



2014 ANNUAL
AND SUSTAINABLE
DEVELOPMENT REPORT

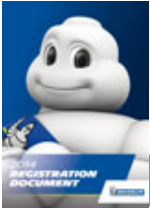
OPEN MINDED

Driving growth in a spirit of openness



MICHELIN

A better way forward



▲ The 2014 Registration Document, including the Annual Financial Report, is available on website www.michelin.com

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OPEN MINDED

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Advanced level

WE SUPPORT THE GLOBAL COMPACT

By pledging to support the United Nations Global Compact, Michelin has committed to upholding and applying ten universal principles in the areas of human rights, labor, the environment and anti-corruption.



ROBECOSAM
Sustainability Award
Silver Class 2015

SINCE 1889, MICHELIN HAS CONSTANTLY INNOVATED TO FACILITATE THE MOBILITY OF PEOPLE AND GOODS. TODAY, IT IS SETTING THE BENCHMARK ACROSS EVERY TIRE AND TRAVEL-RELATED SERVICES MARKET, WHILE LEADING A GLOBAL STRATEGY TO DRIVE RESPONSIBLE, SUSTAINABLE AND PROFITABLE GROWTH.



112,300
employees

68
production
facilities

No. 1

World leader
in energy-efficient
tires for cars
and vans



Over

3%
of net sales
committed
to innovation

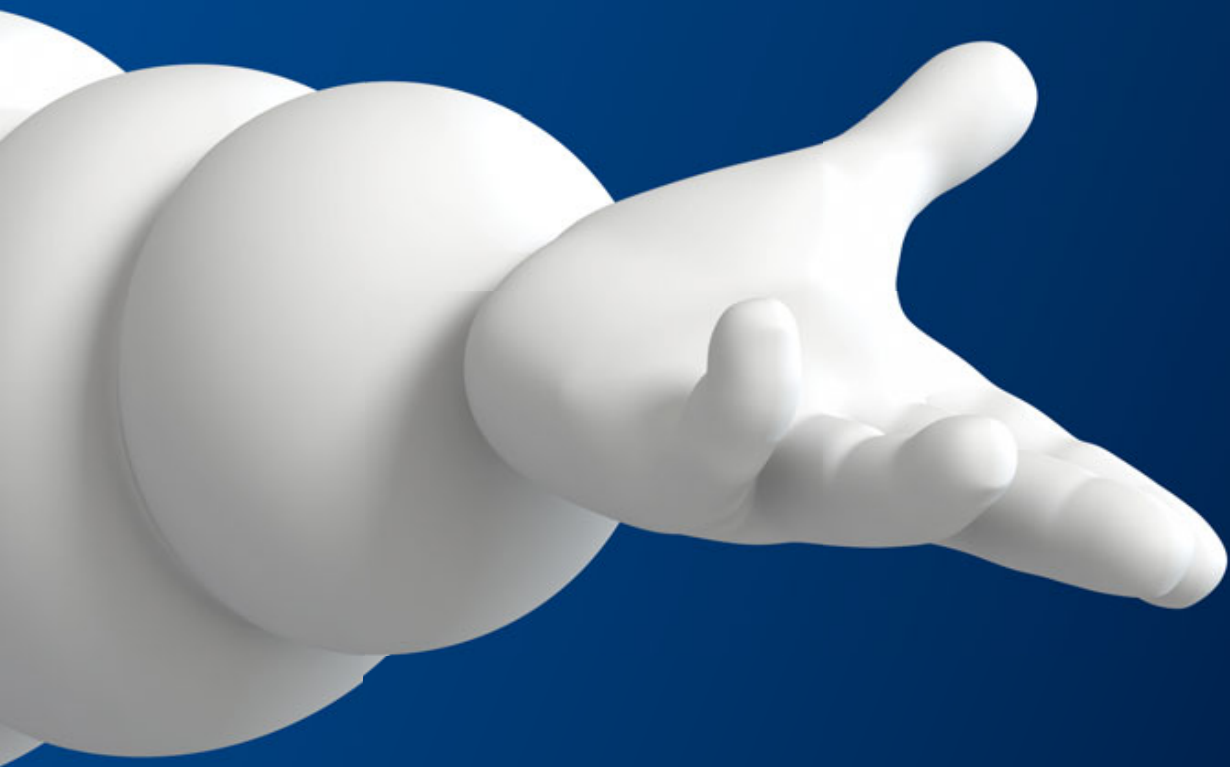


253
vehicles for which
Passenger Car tires
were certified as
original equipment
in 2014 – a record

More than
3,800
dealerships
and service centers



The story continues
at www.michelin.com



OPEN MINDED

***OPENNESS
IS A BETTER
WAY FORWARD
IN A CHANGING
WORLD***

MOVING FORWARD IN A CHANGING WORLD

*THE WORLD AND THE WAY
IT MOVES FORWARD ARE
CHANGING VERY RAPIDLY
THROUGH DIGITIZATION,
BIG DATA, OPEN INNOVATION,
SERVICES AND SHARING.
KEEPING AN OPEN MIND
IS THE BEST WAY TO STAY
ONE STEP AHEAD.*

With the development of a new generation of electric, shared and connected vehicles, urban mobility is becoming easier and more accessible.





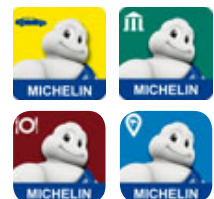
WELCOME TO A SMART WORLD

THE WORLD OF MOBILITY IS OPENING UP TO NEW PLAYERS, INCLUDING DESIGNERS OF INNOVATIVE APPLICATIONS AND BIG DATA EXPERTS. DIGITIZATION IS PERMEATING COMPANIES, ENABLING THEM TO OPERATE FASTER AND MORE EFFECTIVELY TOGETHER.



Apps Enhancing mobility

Featuring itinerary calculators, interactive maps, real-time traffic reports and geolocation solutions, with coverage of service stations, parking areas, hotels, restaurants and tourist sites, MICHELIN Mobility Apps provide a wealth of practical information for free so that users can drive intelligently. 📱



The story continues
at www.michelin.com



RFID a forward-looking hook-up for Endurance racing cars

There's been a revolution in the paddocks at the 24 Hours of Le Mans. LMP1 prototypes taking part in the 2014 World Endurance Championship were equipped with new MICHELIN tires capable of communicating through an RFID chip embedded in their sidewalls. Every time an LMP1 prototype passed the terminals located at the stands' entrance and exit, its four tires were identified and the data transmitted to Michelin technicians. The purpose was to accurately measure the endurance of the tires used in order to improve them. To accomplish this, the Group's developers met the major challenge of gathering data from a tire – not with a handheld reader when the car is standing still – but from a terminal one meter away when the vehicle is being driven at 60 km/h.

Big Data A European laboratory for different kinds of road use

To better understand motorist needs, Michelin has equipped 2,800 cars in France, Germany, the United Kingdom, Spain and Italy with telematic display units. The goal is to collect three years' worth of driving-related data, concerning mileage, speed, and braking and accelerating on straights and curves. Analyzed and cross-referenced with weather data and information about the roads' curviness and surface condition, the data will enable Michelin to further improve its understanding of driving habits so that its innovations will be ever more relevant and respond to real user expectations by always delivering more useful performance in a single tire.

10,000

members have signed up for BibSpace, Michelin's internal social network. Its purpose is to promote more collaborative, agile work methods.



On Twitter



Guide Michelin
@GuideMichelin

"MICHELIN guide inspectors now use Twitter to share their restaurant discoveries, favorites and tips in France, the United Kingdom and the United States."



Pascal Couason
@michelin_sport

"Pascal Couason, head of Michelin's Motorsports Division, tweets exclusive information about Michelin's involvement in car and motorcycle racing."



Hiring Popular digital resources

Every year, Potential Park assesses companies' online hiring strategies as applied to career websites, mobile websites, social networks and online applications. Michelin ranks among the top ten. With more than 500,000 visitors a year and 22,000 resumes filed – corresponding to 90% of all applications – michelincareers.com is the preferred point of entry.

Training

A virtual simulator for operators

With new production machinery being deployed in several countries, the Group has successfully tested a new training resource in China. "It provides an innovative solution for initiating operators and saves a lot of time," says Anthony An, the training program's manager for China. "There's no break in production. Everyone can organize their learning schedule in a pleasant environment and training procedures can also be standardized."

SMART TIRES SOLUTIONS

WITH MICHELIN SOLUTIONS AND SASCAR, THE GROUP IS USING DIGITAL AND ONLINE SOLUTIONS TO CREATE INNOVATIVE SERVICES. THE GOAL IS TO IMPROVE FLEET AVAILABILITY RATES AND CUSTOMER MARGINS.



In June 2014, Michelin announced the acquisition of Sascar, the Brazilian leader in digital fleet management and freight security with a 23% market share. The acquisition is fully aligned with the Group's service strategy, which aims to shorten time to market for telematics solutions that enhance fleet performance.

Sascar: leading-edge technologies and expected synergies

With Sascar, Michelin has acquired both a champion company in a high-potential country and a technology leader with a proven business model. Innovative and dynamic, Sascar has 870 employees, including 160 engineers and developers. It manages 230,000 vehicles – 80% of which are trucks – for 33,000 customers. In 2014, Sascar generated revenue of BRL 317 million (approximately €102 million) and delivered a solid performance, with average annual growth of 11%,



The mobility solutions market could represent up to €10 billion by 2017

multiyear contracts to ensure recurring income and EBITDA (excluding acquisition costs) of 40%. Its knowledge of the small trucking segment fits seamlessly with Michelin's understanding of major operators. Sascar will benefit from access to the large customers served by the Group, which ranks first in Brazil in radial truck tires. For its part, Michelin will leverage Sascar's technologies to optimize its portfolio of solutions and speed their deployment.

MICHELIN solutions: helping European vehicle fleets reduce their environmental impact

Like Sascar, MICHELIN solutions relies on onboard telematics, electronics and cloud computing to gather vehicle data in real time, analyze the performance of vehicles and drivers, and devise solutions that enhance mobility, increase productivity, reduce fuel consumption and improve the bottom line for customers.

To achieve these objectives, MICHELIN solutions is working with selected partners to build a full-fledged ecosystem.

The unit has committed to multiyear contracts that promise to reduce vehicle downtime, carbon dioxide emissions and fuel consumption. If goals are met, the resulting gains are shared; if not, the customer receives compensation.

MICHELIN solutions' EFFIFUEL™ service delivers training in eco-driving techniques, action plans based on the analysis of telematic data and tire management expertise, combining the best low-rolling resistance tires with low energy consumption and the right amount of maintenance to ensure they retain their qualities for as long as possible. ¶



▲ More than 50% of vehicles will be connected by 2025, compared with 5% to 15% of trucks and 5% of cars and vans today.



“Sascar will enable Michelin to expand its digital services offering with advanced solutions that improve our customers’ performance.”

*JEAN-DOMINIQUE SENARD,
CHIEF EXECUTIVE OFFICER*



◀ Combining innovative tires and value-added solutions is a winning solution that creates shared value.

Solutions Michelin, a pioneer of the product-service economy

Michelin has long provided service-oriented solutions such as per-kilometer, per-tonne or per-landing billing as opposed to per-tire billing. These solutions are based in particular on onboard tire pressure monitoring systems that help to optimize preventive maintenance and minimize vehicle downtime. ¶

SMART & DIGITAL: MICHELIN PICKS UP SPEED

MICHELIN IS GOING DIGITAL FASTER IN ALL AREAS, DRIVEN BY AN IMPERATIVE TO BECOME MORE EFFICIENT, COMPETITIVE, AGILE AND INTERACTIVE TO SERVE EVERYONE'S NEEDS. A DIGITAL OPERATIONS DEPARTMENT WAS CREATED IN LATE 2014 TO SHAPE THE GROUP'S DIGITAL STRATEGY.



A new digital ecosystem for the MICHELIN brand

The MICHELIN brand is energizing its digital footprint with a new communication strategy that is more connected, participatory and engaged. A new version of the michelin.com website adapted to screens of all kinds has been operational since June 2014. It is supported by corporate pages on Facebook and LinkedIn, and a new YouTube channel.

The digital transformation

Michelin's shift to digital started nearly 20 years ago with the release of its first corporate website in 1996. Its first country websites were created the following year in the main European markets and in the United States. The ViaMichelin website was launched in France in 2001, after which it was rolled out to other countries. Michelin began publishing job announcements on its dedicated careers site in 2005 and extended the service worldwide in 2012 through michelin-careers.com. In 2013, a number of initiatives were launched simultaneously: Michelin Passion, the Group's first motorsports-themed YouTube channel; the recruitment page on LinkedIn; the Michelin Lifestyle Ltd website; and Michelin solutions, a digital services offering currently aimed at European truck fleets.



The story continues
at www.michelin.com

THE MICHELIN DIGITAL EXPERIENCE IS DEVELOPING EVERYWHERE



Around 2 million fans of the brand on Facebook.

700 million contacts between Michelin and its customers worldwide thanks to the global social media presence of all its products and services, and of the MICHELIN brand itself.

France

In 2014, Michelin was singled out among CAC 40 companies for having France's best Human Resources Facebook page and took third place in Potentialpark's ranking of French companies. In addition, the *Michelin Carrières* Twitter account is helping to enhance Michelin's appeal by publishing job openings and the latest hiring news.

Michelin Challenge Bibendum

During the Michelin Challenge Bibendum event in Chengdu, China, Michelin communicated across most of the main social media platforms, including Facebook, Twitter, YouTube, LinkedIn, Weiboo and Youku. The messages broadcast during the event reached approximately 5.4 million people in over 40 countries.

United Kingdom

Michelin is the leading tire brand in terms of social media influence according to *Tyres & Accessories* magazine.

China

Michelin is active on popular platforms in China, such as Weibo, Youku and WeChat. According to the Reputation Squad rating agency, Michelin ranks second among the Top 10 CAC 40 companies in terms of its e-reputation in China.

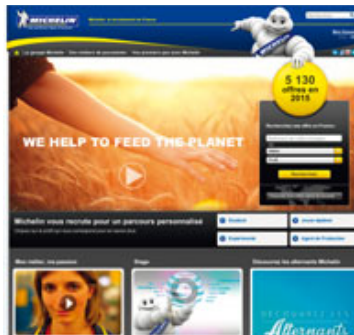
Michelin Passion

The video of the record-breaking lap time by the Porsche 918 Spyder on Michelin tires was viewed nearly four million times on the French Facebook page "Michelin Passion".

Digitization is now impacting all areas of the company: hiring, as mentioned above; training thanks to the development of e-learning; internal cooperation through the BibSpace social network; innovation with the wider use of simulation techniques; collaborative platforms; supply chain management; and relationships with suppliers and customers. Also attesting to the digital transformation is the michelin.restaurant website in France and Germany as well as the apps launched by Michelin Travel Partner, and the recently created global online community dedicated to sustainable mobility, Michelin Challenge Bibendum Open Lab. Lastly, in 2014 the Group acquired Sascar, Brazil's leading digital fleet management company.

How the industry will evolve in the digital era

Discussions initiated by Michelin and McKinsey & Company concerning the



future of the industry were broadened significantly at the 12th Michelin Challenge Bibendum held in Chengdu, China in November 2014. A number of breakthrough technologies are going to make manufacturing operations more flexible. These include digital production techniques, connected machines and objects, advanced robotics, augmented reality, 3D



printing, and real-time data collection and processing. More and more manufactured products will be personalized or redesigned by the purchaser. Michelin and its teams are preparing to effectively manage the transition to the plant of the future, with a more open-minded attitude than ever. ♣

DIALOGUER

*DIALOGUER, C'EST D'ABORD ÉCOUTER.
MICHELIN SOUHAITE DÉVELOPPER UN DIALOGUE DE QUALITÉ
AVEC TOUTES SES PARTIES PRENANTES AU NIVEAU LOCAL,
NATIONAL ET INTERNATIONAL. DANS CETTE PERSPECTIVE,
LE GROUPE A DÉFINI ET ENGAGÉ EN 2014 UNE NOUVELLE
DÉMARCHE DE CONSULTATION STRUCTURÉE.*



Organiser l'écoute, élargir le dialogue

Comment faire progresser la mobilité sans un dialogue constant avec les experts et les autorités ? Aider utilement les communautés sans échanger avec les ONG (Organisations Non Gouvernementales) de terrain ? Michelin pratique de longue date ce dialogue. Il souhaite aujourd'hui l'élargir, l'approfondir et le structurer pour mieux prendre en compte les attentes de toutes ses parties prenantes, les associer plus étroitement à ses réflexions et à ses projets.



Sharing ideas to prepare for the future

In late 2013, the position of NGO Relations Manager was created to stimulate dialogue and align actions. *“Developing a relationship with NGOs, regardless of their positions, allows us to identify changes in civil society’s expectations. This helps the Group to better understand new challenges and anticipate and prevent situations of crisis or conflict,”* explains Claire Dorland-Clauzel, Executive Vice President, Communication, Brands and External Relations. *“It’s also a way of supporting the emergence of new solutions and identifying opportunities for innovation, markets, growth and partnerships. Lastly, the process of establishing constructive relationships is perfectly aligned with our values,”* says Hervé Deguine, Michelin’s NGO Relations Manager.

A structured process

The new dialogue process is supported by regular meetings with stakeholders. These meetings are held at three levels:

- ▶ At corporate level, with one meeting a year held by a stakeholders committee on major themes concerning the Group’s sustainable development program, Michelin Performance and Responsibility.
- ▶ At unit level on a topic of special interest to the Group, such as responsible procurement or biomaterials.
- ▶ At geographic level, with the regions acting in a more autonomous capacity.

This very extensive approach makes it possible to gather opinions and suggestions that enrich the Group’s Performance and Responsibility strategy and activities.

Group entities are encouraged to identify key stakeholders and build closer ties with them. A methodology guide on stakeholder relations is currently being finalized. It has been extended through a training program to help managers – and especially site directors – to effectively meet NGO expectations. ¶



Road safety

Michelin takes part in numerous sustainable mobility discussion groups

The Global Road Safety Partnership (GRSP). Created by the World Bank and the World Health Organization to help fast-growing countries to introduce effective road safety programs. ¶



Human Rights a firm commitment

In application of the guidelines of the Organisation for Economic Cooperation and Development (OECD), impact studies are now conducted systematically whenever there is a risk that a project may have significant human rights impacts at the local level. Two related studies were carried out in 2014, in India and Indonesia, and others are in progress.

Michelin has also expanded its code of ethics with the addition of a new chapter on human rights. At the same time it is preparing to implement the United Nations “Protect, Respect and Remedy” framework. ¶

DIALOGUE IN ACTION

MICHELIN ENGAGES IN CONSTRUCTIVE DIALOGUE WITH ITS STAKEHOLDERS AT THE LOCAL, NATIONAL AND INTERNATIONAL LEVEL TO BETTER UNDERSTAND THEIR NEEDS AND INVOLVE THEM IN ITS PLANS AND PROJECTS.



▲ Jean-Dominique Senard met with some 20 members of civil society at a day-long event dedicated to dialogue in Clermont-Ferrand.



First formal consultation with stakeholders

On May 13-14, 2014 in Clermont-Ferrand, France, Michelin organized a seminar with around 20 stakeholders, including NGOs, customers, suppliers, labor unions, socially responsible investors, academics and multilateral agencies. On the agenda were round tables on three topics of general interest:

- What Michelin should do as a tiremaker to become a leader in sustainable development.
- How Michelin can contribute to sustainable mobility in cities.
- How sustainable mobility can be developed in a world of limited natural resources.

The sessions were attended by members of the Executive Committee along with operating managers. The Group's discussions and decisions will be enriched by the remarks and ideas expressed, several of which have already led to action.

Employee relations Michelin signs an initial pan-European agreement

Michelin and its European Works Council have signed an agreement setting objectives to be achieved in three years in three areas: equal opportunity and anti-discrimination measures; changes in work structures; and health and safety. This engagement reflects a commitment to developing responsible, constructive relations with employees and to supporting these relations with international agreements.

An in-depth study of the impact of the new plant in Chennai, India

At start-up, the Chennai plant had 1,100 employees. Michelin is working with 13 local and national NGOs to



promote health, safety, education, training and the environment in local communities. Training is being offered in 31 neighboring villages to encourage employability, and support for public health initiatives has been provided. Michelin has also helped to remove sludge from irrigation canals and participated in projects to develop renewable energies.

In 2014, following OECD National Contact Point recommendations, a human rights impact study was carried out by a specialized independent firm. In all, 300 interviews were conducted covering six areas: social-economic impact, community relations, business ethics, jobs and employability, working conditions for employees and for contractual workers. In addition, a new environmental impact study was launched covering a full year's climate cycle. ♣



Your expectations

“Michelin must more clearly express its intentions with regard to sustainable mobility.”

Our solutions

“The Green Paper published for the Michelin Challenge Bibendum fulfills this wish. Prepared with the assistance of consultants and academics, the document clearly states what we mean by sustainable mobility and presents the priority paths that we feel will accelerate the change process. The final document expands on the first edition to include contributions presented by interested parties in Chengdu.”

PATRICK OLIVA, MICHELIN CHALLENGE BIBENDUM CHAIRMAN

OPEN INNOVATION

CREATION IS MORE EFFECTIVE WHEN SEVERAL PARTIES ARE INVOLVED. "COLLECTIVE" AND "CO-CONSTRUCTION" ARE THE NEW WATCH WORDS FOR INNOVATION. THANKS TO DIGITAL PLATFORMS, COLLABORATIVE PROJECTS HAVE BECOME GLOBAL IN SCOPE.



Sustainable mobility, step by step: Michelin and Chinese company Jihua are combining their expertise to design and manufacture high-performance shoe soles.

Michelin has launched innovation programs in new areas with new partners and new resources. These include partnerships with carmakers and design firms in the area of motorsports, and long-term cooperation agreements with outside research institutes. A good example is the agreement with France's Agricultural Research for Development Center (CIRAD) to combat rubber diseases.

Award

**MICHELIN Total Performance Award:
€1 million to support sustainable mobility**

Created in 2014, the Michelin Total Performance Award is given to the winners of the overall classification at the 24 Hours of Le Mans provided they meet five energy efficiency and tire wear performance objectives. Once a team has met the challenge, Michelin will donate €1 million to an independent institute to finance sustainable mobility research projects.



Formula E Sharing innovation to raise the profile of sustainable development

On September 13, 2014 twenty drivers took part in the first race in the new FIA Formula E championship. Held in the streets of Beijing, the event was open only to fully electric single-seater cars. Competitors were allowed just one set of tires per car for the day of the race to cut down on materials use. The cars were fitted exclusively with the MICHELIN Pilot Sport EV, the first 18-inch tire developed for single-seaters. This exclusive motorsports partnership showcased the benefits of sharing innovation. 📌

Partnerships

Biosourced materials

Michelin has entered into three partnerships to create production channels for bio-sourced elastomers. It partners with Amyris to develop and market renewable isoprene. With Axens and IFPEN, it has forged a research alliance to develop butadiene from biomass to replace petroleum derivatives. In addition, to supply this project with the alcohol it requires, Michelin has partnered with Tereos. 📌



RFID Michelin opens its RFID patents

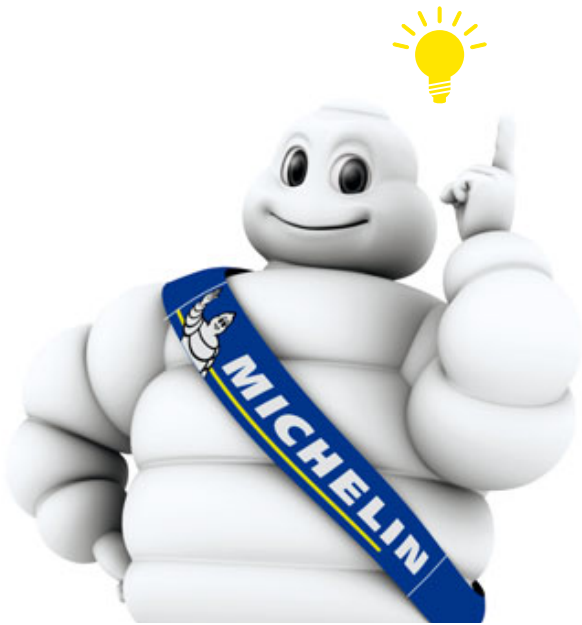
Equipping tires with Radio Frequency Identification (RFID) chips makes monitoring easier at every step of their life cycle. As a result, they can deliver better safety, longevity and fuel efficiency. A global leader in tire-related RFID systems, Michelin has opened its patents to support the adoption of a global standard and speed the spread of this technology. In seven years, the Group has tested RFIDs on more than 50,000 tires over six billion kilometers of road, filing around 20 patents over the same period. 📌

Fuel cells

Michelin acquires an equity stake in Symbio FCell

The Apollo mission used a fuel cell to produce electricity. Symbio FCell has developed expertise in this technology. Michelin has acquired a 33% stake in the company, whose achievements include the development of a hydrogen fuel cell range extender for the Renault Kangoo Z.E. Certified at European level, this innovation is currently being tested by major fleet operators like La Poste. The goal of the investment is to shorten time-to-market for sustainable mobility solutions. 📌





INNOVATION DYNAMIC

MICHELIN PROMOTES INDIVIDUAL CREATIVITY AND COLLECTIVE INTELLIGENCE BY ENCOURAGING EMPLOYEES TO OFFER SUGGESTIONS AND SHARE IDEAS.

1,234

managers trained in the Innovation Dynamic.
23,209 employees suggested at least one progress idea or innovation in 2014.
The goal for 2020: 100,000 ideas a year.

Innovation involves everyone

Michelin has optimized its resources and processes to innovate faster in closer alignment with actual needs, while also deploying new tools to give impetus to innovation and encourage and facilitate the emergence of ideas. Actions include creating a Group Innovation Committee open to outside experts, expanding areas of research and partnerships, and adopting lean management techniques and solution-based initiatives.

RDI Campus: interaction for innovation

Between 2007 and 2018, the Group will have invested €270 million to completely overhaul its research, development and process engineering (RDI) facilities. The project's main focus is the construction of RDI Campus, comprising eight buildings certified to France's HQE environmental standards and covered by an immense shade. RDI Campus will occupy nearly 70,000-sq.m and house some 1,600 people.

"All research, development and process engineering operations will be brought together," says Terry Gettys, head of Research and Development. "This will facilitate collaborative working and encourage cross-fertilization. Even the architecture has been designed to foster interaction."

A total of 80 platforms that can be adjusted to needs will enable teams of around 20 individuals to cooperate in a cross-functional, multidisciplinary fashion. A 320-meter atrium, called Rue de l'Innovation ("Innovation Street"), will encourage informal interaction. It will be built across the site's no. 1 test circuit, thereby symbolically linking two key Michelin R&D units – materials and tire architecture – that drive product performance.

It will also facilitate collaborative projects with other Group R&D sites and outside teams. The goal is to maximize the power of innovation and shorten the time needed to bring new solutions to market. ♣



THE MICHELIN INTERNAL INNOVATION ECOSYSTEM



60,000 people have access to this online resource for posting their progress and innovation ideas in all areas. Coverage is being extended. The goal for 2020: 100,000 ideas a year.



24 interactive sessions organized in 24 units. 1,350 participants proposed solutions.



The Prospective Planning teams and networks analyze long-term changes in markets and the environment. This process is supported by the Michelin Challenge Bibendum.

Group Innovation Committee



Small groups are challenged to use their collective intelligence to find solutions to questions from management on a given topic. Thirty challenges have already been carried out.



BibSpace, Michelin's internal social network, encourages cooperation and the flow of ideas by making it easier for people to interact and create global communities and networks. The network is open to all employees.



Employees are asked to submit ideas for innovative non-tire-related activities for development in incubators. Around ten such ideas have so far entered the incubation process.



Incubators rapidly develop and market-test innovative business models for mobility applications outside the tire industry.



Interview with Jean-Dominique Senard,
Chief Executive Officer

***“IN 2015,
OUR PRIORITY
WILL BE
TO STEP UP
OUR GROWTH
DRIVERS”***

*MOVING FORWARD IN A CHANGING WORLD
MEANS KEEPING AN OPEN MIND SO THAT
WE CAN BE PIONEERS, WHILE CONSTANTLY
ADAPTING TO NEW CIRCUMSTANCES
AND CULTIVATING OUR AGILITY SO THAT
WE CAN QUICKLY SEIZE OPPORTUNITIES*

How would you describe 2014?

► **Jean-Dominique Senard:** The year proved that Michelin's strategy is delivering results. First of all, the even distribution of our business base allowed us to capture growth in expanding markets, especially in China and North America, where we made very strong gains. Elsewhere, the MICHELIN brand performed in line with the market, with much better results in the premium car segment. Also, innovation, which is the strategy's core foundation, enabled us to launch a large number of new tire lines around the world, demonstrating the vitality of our research & development and the dedication of our teams.

As a result, consolidated operating income rose by €80 million compared with 2013, if we exclude the impact from exchange rates, which was fairly significant during the year.

► **J.-D. S.:** In addition, for the past four years, we have demonstrated that our continuing operations are structurally generating free cash flow, which totaled a considerable €720 million before acquisitions in 2014. The 2012-2016 competitiveness plan is delivering the expected outcomes, with more than €700 million in gains so far. Lastly, we invested nearly €1.9 billion, or the equivalent of 10% of consolidated revenue. Of this, €1 billion was dedicated to driving growth. We also pursued the global project to transform our business processes and information systems. These results have confirmed the strength of our fundamentals and the very robust nature of our balance sheet. This is why at the next Annual Meeting, we will ask shareholders to approve the payment of a dividend of €2.50 per share, representing a total payout of 41% of consolidated net income⁽¹⁾, which underscores our confidence in the future.

What are your priorities?

► **J.-D. S.:** First of all, we want to drive faster growth by activating a variety of levers. In the auto market, we have until now focused on the MICHELIN brand, with an emphasis on large tires, a segment that accounted for 42% of the brand's sales volume in 2014. It also saw double-digit growth in original equipment certifications, to a new record high for the year. In 2015, we're going to completely refresh our Tier 2 brand offering, in order to meet market expectations more effectively, strengthen our positions in retail channels with an attractive line-up in every segment, and counter the competition. We completed this process in the truck tire market in 2014, with the successful introduction of intermediate brands in several growth markets in the Middle East, Asia and Africa. We are pursuing an aggressive retail strategy, especially by expanding our TYREPLUS franchise chain in the new markets. We are improving our supply chain to make it more responsive and flexible. In the specialty markets, we will continue to differentiate ourselves with technologies and services that improve the performance and profitability of our customers' operations. We are maintaining our robust growth in the infrastructure market, while in the aircraft segment, we've won a major new contract to factory equip the new version of the world's best-selling airliner, the Boeing 737 MAX. Lastly, we reaffirmed our ambitions in the promising digital mobility services market with the acquisition of Sascar, Brazil's leading fleet management company. Its expertise in small fleets, mostly in developing nations, fits very well with our own in managing large fleets, so we expect to see some very productive synergies with Michelin solutions. To support our growth objectives, we're stepping up our competitiveness plan and now aim to deliver €1.2 billion in total gains in 2016, or 20% more than before.



(1) Before non-recurring items.



You've made sustainable development a core component of your strategy. How have you improved in that area?

► **J.-D. S.:** 2014 was a highly eventful year, in terms of both initiatives and accomplishments. Michelin Challenge Bibendum has become a permanent platform for thinking about and experimenting with the mobility of tomorrow. Its 12th world summit brought together more than 3,000 decision-makers and innovators in Chengdu, China. Alongside these global forums, we structured our stakeholder dialogue across the Group and organized an initial seminar for Europe in Clermont-Ferrand. Others will follow. We deepened our operations' local roots by encouraging their community outreach programs. We also created a Michelin Corporate Foundation that, in particular, will support initiatives led by our employees, whose buy-in and engagement further improved during the year, to levels far exceeding our peers. That reflects the attention we pay to skills development and to the quality of everyone's working conditions with our Moving Forward Together program. On the environmental front, in addition to the way our products and services help to reduce carbon emissions and improve energy efficiency, we are

pursuing our eco-design programs and remain deeply involved in the development of bio-sourced materials and the circular economy, in order to recover and reuse end-of-life tires to make new ones. We want to be the company best able to secure its long-term growth, because it innovates, it's competitive, it offers solutions to support sustainable mobility and it's moving forward with stakeholders. By ranking Michelin Industry Best in six sustainability categories⁽²⁾, the DJSI World Index has recognized our ability to transform commitments into results.

What is the outlook for 2015 and beyond?

► **J.-D. S.:** In 2015, demand should generally trend upwards, except in mining and agricultural tires. We expect to see volume growth in line with our markets. We will drive new gains in competitiveness and continue managing our margins in a highly responsive way to preserve a positive balance between pricing policy and raw materials costs. We expect to see further improvement in operating income⁽³⁾ excluding the currency effect and a more than 11% return on capital employed. We will invest €1.7-1.8 billion and our continuing operations should generate around €700 million in free cash flow. Looking out to the longer term, I am confident that our industry enjoys a promising future. It is up to us to realize this fantastic potential by leveraging our strengths, while keeping an open mind so that we can be pioneers, constantly adapting to new circumstances and cultivating our agility so that we can quickly seize opportunities and move forward in a changing world. ◀



THE NEW MICHELIN CORPORATE FOUNDATION SUPPORTS SUSTAINABLE MOBILITY, ENVIRONMENTAL STEWARDSHIP, SPORTS AND HEALTH, CULTURE AND NATIONAL HERITAGE, COMMUNITY OUTREACH AND EDUCATION.

(2) Management of innovation, the environment, risks, the climate strategy, health and safety, and products.
 (3) Before non-recurring items.



FOUR ADVANCES IN 2014 DISCUSSED BY JEAN-DOMINIQUE SENARD

1. FIA FORMULA E CHAMPIONSHIP

► Motorsports offer a fantastic way to meet technological challenges. MICHELIN equips all of the cars running in the fully electric FIA Formula E race, in a further demonstration of our commitment to sustainable mobility.



2. TIER 2 TRUCK TIRE BRANDS

► Our Tier 2 brands – SIAMTYRE in Southeast Asia, KORMORAN in Africa and the Middle East and UNIROYAL in North America – are set to expand in new growth markets.



« WE HAVE ADJUSTED OUR MANAGEMENT ORGANIZATION TO SPEED DECISION-MAKING AND IMPROVE RESPONSIVENESS. »

3. TYREPLUS FRANCHISE CHAIN

► The 1000th TYREPLUS outlet has opened in China. By 2019, we expect to have more than 5,000 franchised TYREPLUS or EUROMASTER dealerships.



4. OPE

► Michelin is stepping up its transformation and shift to digital with the global OPE business process management system. The goal is to enhance responsiveness and flexibility to drive profitable growth.



OUR STRENGTHS FOR MOVING FORWARD

- ▶ *A LONG-TERM GROWTH MARKET*
 - ▶ *UNIQUE ADVANTAGES*
- ▶ *A GLOBAL STRATEGY FOR SUSTAINABLE,
PROFITABLE GROWTH*
- ▶ *AN OPTIMIZED ORGANIZATION*

A LONG-TERM GROWTH MARKET, UNIQUE ADVANTAGES

*POPULATION GROWTH AND
ECONOMIC DEVELOPMENT
ARE SPURRING A SUBSTANTIAL
INCREASE IN THE MOBILITY
OF PEOPLE AND IN TRADE
AROUND THE WORLD.*

EXPECTED GROWTH IN THE TIRE MARKET⁽¹⁾

1% TO 2% per year in mature markets.

5% TO 10% per year in new markets.

An estimated **500 MILLION** energy-efficient tires fitted as original equipment in 2020.

(1) Michelin estimates.

Worldwide automobile production is expected to reach 109 million units in 2020.

▶ **A LONG-TERM GROWTH MARKET**



Michelin

Michelin, the world's leading producer of energy-efficient tires

Today, there are more than one billion motor vehicles on the road worldwide, a number that could rise to over 1.5 billion in 2020. Estimated at nearly 87 million units in 2014, worldwide automobile production is expected to reach 109 million units in 2020. Most of this growth will come from new markets⁽¹⁾.

The challenge of sustainable mobility

Around the world, safety, fuel efficiency and emissions standards are being tightened in response to climate change, the increasing number of traffic accidents and the need to protect the environment, especially in urban areas⁽²⁾. To meet these challenges, the automobile industry is undergoing a profound shift toward safer, cleaner, more connected road mobility that makes more efficient use of energy and raw materials.

(1) According to a 2014 study by Autofacts, the automotive analyst group of PricewaterhouseCoopers.

(2) This is especially true in Europe where new standards for tires were introduced on November 1, 2014 (see page 76).

The Chinese market

1.4 BILLION inhabitants; **74** cars for 1,000 people, versus more than 500 in Europe and **770** in the US.

The number of private cars has doubled in 5 years to **100 MILLION** in 2014.

The world's largest premium car market, with **1.5 MILLION** units in 2013 and an estimated **3 MILLION** in 2020.

10% of cars and vans worldwide; an estimated **20%** in 2020.



UNIQUE ADVANTAGES

A global player

Around the world and for every purpose, Michelin equips everything on wheels and holds forefront positions in all segments, including cars, trucks, farm machinery, earthmovers, handling equipment, motorcycles and aircraft. Thanks to its exceptional geographic coverage, it provides solutions to a range of widely differing expectations and conditions of use. The geographic and segment diversity of its operations enable Michelin to even out its performance and take advantage of a range of growth opportunities.

Unrivalled services

With its comprehensive brand portfolio, Michelin can meet each customer's unique needs with tires offering the right performance at the right price. At the same time, these tire lines are supported and enhanced with a wide variety of services, including proprietary and franchised dealerships and service centers, retread solutions, maps, guides and electronic services to enhance mobility, professional assistance solutions, maintenance services,

corporate tire management programs and invoicing on a per-kilometer, per-tonne or per-landing basis. Michelin-licensed vehicle accessories, personal equipment and collectors' items help to anchor the globally popular brand in consumers' day-to-day lives.

A technology leader that is leading the way to sustainable mobility

Michelin has been enhancing mobility for 125 years. With such technological breakthroughs as the radial tire and the low rolling-resistance, fuel-efficient tire, it enjoys a recognized lead in the most demanding technical segments.

For Michelin, requirements such as improving safety, consuming less more efficiently and reducing a tire's environmental impact throughout its life cycle represent opportunities to stand apart and to satisfy society's expectations. Organizer of the Michelin Challenge Bibendum global sustainable mobility summit⁽¹⁾ since 1998, the Group has focused its offering on

this area, leveraging its technology leadership, capacity for innovation and Michelin Performance and Responsibility sustainable development program.

Committed teams

Michelin's teams and their diversity, professionalism and commitment underpin the Group's performance, which is intrinsically linked to each employee's success on the job. The Moving Forward Together program presents a common foundation of commitments between Michelin and its employees. At the heart of the Group's strategy, Six Ambitions for 2020 organize the team around shared objectives for the benefit of all stakeholders, whether customers, shareholders, employees, host communities, society as a whole, or the environment.

A robust balance sheet

Michelin successfully carried out a €1.2 billion rights issue in 2010 and cash flows from operating activities totaled nearly €10 billion for the period 2011-2014.

This has made it possible to invest almost €8 billion in four years and increase the dividend by 40% since 2010 while also strengthening the balance sheet. Net debt represented 7% of equity at year-end 2014, thus ensuring the Group of considerable leeway going forward. 📈

A COMPREHENSIVE BRAND PORTFOLIO



* Except Europe (including countries of the former Soviet Union) and Africa and Middle East.

(1) See page 61.

A GLOBAL STRATEGY FOR SUSTAINABLE, PROFITABLE GROWTH

In 2011, Michelin embarked on a New Phase of Dynamic Growth for deployment through 2015. The project is supported by an unprecedented investment program that peaked in 2014, with the goal of:

- Take advantage of increased mobility in new markets;

- Optimizing the production and logistics base in developed markets;
- Providing customers with intelligent solutions combining innovative tires and value-added services to create shared value and strengthen the Group's leadership in the area of efficient, sustainable mobility.

The 4 pillars of Michelin's strategy



Results that speak for themselves

In 2014, despite the ongoing recession in Europe and the slowdown in growth worldwide:

- Michelin has generated €703 million in competitiveness gains since the plan was launched in 2012.
- The Group structurally generates positive free cash flow: €717 million in 2014.

- Return on capital employed (ROCE) has exceeded 10% since 2010 (11.1% in 2014).
- Michelin has committed to paying out at least 35% of consolidated net income before non-recurring items to its shareholders for the period 2013-2020.

AN OPTIMIZED ORGANIZATION

MICHELIN SET UP A NEW ORGANIZATIONAL STRUCTURE IN 2014 TO ALIGN ALL OF ITS RESOURCES MORE CLOSELY WITH ITS PRIORITIES, ACCELERATE THE DECISION-MAKING PROCESS AND INCREASE FLEXIBILITY AND RESPONSIVENESS.



The Group's operating activities are headed by a General Operations Department and organized into four product lines that are dedicated to bringing products and services to their markets worldwide. The product lines each define their own strategy and are responsible for their results. They include:

THE GENERAL OPERATIONS DEPARTMENT

- Passenger Car – Light Truck Product Line
- Truck Product Line
- Specialty Product Line including the Earthmover, Agricultural, Two-Wheel and Aircraft tire lines
- Materials Product Line

THE CORPORATE DEPARTMENTS

ensure the consistency of the Group's policies. They provide specialized assistance to the product lines, lending expertise as appropriate and guaranteeing process effectiveness and efficiency.

The Corporate Departments include:

- Brands and External Relations, notably supervising the operations of Michelin Travel Partner (travel services) and Michelin Lifestyle (non-tire licensed products under the MICHELIN brand)
- Corporate Development
- Digital Operations, mainly overseeing Michelin solutions and Sascar
- Distribution, overseeing Euromaster, TCi, franchising and wholesaling
- Finance
- Information Systems
- Legal
- Personnel
- Purchasing
- Quality, Audit and Risk Management
- Research and Development

THE PROGRESS AND GEOGRAPHIC ZONES DEPARTMENT

is responsible for ensuring that improvement initiatives are aligned with the Group's strategy while developing suitable progress methods for the Group's various units. It leads the product line support functions in the Group's seven host regions (Geographic Zones), which have been identified based on their specific features. These regions are: Africa-India-Middle East, Australia, China, East Asia, Eastern Europe, Europe, North America and South America.

THE CHIEF EXECUTIVE AND THE EXECUTIVE COMMITTEE



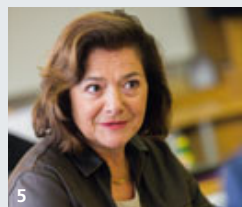
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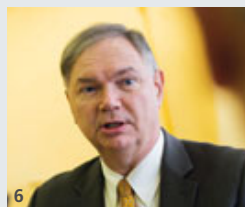
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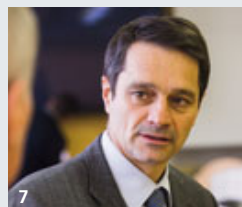
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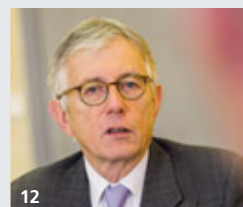
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11



12



13

1. JEAN-DOMINIQUE SENARD

Chief Executive Officer,
Managing General Partner

2. YVES CHAPOT

Executive Vice President, Distribution

3. THIERRY CHICHE

Executive Vice President, Passenger Car
and Light Truck Product Line

4. FRANÇOIS CORBIN

Executive Vice President, Progress
and Geographic Zones

**5. CLAIRE DORLAND-
CLAUZEL**

Executive Vice President, Communication,
Brands and External Relations

6. TERRY GETTYS

Executive Vice President,
Research and Development

7. JEAN-CHRISTOPHE GUÉRIN

Executive Vice President, Materials
Product Line

8. JEAN-MICHEL GUILLO

Executive Vice President, Personnel

9. MARC HENRY

Chief Financial Officer and Executive
Vice President, Specialty Product Lines

10. SERGE LAFON

Executive Vice President, Truck Product Line

11. FLORENT MENEGAUX

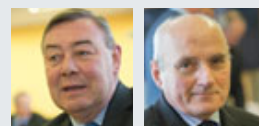
Chief Operating Officer

12. LAURENT NOUAL

Executive Vice President, Corporate
Development

13. FLORENCE VINCENT

Executive Vice President, Quality, Audit
and Risk Management



Bernard Vasdeboncoeur and Eric de Cromières will remain members of the Group's Executive Committee up to the date of their retirement in the spring of 2015.



ACHIEVING OUR AMBITIONS

*THE PURPOSE OF AMBITIONS 2020
IS TO MAKE MICHELIN AN UNDISPUTED
LEADER IN SUSTAINABLE MOBILITY
AND ONE OF THE WORLD'S
TOP-PERFORMING COMPANIES
IN FULFILLING ITS RESPONSIBILITIES.*

OUR 6 AMBITIONS

1

Widen
our lead
in product
performance.

2

Set the
industry
standard
for responsible
manufacturing.

3

Secure
our financial
performance.

4

Work together
to continuously
improve
employee
well-being
and personal
growth.

5

Strengthen
ties with
our host
communities.

6

Improve
everyone's
quality
of life through
sustainable
mobility

1

WIDEN OUR LEAD IN PRODUCT PERFORMANCE

*BY DELIVERING MORE
PERFORMANCE WITH LESS
RAW MATERIAL AND BETTER
FUEL EFFICIENCY.*

2020 OBJECTIVES*

Improve performance by **10%**
while using less raw material

Reduce fuel consumption by
3 BILLION LITERS
and carbon emissions by
8 MILLION TONNES

Ensure that **30%** of raw materials
used to manufacture tires derive
from renewable sources or recycled
end-of-life tires

* Compared with 2010.

Combining maximal
performance in each
new tire is the Michelin
commitment.

**MICHELIN TOTAL PERFORMANCE:
DELIVERING MORE PERFORMANCE
IN A SINGLE TIRE AND IMPROVING
PERFORMANCE ACROSS THE BOARD**

Lifecycle analyses show clearly that most of a tire’s impact occurs when it is in use – 92% for cars and 95% for trucks. However, all tires are not the same. Some may last twice as long as others and the energy needed to get and keep them moving may vary by more than 50%. This is a major issue since use accounts for an average of one tank of fuel out of five for a car with a thermal powertrain and up to one out of three for a truck or an EV.

A high-tech challenge

As the only point of contact with the ground, tires must support the vehicle’s weight and transmit steering, acceleration and braking inputs, while withstanding impact, absorbing surface irregularities, reducing noise and using as little energy as possible. The challenge is to perform all of the functions simultaneously, safely and for as long as possible. It is also to continuously improve performance and to sell tires at a price that is both affordable for the customer and profitable for the company. Thanks to its in-depth understanding of customer usages and expectations, its expertise in tire materials, architecture and tread design, and its ability to mass produce its innovations on a large scale and at a competitive price, Michelin

can offer solutions that deliver more performance in all market segments.

The commitment of a premium brand

Combining maximal performance in each new tire is the MICHELIN brand’s commitment to individual and business customers, whatever the sector and conditions of use. This commitment goes well beyond providing the best value for money; it encompasses enhanced safety, longevity, comfort and respect for the environment for all types of use, on all terrains, in all climates and all seasons. Since several areas of performance – longevity, energy efficiency, robustness, lightness and grip – seem to contradict one another, all of the Group’s powerful innovation skills in design and related processes are needed to combine them at the highest level in a single tire and to improve them simultaneously. ➔



Performances

Equipment uptime, productivity and longevity

Michelin guarantees unrivaled performance, whether for dumpers, cranes, tractors or aircraft. ⚡

Continuous improvement

Today’s stricter carbon emissions standards enhance the value of Michelin’s technological skills.

The world’s leading producer of energy-efficient tires, the Group is striving to make further improvements in this area. ⚡



***COMBINING EVER-MORE
PERFORMANCE IN A SINGLE TIRE
IS WHAT UNDERPINS THE POWER
OF THE MICHELIN BRAND, WHICH
ACCOUNTS FOR 80% OF GROUP SALES.***

+25%

The new MICHELIN X[®] MULTI™ Z range of truck tires for the Asian market is 25% longer lasting and more retreadable.



**Always safe,
even when worn**

Launched in 2014 in the United States, the MICHELIN[®] PREMIER[®] A/S has a shorter braking distance than most new tires – even when worn – thanks to a patented rubber compound and the EverGrip™ self-regenerating tread design, developed initially for truck tires. ¶



**No more worrying
about punctures**

Punctures are a thing of the past with Michelin Selfseal[®], a stable, flexible material inside the tire that instantly and permanently plugs holes in the tread. Offering an alternative to the spare tire, this innovation will be deployed as original equipment in 2015. ¶

Aircraft

Exceptional performance for Boeing

The new Boeing 737 MAX 7 and 8 will be fitted with MICHELIN NZG radial tires. Offering 50% more resistance to foreign object damage (FOD), the tire is 20% lighter than a cross-ply tire and can last through twice as many landings, making its total cost of ownership highly advantageous. 📍

A triple A energy-efficiency solution for truckers

The MICHELIN X[®] LINE™ ENERGY™ is the only truck tire range in Europe that ensures A-rated energy efficiency in all positions, whether fitted on the drive, steering or trailer axle. 📍



The world's first anti-landmine tire

Fitted on vehicles weighing more than 7.5 tonnes, the tire's footprint applies less pressure than a person walking. As a result, the tire can be driven on minefields without setting off explosives and represents a major innovation for the safety of rescue and mine-clearing teams. 📍



Safety, longevity and solidity

The new MICHELIN Pilot Road 4 for road motorcycles lasts 20% longer and brakes 17% shorter on wet roads than its closest competitor, while delivering even better grip at low temperatures and on slippery surfaces. In urban areas, the MICHELIN CITY Pro for scooters and small motorcycles offers outstanding puncture resistance and excellent stability for greater safety. 📍



Smooth harvesting with MICHELIN Ultraflex

This technology protects farmland by reducing compaction by 25% to 50%, provides more efficient grip and ensures greater longevity, thereby simultaneously increasing productivity and output while reducing fuel consumption and equipment emissions. MICHELIN Ultraflex low-pressure technology celebrated its tenth anniversary in 2014. 📍



The new tire for port handling equipment

The new MICHELIN X-Straddle 2 is 15% longer lasting and delivers 30% more productivity, safety and comfort. 📍



The story continues at www.michelin.com

DEALERSHIPS AND SERVICES:

MICHELIN DEVELOPS A FULL RANGE OF SERVICES THAT MAKE IT POSSIBLE TO GET THE MOST OUT OF ITS TIRES, MAKE THEM LONGER LASTING, GENERATE FUEL SAVINGS AND MORE EFFECTIVELY PROTECT THE ENVIRONMENT.



The Group's 3,800 sales outlets – Euromaster in Europe, TCI Tire Center in the United States and TYREPLUS in 29 countries – help to improve driving safety while increasing tire longevity and fuel efficiency. They provide assistance in choosing the tires best adapted to conditions of use, centering, and maintaining the right tire pressure, also offering maintenance advice, tips and end-of-life tire recovery services. Through its proprietary, franchised and partner networks and the training provided to their technicians, Michelin promotes best practices around the world.

Expert networks provide a 4-star service for business customers

The MICHELIN Exelagri network comprises over 700 sales outlets in Europe. It provides farmers with outstanding 24/7 assistance, even in the fields at harvest time. Launched in 2014 in the United States, the nationwide MICHELIN® TRUCK CARE™ network provides fleet managers with high-quality mechanical



BJ Public Transport Co.

A win-win partnership

BJ Public Transport Co, the world's largest bus fleet with 22,000 vehicles and 160,000 employees has contracted with Michelin for maintenance services, resulting in 30% fewer breakdowns. The five-year contract gives the Group a 99% share of the market.

Michelin's franchised networks



services whose standards are set and monitored by Michelin. At year-end 2014, over 100 service centers were operational.

The truck tire retreading advantage

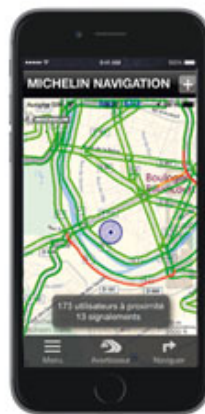
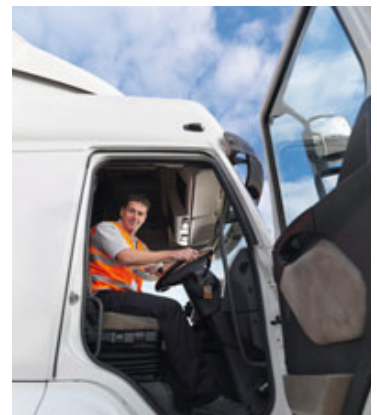
Regrooving and retreading solutions can extend the life of MICHELIN truck tires by a factor of 2.5. This represents a dual advantage for trucking companies and the planet, which economize financial resources, energy and raw materials. The Group is developing retread solutions everywhere, especially in India and China, which will account for 40% of the global truck tire market in 2022.

MICHELIN turnkey solutions

For mining companies, infrastructure managers, airlines and operators on large worksites for whom equipment uptime and durability are major competitiveness challenges, Michelin provides integrated tire management solutions throughout the product lifecycle. In this way, the Group acquires experience and invaluable data for the development of new generations of even better-performing and longer-lasting tires. ¶

Michelin Fleet Solutions

manages 300,000 truck and utility vehicle tires in 24 countries. It takes care of every aspect of tire management, including selection, mounting, maintenance, assistance, retreading and end-of-life disposal, and invoices customers on a per-kilometer basis.



Apps ViaMichelin, MICHELIN navigation, MICHELIN restaurants

And its mobile applications help thousands of consumers and business customers choose the shortest, least congested routes and the restaurants. ¶



WITH THE “4R” STRATEGY (REDUCE, REUSE, RECYCLE, RENEW), MICHELIN IS ACTIVELY APPLYING THE CIRCULAR ECONOMY. INTENDED TO ACHIEVE THE GROUP’S OBJECTIVES FOR 2020, IT IMPACTS EVERY STEP IN THE TIRE LIFECYCLE, FROM DESIGN TO END-OF-LIFE RECOVERY.



35%

Michelin produces 35% of the synthetic rubber it needs and 70% of the cables it requires for trucks and earthmover tires.

Reduced raw material consumption

A number of different programs help to reduce the consumption of raw materials and optimize their use while lengthening tire life. Value-to-Design brings together marketing and development teams to clearly define the performance parameters that customers expect from a given tire. Design-to-Cost focuses on just what is needed to deliver the right performance. Carry-More-for-Less helps the Group to design lighter tires capable of carrying heavier loads, lasting more kilometers or increasing the number of landings.

By helping to limit consumption and make quality control procedures more effective, the standardization and ongoing improvement of production processes are reducing wastage and rejects.

Reducing raw material consumption is also a question of selling tire-related services that will make tires even longer lasting and thus even more fuel efficient. This is the reasoning behind Michelin solutions.



An example of ecodesign

More than 200 materials are used to make a tire. They fall into five families: elastomers (natural or synthetic rubber), reinforcing fillers (carbon black or silica) plasticizers (oil and resins), chemical additives (sulfur, wax, etc.) and textile and/or metal reinforcements. ¶

MICHELIN Tall & Narrow tires reduce CO₂ emissions by 4.3 g/km and fuel consumption by 0.18 liter/100 km thanks to their original architecture. They also deliver a weight savings of 1.7 kg per tire. ¶



Reusing tires

Raw material savings can be achieved by repairing, regrooving and retreading tires.

Recycling and recovery

Launched in 2014 and led by Michelin in cooperation with Protéus (PCAS group), an expert in industrial applications of biotechnologies, SDTech, a specialist in micropowders, and the French Atomic Energy and Alternative Energies Commission (CEA), the TREC project aims to develop two used-tire recovery channels:

- ▶ TREC Regeneration will regenerate rubber compounds for the manufacture of new tires.

- ▶ TREC Alcohol will produce alcohol to make butadiene for use in synthetic rubbers, alongside alcohol made from biomass.

"The TREC project is a perfect example of a circular economy. It will enable us to make new high-performance tires that incorporate quality raw materials from used tires." Terry Gettys, head of Group Research and Development.

Renewable biomaterials

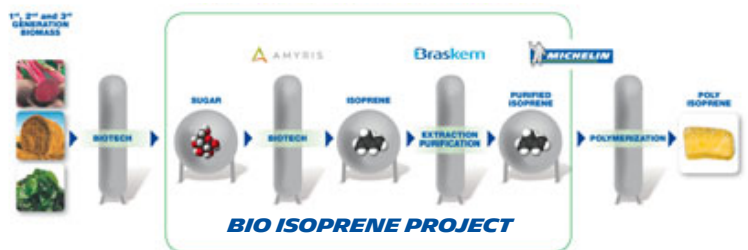
The tire industry uses 32 million tonnes of material every year. Only 25% of these materials are sourced from renewables.

Finding additional capacity for elastomers with the properties of natural rubber and substituting materials made from renewable resources for petroleum derivatives to replace synthetic rubber would enable the Group to secure supply and reduce costs while improving its environmental footprint and that of its tires. Michelin has entered into three partnerships to create production channels for bio-sourced elastomers. The first was formed in 2011 with

Amyris, a US-based renewable chemicals company, to develop a new production process for renewable isoprene.

To accelerate the industrialization process, the partnership was expanded in 2014 to include the Brazilian company, Braskem, the world's leading biopolymer producer.

In late 2012, the Group forged a research alliance with Axens and France's Institute of Petroleum and New Energies (IFPEN). Called BioButterfly, the partnership will develop butadiene from alcohol. To produce the alcohol needed for this project, Michelin has teamed with Tereos, a sugar cooperative. ¶



2

BECOME AN INDUSTRY STANDARD

*FOR RESPONSIBLE
MANUFACTURING,
LOGISTICS AND PURCHASING*

2020 OBJECTIVES

-REDUCE BY 40%*
the environmental footprint⁽¹⁾
of production sites, including
a 25% energy efficiency gain.

-REDUCE BY 10%*
the CO₂ emissions generated
by logistics operations.

Evaluate the top **400**
suppliers; ensure **70%**
are confirmed as compliant
with Michelin standards.

* Compared with 2010.
(1) Michelin Environmental Footprint
(MEF): 6 weighted indicators – see
page 88.

The training program for teams
in the procurement professions
includes a special module on
sustainable purchasing.

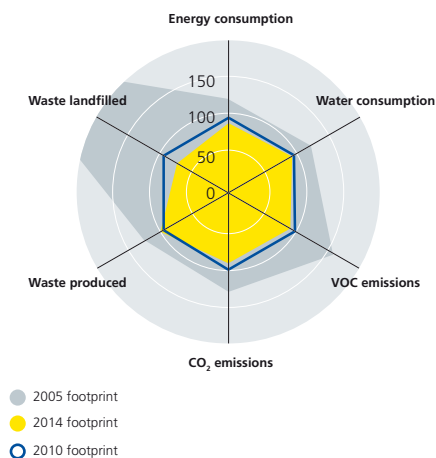


RESPONSIBLE MANUFACTURING

PRODUCTION ACCOUNTS FOR ONLY 6% TO 10% OF A TIRE'S ENVIRONMENTAL FOOTPRINT. MICHELIN HAS PLEDGED TO REDUCE THIS IMPACT EVEN FURTHER THROUGH RIGOROUS MANAGEMENT AND A POWERFUL COMMITMENT FROM ITS EMPLOYEES.*

*According to lifecycle analyses.

Group Environmental Footprint (absolute terms in relation to 2010)



Michelin's environmental policies for its manufacturing operations are based on the Michelin Environmental Management System (MEMS), which is aligned with international standard ISO 14001, on a benchmark used to set the minimal level of equipment required at each Michelin site, and on an overall indicator (MEF) used to manage progress.

Growing without increasing our impact

To manage the environmental performance of its manufacturing facilities, the Group has introduced a dedicated metric, known as the "Michelin Environmental Footprint" (MEF), which aggregates six weighted indicators. Michelin is aiming to significantly reduce the MEF between 2010 and 2020, in particular by lowering energy use by 25% per tonne of tire produced. Meeting these targets will allow the Group to increase output as planned while maintaining a stable environmental impact overall and even achieving improvements in certain areas.



-35%

between 2005 and 2014:

By reducing the MEF by 35% between 2005 and 2014, the Group has offset the environmental impact of its five largest production units.

MEF⁽¹⁾ PERFORMANCE

	2010	2013	2014	Unit ⁽²⁾	Absolute value	Unit
Energy consumption	14.4	13.8	13.3	GJ/t TP	42,602	10 ³ GJ
Water consumption	11.8	11.7	11.2	cu.m/t TP	35,876	10 ³ m ³
COV ⁽¹⁾ emissions	2.9	2.6	2.5	kg/t TP	8,067	t
CO ₂ emissions	1.3	1.2	1.2	t/t TP	3,697	10 ³ t
Waste produced	109.5	112.6	118.0	kg/t TP	376,530	t
Waste landfilled	10.2	7.9	7.9	kg/t TP	25,103	t
MEF (base 100: 2005)	70	66.5	65.1			

(1) Volatile Organic Compounds. (2) t TP = tonne of tire produced.



In figures

Nearly
100%
 production facilities and
 Technology Centers have
 been ISO 14001-certified.



India

Zero wastewater discharges at Chennai

All wastewater and effluent are treated at the plant by ultrafiltration and in part by reverse osmosis. The recycled water is then reused to water landscaped areas or as drinking water depending on its purity. ♻️



Significant energy savings...

All of Michelin's plants have been audited, committed to action plans and are subject to follow-up audits every three years. At each facility, an Energy Performance Leader is appointed to drive faster on-site deployment of tools, methods and best practices. This highly structured approach has led to savings equivalent to more than 70,000 tonnes of oil a year.

...and a commitment to developing renewable energies

Biomass boilers, solar panels, solar walls, wind turbines and heat from methane is purchased at 17 plants in Germany, Canada, the United Kingdom, Spain, France and Ireland that are equipped with renewable energy installations. Other projects are being studied, including a geothermal energy system in Clermont-Ferrand. In 2014, these installations reduced CO₂ emissions by nearly 45,600 tonnes.

Zero waste

Innovative techniques are in place to profitably recycle 44 types of waste. In total, 49 plants have a recycle rate of over 95% and 24 can boast zero landfilled waste. ♻️



Car-sharing Clermont-Ferrand

with **4,000** employees as potential users, 17 EVs, 24 charging stations, 6 parking areas, 150,000 kilometers already travelled, and CO₂ emissions reduced by 20 tonnes a year. ♻️

RESPONSIBLE LOGISTICS
TO REDUCE CO₂* EMISSIONS IN THIS AREA BY 10%. MICHELIN IS FOCUSING ON FOUR LOGISTICS PRIORITIES.

* Tonnes of CO₂/tonne of tires sold.



The Group is rationalizing distances traveled by promoting direct deliveries, optimizing itineraries and avoiding trips with no freight. It is maximizing useful loads while maintaining product quality. It is developing multimodal road-rail and road-river solutions for regular deliveries whenever technically and economically possible and reducing the needs for air transport, which is much more impactful than maritime shipping. Lastly, it favors partnerships with transport companies that share its objectives of energy efficiency and emissions reductions, monitor their progress and are committed to more effectively managing purchases.

Exchanging best practices

In the United States and Canada, using compressors to compact loads has eliminated one shipment in seven. This method is being developed in South America for exports to other regions and in Southeast Asia, where the fill rate can be improved by up to 15% for certain shipments. All alternative forms of transport are being explored

in Europe: maritime transport is used between France and Spain and barges operate between our plants in Germany and the Port of Anvers as well as between Fos-sur-Mer and certain plants in France. Short sea shipping coupled with river transport is being tested in the Manaus region of North East Brazil. In China, multi-modal solutions – primarily river and maritime shipping – are used for approximately 10% of distances travelled. In Thailand, natural-gas powered road transport is preferred for certain urban and suburban journeys. 📍

“To achieve our objective, we are establishing a continuous improvement dynamic with our logistics partners.”

**JÖRG BIESEMANN,
 GROUP LOGISTICS**

RESPONSIBLE PURCHASING
*DIALOGUE, TRANSPARENCY, COOPERATION
AND THE DESIRE TO MOVE FORWARD
TOGETHER ARE SHAPING MICHELIN'S
RELATIONS WITH ITS SUPPLIERS.*



Label

A signatory of France's Responsible Supplier Relationships Charter

Michelin was awarded the label of the same name in 2014 by the government's supply dispute mediator – *Médiation Inter-Entreprises* – and the French purchasing association – *Compagnie des Dirigeants et Acheteurs de France* – following an assessment by Vigeo. 📌



The Michelin Purchasing Code reflects the Group's fundamental values, particularly in terms of ethics, quality, social responsibility and the environment, which provide the basis for the relationships of trust that are essential between Michelin, its purchasing teams and its suppliers worldwide.

Involving suppliers in the PRM approach

The training program for teams in the procurement professions includes a special module on sustainable purchasing, which is required of all buyers and technical specifiers. 248 people have completed this module since it was introduced in 2011. Tenders now integrate sustainable development criteria. In addition, construction, equipment and expansion contracts include workplace safety clauses. Total Cost of Ownership (TCO) is taken into account, which means that environmental, social and ethical concerns can be integrated into specifications.



Assessment, to move forward

Michelin has assessed its suppliers' corporate social responsibility (CSR) performance since 2012. Carried out by EcoVadis, the assessment covers four areas: the environment, social and ethical considerations, and supplies. Suppliers must achieve a "confirmed" maturity rating. If they fail to do so, action plans are implemented and the supplier is then reassessed. Suppliers that are aligned with Michelin standards are systematically reassessed every two years. Since 2012, 355 suppliers have undergone a CSR assessment, of which 199 in 2014. Thirty-seven action plans are currently underway, based on which the suppliers concerned will be assessed. In 2014, 51% of Michelin's key suppliers had been confirmed as compliant with its standards.

Michelin supports sustainable rubber tree farming

In 2014, Michelin forged a partnership with a specialized NGO to audit the entire natural rubber supply chain worldwide and to help natural rubber suppliers improve their performance in terms of sustainable development. More than 80% of the world's rubber is produced by small farmers on plots ranging from 0.5 to 3 hectares. With best rubber farming practices and high-quality varieties, per-hectare output can be doubled without any increase in investment or work, which would

In figures

27

The Group's purchasing organization covers 27 countries

substantially improve living conditions. Michelin has already experimented with these techniques in Brazil and Nigeria. In Africa, Thailand and Indonesia, the Group is involved with small farmers, distributing best practice guides, creating model nurseries, and providing them with training, advice and technical assistance.

A global initiative

Michelin is also the driving force behind the Sustainable Natural Rubber Initiative launched in 2012 by the International Rubber Study Group (IRSG)⁽¹⁾. The purpose of the program is to federate all players in natural rubber value chains – from producers, standard-setters and traders to tire manufacturers – to pursue five areas for improvement that are measured by 12 indicators. The five areas are productivity, quality, forest sustainability, water management and human rights. ♣



"Our aim is to fit seamlessly into the region in which we are developing our operations. With this goal in mind, Michelin is sourcing as much as possible with local suppliers."

**LUC MINGUET,
HEAD OF GROUP PURCHASING**

(1) The IRSG is the only international organization that represents the entire rubber industry.



3

SECURE OUR FINANCIAL PERFORMANCE

**BY PURSUING
EXCELLENCE
ACROSS THE BOARD**

2020 OBJECTIVES

€1 BILLION in structural free cash flow*

ROCE of **15%** or higher**

* Cash flow after recurring and non-recurring capital expenditure and proceeds from asset disposals, and before payment of the dividend.

** Operating profit after tax/economic assets employed (property, plant and equipment and intangible assets, non-current financial assets and net working capital).

Plants that produce at least 100,000 per year account for 47% of the Group's capacity.

CONTINUOUS IMPROVEMENT

*IS A STATE OF MIND SHARED BY ALL UNITS.
THE GOAL IS TO IMPROVE COMPETITIVENESS,
REDUCE COSTS AND INCREASE FLEXIBILITY.*

The Group is continuing to strengthen its global presence in line with changes in its markets. The goal is to have highly competitive, optimally sized plants everywhere. In 2014, €1.9 billion was invested to increase production capacity in growth markets, to adjust units in developed countries to align them with demand and make them more competitive, and to develop the information systems needed to meet these operating excellence and service quality objectives.

Ensuring competitiveness across the organization

In China, India, Brazil and the United States, the four new, very high capacity plants continue to be ramped up. They produced more than 100,000 tonnes of product in 2014, a figure that is expected to rise to 460,000 tonnes in 2017-2018. Their production costs are competitive and their closeness to end-markets will enable reductions in logistics costs. As these plants have now been brought on stream, investments will gradually decline over the next three years.

In the United States, Michelin opened a tenth facility in South Carolina to produce its new airless radial tire – the Tweel – a breakthrough innovation.

In Canada, the Group cut production capacity for small-size tires at the Pictou Country, Nova Scotia plant while investing to make its other three Canadian plants more competitive.

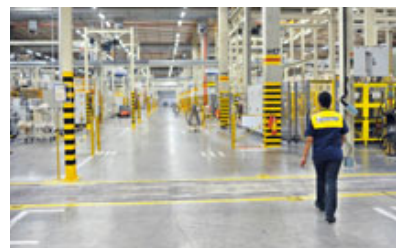
In Hungary, the truck tire plant in Budapest will be closed in mid-2015.

In France, investments to increase productivity and capacity have been made at various facilities, including La Roche-sur-Yon, the French hub of truck tire production, and Troyes, Montceau-les-Mines and Le Puy, where agricultural and earthmover tires are manufactured.



“Our industrial vision is to have manufacturing capabilities that are highly automated and spread across the major geographic and currency areas.”

*JEAN-DOMINIQUE SENARD,
CHIEF EXECUTIVE OFFICER*



Plants The challenge

The goal is to have highly competitive, optimally sized plants everywhere ¶

€703 MN

had already been achieved
by year-end 2014.



➔ **70% of the initial competitiveness plan completed**

Michelin has deployed a global competitiveness plan covering manufacturing, overheads and raw materials that increased target total gains⁽¹⁾ over the 2012-2016 period from €1 billion to €1.2 billion. Savings of €703 million had already been achieved by year-end 2014.

Streamline, standardize and share

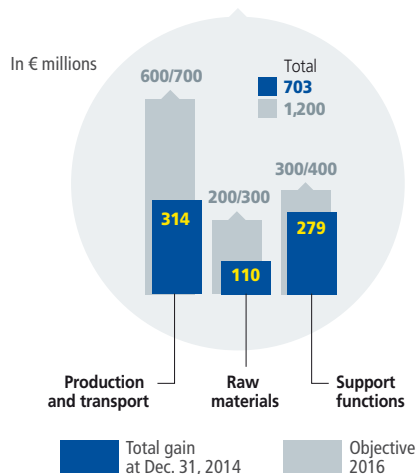
To transform its operating procedures, to do things better, faster and at lower cost, Michelin is streamlining and standardizing processes, sharing best practices, improving workstation safety features and ergonomics, empowering people, and aligning all teams with priority objectives. All of these measures are intended to reduce costs, raise the fulfillment rate, and produce the resources needed for development. Designers all use the Design to Cost program to determine the "right quality" for the job at hand and optimize material use. Michelin Manufacturing Way methods, combined with the Managing Daily Performance program and the deployment of Empowering Organizations, is revitalizing plant productivity and flexibility. A pilot program was launched in 2014 to further develop autonomy and responsibility among operational teams.

(1) Before inflation and including avoided costs.

"We support all start-up phases of an investment project, sometimes for short periods when flexibility is strongly needed."

THIERRY DARDELIN,
IT PROCEDURES MANAGER

**2012-2016 competitiveness plan
on the right track**





“Cash flows from operating activities totaled nearly €10 billion over a four-year period. This has enabled us to invest almost €8 billion, pay out almost €1,600 million to our shareholders for the period while committing us to a payout rate of 35% since 2014, and solidified our balance sheet. Net debt represented 7% of equity at year-end 2014, thus guaranteeing considerable flexibility.”

MARC HENRY, CHIEF FINANCIAL OFFICER



Optimizing management with the OPE program

With the new OPE (Business

Process Management System) program, Michelin will have common operating methods and integrated, shared information systems. The challenge is to manage operations with greater agility in order to increase sales, reduce inventory, improve the supply chain and lower production costs.

By 2017, the Group expects to see a reduction in overheads and logistics costs of at least €200 million a year and a decline in inventory costs of at least €250 million combined with an improved fulfillment rate. Upstream, the Bib Stock Management program had been deployed in 35 plants at year-end 2014 and new planning methods are being implemented to handle requests for reinforcing agents and metal and textile layers.

Downstream, a firm commitment to meeting delivery deadlines and order monitoring systems for customers will be rolled out in Europe and North America and customers will receive deliveries faster.

improvement approach for support functions that was deployed in 2014 in Europe, North America, South America and China.

Actively managing financial resources

Michelin is optimizing the management of customers and suppliers, with trade receivables reduced to 13.1% of net sales in 2014 from 15.5% in 2010. The reverse factoring* (or supply chain financing) services introduced in Spain were extended to other countries, thereby reducing the Group's working capital requirement while ensuring that suppliers are paid quickly.

Michelin is also committed to diversifying its financing sources, ensuring that they are spread out evenly and reducing their cost. For example, its €1.5 billion back-up credit line expiring in 2021 was renewed during the year on more attractive terms. ¶

* Reverse factoring is method of financing supplier receivables through a bank, enabling both the supplier and the customer to optimize their working capital.



A program to maximize efficiency

The Efficiency program is providing the support and corporate functions with the same culture of continuous improvement that has proven its worth in production. With measurable and measured performance indicators, Efficiency encourages everyone to give their best and to assess their contribution.

Michelin Efficiency Way (MEW) is one of the program's levers. Taking its inspiration from the principles of Lean management and the Michelin Manufacturing Way, MEW is a continuous

CREDIT RATINGS AT DECEMBER 31, 2014

	Standard & Poor's	Moody's
Short term	A-2	P-2
Long term	BBB +	Baa1
Outlook	Stable	Stable

RETURN ON CAPITAL EMPLOYED

Operating income after tax/economic assets employed

	2011	2012	2013	2014
	10.9%	12.8%	11.9%	11.1%

4

WORK TOGETHER TO CONTINUOUSLY IMPROVE EMPLOYEE WELL-BEING AND PERSONAL GROWTH

*BY FOSTERING HEALTH AND
SAFETY IN THE WORKPLACE
AND PROMOTING PERSONAL
DEVELOPMENT AND DIVERSITY*

2020 OBJECTIVES

TCIR* of **LESS THAN 2**

85% of employees committed

75% of managers hired
or promoted from within

30% women in management
and supervisory roles

80% top managers in
growth regions from growth
regions

* Total case incident rate: the number
of workplace incidents affecting
employee health per number of hours
worked.

During the year,
over €20 million was spent
to improve workstation
and machine ergonomics.



**HEALTH AND SAFETY IN THE WORKPLACE:
MICHELIN AIMS FOR 100%.**

Health and safety in the workplace are part of Michelin's DNA. In 2011, the "100% Health and Safety" program further strengthened this component of the Group's strategy. A metric has been in place since 2013 to monitor not only accidents but also occupational illnesses and temporary incapacity. Called the Total Case Incident Rate (TCIR), this indicator tracks all incidents per number of hours worked.

Ergonomics and prevention

Michelin intends to provide detailed, standardized accident prevention instructions for all workstations. Finalized for manufacturing and maintenance positions, instructions were extended to offices in 2014. During the year, over €20 million was spent to improve workstation and machine ergonomics, and to develop prototypes and innovative solutions. The Group Ergonomics Network is committed to rapidly sharing best practices and installing the best equipment throughout the organization. The long-term goal is to make all workstations accessible to as many people as possible, women in particular.

Actively promoting employee health

Michelin is deploying a global health policy intended to standardize disease prevention practices. Employee health on the job is systematically monitored. To prevent and reduce work-related stress, harassment and aggression, the Group has prepared detection,

Safety

2014 Michelin Safety Award

In 2014, ten plants (Trèves, Bamberg and Homburg in Germany, Resende and Bahia in Brazil, Querétaro in Mexico, Pictou in Canada, Tuscaloosa and Fort Wayne in the United States and Dundee in the United Kingdom), a research center (Ota in Japan), a corporate office (Karlsruhe in Germany) and three logistics centers (Rome in Italy and Ulm and Landau in Germany) received the *Michelin Safety Award*.

prevention and correction methods for psychosocial risks with collective or individual actions adapted to different countries' cultures or regulations. These actions include coaching, group support sessions, relaxation classes and management training. In all countries, Michelin conducts public health campaigns targeting employees and their families and provides medical check-ups when access to healthcare is difficult or costly. A number of units offer programs combining health and work-life balance, such as Balance in Germany, *Oxygène* in France, *De Bem Com a Vida* in Brazil, and *Choose Well Live Well* in the United States. ¶

In figures

13,197

Progress Ideas to improve safety and working conditions were implemented in 2014.

25

In 2014, a total of 25 Group manufacturing sites had no lost-time workplace accidents (TF=0).



A fourth Michelin Family Health Center was inaugurated in Lexington, NC.

These centers provide employees and their families with medical check-ups and health care on advantageous terms. ¶

IMPROVING THE QUALITY OF WORKLIFE: SPEAKING OUT LEADS TO ACTION



“Employee feedback clearly showed the need for better visibility of career management. At our annual convention, we held workshops on possible career paths within the Company for people in Purchasing.”

**FREDERIC LORPHELIN,
DIRECTOR OF INDUSTRIAL
PURCHASING**

Survey

The 2014 Moving Forward Together: Your Voice for Action global survey

The Group’s employees are proud to work for Michelin, care deeply about product and service quality and are confident in the future.

They want the organization to be more agile and responsive as well as increasingly customer focused. They also expect exemplary leadership from management. 📌

Personal commitment to customer service and company performance is a key component of a strategy that is designed to rank Michelin among the world leaders. The in-house survey called *Moving Forward Together: Your Voice for Action* is helping to achieve that goal. Carried out every year since 2013, the survey guides action plans, measures improvements and compares results with those of other global and local companies. In 2014, it was conducted in 26 languages in 54 countries for all employees, 83% of whom took part, demonstrating the interest and trust placed in the process.

Driving faster progress

The results support the improvement plans developed and implemented with employees and their representatives in every team at every site. *“It’s all about speaking up and listening in order to take action. By sharing our opinions with our colleagues and managers, each of us can make Moving Forward Together a reality for everyone”,* explains Jean-Michel Guillon, Executive Vice President, Personnel.

Managers share the findings with their teams and lead discussion groups. Together, they determine priorities and action plans by focusing on what seems most important to them.

A short, straightforward, agile cycle

“Conducting the survey annually mobilizes everyone – managers, other employees, sites, countries and the Group – to drive a continuous improvement process,” says Stéphane Roy-de-Lachaise, head of personnel for France.

The key challenge of perpetuating this virtuous circle is to rapidly deliver results on improvement initiatives so that the process can produce positive effects every year. Half of those surveyed agreed. 📌

74%

The employee engagement level was added to the indicators included in the Group’s 2014 scorecard. It came to 74% in 2014, which is 5% higher than the global average.⁽¹⁾

(1) of businesses in the IBM service provider’s global database.

CASE STUDY “TIME TO COMPETENCE” TRAINING EMPLOYEES BETTER AND FASTER

In terms of volume, Michelin is the leading investor in training among CAC 40 companies. Mobilizing nearly 1,200 trainers, Michelin trains, validates and certifies 6,000 operators and technicians each year, of which 1,200 outside their home country.

Its large industrial projects in India and China, the requirements of the Efficiency program and people's desire for shorter, more personalized training programs have led training managers to reexamine their mission and reinvent their approach.

A question of time

The “Time to Competence” program is designed to enable people to acquire validated skills in a reasonable – meaning shorter – timeframe. The initiative is based on two major levers:

- ▶ A focus on necessary skills, with a reinforced validation and certification system and training plans that are optimized for the most important jobs. This covers more than 150 operator and 120 technician job categories, as well as front-line supervisors and managers.
- ▶ A new three-part approach to learning:
 - Conventional training, which brings together trainees and trainers in the right proportions.
 - Tutoring, with nearly 5,000 carefully selected, qualified in-house tutors who share their expertise.
 - Self-training programs, with new e-learning and 3D simulation tools, especially for operators. Some of these tools can be used from the workstation, which makes training part of day-to-day life at work.

Results obtained

- ▶ A 25% gain in training time for operators and technicians resulting in a time savings of 400,000 hours.

2014 overview

120
nationalities

6,948
people hired

96%
of employees
trained during
the year

70
hours
of training
per person

6.6
million hours
of training

- ▶ Optimized start-ups, with plants brought on stream on time and production quality standards met.
- ▶ A seniors policy revitalized by a stronger tutoring program and a smoother transmission of skills and knowledge from the more experienced to new arrivals.
- ▶ More opportunities for managerial training programs since less time is spent on specific job training.

The next step

From 2015 onwards, a new application will make it possible to broadly deploy self-training modules around the world. ↗



Award

Michelin takes home the Grand Prize for its Human Resources policies

at the 2014 Michael Page/Le Monde Human Capital Awards and the Learning Enterprise award for the Time to Competence initiative. ↗



The story continues
at www.michelin.com

5

STRENGTHEN TIES WITH OUR HOST COMMUNITIES

*BY CONTRIBUTING TO THE
VITALITY OF THE REGIONS AND
ENCOURAGING EMPLOYEES
TO GET INVOLVED IN SOCIETY.*

2020 OBJECTIVES

ALL SITES involved in community life

30,000 working days dedicated
to local community involvement

2,000 local jobs created
each year with the support
of Michelin Development

In 2014, in the United States, hundreds of employees have given over 5,000 volunteer hours.





CREATED IN JANUARY 2014 WITH THE GOAL OF HELPING PEOPLE MOVE FORWARD, THE MICHELIN CORPORATE FOUNDATION IS ACTIVE IN FIVE AREAS: SUSTAINABLE MOBILITY, SPORT AND HEALTH, EDUCATION AND OUTREACH, CULTURE AND HERITAGE, AND ENVIRONMENTAL STEWARDSHIP.



Philippe Legrez, how do you select which projects to support?

We have two governance bodies. The Foundation's Board of Directors decides on projects over €100,000. Chaired by Jean-Dominique Senard, it includes four members of the Michelin Executive Committee as well as three outside experts, i.e., Henri Loyrette, formerly president and director of the Louvre Museum and the chairman of Admical⁽¹⁾, a French organization dedicated to corporate philanthropy; Brice Lalonde, former Minister of the Environment and a special advisor on sustainable development to the UN's Global Compact; and Jean Chazal, dean of the University of Auvergne medical school and a renowned neurosurgeon. Projects valued at between €5,000 and €100,000 are validated by the Foundation's Selection Committee, which is comprised of ten members representing the Group's business lines or major corporate functions. I make direct decisions regarding projects valued at less than that amount. With Anne Teffo, Assistant

General Delegate, and a small team, we examine and select projects submitted to the Foundation, of which there were more than 160 in 2014.

What are the Michelin Foundation's objectives?

We support outstanding, innovative projects that are consistent with Michelin's humanistic culture and values of respect. We also want to support projects aligned with our operations and close to our employees and units, if need be, working alongside them. One example is the project for Yellowstone National Park in the United States. Michelin North America donates tires for the park's maintenance vehicles and the Foundation finances the restoration of the most heavily used trails with recycled tires.

How do you intend to get the Group's employees more deeply involved?

Employees can use a dedicated online space to present association and foundation projects that they feel are important. We are also thinking about launching calls for limited-duration theme projects. This will provide a new opportunity for Michelin employees to demonstrate their commitment, entrepreneurial spirit and creativity. ¶

In figures

€10.4MN
committed to 61 projects in 2014

(1) Association for the promotion of industrial and corporate philanthropy.

ACTIVE IN OUR HOST COMMUNITIES



Education **Tutoring in the United States**

Since 2009, the main sites have been helping in the education of disadvantaged children by providing human capital and financial support to public schools. Michelin's Challenge Education Program emphasizes reading, math and science with the assistance of employee tutors and mentors. In 2014, several hundred employees have given over 5,000 volunteer hours to 19 public schools, 12 of which are in South Carolina. ¶



By building medical centers, providing training, volunteering locally, lending technical expertise and promoting road safety, Michelin's sites and employees are helping to improve living conditions in their communities and many are supporting educational programs as well. To strengthen the alignment and effectiveness of its initiatives, Michelin identified its priorities and dedicated resources in 2013 as part of a program whose deployment began in 2014.

Almost

€15MN

**and 24,000
volunteer
days dedicated
to community
involvement
in 2014**

Ambassadors for Michelin and its values

Community initiatives are defined and managed by each site with a focus on including the viewpoints of employees and outside individuals interested in Michelin's business. The sites commit to medium-term actions in four priority areas, including the local economy, social welfare, local skills development and local environmental quality. Staff involvement is a major contributor to sustainable development at Michelin. Employee volunteer efforts clearly show that the Group's purpose, values and actions are well aligned. ¶



Help

Spadework in Mexico

In Mexico City, around 20 employees organized a mission to clear a school yard and playground of the rubble left behind following construction work. A total of 20 cubic meters of rubble was cleared in a day to give these spaces back to the children. ¶

CARBON CREDITS:

THE GROUP INVESTS €5 MILLION IN LIVELIHOODS



Michelin has invested €5 million in the Livelihoods Fund⁽¹⁾, which finances reforestation and responsible agriculture projects in Africa, Asia and Latin America. Carried out by and for local communities in partnership with NGOs, these projects focus on reforestation, food safety and the fight against poverty. In addition, they entitle companies to carbon credits.

130 million trees planted and 900,000 people helped in the space of four years

Since its creation in 2011, Livelihoods has invested in projects that have led to the planting of 130 million trees intended to generate subsistence resources and income for 900,000 inhabitants of rural communities.

In 2014, the 18,700 tonnes of carbon credits generated by this investment more than offset the 8,500 tonnes of CO₂ emissions associated with Michelin Challenge Bibendum – flights, hotels and rally included.

Michelin agronomists in the field

In addition to its financial contribution, Michelin has lent the rubber tree expertise of its agronomists to project organizers. One of its engineers based in Brazil, where the Group has tree

nurseries and experimental plantations, completed an evaluation mission for a FondaEco (an NGO) project supported by Livelihoods in one of Guatemala's poorest regions. By introducing more resistant plants, improving latex gathering techniques and encouraging the joint cultivation of cocoa and rubber, the project should be able to step up its contribution to local prosperity. 🌱



(1) Crédit Agricole, CDC Climat, Danone, Firmenich, Hermès, La Poste, SAP, Schneider Electric and Voyageurs du Monde are all contributors to the fund.

Michelin Development: dedicated to job creation

► The Group is committed to creating jobs in the regions where its plants operate. Its commitment to this task is even stronger when operations have to be restructured or discontinued. Michelin Development provides expertise and guidance to local businesses and project sponsors. This support may include loans on advantageous terms and subsidies for job-creation initiatives. All sectors are concerned as long as the project is solid and the sponsor competent and motivated.

► Active in France, eight other European countries⁽²⁾, Canada and the United States, Michelin Development has helped to create more than 30,000 jobs since 1990.



“After analyzing the viability of the five-year business plan, we’re ready to offer loans at a 1.5% interest rate with repayment delayed until the following year. Subsidies can go as high as €8,000 for each Michelin employee hired under a permanent contract in regions where we have signed a revitalization agreement.”

PATRICK OZOUX,
HEAD OF MICHELIN DEVELOPMENT FRANCE

(2) Germany, Hungary, Italy, Poland, Romania, Russia, Spain and the United Kingdom.

6

IMPROVE EVERYONE'S QUALITY OF LIFE THROUGH SUSTAINABLE MOBILITY

*BY STRENGTHENING OUR
ROAD SAFETY INITIATIVES AND
PROMOTING ENERGY-EFFICIENT,
LOW-EMISSIONS MOBILITY,
ESPECIALLY IN CITIES.*

2020 OBJECTIVES

Ensure **ALL** Michelin sites
are ISO 39001-certified*

REDUCE the transport industry's CO₂
emissions and help to make the 2015
Climate Conference in Paris a success.

ENCOURAGE the development
of low pollutant emission zones
in cities.

* The standard for road safety management
systems.

Innovative mobility
solutions to drive growth
and improve well-being
for city dwellers.

atnmbi





**THE 12TH MICHELIN CHALLENGE BIBENDUM
IN CHENGDU, CHINA EXPLORES
THE FUTURE OF SUSTAINABLE URBAN MOBILITY.**

Since 1998, Michelin Challenge Bibendum has been dedicated to promoting and sharing current and emerging solutions that enhance mobility. As the only event that brings together vehicle manufacturers, OEMs, energy engineers, new players in the field of connected mobility, finance professionals, research scientists and government authorities, Challenge Bibendum acts as a truly global summit. It enables participants to compare the latest generation technologies and exchange views on the future of mobility, which will be clean, safe, connected and available to everyone. *“It is fundamental for Michelin to be involved in sustainable mobility. Pursuing a model that is showing its limits doesn’t make any sense in today’s world. The spirit that guides Michelin Challenge Bibendum is to show that mobility’s capacity for improvement is alive and well and that, in a multimodal world, road transport has a bright future serving society’s needs,”* says Patrick Oliva, Vice President for Advanced Research and Sustainable Development and Chairman of Michelin Challenge Bibendum.

3,000 decision-makers and innovators gather at the global sustainable mobility summit

In the space of 15 years, the event has been organized in China, the United States, Japan, Brazil, Germany and France. The 12th Michelin Challenge Bibendum event was held in November 2014 in Chengdu, China. Its theme was innovative mobility solutions to drive growth and



In figures

54%
of the world’s population lives in cities, a percentage that will increase to 66% in 2050, meaning an additional 2.5 billion inhabitants. India and China will be in the front line⁽¹⁾.

(1) United Nations, World Urbanization Prospects: The 2014 Revision, July 2014.

improve well-being for city dwellers. The revolution in digital services is supporting the emergence of smart cities. With a dual focus on sustainable mobility and energy management, these cities hope to develop new economic models to manage their territory and improve their operations for the benefit of their inhabitants. The fast-developing capital of Sichuan Province and China’s fourth-largest city with 16 million inhabitants, Chengdu is committed to meeting these challenges and becoming the “green” showcase of Chinese growth. Over 3,000 decision-makers and innovators from some 250 companies and institutions, government agencies, NGOs and research institutes gathered in Heritage Park for Michelin Challenge Bibendum in 2014. The event was covered by 400 journalists from 80 countries. ¶



The intercity rally

170 km of low-carbon mobility

A total of 23 participants took part in this highly symbolic event at Michelin Challenge Bibendum. All vehicle categories were represented including battery and fuel-cell powered EVs, diesel and gasoline cars and hybrid vehicles. 🇫🇷

A solutions-oriented platform for thought and action

Michelin Challenge Bibendum is now a cooperative innovation platform that is fully open to all mobility stakeholders.

Offering workshops and a knowledge center, the Open Lab enables communities of experts to exchange ideas and information throughout the year on sustainable mobility challenges, advances and possible developments.

Starting 2014, Michelin Challenge Bibendum matured into an ongoing process and Michelin pledged its sustained commitment by publishing a Green Paper that was presented during the summit.

Interacting with all stakeholders

The Michelin Challenge Bibendum global summit brings together the world's leading mobility stakeholders. Its purpose is to test the latest

innovations in vehicles, energies, technologies and connected mobility, to discuss the strategies to follow, offer new solutions and encourage government authorities to deploy them broadly, incorporating new economic measures.

"Promising innovations exist. We need to organize an ecosystem and take a concerted approach involving all stakeholders so that these innovations can be successfully deployed. We're helping to make that happen," says Eric Leyval, Technical Director of Michelin Challenge Bibendum.



中国 FRANCE
1964 - 2014
CHINE 法国

World

The Michelin Challenge Bibendum global summit

was listed as an official event in the commemorations of the 50th anniversary of diplomatic relations between China and France. 🇫🇷

The Green Paper: a road map to speed progress

"We can't afford to wait any longer. The world needs mobility solutions now. We have identified five global challenges and suggested five game-changing initiatives and five actionable levers," said Jean-Dominique Senard in his opening remarks at the 2014 summit.

The challenges are the health threat posed by pollution, noise and unsafe roads, CO₂ emissions, urban traffic congestion, the need for infrastructure financing and broad access to mobility.

"What people everywhere want is to have a job, be able to breathe and live! Sustainable mobility addresses these issues. It's a source of economic growth and job creation. Transport players have the technology and the collective intelligence they need to devise and deploy solutions. We have worked on a roadmap, a Green Paper to develop solutions. We want to provide cities and governments with action plans. That's the goal of Michelin Challenge Bibendum."

What are the solutions? *"Creating urban areas with very low pollution levels, encouraging private investment, developing door-to-door transport systems, finding innovative solutions to transport goods over the last mile, and above all setting ambitious objectives for reducing carbon emissions,"* says Patrick Oliva. *"From implementing targeted public policies to deploying innovative mobility ecosystems, we are hardly at a loss for actionable levers."* ¶



The sustainable mobility Green Paper

The Green Paper recommends the broad, simultaneous deployment of five game-changing initiatives:

- 1.** Setting ambitious objectives for reducing carbon emissions and implementing relevant economic instruments.
- 2.** Creating urban areas with very low pollution levels and reinforced road safety programs with related infrastructure and appropriate vehicles.
- 3.** Developing door-to-door transport solutions and corresponding connected Web-based applications.
- 4.** Finding innovative solutions to transport goods over the last mile.
- 5.** Encouraging private investment in sustainable transport infrastructure and innovative mobility services.

For more information
www.michelinchallengebibendum.com



The story continues
at www.michelin.com



Competition

In March 2014, the Michelin Group launched a competition for students

on “innovation in mobility to drive growth and enhance urban well-being”. In all, 186 teams entered projects in the competition. A total of 25 teams of 65 students from 46 universities and 17 countries were shortlisted to present a more comprehensive version of their work. Three were then invited to attend Michelin Challenge Bibendum and defend their projects in front of a jury of mobility experts. 📌



“Initiatives in favor of sustainable mobility are emerging at a faster pace.

Prospective studies help us to stake out upstream positions in emerging markets. We are preparing the Company for different possible futures of sustainable mobility.”

**ERIK GRAB,
DIRECTOR
OF THE ADVANCED
RESEARCH UNIT**

ROAD SAFETY: A GLOBAL COMMITMENT



The leading cause of death among young people, traffic accidents kill 1.2 million people every year and injure 50 million. The statistics are particularly dramatic in developing nations.*

Raising decision-makers' awareness

In the wake of Michelin Challenge Bibendum, Michelin is leading discussions among international groups of experts on road safety issues. Published in 2010, the *White Paper for Safe Roads in 2050* was largely responsible for the Decade of Action 2011-2020 for Road Safety organized by the UN. Michelin launched a similar project in September 2013 called *Road Safety and Connected Mobility*, whose findings were presented as part of the 12th Michelin



Challenge Bibendum. A total of 15 international experts from various fields identified related best practices and identified improvement paths that combine connectivity and safety.

Saving 5 million lives

Michelin is a founding member of the Global Road Safety Initiative and is actively engaged on the frontline through its institutional partnerships with the International Automobile Federation (FIA) and the World Health Organization (WHO). In particular, Michelin worked with the FIA to launch the international Golden Rules campaign, which in ten visuals illustrates the indispensable rules for safe driving. After India, Michelin naturally chose to deploy its actions for young and new drivers in the United States and Brazil in 2014. China is to follow in 2015. ¶

Beyond the Driving Test

An information campaign in the US targeting young drivers has been organized in partnership with the FIA and with the support of stars such as Brent Rivera and Alexis Zall. The message that tires are essential to road safety has reached eight million people. ¶

The art of driving

100,000 schoolchildren in India have had their awareness raised through artistic workshops. ¶



Road safety and driving licenses

Michelin has worked with the police to train young drivers in Jakarta secondary schools. ¶

Michelin Best Driver

A good driver program and contest in Brazil raised awareness among 26,000 students from 15 universities. Telematics were used to monitor the everyday driving of 1,000 students. Seven million young people were reached via social networks ¶

Crash Attack

Innovative workshops in Spain to encourage young motorists to change their behavior were attended by 11,000 people in 2014.

* Source: World Health Organization.



CORPORATE GOVERNANCE AND RESULTS

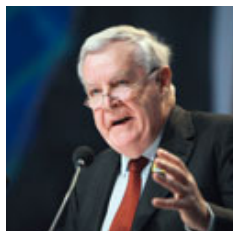
- ▶ *THE MICHELIN PARTNERSHIP
LIMITED BY SHARES*
- ▶ *MICHELIN AND ITS SHAREHOLDERS*
 - ▶ *OUR CONTRIBUTION*
 - ▶ *OUR MARKETS IN 2014*
 - ▶ *OUR BUSINESSES*
 - ▶ *KEY FIGURES*
 - ▶ *MATERIALITY MATRIX*
- ▶ *PRIZES, AWARDS AND DISTINCTIONS*

RESPONSIBLE, SUSTAINABLE GOVERNANCE

AT MICHELIN, CORPORATE GOVERNANCE IS A ROBUST PROCESS FOCUSED ON LONG-TERM RESPONSIBILITY. THE SEPARATION OF POWERS BETWEEN THE MANAGING PARTNER AND THE SUPERVISORY BOARD IS REAL. THE BOARD ACTS INDEPENDENTLY AND THE MANAGING PARTNER HAS FULL MANAGEMENT RESPONSIBILITY.



In 2014, around 1,700 people attended the Annual Shareholders Meeting in Clermont-Ferrand (France).



“Our Company was not required to open the Supervisory Board to an employee representative. However, we chose to do so – with the full agreement of the Managing Partner – because we feel it is the right thing to do and in line with our Michelin Performance and Responsibility approach.

We wanted our representation and legitimacy to be as broad as possible. That’s definitely the case with the secretary of the Group European Works Council. Cyrille Poughon presented his credentials and was elected by the shareholders.”

**MICHEL ROLLIER,
CHAIRMAN OF THE SUPERVISORY BOARD**

The Michelin partnership limited by shares

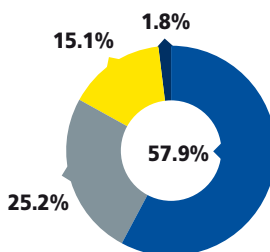
Tire manufacturing is a capital-intensive industry in which the pace of technological innovation is relatively slow. Being able to deploy long-term strategies led by a stable, responsible management team acting in the shareholders’ best interests is a major advantage. This is further enhanced by the incorporation of Compagnie Générale des Etablissements Michelin (CGEM), the Group’s parent company, as a partnership limited by shares (SCA). The Managing Partners are elected by shareholders at the Annual Meeting. When they are General Managing Partners, they have joint and several personal liability for the Company’s debt. Since 2011, the term of office of future Managing Partners – whether General Managing Partners or Non-General Managing Partners – has been limited to four years, renewable and revocable.

This is the case with Jean-Dominique Senard, elected General Managing Partner by shareholders at the May 13, 2011 Annual Meeting and elected Michelin Chief Executive Officer by shareholders at the May 11, 2012 Annual Meeting. His four-year term was renewed in October 2014 at the initiative of the Non-Managing General Partner (SAGES), with the agreement of the Supervisory Board of CGEM. Consequently, his term will expire at the close of the Annual Shareholders’ Meeting to be called to approve the financial statements for the year ending December 31, 2018.

Clear separation of powers

The Supervisory Board exercises permanent oversight of Michelin’s management and assesses its quality on behalf of the shareholders, presenting a report on its findings at each Annual Shareholders Meeting. It issues opinions on strategy, capital expenditure, acquisitions and asset disposals, and approves the election or renewal of Managing Partners and their compensation.

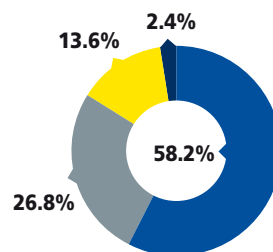
Ownership structure at December 31, 2014



- Non-resident institutional investors
- French institutional investors
- Individual shareholders
- Personnel – Group Employee Shareholder Plan
- Treasury stock: 0%

Shares outstanding
185,726,200

Voting rights structure



- Non-resident institutional investors
- French institutional investors
- Individual shareholders
- Personnel – Group Employee Shareholder Plan

Number of voting rights:
244,308,764

SUPERVISORY BOARD

It is comprised of eight members, three of whom are women. Five members are independent based on the criteria prescribed in the AFEF-MEDEF Code. One member, elected by shareholders at the Annual

Meeting on May 16, 2014, represents employees. One member is responsible for supervising Michelin Performance and Responsibility activities, which relate to the Group's corporate social responsibility commitments.



1. MICHEL ROLLIER

- Chairman of the Supervisory Board
- Member of the Compensation and Appointments Committee
- Former Managing General Partner of the Michelin Group
- President of France's Automotive Industry Platform (PFA)

2. OLIVIER BAZIL

- Independent Member
- Chairman of the Audit Committee
- Director of Legrand, Vallourec and Firmenich

3. PAT COX

- Member of the Compensation and Appointments Committee
- Oversees Michelin Performance and Responsibility activities
- Former President of the European Parliament

4. BARBARA DALIBARD

- Independent Member
- Member of the Group Innovation Committee
- Chief Executive Officer of SNCF Voyages

5. JEAN-PIERRE DUPRIEU

- Independent Member
- Member of the Audit Committee
- Executive Vice President of the Air Liquide Group

6. ANNE-SOPHIE DE LA BIGNE

- Independent Member
- Member of the Audit Committee
- Vice President in charge of Civil Affairs, Public Affairs Division France, EADS

7. LAURENCE PARISOT

- Independent Member
- Chairman of the Compensation and Appointments Committee
- Vice Chairman of the Management Board of Ifop
- Director of BNP Paribas and Coface
- Former President of the French employers federation (MEDEF)

8. CYRILLE POUGHON

- Member representing the Group's employees
- Secretary of the Michelin European Works Council
- Export manager for Michelin

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT

Represented by Eric Bulle, Partner, and his substitute Pierre Coli

DELOITTE & ASSOCIÉS

Represented by Dominique Descours, Partner, and his substitute, BEAS

For more information about Supervisory Board members, please refer to www.michelin.com and the Registration Document, p.86.

The activities of the Supervisory Board and its Committees

The Supervisory Board met six times in 2014. In particular it reviewed capital expenditure projects, the Michelin Performance and Responsibility strategy and the Group's compensation policies.

Every year, the Chairman assesses the Board's work and presents his findings in a dedicated report.

The Audit Committee assists the Supervisory Board in fulfilling its oversight role, in particular by monitoring the preparation and control of accounting and financial information and studying the effectiveness of risk management systems. Chaired by Olivier Bazil, the committee has three members, all of whom are independent. It met four times in 2014.

The Compensation and Appointments Committee studies the independence of the Board's members, examines all components of the Managing General Partner's compensation package and oversees the compensation policy for senior executives as well as the allocation of stock options and performance shares. Chaired by Laurence Parisot, the committee has three members, two of whom are independent. It met three times in 2014.

Risk management and internal control systems

Significant actions to strengthen these systems were undertaken in 2014. For example, Michelin began to standardize its internal control systems through a process led by the Group Quality Department.

A serious game

Designed with the Legal Affairs Department, the "serious game" module trains operational employees in the challenges of competition law and teaches them to avoid behavior that may put them at risk. 🎮

A SOLID COLLECTION OF DOCUMENTS



The goal is to extend to the other families of operating risks the best internal control practices identified for the management of accounting and financial risks.

Ethics, integrity, compliance: common rules and practices

Michelin ensures that its employees act in line with the integrity values and the internal and external ethical standards that have formed the basis of its culture for more than a century.

These values and standards constitute a solid body of codes, charts and manuals that are easily accessible, widely shared and promoted by major awareness-building and training programs.

Anonymous, protected alert procedures make it possible to signal possible infractions to the Code of Ethics or failures to apply the Michelin Performance and Responsibility charter.

MICHELIN AND ITS SHAREHOLDERS

Investing in Michelin means supporting its New Phase of Dynamic Growth based on innovating, continuously improving its competitiveness and pursuing major capital spending programs to ensure future growth. It also means moving forward together and sharing the Group's sustainable development ambitions for 2020.



Ongoing dialogue

In 2014, around 1,700 people attended the Annual Shareholders Meeting in Clermont-Ferrand. In addition, Michelin met with individual shareholders in six French cities and took part in the Salon Actionaria investor fair, which is held every year in Paris.

In addition, the Group participated in road shows in around twenty countries during the year in a commitment to ongoing dialogue with analysts and investors.

A dedicated team

Acting as a preferred point of contact for the entire investor relations process, a specialized team offers shareholders

support and assistance in all their transactions, including opening accounts, issuing buy and sell orders, and preparing estate transfers and gifts, in liaison with notaries and heirs. By providing guidance, the Shareholder Consultative Committee helps to improve communication and dialogue with private shareholders. Its 14 members, including two employee shareholders, serve four-year terms, with one-third being replaced every year. The Committee met twice in 2014.

More information at www.michelin.com
The Individual Shareholder's Guide

Dividend maintained

Attesting to its confidence in the future, Michelin decided to maintain its dividend at €2.50 per share.

At the same time, it is implementing programs to buy back shares and to reduce the capital by cancelling the purchased shares with the goal of offsetting dilution due to performance share awards and employee share issues.

Slightly more than one million shares were cancelled in November 2014, corresponding to 0.54% of the total. €

In figures

More than 230,000 shareholders support our ambitions.

All of them hold registered shares.

- 155,000 individuals
- 73,000 employees in 47 countries
- 3,200 institutional investors

€2.50

The recommended 2014 dividend of €2.50 per share represents a dividend payout rate of 41%.

THE MICHELIN SHARE

Michelin shares are traded on the
NYSE Euronext Paris stock exchange

- ▶ Compartment A
- ▶ Eligible for the SRD deferred settlement system
- ▶ ISIN: FR 0000121261
- ▶ Par value: €2.00
- ▶ Traded in units of: 1
- ▶ Shares outstanding: 185,726,200 all fully paid-up

Market capitalization

€13.9 billion at December 31, 2014

Average daily trading volume

662,063 shares in 2014

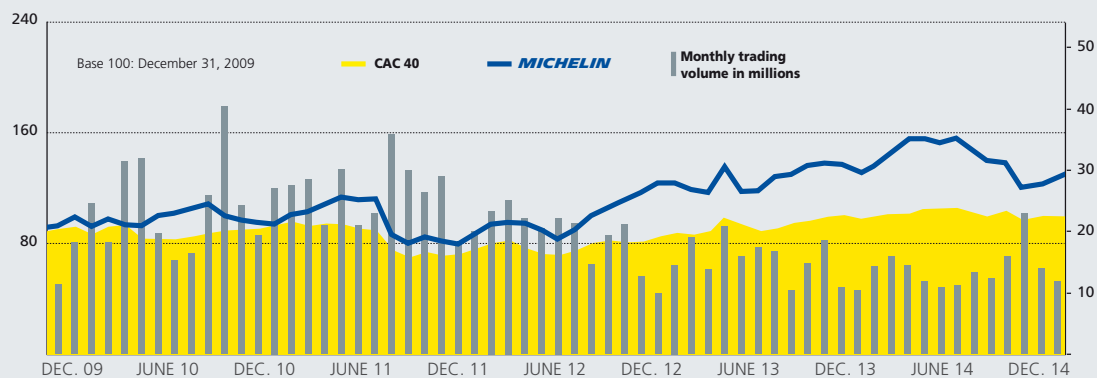
Stock index weighting at December 31, 2014

- ▶ 1.63% of the CAC 40 index
- ▶ 0.69% of the Euronext 100 index

Socially Responsible Investing (SRI)

- ▶ Dow Jones Sustainability Index for European sustainability leaders (DJSI Europe) and DJSI World for global sustainability leaders
- ▶ Ethibel Sustainability Index (ESI) Europe

SHARE PERFORMANCE, DECEMBER 2009-DECEMBER 2014



Share price IN €	2014	2013	2012	2011	2010
High	94.33	84.71	72.58	68.54	64.51
Low	65.10	57.23	45.32	40.20	48.13
Closing price, end of period	75.27	77.25	71.59	45.68	53.70
Change over the period	-2.56%	+7.9%	+56.7%	-14.9%	+0.2%
Change in the CAC 40 index	-0.54%	+18.0%	+15.2%	-20.4%	-3.3%

Per-share data IN €	2014	2013	2012	2011	2010
Net assets per share	51.3	49.8	46.60	45.90	46.00
Basic earnings per share	5.52	6.08	8.62	8.14	6.78
Diluted earnings per share ⁽¹⁾	5.45	5.98	8.41	7.97	6.64
Price-earnings ratio	13.6	12.7	8.3	5.6	7.9
Dividend for the year	2.50*	2.50	2.40	2.10*	1.78
Pay-out ratio	41%	35%	28.7%	30%	30%
Yield ⁽²⁾	3.3%	3.2%	3.4%	4.6%	3.3%

* 2014 dividend to be submitted to shareholder approval at the Annual Meeting on May 22, 2015.

(1) Earnings per share adjusted for the effect on net income and on the average number of shares of the exercise of outstanding dilutive instruments. (2) Dividend/share price at December 31.

CONTRIBUTING TO THE ECONOMY AND SOCIETY

Michelin contributes to economic and social activity in **170 COUNTRIES.**



IN 2014, MORE THAN 178 MILLION TIRES AND 13 MILLION MAPS AND GUIDES WERE PRODUCED AT 68 FACILITIES IN 17 COUNTRIES.

MORE THAN 150 MILLION CARS AND VANS AND ABOUT 10 MILLION TRUCKS AND BUSES RIDE ON TIRES PRODUCED BY MICHELIN. THE GROUP ALSO EQUIPS THOUSANDS OF AIRCRAFT, TENS OF THOUSANDS OF AGRICULTURAL, HANDLING VEHICLES AND EARTHMOVER VEHICLES, AND MILLIONS OF MOTORCYCLES, SCOOTERS AND BICYCLES.

MICHELIN'S PRODUCTS ARE MARKETED IN 170 COUNTRIES. THE GROUP HAS FORGED PARTNERSHIPS WITH 850 EUROMASTER FRANCHISEES IN EUROPE, 86 TCI CENTERS IN NORTH AMERICA, 1,400 TYREPLUS FRANCHISEES IN SEVEN COUNTRIES AND 1,612 MICHELIN TRUCK SERVICE CENTERS IN 16 FAST-GROWING COUNTRIES.



2014 payments in € millions

▶ Suppliers – Purchases	€12,402MN
▶ Employees – wages and payroll taxes	€5,292MN
▶ Shareholders – dividends and share buybacks	€545MN
▶ Banks and lenders – expenses and interests	€424MN
▶ Governments and local authorities – income and other taxes	€620MN

MICHELIN HAS 60,000 SUPPLIERS, FROM WHOM IT PURCHASED €12.4 BILLION IN GOODS AND SERVICES IN 2014.

A PARTNER OF THE UNITED NATION'S DECADE OF ACTION FOR ROAD SAFETY 2011-2020 AND THE INTERNATIONAL AUTOMOBILE FEDERATION'S FIA ACTION FOR ROAD SAFETY CAMPAIGN, MICHELIN PURSUED INITIATIVES IN 16 COUNTRIES IN 2014.

MICHELIN ALSO HAS 51 MICHELIN LIFESTYLE LICENSE PARTNERS, WHO HAVE CHOSEN THE MICHELIN BRAND TO STIMULATE THEIR PRODUCT SALES.

MICHELIN HAS 112,300 EMPLOYEES, OF WHOM 6,900 WERE HIRED IN 2014. EMPLOYEE WAGES, PAYROLL TAXES AND BENEFITS AMOUNTED TO €5.3 BILLION IN 2014.

MORE THAN 600,000 PEOPLE PRODUCE THE NATURAL RUBBER USED BY MICHELIN.

MICHELIN DONATED CLOSE TO €15 MILLION AND ITS EMPLOYEES DEVOTED 24,000 DAYS OF PAID WORK TO COMMUNITY SERVICE PROGRAMS IN 2014.

IN 2014, MICHELIN DEVELOPMENT HELPED TO CREATE 1,988 JOBS IN FRANCE, ITALY, SPAIN, UNITED-KINGDOM AND NORTH AMERICA.

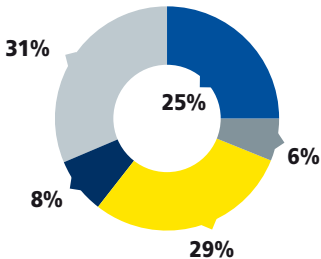
THE GROUP PAID €620 MILLION IN TAXES TO GOVERNMENTS AND LOCAL AUTHORITIES IN 2014.

THE GLOBAL TIRE MARKET IN 2014

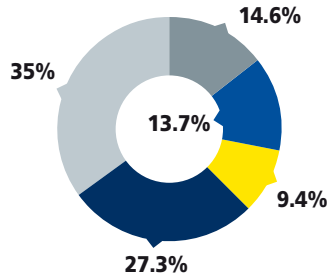
1.6 BN TIRES
\$187 BN⁽¹⁾

60% for light vehicles
30% for trucks⁽²⁾
25% original equipment
75% replacement⁽²⁾

1.4 billion car and light truck tires⁽²⁾



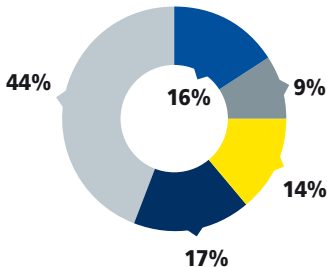
Breakdown of the world market, in value



- Bridgestone
- Michelin
- Goodyear
- Mid-size tiremakers*
- Other tiremakers**

* Market share of 2% to 6%.
 ** Market share of less than 2%.
 Source: 2013 sales in US\$ -Tire Business, September 2014.

180 million truck and bus tires⁽²⁾

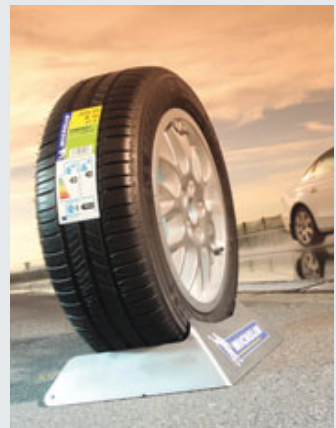


- North America
- South America
- Europe
- Africa, Middle East
- Asia

STRICTER STANDARDS IN EUROPE

Since November 1, 2014, EU regulations have forbidden the production or import of tires that deliver inferior performance in terms of rolling resistance (G rating) and wet braking (F rating), which account for 6% to 10% of volumes currently sold in Europe. The goal is to improve road safety while reducing carbon emissions.

This system favors tires that combine low rolling resistance and short braking distances, a segment in which Michelin is the world leader. ¶



(1) Tire Business, September 2014.
 (2) Michelin estimate.

A LACKLUSTER GLOBAL MARKET IN 2014

In volume, worldwide demand rose by 3% for car and van tires and by 1% for truck tires, led by the United States and China.



Car and light truck tires

► **In the original equipment segment,** demand increased by 3% with 3% growth in Europe (despite a 12% decline in Eastern Europe), by 5% in North America and by 4% in Asia (excluding India) with a gain of 9% in China, but a decline by 8% in Southeast Asia. Demand rose 2% in Africa, India and the Middle East and dropped 16% in South America due to the impact of Brazil and Argentina, where the business environment was challenging and credit was tight.

► **In the replacement market,** demand was higher in all regions: 1% in Europe, where growth slowed in the second half, 6% in North America, 5% in South America, 4% in Asia and 4% as well in Africa, India and the Middle East.



Truck tires

► **In original equipment,** demand contracted by 1% worldwide but was mixed across geographies, with strong 16% growth in North America, more moderate growth in Africa, India and the Middle East (up 3%) and Asia (up 1%) because of the difficulties in Thailand and a slowdown in China, a decline of 9% in Europe, with a sharp 4% decrease in Western Europe and a drop of 35% in Eastern Europe, and a steep 21% decline in South America.

► **In the replacement segment,** demand rose by 1%, led by North America (up 8%), which returned to its pre-recession level. Europe expanded by 1%. Growth in Asia was 1% although situations varied. The markets were slightly down in Africa, India and the Middle East and declined by 4% in South America.



Specialty tires

► **Earthmover tires.** The decline in demand for tires for mining equipment was partially offset by a stronger performance in infrastructure and original equipment markets.

► **Agricultural tires.** Demand was down in both the original equipment and replacement markets, especially in North America.

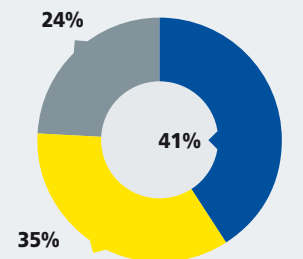
► **Two-wheel tires.** The market for motorcycle tires expanded in Europe and contracted in North America.

► **Aircraft tires.** Demand was higher in the commercial aviation segment.

A GLOBAL FOOTPRINT

Michelin is improving its competitiveness in mature markets and its manufacturing and sales presence in new markets, in line with changing global tire demand.

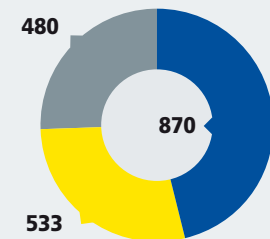
2014 NET SALES €19,553MN



- Europe incl. Central and Eastern Europe
- North America incl. Mexico
- Other regions

2014 CAPITAL EXPENDITURE (€MN) €1,883MN

of which growth investments
€1,043MN



- Europe
- North America
- Other regions

NORTH AMERICA

21,900 employees*

- 1 R&D facility
- 10 Car And Light Truck tire plants
- 4 Truck tire plants
- 2 Specialty tire plants
- 2 Component and Semi-Finished Product plants

- Car and Light Truck tires: cutback in capacity at the Pictou plant in Canada.
- Earthmover tires: ramp-up of the mining tire plant in Anderson and commissioning of a plant for airless tires in Piedmont, South Carolina.

* Full-time equivalent employees at December 31, 2014.

EUROPE

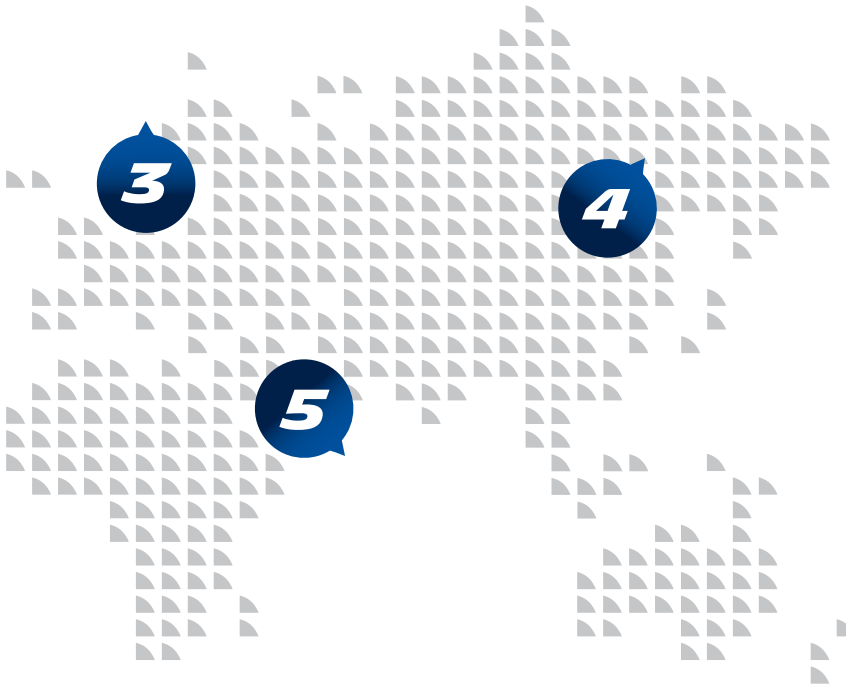
61,300 employees* - 1 R&D facility - 15 Car and Light Truck tire plants - 15 Truck tire plants - 9 Specialty tire plants - 7 Component and Semi-Finished Product plants

- ▶ R&D: construction underway of the new worldwide Ladoux center in Clermont-Ferrand.
- ▶ Car and Light Truck tires: ramp up of the Pirot factory in Serbia
- ▶ Truck tires: closing of the Budapest plant by mid-2015.
- ▶ Earthmover tire and Agricultural tire plants: capacity increased at the Montceau-les-Mines, Le Puy and Troyes sites in France.

ASIA (EXCLUDING INDIA)

15,400 employees* - 3 R&D facilities - 4 Car and Light Truck tire plants - 3 Truck tire plants - 2 Specialty tire plants - 2 Component and Semi-Finished Product plants

- ▶ Component and Semi-Finished Product plants: commissioning of a composite rubber plant in Thailand.
- ▶ Truck tire and Car and Light Truck tire plants: ramp-up of the Shenyang2 plant in China.



With the ramp-up of new plants in China, India and Brazil, the Group's production capacity output in new markets will increase by more than 50,000 tonnes of truck tires in 2015.

SOUTH AMERICA

6,300 employees* - 1 R&D facility - 1 car and light truck tire plant - 2 truck tire plants - 1 specialty tire plant

- ▶ Earthmover tires: capacity increased at the plant in Campo Grande, Brazil.
- ▶ Car and Light Truck tires: ramp-up of the car tire plant in Itatiaia in Brazil.

AFRICA, INDIA AND MIDDLE EAST

1,800 employees* - 1 truck tire plant

- ▶ Truck and Earthmover tires: ramp-up of the Chennai plant in India.

PASSENGER CAR AND LIGHT TRUCK TIRES AND RELATED DISTRIBUTION

No. 1

The world leader
in energy-efficient
tires

30

facilities in

16

countries



2014 initiatives & achievements

- In North America, Michelin introduces the innovative MICHELIN PREMIER® A/S, a self-regenerating tire made with EverGrip™ technology.
- In Europe, the new MICHELIN Alpin 5 winter tire integrates two innovative technologies to deliver more performance.
- MICHELIN Pilot Super Sport is standard equipment on the new BMW M3 and M4, Volvo S60 and V60 Polestar.
- Carlsson, the German tuner and manufacturer, chooses MICHELIN Pilot Sport, Pilot Super Sport and Pilot Sport Cup tires for its most powerful models.
- TYREPLUS opens its 1,000th sales outlet in China.

2014 contributions

54%

of consolidated sales

51%

of operating income⁽¹⁾

2014 SALES

25% in original equipment **75%** in mature markets
75% in replacement **25%** in growth markets

IN € MILLIONS	2014	2013	Change
Net sales	10,498	10,693	-1.8%
Operating income ⁽¹⁾	1,101	1,086	+1.4%
Operating margin ⁽¹⁾	10.5%	10.2%	0.3 pt

CHANGE IN THE GLOBAL MARKET

COMPARED WITH 2013	ORIGINAL EQUIPMENT	REPLACEMENT
Europe	+3%	+1%
North America	+5%	+6%
South America	-16%	+5%
Asia, excluding India	+4%	+4%
Africa, India, Middle East	+2%	+4%
Total	+3%	+4%

(1) Before non-recurring items.

TRUCK TIRES AND RELATED DISTRIBUTION



25
facilities in
15
countries

2014 contributions

31%
of consolidated sales

23%
of operating income⁽¹⁾



2014 SALES

29% in original equipment **60%** in mature markets
71% in replacement **40%** in growth markets

IN € MILLIONS	2014	2013	Change
Net sales	6,082	6,425	-5.3%
Operating income ⁽¹⁾	495	503	-1.6%
Operating margin ⁽¹⁾	8.1%	7.8%	0.3 pt

CHANGE IN THE GLOBAL MARKET

COMPARED WITH 2013	ORIGINAL EQUIPMENT	REPLACEMENT
Europe	-9%	+1%
North America	+16%	+8%
South America	-21%	-4%
Asia, excluding India	+1%	+1%
Africa, India, Middle East	+3%	-1%
Total	-1%	+1%

2014 initiatives & achievements

- ▶ In Europe, the MICHELIN X[®] LINE™ Energy range receives an AAA rating.
- ▶ Michelin renews its regional lineup in Asia with the MICHELIN X[®] MULTI™ Z.
- ▶ The Group successfully launches two mid-range brands: SIAMTYRE in Thailand and KORMORAN in Saudi Arabia.
- ▶ With EFFIFUEL™, MICHELIN[®] solutions pledges to provide transport companies with fuel savings.
- ▶ Michelin acquires Sascar, the Brazilian leader in fleet management and freight security with 33,000 fleets and 190,000 vehicles managed.

(1) Before non-recurring items.

SPECIALTY BUSINESSES

15
facilities in
7
countries



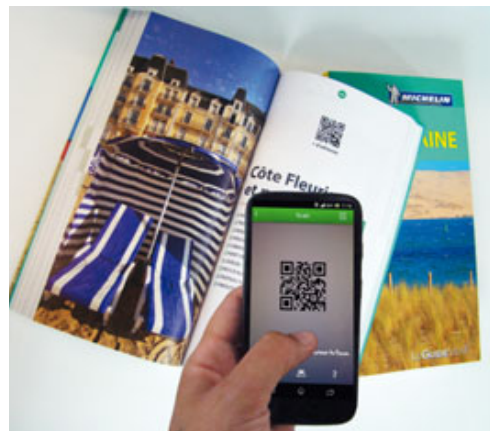
2014 initiatives & achievements

- The new MICHELIN X-Straddle 2 improves the productivity of port loading and unloading equipment by 30%.
- In the US, the Group introduces an airless, puncture-proof radial tire-wheel assembly. Called the MICHELIN X TWEEL, it is produced in a dedicated plant in South Carolina.
- A major innovation, the MICHELIN low-pressure anti-landmine tire enables rescue and mine-clearing teams to operate safely.
- MICHELIN Ultraflex Technologies celebrates ten years of improved crop output and protected farmland.
- Outstanding longevity for the new MICHELIN Pilot Road 4 for motorcycles and superior robustness for the MICHELIN City Pro for small motorcycles and large-wheel scooters.
- Airbus chooses Michelin for the A320neo, the re-engined version of its medium-haul A320, and Boeing will fit the 737 MAX, a new version of the world's best-selling commercial aircraft, with MICHELIN NZG radial tires as original equipment.



No. 1
the european leader
in maps, guides and
digital travel-support
services

More than
16.5
million michelin
lifestyle-licensed
products sold
in 2014



2014 initiatives & achievements

► In 2014, focused attention was given to the MICHELIN Navigation application, which offers traffic information, a radar function and GPS. Enhancements included: landscape mode, road hazard alerts and voice navigation.

► China's Jihua group will benefit from Michelin's expertise to make high-performance shoe soles for the oil industry and mountain bikers as well as for motorcycle boots produced through a Michelin Lifestyle license.

2014 contributions

15%
of consolidated sales

26%
of operating income⁽¹⁾

2014 SALES

53% in mature markets

47% in growth markets

IN € MILLIONS	2014	2013	Change
Net sales	2,973	3,129	-5.0%
Operating income ⁽¹⁾	574	645	-11.0%
Operating margin ⁽¹⁾	19.3%	20.6%	-1.3 pt

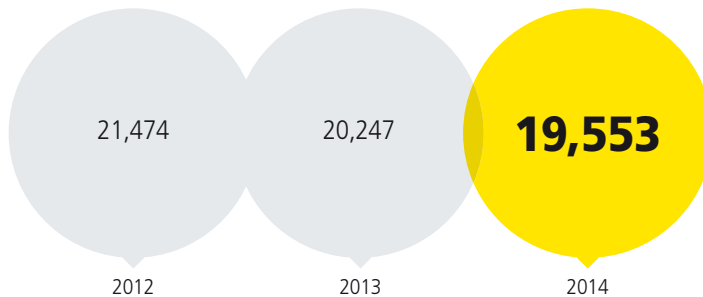
(1) Before non-recurring items.

KEY FINANCIAL INDICATORS

Michelin's results held up well in challenging market, reflecting the Group's stronger structure.

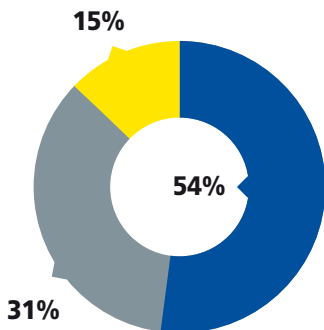
Net sales

in € millions



2014 net sales by business

as a % of total in the chart.
In € millions and % change 2014/2013 below the chart.

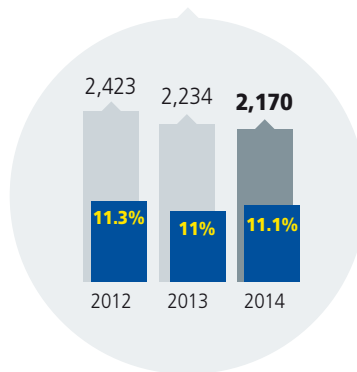


- **10,498 / -1.8%**
Passenger Car and Light Truck tires & Related Distribution
- **6,082 / -5.3%**
Truck tires & Related Distribution
- **2,973 / -5.0%**
Specialty Businesses

Operating income⁽¹⁾

in € millions

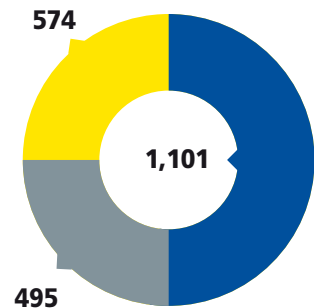
Operating margin⁽¹⁾
as a % of net sales



(1) Before non-recurring items.

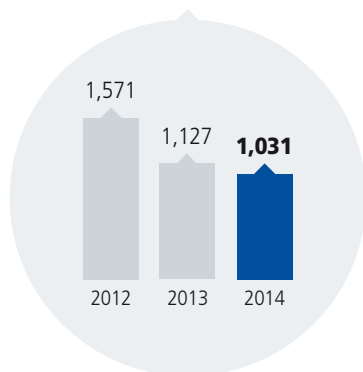
2014 Operating income⁽¹⁾ by business

in € millions in the chart.
As a % of net sales and 2014/2013 change in points below the chart.

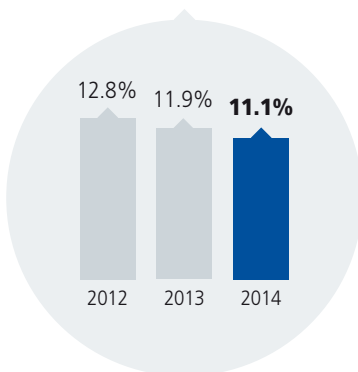


- **10.5% / +0.3 pt**
Passenger Car and Light Truck tires & Related Distribution
- **8.1% / +0.3 pt**
Truck Tires & Related Distribution
- **19.3% / -1.3 pt**
Specialty Businesses

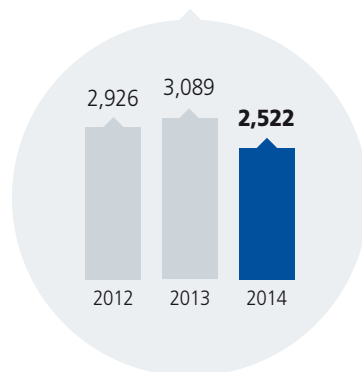
Net income
in € millions



Return on capital employed⁽²⁾
as a %

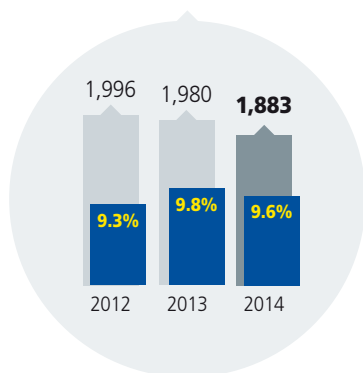


Cash flow from operating activities
in € millions



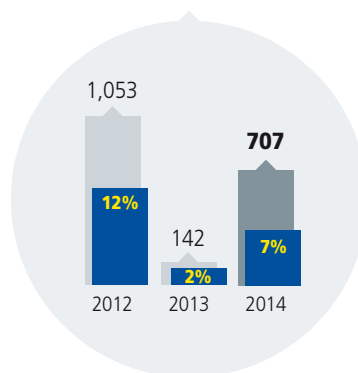
Gross capital expenditure
in € millions

as a % of net sales



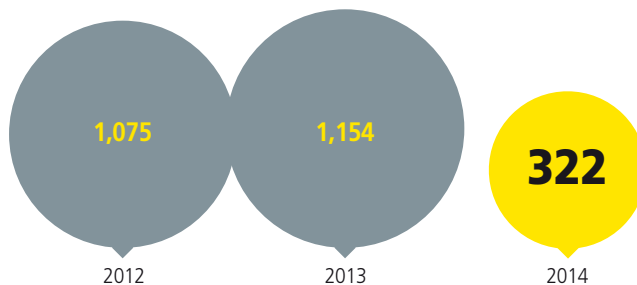
Net debt
in € millions

as a % of equity



(2) Operating income after tax/ economic assets employed.

Free cash flow⁽³⁾
in € millions



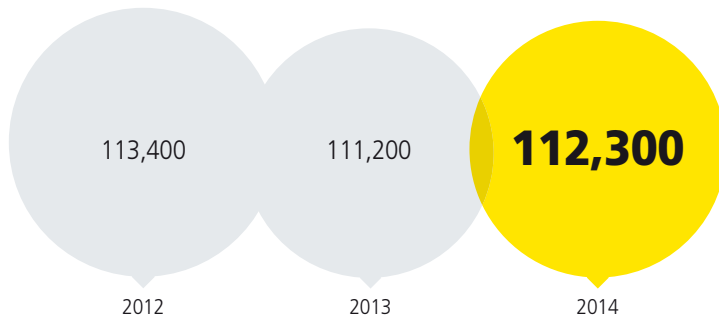
(3) After capital expenditure and before payment of dividends.

KEY SOCIAL INDICATORS

Michelin hired and trained 6,948 employees in 2014.

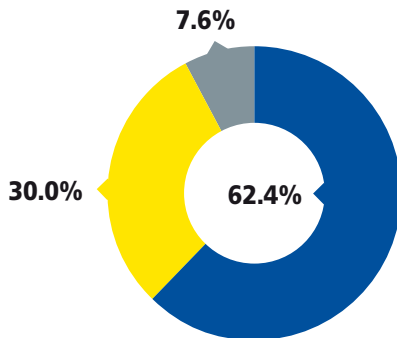
Employees on payroll

at December 31



2014 employees by job category

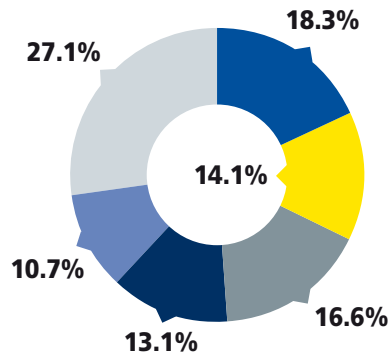
Excluding dealership networks



- Production operators
- Administrative, technical and supervisory staff
- Management

Employees on payroll in 2014 by length of service

Excluding dealership networks



- Less than 2 years
- 2-5 years
- 5-10 years
- 10-15 years
- 15-20 years
- More than 20 years

Data related to all of these indicators have been reviewed by PricewaterhouseCoopers, whose review report may be found on page 193 of the 2014 Registration Document. To find out more, please refer to the employee and societal information provided on pages 144 and 168 of the Registration Document.

SAFETY

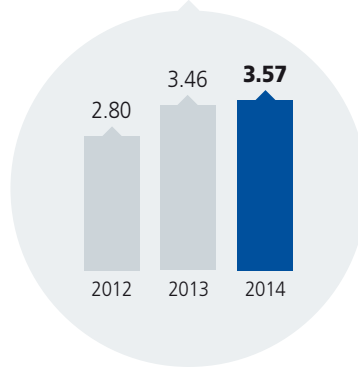
25 plants had no lost-time incidents in 2014.

2020 OBJECTIVE: TCIR LESS THAN OR EQUAL TO 2

(1) Number of incidents resulting in more than one day's lost time per million hours worked.
 (2) Number of working days (more than one day) lost to accidents per thousand hours worked.
 (3) Total Case Incident Rate: the number of workplace incidents affecting employee health per number of hours worked (by extrapolation).

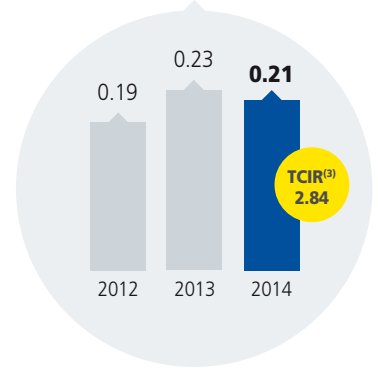
Lost-time incident frequency rate⁽¹⁾

as a %
Including dealership networks



Lost-time incident severity rate⁽²⁾

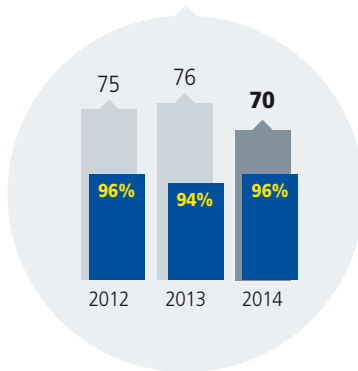
as a %
Including dealership networks



TRAINING

Number of hours of training per employee per year

% of employees who received training



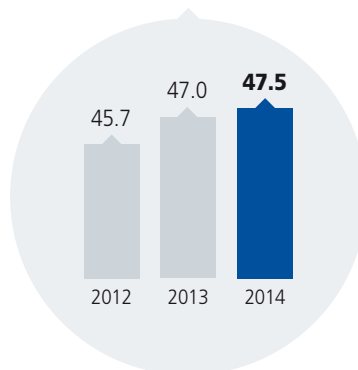
DIVERSITY

65% of the top managers in countries located in growth regions come from growth regions.

2020 OBJECTIVE: 80%

Percentage of non-French people among top managers

as a %



83% of management positions are held by employees promoted through internal mobility.

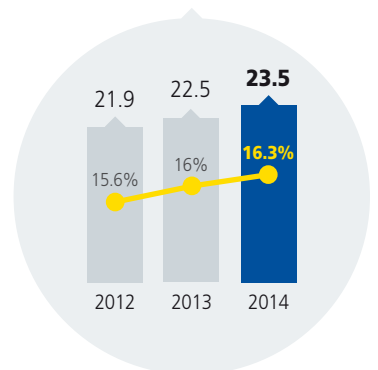
2020 OBJECTIVE: 75%

23.5% women in management and supervisory roles.

2020 OBJECTIVE: 30%

% of women in management and supervisory roles⁽⁴⁾

of women on payroll



ENGAGEMENT

74% of employees are engaged

2020 OBJECTIVE: 85%

56,372 progress and innovation ideas expressed in 2014

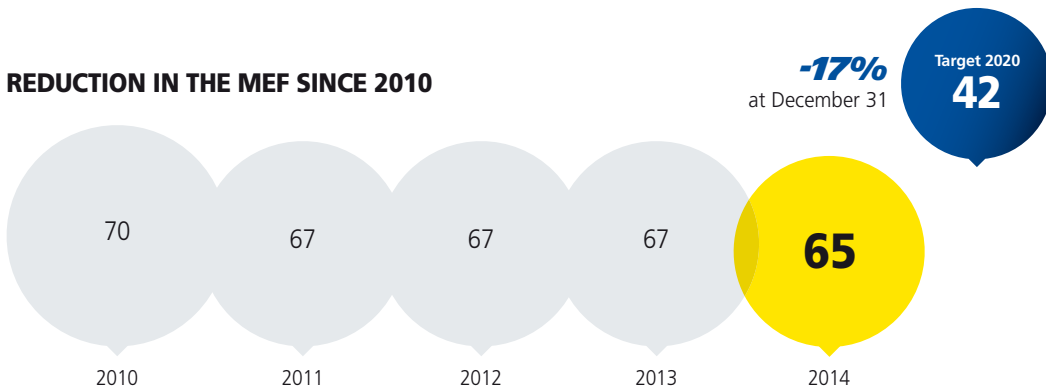
2020 OBJECTIVE: 100,000

(4) Employees with a level of responsibility of A to N, according to the Hay method.

KEY ENVIRONMENTAL INDICATORS

Michelin remains committed to its objectives. The Michelin Environmental Footprint (MEF) measures the environmental impact of manufacturing and research facilities. Comprised of six weighted basic indicators, it is calculated for each facility and consolidated at Group level. The goal for 2020 is to reduce the MEF by 40% compared with 2010. A 17% reduction was achieved in 2014.

REDUCTION IN THE MEF SINCE 2010



* Base 100 in 2005.

MEF Basic components and weighting



- Resources consumption
- Emissions
- Waste

Components	Weighting
► Energy	15
► Water	15
► VOCs*	25
► CO ₂	15
► Total weight produced	15
► Total weight landfilled	15
Total	100

Objective: a **-40%** reduction by 2020, compared with 2010

96%

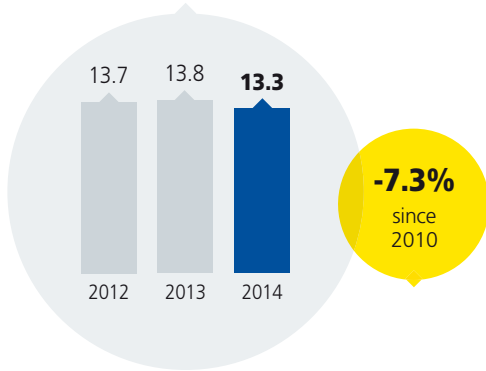
of production and research facilities are ISO 14001-certified. The four new plants brought on stream in 2014 will be certified by 2019.

Data related to all of these indicators have been reviewed by PricewaterhouseCoopers, whose review report may be found on page 193 of the 2014 Registration Document. To find out more, please refer to the environmental data table on page 182 of the Registration Document.

* Volatile organic compounds.

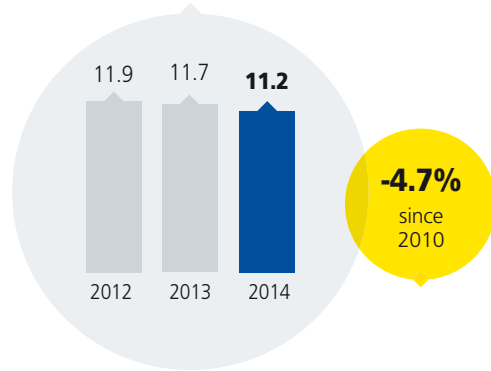
Energy use

in GJ per tonne of tires produced



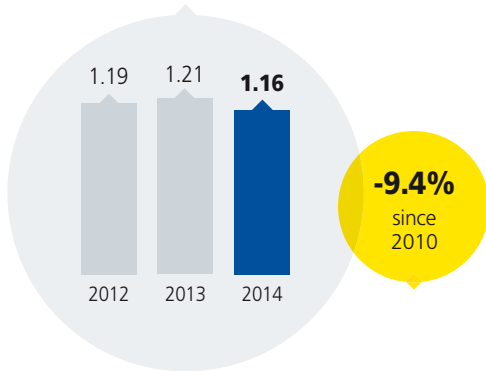
Water use

in m³ per tonne of tires produced



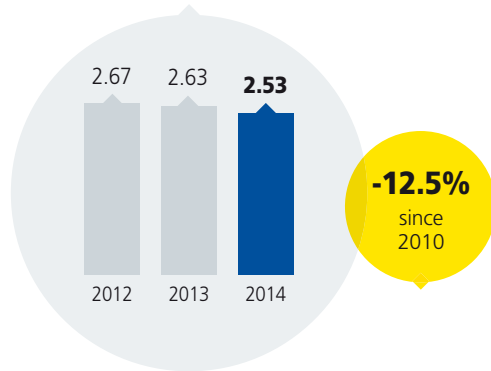
CO₂ emissions

in tonnes per tonne of tires produced



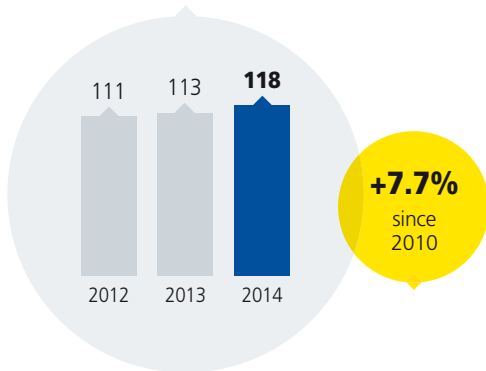
VOC emissions

in kg per tonne of tires produced



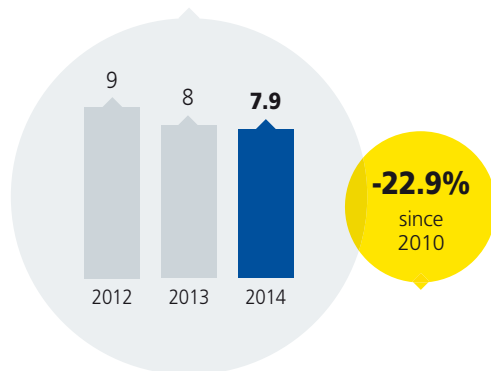
Waste production

in kg per tonne of tires produced



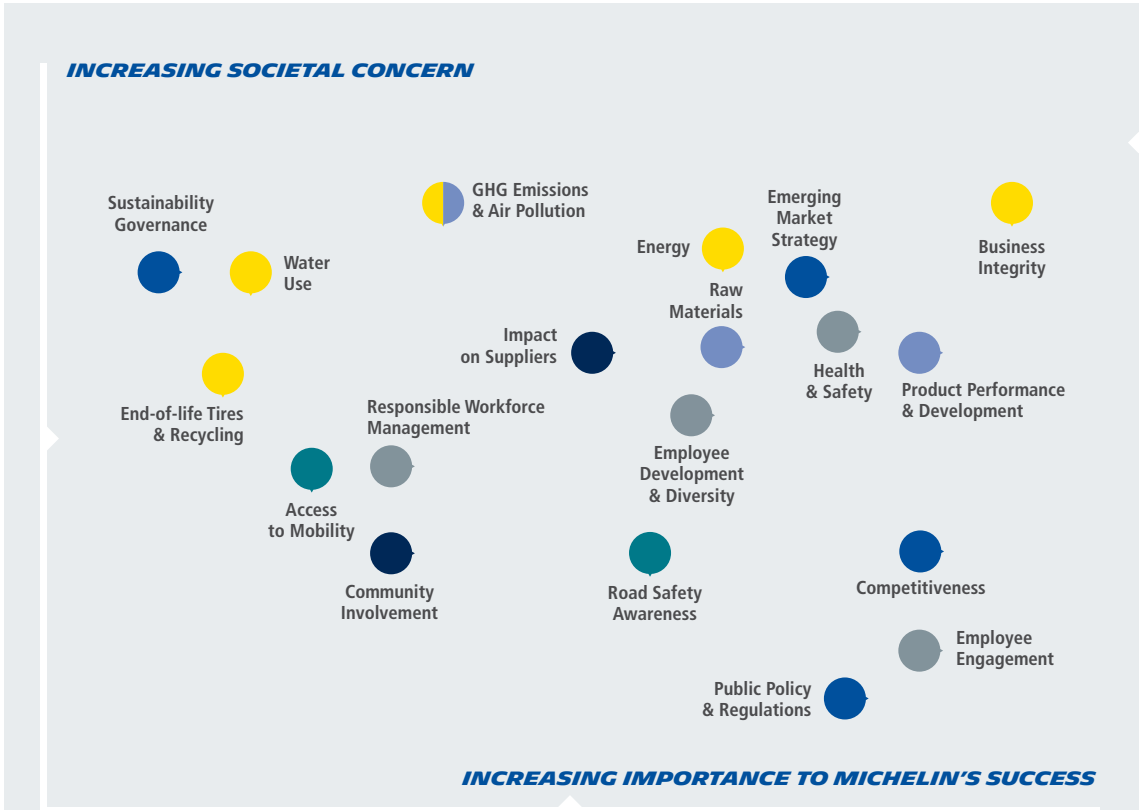
Landfilled waste

in kg per tonne of tires produced



MATERIALITY MATRIX

As part of the Michelin Performance and Responsibility process, the Group created its own materiality matrix in 2014.



The materiality matrix identifies and prioritizes challenges depending on their importance for the Group and its stakeholders, taking into account environmental, employee, societal, economic, financial and governance challenges.

- Product performance leadership
- Commitment to the well-being and development of our employees
- Leadership in responsible operations
- Live in harmony with our communities
- Sustainable financial performance
- Advocacy: Fostering better life through sustainable mobility

PRIZES, AWARDS AND DISTINCTIONS

AN ADMIRER COMPANY

► Michelin ranked 15th out of 100 international companies evaluated in a 2014 Reputation Institute survey including more than 55,000 consumers in 15 countries.

► In France, according to the 2014 Reputation Institute and Burson-Marsteller i&e survey, Michelin was the year's third most reputable CAC 40 company based on seven criteria: business expertise, innovation, performance, leadership, governance, corporate citizenship and employer brand.

► Michelin came first in the "service quality" category and second in the "overall confidence" category of the 2014 Publics-Reputation ranking by Viavoice for Syntec Conseil RP, which also evaluates companies based on their environmental and social responsibility, global presence and outlook.

► Michelin ranked second out of France's largest companies in terms of company image in the latest Posternark Ifop survey (February 2015, all sectors).

A COMMITTED COMPANY

► Regularly rated for its CSR performance, Michelin is included in the following socially responsible investment (SRI) indices:

-Dow Jones Sustainability Index for European sustainability leaders (DJSI Europe) since 2005 and DJSI World since 2006, based on surveys by Sustainable Asset Management (RobecoSAM) on behalf of the DJSI.

In 2014, Michelin scored Industry Best in six categories, including Innovation Management, Product Stewardship (which involves addressing sustainable development challenges throughout a tire's life cycle), Climate Strategy and Environmental Management. The other two categories were Health and Safety and Risk Management. Michelin thereby received a Silver Class ranking with a score of 83 out of 100. This was two points higher than in the previous year. -The Advanced Sustainable Performance Index (ASPI) Eurozone since 2002 and the NYSE Euronext Vigeo Index since 2013, based on annual sustainable responsibility assessments by Vigeo.

1 Winner of the 2014 Human Capital Award presented by Michael Page in partnership with *Le Monde*, Michelin was recognized for the consistency of its actions to help its employees improve and for management's involvement in this process. It also received the Learning Enterprise Award for its "Time to Competence" program.

► In France, January 2015's CAPITAL/ Statistica survey based on employee feedback found Michelin to be the best employer in the automotive sector.

2 Michelin was awarded France's Responsible Supplier Relationships label by the government's supply dispute mediators – Médiation Inter-Entreprises and Médiation des Marchés Publics – and the French purchasing association – Compagnie des Dirigeants et Acheteurs de France – following an assessment by Vigeo, a specialist in organizational social responsibility analyses.



► In the United Kingdom, Michelin won three 2014 Peer Awards for Excellence in recognition of its road safety awareness campaigns and innovation capabilities in the areas of corporate responsibility, customer service and employee engagement. Michelin also won a prize at the TyreSafe Awards for its exceptional contribution to safety.



AN INNOVATIVE COMPANY

► Michelin won a Frost & Sullivan's Manufacturing Leadership Council award in the product leadership category for the MICHELIN® X® TWHEEL® SSL, in recognition of 10 years of research on the tire of the future.

► Michelin was voted Supplier of the Year at John Deere and Feere™ for its agricultural tires.

► Michelin's EverGrip™ technology for the Premier A/S tire garnered the Tire Technology of the Year Award.

► Michelin received the Tire Manufacturer of the Year Award at the Tire Technology Expo in Cologne, Germany.



VALUED COMMUNICATIONS

3 Michelin's 2013 annual report ranked among the 100 best worldwide, second in the automotive sector and second among French companies in ReportWatch's 2014 Annual Report

A HIGHLY APPRECIATED BRAND

► The world's number one tire brand, MICHELIN ranked 271st among the world's most valuable brands in the 2015 BrandFinance® Global 500 report, and was valued at an estimated \$5.06 billion, up \$405 million on the previous year.

► MICHELIN is one of the few French brands to be included among "Lovemarks", according to a study by Saatchi & Saatchi +Duke that regularly gauges consumer attachment to brands and banners. The study covered more than 4,000 brands from 60 business sectors in 55 countries.

PREFERRED TIRES

According to the J.D. Power research company (2014):

► Michelin ranked number one in customer satisfaction for original equipment tires in North America in three segments: Luxury, Passenger Car and Truck/Utility.

► Also in the J.D. Power rankings, for the eleventh year in a row, Michelin was rated the best in customer satisfaction for winter tires in Japan.

► In China, Michelin was the preferred brand of general motorists.

► In Brazil, Michelin was the preferred brand in three segments: Luxury, Passenger Car and Truck/Utility.

► According to Autopacific (2014) Michelin was the leading brand for the fourth consecutive year for customer satisfaction in the replacement market.

WINNING TIRES

4 Michelin secured the 2014 WRC-2 world title in Wales with MICHELIN LTX Force tires.

► Michelin won the FIA World Endurance Championship title.

► Michelin scored a victory in every category at the 2014 Dakar Rally, its 17th win in cars, 31st in trucks and 32nd in motorcycles.

► Michelin scored its 13th shared victory with Audi and 17th straight victory at the 24 Hours of Le Mans.

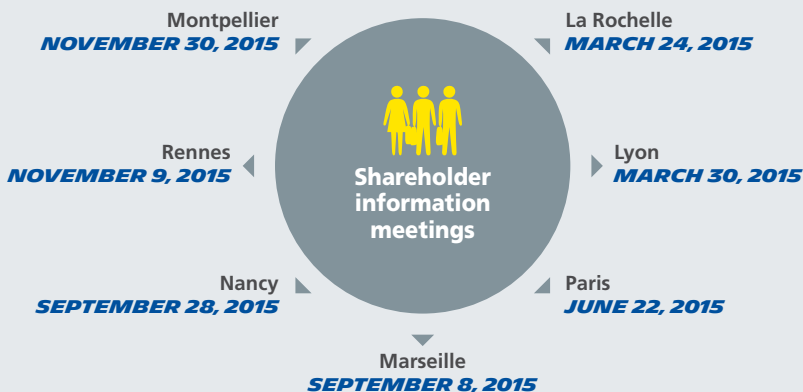
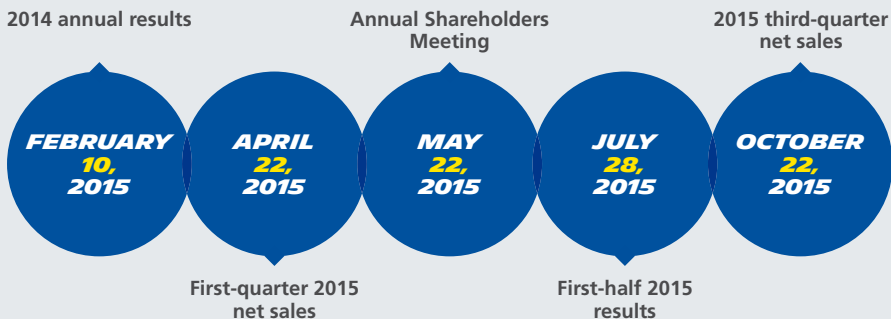
► Michelin won the 2014 FIM Endurance World Championship title with the Yamaha France GMT 94 team.

► Michelin won the Japan Super GT 500.



The story continues at www.michelin.com

2015 INVESTOR CALENDAR



Design and production: W

Editorial advice and copywriting: Michelin, Information et Conseil

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The cover photo of people reflected in the Michelin Man's eyes was taken during the Student Contest awards ceremony at the Michelin Challenge Bibendum summit in Chengdu, China. ©Michelin/Stephane Gegout.

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SINCE 1889, MICHELIN HAS CONSTANTLY INNOVATED TO ENHANCE THE MOBILITY OF PEOPLE AND GOODS. TODAY, IT IS SETTING THE BENCHMARK ACROSS EVERY TIRE AND TRAVEL-RELATED SERVICES MARKET, WHILE LEADING A GLOBAL STRATEGY TO DRIVE SUSTAINABLE, PROFITABLE GROWTH.

EMBARKED ON A NEW PHASE OF ASSERTIVE GROWTH AND OPEN TO OPPORTUNITIES IN TODAY'S WORLD, MICHELIN IS REBALANCING ITS FOOTPRINT, INCREASING ITS FLEXIBILITY, STRENGTHENING ITS COMPETITIVENESS, ACCELERATING ITS DIGITIZATION AND MOVING FORWARD IN ALL AREAS WITH ITS SIX AMBITIONS FOR 2020.

THE GOAL IS TO ENSURE ITS LONG-TERM GROWTH BY MAKING THE GROUP A LEADER IN SUSTAINABLE MOBILITY, AS WELL AS ONE OF THE WORLD'S MOST INNOVATIVE, RESPONSIBLE AND TOP-PERFORMING COMPANIES.

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