeting sitting as Extraordinary General Meeting in order to submit a set of resolutions to you, which are directly related to the Company's share capital.

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## **AUTHORISATION TO REDUCE THE SHARE CAPITAL BY CANCELLING SHARES**

In the **tenth resolution**, it is proposed that the General Meeting authorise the Board, for a period of 18 months, to reduce the registered capital by cancelling shares acquired in the programme for the purchase of the Company's own shares. The terms for these acquisitions are those defined in the ninth resolution.

Cancelling shares causes a change in the amount of the registered capital, and consequently a change in the terms of the Articles of Association,

which can only be authorised by the Extraordinary General Meeting. The purpose of this resolution is therefore to delegate such powers to the Board. This authorisation will cause any prior authorisation of the same nature to lapse, with respect to any unused amounts thereunder.

The Board did not use its power to cancel shares, as provided for in the resolution adopted by the Extraordinary General Meeting of April 30, 2010.

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## **ALLOCATION OF STOCK OPTIONS AND PERFORMANCE SHARES**

The **eleventh and twelfth resolutions** are tools to provide motivation and encourage the loyalty of members of staff.

Conceived as a real management tool, making it possible to bind individual and collective performance levels more closely together, these resolutions, in line with the 2008 Afep/Medef recommendations which Renault has adhered to, enter into the continuity of authorisations granted by the General Meeting of May 4, 2006. Your Company has therefore made the exercise of stock options and the acquisition of performance shares conditional upon attaining individual and collective performance levels in the context of the "Renault 2016 – Drive the change" Plan for the 2011-2013 period and on an annual basis.

All the allocations shall be conditioned upon performance criteria decided by the Board of Directors, on a proposal made by the Compensation Committee, based on a collective commitment concerning:

- the operating margin for the year 2011. Performance criteria for the years 2012 and 2013 will be defined with the construction of the budget of these considered years, and
- the operational free cash flow in the context of the "Renault 2016 – Drive the change" Plan for the 2011-2013 period.

The Board of Directors may not apply any rebate or discount and the price shall therefore be in accordance with the relevant legislation.

As a reminder, all of the stock options for the Renault Commitment 2009 were cancelled due to the failure to attain the performance criteria tied to the operating margin.

In accordance with the Afep/medef recommendations, it is for the Board of Directors, on a proposal made by the Compensation Committee, to define the maximum percentage of options that may be allotted to the Chief Executive Officer compared to the total envelope adopted by the shareholders.

It is now specified that:

- the Chief Executive Officer will not receive any performance shares;
- salaried senior executives will receive a combination of stock options and performance shares;
- employees who make a particular contribution to attaining the annual targets for the success of the Plan will receive only performance shares.

The number of allotted options and shares will not vary from your Company's prior practice, i.e.:

- options for subscription to or purchase of shares covering a number of shares representing 0.48% of the shares representing the Company's registered capital on the date of this General Meeting;

- performance shares covering a number of shares representing a maximum of 1.04% of the shares representing the Company's registered capital on the date of this General Meeting.

The General Meeting's authorisation is requested for a period of 38 months, i.e. until the General Meeting which decides on the financial statements for the 2013 financial year (at the latest on June 29, 2014) in order to cover the allotment of stock options and performance share pursuant to the two different programmes:

- i) on an annual basis in 2011, 2012 and 2013;
- ii) with respect to the Plan for the 2011-2013 period.

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## AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING SHARES RESERVED TO THE EMPLOYEES

The authorisation granted by the Mixed General Meeting of April 29, 2009, to proceed with capital increases reserved to employees within a limit of 1,5% of the share capital, has not been used.

As this Extraordinary General Meeting is being called upon to decide on the grant of powers with a view to increasing the Company's share capital, then, in accordance with Article L. 225-129-6 of the French Commercial Code, we are asking the General Meeting to adopt a resolution concerning a capital increase reserved to employees in the framework of Articles L. 3332-18 of the French Employment Code on employee shareholding, and Articles L. 225-138 and L. 225-138-1 of the French Commercial Code.

Consequently, by this **thirteenth resolution**, we ask you to grant the Board powers to proceed, on one or more occasions, with a capital increase reserved to employees who are members of a company savings scheme, by issuing new shares and, where applicable, the award of bonus shares, within a limit of 1% of the amount of shares making up the registered capital.

We ask you to approve all of the resolutions, which are submitted to your vote, after you have heard the reading of the special report by the Statutory Auditors.

The Board of Directors

# CHAIRMAN'S REPORT TO THE BOARD OF DIRECTORS PURSUANT TO ARTICLE L. 235-37 OF THE FRENCH COMMERCIAL CODE

Pursuant to Article L. 225-37 of the French Commercial Code, the Chairman of the Board of Directors is required to submit an additional report, appended to the management report.

This report was drawn up under the responsibility of the Chairman of the Board of Directors, on the basis of information supplied by the Group's senior management, which is responsible for organization and internal control.

The report is based on the work of a multi-disciplinary group composed of representatives from the Group Finance, Management Control and Legal Departments.

This report was ratified by the Board of Directors at its meeting on February 9, 2011.

Renault also carefully and continually analyzes the best corporate governance practices described in the Afep/Medef report (modified by the Afep/Medef recommendations dated October 6, 2008 on the compensation of senior executives of listed companies), making every effort to incorporate these recommendations into its internal regulations.

Accordingly, the Board decided that the company would refer to the amended Afep/Medef corporate governance code when preparing the report.

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## PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

This chapter describes the management and administration methods used by Renault SA, a public listed company and parent of the Renault group. The methods also apply to Renault s.a.s., the lead holding company for Renault's automotive and financial businesses.

Further to the Alliance with Nissan, Renault-Nissan b.v. has limited powers with respect to Renault s.a.s., without prejudice to the powers of the Board of Directors and the shareholders. This Alliance specific management method is described in chapter Governance and Operational structure of the Registration document (Chapter 1.3.2.2).

### MANAGEMENT METHODS

#### FUNCTIONS OF CHAIRMAN OF THE BOARD COMBINED WITH THOSE OF CHIEF EXECUTIVE OFFICER

In 2010 the Board of Directors decided to maintain a governance system combining the functions of Chairman of the Board and Chief Executive Officer. On the recommendation of the Appointments and Governance Committee, it renewed Mr Ghosn's term as Chairman and CEO.

The reason for the decision to combine the functions of Chairman of the Board and Chief Executive is to simplify decision-making and responsibilities and to ensure a similar governance structure within the Alliance, with the presence of a Chief Operating Officer at Renault and Nissan.

Further, the balance of powers is ensured by the fact that independent directors are in the majority on the Board and a Senior Independent Director was appointed in July 2009.

Aside from strategic decisions and the monitoring of financial and legal issues and public affairs, which remain the direct responsibility of the Chairman and CEO, operational decisions are under the authority of the Chief Operating Officer.

The curbs placed by the Board of Directors on the powers of the CEO are described in the Board's internal regulations. These provide that the Board of Directors will examine the Group's strategic plan on an annual basis and discuss the company's strategic policies, including those connected with the Alliance, put forward by the Chairman and CEO. The Board examines any changes to those policies once yearly. Further, it also gives its opinion before any major decision inconsistent with the company's strategy can be made.

The Board amended its internal regulations in 2010 with a view to supervising decisions on strategic transactions and investments by requiring prior authorization from the Chairman of the Board.

The Chairman and CEO must seek permission from the Board of Directors for organic growth operations or acquisitions, and for investments in or divestments from any company, whether existing or to be formed, where the amount exceeds €250 million.

He informs the Board of Directors about the acquisition or disposal of equity holdings worth between €60 million and €250 million.

Every quarter, if applicable, the Chairman and CEO provides the Accounts and Audit Committee with a list of equity investments or disposals worth less than €60 million. Board members can ask the Committee to show them this list.

## APPOINTMENT OF A SENIOR INDEPENDENT DIRECTOR

In 2009 the Board of Directors appointed Philippe Lagayette as Senior Independent Director.

The Senior Independent Director was appointed after the functions of Chairman and CEO were combined. The Senior Independent Director, whose role consists in coordinating the activities of the independent directors, provides a link between the independent directors and the Chairman and CEO, acting in his capacity as Chairman of the Board of Directors.

The Board appoints the Senior Independent Director from among the eligible independent directors, upon a proposal by the Appointments and Governance Committee. The Senior Independent Director is appointed for the term of his directorship.

The Senior Independent Director's tasks include:

- advising the Chairman of the Board and the Chairmen of the specialized committees;
- chairing Board meetings where the Chairman and CEO is not present. In particular, the Senior Independent Director chairs discussions intended to assess the performance of the Chairman and CEO with a view to determining his remuneration, having obtained the opinion of the Remuneration Committee.

He sits on the Accounts and Audit Committee and the Appointments and Governance Committee.

The internal regulations of the Board of Directors, which are given in chapter 3.4 of the Registration document, reflect the new governance arrangements.

## COMPOSITION OF THE BOARD OF DIRECTORS

At March 1, 2011 the company was administered by a Board of Directors composed of 19 members:

- 13 directors appointed by the Annual General Meeting of Shareholders (AGM);
- two directors appointed by administrative order, representing the French State;
- three directors elected by employees;
- one director elected by the AGM on the recommendation of employee shareholders.

The term of office of directors elected by the AGM is four years.

The Board of Directors appoints one of its members as Chairman. The Chairman, who must be a natural person, can be re-elected.

The Board of Directors meets as often as the interests of the company require. Meetings are convened at least eight days in advance by the Chairman. Meeting papers that cannot be disseminated ahead of time are made available to directors before the beginning of the meeting.

The minutes of the Board meetings are made available within four weeks of each meeting.

## BOARD OF DIRECTORS

DIRECTORS	OFFICES/FUNCTIONS
<p><b>Carlos Ghosn</b> Member of the Appointments and Governance Committee Number of shares: 205,200 Born on March 9, 1954 Date of first term: April 2002 Current term expires (AGM): 2014</p>	<p><b>Chairman and CEO</b> <u>Current offices and functions in other companies:</u> <i>France:</i> n.a. <i>Abroad:</i> Director: Alcoa, AvtoVAZ President and CEO: Nissan Motor Co., Ltd. Chairman of the Alliance Board: Renault-Nissan b.v. <u>Offices or functions in the past five years no longer held:</u> Director: Sony, IBM</p>
<p><b>Yves Audvard</b> Director elected by employees Member of the International Strategy Committee Member of the Industrial Strategy Committee Number of shares: 6 shares and 200 ESOP units Born on February 10, 1953 Date of first term: November 2002 Current term expires: November 2012</p>	<p><b>Advanced Process Design Engineer, Renault</b></p>
<p><b>Alain J.P. Belda</b> Member of the Appointments and Governance Committee Member of the International Strategy Committee Number of shares: 1,000 Born on June 23, 1943 Date of first term: May 2009 Current term expires (AGM): 2013</p>	<p><b>CEO, Warburg Pincus</b> <u>Current offices and functions in other companies:</u> <i>France:</i> n.a. <i>Abroad:</i> Director: IBM, Citigroup <u>Offices or functions in the past five years no longer held:</u> Non-executive Chairman of Alcoa Chairman and Director of Alcoa Chairman and CEO of Alcoa Director of Brown University Member of the Board of Trustees of the Conference Board Member of the Business Council</p>

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**DIRECTORS****OFFICES/FUNCTIONS**

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**Patrick Biau**

Director elected by employees Member of the International Strategy Committee  
Number of shares: 688 ESOP units  
Born on February 5, 1956  
Date of first term: November 2008  
Current term expires: November 2012

**Cost Control, Investments, Renault****Alain Champigneux**

Director elected by employees Member of the Accounts and Audit Committee  
Number of shares: 1,076 ESOP units  
Born on January 1, 1954  
Date of first term: November 2002  
Current term expires: November 2012

**Renault Document Manager****Charles de Croisset**

Member of the Accounts and Audit Committee  
Member of the Industrial Strategy Committee  
Number of shares: 1,000  
Born on September 28, 1943  
Date of first term: April 2004  
Current term expires (AGM): 2012

**International Advisor, Goldman Sachs International**

Current offices and functions in other companies:

*France:*

Chairman: Fondation du Patrimoine

Director: LVMH

Member of the Supervisory Board: Euler & Hermès

Non-voting director: Galeries Lafayette

*Abroad:*

International Advisor, Goldman Sachs International

Offices or functions in the past five years no longer held:

Director: Bouygues, Thales UK, Thales

**Bernard Delpit**

Member of the International Strategy Committee  
Number of shares: 1,000  
Born on October 26, 1964  
Date of first term:  
April 2010  
Current term expires (AGM): 2014

**Chief Financial Officer, La Poste Group**

Current offices and functions in other companies:

*France:*

Member of Executive Committee: La Poste

Member of Audit Committee: Banque Postale, GeoPost and Poste Immo

Director: Sofiposte, Geoposte, Banque Postale Prévoyance, Poste Immo

Member of the Supervisory Board: Banque Postale, Banque Postale Asset Management

*Abroad: n.a.*

Offices or functions in the past five years no longer held:

n.a.

**Thierry Desmarest**

Chairman of the International Strategy Committee  
Member of the Industrial Strategy Committee  
Member of the Remuneration Committee  
Number of shares: 1,500  
Born on December 18, 1945  
Date of first term: April 2008  
Current term expires (AGM): 2012

**Honorary Chairman of Total**

Current offices and functions in other companies:

*France:*

Chairman: Fondation Total and Fondation de l'École Polytechnique

Director: Total SA, Air Liquide, Sanofi-Aventis

Member of the Supervisory Board: École Polytechnique

*Abroad:*

Member of the Board of Bombardier (Canada)

Offices or functions in the past five years no longer held:

CEO of Total SA

Chairman and CEO of Elf Aquitaine

Chairman of the Board of Total

**Jean-Pierre Garnier**

Chairman of the Industrial Strategy Committee  
Member of the International Strategy Committee  
Member of the Remuneration Committee  
Number of shares: 1,000  
Born on October 31, 1947  
Date of first term: April 2008  
Current term expires (AGM): 2012

Current offices and functions in other companies:

*France:*

Director: Cerenis (biotech company)

*Abroad:*

Director: United Technology Corp.

Chairman: NormsOxys Corp.

Offices or functions in the past five years no longer held:

Chairman and CEO of GlaxoSmithKline Beecham p.l.c.

Chairman of GlaxoSmithKline p.l.c.

Director: GlaxoSmithKline Beecham p.l.c., Biotechnology Industry Organization, Eisenhower Exchange Fellowship

**Takeshi Isayama**

Number of shares: 1,000  
Born on March 8, 1943  
Date of first term: May 2009  
Current term expires (AGM): 2013

**Senior Advisor, Carlyle Japan L.L.C.**

Current offices and functions in other companies:

Director: Dainippon Screen Mfg Co., Ltd, Terumo Corp, The Japan Fund

Advisor: Tokyo University of Agriculture and Technology, BitAuto

Offices or functions in the past five years no longer held:

Advisor: National Institute of Advanced Industrial Science and Technology ("Visiting Scholar")

Director: Seiyu GK (Wal-Mart subsidiary)

Vice-Chairman: Nissan Motor Co., Ltd.



DIRECTORS	OFFICES/FUNCTIONS
<p><b>Alexis Kohler</b> Member of the Accounts and Audit Committee Member of the Industrial Strategy Committee Number of shares: (a) Born on November 16, 1972 Date of first term: February 2010 Current term expires (AGM): 2011</p>	<p><b>Division Director, Transports and Media, French Government Shareholding Agency, at the Ministry of the Economy, Industry and Employment</b> <u>Current offices and functions in other companies:</u> Director (government representative): Aéroport de Paris, RATP, Grand Port Maritime du Havre, France Télévision, Société Audiovisuel Extérieur de la France, STX France. <u>Offices or functions in the past five years no longer held:</u> TSA, GIAT Industries, La Monnaie de Paris, Société de valorisation foncière et immobilière (SOFAVIM)</p>
<p><b>Marc Ladreit de Lacharrière</b> Chairman of the Appointments and Governance Committee Member of the Remuneration Committee Number of shares: 1,020 Born on November 6, 1940 Date of first term: October 2002 Current term expires (AGM): 2014</p>	<p><b>Chairman and Chief Executive Officer of Fimalac</b> <u>Current offices and functions in other companies:</u> <u>France:</u> Member: Institut de France (Académie des Beaux-Arts) Chairman of the Board: Agence France Museums Director: Casino, L'Oréal, Gilbert Coullier Productions (SAS) Manager: Fimalac Participations Chairman of the Management Board: Groupe Marc de Lacharrière Honorary Chairman: Comité National des Conseillers du Commerce Extérieur de la France (National Committee of Foreign Trade Advisors) Member of the Consultative Committee: Banque de France Main offices held with public-interest institutions or associations: Fondation Culture et Diversité, Fondation d'entreprise L'Oréal, Conseil Artistique des Musées Nationaux, Fondation Bettencourt Schueller, Fondation des Sciences Politiques, Musée des Arts Décoratifs <u>Abroad:</u> Chairman of the Board: Fitch Group, Fitch Ratings <u>Offices or functions in the past five years no longer held:</u> Chairman: Fitch Group Holdings Director: Algorithmics, Cassina, Établissement public du Musée du Louvre Member: Conseil Stratégique pour l'Attractivité de la France</p>
<p><b>Dominique de La Garanderie</b> Member of the Accounts and Audit Committee Member of the Appointments and Governance Committee Number of shares: 1,150 Born on July 11, 1943 Date of first term: February 2003 Current term expires (AGM): 2013</p>	<p><b>Barrister (Cabinet La Garanderie &amp; Associés)</b> Former chair: Paris Bar Association <u>Current offices and functions in other companies:</u> <u>France:</u> President of the Institut Français d'Experts Juridiques Internationaux (French Institute of International Legal Experts – IFEJI) Member of the Supervisory Board and Audit Committee of Holcim Western Europe <u>Abroad: n.a.</u> <u>Offices or functions in the past five years no longer held:</u> n.a.</p>
<p><b>Philippe Lagayette</b> Senior Independent Director Chairman of the Accounts and Audit Committee Member of the Appointments and Governance Committee Number of shares: 1,000 Born on June 16, 1943 Date of first term: May 2007 Current term expires (AGM): 2011</p>	<p><b>Chairman of the Fondation de France</b> <u>Current offices and functions in other companies:</u> <u>France:</u> President Philippe Lagayette Conseils Vice Chairman Barclays Capital Member of the Board: PPR, Fimalac Chairman of Fondation de France Chairman of the Board of Institut des Hautes Études Scientifiques, and Foundation of Scientific Co-operation for Research on Alzheimer's Disease <u>Abroad: n.a.</u> <u>Offices or functions in the past five years no longer held:</u> Member of the Board of La Poste Vice-Chairman of JP Morgan in EMEA.</p>
<p><b>Franck Riboud</b> Chairman of the Remuneration Committee Number of shares: 331 Born on November 7, 1955 Date of first term: December 2000 Current term expires (AGM): 2014</p>	<p><b>Chairman and Chief Executive Officer, Chairman of the Executive Committee of Danone Group</b> <u>Current offices and functions in other companies:</u> <u>France:</u> Chairman of the Board: Danone Communities Chairman of the Guidance Committee: Fonds Danone pour l'Ecosystème Director: Association Nationale des Industries Agroalimentaires, Lacoste France SA, Danone SA, Accor SA, International Advisory Board HEC Member representing Danone Group: Conseil National du Développement Durable Member of the Supervisory Board: Fondation ELA <u>Abroad:</u> Director: Bagley Latinoamerica SA, Danone SA (Spain), Rolex SA, Rolex Holding SA <u>Offices or functions in the past five years no longer held:</u> Chairman and Director: Danone Asia Pte Limited Chairman of the Board: Compagnie Gervais Danone SA, Générale Biscuit SA Director: L'Oréal SA, Sofina, Quiksilver, Wadia BSN India Limited, Fondation Gain (Global Alliance for Improved Nutrition), Ominium Nord Africain (ONA) Member of the Supervisory Board: Accor</p>

DIRECTORS	OFFICES/FUNCTIONS
<p><b>Luc Rousseau</b> Member of the International Strategy Committee Member of the Industrial Strategy Committee Number of shares: (a) Born on March 16, 1957 Date of first term: February 2010 Current term expires (AGM): 2012</p>	<p><b>Director General of Competitiveness, Industry and Services</b> Ministry of the Economy, Industry and Employment <u>Current offices and functions in other companies:</u> Member of the Supervisory Board of Areva Member of the Board of Directors: FSI (Strategic Investment Fund), CEA (Atomic Energy Commission) and the ANR (National Research Agency) Government commissioner for the Board of Directors of La Poste, FT1CI Government representative: Board of Directors of the AFIL (Invest in France Agency), OSEO, Palais de la Découverte and La Cité des Sciences et de l'Industrie <u>Offices or functions in the past five years no longer held:</u> Government commissioner: All (agency for industrial innovation), OSEO Innovation</p>
<p><b>Hiroto Saikawa</b> Member of the International Strategy Committee Number of shares: 100 Born on November 14, 1953 Date of first term: May 2006 Current term expires (AGM): 2014</p>	<p><b>Executive Vice President for Asia-Pacific Region, Affiliated companies, and Purchasing, Nissan Motor Co. Ltd.</b></p>
<p><b>Michel Saily</b> Director elected by employee shareholders Member of the International Strategy Committee Member of the Industrial Strategy Committee Number of shares: 266 ESOP units Born on October 8, 1949 Date of first term: May 2009 Current term expires (AGM): 2013</p>	<p><b>Renault Production Way (SPR) Autodiagnostic project leader</b></p>
<p><b>Pascale Sourisse*</b> Member of the Accounts and Audit Committee Number of shares: 1,000 Born on March 7, 1962 Date of first term: April 2010 Current term expires (AGM): 2014</p>	<p><b>General Manager, C4I Defense and Security Systems division</b> <b>Member of the Executive Committee of Thales</b> <u>Current offices and functions in other companies:</u> <i>France:</i> Chair and CEO: Thales Communications Chair: Thales Solutions de Sécurité et Services Chair: Thales Services President of the Board: Telecom Paris Tech (École Nationale Supérieure des Télécommunications) Member of the Board: Vinci, Agence Nationale des Fréquences, DCNS, Institut Télécom Member of the Supervisory Board of Thales Alenia Space <i>Abroad:</i> n.a. <u>Offices or functions in the past five years no longer held</u> Chair and CEO: Thales Alenia Space (TAS) Chair and CEO: Alcatel Alenia Space Chair: Eurospace, European Space Industry Association Member of the Board: Groupe des Industries Françaises Aéronautiques et Spatiales (GIFAS) Member of the Board: Association Européenne des Industries Aéronautiques Spatiales et de Défense (ASD)</p>

\* Independent director.

(a) See paragraph below.

The mean age of incumbent directors is 59. Each director must own at least one registered share <sup>(1)</sup>. However, administrative regulations forbid the directors appointed by the French State from owning shares as government representatives.

## OTHER DISCLOSURES REFERRED TO IN ANNEX 1 OF EUROPEAN REGULATION 809/2004

To Renault's knowledge, none of its directors or senior executives has been convicted of fraud in the past five years. None of the directors has been involved as an executive in bankruptcy, receivership or liquidation proceedings in the past five years and none has been charged or

sanctioned by a statutory or regulatory authority. None of the directors has been barred by a court from serving as a member of the Board of Directors, Management Board or Supervisory Board of a securities issuer or from serving as a manager or officer of an issuer in the past five years.

To Renault's knowledge, there are no conflicts of interest between the directors' private interests and their duties towards the company.

The directors are not related by family ties.

Corporate officers are not bound to Renault or any of its subsidiaries by service agreements that provide for benefits at expiration.

(1) Share of Renault's capital held by directors: 0.07%.

## EXPIRATION OF TERMS OF OFFICE

CURRENT TERM EXPIRES	DIRECTOR
2011	Mr Kohler
	Mr Lagayette
2012	Mr Audvard
	Mr Biau
	Mr Champigneux
	Mr de Croisset
	Mr Desmarest
	Mr Garnier
2013	Mr Rousseau
	Mr Belda
	Mrs de La Garanderie
	Mr Isayama
	Mr Sailly
2014	Mr Delpit
	Mr Ghosn
	Mr Ladreit de Lacharrière
	Mr Riboud
	Mr Saikawa
2014	Mrs Sourisse

## THE BOARD OF DIRECTORS IN 2010

The Board of Directors met 12 times in 2010.

Meetings lasted an average of three hours, with the exception of the meeting devoted to strategy, which lasted a whole day. The attendance rate was 88%.

The Board gave its opinion on all business placed on its agenda pursuant to the legal and regulatory requirements in force in France. On the main matters, the Board took the action described below.

## ACCOUNTS AND BUDGET

The Board:

- approved the Group's consolidated financial statements and the individual financial statements of Renault and Renault s.a.s. for 2009, approved the consolidated financial statements for first-half 2010 and set the appropriation of 2009 income to be proposed to the AGM;
- adopted the 2011 operating and investment budget;
- approved the sale of B shares held in Volvo AB with a view to reducing Renault's net financial debt;
- voted on additional performance-related bonuses in respect of FY 2009.

## CORPORATE GOVERNANCE

The Board:

- reappointed Carlos Ghosn as Chairman and CEO;

- restricted the powers of the CEO by requiring decisions on strategic operations and investments to receive prior Board authorization;
- created an Industrial Strategy Committee, upon a proposal by the Appointments and Governance Committee, and amended the Board's internal regulations;
- conducted a full self-assessment of its operating methods and decided on the definition of independent director;
- appointed the Senior Vice President, Legal Department/Chief Compliance Officer as the new Compliance Officer, thus combining the functions;
- adopted the Chairman's report pursuant to Article L. 225-37 of the Commercial Code;
- reviewed the sponsorship activities of Renault and its subsidiaries;
- analyzed and approved the answers to shareholders' questions ahead of the AGM.

## GROUP STRATEGY

The Board:

- approved the "Renault 2016 Plan – Drive the change" put forward by senior management;
- discussed Renault's strategic guidelines, with particular emphasis on the electric vehicle, as part of a day devoted to this issue;
- approved continued engagement in Formula 1 and the creation of Renault Sport F1, a motorsports division that will oversee Renault's involvement in Formula 1 both on the racing side and as a supplier of technology for 2011 and beyond;

- reviewed progress in the Tangiers program, looking at the procedures for building an industrial complex in the Tangiers area with the launch of a second manufacturing line;
- affirmed Renault's commitment in India through the creation of its own distribution network and approved the restructuring by Mahindra and Renault of the Mahindra Renault Pvt Ltd joint-venture to ensure continuity and to capitalize on Logan's positive image among Indian consumers;
- approved the signature of a final agreement with AvtoVAZ shareholders, Russian Technologies and Troika Dialog, regarding the means to restructure AvtoVAZ.

## THE ALLIANCE AND THE STRATEGIC PARTNERSHIP WITH DAIMLER

The Board:

- approved strategic cooperation with Daimler AG and the one-time cross-shareholdings;
- noted the summary of the Alliance Board's decisions and proposals.

## REGULATED AGREEMENTS

The Board authorized the following agreements:

- a rider to the loan agreement with the government and riders consistent with the provisions of decrees 2009-348 of March 30, 2009 and 2009-445 of April 20, 2009, with a view to modifying the procedures for early payment, in particular to make early repayment of €1 billion of the €3 billion loan initially granted by the government in April 2009;
- in connection with regulations on the control of major risks to which RCI Banque is subject as a credit institution, a €550 million cash pledge agreement with RCI Banque to reduce its credit exposure to Renault Retail Group, the captive sales network.

As part of the strategic cooperation with Daimler AG:

- Master Cooperation Agreement with Daimler AG, Nissan Motor Co. Ltd. and Renault-Nissan b.v.;
- share contribution agreement with Nissan Motor Co. Ltd.;
- share disposal agreement with the French State, *via* the sale of 1,628,344 shares of Treasury stock to the French State.

## AUDIT OF THE BOARD OF DIRECTORS

In accordance with market practice and the recommendations of the Afep/Medef report, the Board of Directors conducted a simplified audit of its membership, organization and operating procedures, based on a questionnaire that uses the simplified format of the Spencer Stuart survey. The audit was carried out by the Appointments and Governance Committee, chaired by Mr Ladreit de Lacharrière, and was based on personal interviews by Mr Ghosn and Mr Lagayette.

All the Board members wholeheartedly stress their positive view of the Board's operating procedures.

Broadly speaking, a relation of trust exists between the Board and the senior executives. This trust has been built up by introducing a more transparent and more exhaustive approach to discussion. The efforts made in terms of content, with the meeting dedicated to strategy, and in terms of form, with the more relaxed atmosphere and freedom of expression, contribute to building trust and creating a sense of team.

The work of the committees was considered satisfactory, even though some directors feel that the role of these committees is to review issues that are frequently of great technical complexity, not necessarily within the remit of the Board, which should focus on more strategic decisions.

The directors would like less details of operational, accounting or financial aspects, and more strategic discussion on fundamental issues.

All the directors would like to see more in-depth, sectoral discussions from time to time, particularly on Renault markets, brand models, the competition, and corporate social responsibility.

The creation of a communication unit is seen as a significant improvement in the way the Board of Directors works, although a number of criticisms can still be made, particularly on the lack of information in the event of a crisis.

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

- the formal organization of Board executive sessions, as in English-speaking countries, reserved for a restricted number of directors;
- more women on the Board;
- the need to provide certain documents further in advance of Board meetings.

The Chairman of the Board of Directors and the committees concerned will endeavor to give due consideration to the directors' requests on these points.

Furthermore, the informal lunch after the Board meeting was repeated and will be held again in the future. It gives directors an opportunity to exchange views with members of the Renault Management Committee.

## ASSESSMENT OF DIRECTOR INDEPENDENCE

At its meeting on February 9, 2011 the Board of Directors restated its intention to comply with the most thorough definition of corporate governance available in France, namely the Afep/Medef report. According to the report, an independent director is one who, notably, "has no relations of any kind with the company, the Group or its managers likely to compromise his independence of judgment".

The Board also repeated the qualities that it expects from a director: experience of the company and the automotive industry, a personal commitment to the work of the Board and its committees, a sound grasp of business and finance, the courage to express minority opinions, international vision, integrity, and loyalty.

At February 9, 2011 Renault had ten independent directors on its Board: Dominique de La Garanderie, Pascale Sourisse, Charles de Croisset, Alain Belda, Bernard Delpit, Thierry Desmarest, Jean-Pierre Garnier, Marc Ladreit de Lacharrière, Philippe Lagayette, and Franck Riboud (see table, chapter 3.1.1.2, of the Registration document).

Representatives of the French State, employee-elected directors, the director elected by employee shareholders, the Chairman and CEO, as well as the two directors appointed by Nissan, which is linked to Renault, are all excluded from the list in accordance with the principle of director independence stated above.

The Board stressed, however, that the directors elected by employees and employee shareholders, in particular, are not dependent on the company's senior management as far as their presence on the Board is concerned. This is illustrated by the special contribution they make to the Board's proceedings.

## SPECIALIZED COMMITTEES OF THE BOARD OF DIRECTORS

Four specialized committees have been set up to permit in-depth examination of specific topics relating to the Board of Directors' role. The Chairs of each committee bring the committee's opinions to the attention of the Board.

On a proposal by the Appointments and Governance Committee, the Board created in addition to the four existing committees an Industrial Strategy Committee, which will strengthen Renault's governance in terms of preparing the Board's work. Like the other committees, the new Industrial Strategy Committee will play a consultative role and will endeavor to aid the Board and the Chairman in taking decisions by providing opinions on the strategic operations and investments presented by senior management to the Board.

The roles of these committees are described in the internal regulations in chapter 3.4. of the Registration document.

### ACCOUNTS AND AUDIT COMMITTEE

This committee has six members: Philippe Lagayette in the chair, Alain Champigneux, Charles de Croisset, Dominique de La Garanderie, Alexis Kohler and Pascale Sourisse. Four of the six are independent directors.

The committee met six times in 2010, and the attendance rate was 100%.

In compliance with French legal and regulatory requirements, the Accounts and Audit Committee dealt with the following matters in particular:

- the Group's consolidated financial statements and Renault SA's individual financial statements for 2009 and first-half 2010, as well as all financial news releases;
- early repayment of part of the loan from the French government;
- the review of the results of the 2010 Audit Plan and the analysis of the 2011 Plan;
- risk mapping, analysis and monitoring methods used in the Group;

- management of risks, notably financial risks, that the Group may face;
- the activity of the compliance function;
- compliance of the activity of the Renault Accounts and Audit Committee with AMF recommendations on audit and internal control;
- the strategic cooperation with Daimler AG as regards the structuring of cross-shareholdings and valuation methods.

The committee's examination of the financial statements was accompanied by a presentation from the auditors describing the highlights of their engagement and their conclusions, as well as the accounting policies used and the main regulatory developments in this area. In addition, the Chief Financial Officer submitted a memo describing the company's risk exposures and off-balance sheet commitments.

### REMUNERATION COMMITTEE

The committee has four members, all of whom are independent directors: Franck Riboud in the chair, Thierry Desmarest, Jean-Pierre Garnier and Marc Ladreit de Lacharrière.

The committee met four times in 2010, and the attendance rate was 100%. The main items on its agenda were:

- the remuneration of the Chairman and CEO and members of the Executive Committee and the Chairman and CEO's complementary pension scheme;
- the performance requirements for awarding the Chairman and CEO variable remuneration, linked to the Plan;
- the obsolescence of KPIs linked to stock options and free shares under the Renault Commitment 2009 Plan.

### APPOINTMENTS AND GOVERNANCE COMMITTEE

This committee has five members: Marc Ladreit de Lacharrière in the chair, Dominique de La Garanderie, Carlos Ghosn, Alain J.P. Belda and Philippe Lagayette. Four of the five members are independent directors.

The committee met three times in 2010, and the attendance rate was 100%. The main items on its agenda were:

- the reappointment of Mr Ghosn as Chairman of the Board for the duration of his directorship;
- the creation of an Industrial Strategy Committee and the related amendments to the internal regulations;
- the composition of the Board and its committees and the simplified assessment of its operation;
- a revision of the list of independent directors in accordance with Afep/Medef criteria;
- the amendment to Renault's articles of association to increase the number of directors appointed by the AGM from 14 to 15.

## INTERNATIONAL STRATEGY COMMITTEE

This committee has nine members: Thierry Desmarest in the chair, Yves Audvard, Patrick Biau, Alain J.P. Belda, Bernard Delpit, Jean-Pierre Garnier, Luc Rousseau, Hiroto Saikawa and Michel Sailly.

Four of the nine committee members are independent.

The committee met twice in 2010, and the attendance rate was 100%.

As part of a presentation on Group strategy, the committee examined:

- the situation in Russia and the new strategy in India;
- without reserves, the strategic cooperation with Daimler AG.

## INDUSTRIAL STRATEGY COMMITTEE

This committee has seven members: Jean-Pierre Garnier in the chair, Yves Audvard, Charles de Croisset, Thierry Desmarest, Alexis Kohler, Luc Rousseau and Michel Sailly.

Three of the seven committee members are independent.

The committee met three times in 2010, and the attendance rate was 100%. It reviewed industrial strategy, with a particular focus on:

- competitive issues in relation to the Sandouville facility;
- the deployment of the Tangiers project, with the launch of a second manufacturing line. This industrial project has a vital bearing on the success of the Entry range and Renault's profitability.

## COMPLIANCE COMMITTEE

The Compliance Committee met three times in 2010, attended by the Senior Vice President, Legal Department, the Senior Vice President, Corporate Controller, the Senior Vice President, Internal Audit, the Senior Vice President, HR, the Senior Vice President, Internal Control and Risk Management, the Group Chief Financial Officer and the Senior Vice President, Corporate Social Responsibility.

The Board of Directors appointed the Senior Vice President of the Legal Department to the position of Compliance Officer in July 2010. The functions of Chief Compliance Officer and Compliance Officer were merged.

Committee meetings lasted an average of two hours.

The committee's duties and responsibilities are set out in the Code of good conduct and compliance rules approved by the Board of Directors on December 5, 2007 (see chapter 3.1.3.2 of the Registration document).

Accordingly, the Committee examined:

- the impact, from an ethical standpoint, of social media and collaborative development tools within the Group;
- progress made in internal control mapping and the 2010 action plan;
- the overall approach in application to prevent breaches of insider regulations, following the publication by the AMF of a draft code of good conduct to prevent insider dealing;
- the introduction of a system of governance for Group subsidiaries and stakeholdings under the authority of a Stakeholding Supervisory Board;

- the introduction of a Group Corporate Defense unit, following penal reform in Spain and Italy;
- activity reports by the departments in charge of Group protection and IT security;
- main findings of internal audits and associated action plans;
- report by the Senior Vice President, Internal Audit, on frauds detected within the Group.

The Compliance Officer operates within the framework of the compliance function.

In 2010 the Compliance Officer:

- as in previous years, published memoranda in the form of instructions, setting out the periods during which the persons named on the insider list are prohibited from trading in the Group's securities;
- answered all queries from employees regarding stock-option exercises (for which no shortcomings were observed).

The Compliance Officer also responded to requests from the Internal Control Function regarding improvements to control processes, notably with regard to compliance risk or fraud risk.

## PROCEDURES FOR SHAREHOLDERS TO ATTEND GENERAL MEETINGS

In accordance with Article 21 of the company's articles, General Meetings are open to all shareholders who have registered their shares under their own name at least three clear days before the meeting, under the conditions stipulated below.

Pursuant to Article L. 228-1 of the French Commercial Code, General Meetings are open to all shareholders who have registered their shares under their own name or that of a registered intermediary acting on his or her behalf. The entry must be made by midnight (zero hours) CET on the third business day before the meeting, either in the registered share account kept by the company or in the bearer share account held by an authorized intermediary.

The registration or book entry of bearer shares in the accounts held by the authorized intermediary is evidenced by an attendance certificate issued by said intermediary.

All shareholders are entitled to be represented at a General Meeting by proxy, given either to another shareholder or their spouse. All legal shareholding entities may be represented at the General Meetings by their legal representatives or any person designated by them.

Factors that may be material in the event of a public offering, as stipulated in Article L. 225-100-3, are described in chapters 1.3.2.2 (foundation) and 5.2.6.2. of the Registration document.

## PRINCIPLES AND RULES ADOPTED BY THE BOARD OF DIRECTORS FOR THE REMUNERATION OF SENIOR EXECUTIVES AND CORPORATE OFFICERS

At its meeting of December 10, 2008 Renault's Board of Directors took note of the Afep/Medef recommendations of October 6, 2008 on the compensation of corporate officers of listed companies. The Board considers that these recommendations are in line with the Group's corporate governance system.

The Board of Directors decided that Renault would adopt the Afep/Medef code, as amended by these recommendations, and would refer to it when drawing up the report required by Article L. 225-37 of the French Commercial Code.

Copies of the Afep/Medef code are available at corporate head office.

At its meeting on May 6, 2009, the Board of Directors opted to combine the functions of Chairman of the Board of Directors and CEO.

The remuneration and benefits received by the Chairman and CEO are decided by the Board of Directors acting on the recommendation of the Remuneration Committee.

The remuneration of the Chairman and CEO comprises a fixed portion and a variable portion.

It was stipulated that, from this date, the Chairman and CEO would receive no remuneration in his capacity as Chairman of the Board of Directors.

In 2010 the Board of Directors set out the procedure for establishing the variable portion for 2010. It was decided that this portion would be equal

to between 0 and 150% of the fixed portion and that it would be based on the following criteria:

- ROE – return on equity;
- the difference between the actual operating margin and the budget provision;
- the free cash flow threshold set by the Board of Directors.

Alongside these criteria, the Board also integrates a factor of quality linked to strategy and management.

At its meeting on February 9, 2011, acting on the recommendation of the Remuneration Committee, the Board of Directors set this portion at 138.24% for 2010.

However, drawing the appropriate conclusions from the crisis that recently affected the company, Mr Ghosn informed the Board of Directors on March 14, 2011 that he had decided to waive the variable portion of his remuneration for 2010. The Board took note of the decision.

A summary table of remunerations and benefits paid to corporate officers, including stock option plans, is included in chapter 3.3.3.4. of the Registration document.

The Chairman and CEO also benefits from the complementary pension scheme set up for members of the Group Executive Committee (see chapter 3.3.1 of the Registration document). It is the policy of the Board of Directors to consider appointed corporate officers as executives, for all aspects relating to remuneration, and particularly pensions.

## INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

This report covers all fully-consolidated Group companies.

### GROUP OBJECTIVES AND STANDARDS FOR INTERNAL CONTROL AND RISK MANAGEMENT

#### INTERNAL CONTROL AND RISK MANAGEMENT OBJECTIVES

To deal with the risks inherent in its activities, the Renault group has put in place structures and procedures to control them and to limit their negative impact. The internal control system is implemented in all the company's businesses and activities. Its primary objectives are to:

- identify and manage risks to which the company is exposed;
- ensure compliance with laws, regulations and the company's by-laws;
- control quality, cost and delivery times in its activities;

- ensure the quality, reliability and relevance of financial, accounting and management disclosures;
- reduce exposure to fraud risk.

Internal control cannot, however, offer an absolute guarantee that internal control objectives will be achieved.

#### APPLICATION OF AMF STANDARDS

Since 2007, the Renault group has applied the standards and application guidelines of the French securities regulator, AMF, which were updated in July 2010, and the recommendations of the Audit Committee working group, published in July 2010.

Since Sales Financing is subject to banking and financial regulations, the internal control framework specified by Regulation no. 97-02 is systematically applied by the Board of Directors, the executives and the personnel of RCI Banque.

## MANAGEMENT OF OPERATIONS AND INTERNAL CONTROL

### MANAGEMENT OF OPERATIONS

#### Role of the executive bodies

Management committees operating at two levels oversee the Group's operations:

- level 1 committees, whose scope is the entire Group, include:
  - the Group Executive Committee (GEC), which is in charge of strategic orientations and decisions. Headed by the Chairman and Chief Executive Officer, its members are the Chief Operating Officer, the Executive Vice Presidents, the Corporate Secretary General, the Chief Financial Officer, the Executive Vice-President, Manufacturing and Supply Chain, and the head of the Asia-Africa Region. Its decisions are submitted to the Board of Directors for approval when they fall under the Board's authority, following the recommendation, if need be, of the International Strategy Committee and Industrial Strategy Committee. The Chairman and Chief Executive Officer reports to the Board of Directors on their implementation. The Group Executive Committee oversees operations and controls the execution of directives by monitoring budget commitments as well as policies and operations in the Regions, programs and corporate functions,
  - the Operations Committee, headed by the Chief Operating Officer, which is responsible for operational decisions. Its members are the same as the Group Executive Committee's except for the Chairman and Chief Executive Officer,
  - the Renault Management Committee (RMC), which is made up of the GEC members plus the heads of the main departments at Renault,
  - specialized committees headed by either the Chairman and Chief Executive Officer or the Chief Operating Officer. They make decisions at the Group level as well as in the Group's cooperative undertakings in the Renault-Nissan Alliance and with the Daimler group;
- level 2 committees, which are specialized by general management area or by function (for example, engineering and quality; plan, product planning and programs, and management control; manufacturing and logistics; sales and marketing; purchasing, design, legal, management delegated to the Chairman, etc.) or by Region.

The operating rules and characteristics of these committees – chairman and membership, frequency, length and agenda of meetings, reporting methods, communication of decisions, and the archiving of minutes – are formalized.

There is a Regional Management Committee (RMC) for each Region (Europe, Americas, Asia-Africa, Euromed and Eurasia). Each RMC is made up of representatives of the corporate functions and vehicle programs as well as managers from the main countries in each Region.

There are Program departments for the automotive segments as well as for the electric vehicle programs, the new mobility offer, and the cross-division projects. The Program departments are assigned long-term

profitability objectives for the life cycles of the products they develop, manufacture and market. They receive support from the Regions and corporate functions.

In addition to operational reporting structures, the Group has set up a staff reporting system so that support function managers can provide leadership for their function throughout the Group.

Strategic decisions and the supervision of financial and legal matters are the Chairman and Chief Executive Officer's direct responsibility, while operational decisions are made by the Chief Operating Officer.

The decision-making process is based on a system of delegation that determines in which areas and at which levels operational managers may make decisions. All the rules for delegating decision-making authority are communicated to the personnel over the intranet. When a strategic or financial decision is called for, a workflow chart specifies the persons involved, in accordance with internal control procedures.

Decisions concerning certain transactions, and notably those related to the capital of the subsidiaries, disposals/acquisitions, partnerships, cooperation, and the hedging of raw materials risk, are made following a specific review by a committee of experts, which gives an opinion. The final decision is then made by the Chairman and Chief Executive Officer.

#### Ethics and compliance procedure

##### **Code of good conduct and compliance rules**

The Renault group's Code of good conduct and compliance rules are communicated to the personnel, and all employees are expected to abide by them. Employees' familiarity with the Code is checked during their annual performance assessment.

The Renault Management Way program, whose deployment continued in 2010, also emphasizes the Group's values and the importance of respecting them.

##### **Compliance Committee**

The Compliance Committee's tasks include:

- ensuring that the rules of governance are respected;
- ensuring that the code of good conduct and financial compliance rules are respected;
- developing action plans to ensure that internal control procedures are in line with AMF standards and application guidelines;
- reviewing the risk management system;
- analyzing and assessing irregularities identified by the Internal Audit Department, and monitoring action plans to improve internal control.

The Compliance Committee is chaired by the Senior Vice President, Legal Department. Its members include the Chief Financial Officer, the Senior Vice Presidents, Management Control, Internal Audit, Human Resources, Internal Control and Risk Management, and the Corporate Social Responsibility Officer (see chapter 3.1.1.7 of the Registration document).

##### **Whistleblowing**

The Group has instituted a whistleblowing system to enable any member of the personnel to report irregularities in the specific areas of accounting, finance, banking, and anti-corruption.



## INTERNAL CONTROL SUPERVISION

The Management Control Department does the preliminary studies and then defines and sets up the Renault group's internal control and risk management system.

### Internal Control, Audit and Risk Management Charter

The Internal Control, Audit and Risk Management Charter complies with the international standards published by *Institut Français de l'Audit et du Contrôle Interne* (IFACI), which is affiliated with the Institute of Internal Auditors. This Charter sets forth the roles and responsibilities of the internal control staff.

The internal control system conforms to the AMF's general rules for internal control and strictly adheres to the principle of the separation of tasks, with:

- personnel responsible for determining and setting the rules;
- personnel responsible for their day-to-day implementation;
- personnel responsible for seeing that the internal control system is properly applied.

The internal control rules are defined and set by:

- senior management, which determines, in agreement with the Board of Directors, the Group's objectives. It decides the operating rules and procedures as well as the quantified performance objectives;
- the Management Control Department, acting through the Internal Control and Risk Management Department, which defines and sets internal control principles, rules and techniques pertaining to accounting and management processes as well as operational processes.

Some of the risks identified by the Risk Management Department may be dealt with by applying rules and procedures; as such they enter the scope of the internal control system. The linkage of internal control and risk management is facilitated by bringing these two activities together in the same department.

Implementation and first-level control of the internal control system are performed by:

- management, which adapts and applies the defined internal control rules and methods in its area of responsibility;
- employees, who are expected to comply with the internal control system in their work areas;
- management control, which ensures that management rules are followed by all personnel.

Permanent oversight to verify that the system is properly and effectively applied is provided by:

- the Internal Audit Department, within the Financial Department. It makes independent and objective assessments of the level and quality of internal control, advises and recommends improvements to the

system, and gives senior management reasonable assurance of the degree of control over operations. In 2010, as in previous years, the Internal Audit Department verified the compliance of operations with Group management rules, the effectiveness of certain processes in the company, and the quality of the internal control system applied to prevent problems and correct their impact;

- the Compliance Committee, which ensures that the internal control system is correctly applied based on periodic assessments submitted to it by the Internal Control and Risk Management Department and the Internal Audit Department;
- the statutory auditors, who assess the internal control of the preparation and treatment of accounting and financial data as part of their mission and issue recommendations;
- the Accounts and Audit Committee, one of the committees of the Board of Directors (see chapter 3.1.1.6 of the Registration document), whose membership, authority and missions are set forth in the final report on the Audit Committee of July 2010. It monitors the effectiveness of the internal control and risk management systems as well as the independence of the statutory auditors. The audit plan is presented for approval to this committee as well as to the previously cited Group Executive Committee.

## INTERNAL CONTROL OBJECTIVES

### RISK MANAGEMENT

A Group Risk Committee, chaired by the Executive Vice President, Plan, Product Planning, Programs, defines the risk management policy, validates the risk mapping for the Group, and monitors progress in action plans to deal with major risks to the Group.

With the Internal Control, Audit and Risk Management Charter, the Risk Management Department has formalized the global risk management system in a document that informs everyone of the organization and methods used by the company.

The Group applies a risk management method based partly on identifying a wide range of risks, which are then mapped, and partly on carrying out action plans to deal with risks by eliminating, preventing, guarding against or transferring them. Risk Committees are being set up in the operational entities to validate entities' mappings and action plans. The Insurance Department is closely involved in this process.

To carry out its mission, the Risk Management Department relies on two networks.

- one is made up of experts who manage a specific area of risk. These may be risks common to any company or, in the following cases, specific to a business sector:
  - risks related to internationalization, operational security and product quality, suppliers, manufacturing and environmental impact, and information systems,
  - financial and legal risks;

- the second network is made up of correspondents in the management function who work in all the Group's entities and serve as liaisons with the Risk Management Department.

To draw up the audit plan for the company's major risks, the Internal Audit Department uses the risk mappings to identify critical audit themes and assess risk coverage. The audit results are then used to update the risk mapping.

The Compliance Committee and the Accounts and Audit Committee periodically examine the system and how it is functioning.

In 2010, the Risk Management Department carried out and started new projects:

- a mapping of major risks to the Group, which was presented to the Accounts and Audit Committee on December 1, 2010;
- inclusion of the major risks mapping in the development of the medium-term plan. This allows the proposed plans for dealing with risks to be integrated in the medium-term plan and clarifies their possible financial impact;
- inclusion of the risk mapping methodology in the planning of international development projects.

A description of the risk factors to which the Group is exposed is dealt with in a separate chapter of the 2010 Registration document (chapter 1.6).

## LEGAL AND REGULATORY COMPLIANCE

Reporting to the Chairman and CEO, the Legal Department ensures that the Group complies with the legal and regulatory requirements applicable in the countries in which it operates.

The application of legal and regulatory requirements is the responsibility of each operating sector or each functional department in its area of expertise, in collaboration with the Legal Department. Internal control objectives relating to legal and regulatory requirements are implemented at each level of Group management, in cooperation with the Financial Department and Management Control Department. Nevertheless, owing to the specific importance of applying a standard of rules for the Group at international level, a number of cross-cutting compliance objectives are managed by the central departments concerned, which ensure local, national or international deployment in line with applicable rules and regulations. Particular emphasis is placed on respecting rules relating to competition, labour and employment, safety and environmental protection.

The Compliance Committee ensures the regulatory compliance of internal procedures.

## CONTROL AND OPTIMIZATION OF OPERATIONS

Senior management updates and communicates Renault's overall objectives as well as the allocation of resources to the Regions, businesses and programs. Group Management Control draws up an instruction memorandum for each of the operational sectors, Regions, businesses and programs. These memorandums include macroeconomic hypotheses to be taken into account (exchange rates, interest rates, inflation rates, raw materials prices, etc.), financial and non-financial indicators that will

be measured over the course of the following financial year, the calendar, and the segmentation of the activity scope. Each Region transmits these instructions to the subsidiaries located in it after adding elements specific to the businesses.

The Management Control function stimulates and measures economic performance at the various levels of the organization (Group, operational sectors, Regions, businesses, programs).

Management control is decentralized so as to take account of the specifics of each business. Its mission is laid out in instructions prepared periodically by the Management Control Department.

In the Group's management model, its role consists in:

- adjusting the company's economic objectives and budget;
- measuring the performance of the Group's entities, Regions, businesses and vehicle programs and monitoring free cash flow indicators;
- making an economic analysis of proposed management decisions at every level, checking compliance with standards, plans and budgets, assessing economic relevance, and formulating an opinion and recommendation in each case.

To accomplish these tasks, it uses the following resources:

### Operating procedures and methods

Development of standard management procedures continued in 2010 with major updates, based in part on a review of the internal control system. The aim is to provide line managers with a standard set of procedures.

All the documentation is available to staff in all the Group's entities through the Management Control intranet portal. This documentation includes:

- all standards, rules and instructions, whether they pertain to a specific business or apply in a general manner across the entire company;
- an economics dictionary to help employees better understand the main concepts and aggregates used to guide the Group's business performance;
- the internal control system, as the review of operating systems progresses.

A key player in internal control, the Management Control function has the further mission, in accordance with the Internal Control Charter, of auditing and managing risk, of defining the internal control system, and of deploying it and performing first-level control. (see chapter 3.1.3.2 of the Registration document). This control is done during the period of self-assessments in the entities and carried out by them using specific questionnaires for each type of activity. At the conclusion of the self-assessments, strong points and areas where the entities need to implement action plans are identified. The results of the self-assessments are communicated to the Internal Audit Department, which may decide to conduct an audit. By systematically reviewing the results of these audits, it is possible to identify the structural areas of the overall internal control system that are most in need of improvement.

Sales Financing also defines its control system in accordance with the banking regulations specifically applicable to it. It has a tool to centralize and verify procedures. In all subsidiaries, the employees concerned have access to their entity's procedures as well as to those of the Group *via* a single tool. The main Sales Financing processes (e.g., approval of loans and investments, collection/disputes, refinancing, system security, physical assets security, risk monitoring, and accounting) are covered by procedures based on the principle of separation of authority. These procedures introduce approval and validation processes, ensure that decisions are made at the appropriate level, and include checks to ensure proper implementation.

Sales Financing has a framework procedure laying out the compliance system, which is managed by the subsidiaries through quarterly Compliance Committee meetings. Key issues are then taken up at RCI Banque's Compliance Committee meetings.

### Information systems

The risk management and internal control systems of the Renault Information Systems Department (RISD) are managed as follows:

- general risks related to financial processes (investments, purchases, profitability, etc.) are monitored by the RISD's Economic Performance Department;
- specific risks related to operational IT processes (declining quality or productivity in development activities, operations, support, skills, etc.) are monitored by the Quality Department. This department is responsible for defining and monitoring these processes (project management, operational quality, support, etc.) at the Group level. It uses the RISD performance indicators (incidents, results, etc.) and a 280-point self-assessment questionnaire concerning RISD procedures that is completed by the sites, subsidiaries and corporate departments;
- risks related to information systems security (interruptions of IT operations, theft of confidential data or destruction of electronic data) are monitored by the Architectures, Methods and Technologies Department through:
  - a Group-level IT risks Committee set up by the RISD in collaboration with the Risk Management Department, with representatives from company departments and the Information Management Program,
  - Security Monitoring Committees, which verify the application of IT security procedures at operational level in accordance with best international practice (ISO 27001 policy and approach),
  - a structure for validating the architecture and security levels in projects,
  - risk reviews carried out by the RISD, in addition to the audits done by the Internal Audit or Group Protection Departments.

### A training system to develop required skills

The Management Control Department actively supports the management employees training program as a way to enhance performance. This program is a tool in the multi-annual plan for transforming the management function and helping to better meet the needs of senior management.

The Management-Finance Academy provides training (both e-learning and classroom courses), educational materials, an economics dictionary for management control and finance staff and employees in general. It continued to broaden and develop these materials in 2010.

Individual and collective skills assessments are planned in the management function for spring 2011 to work out individual improvement plans and to measure staff performance.

### An improvement plan for the internal control system

Key developments in 2010 included:

- the reorganization of the management function in the Group with the creation of an office tasked with standardizing processes, their supporting materials, and their key internal control points, including operational aspects;
- revision of the IT master plan for the management function in application of the new orientations of the management function and its organization;
- a contribution to projects aimed at simplifying processes at Renault, while ensuring that essential elements of internal control are retained;
- development of the system of delegation of authority, including the creation of an archiving system;
- alignment of quality certification procedures for operational processes with the internal control procedures;
- the drawing up of a Renault-Nissan Alliance Charter for suppliers, to encourage them to adopt socially responsible policies in their activities and relations with their own suppliers.

The review of Renault's internal control system continued in 2010 from two angles:

- development of a guide for applying the AMF internal control standards in a way adapted specifically to Renault based on a comprehensive inventory of the procedural framework at Renault (management and internal control rules). This inventory revealed that the Group's internal control standards were, on the whole, in line with AMF recommendations. Action plans to formalize certain rules and processes are being prepared and will be periodically monitored in 2011 by the Compliance Committee.

Some processes that were deemed insufficient in relation to AMF recommendations are being further examined in order to bring them into line with these recommendations and to improve their operational effectiveness;

- an in-depth analysis of operational processes considered high-priority because of their direct impact on the Group's cash flow. These processes included:
  - the management of new vehicle inventories and the logistics for importing vehicles manufactured outside Europe,
  - the management of warranty expenses on the sales of new vehicles,
  - the payroll process.

The review of these processes made it possible to improve the internal control system by formalizing the internal control methods and bringing them into line with AMF standards and improving their effectiveness.

Improvements were also made to the internal control self-assessment procedure in 2010 with the preparation of new questionnaires, which were sent out prior to the carrying out of new self-assessments.

The multi-year program of analyzing high-priority processes in detail will continue in 2011, notably with in-depth reviews of the following:

- purchasing of externally manufactured parts;
- engineering costs in Automotive projects;
- parts inventory management.

Meanwhile, the overall procedural framework will be updated to take into account the revised standards and application guidelines published by the AMF in July 2010.

## **RELIABILITY OF ACCOUNTING AND FINANCIAL DATA**

The internal control system for accounting and financial data is based on the AMF standards. It covers not only the processes for preparing financial data for the accounts, forecasting and financial reporting, but also the operational processes upstream that go into the production of this information.

Consistency between the management data and published accounting data is the key element in the process of preparing this information.

The Group's information systems enable it to simultaneously produce accounts according to local accounting rules and those of the Group, ensuring the consistency of data in a centralized system where data are consolidated in short periods of time. The management controllers and the Administrative and Financial Directors of the subsidiaries, under the supervision of the Chairmen and Chief Executive Officers of these same subsidiaries, are responsible for the preparation of the financial statements.

A manual setting out the Group's presentation and evaluation standards (currently being revised) is provided to all entities so that financial information is reported in a uniform manner.

## **Principles used in the preparation of financial statements**

Renault group's consolidated financial statements are prepared in conformity with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) on December 31 of the year and endorsed for application by a regulation published in the Official Journal of the European Union at year-end close.

The Group Accounting Department has an "Accounting Standards and Rules" office that is authorized to impose the application of the accounting rules in force. Company employees are informed through regular communications about changes and updates to the standards.

The Renault group, whose activities are divided into two distinct operational sectors – Automotive and Sales Financing (RCI Banque) – prepares its consolidated financial statements using a single consolidation system based on an accounting charter common to all consolidated entities.

The Group publishes half-yearly and annual statements. Preparations for these statements are made by organizing two anticipated close dates on May 31 for end-June and October 31 for end-December. Summary meetings are organized with the statutory auditors and attended by senior management. The Accounts and Audit Committee is involved at every key stage of the approval process for financial and accounting disclosures.

## **Structural elements of the control process**

The Renault group manages the decentralized operations of the subsidiaries in its two business divisions in France and abroad by relying on the following key strategies to obtain high-quality financial and accounting information while reducing the time needed to prepare the financial statements:

- operational systems upstream from accounting are standardized as far as possible;
- ERP financial and accounting modules continue to be introduced at industrial and/or commercial entities worldwide.

This highly structured software enables each entity to apply its own internal control process and ensures that processed data are reliable and consistent. In particular, the definition and monitoring of user profiles help to ensure that the rules of task separation are respected.

Control of basic transactions handled by operational systems, where the initial control takes place, is key to ensuring that accounting and financial data are reliable. The operational systems feed data to the auxiliary accounting systems through a number of interfaces. These interfaces, which are continually monitored to ensure they capture all economic events for each process, then rapidly and regularly send these data to the centralized accounting system. Financial and accounting staff pay particular attention to controlling transfers between non-integrated systems and accounting systems.

The accounting teams have worked with IT staff to develop a security process to protect the ERP in the event of a major malfunction. A business continuity plan has been introduced at central level as well as at the subsidiaries that use ERP.

## **Statutory auditors Charter**

In 2004, Renault, together with the statutory auditors and under the authority of the Chairman and Chief Executive Officer, took the initiative of drafting a Charter concerning the missions and independence of the statutory auditors and signing it with them. It defines the scope of application, addresses the separation of missions by specifying those inherent in the statutory auditors' function, which are thus authorized automatically, and those incompatible with their mandate. It also specifies the additional or complementary missions that may be performed by the statutory auditors and their networks and how those missions are to be authorized and supervised. Further, in accordance with law, the Charter also includes a commitment to independence and lays down the rules for the rotation of signatory partners. This Charter is consistent with the code of ethics of the profession of statutory auditor.

This Charter governs the relationship between the Renault group (the parent company and the fully consolidated French and foreign subsidiaries) and its statutory auditors. The auditors are responsible for seeing that the Charter is applied by members of their network acting as external auditors for fully consolidated subsidiaries and for ensuring compliance with the regulations in force in countries where Group companies are located.

## **Financial communication**

The growing importance of financial communication, its multiplying forms, and the absolute necessity of providing high-quality financial information have led the Renault group to turn over all its financial communication to the Financial Relations Department at the Financial Department and to give it the means to supply the reliable, high-quality information required.

The Financial Relations Department is in charge of:

- the preparation of the Registration document that is filed with the AMF, as well as the half-yearly and annual reports on operations and the quarterly data;
- communication with the financial markets;
- relations with analysts and investors specialized in socially responsible investments;
- relations with investors and individual shareholders;
- relations with the supervisory authority (AMF).

# STATUTORY AUDITORS' REPORTS

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## STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (The First Resolution)

Year ended December 31, 2010

*This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.*

*The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.*

*This report also includes information relating to the specific verification of information given in the Group's management report.*

*This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying consolidated financial statements of Renault;

- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

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## OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the

consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- for the purpose of preparing the consolidated financial statements, Renault management makes certain estimates and assumptions concerning, in particular, the value of certain asset, liability, income and expense accounts, the main items of which are summarized in note 2-B to the consolidated financial statements. For all these items, we assessed the appropriateness of the accounting rules and methods applied and disclosures provided in the notes to the financial statements. We also reviewed the consistency of the underlying assumptions, the quantified impact thereof and the available documentation and assessed on this basis the reasonableness of estimates made;
- as disclosed in note 14-A to the consolidated financial statements, the Group accounts for its investment in Nissan by the equity method; our audit of the scope of consolidation included a review of the factual and legal aspects of the Alliance which serve as the underlying basis for this accounting policy;
- as part of our assessment of the accounting policies applied by the Group, we have reviewed the methodology adopted for the capitalization of development costs as intangible assets, their amortization and the verification of their recoverable amount and we satisfied ourselves that these methods were properly disclosed in notes 2-J and 12-A3;
- as disclosed in notes 9-B and 11-B to the consolidated financial statements, the Group has recognized part of the net deferred tax assets of French tax group; we have reviewed the consistency of the underlying assumptions for the computation of FY 2011-2016 taxable income, the quantified impact thereof and the available documentation and assessed on this basis the reasonableness of estimates made;
- we have reviewed the terms of the strategic cooperation agreement signed between the Renault Nissan Alliance and Daimler AG in April 2010 and which is described in note 4.2.7.2 to the consolidated financial statements, and have assessed the appropriateness of the accounting treatment of this operation.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

## SPECIFIC VERIFICATION

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, February 14, 2011

The statutory auditors

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

Thierry Benoit

Antoine de Riedmatten

Jean-François Bélorgey

Aymeric de la Morandière

# STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS (The Second Resolution)

Year ended December 31, 2010

*This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking users. This report includes information specifically required by French law in such reports, whether modified or not. This information is presented after the opinion on the financial statements and includes (an) explanatory paragraph(s) discussing the auditors' assessment(s) of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the financial statements.*

*This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.*

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General meeting, we hereby report to you, for the year ended December 31, 2010, on:

■ the audit of the accompanying annual financial statements of Renault;

■ the justification of our assessments;

■ the specific verifications and information required by French law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

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## OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of

the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

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## JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

■ as disclosed in the note 1.A to the financial statements, and in accordance with the French National Accounting Body (*Conseil national de la comptabilité*) Recommendation n°. 34, your company has elected to use the equity method to account for its investments in subsidiaries over which it exercises exclusive control. The equity value of these investments is determined in accordance with the accounting

rules and methods used to draw up the Group's consolidated financial statements. Our assessment of this equity value is based on the result of the procedures performed to audit the Group's financial statements for the 2010 fiscal year.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.



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## SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any

other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 24, 2011

The statutory auditors

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

Thierry Benoit

Antoine de Riedmatten

Jean-François Bélorgey

Aymeric de la Morandière

# STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

## (The Fourth Resolution)

*This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of Englishspeaking users. This report includes information specifically required by French law in such reports, whether modified or not. This information is presented after the opinion on the financial statements and includes (an) explanatory paragraph(s) discussing the auditors' assessment(s) of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the financial statements.*

*This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.*

General meeting of Shareholders to approve the financial statements for the year ended December 31, 2010

### **Statutory auditors' report on related party agreements and commitments**

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with

Article R. 225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the General meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

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## AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE GENERAL MEETING OF SHAREHOLDERS

### **AGREEMENTS AND COMMITMENTS AUTHORIZED DURING THE YEAR**

In accordance with Article L. 225-40 of the French Commercial Code (*Code de commerce*), we have been advised of certain related party agreements and commitments which received prior authorization from your Board of Directors.

#### **1. With the French State**

##### **a) Nature and purpose**

Amendment to the loan agreement.

##### **CONDITIONS**

During its meeting of July 29, 2010, your Board of Directors has authorized the signature of an amendment to the loan agreement with the French State which is compliant with decrees n°2009-348 of March 30, 2009 and n°2009-445 of April 20, 2009 in order to modify

the early repayment conditions and especially to proceed, no later than September 2010, to the early repayment of one billion euros out of the three billion granted by the French State in April 2009. In the 2010 fiscal year, the amount of interest expenses relating to this loan agreement reached €191,713,000.

##### **b) Nature and purpose**

Shares disposal agreement through the sale of treasury shares.

##### **CONDITIONS**

During its meeting of April 6, 2010, your Board of Directors has authorized the signature of an agreement for the sale of shares which defines the terms and conditions of the sale, by your company, of treasury shares to the French State. On April 28, 2010, your company has proceeded to the sale, outside the market, to the French State of 1,628,344 treasury shares which had become unassigned for a price of €60,248,728, corresponding to €37 per share. The loss relating to this disposal and booked in 2010 amounted to €24,271,484.

## 2. With RCI Banque

### Nature and purpose

Credit facility agreement.

#### CONDITIONS

During its meeting of September 28, 2010, your Board of Directors has authorized the signature of a credit facility agreement, in the framework of the regulation relating to the control of the "Large risks" ratio as defined in Article 1.1 of French Banking and Financial Regulation committee (*Comité de la réglementation bancaire et financière*) regulation n°. 93-05, with which RCI Banque activity must comply as a credit institution, with RCI Banque for an amount of €550,000,000, with a view to allowing to reduce its credit exposure on Renault Retail Group, the Group's business distribution network. This new agreement replaces the credit facility agreement with Cogera mentioned below. In the 2010 fiscal year, the amount of interest income relating to this credit facility agreement reached €1,681,000.

## 3. With Nissan Motor Co. Ltd

### Nature and purpose

Master Cooperation Agreement with Nissan Motor Co. Ltd, Daimler AG and Renault-Nissan B.V.

#### CONDITIONS

During its meeting of April 6, 2010, your Board of Directors has authorized the signature of an agreement named Master Cooperation Agreement with a view to implementing a long term strategic cooperation between the parties. This agreement also includes the cross participation between your company, Nissan Motor Co. Ltd and Daimler AG.

In the framework of this Master Cooperation Agreement, the following transactions have been achieved on April 28, 2010:

- the transfer by Daimler AG to your company of Daimler treasury shares representing 0.90% of Daimler AG share capital, remunerated through the emission of shares by your company, representing 3.10% of its share capital. Your company has issued 9,167,391 new shares with a nominal value of €3.81, equivalent to a capital increase nominal

amount of €34,927,759.71 representing 3.10% of its share capital to the benefit of Daimler AG in return for the transfer by Daimler AG of 9,549,366 treasury shares with a nominal amount of €2.87;

- the transfer by Nissan Finance to your company of a convertible bond granting 0.20% of the share capital of Nissan Motor Co. Ltd, remunerated through the emission of shares of your company, representing 0.55% of its share capital. The capital increase of your company, through the emission of 1,617,775 new shares with a nominal value of €3.81, fully granted to Nissan Finance, has been achieved on April 28, 2010 as the payment for the contribution in kind of the bond convertible into Nissan shares, representing 0.20% of the share capital of Nissan Motor Co. Ltd, equivalent to 9,123,958 shares;
- the exchange transaction between your company and Daimler AG of 3.10% of the share capital of Nissan Motor Co. Ltd held by your company, equivalent to 140,142,168 shares, against 2.20% of the share capital of Daimler AG, equivalent to 23,347,390 shares with a nominal value of €2.87 and a cash compensation of an amount of €90,102,604 to the profit of your company;
- the sale by your company to Nissan Motor Co. Ltd of 1.55% of the share capital of Daimler AG. The sale of 16,448,378 Daimler shares to Nissan Motor Co. Ltd has been concluded on April 28, 2010 for an amount of €584,246,387 paid by Nissan Motor Co. Ltd to your company;
- the sale by Nissan Motor Co. Ltd to your company of 1.97% of the share capital of Nissan Motor Co. Ltd. The sale of 89,055,237 Nissan treasury shares to your company has been concluded on April 28, 2010 for an amount of JPY 73,737,736,236 paid by your company to Nissan Motor Co. Ltd.

Thus, after the conclusion of these operations on April 28, 2010, and after the conversion of Nissan Finance bond, Daimler AG holds 3.10% of your company share capital and 3.10% of Nissan Motors Co. Ltd. share capital. Your company holds 1.55% of Daimler AG share capital and 43.4% of Nissan Motors Co. Ltd. share capital. Finally, Nissan Motors Co. Ltd. holds 1.55% of Daimler AG share capital and 15% of your company share capital.

## AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

### AGREEMENTS AND COMMITMENT APPROVED IN PRIOR YEARS WITH CONTINUING EFFECTS DURING THE YEAR

In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we have been advised that the implementation of the following agreements and commitments which were approved by the General meeting of Shareholders in prior years continued during the year.

#### 1. With Cogera

##### Credit facility agreement between your Company and Cogera

A credit facility agreement was entered into between your Company and Cogera, a subsidiary of RCI Banque (controlled by Renault), in order to grant to Cogera a credit facility of €450,000,000, allocated to Cogera's refinancing of its banking activities, with a view to allowing RCI Banque to reduce its "Large risks" ratio as defined in Article 1.1 of French Banking and Financial Regulation committee (*Comité de la réglementation bancaire et financière*) regulation No. 93-05, calculated on a consolidated basis. Credit facility agreement has been terminated on September 29,

2010. In the 2010 fiscal year, the amount of interest income relating to this agreement reached €3,293,000.

## **2. With Renault s.a.s.**

### **a) Agreement for the provision of services**

Your Company entered into a contract with Renault s.a.s. under which the latter is to provide a certain number of legal, accounting, tax, customs and financial services to enable your Company to meet its legal obligations in these matters. In the 2010 fiscal year, the amount, free of taxes, invoiced by Renault s.a.s. concerning these services totaled €3,268,000.

### **b) Contracting-out agreements**

Contracting-out agreements were entered into between your Company and Renault s.a.s. within the scope of an operation to refinance loans granted under the "1% construction" scheme (French Social Construction Tax), in particular, for the purpose of reinforcing the liquidity of these non-interest-bearing loans and to freeze the cost of refinancing at current, exceptionally low interest rates up to the maturity date in 2020. In the 2010 fiscal year, the amount of finance interest income concerning this agreement totaled €422,000.

Neuilly-sur-Seine and Paris-La Défense, March 24, 2011

French original signed by the statutory auditors

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

Thierry Benoit

Antoine de Riedmatten

Jean-François Bélorgey

Aymeric de la Morandière

# STATUTORY AUDITORS' REPORT ON THE ELEMENTS USED TO DETERMINE THE REMUNERATION OF REDEEMABLE SHARES (The Fifth Resolution)

*This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of Englishspeaking users. This report includes information specifically required by French law in such reports, whether modified or not. This information is presented after the opinion on the financial statements and includes (an) explanatory paragraph(s) discussing the auditors' assessment(s) of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the financial statements.*

*This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.*

To the holders of redeemable shares,

In our capacity as Statutory Auditors of Renault and pursuant to the engagement set forth in Article L. 228-37 of the French Commercial Code (Code de commerce), we hereby report to you on the elements used to determine the remuneration of redeemable shares.

We issued our report on the consolidated financial statements for the year ended December 31, 2010 on February 14, 2011 and our report on the company financial statements for the year ended December 31, 2010 on March 7, 2011.

The elements used to calculate the remuneration of redeemable shares were determined by the management of Renault. Our role is to determine whether they comply with the terms and conditions of the issuance agreement and whether they are consistent with the consolidated financial statements.

We were informed of the following elements used for this calculation:

The remuneration of redeemable shares comprises a variable portion which is determined as follows:

Variable portion of the previous coupon	X	$\frac{\text{Consolidated revenues for the current fiscal year}}{\text{Consolidated revenues for the previous fiscal year applying Group structure and methods of the current fiscal year}}$
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The ratio derived from these revenues is rounded to the nearest thousandth.

For coupons to be paid on October 25, 2011, we were informed of the following calculation data:

■ Variable portion of the previous coupon (in €):	8.86
■ 2010 consolidated revenues (in € millions):	38,971
■ 2009 consolidated revenues, applying 2010 Group structure and methods (in € millions):	33,733
■ Variable portion of the coupon payable on October 25, 2011 (in €):	10.24

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of operation. These procedures consisted in verifying that the elements used to determine the remuneration of redeemable shares comply with the terms and conditions of the issuance agreement and are consistent with the audited consolidated financial statements.

We do not have any matters to bring to your attention with respect to the compliance and consistency of the elements used to determine the remuneration of redeemable shares.

Neuilly-sur-Seine and Paris-La Défense, March 24, 2011

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

Thierry Benoit

Antoine de Riedmatten

Jean-François Bélorgey

Aymeric de la Morandière

# **STATUTORY AUDITORS' REPORT ON THE VARIOUS TRANSACTIONS PROPOSED TO THE SHAREHOLDERS**

## **(Tenth, Eleventh, Twelfth and Thirteenth Resolutions)**

*This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of Englishspeaking users. This report includes information specifically required by French law in such reports, whether modified or not. This information is presented after the opinion on the financial statements and includes (an) explanatory paragraph(s) discussing the auditors' assessment(s) of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the financial statements. This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Renault, we hereby report on the various resolutions on which you are being asked to vote.

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## **STATUTORY AUDITORS' REPORT ON THE REDUCTION IN CAPITAL BY THE CANCELLATION OF REPURCHASED SHARES (TENTH RESOLUTION)**

In compliance with Article L. 225-209 of the French Commercial Code (*Code de Commerce*) in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

Your Board of Directors requests that it be authorised for a period ending at the next Shareholders' Meeting to be held to approve the financial statements without exceeding a maximum period of 18 months, to proceed with the cancellation up to a maximum of 10% of the share capital, by 24-month periods, the shares purchased by the Company pursuant to the authorisation to purchase its own shares pursuant to the ninth resolution

submitted for approval to the shareholders or any other resolution that will be substituted for it in connection with the above-mentioned article.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the fairness of the terms and conditions of the proposed reduction in capital, and ensuring that it does not interfere with the equal treatment of shareholders.

We have no comment on the terms and conditions of the proposed reduction in capital.

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## **STATUTORY AUDITORS' REPORT ON THE GRANTING OF STOCK SUBSCRIPTION OR PURCHASE OPTIONS TO CERTAIN EMPLOYEES AND CORPORATE OFFICERS (ELEVENTH RESOLUTION)**

In compliance with Articles L. 225-177 and R. 225-144 of the French Commercial Code (*Code de Commerce*), we hereby report on the proposed granting of stock subscription or purchase options to certain employees of the Company and of affiliated groupings and companies as defined in Article L. 225-180 of the French Commercial Code, and corporate officers.

Your Board of Directors proposes that it be authorised, during a period not exceeding 38 months, as from the date of this Shareholders' Meeting, to grant on one or several occasions, stock subscription and purchase options, acknowledging that these options may not be granted to the

Chairman of the Board of Directors, the Deputy Chief Executive Officers unless they satisfy at least one of the conditions set forth in Article L. 225-186-1 of the French Commercial Code. The total number of options granted may not confer entitlement to purchase or subscribe to a number of shares exceeding 0.48% of the shares comprising the share capital as of the date of this Shareholders' Meeting; it being specified that the maximum number of options granted to each corporate officer may not exceed 10% of the share capital.

It is the responsibility of the Board of Directors to prepare a report on the reasons for granting stock subscription or purchase options and on the proposed methods governing the determination of the subscription or purchase price. Our role is to express an opinion on the proposed methods governing the determination of the subscription or purchase price.

We have performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body

(*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the proposed methods governing the determination of the subscription or purchase price are presented in the Board of Directors' report, comply with legal requirements, are easily understood by the shareholders and do not appear manifestly inappropriate.

We have no comment on the proposed terms and conditions.

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## STATUTORY AUDITORS' REPORT ON THE FREE GRANT OF EXISTING SHARES OR SHARES TO BE ISSUED TO EMPLOYEES OF THE COMPANY AND AFFILIATED GROUPINGS AND COMPANIES (TWELFTH RESOLUTION)

In compliance with Article L. 225-197-1 of the French Commercial Code (*Code de Commerce*), we hereby report on the proposed free granting, on one or several occasions, of existing shares or shares to be issued to employees or certain categories of employees of Renault and its affiliated groupings and companies within the meaning of Article L. 225-197-2 of the French Commercial Code.

Your Board of Directors proposes that it be authorized, for a period of 38 months as from the date of this Shareholders' Meeting, to grant, free of charge, existing shares or shares to be issued. The free grant of shares will not exceed a maximum of 1.04% of the shares comprising the share capital as of the date of this Shareholders' Meeting.

It is the responsibility of the Board of Directors to prepare a report on the reasons for this transaction that it wishes to carry out. Our role is to express our comments, if any, on the information given to you on the proposed transaction.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying more specifically that the proposed procedures and information presented in the Board of Directors' report comply with legal requirements.

We have no comment on the information given in the Board of Directors' report in connection with the proposed free grant of shares.

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## STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES OR OTHER SECURITIES CONFERRING RIGHTS ON THE SHARE CAPITAL WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS RESERVED TO EMPLOYEES OR CORPORATE OFFICERS WHO ARE MEMBERS OF A COMPANY OR GROUP SAVINGS PLAN (THIRTEENTH RESOLUTION)

In compliance with Articles L. 225-135, L. 225-138 and L. 228-92 of the French Commercial Code (*Code de Commerce*), we hereby report on the proposal to authorise your Board of Directors to decide whether to proceed with an issue, with cancellation of preferential subscription rights reserved to employees or corporate officers who are members of a company or group savings plan for up to a maximum of 1% of the share capital, of shares or other securities conferring rights on the share capital, an operation upon which you are called to vote.

This issue, which is subject to your approval pursuant to the provisions of Article L. 225-129-6 of the French Commercial Code and Article L. 3332-18 *et seq.* of the French Labour Code (*Code du travail*), is reserved for members of a (i) company or (ii) group savings plan, employees or corporate officers of the Company or a French or foreign company of the Group that are affiliated to it within the meaning of Article L. 255-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code and whose capital is majority-held, directly or indirectly, by the Company.

Your Board of Directors proposes that, based on its report, it be authorised for a period of 26 months as from the date of this Shareholders' Meeting and until the Shareholders' Meeting to be held to approve the financial statements for fiscal year 2012 to decide on whether to proceed with one or more issues, with the option to sub-delegate such powers under the conditions provided for by law, and proposes to cancel your preferential subscription right. If applicable, your Board of Directors shall determine the final terms and conditions of this transaction.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code. Our role is to express an opinion on the fairness of the financial information extracted from the financial statements, on the proposed cancellation of preferential subscription rights and on other information pertaining to the issuance as presented in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance of the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of

engagement. These procedures consisted in verifying the content of the Board of Directors' report as it relates to this transaction and the methods used to determine the issue price of the capital securities.

Subject to our subsequent review of the terms and conditions of the proposed issues that would be decided, we have no comment to make on the procedures for determining the issue price of the capital securities as presented in the Board of Directors' report.

As the issue price of the capital securities to be issued has not yet been determined, we express no opinion on the final terms and conditions under which the issue will be carried out and, consequently, on the proposed cancellation of preferential subscription rights on which you are being asked to vote.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report, where necessary, when this authorisation is exercised by your Board of Directors.

Neuilly-sur-Seine and Paris-La Défense, March 24, 2011

The Statutory Auditors

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

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Antoine de Riedmatten

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Aymeric de la Morandière



# STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF FRENCH COMPANY LAW (*CODE DE COMMERCE*), ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Year ended December 31, 2010

*This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L. 225-235 of French company law (Code de commerce) on the report prepared by the Chairman of the Board of Directors on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users.*

*This report should be read in conjunction and construed in accordance with French law and professional standards applicable in France.*

To the Shareholders,

In our capacity as statutory auditors of Renault and in accordance with Article L. 225-235 of French company law (*Code de commerce*), we hereby report on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of French company law (*Code de commerce*) for the year ended December 31, 2010.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L. 225-37 of French company law (*Code de commerce*), particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L. 225-37 of French company law (*Code de commerce*), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

## **Information on the internal control procedures relating to the preparation and processing of accounting and financial information**

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the

Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of French company law (*Code de commerce*).

## **Other disclosures**

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 225-37 of French company law (*Code de commerce*).

Neuilly-sur-Seine and Paris-La Défense, March 24, 2011

The statutory auditors

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

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Aymeric de la Morandière

# PARENT COMPANY FINANCIAL STATEMENTS

## RENAULT S.A. FIVE YEAR **FINANCIAL HIGHLIGHTS**

<i>(in millions of €)</i>	2006	2007	2008	2009	2010
<b>YEAR-END FINANCIAL POSITION</b>					
Share capital	1,086	1,086	1,086	1,086	1,126
Number of shares	284,937,118	284,937,118	284,937,118	284,937,118	295,722,284
<b>OVERALL INCOME FROM OPERATIONS</b>					
Income tax	78	119	177	92	163
Income after tax, amortization, depreciation and provisions	1,941	1,096	-863	49	168

## EARNINGS PER SHARES

Shareholders' equity stood at €22,757 million at December 31, 2010. The net debt-to-equity ratio fell sharply from 35.9% at December 31, 2009 to 6.3% at December 31, 2010.

<i>(in millions of €)</i>	2006	2007	2008	2009	2010
<b>EARNINGS CONSOLIDATED PER SHARE</b>	<b>11.23</b>	<b>10.32</b>	<b>2.23</b>	<b>-12.13</b>	<b>12.70</b>
<b>NET DIVIDEND PER SHARE</b>	<b>3.10</b>	<b>3.80</b>	<b>0.00</b>	<b>0.00</b>	<b>0.30<sup>(1)</sup></b>

(1) Pursuant to a resolution put to the AGM of April 29, 2011.

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**NOTES**

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**NOTES**





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Investor Relations Department

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