

Michelin Luxembourg SCS

Société en Commandite Simple

Audited accounts
as of and for the year ended December 31, 2012

69, Boulevard de la Pétrusse
L-2320, Luxembourg
R.C.S. - B96.546

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Michelin Luxembourg SCS

Declarations

COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie” a « société en commandite par actions » under Swiss law, with its registered office at 1763 Granges-Paccot (Switzerland), Rte Louis-Braille 10, duly represented by Mr. Georges-Henri BARRAS , Executive Vice-President, sole Managing Partner of the company MICHELIN LUXEMBOURG SCS, a « société en commandite simple » under Luxembourg law, with its registered office at 2320 Luxembourg (Luxembourg), 69 Bvd de la Pétrusse, registered with the *Registre du Commerce et des Sociétés in Luxembourg* under number B 96.546 (hereinafter « the Issuer »);

state that to the best of their knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer and that the management report includes a fair review of the development and performance of the business and the position of the Issuer, together with a description of the principal risks and uncertainties that it faces.

COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie”

Signed by
Georges-Henri BARRAS,
Executive Vice-President

Management report

Michelin Luxembourg SCS (« the Partnership ») principal activity is the provision of loans to affiliated undertakings within the Michelin group of companies. These loans have been financed by the issue of guaranteed bonds on the Luxembourg Stock Exchange and by the issuing of short term promissory notes and Commercial Papers.

Developments 2012:

During the financial year ended December 31st, 2012, the Partnership continued with the repurchases of bonds. The Partnership repurchased for a total of EUR 165'204'000 of the 8,625% guaranteed bonds 2014. This operation had a negative impact on the profit and loss account of EUR 22'175'295,60. On the other hand the Partnership and COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie" agreed to amend the loan agreement between the two parties maintaining the loans at arm's length. These amendments produced an extra income of EUR 30'231'651,77 for the Partnership.

On April 16th, 2012, the remaining outstanding amount of the 6,5% guaranteed bonds 2012 being EUR 437'587'000,00 was fully reimbursed. On the same date the EUR 495'000'000 loan between the Partnership and COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie" was also fully reimbursed by COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie".

On June 20th, 2012, the Partnership issued a 2,75% EUR 400'000'000 Guaranteed Bond 2019.

During the year 2012, the Partnership has registered a total interest charge of EUR 65'592'683,79 on the guaranteed bonds and an interest income of EUR 72'427'712,52 on the loans to COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie".

The Partnership has also registered a charge of EUR 563'690,52 linked to the guarantee granted by COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie" on the bond issues.

On April 12th, 2012, the Partnership entered into Commercial Paper Dealer Agreements with Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC as dealers and with Bank of America as paying agent. ("US Commercial Papers").

The Obligations issued and the Issuer payments shall be denominated solely in United States Dollars. The purpose of the Program is to comply with short term financing needs; Commercial Papers are being issued for an average of one month at an average interest rate of 0,31 fixed paid in advance.

Risks

Market Risk:

The Partnership is not significantly exposed to interest-rate fluctuations as it borrows fixed-rate and lends fixed –rate. Any conversion to floating-rate is done at Group level on the head of COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie". The Group policy is to systematically switch all new issues to floating-rates.

The exposure on the US Commercial Papers is also not significant. The company borrows United States Dollars and lends United States Dollars. The exposure is limited to the margin realized by the Partnership which is on average amounting to 23,000 euro per month for the year ended December 2012.

Credit Risk:

The credit risk of the Partnership is considered low, the main income being generated by the loans to COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie”, a group company. No significant risks are expected relating to the financial capability of COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie”.

Liquidity Risk:

The Partnership does not run significant liquidity risk due to low credit risk and the Partnership uses COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie” as internal bank. The Group liquidity is managed centrally at COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie”.

Result

The Annual General Meeting held on April 3rd, 2012 approved the allocation of the loss for the year 2011, being EUR 8’800’496 to the Partners on a pro-rata basis of their participation in the Partnership. The corresponding amounts have been paid to the Partnership by the Partners on January 19th, 2012.

The result for the financial year 2012 is a profit of EUR 11’400’112,18.

Subsequent events:

From January 1st until March 19th, 2013 the Partnership proceeded to additional repurchases on the EUR 750 million bond. As a consequence, as at 2013, the outstanding amount of the EUR 750 million bond is EUR 476’715’000.

Future developments:

The Partnership will continue with the repurchases of bonds whenever the market conditions are favourable.

Research and Development:

The Partnership has not been active in the field of research and development during the year 2012.

Others

For the financial year 2013 we do not foresee any new operations or actions.

Corporate Governance:

The Partnership’s capital is set at one million euros (EUR 1’000’000), divided into two classes of Partnership units comprising ninety-eight thousand (98’000) unlimited Partnership units and two thousand (2’000) limited Partnership units, with a par value of ten euro’s (EUR 10) each.

Each class of Partnership units entitles to the same rights and privileges.

COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie” holds ninety-eight thousand (98’000) unlimited Partnership units. COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie” is the general Partner and Manager of the Partnership.

The Partnership is being managed exclusively by the General Partner (Manager) who is vested with the broadest power to perform all acts of administration and disposition necessary or useful for accomplishing the Partnership's objects.

Annually the general meeting of Partners decides on amendment of the articles of association.

Internal control is the process that is run by the company management for the purpose of building confidence that the company:

- Has an appropriate and efficient organization for its business operations
- Produces reliable financial reports, and
- Complies with applicable laws and regulations

Michelin Luxembourg is a Partnership whose activity is limited to the provision of loans to affiliated undertakings within the Michelin Group of companies. The business and the legal structure is straight forward.

In order to produce reliable financial information, upon which business decisions can be made, the company has a number of control activities in place. For example reconciliation of bank-accounts on a monthly basis, follow-up of decisions made an analysis and follow-up of the financial position of major holdings. All payments are approved by the General Partner and executed by a different individual in order to have segregation of duties.

Michelin conducts annual reviews and evaluations of risk areas for the purpose of identifying and managing risks through consultation between management and other parties.

Policies, guidelines and internal manuals are continuously updated and communicated within the Michelin Group and promptly adopted by company.

Considering that the company has a simple structure and organization, the General Partner has not found it necessary to set-up an internal audit, based on the view that the monitoring and examination described above are sufficient to maintain effective internal controls in respect of financial reporting.

March 19th, 2013

The Management,



Audit report

To the Partners of
Michelin Luxembourg SCS

Report on the annual accounts

We have audited the accompanying annual accounts of Michelin Luxembourg SCS, which comprise the balance sheet as at 31 December 2012, the profit and loss account for the year then and a summary of significant accounting policies and other explanatory information.

Partners' responsibility for the annual accounts

Partners are responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Partners determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Partners, as well as evaluating the overall presentation of the annual accounts.

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

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518





Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Michelin Luxembourg SCS as of 31 December 2012, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, including corporate governance statement, which is the responsibility of the Partners, is consistent with the annual accounts and includes the information required by the law with respect to the corporate governance statement.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 19 March 2013

A handwritten signature in black ink, appearing to be 'Luc Henzig', with a large circular flourish at the beginning.

Luc Henzig

Michelin Luxembourg SCS

Balance sheet
as at December 31st, 2012
(expressed in EUR/000)

ASSETS	Note(s)	31.12.2012 '000 EUR	31.12.2011 '000 EUR
C. Fixed assets			
III. Financial assets			
2. Loans to affiliated undertakings	4	915'390	750'000
		<u>915'390</u>	<u>750'000</u>
D. Current assets			
II Debtors			
2. Amounts owed by affiliated undertakings	5		
a) becoming due and payable after less than one year		197'747	564'821
IV. Cash at bank and in hand		17	23
		<u>197'764</u>	<u>564'844</u>
E. Prepayments	6	2'292	3'030
		<u>2'292</u>	<u>3'030</u>
Total Assets		<u><u>1'115'446</u></u>	<u><u>1'317'874</u></u>
LIABILITIES			
A. Capital and Reserves			
I. Subscribed capital			
7		1'000	1'000
IV. Reserves			
1. Legal reserve	8	100	100
4. Other reserves			8'800
VI. Result for the financial year	9	11'400	(8'800)
		<u>12'500</u>	<u>1'100</u>
D. Non-subordinated debts			
1. Debenture loans			
b. Non-convertible loans			
i. becoming due and payable after less than one year	10	36'567	498'210
ii. becoming due and payable after more than one year	10	915'390	680'594
2. Amounts owed to credit institutions			
a. Becoming due and payable after less than one year	10	150'978	-
6. Amounts owed to affiliated undertakings			
a. becoming due and payable after less than one year	10	-	137'964
9. Other creditors			
a. becoming due and payable after less than one year		11	6
		<u>1'102'946</u>	<u>1'316'774</u>
Total liabilities		<u><u>1'115'446</u></u>	<u><u>1'317'874</u></u>

The Accompanying notes form an integral part of the Annual Accounts.

Michelin Luxembourg SCS

Profit and loss account
For the period ended December 31st, 2012
For the period from January 1st, 2012 to December 31st, 2012
(expressed in EUR/000)

	Note(s)	31.12.2012 '000 EUR	31.12.2011 '000 EUR
A. CHARGES			
2. Other external charges		465	119
8. Interest payable and similar charges			
a. concerning affiliated undertakings	10	1'071	933
b. other interest payable and similar charges	6,10	90'661	107'310
12. Profit for the financial year		<u>11'400</u>	<u>-</u>
Total charges		<u>103'597</u>	<u>108'362</u>
B. INCOME			
6. Income from financial fixed assets			
a. derived from affiliated undertakings	4	92'867	65'820
7. Income from financial current assets			
a. derived from affiliated undertakings	5	10'730	33'742
10. Loss for the financial year		<u>-</u>	<u>8'800</u>
Total income		<u>103'597</u>	<u>108'362</u>

The Accompanying notes form an integral part of the Annual Accounts.

Michelin Luxembourg SCS

Notes to the audited annual accounts
as at December 31st, 2012
(continued)

1 General Information

Michelin Luxembourg SCS (“the Partnership”) is a limited liability Partnership (“société en commandite simple”) incorporated under the laws of the Grand-Duchy of Luxembourg on October 31, 2003.

The Partnership is established for an unlimited period.

The Partnership’s financial year starts on January 1st and ends on December 31st of each year.

The principal activity of the Partnership is the provision of loans to affiliated undertakings within the Michelin group of companies. These loans have been financed by the issue of guaranteed bonds on the Luxembourg Stock Exchange. On April 2, 2009, the Partnership set up a Euro Medium Term Note Programme registered with the Luxembourg Stock Exchange. The Partnership launched a Bond issue on June 20, 2012 at the Luxembourg Stock Exchange and issued on April 12, 2012 a US Commercial Paper Programme. The US Commercial Papers are being issued for an average term of one month at an average interest rate of 0,31 fixed. The US Commercial Papers Programme is also guaranteed by COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie”.

The principal activities of Michelin Group companies include the manufacture and distribution of vehicle tyres and the publication of travel guides and maps.

The registered office of the Partnership is established at 69, boulevard de la Pétrusse, L-2320, Luxembourg. The Partnership is registered with the Registre de Commerce of Luxembourg under the section B Number 96 546.

98% of the share capital of the Partnership is held by COMPAGNIE FINANCIERE DU GROUPE MICHELIN, “Senard et Cie” (“CFM”) and the remaining 2% is held by Nitor S.A. (together the “Partners”). These companies are both subsidiaries of Compagnie Générale des Etablissements Michelin. The registered office of CFM and Nitor S.A. is at Route Louis-Braille 10 CH-1763 Granges-Paccot, Switzerland.

The Partnership is included in the consolidated accounts of CFM. The consolidated accounts are available at CFM’s registered office.

2 Presentation of the comparative financial data

Figures for the year ended December 31st, 2011 have been reclassified to ensure comparability with the figures for the year ended December 31st, 2012.

Michelin Luxembourg SCS

Notes to the audited annual accounts
as at December 31st, 2012
(continued)

3 Summary of significant accounting policies

3.1 Basis of preparation

The accounts of the Partnership have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the Management.

3.2 Financial and current assets

Financial assets consist of intercompany loans bearing accrued interest. In case of durable depreciation in value according to the opinion of the Management, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

3.3 Foreign currencies translation

The Partnership maintains its financial records in euros ("EUR"). Assets and liabilities denominated in other currencies are translated into EUR at the rate effective at the balance sheet date. Income and expense transactions are recorded at the rate effective at the date of the transactions. Realized exchange gains and losses, and unrealized exchange losses, are recorded in the profit and loss account.

Currently the company has an asset of USD 200'185'163,74 on CFM and a liability of USD 200'000'000 on the US Commercial Papers.

3.4 Prepayments

Prepayments represent costs associated with the issuance of the guaranteed bonds which are amortized to the profit and loss account over the contractual term of the bonds, and the interest paid in advance on the US Commercial Papers.

3.5 Debts

Debts are recorded at their reimbursement value.

Loans and amounts owed to affiliated undertakings bear interests which are accrued on a pro rata temporis basis.

3.6 Non-convertible loans

Non-convertible loans are represented by guaranteed bonds such are valued at their nominal value and bear interests which are accrued on a pro rata temporis basis.

Michelin Luxembourg SCS

Notes to the audited annual accounts
as at December 31st, 2012
(continued)

3.7 US Commercial Papers

US Commercial Papers are recorded at their reimbursement value. Where the amount repayable is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt.

The movements for 2012 were as follows:

Amount issued USD	2'020'127'000
Amount reimbursed USD	1'820'127'000
Balance at December 31, 2012 USD	200'000'000

The maximum outstanding amount at any time is USD 700'000'000. The Partnership has no commitment to perform monthly issuance of USCP, issuances are performed only upon Partnership request.

4 Financial assets

Amounts owed by affiliated undertakings represent interest bearing loans made to finance the development of the Michelin group's operations. Movements for the year are as follows:

	'000 EUR
Book value-opening balance	750'000
Partial repayment	(234'610)
Issuing of new loan	400'000
Book value closing balance	915'390

Financial assets

	After one year and within five years	After five year	Total 31.12.2012	Total 31.12.2011
	Within one year	'000 EUR	'000 EUR	'000 EUR
	'000 EUR	'000 EUR	'000 EUR	'000 EUR
Compagnie Financière du Groupe Michelin, "Senard et Cie" 6.83%				495'000
Repayable on April 16 th , 2012				
Compagnie Financière du Groupe Michelin, "Senard et Cie" 8.87%		515'390	515'390	750'000
Repayable on April 24 th , 2014				
Compagnie Financière du Groupe Michelin, "Senard et Cie" 2.85%			400'000	
Repayable on June 20 th , 2019			400'000	
Reclassified to current (note 5)				(495'000)
Total	515'390	400'000	915'390	750'000

Michelin Luxembourg SCS

Notes to the audited annual accounts
as at December 31st, 2012
(continued)

5 Debtors

	31.12.2012	31.12.2011
	'000 EUR	'000 EUR
Debtors are mainly composed of amounts owed by affiliated undertakings becoming due and payable within one year		
Amounts owed by affiliated undertakings	160'094	495'000
Interest receivable	37'653	69'821
	<u>197'747</u>	<u>564'821</u>

6 Prepayments

	31.12.2012	31.12.2011
	'000 EUR	'000 EUR
Prepayments are mainly composed of issuance costs relating to the guaranteed bonds		
Opening net book value	3'030	5'551
Issuing costs new bond	1'351	
Amortization for the year	(2'100)	(2'521)
Closing net book value	<u>2'281</u>	<u>3'030</u>
Advance interest payment USCP	11	0
Total prepayments	<u>2'292</u>	<u>3'030</u>

7 Subscribed Capital

The Partnership's subscribed capital is set at EUR 1'000'000 divided into two classes of Partnership units, comprising 98'000 unlimited Partnership units (parts commanditées) and 2'000 limited Partnership units (parts commanditaires) with a par value of EUR 10 per unit, each one of them fully paid up.

The authorized capital amounts to EUR 1'000'000

The unlimited Partnership units are owned by CFM and the limited Partnership units by Nitor S.A..

No movement in the subscribed capital during the current period occurred.

8 Legal reserve

The company is required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Michelin Luxembourg SCS

Notes to the audited annual accounts
as at December 31st, 2012
(continued)

9 Result for the financial year

The Annual General Meeting held on April 3rd, 2012 approved the loss for the financial year 2011, being EUR 8'800'495, 96 and the contribution by the Partners on a pro rata basis. The Partnership's result for the period ended December 31st, 2012 is a profit of EUR 11'400'112,18.

According to art. 19 of Articles of Association of the Partnership, the net result of the Partnership as reported in the annual accounts, be it a profit or a loss, will be automatically recorded in the profit and loss of the Partners on a pro rata basis of their participation, in the Partnership. The net profit will be distributed among the Partners, unless the Annual General Meeting of the Partners decides that the profit be either carried forward or transferred to a reserve. In case the net result is a loss, this will be immediately covered by the Partners on a pro rata basis of their participation.

	Legal reserve (EUR)	Other reserves (EUR)	Result for the financial year (EUR)
As at December 31st, 2012	100	8'800	(8'800)
Movements for the year:			
• Allocation of previous year's profit or loss		(8'800)	8'800
• Profit or loss for the year/period			11'400
• Other movements Partner's compensation reserve			
As at December 31st, 2012	100		11'400

10 Non-subordinated debts

The loans to COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie" are being financed by guaranteed bond issuances and by USCP totaling EUR 1'066'368 as per December 31st, 2012.

Michelin Luxembourg SCS

Notes to the audited annual accounts
as at December 31st, 2012
(continued)

Non-convertible guaranteed bonds/amounts owed to credit institutions.

				Total	Total
				31.12.2012	31.12.2011
	Within one year	After one year and within five years	After five year		
	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR
500 million bond - 6.5% guaranteed bonds repayable on April 16 th , 2012					437'587
750 million bond - 8.625% guaranteed bonds repayable on April 24 th , 2014		515'390		515'390	680'594
400 million bond – 2.75% guaranteed bonds repayable on June 20 th , 2019			400'000	400'000	
Interest payable on bonds	36'567			36'567	60'623
Amounts owed to credit institutions	150'978			150'978	
Total	187'545	515'390	400'000	1'102'935	1'178'804

The total interest payable on the above guaranteed bonds amounts to EUR 65'592'684 for the period January 1st, 2012 up to December 31st, 2012.

The accrued interest payable as at December 31st, 2012 amounts to EUR 36'567'012.

The remaining outstanding amount of the 500 million 6.5% guaranteed bond was paid in full on its maturity date April 16th, 2012.

On April 24, 2009, under its Euro Medium Term Note Programme, the Partnership issued the 8.625% bonds of EUR 750'000'000 due April 24, 2014.

The entity repurchased on the EUR 750 million bond, for a total of EUR 234'610'000 of which EUR 165'204'000 during 2012.

The entity realized a loss of EUR 22'175'296 with the repurchases during the year.

On June 20th, 2012, the Partnership issued the 2.75% bonds of EUR 400'000'000 due June 20th, 2019.

On April 12th, 2012, the Partnership started issuing US Commercial Paper. As per December 31st, 2012 the total debt amount to USD 200'000'000 equivalent to EUR 150'977'600.

Both bonds are listed on the Luxembourg Stock Exchange and guaranteed by CFM.

Michelin Luxembourg SCS

Notes to the audited annual accounts
as at December 31st, 2012
(continued)

Amounts owed to affiliated undertakings

	Within one year	Total	Total
	'000 EUR	31.12.2012	31.12.2011
		'000 EUR	'000 EUR
Compagnie Financière du Groupe Michelin, 'Senard et Cie'			137'314
Compagnie Financière du Groupe Michelin, 'Senard et Cie'			
Guarantee fee			650
Total	-	-	137'964

11 Staff

The Partnership does not have any employee, same in 2011.

12 Related parties transactions

During the financial year, the transactions entered with related parties, described in the previous notes, have been carried out at arm's length.

13 Auditor's fees

The total fees accrued by the Company and paid to the audit firm are presented as follows:

	2012	2011
	'000 EUR	'000 EUR
Audit fees	16'000	19'388
Total	16'000	19'388

14 Subsequent events

From January 1st, 2013 until March 19th, 2013 the Partnership proceeded to additional repurchases on the EUR 750 million bond. As a consequence, as at 2013, the outstanding amount of the EUR 750 million bond is EUR 476'715'000.