

**Michelin Luxembourg SCS**

**Société en Commandite Simple**

Audited annual accounts  
for the year ended December 31, 2009

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



# Michelin Luxembourg SCS

## Declarations

**COMPAGNIE FINANCIERE MICHELIN**, 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 »);

**Jean-Noël QUILLET**, Chairman of the Supervisory Board of the Issuer, residing at 63400 Chamalières, (France), 78, Avenue Joseph-Claussat;

**Gérard CHAPIROT**, Member of the Supervisory Board of the Issuer, residing at 63130 Royat (France), 31, avenue Phelut;

and

**Rudolf JURCIK**, Member of the Supervisory Board of the Issuer, residing at 76275 Ettlingen (Germany), Am Grabenacker 12a,

state that to the best of their knowledge, the annual accounts 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 MICHELIN

Signed by  
Georges-Henri BARRAS,  
Executive Vice-President

For the Supervisory Board of  
MICHELIN LUXEMBOURG SCS

Signed by  
Jean-Noël QUILLET,  
Chairman of the Supervisory Board

Signed by  
Gérard CHAPIROT,  
Member of the Supervisory Board

Signed by  
Rudolf JURCIK,  
Member of the Supervisory Board



# Michelin Luxembourg SCS

Balance sheet  
as at December 31, 2009  
(expressed in EUR)

ASSETS	Notes	31.12.2009 '000 EUR	31.12.2008 '000 EUR
<b>Fixed assets</b>			
Financial assets			
Long term loans to affiliated undertakings	3	1'245'000	495'000
		<u>1'245'000</u>	<u>495'000</u>
<b>Current assets</b>			
Debtors			
Short term loans to affiliated undertakings			
. becoming due and payable within one year	4	-	479'000
Amounts owed by affiliated undertakings			
. becoming due and payable within one year		70'012	45'988
Cash at bank		5	230
		<u>70'017</u>	<u>525'218</u>
<b>Prepayments</b>	5	7'613	1'949
		<u>1'322'630</u>	<u>1'022'167</u>
<b>LIABILITIES</b>			
<b>Capital and reserves</b>			
Subscribed capital	6	1'000	1'000
Legal reserve	7	100	100
Profit for the financial year	8	116	629
		<u>1'216</u>	<u>1'729</u>
<b>Creditors</b>			
Non-convertible guaranteed bonds			
becoming due and payable after more than one year	9	1'250'000	500'000
becoming due and payable within one year	9	-	470'163
Amounts owed to affiliated undertakings			
becoming due and payable within one year		3'588	6'605
Interests accrued on guaranteed bonds			
becoming due and payable within one year		67'812	43'664
Other creditors			
becoming due and payable within one year		14	6
		<u>1'321'414</u>	<u>1'020'438</u>
		<u>1'322'630</u>	<u>1'022'167</u>

The accompanying notes form an integral part  
of the annual accounts.



# Michelin Luxembourg SCS

Profit and loss account  
for the year ended December 31, 2009  
(expressed in EUR)

	Note	31.12.2009 '000 EUR	31.12.2008 '000 EUR
<b>CHARGES</b>			
External charges		84	20
Interest payable and similar charges			
. interest concerning affiliated undertakings		-	288
. charges in relation with the guarantee of the bonds		1'172	1'215
. interest on guaranteed bonds		85'446	61'297
. debt issuance costs	5	1'716	1'122
		<u>88'334</u>	<u>63'922</u>
Profit for the financial year		<u>116</u>	<u>629</u>
		<u>88'534</u>	<u>64'571</u>
<b>INCOME</b>			
Income from loans forming part of fixed assets			
. derived from affiliated undertakings		79'687	33'808
Income from loans forming part of current assets			
. derived from affiliated undertakings		8'846	30'752
Other interest receivable and similar income		<u>1</u>	<u>11</u>
		<u>88'534</u>	<u>64'571</u>

The accompanying notes form an integral part  
of the annual accounts.



# Michelin Luxembourg SCS

Notes to the audited annual accounts  
as at December 31, 2009  
(continued)

## 1 Status and principal activities

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 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’s financial year begins on the first day of January and terminates on the last day of December.

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 Financière Michelin (“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 Summary of significant accounting policies

### 2.1 Basis of presentation

The annual accounts of the Partnership are prepared in accordance with Luxembourg legal and regulatory requirements.

### 2.2 Accounting convention

The annual accounts have been prepared under the historical cost convention.

# Michelin Luxembourg SCS

Notes to the audited annual accounts  
as at December 31, 2009  
(continued)

## 2 Summary of significant accounting policies (cont.)

### 2.3 Financial assets

Financial assets are recorded at cost. Value adjustments are recorded at the end of the financial year if the net realizable value of any asset is lower than the book value. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

### 2.4 Foreign currencies

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

The Partnership does not currently maintain any material assets or liabilities in foreign currencies.

### 2.5 Prepayments

Prepayments represent costs associated with the issuance of the guaranteed bonds. They are amortized to the profit and loss account over the contractual term of the bonds.

### 2.6 Loans and amounts owed by/to affiliated undertakings

Loans and amounts owed by/to affiliated undertakings are valued at their nominal value. Loans and amounts owed by affiliated undertakings are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

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

### 2.7 Guaranteed bonds

Guaranteed bonds 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 31, 2009  
(continued)

## 3 Long term loans to affiliated undertakings

Long term loans to affiliated undertakings represent interest bearing loans made to finance the development of the Michelin group's operations. They comprise:

	31.12.2009 '000 EUR	31.12.2008 '000 EUR
Michelin Invest Luxembourg SCS - 8.87% repayable April 24, 2014	750'000	-
Michelin Invest Luxembourg SCS - 6.83% repayable April 16, 2012	495'000	495'000
	<u>1'245'000</u>	<u>495'000</u>

There is no guarantee attached to these loans.

## 4 Short term loans to affiliated undertakings

Short term loans to affiliated undertakings represented interest bearing loans made to finance the development of the Michelin group's operations. They comprised:

	31.12.2009 '000 EUR	31.12.2008 '000 EUR
Michelin Invest Luxembourg SCS - 6.42% repaid on April 16, 2009	-	479'000
	<u>-</u>	<u>479'000</u>

There was no guarantee attached to this loan.

## 5 Prepayments

	31.12.2009 '000 EUR	31.12.2008 '000 EUR
Issuance costs relating to the guaranteed bonds :		
Opening net book value	1'949	3'071
Issuance costs on the 8.625% guaranteed bonds	7'380	-
Amortization for the year	(1'716)	(1'122)
Closing net book value	<u>7'613</u>	<u>1'949</u>

## 6 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 unlimited partnership units are owned by CFM and the limited partnership units by Nitor S.A..

# Michelin Luxembourg SCS

Notes to the audited annual accounts  
as at December 31, 2009  
(continued)

## 7 Legal reserve

Luxembourg companies are 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.

## 8 Profit for the financial year

The Partnership's result for the financial year ended December 31, 2009 is a profit of EUR 116'189. The Annual General Meeting held on February 23, 2009 decided to distribute the profit of the financial year 2008, being EUR 629'463, to the Partners.

On December 16, 2009, at the Extraordinary General Meeting, the Partners decided that 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 accounts 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 net profit be either carried forward or transferred to a reserve. This decision has no impact on these annual accounts.

## 9 Guaranteed bonds

The loans to Michelin group companies are being financed by guaranteed bond issuances totaling EUR 1'250'000'000 as per December 31, 2009.

Details of the guaranteed bonds outstanding at December 31 are as follows:

	31.12.2009 '000 EUR	31.12.2008 '000 EUR
8.625% guaranteed bonds repayable on April 24, 2014 *	750'000	-
6.5% guaranteed bonds repayable on April 16, 2012 **	500'000	500'000
6.125% guaranteed bonds repaid on April 16, 2009	-	470'163
	<u>1'250'000</u>	<u>970'163</u>

\* The coupon is due and payable annually on April 24, commencing April 24, 2010

\*\* The coupon is due and payable annually on April 16

The 6.5% guaranteed bonds were issued on April 16, 2002 by Michelin Invest Luxembourg SCS (formerly Michelin Finance Luxembourg S.A.) and are listed on the Luxembourg Stock Exchange. The bonds were transferred to the Partnership on December 4, 2003 and are irrevocably and unconditionally guaranteed by CFM. They are due on April 16, 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. These bonds are guaranteed by CFM. The 6.125% guaranteed bonds of EUR 470'163'000 were repaid on April 16, 2009. These bonds are listed on the Luxembourg Stock Exchange.



## **Michelin Luxembourg SCS**

Notes to the audited annual accounts  
as at December 31, 2009  
(continued)

### **10 Employees**

The Partnership does not have any employee (2008: none).

**Independent Auditor's report**

To the Partners of  
**Michelin Luxembourg SCS**

We have audited the accompanying annual accounts of Michelin Luxembourg SCS, which comprise the balance sheet as at December 31, 2009, the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Supervisory Board's responsibility for the annual accounts*

The Supervisory Board is 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Independent Auditor's responsibility*

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 by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 Auditor's judgment, 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 Auditor 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 Supervisory Board, as well as evaluating the overall presentation of the annual accounts.



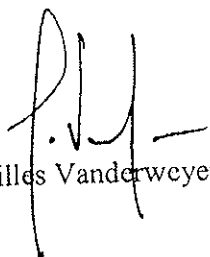
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, these annual accounts give a true and fair view of the financial position of Michelin Luxembourg SCS as of December 31, 2009, 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.

PricewaterhouseCoopers S.à r.l.  
Réviseur d'entreprises  
Represented by

Luxembourg, March 16, 2010



Gilles Vanderweyen