

DESTINATION

2020



**2013 ANNUAL AND SUSTAINABLE
DEVELOPMENT REPORT**



MICHELIN

A better way forward

Design and production: W

Editorial advice and copywriting: Michelin,
Information et Conseil

Photos: ©Michelin/Jérôme Cambier, ©Michelin,
©Michelin/Cabinet d'architecture Chaix et
Morel, ©Michelin/Pierre Chambon, ©Michelin/
CTAO Bangkok, ©Michelin/Tom Cunningham,
©Michelin/Sebastien Daguerressar, ©Michelin/
Michel Djaoui, ©Michelin/Philippe Gajic,
©Michelin/François Grellet, ©Michelin/Thierry
Gromik, ©Michelin/Pierre-François Grosjean,
©Michelin/Jean-Claude Guillou, ©Michelin/
InEfecto, ©Michelin/Le Studio Photo,
©Michelin/Eric Malherbe, ©Michelin/MLL,
©Michelin/Gérard Paris, ©Michelin/Alexander
Perkovic, ©Michelin/Almir Pindilatti, ©Michelin/
Jeremy Racher, ©Michelin/Mario Renzi,
©Michelin/Philippe Stroppa, ©Michelin/TBWA
2013/Andreas Hempel, ©Michelin/Tulipes&Cie,
©Michelin/Dave Wilder, ©Euromaster/Franco
Rossi, ©Photodisc Inc, ©La Voix du Nord/Smart
Module Concept, ©Vincent Rackelboom,
©Airbus, ©Citröen, ©Porsche, ©Volkswagen.

Printed in France by Chirat on paper made
from wood from sustainably managed forests.
April 2014.



The cover features the Volkswagen
XL1 One Liter equipped with MICHELIN
Energy™ Saver Tall and Narrow tires.



**2013 ANNUAL AND SUSTAINABLE
DEVELOPMENT REPORT**



The 2013 Registration Document, including the Annual Financial Report, is available on website www.michelin.com/corporate



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.

Profile and strategic vision

- 01 ♦ Corporate profile
- 04 ♦ On course for the future
- 06 ♦ Interview with Jean-Dominique Senard
- 10 ♦ Executive management
- 12 ♦ Supervisory Board

2011-2015 A new phase of dynamic growth mid-point update

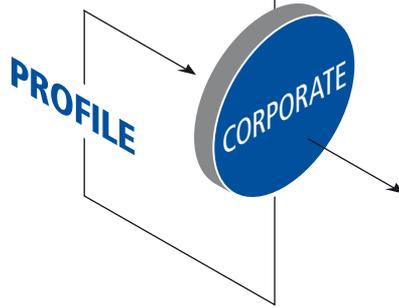
- 18 ♦ Innovating with passion
- 22 ♦ Growing to serve our customers
- 26 ♦ Improving competitiveness across the organization
- 30 ♦ Moving forward together

Ambitions 2020 Six ambitious objectives to move us forward

- 34 ♦ A conversation with Marc Henry, Chief Financial Officer, and Patrick Oliva, Director of Advanced Research and Sustainable Development
- 38 ♦ Widen our lead in product performance
- 42 ♦ Set the industry standard for responsible manufacturing
- 48 ♦ Secure our financial performance
- 54 ♦ Work together to continuously improve employee well-being and personal growth
- 58 ♦ Strengthen ties with our host communities
- 62 ♦ Improve everyone's quality of life through sustainable mobility

Corporate governance and results

- 70 ♦ Responsible and Sustainable governance
- 72 ♦ An ambitious vision embraced by shareholders
- 74 ♦ Contributing to the economy and society
- 76 ♦ 2013 operating highlights
- 82 ♦ 2013 highlights
- 88 ♦ Prizes, awards and distinctions



Leading the way in responsible, sustainable mobility

Since 1889, Michelin has constantly innovated to facilitate the mobility of people and goods. Today, it is setting new global standards in every tire and travel-related services market, while leading a global strategy to drive sustainable and profitable growth.

170 COUNTRIES

Marketing operations in 170 countries

171 MN

tires produced in 67 plants in 17 countries

€20.2 bn

Net sales



Operating income

€2.23 bn⁽¹⁾

111,200 employees



More than **6,000 employees in Research, Development and Process Engineering in Europe, North America, South America and Asia**

3,500 dealerships and service centers in 29 countries

(1) Before non-recurring items.

To secure its long-term growth and meet its ambitious financial, environmental and social responsibility objectives, Michelin is capitalizing on its capacity for innovation, its Performance and Responsibility approach and its commitment to moving forward with every stakeholder.

A global leader

Around the world and for every purpose, Michelin equips everything on wheels – cars, vans, trucks, buses, farm machinery, earthmovers, mining and handling equipment, tramways, metros, aircraft, motorcycles, scooters and bicycles. This ability to deliver effective solutions in response to widely varying expectations and usage patterns, depending on the country or region, has positioned the Group at the forefront of every one of these segments.

No.1 World leader
in energy-efficient tires
for cars and vans.

No.1 World leader
in new and retreaded
radial tires for trucks,
earthmovers and aircraft.

No.1 European leader
in tires for farm
machinery.

No.1 European leader
in motorcycle tires.

Unique services

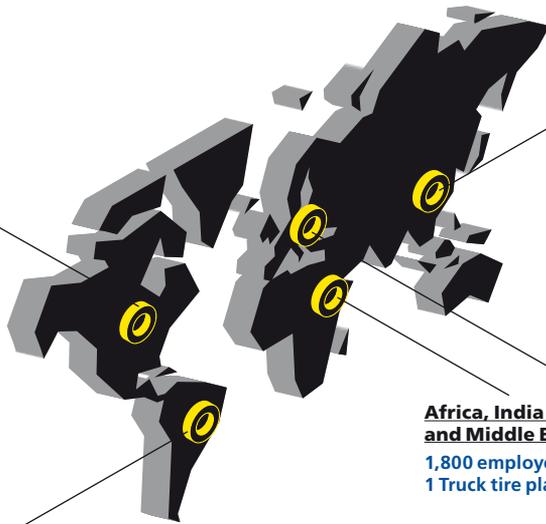
The portfolio of tire solutions is being enhanced and extended by high-quality services and MICHELIN-brand products.

- ◆ **Tire and service dealer networks**, both proprietary (Euromaster in Europe and TCI in the United States) and under franchise or brand partnerships (TYREPLUS for cars and the MICHELIN Commercial Service Network and MICHELIN Truck Service Centers for trucks).
- ◆ **Retread solutions** provided by MICHELIN Remix, RECAMIC, MICHELIN Retread Technologies, Pneu Laurent and Encore.
- ◆ **Trucking company support services** from Michelin Euro Assist.
- ◆ **MICHELIN solutions fleet management services.**
- ◆ **MICHELIN Engineering & Services testing equipment** and expert services for automakers and equipment manufacturers.
- ◆ **MICHELIN maps and guides**, the MICHELIN Restaurants website and ViaMichelin electronic mobility assistance services.
- ◆ **MICHELIN licensed products:** car and bike accessories, work, sport and leisure gear, and collectibles.

A global presence

North America

21,300 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



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

South America

5,100 employees*
 1 R&D facility
 1 Car and Light Truck tire plants
 2 Truck tire plants
 1 Specialty tire plant

Africa, India and Middle East

1,800 employees*
 1 Truck tire plant

Europe

62,100 employees*
 1 R&D facility
 15 Car and Light Truck tire plants
 16 Truck tire plants
 9 Specialty tire plants
 7 Component and Semi-Finished Product plants

* Full-time equivalent employees at December 31, 2013.

A comprehensive brand portfolio

Michelin offers every customer the right performance at the right price for every need with:

- ◆ a global premium brand: MICHELIN,
- ◆ three strong regional brands: BFGOODRICH in North America, KLEBER in Europe and WARRIOR in China,
- ◆ market-leading national brands: RIKEN, TIGAR, UNIROYAL and KORMORAN.



VISION



Launched in 2011 and supported by an unprecedented capital expenditure program, our global strategy to drive profitable growth is enabling us to capture:

- ◆ the growth in new markets,
- ◆ the expected increase in demand for safer, longer-lasting, energy-efficient tires, a segment in which Michelin is the world leader.

AMBITIONS FOR 2020

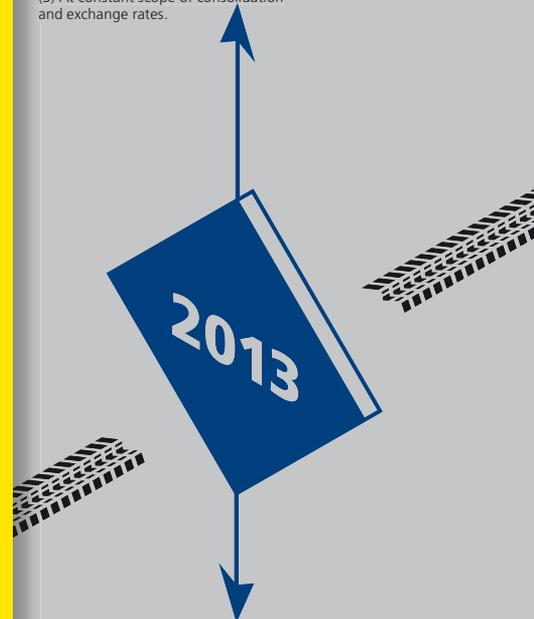
SIX AMBITIOUS OBJECTIVES TO MOVE THE COMPANY FORWARD

Defined in 2013 and deployed across the Group, our six ambitious objectives for 2020 are designed to make Michelin an undisputed leader in sustainable mobility, as well as one of the world's most innovative, responsible and top-performing companies in fulfilling its financial, environmental and social responsibility commitments.

2013 results

- ◆ Very strong free cash flow at €1.154 billion
- ◆ Operating income⁽¹⁾ structurally high at €2.34 billion up €41million⁽³⁾
- ◆ Fourth straight year of value creation, with a ROCE⁽²⁾ of 11,9%
- ◆ Net debt scaled back to €142 million

(1) Before non-recurring items.
(2) Return on Capital Employed.
(3) At constant scope of consolidation and exchange rates.



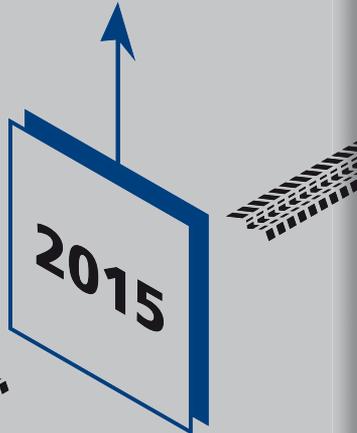
2013

Six ambitious new objectives with measurable targets are defined for 2020 in the areas of financial performance, environmental stewardship and social responsibility.

2015

Main financial objectives for 2015:

- ◆ operating income of €2.9 billion⁽¹⁾,
- ◆ annual ROCE more than 10%,
- ◆ generation of positive free cash flow⁽²⁾ over the period.



OUR PURPOSE



Because we believe that mobility is essential for human development, we innovate passionately to make it safer and more convenient, efficient and environmentally friendly.

We are firmly committed to offering our customers uncompromising quality. That's our priority.

Because we believe in personal fulfillment, we want to enable everyone to do their best; we want to turn our differences into a valuable asset.

Proud of our values, we are all on the same journey to build a better way forward for everyone.

Mobility
as a guiding purpose



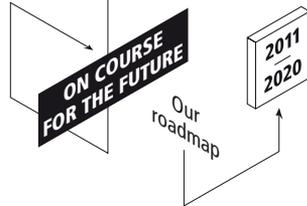
VIDEO



Thanks to the remarkable commitment of all our teams, Michelin delivered a solid performance in a still highly volatile and challenging global environment.

Mid-way through our New Phase of Dynamic Growth 2011-2015, the solid results achieved in 2013 confirm the Group's commitment to delivering a business performance in line with its objectives.

PROFILE AND STRATEGIC VISION

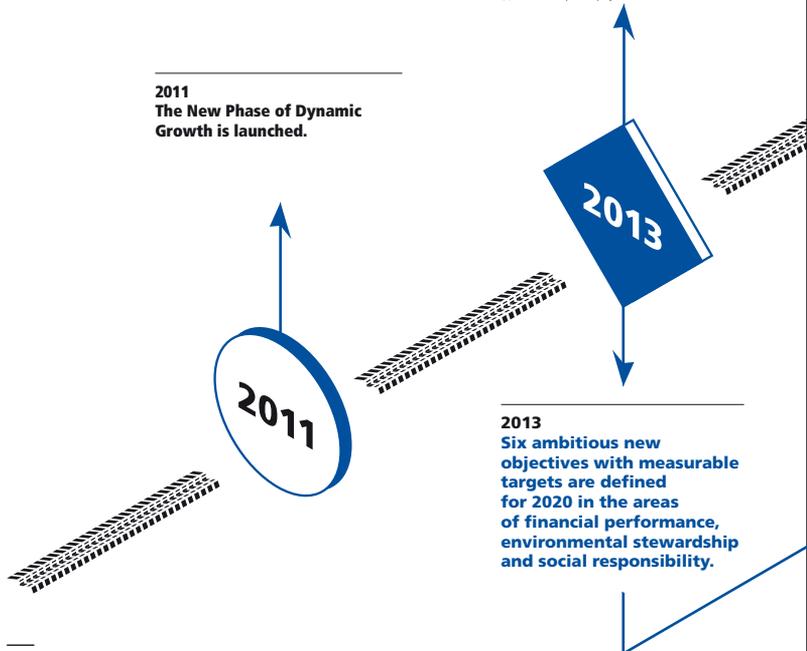


2013 results

- ◆ Very strong free cash flow at €1.154 billion
- ◆ Operating income⁽¹⁾ structurally high at €2.34 billion up €41million⁽²⁾
- ◆ Fourth straight year of value creation, with a ROCE⁽³⁾ of 11,9%
- ◆ Net debt scaled back to €142 million

(1) Before non-recurring items.
(2) At constant scope of consolidation and exchange rates.
(3) Return on Capital Employed.

2011
The New Phase of Dynamic Growth is launched.



2013
Six ambitious new objectives with measurable targets are defined for 2020 in the areas of financial performance, environmental stewardship and social responsibility.

2015
Main financial objectives
for 2015:

- ◆ operating income of €2.9 billion⁽¹⁾,
- ◆ annual ROCE⁽²⁾ more than 10%,
- ◆ generation of positive free cash flow over the period.

2015

2020

6
AMBITIONS



1
Performance de nos produits :
prendre une nouvelle
longueur d'avance.



2
Industrie responsable :
devenir une référence.



3
Résultats financiers :
perenniser la performance.



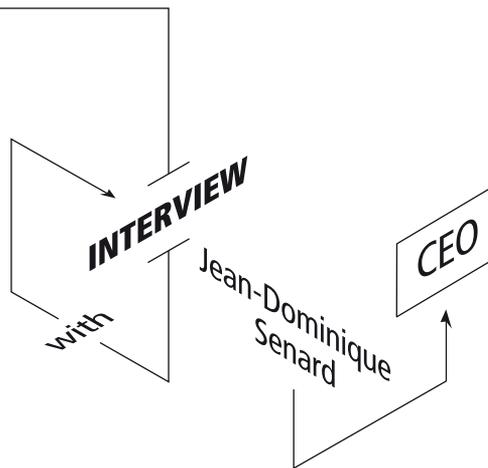
4
Bien-être et développement
des personnes :
progresser ensemble.



5
Communautés locales :
renforcer les liens.



6
Mobilité durable :
améliorer la qualité de vie
de tous.



How would you describe 2013?

Jean-Dominique Senard: Thanks to the remarkable commitment of all our teams, Michelin delivered a solid performance in a still highly volatile and challenging global environment. Sales volumes were stable, as expected, and operating income before non-recurring items improved on a like-for-like basis. On a reported basis, it came to €2,234 million, despite a €230-million currency effect from the higher euro and the devaluation of emerging market currencies. This represents an 11% margin on net sales, which was close to last year's.

Lastly, Michelin reduced its net debt to €142 million from €1 billion a year earlier, while maintaining a considerable capital expenditure commitment of nearly €2 billion or 10% of consolidated net sales. This is because our continuing operations generated more than €1.1 billion in free cash flow, which is very satisfactory. The steady improvement in the management of our operations has lifted Michelin to a whole new level of performance. Indeed, we improved in every aspect of the business, with the launch of innovative products and services, efficient sales and marketing, unit margin integrity, cost discipline and the effective management of the supply chain and working capital. We also created value for the fourth year in a row, delivering an 11.9% return on capital employed.

Moreover, we narrowed the gap between our geographies and improved the income

balance across the business base, which has made Michelin stronger.

At mid-point, our New Phase of Dynamic Growth, 2011-2015 is moving forward smoothly. We want to share this progress with everyone who helped to make it possible, especially our shareholders. We will therefore recommend to the next annual meeting that the payout ratio of consolidated net income before non-recurring items be raised to 35% over the 2013-2020 period, from 30% today. This would represent a dividend of €2.50 per share for 2013. In this way, we're demonstrating our confidence in the strength of the foundations that we have built and in our ability to do even better tomorrow. Also, for the first time, we bought back and cancelled Michelin shares in order to gradually reduce dilution. This shows that we have the interests of every shareholder at heart, because we know that their loyalty is an invaluable asset.

How are your capital projects in the growth regions doing?

JDS: Our four major projects in Brazil, China, India and the United States were commissioned on time and on budget.

In Brazil, production at the Itatiaia car tire plant is expected to reach 30,000 tonnes by the end of 2014. At the Shenyang 2 facility in China, production of truck tires got underway in 2012, followed by the car tire line in May 2013. Capacity is scheduled to double to 57,000 tonnes by year-end. In India, the first truck tire rolled off the line in July at the Chennai

“Be recognized as one of the world’s most innovative, responsible and high-performance companies, as well as a leader in sustainable mobility.”



plant, which should produce 12,000 tonnes in 2014. In the United States, the Anderson, SC facility made its first mining tire in late 2013. Few companies are capable of simultaneously leading such huge projects at the same time. We’re proud to rank among them.

You have announced a competitiveness plan in France and the closure of the Joué-les-Tours plant. Are these transformations really necessary?

JDS: Pursuing the strategy underway for the past 10 years, Michelin is continuing to specialize its facilities by consolidating closely related production operations, in order to develop world-class, competitive and highly export-driven manufacturing centers. That’s why we’re consolidating our French truck tire production at a single facility, in La Roche-sur-Yon, and phasing out production at Joué-les-Tours. We shouldn’t wait until things turn bad before taking action; it is our duty to plan ahead so that we can build robust manufacturing situations. That’s why we have to carry out the required reorganizations before a crisis hits, calmly and with outstanding sensitivity to employee issues.

...

“We have our teams, who are united around our values and purpose, which every day encourages us to give our very best... and more.”

- ◆◆◆ Our competitiveness plan in France is significant. We’re going to commit €800 million in capital expenditure mainly to expand our plants in La Roche-sur-Yon, in the Vendée region, in Blanzay in Burgundy, in Puy-en-Velay in Auvergne, and in Troyes, in the Champagne-Ardenne region. We are also going to revitalize the innovation capabilities of our research and development center in Clermont-Ferrand, which is the largest in the global tire industry. Our commitment to the region vitality and to sustainable jobs is also expressed in the 173 small and mid-sized European companies and the more than 1,600 new jobs that we supported in 2013 through Michelin Development. We’re investing in our future growth and in its efficient balance among Europe, the Americas and Asia – and not at all to export to Europe. We’re working for the long term, and we believe that costs are going to converge in the future. That’s why we want to have strong, competitive plants in every country, even in the mature economies, which represent large, highly demanding markets offering a real springboard for our research. Europe’s current economic difficulties come from a lack of confidence caused by governance problems. If the necessary reforms are successfully implemented, we’ll see an upturn in growth.

How is Michelin demonstrating its commitment to taking its corporate social responsibility process to the next level?

JDS: In 2012, when we celebrated the 10th anniversary of our Michelin Performance and Responsibility approach, I announced our intention of breathing new life into the process with long-term objectives. That’s what we did in 2013 with the announcement of our ambitious objectives for 2020. We want to be the company best able to secure its long-term growth, a company that is a winner in everything it does because it innovates, it’s competitive and it is moving forward with all of its stakeholders. That’s the purpose of Ambitions 2020 – to make Michelin an undisputed leader in sustainable mobility and one of the world’s top-performing companies in fulfilling its responsibilities. To get there, we’ve set six ambitious objectives concerning the performance of our products, the well-being and development of the people who make up our corporate community, our business and environment performance, our commitment to road safety and sustainable mobility and, lastly, our support for people living near our installations. This commitment is now embedded deep in our strategic vision. These objectives have been embraced by everyone, at every level, in every job and deployed in every country with clearly defined, regularly measured targets. They are guiding our decisions and inspiring a variety of real-world initiatives. This is the case, for example, with the research partnership formed with Axens and IFP Energies Nouvelles to develop a biosourced butadiene production process. It will enable us to develop new sustainable sourcing channels for the elastomers that are essential for the quality of our tires. Another example concerns the development of a circular economy with the creation of a consortium to manage two highly innovative resource recovery and reuse channels, to produce impeccable quality tires from scrap. The stakes are very high, in as much as 17 million tonnes of tires are scrapped every year around the world. Another illustration of our Ambitions 2020 commitment is our involvement in the new



FIA Formula E championship. Motorsports offer a fantastic way to meet technological challenges. Developing sustainable, environmentally friendly mobility is now a core challenge for racing teams. That's why we will supply tires for the Formula E cars running in the championship in 2014. We will also equip the Nissan ZEOD RC, a zero emission prototype participating in the 24 Hours of Le Mans race. Lastly the 12th edition of Michelin Challenge Bibendum, the global sustainable mobility event, will be held in November 2014 in China, bringing together everyone with a stake in cleaner, safer, affordable and connected mobility.

What is your outlook for 2014 and beyond?

JDS: In 2014, we expect to see around a 3% increase in our sales volumes, about the same as growth in the global tire market, and a business performance in line with our 2015 objectives. This will be driven by the ramp-up of the new production plants, the successful sales of recently launched tires like the MICHELIN Premier All Season car tires or the MICHELIN X Multi truck tire range, and the introduction of innovations in every product segment, starting with the MICHELIN Pilot Sport Cup 2, our sportiest street tire. We will continue to carefully and pro-actively manage our margins to maintain a favorable balance between our pricing policy and raw materials costs, while steadily improving our

fulfillment rate. In doing so, we'll be able to count on the OPE business process management system now being deployed. At the same time, we'll benefit from the new gains delivered by our competitiveness plan.

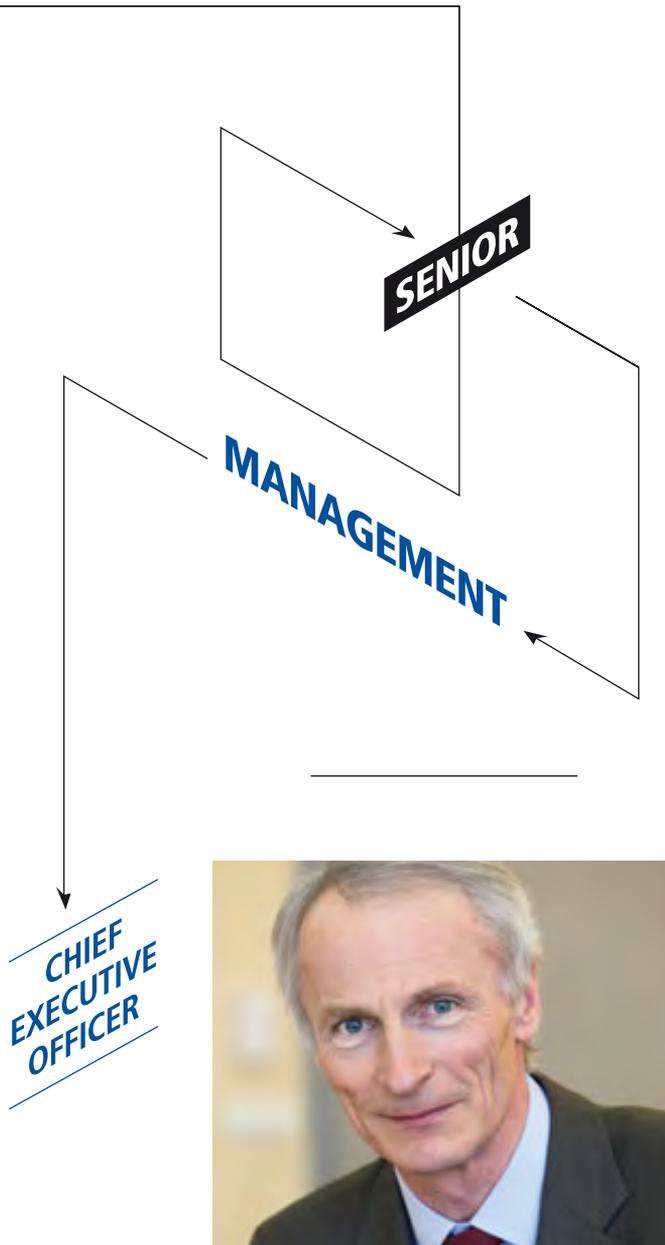
Capital expenditure will be about €2 billion and our continuing operations are expected to generate more than €500 million in free cash flow. We should also achieve a more than 11% return on capital employed.

The results delivered in 2013's very uneven environment mean that we can confirm our 2015 target of reporting around €2.9 billion in operating income before non-recurring items, based on the same average 2012 exchange rates used to set our targets. That's important, because as we saw in 2013, exchange rate movements can have a very significant impact when income earned in other currencies is translated into euros. Looking farther out, our major challenge is growth. Tire markets and, in a broader sense, demand for mobility are undoubtedly going to expand. We're putting into place all the levers the Group needs to capitalize on these trends, by building the fundamentals that will underpin our growth for the next twenty years. Michelin is the world's leading premium tire brand, in every market segment and geography.

We rank among the world's 100 most innovative companies.

We now have a global manufacturing footprint. Our marketing clout is being multiplied by the dealership networks that we are developing around the world. We are continuously improving our competitiveness and deploying new management tools that are making our operations smoother, more agile and more responsive.

Most of all, we have our teams, who are united around our values and purpose, which every day encourages us to give our very best... and more.



Jean-Dominique Senard

Michelin is led by Jean-Dominique Senard, Chief Executive Officer and Managing General Partner. He is assisted by the Group Executive Committee, which is comprised of 11 executives responsible for the Geographic Zones, Product Lines, Corporate Departments and Performance Divisions.

EXECUTIVE
Committee



François Corbin

◆ President, Geographic Zones



Éric de Cromières

◆ Executive Vice President, Sales and Marketing Performance
◆ Supervises the Euromaster and TCi dealership networks, Michelin Global Solutions and the Supply Chain and Logistics Performance Division



Claire Dorland-Clauzel

◆ Executive Vice President, Communication and Brands
◆ Supervises the Group Public Affairs Department, Michelin Travel Partner and Michelin Lifestyle Limited



Terry Gettys

◆ Executive Vice President, Research and Development



Jean-Christophe Guérin

◆ President, Materials Product Line
◆ Supervises the Group Purchasing Department



Jean-Michel Guillon

◆ Executive Vice President, Personnel
◆ Supervises the Group Quality and Security Departments



Marc Henry

◆ Chief Financial Officer



Serge Lafon

◆ President, Truck Product Line



Florent Menegaux

◆ President, Passenger Car and Light Truck Product Line
◆ Supervises Motorsports and Materials Product Line



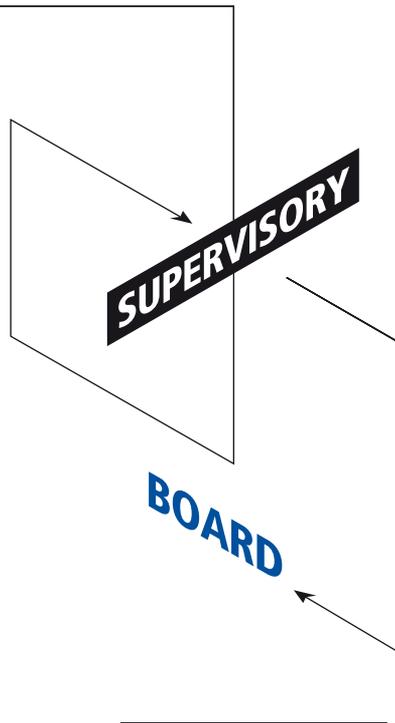
Laurent Noual

◆ Executive Vice President, Corporate Development
◆ Supervises the Group Information Systems and Group Standards and Regulations Departments



Bernard Vasdeboncoeur

◆ President, Specialty Product Lines: Agricultural, Two-Wheel, Earthmover, Aircraft
◆ Supervises the Prevention and Industrial Performance Division and the Truck Product Line



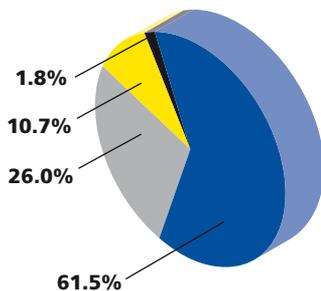
The Supervisory Board exercises permanent oversight of Michelin’s management and assesses its quality on behalf of the shareholders, presenting a report on its findings every year.

At the end of 2013, the Supervisory Board comprised eight independent members, three of whom are women.

The duties generally assigned to a Compensation Committee are performed by the Supervisory Board as a whole, but a separate three-member Audit Committee has been appointed.

CAPITAL STRUCTURE

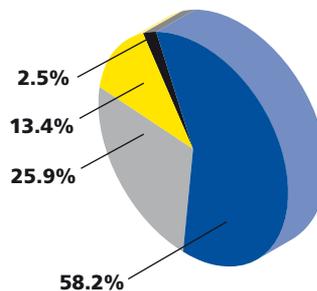
AT DECEMBER 31, 2013



NUMBER OF SHARES
185,789,643

VOTING RIGHTS STRUCTURE

AT DECEMBER 31, 2013



NUMBER OF VOTING RIGHTS
240,454,826

- ◆ Non-resident institutional investors
- ◆ French institutional investors
- ◆ Individual shareholders
- ◆ Personnel – Group Employee Shareholder Plan
- ◇ Treasury stock



1. Michel Rollier

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

2. Olivier Bazil

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

3. Pat Cox

- ◆ Member of the Compensation Committee
- ◆ Former President of the European Parliament

4. Barbara Dalibard

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

5. Jean-Pierre Duprieu

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

6. Louis Gallois

- ◆ Member of the Compensation Committee
- ◆ French General Commissioner for Public Investment
- ◆ Former Chief Executive Officer of EADS

Resigned on February 11, 2014.

7. Anne-Sophie de La Bigne

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

8. Laurence Parisot

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

STATUTORY
auditors

PricewaterhouseCoopers Audit

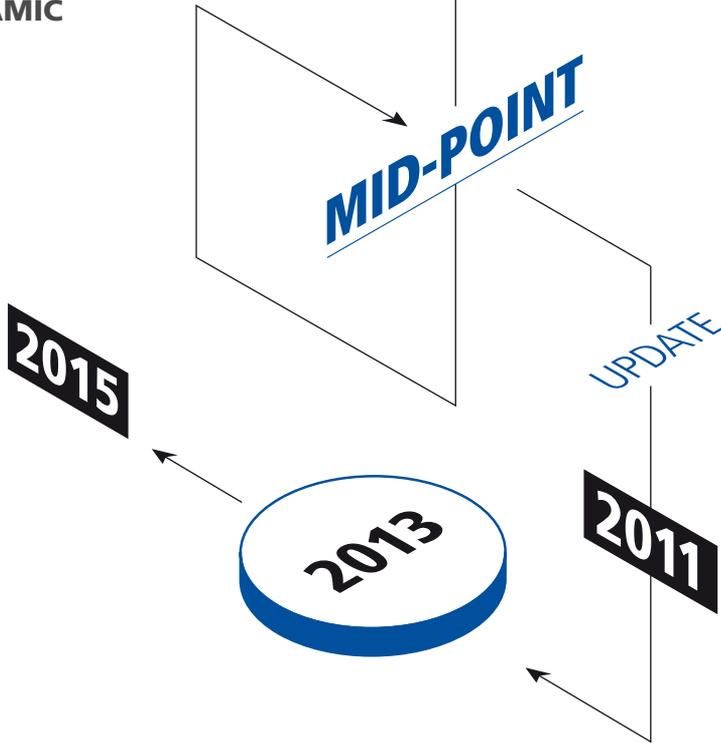
Represented by Eric Bulle, Partner, and his substitute Pierre Coll

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.

**2011 - 2015:
A NEW PHASE
OF DYNAMIC
GROWTH**

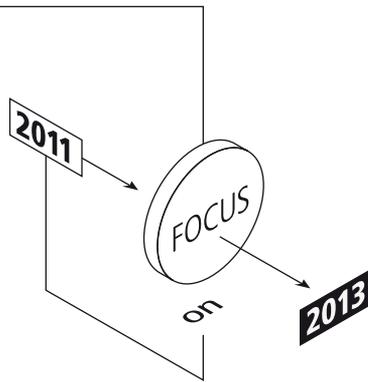


A winning strategy

Mid-way through our 2011-2015 roadmap, substantial progress has been made despite a challenging business environment. While the situation in Europe has slowed our growth, the three large plants brought on stream in Brazil, China and India have positioned us in these promising markets.



Thanks to the dedication of all our teams, we have stepped up our capacity for innovation, strengthened our competitiveness and improved our flexibility and our financial, environmental and social responsibility performance.



Commitment

The Group is leveraging its Michelin Performance & Responsibility approach and its Moving Forward Together reciprocal commitment program to fulfill its ambitions while addressing the expectations of its stakeholders and fostering the professional success of its employees.

ROBUST FINANCIAL RESULTS

- ◆ Structural free cash flow of €1.154 billion in 2013.
- ◆ Net debt reduced to 2% of equity, a decline of 20 points in three years.
- ◆ Return on capital employed (ROCE) has exceeded 10% since 2010 (11.9% in 2013).

(1) Thomson Reuters Top 100 Global Innovators, 2013.

Our 4 strategic

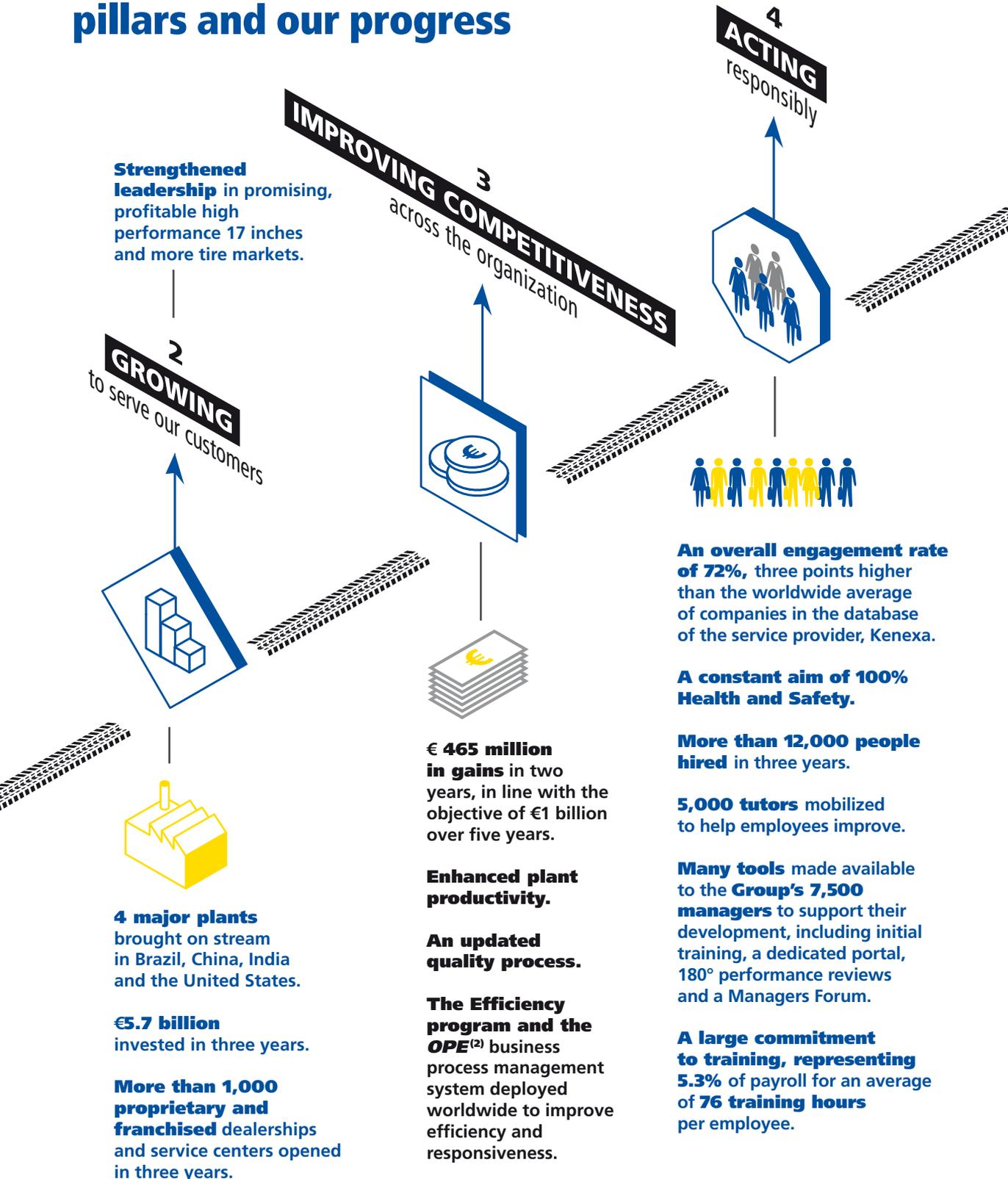
Michelin ranks among the world's 100 most innovative companies⁽¹⁾, with €1.9 billion invested in R&D over the past three years and an average 250 patents filed every year.



Time-to-market cut in half.

Best-selling products thanks to the MICHELIN Total Performance strategy, which delivers more performance in the same tire.

pillars and our progress



4 major plants brought on stream in Brazil, China, India and the United States.

€5.7 billion invested in three years.

More than 1,000 proprietary and franchised dealerships and service centers opened in three years.

€ 465 million in gains in two years, in line with the objective of €1 billion over five years.

Enhanced plant productivity.

An updated quality process.

The Efficiency program and the OPE⁽²⁾ business process management system deployed worldwide to improve efficiency and responsiveness.

An overall engagement rate of 72%, three points higher than the worldwide average of companies in the database of the service provider, Kenexa.

A constant aim of 100% Health and Safety.

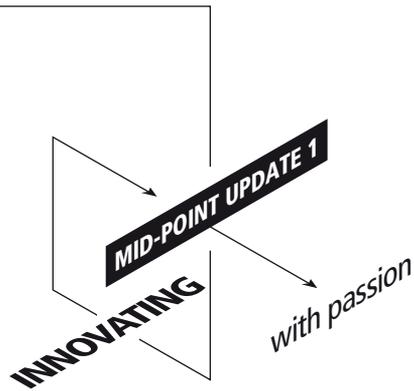
More than 12,000 people hired in three years.

5,000 tutors mobilized to help employees improve.

Many tools made available to the **Group's 7,500 managers** to support their development, including initial training, a dedicated portal, 180° performance reviews and a Managers Forum.

A large commitment to training, representing 5.3% of payroll for an average of **76 training hours** per employee.

(2) OPE: Outil de Pilotage de l'Entreprise (Business Process Management System).



Michelin's growth has always been driven by a passion for innovation, which creates differentiation and builds loyalty by providing customers with clearly perceivable value. At the same time, it enables us to meet the challenges of safer, more affordable, more environmentally friendly mobility, while supporting the premium positioning of MICHELIN, the world's most valuable tire brand.



The tire industry's leading force for innovation, with facilities in Europe, the Americas and Asia.



Expanding innovation dynamics

By creating a Corporate Innovation Board open to people from outside the Group, broadening its fields of research and forging new partnerships, Michelin is enhancing its resources and methods and optimizing its research, development and process engineering capabilities to make them more efficient and widen its competitive lead.

We are committed to bringing ideas and projects in contact with customers and markets as soon as possible in order to innovate more quickly and in greater resonance with actual needs.

We are also stepping up programs to improve existing materials and develop new ones, which will be incorporated into our products to support our technological lead and create value. One example is the partnership formed in 2013 with Axens and IFP Energies Nouvelles to develop a biosourced butadiene production channel. The eight-year, €52 million program is designed to find an alternative to the oil or gas currently used to produce butadiene, which is indispensable for the manufacture of synthetic rubber.

The new-generation

reinforced-casing MICHELIN mining tires increase equipment uptime, improve productivity and last twice as long thanks to an exclusive bead wire that is 30% thicker.



MICHELIN Total Performance: a winning commitment

Our customers expect a lot from their tires, starting with safety, long treadlife and fuel efficiency regardless of how, when and where they are used. As certain areas of performance are hard to reconcile, it takes all the power of Michelin innovation to bring them together in a superior performance package, without compromise and while simultaneously improving each one. Delivering more performance in the same tire is the MICHELIN brand promise with MICHELIN Total Performance, shared by all the best-sellers in our New Phase of Dynamic Growth. Some of these products, such as the remarkably resistant MICHELIN Energy™ XM2, have enabled us to very quickly establish strong positions in the growth regions, while others, like the exceptionally long-lasting and lightweight MICHELIN Air X aircraft tire, have helped to drive a nearly 50% increase in our market share. Thanks to their innovative technologies, all of these tires have demonstrated their ability to give customers more performance in the same tire.



A giant tire that protects the soil
Measuring 2.32 meters high and 900mm wide with a load capacity of 10 tonnes, the MICHELIN AxioBib IF 900/65R46, introduced in 2013, is the world's largest tractor tire. With its MICHELIN Ultraflex technology and ability to efficiently transmit engine power, the tire helps to increase per-hectare output while protecting the soil.



Our best-sellers, 2011-2013

- ◆ The MICHELIN ENERGY™ Saver+ car tire
- ◆ The MICHELIN Pilot Super Sport car tire
- ◆ The MICHELIN X Multiway XZE and MICHELIN X Line Energy truck tires
- ◆ The MICHELIN Commander II and MICHELIN Pilot Road 3 motorcycle tires
- ◆ The MICHELIN StarGrip bicycle tire
- ◆ The MICHELIN SprayBib and YieldBib agricultural tires
- ◆ The MICHELIN XDR2 earthmover tire
- ◆ The MICHELIN Air X aircraft tire



A new EV championship
Michelin will be the official
tire supplier for the Formula E
championship, an electric vehicle
race organized by the FIA in 2014 in
leading city centers to encourage
investment in sustainable mobility.

New resources to encourage creativity

*InnovaGo, Innov'Up, Bibspace, ...*a full range of tools and programs are underway to drive new innovation dynamics and encourage people to express their ideas. To sustain this momentum, three new resources have been introduced:

- ◆ *InnovaGo* is an online application designed to increase the number of Progress and Innovation ideas from 50,462 in 2013 to 100,000 in 2020. Some 57,000 employees are already accessing the site to submit their ideas on products, services, working conditions, diversity, cost-savings, the environment, quality and safety.
- ◆ *Innov'Up* Challenges help to identify business opportunities and new products and services by enabling frontline employees in several countries and a variety of positions to discuss a given issue.
- ◆ *BibSpace*, the employee social network, today has 8,500 employee members and 300 communities. Launched in mid-2013, it encourages cooperation, the exchange of best practices and the flow of ideas by making it easier for people to interact and create global communities and networks.



A growing number of RDI schools...

By 2015, Michelin will open seven research, development and process engineering (RDI) schools around the world, in a commitment to instilling our knowledge and expertise so that the needs of vehicle manufacturers and users can be understood and met wherever our RDI teams are based. The schools will be backed by a global network of 500 trainers capable of providing initial or enhancement training for 3,000 people a year in one of the ten RDI skill-sets. The first RDI school opened in Shanghai in 2013 to train the Customer Engineering Support staff responsible for analyzing the use and performance of our products in the field and providing technical consulting services to our customers and engineering teams.



...and partnerships with vehicle manufacturers

The success of Michelin tires is underpinned by a thorough understanding of customer uses, needs and requirements. In equipping everything on wheels, everywhere and for every use, we share our unrivalled expertise in tires and wheel assemblies with manufacturers and assign dedicated teams to support their innovation projects. The greater the challenges and technical requirements, the greater the need to nurture relations as part of a long-term partnership. Examples include Airbus, Audi, Case New Holland, Caterpillar and – since 1961 – Porsche.



VIDEO

When it all comes down to a matter of seconds



The Michelin R&D Center in Ladoux Covering 450 hectares, the Clermont-Ferrand R&D Center has 19 tracks to test grip, handling, endurance, noise and ride comfort. Every year, 37,000 tests are performed for Michelin as well as for its carmaker customers and equipment-manufacturer partners.

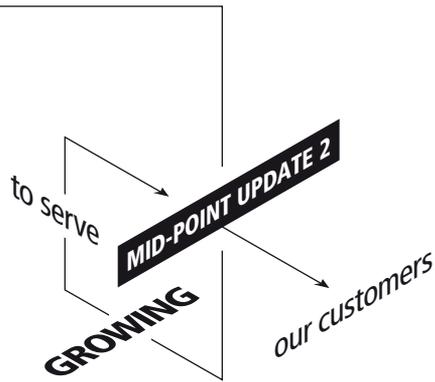
Urbalad: developing synergies

Home to 3,300 people, the Michelin Research and Development Center in Clermont-Ferrand is being thoroughly renovated with a €220-million capital program extending until 2019. The extensive upgrade will maximize the center's innovation capabilities and reduce time-to-market for new tires and services.

This major program includes the construction of a new building within the Ladoux site that will house 1,600 workstations. The new work spaces will facilitate cross-functional cooperation and support more efficient project execution.

"We're going to bring together all of our research, development and process engineering capabilities on the same site," says Terry Gettys, Executive Vice President, Research and Development. "This will to facilitate collaborative working and encourage cross-fertilization."





With 10% of revenue allocated to capital expenditure, Michelin's growth projects have never been so ambitious. This growth is being driven primarily by the MICHELIN brand and the global expansion of our dealership networks. It is also being led by the introduction of new services, a revitalized approach to the entry-level tire segment and the effective management of our raw materials supplies to support the growth dynamic.

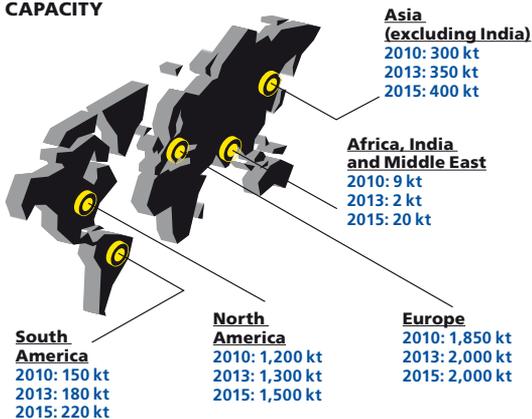


Four giant new plants to capture the global growth in demand

The number of motor vehicles on the road worldwide could double in 20 years, with three-quarters of the growth coming from Asia, South America, the Middle East and Russia. To capture this growth and strengthen its global leadership in the earthmover market, Michelin built four very high capacity tire plants between 2010 and 2013, in Brazil for cars and vans, in India for trucks, in China for both segments, and in the United States for very large earthmover tires.

The lynchpin of our dynamic growth strategy, these projects have required significant financial resources, an innovative organization, and unrivalled hiring, training and induction programs. Few companies have teams capable of simultaneously carrying out such large-scale projects, and yet they were all delivered on time and on budget.

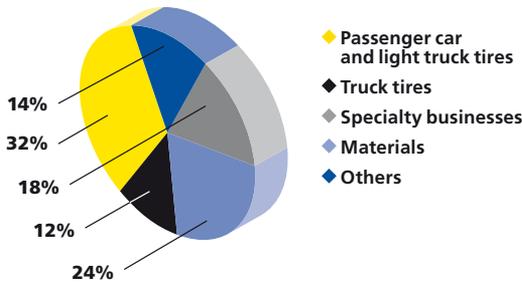
PRODUCTION CAPACITY





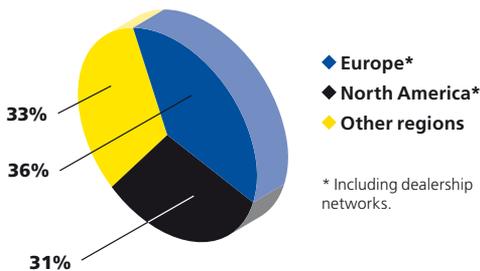
2013 CAPITAL EXPENDITURE BY BUSINESS

AS A % OF THE TOTAL



2013 CAPITAL EXPENDITURE BY REGION

AS A % OF TOTAL EXPENDITURE



* Including dealership networks.

The Pau Brasil plant and truck tire production at the Shenyang 2 plant in China ramped up to full-scale output in 2012. In 2013, Shenyang 2 began producing its first car tires, followed in the second half by the Chennai, India and Anderson, SC plants. Once these plants reach full capacity, Michelin will have an even more balanced global manufacturing footprint.

1,200

team members from Brazil, China and India have been trained in Group plants outside their home countries.

Franchised dealerships to access markets more quickly

Replacement tires represent nearly three-quarters of the market. Michelin is expanding its franchised dealership networks more quickly to widen market access and build repeat business by offering motorists the right maintenance services to enjoy all the benefits of their MICHELIN tires.

- ◆ Already Europe's largest tire dealer, Euromaster crossed a new threshold in 2012 with the launch of franchise operations in Portugal, Romania and Turkey. The network currently comprises more than 800 franchised outlets in 12 European countries and more than 1,500 proprietary dealerships.
- ◆ TCI Tire Center is a US market leader for new and retreaded truck tires and the country's second-largest wholesaler of car and van tires to independent dealers.



- ◆ Michelin Commercial Service Network already has 559 outlets in the United States.
- ◆ In the growth markets, the Group is making rapid inroads with the TYREPLUS banner for cars and vans and the MICHELIN Truck Service Center network. TYREPLUS already has 1,124 dealerships in 22 countries, of which 932 in China, and 1,141 MICHELIN Truck Service Centers are in operation worldwide. Michelin provides its franchisees with a proven business model, standardized management methods and highly efficient operational support. The networks are expanding as scheduled, on the way to the targeted 1,000 franchised outlets for Euromaster and 1,600 for TYREPLUS by 2015.



Porsche

A fourth contract has been signed extending the exclusive partnership with Porsche through 2016.



Motorcycles and scooters

All of the motorcycle and scooter tire ranges have been entirely refreshed, with six international launches in 2013 covering the main segments, from roadsters and sports bikes to large and small-bore motorcycles, including the first winter tire for scooters. And for biking enthusiasts, MICHELIN Power Days features a program of supervised on-track training sessions.

High-performance tires to boost the bottom line

Between 2012 and 2015, Michelin will increase its high-performance tire production capacity by 70%, with the goal of capturing the strong growth in this 17-inch and larger segment, which represents one-third of the global car tire market. Already extensively certified by such premium carmakers as AMG, Audi, BMW, Cadillac, Corvette, Ferrari, Lexus, Mercedes and Porsche, the MICHELIN brand is very well-positioned with a reputation enhanced by its many motorsports podium wins.

Today, MICHELIN is the preferred brand of motorsport enthusiasts⁽¹⁾ who want the highest performance and are willing to pay for it. Our sales of high-performance tires for 4WD vehicles, SUVs, large sedans and sports cars have risen by more than 25% in three years.

These positions are being supported by a number of models, including: MICHELIN Pilot Sport 3 All Seasons introduced in the United States in 2013; and MICHELIN Latitude Sport 3 and MICHELIN Pilot Sport Cup 2 to be brought to market in 2014.

(1) Alongside Pirelli, which operates exclusively in this segment.

The entirely premium

MICHELIN brand accounted for 75% of consolidated sales in 2013. Synonymous with quality, safety and outstanding performance, it is the most widely recognized tire brand in most regions of the world.



MICHELIN Pilot Super Sport is the world's fastest street tire on the racetrack.⁽²⁾

(2) According to tests by TÜV SÜD Automotive.

VIDEO

**Exceptional tests
for exceptional tires.**



Innovative services to create shared value

Invoicing on the basis of kilometers driven, number of landings or tonnes carried rather than tires is a service that has long been offered by Michelin as part of an end-to-end tire management solution. MICHELIN solutions takes this approach to the next level by offering multi-year contracts that guarantee performance in such areas as fuel savings, CO₂ emissions abatement and minimum truck downtime in exchange for a percentage of the resulting gains. If the target is not met, however, Michelin compensates the customer, further demonstrating how MICHELIN tires can improve truck fleet performance. The first MICHELIN solutions offering, Effifuel, was introduced in 2013 in Europe to help fleet operators reduce their fuel bill through a combination of eco-driving training, telematics and integrated tire management, with the supply of the best low-rolling resistance tires available.



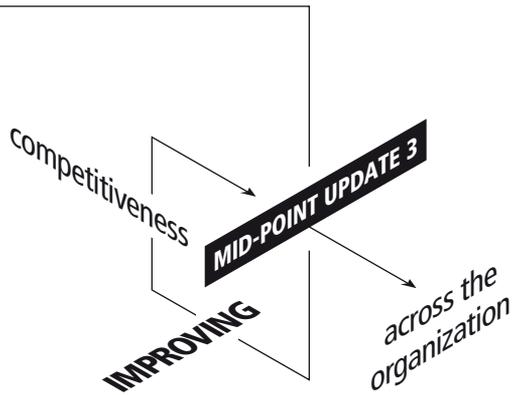
Incremental innovation

The fifth generation fuel-efficient truck tire, the remarkably long-lasting MICHELIN X LINE Energy, meets all the expectations of long-haul truckers.



Tourist maps and guides, digital services and mobile applications, as well as MICHELIN Lifestyle licensed products, are helping to enhance perception of the MICHELIN brand and make it a part of the lives of millions of users. In this way, Michelin Lifestyle is aiming to sell 30 million products a year in 2017 and developing its shoe sole operations.





Michelin is constantly adapting and improving its production facilities, resources and organization to become ever more competitive, agile and efficient, everywhere around the world. We are committed to delivering €1 billion in competitiveness gains⁽¹⁾ over the 2012-2016 period, with €465 million already generated in the first two years despite the impact of the European economic environment on volumes.

(1) Before inflation and including avoided costs.

+33%

Between 2010 and 2016, continuous improvement programs and the shift in the worldwide production base are expected to drive a 33% increase in productivity, expressed in tonnes per employee.



Enhanced plant productivity

Michelin is continuing to strengthen its manufacturing base in Western Europe and North America. Facilities are being consolidated, specialized, aligned with demand and extensively automated to meet the highest standards of competitiveness, thanks to economies of scale and the resulting productivity gains.

In particular, the car tire plants in Lexington, SC and Cuneo, Italy were expanded over the 2011-2013 period. In France, the Cholet facility has become the European center of excellence for SUV and light truck tires and the Montceau-les-Mines plant is now one of the leading European facilities for the manufacture of semi-finished products and earthmover tires, along with Le Puy.

This strategy is being pursued with the announced transfer of truck tire operations at the Joué-les-Tours plant to La Roche-sur-Yon, where capacity is expected to double to 1.6 million units a year in 2019, making it one of the leading truck tire facilities in Europe.



Efficiency Booster

Borrowed from the production side, Efficiency Booster is helping to deliver improvements more quickly.

The Michelin Efficiency Way (MEW) continuous improvement process is being piloted at the Record to Report Excellence and Shared Services Center in Clermont-Ferrand.

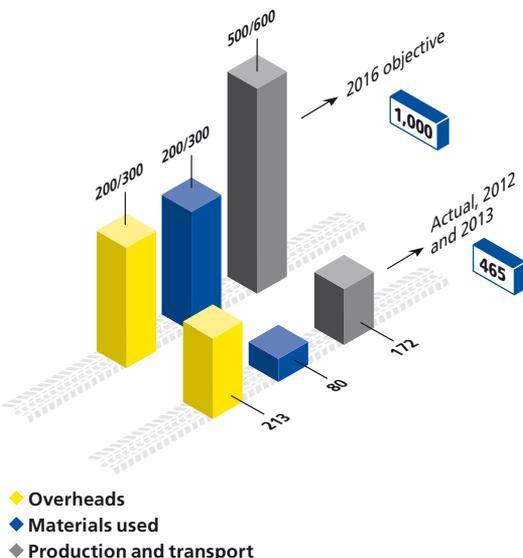
Extending the continuous improvement culture to support functions

Launched in 2011, the Efficiency program is instilling a culture of ongoing rigorous cost control and continuous improvement in support and corporate functions, with the objective of reducing selling, general and administrative expenses by €300 million over three years. A taskforce and a network of 50 correspondents are in place, processes have been revised to speed decision-making, and resources have been focused on strategic priorities and right-sized. With the creation of Michelin Business Services, shared services centers and collaborative work are actively encouraged, while people are increasingly empowered. Thanks to its accurate performance indicators and a collaborative process management system, the Efficiency program also enables employees to assess their own contribution to the process. By year-end 2013, the gains had totaled some €200 million.



THE 2012-2016 COMPETITIVENESS PLAN

GAINS IN €M



By 30%. Supporting broad deployment of Group standards, the continuous improvement process has shortened the hiring process in Thailand by 30%, from 100 to 70 days.



87%
**of Group employees
 say they are committed
 to product and service
 quality.**

2013 "Moving Forward Together:
 Your Voice for Action" global survey.



Shared solutions for growth

Launched in late 2011, the *OPE*⁽¹⁾ business process management system is designed to make the entire organization more agile and efficient, thereby helping to increase sales, reduce lead times, inventory and costs, tighten margin management and enhance customer satisfaction. To meet these goals, the project team is rethinking our operating procedures and introducing shared, aligned information systems across the selling process, from customer RFQs to payment collection.

Over five years, €100 million will be allocated to deploying *OPE*, which is expected to drive a further improvement in operating excellence and quality of service. Moreover, as from 2017, it will help to reduce inventory by €250 million and costs by around €200 million a year. *OPE* is organized into three cross-business, cross-

An award-winning commitment to quality

To reaffirm our commitment to serving customers with uncompromising quality, a new Quality Statement was issued in 2013 and supported with training to ensure compliance across the organization.

Held every two years, the Michelin Quality Awards event showcases the best practices, engagement and results of our teams. The 2013 Award was presented to the Truck Product Line for opening a school in Bangkok, Thailand to develop the skills of the field engineers who work closely with customers. Suppliers are also involved in achieving the standards of excellence set by the MICHELIN brand and the Group. In 2013, three of them – Germany's Saarlager for raw materials, India's Avasarala for industrial purchases and France's Europcar for service procurement – received awards for their outstanding quality performance.

functional sections of the value chain: Upstream for materials and semi-finished products, Downstream for finished products and Finance/Purchasing for accounting transactions. Implementation is proceeding apace, with China becoming the first country operation, in October 2013, to deploy all of the components of the new ERP system.



**The *OPE* program
 aims to reduce the time needed
 to inform raw materials suppliers
 of changes in market demand
 from three weeks to three days.**

(1) *OPE*: Outil de Pilotage de l'Entreprise (Business Process Management System).
 (2) ERP: Enterprise Resource Planning.



VIDEO

"A team that manages itself..."



SUCCESS

5

STORY

All production operations managed by Empowering Organizations

In 1928, Edouard Michelin said: "One of our principles is to give responsibility to the person who carries out a given task because he knows a lot about the question. In addition, this often makes him realize that he has capabilities that he didn't know he had and enables him to move forward."

Today, this principle is being pursued through Empowering Organizations (OR), in which trust, self-management and personal growth nurture the commitment required to drive sustainable performance. This type of performance is based on more delegation, versatility, cooperation, mutual support and responsibility for production operators on their stations.

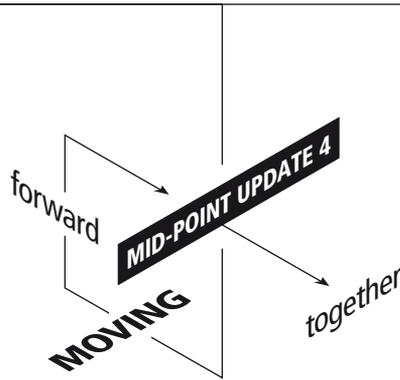
With all of the production teams now operating in OR mode, Michelin has decided to continue developing the initiative.

To take this process to the next level, 37 stations in 15 pilot plants worked on designing a new Michelin operating model in 2013. Known as Autonomous Management of Performance and Progress (MAPP), the model will combine efficient performance management and employee empowerment. At the same time, discussions are underway to extend the spirit of responsible empowerment to office activities.



Plants are becoming more flexible and more competitive, and workstations more ergonomic. With new assembly machines, for example, reconfiguring equipment for different-size truck tires takes only one-tenth the time it used to.

The Michelin Manufacturing Way methods, combined with the Managing Daily Performance (MQP) program and Empowering Organizations, are enhancing shopfloor productivity, flexibility and individual accountability.



Sharing the adventure of enhanced mobility for everyone – by upholding our values of respect, performance and responsibility, building trusting relationships with everyone, protecting the interests of every shareholder, and focusing on the long-term consequences of our decisions – this is the essence of our approach.



Instilling “Moving Forward Together” and measuring its impact on engagement

Michelin’s performance and the growth of its employees are intrinsically linked. The “Moving Forward Together” approach defines the Group’s relationship with its employees as a long-term process based on values of respect and six commitment-inspiring areas: career management, training and development, management quality, job satisfaction, quality of worklife, and compensation and benefits. Introduced in 2013, the “Moving Forward Together: Your Voice for Action” survey measures employee engagement and compare it to that of other companies in each country and internationally. The Group intends to continue meeting its “Moving Forward Together” commitments, particularly those related to employee development, to make them a living reality for everyone. The overall engagement rate is 72%, or three points higher than the worldwide average of companies*. The rate varies however depending on the country and employee category.

* In the database of the service provider, KENEXA.

81%
of the Group’s employees are proud to work for Michelin.

Source: 2013 “Moving Forward Together: Your Voice for Action” global survey, in which 80% of employees participated.

5,800 people hired and integrated

In every host country, Michelin is implementing an online hiring strategy and building closer ties with schools and universities by developing work-study contracts, internships and doctoral candidate experiences.

All new employees in every host country benefit from a personalized induction program.

The Group supports the mentoring of new hires by more experienced employees, both to enable the transfer of skills and expertise and to facilitate intergenerational integration.

Training, on a par with the largest global companies

In 2013, Michelin once again exceeded the average for the largest global companies, providing an average of 76 training hours per employee and 80 hours per trainee. The training budget increased to 5.3% of payroll, and the percentage of training hours per total hours worked stood at 4.4%.

In India, employees again benefited from a record-high training budget (allocated to both onsite and overseas training experiences), with 250,000 training hours provided in 2013. The percentage of training hours per total hours worked came to 12.1%.

Renewing employee relations

In an increasingly complex and volatile environment, Michelin is developing open, constructive employee relations that are focused on the best trade-off between competitiveness and social cohesion, in a spirit of co-destiny.

A total of 2,860 official meetings were held with union representatives and 65 collective agreements were signed across the entire Group, including the dealership networks.

A good example was the 2013 agreement signed in France on employee and union relations.

Progress was made during the year on the project launched in 2012 to prepare a Europe-wide framework agreement on corporate social responsibility and sustainable development, with all stakeholders contributing constructively to the process.



VIDEO

A different approach to hiring...



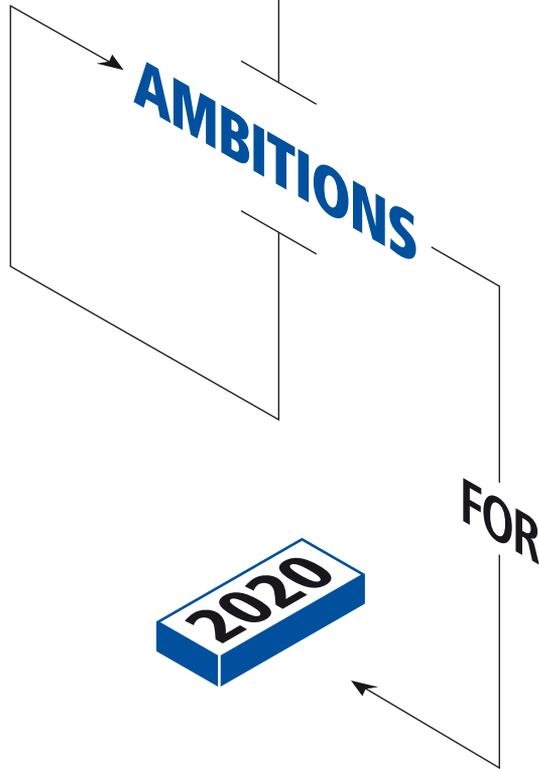
BibAction 2013

The Fourth Employee Shareholder Plan: in November, the BibAction 2013 employee shareholder plan gave 96,000 people around the world the opportunity to purchase Michelin Shares on preferential terms. At the end of the subscription period, 54.2% of employees had participated in the plan.



Michelin applauded by French graduates and students for its online communications

According to "Online Talent Communication Study", Michelin ranks third in France for social media talent interaction and ninth for its career website, "MichelinCareers".



Six ambitious objectives to move the Company forward

Defined in 2013 and deployed across the Group, our six ambitions for 2020 are designed to make Michelin a global leader in sustainable mobility, as well as one of the world's most innovative, responsible and top-performing companies in fulfilling its financial, environmental and social responsibility commitments.



1 Widen our lead in product performance

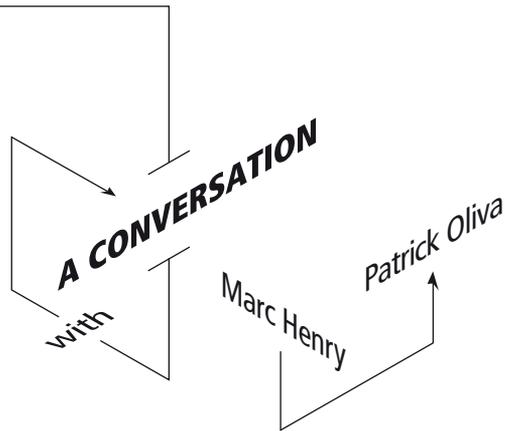
2 Set the industry standard for responsible manufacturing

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



Patrick Oliva, Executive Vice President, Advanced Research and Sustainable Development

“Our ambitions for 2020 are quantified, tracked and measured.”

Why these six new ambitions for 2020?

Patrick Oliva: For the tenth anniversary of the Michelin Performance and Responsibility (PRM) process in 2012, Jean-Dominique Senard wanted to revitalize our sustainable development program. So we set six ambitious objectives for 2020 placing sustainable development, in all its facets, at the center of the Group’s strategy. Too often, sustainable development is associated in people’s minds with environmental protection alone. The environment is important, but it’s not everything. Edouard Michelin said it well: *“For Michelin, sustainable development means effectively fulfilling all our responsibilities.”* Jean-Dominique Senard confirmed it: *“We want to be a company that is successful in all its businesses, one that is responsible and attractive to talent from around the world.”*

Marc Henry: Ten years of the PRM program have allowed us to gauge the effectiveness of this approach, notably via: improved workplace safety and plant performance, which go hand-in-hand; the certification of facilities to quality and environmental standards, supported by a continuous risk management and improvement process; stronger leadership in highly energy-efficient tires even as emissions regulations become increasingly strict; the promotion of diversity and the development of training to support our international expansion; and a new impetus for the employee relations process, which is indispensable to becoming



“Effectively fulfilling all our responsibilities means being a company that is successful in all its businesses, one that is responsible and attractive to talent from around the world.”

more competitive in mature markets. These developments have enabled us to improve our results, build our shareholders' confidence and, thereby, pay down debt and establish a solid financial position, which is a prerequisite to sustainability.

Our upgraded credit rating and Michelin's very good ranking in the leading global rating index for corporate sustainability performance attests to the strength of our approach.

What are the challenges for you?

P.O.: There may soon be two billion motor vehicles on the planet. Because of our continuing dependence on oil and the increase in carbon emissions as well as traffic accidents, road transport, road safety and urban pollution represent new challenges for society.

The economic crisis or, more precisely, the global economic and digital transformations that we are experiencing, along with their effects on jobs and businesses, have shaken many prevailing beliefs about the strength of the economic growth model and its long-term acceptability. You don't need to be great futurist to know that in the coming years the emphasis will be on seeking new growth models that can deliver better outcomes for the economy, society and the environment. The challenge is to invent new ways of working and living together in the future. Our core concerns are creating and enhancing jobs while protecting the environment and the ecosystems that we depend on.

M.H.: Our six ambitions for 2020 reflect this situation. They aim to give Michelin all of the assets required to ensure its long-term growth, by giving employees a stake in its performance and encouraging their advancement,



Marc Henry, Chief Financial Officer

by enabling local communities to benefit from this positive dynamic and by fostering sustainable road mobility.

These objectives form a solid whole.

They impart meaning and motivation in our teams. They boost our credibility and our attractiveness. They are going to enable us to develop trusting relationships with our stakeholders, support our growth and continue improving our performance.

How are you deploying your ambitions for 2020?

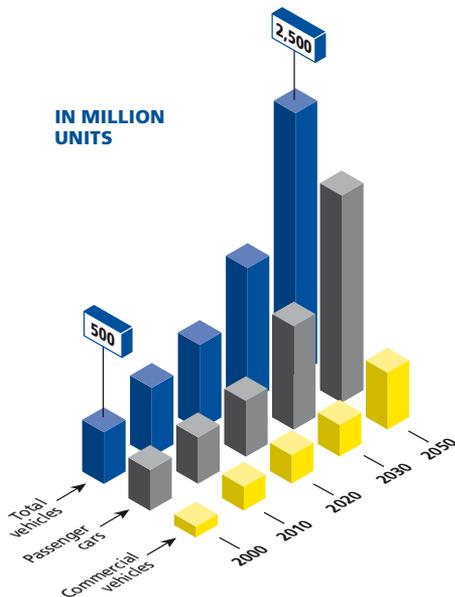
P.O.: We have reorganized our sustainable development governance system to make it more efficient and to integrate it more effectively at every level and in every skills-set. Our ambitions for 2020 are included in all of the strategic plans and targets and deployed in every host country, plant and unit. These ambitions are quantified, tracked and measured.

At the Group level, an eleven-member PRM Council chaired by Jean-Dominique Senard defines objectives. The PRM Operations Committee is in charge of seeing that objectives are met across the organization. Each country has a PRM correspondent responsible for promoting sustainable development on a day-to-day basis and for reporting on the implementation of objectives defined by the PRM Council, as well as actions initiated locally. Action plan advances and outcomes are regularly measured.

ENVIRONMENT



**MOTOR VEHICLES ON THE ROAD
WORLDWIDE BETWEEN 2000 AND 2050**



Sources: OECD, IRF and IMF.

The environment, looking ahead to 2020

Road mobility is fundamental to human development but its growth poses enormous challenges. Population growth and economic development are spurring a substantial increase in travel and trade around the world. 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 over 83 million units in 2013, global automobile production will rise to over 100 million units in 2020, with electric and hybrid vehicles representing 6.3% of the total, versus 3.5% in 2013.⁽¹⁾ Most of this growth is coming and will come from new markets.

(1) PwC Autofacts.

The challenge of sustainable mobility

More than 60% of the world's oil output is used in transportation, raising doubts about the availability and price of fuels when the global vehicle fleet will have doubled.

Around the world, fuel efficiency and emissions standards are being tightened in response to the growing scarcity of fossil fuels, climate change and the need to protect the environment, especially in urban areas. To meet this challenge, the automobile industry is undergoing a profound shift toward cleaner, more connected road mobility that makes more efficient use of energy and raw materials – the same mobility that constitutes the core of Michelin's offering.

A challenge also for our suppliers

How can we ensure that our supplier's social and environmental practices comply with the standards that we advocate? Purchases represent over 60% of net sales every year, amounting to €13 billion in 2013. International purchasing has grown to support our global expansion. Lowering costs to be more competitive, guaranteeing quality, securing supply and promoting responsible development – reconciling these requirements is the challenge.



6 million

Rubber tree farming provides about six million rural jobs that support 20 million people.



The challenge of developing natural rubber

Around 70% of the natural rubber produced worldwide is used by the tire industry. The material's physical properties make it irreplaceable in many applications. Demand for natural rubber is growing and the market is subject to sharp price fluctuations. We work to optimize its use and to improve output by increasing plantation productivity, while encouraging the development of sustainable rubber tree farming at every step in the value chain.

In addition, a research program called BioAmryis is underway to harvest polyisoprene (the main component of natural rubber) from a variety of different biomass sources.

Michelin has more than 45,000 suppliers in 144 countries.

ENVIRONMENT

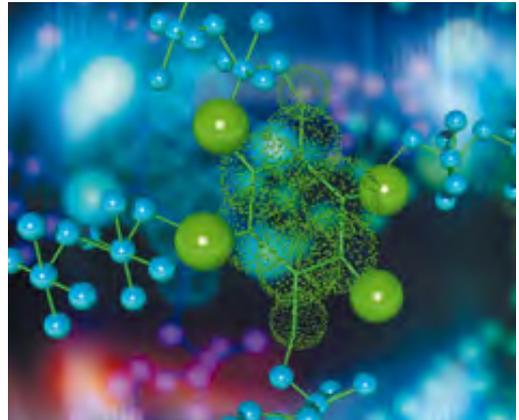
**WIDEN OUR LEAD
IN PRODUCT PERFORMANCE**



**More performance
with less material**

Our goals

- ◆ Optimize raw materials efficiency by building lighter, more robust, longer-lasting tires.
- ◆ Develop services that help users to optimize the life of their tires.



2020 Objective

- ◆ **Improve the overall performance of our products by at least 10% compared with 2010, while using fewer raw materials in their production.**



Michelin in action

Doing more with less. A tire contains up to 200 different materials, some of which are increasingly scarce and costly. Several programs are in place to help optimize their use. The “Value-to-Design” program brings together marketing and development teams to clearly define the performance parameters that customers

expect from a given tire. “Design-to-Cost” optimizes tire mass by focusing on just what is needed to deliver the right performance. “Carry-More-For-Less” helps us to design lighter tires capable of carrying heavier loads, lasting more kilometers or, in the aerospace segment, increasing the number of landings.

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



1,000,000 km:

the distance traveled by a Michelin truck tire that has been regrooved, retreaded and then regrooved a second time based on Michelin's exclusive processing technology. This technology can increase tread-life by 150% while delivering the same performance as a new tire.

↓
VIDEO

Give your business wings...



22% less raw material used in a Michelin radial NZG tire than a standard cross-ply tire.

50% more landings with aircraft tires that are 20% lighter: the objective for the next generation of MICHELIN NZG tires currently under development.



50% increase in tread-life expected for the next generation of Michelin truck tires thanks to new technologies being developed.

ENVIRONMENT

**WIDEN OUR LEAD
IN PRODUCT PERFORMANCE**



More energy efficiency

Our goals

- ◆ Further reduce rolling resistance and develop services that help our customers to save fuel.
- ◆ Design highly energy-efficient tires to improve the performance and autonomy of hybrid and electric vehicles.

2020 Objectives

- ◆ Save 3 billion liters of fuel over the lifespan of our tires.
- ◆ Avoid emitting eight million tonnes of CO₂ thanks to product improvements.

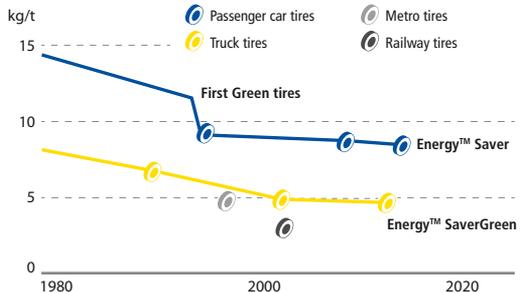


Michelin in action

Fuel consumption.

The fuel consumed to overcome the rolling resistance of tires accounts for one tank of fuel out of five for a car and one out of three for a truck. The world leader in low rolling resistance tires, Michelin is working on reducing fuel consumption, thereby cutting CO₂ emissions by 3 to 5 grams per kilometer by 2020.

REDUCTION IN THE ROLLING RESISTANCE COEFFICIENT OF MICHELIN TIRES





Greater traction, less soil compaction and reduced fuel consumption, 40% higher load capacity at identical inflation pressure and a longer tire life can all be obtained by applying MICHELIN Ultraflex tire technology to farm machinery. These performances are demonstrated every year through nearly 50 field tests around the world, mainly in Brazil, Russia and China. With Michelin Ultraflex technology, farmers use 10% less fuel than tires equipped with standard technology.⁽²⁾

(2) According to tests conducted in Brazil in 2012.

Michelin in action

Michelin is contributing to the energy efficiency of a new hybrid.

The Hybrid Air demonstrator of Citroën C3 combines gasoline engine and compressed air technology to deliver excellent fuel efficiency. The Tall & Narrow tires supplied by Michelin are made to match. Their unique architecture and lighter weight (1.7 kg less per tire) reduce CO₂ emissions by 4.3 grams per kilometer and fuel consumption by 0.18 liters per 100 kilometers.

Michelin opens up its RFID chip patents. Tires can be more effectively monitored throughout their lifecycle when equipped with RFID⁽¹⁾ chips. As a result, they can deliver better safety, longevity and fuel efficiency, provided the embedded chips are readable and durable. This is what Michelin's RFID chips have to offer. Their performance has been tested on over 5 billion kilometers of road. The world leader in RFID tire applications, Michelin opened up its chip patents in 2013 to encourage the adoption of a global standard.

MICHELIN solutions is leveraging onboard telematics, electronics and cloud computing to collect real-time vehicle data, analyze vehicle and driver performance – taking into account load and itinerary parameters – and recommend energy-saving solutions. The mobility solutions market could represent up to €10 billion by 2017.

(1) Radio frequency identification.

ENVIRONMENT

SET THE INDUSTRY STANDARD FOR RESPONSIBLE MANUFACTURING



Responsible production and supply chain management

Our goals

- ◆ Save water and energy.
- ◆ Reduce our emissions and waste.
- ◆ Protect ecosystems and biodiversity.
- ◆ Apply the best available techniques and deploy best practices in new plants.

2020 Objectives

(compared with 2010)

- ◆ Reduce the environmental impact of our sites as measured by the Michelin sites Environmental Footprint (MEF) by 40%, notably by improving our manufacturing energy efficiency by 25%.
- ◆ Reduce our supply chain CO₂ emissions by 10%.



Michelin in action

A cross-disciplinary Energy organization is leading energy efficiency gains across the production base. All of Michelin's plants have deployed action plans and are subject to follow-up audits every three years. An Energy Performance Leader is appointed at each facility to drive faster on-site deployment of tools,

methods and best practices. The energy savings achieved through this very structured process represented the equivalent of 254,000 tonnes of oil per year over 2005-2013 period.

Solar panels, solar walls, wind turbines, and wood-fired heating boilers are installed and

heat from methane is purchased at 17 plants in Germany, Canada, Scotland, Spain, France and Ireland, attesting to their reliance on renewable energy. Three such solutions installed in late 2012 prevented 40,000 tonnes of CO₂ emissions in 2013 versus 31,000 tonnes the year before.



MICHELIN ENVIRONMENTAL FOOTPRINT

BASE 100	2010	2011	2012	2013	Unit ⁽³⁾	Absolute value	Unit
Energy consumption	14.4	13.6	13.7*	13.8	GJ/t TP	43,138	10 ³ GJ
Water consumption	11.8	11.6	11.9	11.7	cu.m/t TP	36,694	10 ³ cu.m
VOC ⁽²⁾ emissions	2.9	2.7	2.7	2.6	kg/t TP	8,244	t
CO ₂ emissions	1.3	1.2	1.2	1.2	t/t TP	3,799	10 ³ t
Waste produced	109.5	109.1	110.9	112.6	kg/t TP	352,972	t
Waste landfilled	10.2	9.4	9.3	7.9	kg/t TP	24,778	t
MEF	100	96	96	95			

(1) Michelin Environmental Footprint.

(2) Volatile Organic Compounds.

(3) t TP = tonne of tire produced.

* Certain 2012 data (MEF, energy consumption and CO₂) differs from that presented in the 2012 Annual and Sustainable Development Report because an error impacting the consolidated results (energy consumption counted twice at a facility) was detected when the 2013 data were verified. The decision was made to adjust the 2012 data accordingly.

Michelin in action

For a decade, Michelin has worked to protect 3,000 hectares of primary Atlantic forest near its experimental farm in Bahia. This rare and threatened resource is exceptionally rich in biodiversity. The Group has also set aside an ecological reserve with 35,000 plants grown from native seeds representing

100 different species and created a Biodiversity Research Center that can host up to thirty researchers. Michelin currently provides support for 20 biodiversity studies at the Center every year.

↓
VIDEO

A testing ground for greatness

68 sites conducted a survey to identify nearby protected areas.

Over 100,000 employees have been educated about their site's environmental impacts and the issues specific to their workstations.



To benefit rubber tree farming in general, Michelin is working with CIRAD⁽¹⁾ to develop more resistant species that have higher yields and are suitable for growth in different climates.

(1) A French government research center that works with developing countries on international agricultural and development issues.

ENVIRONMENT

SET THE INDUSTRY STANDARD FOR RESPONSIBLE MANUFACTURING



Responsible purchasing

Our goals

- ◆ Evaluate our suppliers' sustainable development performance.
- ◆ Motivate them to improve and help them to meet Group standards.

2020 Objectives

- ◆ Assess the 400 top suppliers.
- ◆ Confirm 70% as compliant with our standards.



Michelin in action

Sustainable purchasing training is offered as part of the training dedicated to the purchasing process. Mandatory for buyers, technical specifiers and key internal customers, it enables purchasing professionals to gauge the environmental, employee and social responsibilities related to their job.

Tenders integrate sustainable development criteria such as reduced greenhouse gas emissions and improved working conditions. The resulting gains are divided into two categories: creation of financial value and creation of CSR value. Contracts relating to new plant construction and

equipment all contain workplace safety clauses.

At latex processing plants, working conditions are assessed on an annual basis in the case of large units and periodically in the case of smaller units.



Michelin in action

Michelin supports sustainable rubber tree farming.

More than 80% of the world's rubber is produced by small farmers on plots ranging from 0.5 to 3 hectares. Michelin is taking action to improve their working and living conditions. In Brazil's Bahia region, the Group helps more than 1,500

families to grow rubber trees, along with bananas and cocoa, so that they can enjoy more stable, diversified income over time. In Nigeria, through the Michelin-SIPH⁽¹⁾ small farmers program, the Group finances the purchase of seedlings, while SIPH provides villagers with technical assistance.

(1) Société Internationale de Plantations d'Hévéas, in which Michelin holds a 20% stake.



In India,

the Chennai plant construction project employed up to 4,000 people per day in several teams. Michelin worked non-stop to ensure that all the contracted workers wore safety helmets, shoes and harnesses.

Michelin rewards its best suppliers. In 2013, Belgian company Umicore was awarded the first-ever Michelin Performance and Responsibility Prize with the backing of independent CSR assessment firm Ecovadis.

The Michelin Purchasing Code clearly presents the ethical guidelines for Purchasing teams, the supplier approval process, the Group's quality standards and the ethical, social and environmental performance expected of Michelin suppliers.

ECONOMY



China is the world's leading automobile market, with a ratio of vehicles to people that is ten times lower than in Europe.

By 2018,

Michelin's production capacity in new markets will have increased by 75% overall in volume compared with 2010.

The economy, looking ahead to 2020

Globally, new markets already account for 40% of car tire sales and 70% of truck tire sales, in volume. In addition, competition is fierce and Asian manufacturers are making significant advances. In this environment, the challenge is maintaining a competitive, sustainable industrial sector in mature markets and developing an industrial strategy that captures the full potential of global tire markets.



“Our industrial vision is to have manufacturing capabilities spread across the major geographic and currency areas. It’s unusual to have the world’s three main economic regions in recession at the same time, and the best way to protect against currency fluctuations and the strong euro is to have facilities in US-dollar areas and in the Asia region.”

Jean-Dominique Senard

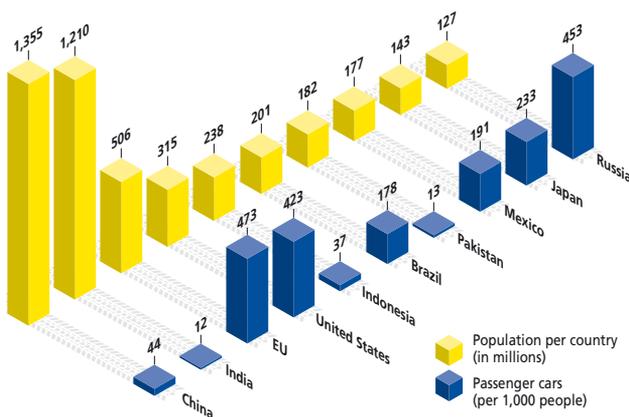
The challenge of anticipating the future

New plants have a lifespan of at least 40 years. In the years ahead, labor and other manufacturing costs are likely to rapidly converge. This explains the Group’s efforts to maintain production facilities in developed countries.

The challenge is to have highly competitive facilities everywhere, and that means being able to transform the manufacturing base in Europe and North America quickly enough to ensure its sustainability.



Population per country and passenger cars



The challenge of volatility

Whether in terms of demand, raw material and energy prices, or ease of access to capital, the economic environment has become structurally more volatile. Businesses have to be on the alert, attuned to circumstances and vigilant in order to anticipate and swiftly respond to often sudden changes. Maintaining the responsive flexibility of production facilities and the entire supply chain, to scale back or ramp up operations in response to demand, is a constant challenge. Price management is an issue as well. The same is true of managing and optimizing needs and financial resources at a time of heavy investment. The trick is combining rigor with agility, while financing operations on attractive terms.

Sources: World Bank 2010 data for passenger cars.
Governments of the countries concerned for population data.

ECONOMY

SECURE OUR FINANCIAL PERFORMANCE



Deliver €1 billion in structural free cash flow per year as from 2020

Our goals

- ◆ Generate enough cash to pay our shareholders a dividend representing around 35% of our net income before non-recurring items, while maintaining a solid financial position and sufficient flexibility to seize available opportunities.

2020 Objective

◆ **Structural free cash flow⁽¹⁾ of €1 billion per year.**

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



Michelin in action

To efficiently manage fluctuations in demand, the Group encourages versatility among its employees by inviting them to change workshops, work at a different site for several days or months, and apply their skills and expertise to new areas of business. Facilities are ramping up their training budgets

and “Empowering Organizations” are helping to instill the versatility mindset among operators by increasing their accountability and engagement. Versatility makes it possible to effectively meet demand at peak times and avoid short-time work when business is slow, while also

developing employability in the workforce. It’s a value-enhancing, win-win strategy.



Michelin in action

Streamlining production. Shenyang 2 will be the largest Michelin plant in the world. Its spare parts warehouse, which is centrally located and connected to the sites' three businesses, provides the support that production teams need at the lowest possible cost. Measuring over 1,400 square

meters, the warehouse is managed by a team of twelve people. A bar code system enables fast, reliable inventory of available parts, and the centralized distribution network operates 24/7. This innovative, highly efficient organization will be duplicated at other Group facilities.

The Bib Stock

Management system is one of the tools used by the Group to improve the fulfillment rate while at the same time reducing inventories and working capital.

The Group is optimizing supplier payment terms by setting up a dedicated supply chain financing program.



Through its OPE business process management program, the Group is deploying management systems and standards that will help to reduce inventories by €250 million and costs by €200 million over a five-year period.



Michelin in action

A fourth consecutive year of value creation.

With capital expenditure maintained at a high €1,980 million, Michelin achieved a ROCE of 11.9% in 2013, creating value for its shareholders for the fourth consecutive year. Thanks to strong free cash flow generation of €1,154 million, the Group reduced its

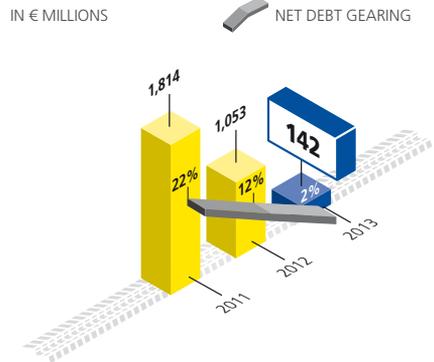
net debt by €1 billion during the year, such that almost all of its debt is now repaid. In light of this, the dividend payout rate will be raised to 35%*.

* Subject to shareholder approval at the May 16, 2014 Annual Meeting.

CREDIT RATING AT DECEMBER 31, 2013

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

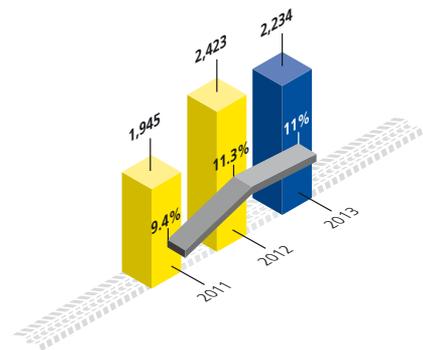
CHANGE IN NET DEBT AND GEARING



OPERATING INCOME⁽¹⁾

IN € MILLIONS

OPERATING MARGIN AS A % OF NET SALES



(1) Before non-recurring items.

EMPLOYEES AND SOCIETY



In 2013,

a total of 1,500 people at 18 manufacturing sites worked on inventing a new way of working at plants in the future.

Employees and society, looking ahead to 2020

The challenge for our global organization is to attract and integrate talent, impart values, listen to employees, give everyone the desire and means to get involved, provide everyone with an opportunity to grow, respect each individual and make diversity a source of creativity that also drives growth and competitiveness.

An additional challenge is to support the communities living near our facilities, particularly by encouraging employees to participate in local outreach.

Lastly, mobility needs to tangibly improve quality of life for everyone worldwide, and the first step toward that goal is reducing road accidents.

Well-being, local involvement and road safety – these are our three societal challenges for 2020.



VIDEO

**Your safety,
a collective concern.**



Stakeholder relations

Whether with suppliers, customers, shareholders, investors, government institutions, union representatives or NGOs, Michelin is deeply committed to developing high-quality relations with all its stakeholders, both at the local and international level. In May 2014, the Group will host a day-long event for its stakeholders in Europe to discuss three major issues:

1) what Michelin should do as a tiremaker to widen its leadership in sustainable development; 2) how Michelin can contribute to sustainable mobility in cities; and 3) how sustainable mobility can be developed in a world of limited natural resources. A second event for Asian stakeholders will be held in China in November.

Michelin in India

In June 2012, four non-profit organizations and the CGT trade union brought a complaint against Michelin to the OECD National Contact Point (NCP) in France alleging violation of the OECD Guidelines for Multinational Enterprises during construction of its Thervoy plant. In September 2013, the NCP determined that Michelin had not violated the Guidelines, but had rather done everything possible to reduce the “environmental and human rights” impact of its site. Nevertheless, the NCP issued recommendations aimed primarily at improving the information and consultation process for local stakeholders, and the Group has pledged to apply them. A new environmental and human rights impact assessment is underway.

The challenge of road security

The leading cause of death among young people, traffic accidents kill 1.2 million people every year and wound 50 million. Rapidly developing countries are the most affected. If no action is taken, 2.4 million people could die each year as a result of road accidents by 2030. Governments, international organizations and businesses need to step up their efforts to improve safety for all road users, raise their awareness and provide them with relevant training.

In all of its host countries, Michelin is enlightening public authorities and civil society about best road safety practices. From 2009 to 2012, for example, the Group led the ROSYPE⁽¹⁾ road safety education project with the support of the European Commission and reached over 1.1 million young people in Europe.

In 2011, Michelin became an official partner of the United Nations’ Decade of Action for Road Safety 2011-2020.

(1) Road Safety for Young People in Europe.



EMPLOYEES AND SOCIETY

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



Constantly improve workplace safety

Our goals

- ◆ Protect employees' health and safety while enhancing their well-being.



2020 Objective

- ◆ Achieve a total case incident rate (TCIR) of less than 2.



Michelin in action

A new worldwide indicator. Considering workplace safety to be a top priority, Michelin has an ongoing commitment to 100% safety. As part of this continuous improvement process, the Group began tracking a new indicator in 2013 in addition to lost-time incident frequency and severity rates.

The total case incident rate (TCIR), which has been used for several years already in North America, compares the number of workplace incidents that affect employee health with the number of hours worked. Covering accidents, occupational illnesses and temporary incapacity, the new indicator provides a

more holistic view of how the workplace affects employee health so that prevention programs can be prioritized accordingly. Also in 2013, Michelin defined and initiated the deployment of a global health policy that aims to harmonize health practices across the Group.



Michelin in action

Ergonomics is a major area of progress. Taken into account starting in the design phase, ergonomics significantly contribute to improving existing working conditions. Michelin dedicates €20 million each year to developing new solutions. In Canada, for example, the task of preparing membranes for curing

presses has been mechanized, eliminating the need for operators to manipulate equipment that can weigh over 40 kilograms, and increasing productivity by 20%. At the Shenyang plant, assembly stations have been reorganized and 11 improvements have been made to avoid any hard and

12,000

Progress Ideas to improve safety and working conditions were implemented in 2013.

20 plants had no lost-time incidents in 2013.

The 2013 Michelin Safety Awards go to...

In 2013, Michelin Safety Awards were presented to four plants – the Laem Chabang mold production plant in Thailand, Ballymena in the United Kingdom, Covington in the United States and Nyiregyhaza in Hungary – as well as to the Almeria test center in Spain and to two logistics centers – Avelonea in Greece and Salon-de-Provence in France.

superfluous movements. These simple solutions will be applied to all assembly machines.

The Group ergonomics network makes it possible to share feedback and rapidly communicate best practices.

EMPLOYEES AND SOCIETY

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



**“Move Forward Together”
with employees, develop
talent and diversity**

2020 Objectives

- ◆ **Achieve an 85% employee engagement rate⁽¹⁾**
- ◆ **Ensure that 75% of managers are held by employees who come from within the Company.**
- ◆ **Increase the percentage of women in all management positions to 30%⁽²⁾**
- ◆ **Increase the percentage of local top managers in growth regions to 80%.**

(1) 72% in 2013.
(2) 22.5% in 2013.

Our goals

- ◆ Create a working environment that fosters confidence, cooperation and diversity, where all employees have the opportunity to grow and to participate in driving progress and innovation.



Michelin in action

Measure and improve employee engagement.

As part of the Michelin Performance and Responsibility process, the Group has assigned itself the very ambitious objective of becoming one of the world's leading companies in terms of employee engagement by 2020, with an engagement rate of 85%. To measure employee engagement at Michelin,

a survey developed with global service provider Kenexa was conducted in mid-2013 in 20 languages and nearly 50 countries. By the end of 2013, the survey was already stimulating discussion throughout the Group, with managers sharing the survey findings to initiate dialogue with teams based on anonymous feedback, working with them to identify priorities, determine the measures to be taken in the short term and recommend

action plans for the longer term. With the “Moving Forward Together: Your Voice for Action” global survey, Michelin has set in motion a simple, agile process that creates an annual cycle of improvement and empowers employees at every level. Organized to include all employees within a single time frame, the survey will be conducted on an annual basis from now on, with the aim of improving results – or maintaining them where appropriate – year after year.

“Moving forward together means sustaining the company’s long-term performance by giving everyone the means to grow over time. It’s a process that combines passion and trust, development and mobility, responsibility and performance.”

Jean-Michel Guillon, Executive Vice President, Personnel



Michelin in action

Hiring women to fill positions traditionally dominated by men.

Michelin is hiring more women to serve as operators and station managers. Every year, ergonomic improvements enable more women to access a broader spectrum of jobs. In addition, the Group promotes jobs in industry to female students at numerous career events. More broadly, Michelin assesses the hiring situation in each region with the aim of developing long-

term action plans to increase the percentage of women employed at every level and in every profession, with a particular focus on jobs in sales and manufacturing. Michelin deploys a global diversity process whereby a network of 600 correspondents share their vision, objectives and best practices. In 2013, the internal network of Diversity Managers worked particularly on gender diversity and the management of age issues in the

VIDEO

What we mean by “Moving forward together”



Developing talent

Also, 2,500 career and line managers have been trained since 2011 in methods for detecting potential, allowing them to identify individuals who could be put on a fast track.

One third

of administrative, technical and management new hires are women. Women account for one-third of all administrative, technical and supervisory staff and managers.

111,200

employees of 120 nationalities.

company. Most notably, a conference on seniors was organized in Germany to share best practices that promote older employees and the mentoring of young hires, particularly when new production capacity is developed or brought on stream.

EMPLOYEES AND SOCIETY

STRENGTHEN TIES WITH OUR HOST COMMUNITIES



Contributing to local community development and encouraging employee outreach

Our goals

- ◆ Participate harmoniously in the life of all our host communities.

2020 Objective

- ◆ Ensure that 100% of Michelin sites deploy a community involvement program, in line with the 2013 guidelines, with employees donating 30,000 working days per year to serve their communities.



Michelin in action

A global commitment. Through education programs, medical clinics, road safety campaigns and tire donations, Michelin's facilities and employees do their part to improve local community living conditions. In 2013, Michelin clearly defined a Group-wide community outreach plan and the resources dedicated to its implementation.

Community projects are chosen and managed by the plants, which are ideally positioned to identify the most appropriate actions. At each Michelin site, employees are invited to make project proposals, and a steering committee chaired by the site manager makes the final decision as to which projects to deploy. Education, training, local

economic development, road safety, health, sports and environmental protection are the priority focus areas. Each site is urged to devote a percentage of its payroll to outreach initiatives, with at least €50 allocated per employee, for a total budget of around €14.8 million in 2013. In this way, each employee can dedicate a half-day of paid work to



€14.8 million

and 16,482 work days
dedicated to local
communities in 2013.

Michelin in action

community projects per year. For a site with 400 employees, this represents the equivalent of one full-time person. In addition, plants can contribute by donating equipment or resources to the community, and employees are encouraged to volunteer their own time.

Indian students trained for excellence. In 2013, Michelin signed an agreement with French engineering school Ecole Centrale de Nantes enabling ten Indian students to attend a two-year Masters program at the university, combined with a specialized internship at Michelin. Their studies will be financed by Michelin and Institut Français,



VIDEO

Reaching out to help
underprivileged children

The birth of a Michelin Foundation.

Created in January 2014, the Michelin Corporate Foundation aims to strengthen our societal commitments by supporting projects, initiatives and non-profit organizations that foster personal development, stronger social ties, humanitarian aid and solidarity. The Foundation will be particularly active in five main areas – sustainable mobility, sports and health, community outreach, culture and heritage, and environmental stewardship.

Its 2014 budget will total €12 million.

which is participating in the project alongside four Indian universities and the French Embassy in India. The Alliance Française of Madras in Chennai will provide the students with initial training in French language and culture.

EMPLOYEES AND SOCIETY

STRENGTHEN TIES WITH OUR HOST COMMUNITIES



Contributing to local jobs

Our goals

Foster local economic development by:

- ◆ Facilitating business creation and longevity.
- ◆ Helping to create sustainable jobs.
- ◆ Supporting projects that contribute to the employability of the local population: skills development, education projects, youth training and hiring, tutoring by seniors.

2020 Objective

◆ **Help to create 2,000 local jobs per year through Michelin Development.**



Michelin in action

Through **Michelin Development**, the Group works to spur economic development and job creation in its local host communities. Its commitment to this task is even stronger when operations have to be scaled back or discontinued. Michelin Development mobilizes Group specialists

to extend their expertise and technical support to local project champions. This support can be backed by five-year, low-interest, collateral-free loans, which may be granted to companies in any industry as long as the project is sound and its champion is competent and motivated. Active in France, Germany,

Spain, Italy and the United Kingdom, as well as in Canada and the United States, Michelin Development has helped to create over 30,000 jobs in 23 years.



Our Community Involvement
Helps Open a Lot of Doors.

MICHELIN Development works with a banking partner to facilitate low interest loans for socially and economically disadvantaged small and medium sized businesses. These companies also have access to our considerable business expertise. We think helping to create quality sustainable jobs throughout the Upstate of South Carolina is a better way forward. For more information please visit our web-site at www.michelindevelopment.com.



Michelin Development's involvement in the Lille area (France) led to the creation of 556 permanent employment contracts, of which 19 at Smart Module Concept.



In France, the agreement to revitalize the Seclin plant in northern France ended in 2013 with the creation of 556 jobs, more than double the initial commitment of 276. The results from the Montceau and Toul agreements, which will come to an end in 2014, will also be well in excess of the commitments made.

173

small and medium-sized businesses in Europe received technical support, loans or charitable donations from Michelin Development in 2013.

In the United States, Michelin Development North America has invested more than \$7.6 million in a wide variety of small local businesses since 2006.

EMPLOYEES AND SOCIETY

IMPROVE EVERYONE'S QUALITY OF LIFE THROUGH SUSTAINABLE MOBILITY



Step up initiatives to improve road safety

Our goals

- ◆ Promote the importance of maintaining the right tire pressure so that users can fully benefit from our tires' safety features.
- ◆ Support the objectives of the United Nation's Decade of Action for Road Safety 2011-2020, which aims to save five million lives.

2020 Objectives

- ◆ Earn ISO 39001 certification for all of Michelin's sites by 2020.
- ◆ Encourage suppliers to deploy the ISO 39001 certification process.



Michelin in action

Exerting the right pressure. Tires are the only point of contact between road and vehicle, and their performance plays a vital role in road safety. However, that safety depends on inflating them to the right pressure. At 0.5 bar or less, tires brake less effectively, wear down faster and consume more fuel per

kilometer travelled. In various countries, Michelin encourages drivers to regularly check tire pressure and, in many countries, performs tire pressure tests and inflates tires for free. As part of this awareness-building campaign, Michelin also advises users about the dangers of driving under the influence, telephoning

at the wheel and riding bicycles and motorcycles without a helmet.



Motorists can top up their tires at Michelin Man air pumps in 12 countries



Michelin is developing onboard tire pressure monitoring systems for cars, trucks, buses and earthmovers.



Michelin in action

MICHELIN Mobility Apps, a pack of free applications launched in 2013 in Germany, Spain, France, Italy and the United Kingdom, is designed to accompany users wherever they go. The pack includes MICHELIN MyCar, which offers maintenance, equipment and driving advice for improved safety

and comfort, and MICHELIN Navigation, which provides real-time traffic information and a new GPS function that alerts motorists to road hazards and construction. For a safer drive, speed limits are constantly displayed, along with visual alerts when they are exceeded.



+200,000

The Michelin Junior Bike program has taught more than 200,000 children in Europe and North America about the importance of wearing a helmet.

EMPLOYEES AND SOCIETY

IMPROVE EVERYONE'S QUALITY OF LIFE THROUGH SUSTAINABLE MOBILITY



Promoting energy-efficient, low-emissions mobility, particularly in cities

Our goals

- ◆ Support more sustainable mobility by facilitating the emergence of new solutions that benefit society.

2020 Objectives

- ◆ Reduce CO₂ emissions generated by the transportation industry and contribute to the fulfillment of COP21 global objectives for 2020.
- ◆ Encourage the development of low pollutant emission zones in cities.



Michelin in action

The Michelin Challenge Bibendum, created in 1998 for the 100th anniversary of the Michelin Man (Bibendum), now acts as the global summit for sustainable mobility. Last year's summit in Berlin was attended by more than 150 companies and organizations, 6,000 public and private sector experts and decision-

makers, 650 journalists and 10,000 visitors. The event combines assessments, tests and demonstrations with forums and conferences to evaluate progress and explore avenues toward enhanced, clean, safe and connected mobility. Together, the stakeholders can get involved and promote promising programs

and policies in response to sustainable mobility issues, which are part and parcel of social and economic development.

Back to the future. During the first Challenge Bibendum in 1998, Nissan presented a prototype car equipped with a lithium battery. Today, there are



Michelin in action

cars on the road using this technology. At the 2007 Challenge Bibendum in Shanghai, Renault unveiled a Logan emitting just 72 grams of CO₂ per kilometer in normal driving conditions...and the race to low emissions was on. In 2010, the Rio summit brought proof that a target of 50 grams of CO₂ per

kilometer was feasible with certain technologies and, in 2011, the Berlin event confirmed that fuel-cell batteries could find a market. The 12th Challenge Bibendum this November in Chengdu, China is bound to have something new in store.

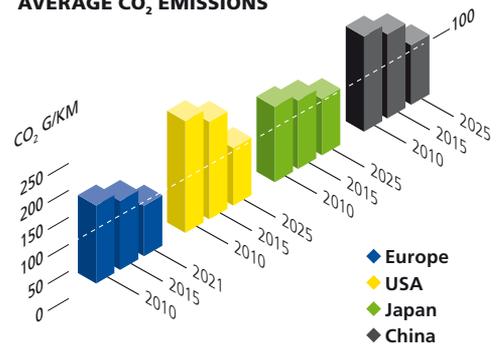


17

electric vehicles are provided to Michelin employees for traveling between sites in the Clermont-Ferrand metropolitan area.

Tightening CO₂ emissions regulations are helping Michelin's low rolling resistance technologies find favor with automobile manufacturers.

AVERAGE CO₂ EMISSIONS



2021/2025: Proposed new emissions standards. Source: EU Commission, NHTSA, JAMA, ICCT.

EMPLOYEES AND SOCIETY

IMPROVE EVERYONE'S QUALITY OF LIFE THROUGH SUSTAINABLE MOBILITY



Contribute to the development of a circular economy by advocating renewable and recycled solutions

Our goals

- ◆ Find sustainable alternatives to petroleum-based elastomers.
- ◆ Optimize end-of-life tire recycling.

2020 Objective

◆ **30% of the raw materials used by Michelin to make tires will be from renewable sources or recycled end-of-life tires.**



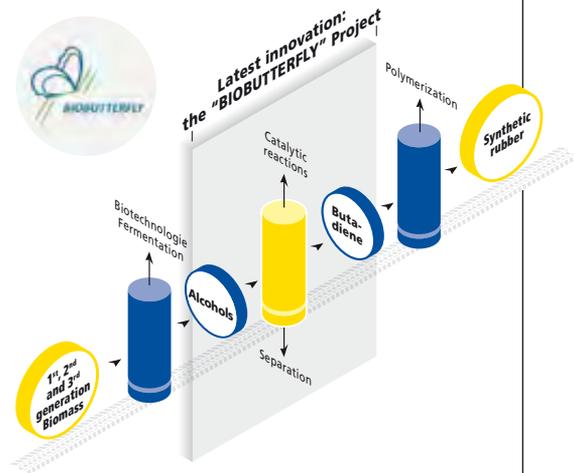
Michelin in action

Optimize. Michelin is deploying a strategy called "4R" for "Reduce, Reuse, Recycle and Renew", which consists of optimizing all stages in the life of a tire, from designing it and choosing its raw material inputs to maintaining the tire during use and recycling it at the end of its lifespan. This is a winning strategy on all fronts, for customers, for the environment, and for Michelin.

Reduce. Tires that are designed to be lighter take less raw material to make and are more fuel efficient throughout their lifecycle. Extending tire life serves to maximize the value of the resources used. The exceptional longevity of MICHELIN tires, combined with their uncompromising safety, is a major, as-yet unrivalled facet of the MICHELIN Total Performance commitment. Michelin's comprehensive tire

management solutions, invoiced on a per-kilometer, per-tonne or per-landing basis, further contribute to tire longevity.

Recycle. In Clermont-Ferrand, Michelin recently inaugurated the first running track made from 9,000 recycled tires. End-of-life tires can also be used as surface covering for playgrounds, playing fields, roadways and other applications that can exploit their flexibility and



In Clermont-Ferrand (France), Michelin recently inaugurated the first running track made from 9,000 recycled tires.

Michelin in action

ability to absorb shocks, create bounce and attenuate sound. Used as fuel in steel mills and cement plants, but also as additives to anti-seismic reinforced concrete, as raised road markers, wheel barrows and artificial turf, these tires can now be fully recycled.

Reuse. Recycling tires to make new tires is the aim of various Michelin research programs currently underway, with a focus on recovering and reusing butadiene with no loss of performance. Biotechnologies are also being

tested to de-vulcanize tires into a fine powder that can be integrated into the tire manufacturing process.

Renew. Michelin has already entered into three partnerships to create joint ventures in bio-sourced elastomers. With Amyris, a manufacturer of renewable fuels and chemicals, Michelin is developing and marketing the renewable isoprene No Compromise®. With Axens and IFPEN, it has forged a research alliance to develop butadiene from biomass. In addition, to supply this

project with the alcohol it requires, Michelin has partnered with Tereos in the field of agricultural raw material processing.



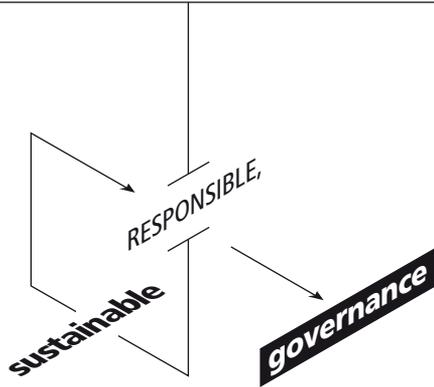
Our major challenge is growth

Tire markets and, in a broader sense, demand for mobility are undoubtedly going to expand. We are putting into place all the levers the Group needs to capitalize on these trends, by building the fundamentals that will underpin our growth for the next twenty years.



“Results aren’t the only thing that matter; we also care about how they are achieved. In all our host countries, we are deeply committed to conducting our business in line with our values.”

**Jean-Dominique Senard,
Chief Executive Officer**



At Michelin, corporate governance is a robust process focused on long-term responsibility. The separation of powers between Management and the Supervisory Board is real. The Board acts independently and the Managing Partner has full management responsibility.



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 Managing General Partners, they have joint and several personal liability for the Company's debt. Since 2011, the term of office of future Managing Partners – whether Managing General Partners or Non-General Managing Partners – has been limited to four years, renewable and revocable. This is the case for Jean-Dominique Senard, elected Managing General Partner at the May 13, 2011 Annual Meeting.

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.

Following Louis Gallois' resignation, the Supervisory Board now has seven members, all qualified as independent, three of which are women. Given that the terms of six members expired simultaneously in 2013, a resolution was voted at the Annual Meeting of May 17, 2013 to amend the bylaws concerning the duration of terms of office, so as to stagger the terms. The amendment was made in compliance with the AFEP/MEDEF Corporate Governance Code guidelines.

Accordingly, shareholders re-elected Barbara Dalibard and Louis Gallois for another two-year term and elected four new members: Anne-Sophie de La Bigne and Jean-Pierre Duprieu for a three-year term, and Olivier Bazil and Michel Rollier for a four-year term. The Supervisory Board is chaired by Michel Rollier. The Supervisory Board as a whole performs the duties generally assigned to a Compensation Committee. It has created a separate Audit Committee made up of three members: Olivier Bazil, the committee chairman, Anne-Sophie de La Bigne and Jean-Pierre Duprieu.



**Eric Bourdais de la Charbonnière
Chairman of the Supervisory Board
of Michelin from 1989 to May 2013**

"Looking back, I can appreciate how far our teams have come. When I joined Michelin in the spring of 1990, the debt burden that had accumulated during

years of rapid growth was becoming unbearable. It took a lot of perseverance and tenacity to dissolve that debt and then go on to achieve a six-fold increase in the share price. We will have to face new difficulties in the future, but we are a solid organization and will find new answers to the challenges that global economic change presents. (...) There are many reasons why I can look to the future with confidence.

Firstly, Jean-Dominique Senard (...) shares the same values, the same focus on innovation and the same commitment to the company's long-term sustainability. Secondly, I am leaving the chairmanship of the Supervisory Board to someone who will ensure its competence and independence.

Lastly, we see daily proof that the spirit of responsibility inherent to the role of General Managing Partner is perfectly compatible with the principles of modern corporate governance."

Ethics and risk management, a common foundation, a shared commitment

- ◆ Michelin Performance and Responsibility: A Better Way Forward
- ◆ Governance Manual
- ◆ Code of Ethics
- ◆ Quality Statement
- ◆ Moving Forward Together
- ◆ Security Charter
- ◆ Social networks Charter
- ◆ Michelin Purchasing Code

The Michelin organization

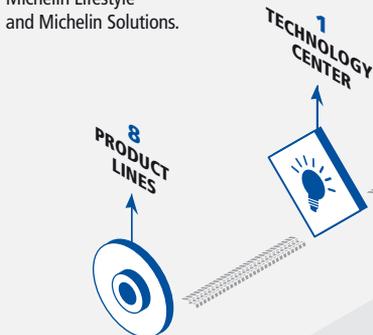
8 Product Lines, each with its own marketing, development, production and sales resources: Passenger Car and Light Truck tires, Truck tires, Specialty product lines (Aircraft, Earthmover, Agricultural and Two-Wheel), Materials and Other Businesses with Michelin Travel Partner, Michelin Lifestyle and Michelin Solutions.

1 Technology Center, with teams in Europe, North America, South America and Asia.

2 tire Distribution Networks: Euromaster and TCI.

13 Corporate Departments

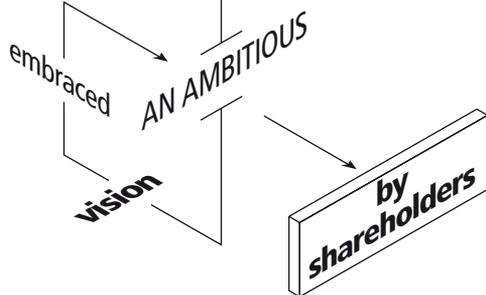
4 Performance Divisions



8 Regions that ensure the regional deployment of the Group's strategic vision and provide the resources needed to support the Product Lines: North America, South America, Europe, Eastern Europe, ASEAN/Australia, China, Japan/South Korea and Africa/India/Middle East.

13 Corporate Departments that support the Product Lines and the Technology Center and impel general corporate policies.

4 Performance Divisions: Research-Development, Process Engineering, Manufacturing, Sales and Marketing, and Supply Chain and Logistics.



By investing in Michelin, shareholders are supporting its New Phase of Dynamic Growth, which is led by its powerful innovation capabilities, constantly improving competitiveness and strong growth momentum. They are also participating in the process of moving forward together and sharing the major sustainable development objectives that Michelin has set out for 2020. Over 210,000 shareholders put their trust in Michelin.

Meaningful dialogue

In May 2013, more than 1,800 people attended the Annual Shareholders Meeting in Clermont-Ferrand. Seven meetings were organized for individual shareholders in Paris and the provinces as part of the Salon Actionaria investor fair. In addition, Michelin participated in road shows in around twenty countries during the year in a commitment to ongoing dialogue with analysts and investors.

A team dedicated to individual shareholders

A dedicated Shareholder Relations team acts as a preferred point of contact for the entire investor relations process. It 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 notaires and heirs.

The shareholder consultative committee

The active and enterprising Shareholder Consultative Committee, which celebrated its tenth anniversary in 2013, comprises shareholders from various backgrounds. Through its input and recommendations, the Shareholder Consultative Committee helps to improve the quality of our financial and image communication with individual shareholders. Each member contributes his or her vision of the various issues on the agenda, at meetings that are held at least twice a year. The Committee includes a maximum of 14 members, of whom two are employee shareholders. Members

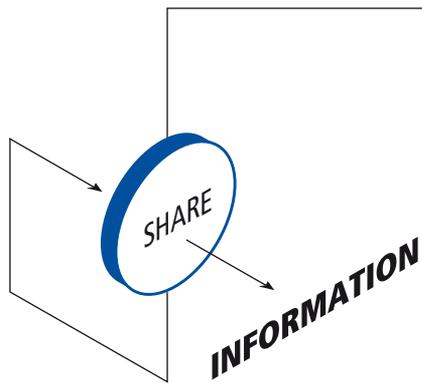
serve four-year terms, with one-third being replaced every year. The Committee met twice in 2013 and its members actively participated in the Annual Shareholders Meeting and the Actionaria investor fair.

The recommended 2013 dividend of €2.50* per share represents a dividend payout rate of 35.0%

*Subject to approval by shareholders at the Annual Meeting on May 16, 2014.

Michelin shareholders include 133,078 individuals, 77,840 employees in 49 countries and 3,523 institutional investors.

Meetings with shareholders in 18 French cities over the past three years



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**
- ◆ **Traded in units of: 1**
- ◆ **Number of shares: 185,789,643**, all fully paid up

Market capitalization
€14,352 billion
 at December 31, 2013

Average daily trading volume
719,464 shares in 2013

Stock index weighting
at December 31, 2013

- ◆ 1.70% of the CAC 40 index
- ◆ 0.74% of the Euronext 100 index

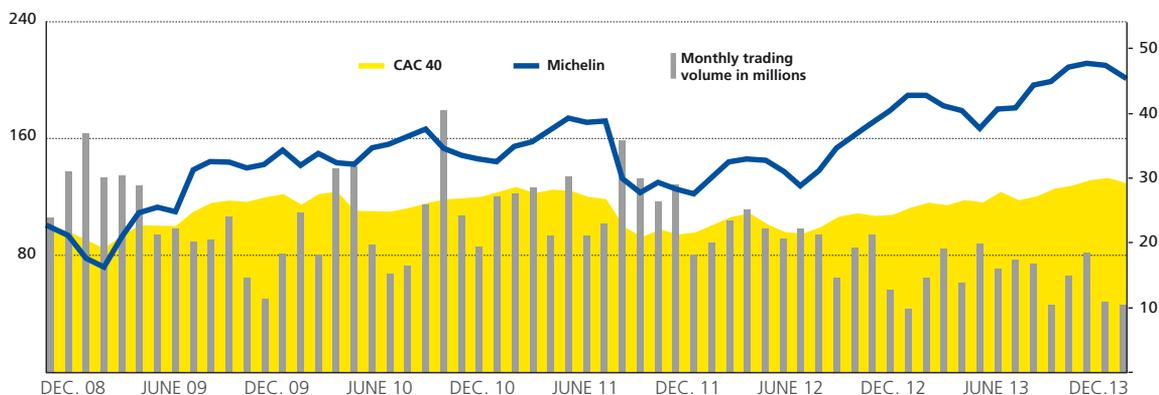
Socially Responsible Investing (SRI)

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

SHARE PERFORMANCE, 2008-2013

BASE 100: DECEMBER 31, 2008

MONTHLY TRADING VOLUME IN MILLIONS



SHARE PRICE IN €

	2013	2012	2011	2010	2009
High	84.71	72.58	68.54	64.51	58.67
Low	57.23	45.32	40.20	48.13	22.69
Closing price, end of period	77.25	71.59	45.68	53.70	53.58
Change over the period	+7.91%	+56.7%	-14.9%	+0.2%	+42.6%
Change in the CAC 40 over the period	+18.0%	+15.2%	-20.4%	-3.3%	+22.3%

PER-SHARE DATA IN €

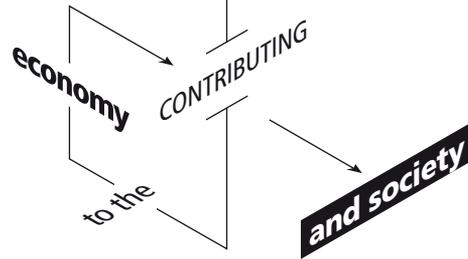
	2013	2012	2011	2010	2009
Net assets per share	49.8	46.6	45.9	46.0	37.2
Basic earnings per share	6.08	8.62	8.14	6.78	0.69 ⁽¹⁾
Diluted earnings per share ⁽²⁾	5.98	8.41	7.97	6.64	0.69 ⁽¹⁾
Price-earnings ratio	12.7	8.3	5.6	7.9	77.7
Dividend for the year	2.50*	2.40	2.10	1.78	1.00
Pay-out ratio	35.0%	28.7%	30%	30%	140.8%
Yield ⁽³⁾	3.2%	3.4%	4.6%	3.3%	1.9%

* To be submitted to shareholder approval at the Annual Meeting on May 16, 2014.

(1) 2009 earnings have been restated to take into account the impact of the October 2010 rights issue.

(2) Earnings per share adjusted for the effect on net income and on the average number of shares of the exercise of outstanding dilutive instruments.

(3) Dividend/share price at December 31.



Michelin contributes to economic and social activity in

170 countries

More than 170 million cars and vans and 11 million trucks and buses ride on tires produced by Michelin.

Michelin also equips thousands of aircraft, tens of thousands of agricultural, handling and earthmover vehicles, and millions of two-wheels.

In 2013, more than 171 million tires and 13 million maps and guides were produced at 67 facilities in 17 countries.

Group products are marketed in more than 170 countries.

Michelin has forged partnerships with 800 Euromaster franchisees in Europe, 68 TCi centers in North America, 1,150 TYREPLUS franchisees in seven countries and 1,612 MICHELIN Truck Service Centers in 16 fast-growing countries.

 **Michelin also has 54 Michelin Lifestyle license partners, who have chosen the MICHELIN brand to stimulate their product sales.**

 **Michelin has 111,200 employees, of whom 5,800 were hired in 2013. Employee wages, payroll taxes and benefits amounted to €5.3 billion in 2013.**

 **Michelin donated €14.8 million and its employees devoted 16,482 days of paid work to community service programs in 2013.**

 **More than 600,000 people produce the natural rubber used by Michelin.**

 **Michelin has 45,000 suppliers, from whom it purchased €13.1 billion in goods and services in 2013.**

 **A supporter 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 has forged an unusual partnership in India to educate children about road safety. Nearly 100,000 children have benefited to date.**

 **In Europe, Michelin Development supported 173 companies in four countries and helped to create 1,648 jobs in 2013.**

 **The Group paid €575 million in taxes to governments and local authorities in 2013.**

The global tire market

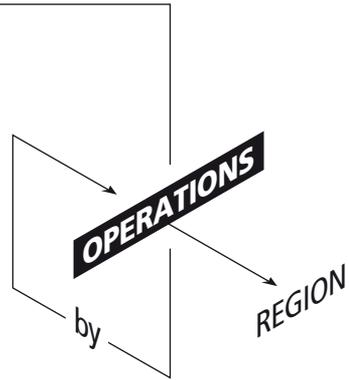
Around \$190 billion⁽¹⁾

60% light vehicles

30% trucks⁽²⁾

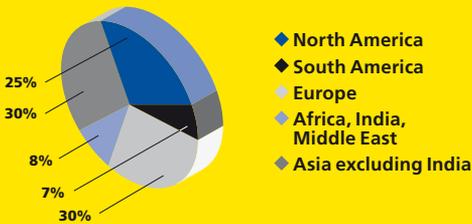
25% original equipment

75% replacement⁽²⁾



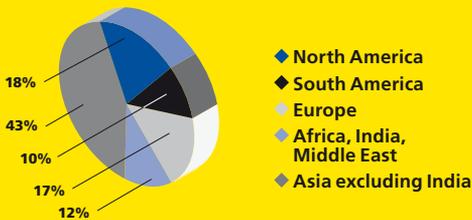
Car and light truck

1.4 billion tires⁽²⁾



Truck and bus

136 million tires⁽²⁾



Expected growth⁽²⁾

**1% to 2% per year
in mature markets**

**5% to 10% per year
in new markets**

**500 million fuel-efficient,
low carbon emission tires sold
as original equipment in 2020,
up 200 million in 10 years.**

(1) Tire Business, August 2013.
(2) Michelin estimate.

2013 NET SALES BY REGION

AS A% OF THE TOTAL

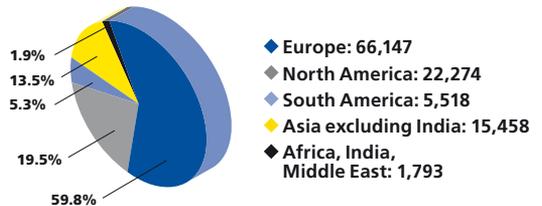
€20,247
in €M



EMPLOYEES ON PAYROLL BY REGION

AS A% OF THE TOTAL

111,190
people



Michelin holds a 14% share of the global market in value⁽¹⁾

Group sales in growth markets have risen by 6% in the past three years

Main developments

Michelin is improving its competitiveness in mature markets and speeding its expansion in growth markets, in line with changing global tire demand.

€2 billion invested in 2013

North America

Components and Semi-Finished Products: rubber production capacity increased at the Starr, SC plant in the United States.

Earthmover tires: capacity increased at the two Lexington, SC plants and new facility built on the Anderson, SC site in the United States.

Truck tires: facilities modernized and capacity increased at the Waterville plant in Nova Scotia, Canada.

South America

Earthmover tires: capacity increased at the plant in Campo Grande, Brazil.

Truck, Car and Light Truck tires: production discontinued in Colombia and sales & marketing resources enhanced.

Asia (excluding India)

Truck, Car and Light Truck tires: new plant inaugurated in Shenyang 2, China.

Europe

R&D: global R&D center modernized in Ladoux and new testing equipment installed at the Fontage test center in France.

Car and Light Truck tires: production capacity expanded at the Tigar plant in Serbia.

Truck tires: French operations consolidated at the La Roche-sur-Yon plant.

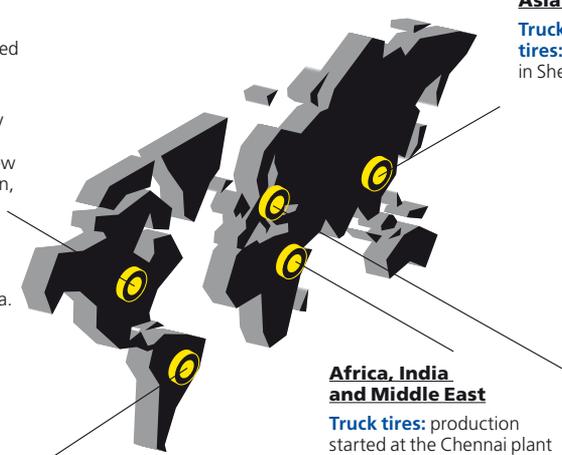
Components and Semi-Finished Products, Earthmover and Agricultural tires: capacity increased at the Montceau-les-Mines, Le Puy and Troyes sites in France.

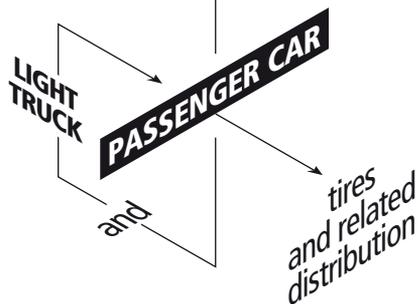
Agricultural tires: new equipment installed at the plant in Olsztyn, Poland.

Africa, India and Middle East

Truck tires: production started at the Chennai plant in India.

Truck tires: production discontinued in Algeria.





2013 SALES

21% original equipment
79% replacement

74% mature markets
26% growth markets

IN € MILLIONS	2013	2012	2013 / 2012
Net sales	10,693	11,098	-3.7%
Operating income ⁽¹⁾	1,086	1,033	+5.1%
Operating margin ⁽¹⁾	10.2%	9.3%	+0.9 pt

(1) Before non-recurring items.

2013 global market trends

COMPARED WITH 2012

	ORIGINAL EQUIPMENT	REPLACEMENT
Europe	+1%	-0%
North America	+5%	+5%
South America	+5%	+10%
Asia, excluding India	+5%	+6%
Africa, India, Middle East	-6%	+4%
Total	+3%	+3%

No.1

The world leader
in energy-efficient
tires



30 facilities
in 16 countries



Operating margin
of 10% to 12%⁽¹⁾

(1) Before non-recurring items.

2013 initiatives & achievements

- ◆ **MICHELIN Primacy 3ST is launched in Southeast Asia and Australia.**
- ◆ **Three MICHELIN tire ranges – Summer, Winter and All Season – are selected to equip the new Porsche Panamera worldwide.**
- ◆ **MICHELIN Pilot Sport Cup 2 is chosen for the Mercedes-Benz SLS AMG Coupé Black Series, Ferrari 458 Speciale and Porsche 918 Spyder; MICHELIN Pilot Super Sport ZP is selected for Chevrolet's 2014 Corvette Stingray Convertible.**

No1

The world leader
in new and retreaded
radial truck tires



26 facilities
in 15 countries

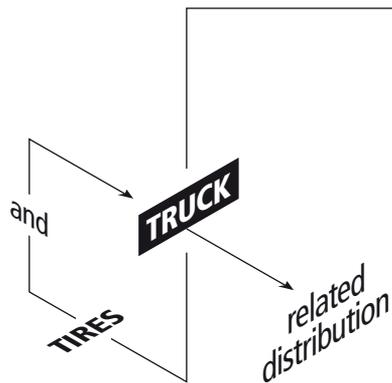


Operating margin
of 7% to 9%⁽¹⁾

(1) Before non-recurring items.

2013 initiatives & achievements

- ◆ Michelin introduces its fifth-generation fuel-efficient Truck tire range, MICHELIN X LINE Energy.
- ◆ Michelin launches MICHELIN solutions to optimize customer fleet tire management and commits to results.
- ◆ The Chennai plant in India produces its first MICHELIN radial Truck tire.
- ◆ Michelin and Iveco introduce the first fully electric bus with motorized wheels.



2013 sales

24% original equipment
76% replacement

56% mature markets
44% growth markets

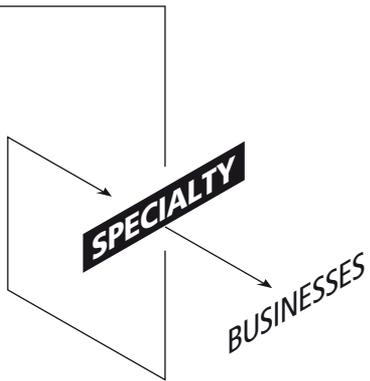
IN € MILLIONS	2013	2012	2013 / 2012
Net sales	6,425	6,736	-4.6%
Operating income ⁽¹⁾	503	444	+13.3%
Operating margin ⁽¹⁾	7.8%	6.6%	+1.2 pt

(1) Before non-recurring items.

2013 global market trends

COMPARED WITH 2012

	ORIGINAL EQUIPMENT	REPLACEMENT
Europe	+4%	+8%
North America	-7%	-2%
South America	+40%	+10%
Asia, excluding India	+12%	+5%
Africa, India, Middle East	-13%	+8%
Total	+6%	+5%



2013 SALES

53% mature markets

47% growth markets

IN € MILLIONS	2013	2012	2013 / 2012
Net sales	3,129	3,640	-14.0%
Operating income ⁽¹⁾	645	946	-31.7%
Operating margin ⁽¹⁾	20.6%	26.0%	-5.4 pt

(1) Before non-recurring items.



**14 facilities
in 7 countries**



**Operating margin
of 20% to 24%⁽¹⁾**

(1) Before non-recurring items.

2013 initiatives & achievements

- ◆ Michelin launches new tires for articulated dump trucks and cargo-handling equipment, and adds four new 25-inch tire sizes.
- ◆ Chinese manufacturer XCMG chooses MICHELIN tires for its large-size loaders.
- ◆ In North America, the Group launched MICHELIN OperTrack, an online tire management system, and MICHELIN Tweel, an airless tire and wheel combination well suited to skid steer loaders because it never goes flat.
- ◆ Michelin presents MICHELIN AxioBib 2m32, by far the world's largest, most robust tractor tire.
- ◆ MICHELIN AIR X is certified to equip new Airbus, Boeing Bombardier, Cessna and Lockheed Martin aircraft.
- ◆ Michelin brings six new tires to the global marketplace, covering all motorcycle classes, and one new winter tire for scooters.

No 1

The world leader
in radial earthmover,
agricultural
and aircraft tires

The european leader
in motorcycle
and scooter tires

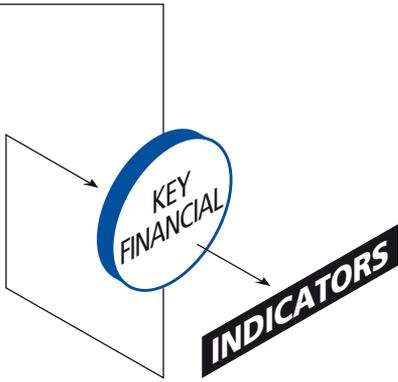
The european leader
in maps, guides
and digital travel-
support services

More than 16.5 million
Michelin Lifestyle-
licensed products
sold in 2013

2013 initiatives & achievements

- ◆ Michelin Travel Partner launches a travel application for iPhone and Android.
- ◆ Michelin Lifestyle renews its partnership with tennis equipment company Babolat and forges a partnership with boot maker Le Chameau.

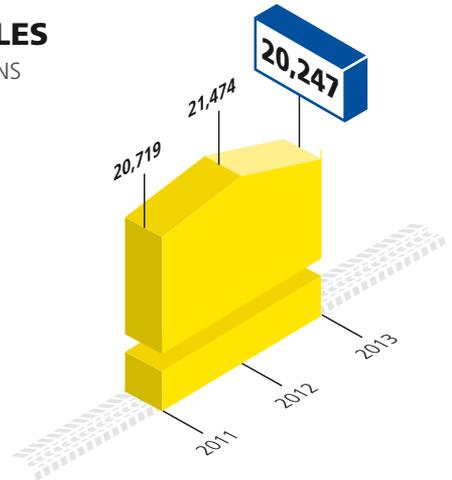




Free cash flow of €1,154 million

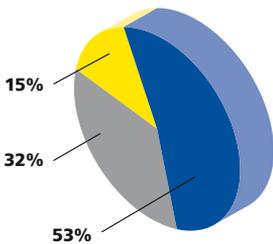
Michelin's high-quality 2013 results in difficult markets attest to the intelligence and effective deployment of its strategy.

NET SALES IN € MILLIONS



2013 NET SALES BY BUSINESS

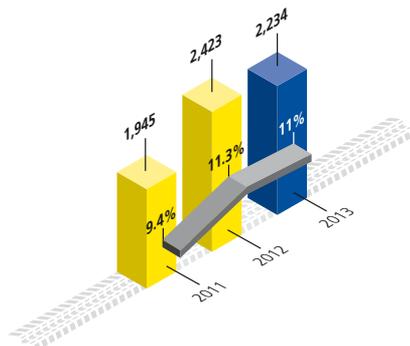
AS A % OF TOTAL IN THE CHART, IN € MILLIONS AND % CHANGE 2013/2012 BELOW THE CHART



- ◆ 10,693 / -3.6% Passenger Car and Light Truck Tires & Related Distribution
- ◆ 6,425 / -4.6% Truck Tires and Related Distribution
- ◆ 3,129 / -14.0% Specialty Businesses

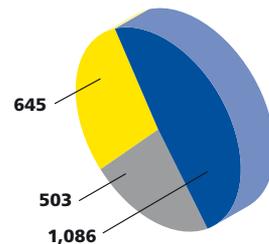
OPERATING INCOME⁽¹⁾ IN € MILLIONS

OPERATING MARGIN⁽¹⁾
AS A % OF NET SALES



2013 OPERATING INCOME⁽¹⁾ BY BUSINESS

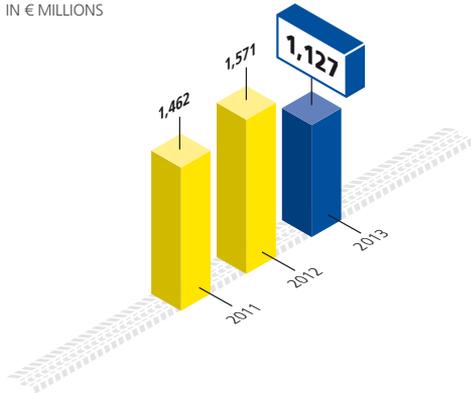
IN € MILLIONS IN THE CHART, AS A % OF NET SALES AND 2013/2012 CHANGE IN POINTS BELOW THE CHART



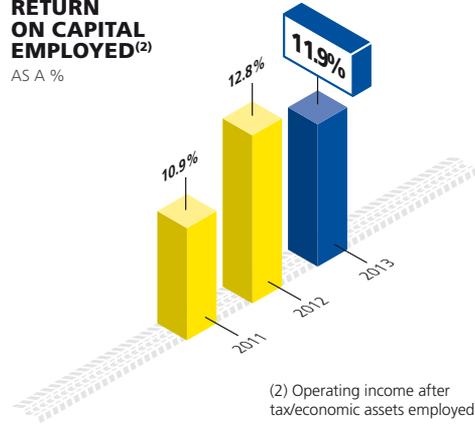
- ◆ 10.2% / +0.9 pt Passenger Car and Light Truck Tires & Related Distribution
- ◆ 7.8% / +1.2 pt Truck Tires and Related Distribution
- ◆ 20.6% / -5.4 pt Specialty Businesses

(1) Before non-recurring items.

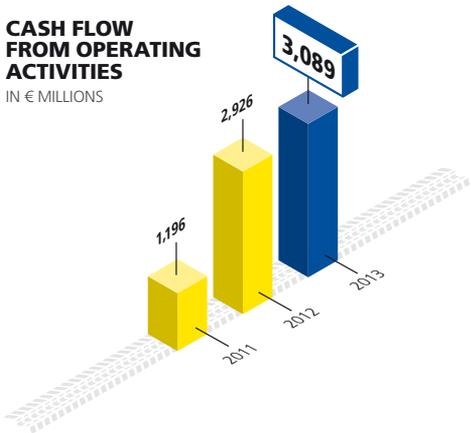
NET INCOME
IN € MILLIONS



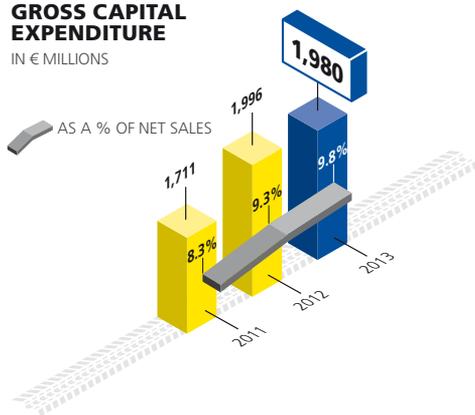
RETURN ON CAPITAL EMPLOYED⁽²⁾
AS A %



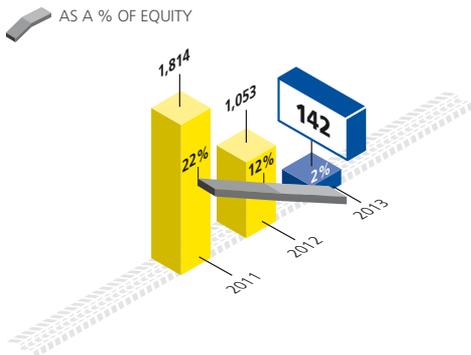
CASH FLOW FROM OPERATING ACTIVITIES
IN € MILLIONS



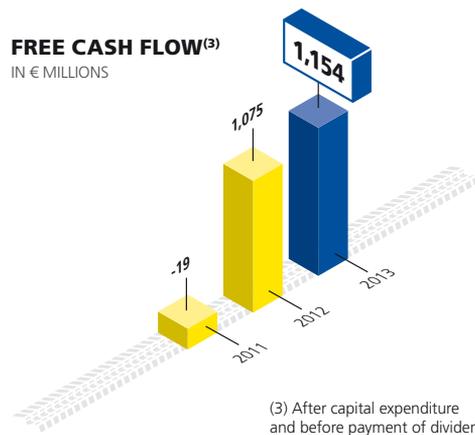
GROSS CAPITAL EXPENDITURE
IN € MILLIONS

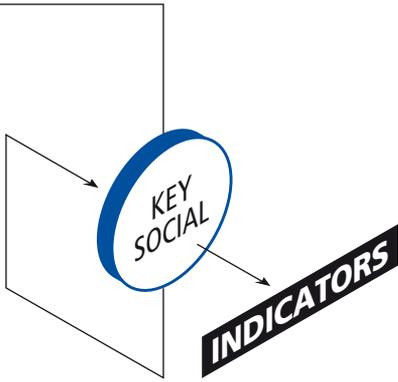


NET DEBT
IN € MILLIONS AND



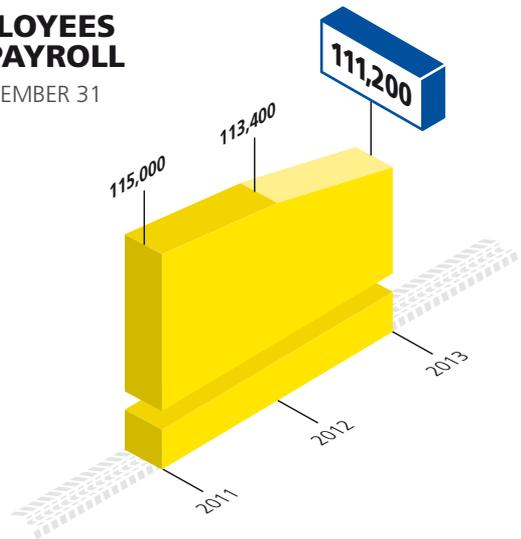
FREE CASH FLOW⁽³⁾
IN € MILLIONS



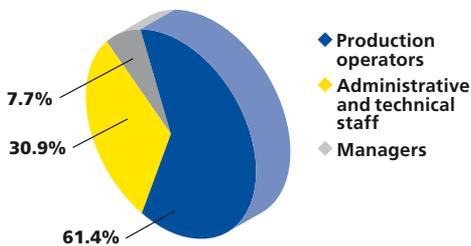


Michelin hired and trained 5,869 employees in 2013

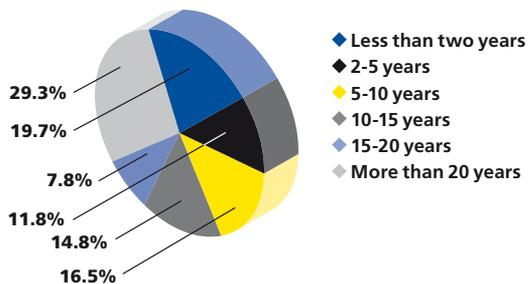
EMPLOYEES ON PAYROLL AT DECEMBER 31



2013 EMPLOYEES BY JOB CATEGORY EXCLUDING DEALERSHIP NETWORKS



2013 EMPLOYEES BY LENGTH OF SERVICE



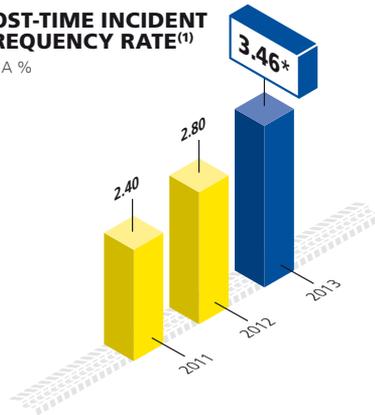
To find out more, please refer to the employee data table on page 166 of the Registration Document.

Safety

**20 PLANTS
RECORDED
NO LOST-TIME
INCIDENTS IN 2013**

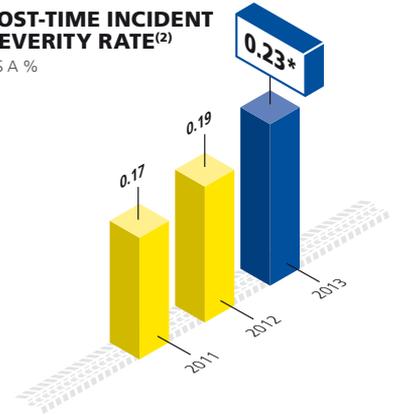
LOST-TIME INCIDENT FREQUENCY RATE⁽¹⁾

AS A %



LOST-TIME INCIDENT SEVERITY RATE⁽²⁾

AS A %



Diversity

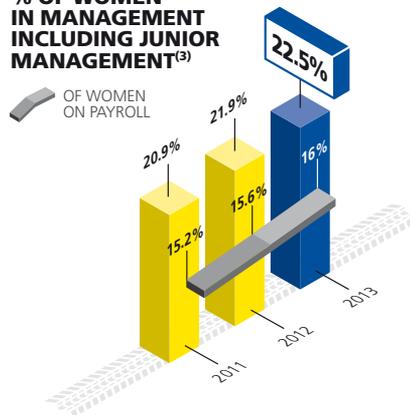
**47% OF TOP
MANAGERS*
ARE NOT FRENCH.**

* Employees with a level of individual responsibility of A to I, according to the Hay method used by the Group

**IN FRANCE, 39% OF
LOCAL PRODUCTION
LINE AND STAFF
MANAGERS WERE
INITIALLY HIRED AS
LINE OPERATORS.**

% OF WOMEN IN MANAGEMENT INCLUDING JUNIOR MANAGEMENT⁽³⁾

OF WOMEN
ON PAYROLL



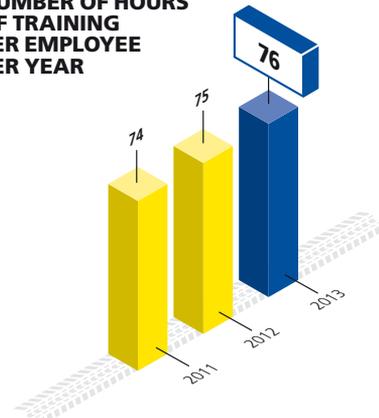
Of the 600

**executive managers
on payroll in 2013,
80% were hired internally.**

Training

**AN AVERAGE €2,770
INVESTED IN EACH
PERSON TRAINED IN
2013**

NUMBER OF HOURS OF TRAINING PER EMPLOYEE PER YEAR



50,462

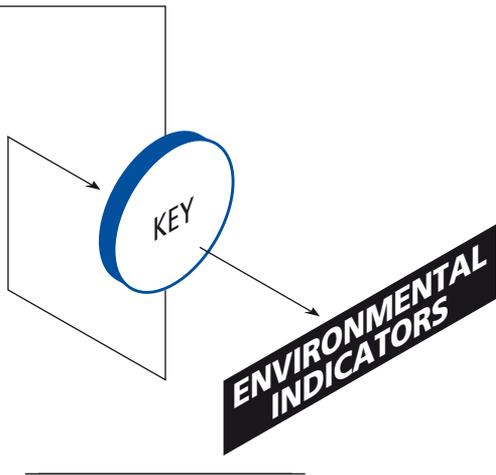
**progress
and innovation ideas
submitted in 2013**

72%

**employee
engagement rate**

Annual internal survey, 2013 – 80% participation rate

(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) Employees with a level of individual responsibility of A to N, according to the Hay method used by the Group.
* Including dealership networks.



Michelin on track to meet objectives

The Michelin Environmental Footprint (MEF) measures the environmental impact of the manufacturing, logistics 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 5% reduction was achieved in 2013.

MEF Basic components and weighting



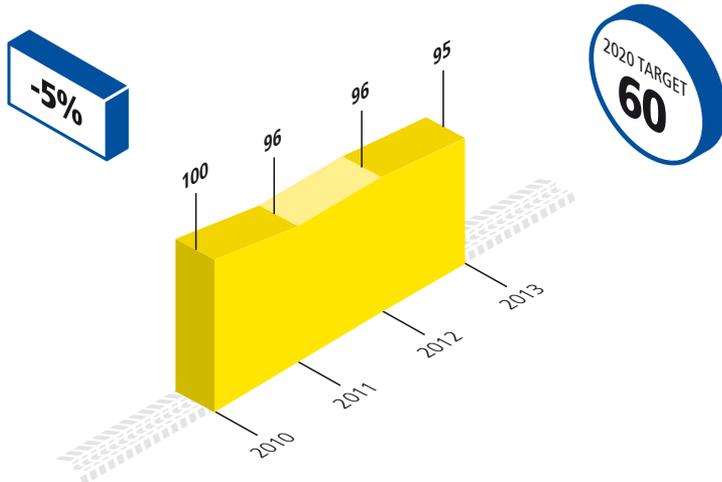
Objective: a 40% reduction by 2020, compared with 2010

* Volatile organic compounds

Components Weighting

Resources consumption	Energy	15
	Water	15
Emissions	VOCs*	25
	CO ₂	15
Waste	Total weight produced	15
	Total weight landfilled	15
		100

REDUCTION IN THE MEF SINCE 2010



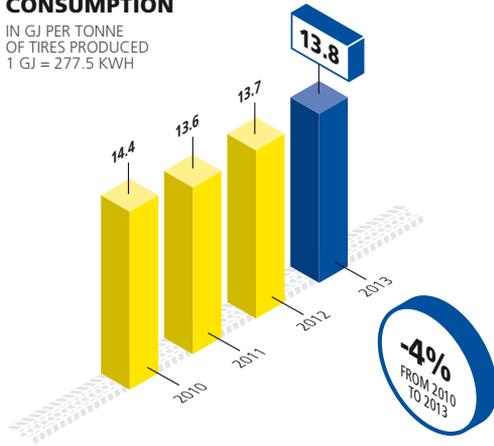
100%

As of end-2013, all Technology Centers and production facilities were ISO 14001-certified.

Data related to all of these indicators have been reviewed by PricewaterhouseCoopers, whose review report may be found on page 193 of the 2013 Registration Document. To find out more, please refer to the environmental data table on page 183 of the Registration Document.

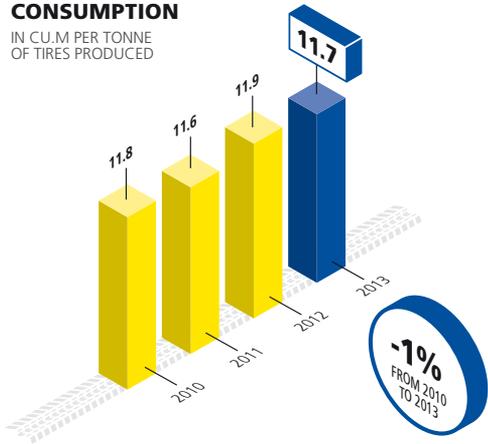
ENERGY CONSUMPTION

IN GJ PER TONNE OF TIRES PRODUCED
1 GJ = 277.5 KWH



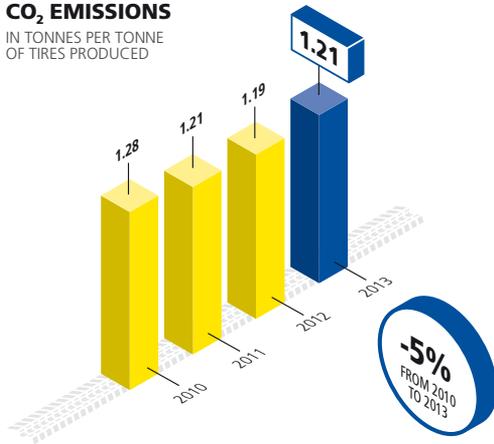
WATER CONSUMPTION

IN CU.M PER TONNE OF TIRES PRODUCED



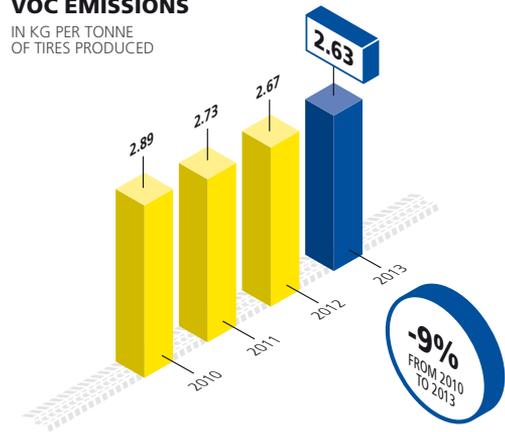
CO₂ EMISSIONS

IN TONNES PER TONNE OF TIRES PRODUCED



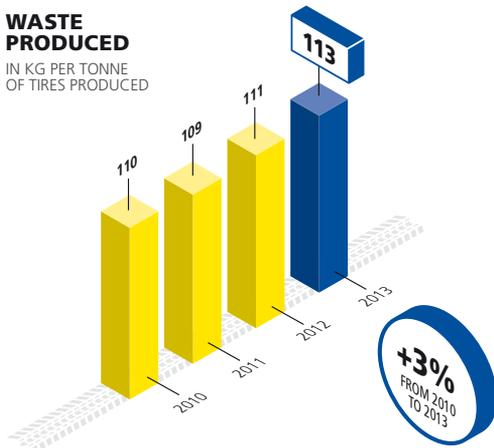
VOC EMISSIONS

IN KG PER TONNE OF TIRES PRODUCED



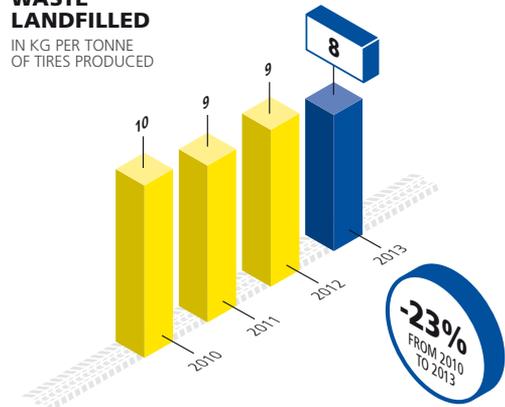
WASTE PRODUCED

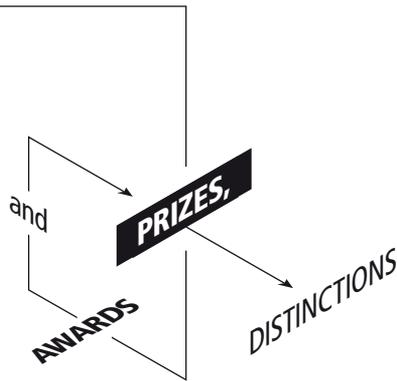
IN KG PER TONNE OF TIRES PRODUCED



WASTE LANDFILLED

IN KG PER TONNE OF TIRES PRODUCED





A respected company

- ◆ Michelin was one of the 13 French companies included in *Fortune Magazine's* annual ranking of the 500 most admired companies in the world.
- ◆ Michelin ranked 21st out of 100 international companies evaluated in a 2013 Reputation Institute survey including more than 55,000 consumers in 15 countries.
- ◆ In France, according to the 2013 Reputation Institute and Burson-Marsteller i&e survey, Michelin was the year's second 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 "confidence" and "service quality" categories of the 2013 Publics-Reputation ranking by Viavoice for Syntec Conseil RP, which also evaluates companies based on their environmental and social responsibility, global presence and outlook.

A committed company

- ◆ The Reputation Institute's 2013 CSR RepTrak® 100 study ranked Michelin among the top 25 global companies in terms of corporate social responsibility and second among French companies in the listing.
- ◆ Regularly rated for its CSR performance, Michelin is included 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 (SAM) on behalf of the DJSI.
 - Silver Class in RobecoSAM's 2014 Sustainability Yearbook.
 - NYSE Euronext Vigeo Europe 120 index (based on Vigeo ratings).
 - Since 2011, Ethibel Sustainability Index (ESI) Europe in the Excellence category of the Ethibel Investment Register.
- ① 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.

An innovative company

- ◆ Michelin won Gartner's 2013 Master Data Management (MDM) Excellence Award, recognizing the effective contribution of its data management strategies to business development.
- ② Michelin was ranked among the Thomson Reuter 2013 Top 100 Global Innovators for the third consecutive year. Only 22 European companies were included in the selection.
- ◆ Michelin received the Innovation Award from the American Society of Agricultural and Biological Engineers (ASABE) in honor of its high-performance MICHELIN YieldBib tire combining low soil compaction with output and fuel economy gains.

The preferred tire

- ◆ According to the J.D. Power research company, Michelin ranked number one in customer satisfaction for original equipment tires in North America in three segments: Luxury, Passenger Car and Truck/Utility.
- ◆ Michelin tied with Conti for first place as Germany's preferred tire brand.
- ◆ Also in the J.D. Power rankings, for the tenth year in a row, Michelin was rated the best in customer satisfaction for winter tires in Japan.
- ◆ Michelin ranked as China's favorite tire brand.

VIDEO

**Champions
in every category**



Valued communications

◆ Michelin's 2012 annual report ranked among the top 50 worldwide and second in the automotive sector in ReportWatch's Annual Report on Annual Reports 2013.

3 Michelin was awarded the 2013 Best Annual Meeting Award in the CAC 40 category for "the meeting's comprehensive coverage and the clear presentation of the Company's business model."

◆ The Michelin Carrières France talent recruitment Facebook page took first place in the HR IDEA 2013 ranking, which measures the attractiveness and engagement of CAC 40 HR recruiters in the digital space.

◆ Michelin's internal newsletter, *BibNews*, received the 2013 Top Com Silver Medal in its category. Available in 21 localized editions, the newsletter informs and federates the Group's 113,000 employees.

◆ During the Actionaria investor fair in Paris, at the Awards Ceremony of the French Federation of Employee Shareholder Associations (FAS), Michelin received the "Jury's Favorite" Prize for its effective 2013 employee shareholder plan communications.

A highly appreciated brand

◆ The world's number one tire brand, MICHELIN ranked 265th among the world's most valuable brands in the 2013 BrandFinance® Global 500 report, and was valued at an estimated \$4.3 billion, up \$481 million on the previous year.

◆ For the seventh consecutive year, Michelin was granted the Best Image Award in the transport sector by the German magazine *VerkehrsRundschau* in 2012 and, for the sixth time, was voted Best Brand by German sport motorcycle magazine *PS*.

The winning tire

◆ Michelin earned its 21st Drivers' title and 23rd Manufacturers' crown at the FIA World Rally Championship, with Sébastien Ogier and Julien Ingrassia behind the wheel and the Volkswagen Motorsport team partnering the Group for the first time at the event.

◆ Michelin scored a victory in every category at the 2013 Dakar Rally, its 16th win in cars, 30th in trucks and 31st in motorcycles.

4 Michelin scored its 12th shared victory with Audi and 16th straight victory at 24 Hours of Le Mans.

◆ MICHELIN tires set a new record for electric vehicle speed, with driver Lord Drayson reaching 333.23 km/h in a prototype weighing less than 1,000 kilograms.

1



2

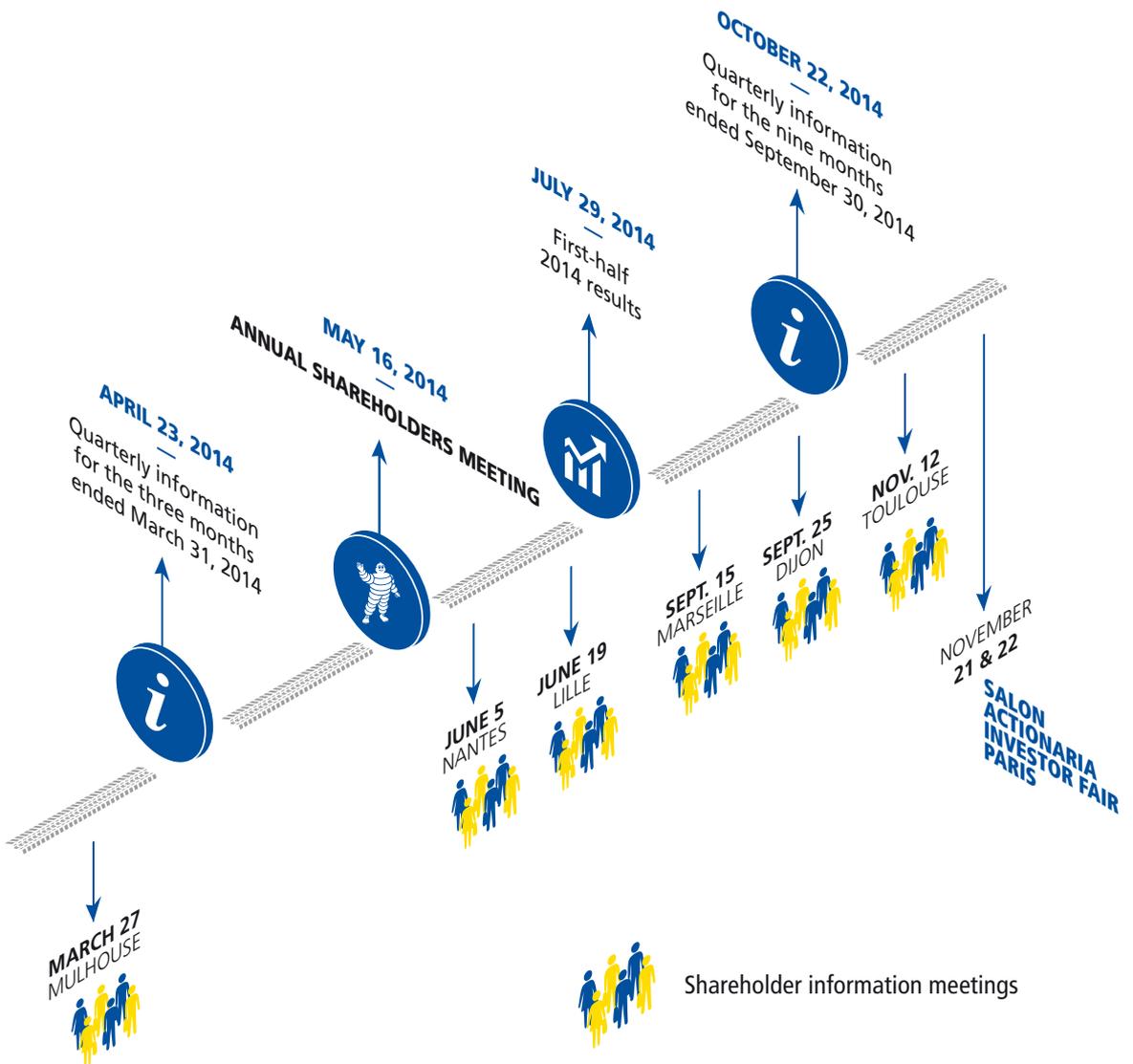
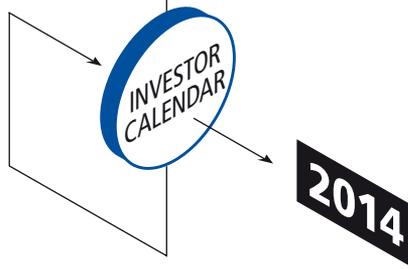


3



4







CONTACTS

MICHELIN

+ 33 (0) 4 73 32 20 00
23, place des Carmes-Déchaux
63040 Clermont-Ferrand Cedex 9 – France
www.michelin.com

INVESTOR RELATIONS

Valérie Magloire
Matthieu Dewavrin
+ 33 (0) 1 78 76 45 36
27, cours de l'Île Seguin,
92100 Boulogne-Billancourt – France
investor-relations@fr.michelin.com

INDIVIDUAL SHAREHOLDER RELATIONS

Jacques Engasser
+ 33 (0) 4 73 98 59 08
12, cours Sablon
63040 Clermont-Ferrand Cedex 9 – France
Toll-free calls in France: 0 800 000 222
actionnaires-individuels@fr.michelin.com

SUSTAINABLE DEVELOPMENT

Michael Fanning
+ 33 (0) 4 73 10 95 88
Rue Verte / V24, Zi Ladoux
63118 Cébazat – France
performance-responsabilite@fr.michelin.com

COMMUNICATION AND BRANDS

MEDIA RELATIONS: Corinne Meutey
+ 33 (0) 1 45 66 22 22
27, cours de l'Île Seguin
92100 Boulogne-Billancourt – France

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.

At the mid-point in its New Phase of Dynamic Growth, 2011-2015, which is moving forward in line with objectives, Michelin has set major ambitions for 2020. These will ensure its long-term growth by making the Group a leader in sustainable mobility and one of the most innovative, responsible and high-performing companies in the world.

