

2011 ANNUAL AND SUSTAINABLE
DEVELOPMENT REPORT

A VISION OF SUSTAINABLE MOBILITY



MICHELIN PERFORMANCE AND RESPONSIBILITY



MICHELIN

A better way forward

01

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FOR MORE INFORMATION
www.michelin.com/corporate
www.michelinchallengebibendum.com
www.aventure-michelin.com

The Michelin 2011 Registration Document, including the Annual Financial Report, will be available in French and English or upon request from the Investor Relations Department.

MICHELIN IS DEDICATED TO HELPING TO ENHANCE MOBILITY AND CREATE VALUE WHILE DEMONSTRATING RESPECT FOR CUSTOMERS, PEOPLE, SHAREHOLDERS, THE ENVIRONMENT AND FACTS.

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

TO SUCCEED IN THIS NEW PHASE OF ASSERTIVE GROWTH AND MEET ITS OBJECTIVES, MICHELIN CAN CAPITALIZE ON SUCH SOLID COMPETITIVE ADVANTAGES AS ITS TECHNOLOGICAL LEADERSHIP, SUPERIOR PRODUCTS AND SERVICES, DEMONSTRATED BRAND APPEAL, OPERATIONAL EFFICIENCY AND ROBUST BALANCE SHEET.



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.



A POWERFUL BRAND, A SHARED VISION

01

A LOCALLY
ENGAGED, GLOBAL
TIREMAKER

02

INTERVIEW WITH
THE MANAGING
PARTNERS

03

HORIZON
2015

SETTING THE STANDARD IN SUSTAINABLE MOBILITY



Watch the interview

MICHELIN'S STRENGTHS FOR TOMORROW

There are currently more than 900 million vehicles on the road around the world, a figure that is likely to double over the next 20 years.

What position will Michelin hold in this growing market and which strengths can it leverage to secure its development?

Where will the Group's future growth come from?

And why might the MICHELIN brand make the difference?

***A CONVERSATION WITH MICHEL ROLLIER,
AND JEAN-DOMINIQUE SENARD, MANAGING GENERAL PARTNERS***



EVERYWHERE AROUND THE WORLD, WE EQUIP EVERY- THING ON WHEELS, TO SERVE EVERY MOBILITY NEED

CROSS-SEGMENT EXPERTISE AND A GLOBAL MARKET PRESENCE

Michelin is one of the few truly global tire manufacturers. Operating internationally for more than 100 years, we today enjoy exceptional geographic coverage and are stepping up our deployment in emerging markets. In every country, we deliver effective solutions in response to a broad array of customer expectations and usage patterns. Michelin holds forefront positions in every segment of the tire market, from cars, vans and trucks to farm machinery, earthmovers, mining and handling equipment, motorcycles and scooters, bicycles, aircraft and subway trains.

184m

TIRES PRODUCED
69 PRODUCTION FACILITIES
IN 18 COUNTRIES

170

MARKETING OPERATIONS IN
MORE THAN 170 COUNTRIES

14.8%

SHARE OF THE GLOBAL TIRE
MARKET BY VALUE⁽¹⁾

No. 1

IN THE WORLD IN HIGH-
PERFORMANCE TIRES FOR CARS

No. 1

IN THE WORLD IN RADIAL TIRES
FOR TRUCKS, EARTHMOVERS,
AIRCRAFTS

No. 1

IN EUROPE IN TIRES FOR FARM
MACHINERY, MOTORCYCLES

(1) Tire Business 2011 Global Tire Company Rankings



ACTING LOCALLY, WE FACILITATE MOBILITY FOR EVERYONE, EVERYWHERE AND IN EVERY WAY

UNRIVALLED SERVICES

With its comprehensive brand portfolio, Michelin can meet each customer's unique needs with tires offering the right performance at the right price. At the same time, these tire lines are supported and enhanced with a wide variety of services, including emergency assistance programs, maps and guides, itinerary calculators, mobile information systems, retreading, corporate tire management programs and invoicing on a per-kilometer, per-tonne or per-landing basis. We are also developing integrated tire and service dealer networks, through franchises or brand partnerships, that set the market standard for expert advice and quality customer service.

3,300
PRODUCT AND SERVICE
DEALERSHIPS IN 27 COUNTRIES

10m
MAPS AND GUIDES IN
15 LANGUAGES PUBLISHED
IN 2011

No. 1
IN SERVICE CONTRACTS
FOR TRUCKS, EARTHMOVERS
AND AIRCRAFT FLEETS

No. 1
IN THE WORLD
IN RETREADING

950m
ITINERARIES CALCULATED
BY VIAMICHELIN



AN ENGAGED ENTERPRISE, WE INNOVATE TO FOSTER SAFE, CLEAN, CONNECTED MOBILITY

IN THE FOREFRONT OF RESPONSIBLE, SUSTAINABLE MOBILITY

Today's tiremakers are being asked to use fewer raw materials more efficiently, reduce the environmental impact of tires throughout their life cycle, and constantly improve their safety performance. For Michelin, these demands also represent opportunities to differentiate itself in the marketplace and to meet the aspirations of modern society. The organizer of the Michelin Challenge Bibendum, the world's leading sustainable mobility event, the Group is deploying its technological leadership, innovation capabilities and powerful Michelin Performance and Responsibility process to help enhance mobility in accordance with the principles of sustainable development.

No. 1

**IN THE WORLD
IN FUEL-EFFICIENT TIRES**

15 bn

**LITERS OF FUEL SAVED
SINCE 1992**

38 m

**TONNES OF CO₂ NOT EMITTED
SINCE 1992**

11TH

**MICHELIN CHALLENGE
BIBENDUM
6,000 PARTICIPANTS,
10,000 VISITORS**

2011-2020

**OFFICIAL PARTNER OF THE
UNITED NATIONS' DECADE OF
ACTION FOR ROAD SAFETY
AND THE ROAD SAFETY
CAMPAIGN ORGANIZED BY THE
FÉDÉRATION INTERNATIONALE
DE L'AUTOMOBILE (FIA)**

MICHELIN

A BETTER WAY FORWARD

MEF⁽¹⁾ reduced by
33%
compared with 2005.

(1) The Michelin sites Environmental Footprint (MEF) is a composite indicator comprising six components involving consumption, emissions and waste, whose data are reviewed by PricewaterhouseCoopers.

Employees
115,000

New hires
14,036

Hours of employee training
7.2 million

Lost-time incidents
0 in 26 Group plants

Net sales
€20.7 bn

In volume
Up 6.7%

In value
Up 15.8%

Operating income
€1.945 bn

Before non recurring items

Net debt-to-equity ratio
22%

Capital expenditure
€1.7 bn

A CONVERSATION WITH



JEAN-DOMINIQUE SENARD
Managing General Partner



MICHEL ROLLIER
Managing General Partner

"THE THREE HIGH-CAPACITY PLANTS SCHEDULED FOR START-UP IN 2012 WILL SUSTAINABLY POSITION US IN THE LEADING GROWTH MARKETS."

**“WE’RE AIMING
OPERATING INCOME
OF AROUND €2.5 BILLION
IN 2015.”**

Jean-Dominique Senard

**“ANOTHER CORE
STRENGTH IS OUR
LEADERSHIP IN EVERY
SPECIALTY RADIAL
MARKET.”**

Michel Rollier

HOW WAS 2011?

Michel Rollier: In 2011, Michelin deployed its ambitious new 2011-2015 business plan, which is designed to drive a new phase of dramatic growth. We’ve completed its first year with a remarkable performance in an environment that varied widely as the months went by. Markets expanded in every region, but after a buoyant first half, car and light truck tire demand slipped back in line with its long-term trends. In the summer, the replacement truck tire market started a steep decline, particularly in Southern Europe. On the upside, demand for specialty tires was and remains very strong, notably in the mining and farm industries.

However, the most striking event of the year was the unprecedented run-up in commodity prices, especially natural rubber, which represented a record €1.75 billion in additional costs for Michelin. Nevertheless, our operating income exceeded €1.9 billion, or 9.4% of net sales, which topped €20 billion after gaining almost 16%. Our net income rose by

39% to a record high €1.46 billion, which has enabled us to recommend that shareholders at the May 11, 2012 Annual Meeting approve the payment of a dividend of €2.10 per share, compared with €1.78 last year.

Jean-Dominique Senard: I’d like to emphasize that the robust sales growth was led by a solid marketing and sales performance, with a 6.7% increase in volumes, and a very firm, highly responsive pricing policy that brought in €2 billion. We successfully absorbed the massive upsurge in raw materials costs and improved our unit margin. Another highlight was the amount of our capital spending, which increased by 56% to €1.7 billion over the year. This was primarily due to faster commitment of our growth investments, which exceeded €1 billion. To finance them, we used the €526 million in free cash flow from operations and the €495 million in proceeds from the sale of our stake in Hankook.

We therefore ended the year with a very solid balance sheet, which is a major advantage in the current

environment. In three years, our net debt-to-equity ratio has been reduced from 84% to 22%.

WHAT ARE YOUR OBJECTIVES FOR 2012 AND BEYOND?

MR: Growth is expected to continue in 2012 in the new markets and in North America, but trends will be less favorable in Europe. We expect to see less of an impact from commodities, of around €300-350 million for Michelin. We will maintain our strong capital expenditure program, at around €1.9 billion. In this environment, we aim to hold sales volumes steady, while generating higher operating income and positive free cash flow. Volumes will return to growth in 2013.

JDS: In fact, we’re aiming for at least a 25% increase in sales volumes over the 2011-2015 period, operating income of around €2.5 billion in 2015, positive free cash flow over the period and a return on capital employed of more than 9% each year. We’ll invest around €2 billion a year. These are ambitious objectives, but we are confident in our ability to meet them. ➤



“I KNOW THAT JEAN-DOMINIQUE WILL CONTINUE TO PROUDLY EXPRESS MICHELIN’S VALUES AND AMBITIONS.” *Michel Rollier*

WHAT IS YOUR STRATEGIC VISION?

JDS: At Michelin, we have chosen to work towards better mobility by delivering quality products and services, living our values and remaining masters of our fate thanks to our performance. Our strategic vision is built on four pillars that are supporting this better way forward.

The first pillar is our technological leadership, which we are going to maintain and reinforce. This will enable us to grow profitably despite two underlying trends in our business, which are the rising cost of raw materials and the application of increasingly strict safety and environmental legislation. The superior benefits we deliver in terms of safety, longevity and fuel efficiency are unanimously recognized and praised by carmakers and drivers alike. As regulations become stricter and raw materials and energy become more expensive, the quality of our products and services will become more valuable. We foresaw these developments and proactively introduced organizations that are boosting our innovative power by shortening development cycles and time-to-market.

The second pillar is growth. Every year, around 1.2 billion car and light truck tires are sold around the world, a figure that will rise to more than 2 billion in 2020. Over the same period, the number of truck tires sold will increase to 200 million from 120 million today. 70% of this growth will come from the new markets. To meet their strong demand, we’re going to increase our production capacity by 50% by 2020, with three large plants already coming on stream in 2012 in Brazil, China and India and others to follow. We will also expand in mature markets, by driving further productivity gains, promoting the value of our products and enhancing our services. In every market, Michelin will capitalize on its close relationships with car and truck makers, dealers and motorists, on the development of its integrated and franchised dealer networks, and on its constantly enhanced range of customer services.

The third pillar is competitiveness. During the five years covered by the Horizon 2010 plan, we improved our productivity by 35%, while continuing to respect our values. This can be seen in our workplace safety performance, which today ranks us among the

world’s safest companies. We have to lock-in these gains, double in flexibility and further increase our productivity by more than 30% between 2010 and 2015 by deploying our continuous improvement process in every aspect of our business. With our new competitiveness program, we’re once again aiming to generate €1 billion in gains over five years – €500-600 million in production, logistics and transportation, €200-300 million in overhead and information systems and around €200 million in raw materials used in production.

The fourth pillar is the commitment and the professionalism of our people. It is thanks to them that Michelin has become what it is today and it is with them that we will meet our objectives. Our Group’s performance and each team member’s professional success and development go hand in hand. Training, integrating and developing the many people who are joining us, especially in the new markets, and sharing our capabilities, expertise and values are challenges that are keeping us fully engaged.

WHAT ARE YOUR CORE STRENGTHS?

MR: Michelin has profoundly changed over the past six years, becoming not only more efficient and productive, but also more agile and offensive, capable of aligning itself very quickly around shared objectives. It has restored its margins and balance sheet, and is responding to emerging issues and challenges through the Michelin Performance and Responsibility process, which is celebrating its tenth anniversary in 2012 and still demonstrating its strength and vitality every day.

“THE MICHELIN PERFORMANCE AND RESPONSIBILITY PROCESS, WHICH IS CELEBRATING ITS TENTH ANNIVERSARY IN 2012 AND STILL DEMONSTRATING ITS STRENGTH AND VITALITY EVERY DAY.”

Michel Rollier

Among our many competitive strengths, I'd like to mention three. First, the MICHELIN brand, which accounts for 70% of our sales. MICHELIN is the benchmark brand in the premium segment, which is growing faster than the overall market and in which we are growing faster still. MICHELIN is the preferred brand of upscale carbuyers, it delivers the technology carmakers want and its performance is recognized by specifiers. Our tires are excellent and we are positioned to keep them on the leading edge. These are solid advantages in nurturing sustainable leadership in a fast growing, profitable segment.

Another core strength is our leadership in every specialty radial market, with rankings of number one worldwide in earthmover and aircraft tires, number one in Europe in agricultural tires, with strong growth in the United States, and number one in mature markets in two-wheel tires. These businesses are very profitable, with an operating margin of more than 20% in 2011. They are providing us with sustainable growth and profitability over the very long term, particularly in the mining, energy and agricultural segments. In addition, the services we're developing for mining operators and airlines foreshadow emerging new business models.

Lastly, geographically, we enjoy an effective balance between the developed markets of Europe and North America, and we've launched a dynamic expansion in the growth regions, in line with trends in the global market. These markets accounted for 32% of consolidated

net sales in 2011, a proportion that will continue to rise with the commissioning and ramp-up of major new capacity beginning in 2012. Michelin's exposure to growth is going to increase very significantly by 2015.

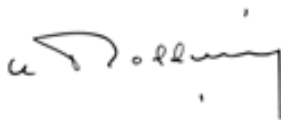
THE HANDOVER OF MICHELIN'S LEADERSHIP IN FEBRUARY 2012 HAS BEEN CONFIRMED. WHAT IS THE TIMETABLE?

MR: Jean-Dominique was elected Managing General Partner last May, and since then we've worked together to prepare my succession. The transition is now ensured. Michelin is geared up to meet the many challenges that are sure to arise in our new phase of dynamic growth. I will therefore recommend to shareholders at the May 11, 2012 Annual Meeting that I leave office at that date. If this recommendation is approved, from that day forward, Jean-Dominique will lead the Group alone, as Chairman, which I think is a good

thing. In a company, there can be only one boss, and one boss alone. This is especially the case now that our bylaws have been updated. Managing Partners now serve renewable four-year terms. The Supervisory Board must approve the re-election or removal of Managing Partners and the bylaws have been changed to formally recognize its responsibility for assessing the quality of their management. These changes will help to guarantee, now and in the future, the election and retention of competent leaders at Michelin's helm.

In the eight years that Jean-Dominique has been working alongside me, I've come to appreciate his strategic qualities, ability to manage operations and natural team leadership. I know that he will be an excellent Chairman and that he will continue to proudly express Michelin's values and ambitions. He has my full and absolute confidence.

MICHEL ROLLIER



JEAN-DOMINIQUE SENARD



HORIZON 2015

AN ASSERTIVE STRATEGY FOR 2011-2015

Michelin is stepping up its development to capture the strong growth in large emerging markets and meet the expected increase in demand for environmentally sensitive tires, a segment in which it is the world leader.

In this new phase of dynamic growth, we are combining performance and responsibility to help enhance mobility and create value for our customers, employees, shareholders and society as a whole.

Our targets for 2015, which are ambitious in today's highly demanding environment, include operating income of €2.5 billion, a more than 9% return on capital employed, positive free cash flow over the entire period, and the payout of around 30% of net income in dividends.

4 PRIORITY GOALS

01

INNOVATE TO MEET CUSTOMER NEEDS MORE EFFECTIVELY

Delivering innovative solutions that address customers' real needs has long been a Michelin strength in differentiating its products and services. This capability is now being further improved by the new organizations deployed to shorten development cycles and time-to-market.

03

ENHANCE COMPETITIVENESS

Michelin has assertively improved its management processes and responsiveness, which was especially evident during the deep market recession in 2009. Today, we are continuing to enhance plant productivity and flexibility in mature markets, while building large, efficient capacity in the leading growth markets. We are also transforming our operating practices by focusing on simplicity, efficiency and empowerment to become more competitive and cost effective. In all, the goal is to drive an additional 30% improvement in productivity between 2011 and 2015.

02

DRIVE STRONG, DIVERSIFIED GROWTH

Compared with 2010, Michelin is committed to increasing sales volumes by more than 25% in 2015 and more than 50% in 2020 by capturing the full value of its products and services in mature markets and expanding more quickly in new markets. To support its growth and competitiveness objectives, the Group is increasing its capital expenditure, to around €2 billion a year between now and 2015.

04

ENSURE RESPONSIBLE GROWTH

Through our Michelin Performance and Responsibility process, excellent management practices and the commitment of our employees, we are pursuing our efforts to improve working conditions, training programs, diversity and stakeholder relations, all while reducing the environmental footprint of our plants and offices. That footprint has already been cut by more than 30% per tonne of tires produced since 2005.

MAIN OBJECTIVES FOR 2015

MORE THAN
+25%
Unit sales growth,
2011-2015

€2 bn
Annual capital
expenditure

€2.5 bn
Operating income⁽¹⁾
in 2015

30%
Dividend payout rate
of around 30% of
consolidated net income⁽²⁾

(1) Before non recurring items

(2) Before exceptional items

10
days of training per year
for everyone (on average)

33%
of women among
new hires (excluding
production operators)

-45%
Reduction in the
environmental
footprint as measured
by the Michelin sites
Environmental Footprint
(by 2016 compared
with 2005)

4 GROWTH DRIVERS

01

A GLOBAL R&D

With an annual budget of almost €600 million, 6,000 people and a patent portfolio that has tripled in ten years, Michelin is investing to bring new product lines to market more quickly and to continually improve tire performance in developing new solutions to meet the challenges of mobility.

02

THE RIGHT TIRE FOR ANYTHING ON WHEELS

With three product lines – Passenger Car and Light Truck tires, Truck tires and Specialty Businesses – as well as the market's broadest portfolio of products and services, Michelin is evenly positioned across every segment and in every region, thereby enabling it to seize growth opportunities as they arise in the global marketplace.

03

THE MICHELIN BRAND AND THE BRAND PORTFOLIO

With its promise of balanced performance and extraordinary capital of trust and affinity, the MICHELIN brand is a powerful growth driver. We are also broadening our territory with dedicated brands, whose technical performance sets them apart from the competition in their segment. At the same time, we are deploying a market access strategy based on fostering close relationships across the retail chain.

04

EMPLOYEE PROFESSIONALISM AND COMMITMENT

Michelin's performance is primarily driven by our teams. By enabling us to grow and overcome obstacles, the skills and dedication of our employees have helped the Group to remain the industry benchmark. With the 2011-2015 strategic plan, we are embarking on our most ambitious project in 30 years. Its success will be supported by our *Moving Forward Together* mutual commitment program.

A DYNAMIC VISION

01

INNOVATION

02

**BRAND
STRATEGIES**

03

**THREE MAJOR
CAPITAL PROJECTS**

04

**DEALERSHIPS
AND SERVICES**

05

**OPERATIONAL
EXCELLENCE**

A PIONEERING COMPANY



Watch the interview

MICHELIN'S ROLE IN TOMORROW'S MOBILITY

The automotive world is changing, as carbuyer expectations and travel practices evolve. Increasingly, people prefer to pay to use a product rather than to buy it outright. In this environment, what will tomorrow's car look like? How is Michelin getting ready for all these changes, and how is it helping to propel them forward?

A CONVERSATION WITH TERRY GETTYS, EXECUTIVE VICE PRESIDENT, RESEARCH AND DEVELOPMENT,
AND **BRUNO MARZLOFF**, SOCIOLOGIST AND LEADER OF THE CHRONOS GROUP,
AN INNOVATIVE URBAN MOBILITY THINK-TANK

INNOVATION

The heart of what makes Michelin different.

Customer-focused innovation has long been a Michelin growth driver and a powerful vector of differentiation. As the inventor of such giant technological leaps as the radial tire and the energy-efficient tire, we are focusing on the technological leadership of our products and services to meet the real needs of our customers. We are also playing a leading role in moving our industry forward and gaining approval of new performance standards that will benefit motorists around the world.

FOR MORE INFORMATION
WWW.MICHELIN.COM/CORPORATE





01



02

A MAJOR STRATEGIC ADVANTAGE

RESPONSES TO THE STEADY INCREASE IN COMMODITY AND ENERGY PRICES AND THE INTRODUCTION OF INCREASINGLY STRICT ENVIRONMENTAL AND SAFETY LEGISLATION ARE PRIMARILY TECHNOLOGICAL IN NATURE. THIS IS WHY MICHELIN'S TECHNOLOGICAL LEADERSHIP AND INNOVATIVE CAPABILITIES REPRESENT A DECISIVE COMPETITIVE ADVANTAGE.

01 > The F-City H2 is a battery-powered urban EV that uses a Michelin-engineered hydrogen fuel cell as a range extender. It is the first hydrogen-powered vehicle compliant with Regulation (EC) No. 79/2009 to be certified in France.

02 > Michelin Green X Student Days 2011 attended by 400 students Held at the Ladoux Technology Center near Clermont-Ferrand, the Michelin Green X Student days are designed to offer engineering students with a passion for innovation an exciting vision of the Group's tire high technology and the quality of its Research, Development and Process Engineering commitment.

In today's highly competitive marketplace, innovation enables the Group to maintain the lead that attracts and retains customers by delivering value that they can clearly perceive and appreciate.

It also enables us to meet prevailing environment standards and support carmakers in their own compliance programs. Lastly, innovation helps to ensure the future of road mobility by enabling us to bring to market solutions that are sustainable for customers, the environment and society.

Thanks to its technological leadership, Michelin is able to act as a source of compelling new thinking for carmakers and tire regulators.

A GLOBAL R&D

With 6,000 people on three continents, an annual Research, Development & Process Engineering budget of almost €600 million and a portfolio of more than 2,000 patent families, Michelin's capacity for innovation is unrivalled in the global tire industry. All of these resources are directed at stimulating innovation in every aspect of our business, to drive continuous improvement in the Michelin balance of performance between longevity, safety and fuel efficiency.

INNOVATING FOR CUSTOMERS

The reason Michelin tires have been so successful is that they are underpinned by an in-depth understanding of the actual needs and usage patterns of our customers. New organizations and working methods have been deployed to present different ideas and projects to customers and markets as far upstream as possible, to enhance cooperation with marketing and to develop co-design programs with carmakers – all with the goal of cutting time-to-market in half. The Innovation to Market program, for example, tests prototype demonstrators with carmakers, dealers, fleet managers and drivers, whose feedback helps to improve the product or service and validate its benefits.

At the same time, considerable progress has been made in the use of simulation software. This structured approach attenuates the risks inherent in launching an innovation, while shortening decision cycles and time-to-market for products and services delivering proven value for the customer.



Watch the video



NZG TECHNOLOGY

ALLOWS TWICE AS MANY LANDINGS AND LOWERS THE RISK OF CUTS BY 50%. ITS BENEFITS HAVE BEEN RECOGNIZED BY BOMBARDIER, WHICH SELECTED IT TO EQUIP THEIR NEW ENVIRONMENTALLY FRIENDLY AIRLINER.

MICHELIN'S CORE COMPETENCY IS THE ABILITY TO DELIVER A BALANCED PERFORMANCE OF TIRE SAFETY, DURABILITY AND FUEL EFFICIENCY. WE ARE ONE OF THE FEW GLOBAL TIRESMAKERS CAPABLE OF DOING THIS FOR EVERY VEHICLE, REGARDLESS OF POWERTRAIN, DRIVING ENVIRONMENT OR CONDITIONS OF USE.



THE MICHELIN PERFORMANCE BALANCE

As the only point of contact between a vehicle and the ground, tires must support the vehicle's weight, transmit steering, acceleration and braking inputs, absorb surface irregularities and noise, all while using as little energy as possible.

The challenge is to develop tires that efficiently perform all of these functions for as long as possible, to continuously improve their ability to do so and to sell them at a price that is both affordable for the customer and profitable for the company. Michelin's strength lies in the ability to offer the exact balance of performance that each customer expects, depending on the powertrain and vehicle use. Only tires with high technology content can meet these challenges, as illustrated by the new tires introduced in 2011.

MEETING THE ENERGY EFFICIENCY CHALLENGE⁽¹⁾

Improving the energy efficiency of today's motor vehicles is an increasingly urgent challenge. Tires can play an important role, in as much as a tire's rolling energy represents an average 20% of the fuel burned by an internal combustion-powered car, 30% of the power used in a fully-electric car and up to 33% of the fuel used by a heavy truck. To improve vehicle fuel efficiency, reduce carbon emissions and increase range, the choice of tires makes all the difference, as rolling resistance can vary on the same vehicle by up to 50% depending on the tire.

For more than twenty years, Michelin has focused its innovation on sustainable mobility. As the inventor, in 1992, of the first low rolling resistance tire, we enjoy unrivalled expertise in this area. Today, we lead the world in this segment and are strengthening our position with the fourth generation of the MICHELIN

⁽¹⁾ Materials efficiency, another pathway to optimization, is discussed in the Environment chapter, p. 63.



MICHELIN Energy™ Saver

A more than 40% improvement in energy efficiency since 1992. Certified for use on more than 180 vehicles.

Energy™ Saver tire, which offers 40% less rolling resistance than the first generation while delivering impeccable safety performance and unmatched treadlife.

TIRE LABELING, REGULATIONS AND COMPETITIVE DIFFERENTIATION

After November 2012, tires sold in Europe will have to meet minimum performance criteria in three areas: energy efficiency, as measured by how much fuel the tire saves, road safety, as measured by braking distance on wet pavement, and rolling noise. The tire's performance data for each one will be displayed on a standardized label.

With similar regulations already in place in Japan and soon to be introduced in South Korea and the United States, these new rules will



THE MULTIPURPOSE MICHELIN X® MULTIWAY™ 3D TIRE

OFFERS EUROPEAN REGIONAL TRUCKING COMPANIES COST-EFFECTIVE, DURABLE AND SAFE OPERATING PERFORMANCE IN EVERY DRIVING ENVIRONMENT. ITS NEW SIPES STRENGTHEN GRIP, EVEN AT 50% WEAR.

further demonstrate the superiority of Michelin tire solutions on three continents.

Michelin is able to offer carmakers solutions that can reduce carbon emissions by up to 10 grams or significantly increase the driving range of hybrid vehicles and pure electrics. If a carmaker's corporate average CO₂ emissions exceed authorized levels, it will be liable to an excess emissions premium on each of its new cars registered in Europe, which will be payable from the first gram of exceedance and will increase over time. By delivering an average four-gram gain, the MICHELIN Energy™ Saver tire will enable carmakers to stay under the emissions thresholds.



THE MICHELIN PILOT ROAD 3

THANKS TO ITS NEW XST SIPES AND LATEST GENERATION TWO-COMPOUND TECHNOLOGY, THE MICHELIN PILOT ROAD 3 OFFERS STREET MOTORCYCLISTS UNRIVALLED GRIP, WET BRAKING AND DURABILITY PERFORMANCE.



THE MICHELIN PRIMACY 3

TIRE DELIVERS SAFETY TO THE POWER OF THREE WITH SUPERIOR GRIP WHEN BRAKING ON DRY OR WET SURFACES AND WHEN CORNERING ON WET ROADS.

TESTS CONDUCTED BY TÜV SÜD AUTOMOTIVE AND IDIADA IN 2011.



THE MICHELIN LATITUDE X-ICE NORTH

TIRE REDUCES BRAKING DISTANCES BY 6% ON ICE AND SNOW AND IMPROVES TRACTION ON SNOW BY 15%. IT CAN BE FITTED ON 90% OF RUSSIAN AND EUROPEAN 4WD VEHICLES AND SUVs.



The Citroën Tubik concept car is equipped with a narrow 22-inch Michelin prototype tire.



THE MICHELIN ACTIVE WHEEL

BY COMBINING A SUSPENSION, BRAKING SYSTEM AND BATTERY OR FUEL-CELL POWERED MOTOR, THE MICHELIN ACTIVE WHEEL ELIMINATES THE NEED FOR A CLUTCH, DRIVE SHAFT AND DIFFERENTIAL, THEREBY PAVING THE WAY FOR A COMPLETELY NEW TYPE OF AUTOMOBILE.

DARING TO THINK DIFFERENT

Michelin’s innovation commitment is structured to meet two objectives: 1) to drive continuous improvement in tire performance from one range to the next and 2) to develop breakthrough innovations that bring radically new solutions to market. The ability of our innovation teams to think outside the box may be illustrated by several recent developments.

The Michelin Tweel, for example is airless, can be retreaded as often as necessary and adapts to the most challenging terrain. Well suited to certain types of handling vehicles, it was presented on an Audi 4 at the 2011 Detroit Motor Show.

The Michelin Tall and Narrow tire for touring sedans offers improved aerodynamics, lower heat buildup and much longer treadlife, all of which reduce total cost of ownership.

The even more radical motorized Active Wheel integrates not only the tire and brakes, but also an active suspension system and a miniaturized electric motor. The in-wheel motor version of this revolutionary concept makes it easier to convert internal combustion vehicles into hybrids without any major modification. Depending on use and the driving environment, the motorized wheels may be fitted on the front and/or rear axles.



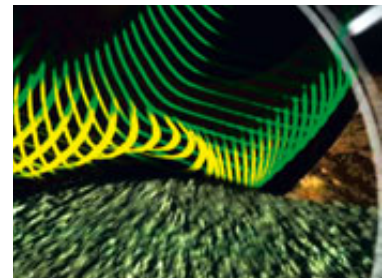
Watch the video

INNOVATE

创新 | РАЗВИВАТЬ | FÖRNYA | 혁신하다 نسحي | ИННОВАЦИИ | 革新する

At first glance, Interstate 20 and tracks across the Sahara Desert have little in common. The terrain, climate, vehicles, driving styles and loads are all radically different. But Michelin, with its powerful capacity for innovation, can provide just the right solution for motorists on each one.

To deliver the innovations that customers really want, Michelin has deployed a broad range of resources, including Technology Centers on three continents as well as carmaker-dedicated teams and field engineers who analyze how our tires are actually used. Here are just a few examples of the innovative products introduced in 2011.



The MICHELIN ENERGY™ XM2: engineered for the BRICs

To bring the latest Michelin technology to as many people as possible, the new MICHELIN ENERGY™ XM2 has been engineered to address the special requirements of drivers in Brazil, Russia, India and China, where traffic is heavy, road networks are under construction and distances between the city and the countryside are long. Designed for a wide range of vehicles, from compacts to large sedans, it delivers superior safety performance at the right price, with 20% longer tread life thanks to MICHELIN Ironflex technology.

The MICHELIN® XZA3® + Everread™ for North American long-haul trucks

Thanks to its dual compound tread, the EPA SmartWay-verified MICHELIN® XZA3® + Everread™ tire delivers 30% more mileage than the competition in long-haul use, while still offering the fuel efficiency, handling and retreadability expected from a MICHELIN® steer tire.



Watch the video

A PASSION FOR MOTORSPORTS

OUR REAL-WORLD RESEARCH LABORATORY

In 1891, Charles Terront won the Paris-Brest-Paris bicycle race, finishing nine hours ahead of the runner-up and brilliantly demonstrating the benefits of Michelin's removable bicycle tire. Today, 120 years later, racing is a powerful driver of the improvements that enable Michelin to design the tires of the future.

➤ **MICHELIN TIRES PUT TO THE TEST AT MORE THAN 120 RACES A YEAR**



"THE KEY TO INNOVATION IS CONSTANTLY PUSHING YOURSELF TO DO BETTER. THAT'S ALSO WHAT MOTIVATES ATHLETES," SAYS MICHEL ROLLIER. "AT MICHELIN, WE KNOW HOW MUCH OUR INVOLVEMENT IN MOTORSPORTS HAS HELPED US TO BRING INNOVATIONS TO MARKET MORE QUICKLY AND WE'RE DETERMINED TO PURSUE THIS PATH. MOTORSPORTS ARE THE BEST LABORATORY THERE IS FOR DEVELOPING NEW PRODUCTS, BECAUSE THEY ALLOW US TO PIT OURSELVES AGAINST THE COMPETITION AND EXTREME CONDITIONS OF USE."

AROUND THE WORLD, MICHELIN TAKES PART IN ELITE MOTORSPORTS EVENTS, IN A COMMITMENT TO TAKING OUR PARTNERS TO THE TOP OF PODIUM BY SUPPLYING "NOT TIRES, BUT PERFORMANCE" – PERFORMANCE THAT QUICKLY FINDS ITS WAY TO OUR STREET TIRES.

➤ **WORLD RALLY CHAMPIONSHIP WINS**



IN 2011, MICHELIN WON ALL OF THE GRAVEL EVENTS WITH ITS NEW MICHELIN LATITUDE CROSS, THE SNOW AND ICE RALLY WITH THE NEW MICHELIN X-ICE NORTH TIRE, AND ALL OF THE TARMAC RACES WITH THE MICHELIN PILOT SPORT, THEREBY DEMONSTRATING ITS ABILITY TO MEET THE MOST DEMANDING TECHNICAL REQUIREMENTS ON WIDELY DIFFERING SURFACES.

➤ **20TH VICTORY AT THE 24 HOURS OF LE MANS**



MICHELIN VICTORIOUS IN THE LMP1 PROTOTYPE AND LMGT CATEGORIES. IN POST-RACE COMMENTS, ONE OF THE THREE WINNING AUDI DRIVERS, BENOÎT TRÉLUYER, SAID: "IT WAS A VERY LONG STINT – 55 LAPS AND 3 HOURS 20 MINUTES BEHIND THE WHEEL. THE MICHELIN TIRES IMMEDIATELY GAVE ME THE GRIP I NEEDED, ENABLING ME TO DRIVE AT A SUSTAINED PACE THROUGHOUT THE STINT TO MAINTAIN MY LEAD. I WAS EVEN ABLE TO GO ON THE OFFENSIVE AT THE END OF MY FIFTH STINT." THOSE SAME QUALITIES – GRIP, DURABILITY AND CONSISTENT PERFORMANCE – ARE ALSO SHARED BY MICHELIN STREET TIRES.

➤ **FIA AND MICHELIN PARTNERING FOR THE MOBILITY OF TOMORROW**



UNDER THE TERMS OF A THREE-YEAR PARTNERSHIP (2011-2013):

- > MICHELIN HAS PLEDGED TO INCREASE THE SERVICE LIFE OF ITS TIRES BEGINNING WITH THE 2012 FIA WORLD RALLY CHAMPIONSHIP SEASON.
- > STUDIES HAVE BEEN LAUNCHED TO MEASURE THE ENVIRONMENTAL FOOTPRINT OF THE WORLD RALLY CHAMPIONSHIP AND THE WORLD ENDURANCE CHAMPIONSHIP.
- > MICHELIN WILL HELP TO DEVISE AN ENVIRONMENTAL STRATEGY FOR MOTORSPORTS COMPETITION AS WELL AS MEASURES TO ENSURE THE RAPID TRANSFER OF TECHNOLOGIES TO ORDINARY ROAD VEHICLES.

➤ **THE FIRST INTERNATIONAL SYMPOSIUM ON SPORTS AND THE ENTERPRISE**



TO CELEBRATE ITS 120 YEARS OF INVOLVEMENT IN SPORTS AND THE 100TH ANNIVERSARY OF ASM, THE MULTISPORTS ASSOCIATION FOUNDED BY MARCEL MICHELIN, MICHELIN HELD ITS FIRST INTERNATIONAL SYMPOSIUM ON SPORTS AND THE ENTERPRISE LAST NOVEMBER IN CLERMONT-FERRAND. THREE ROUNDTABLE DISCUSSIONS WERE HELD THAT ALLOWED BUSINESS LEADERS, HIGH-LEVEL ATHLETES, GOVERNMENT OFFICIALS AND ACADEMICS TO SHARE THEIR VIEWPOINTS ON SPORTS AND INNOVATION, SPORTS AND MANAGEMENT, AND SPORTS AND SOCIAL RESPONSIBILITY.



Watch the video

THE 2011 WINNERS: HUNDREDS OF VICTORIES AROUND THE WORLD



AUTOMOBILE RACING

- **24 Hours of Le Mans**
20th win with Audi, including 14 in a row
- **Le Mans Series**
Unbeaten since 2004
- **American Le Mans Series**
More than 100 wins since 1999
- **Intercontinental Le Mans Cup**
Unbeaten in the LMP1, LMGT, GTE Pro and LM GTE Am categories
- **FIA GT1 World Championship**
2011 Champion with Nissan and Aston Martin
- **World Rally Championship**
A winning return to the WRC with 13 victories, capped by a 21st manufacturer's title with Citroën and a 19th driver's title with Sébastien Loeb
- **Dakar**
26th win with Volkswagen

MOTORCYCLE RACING

- **One-two win in the French Superbike Championship**
12 wins in 13 events, 3 top-three finishes, 7 one-two finishes and 7 pole positions with BMW
- **Spanish Speed Championship**
6 one-two-three finishes and 1 top-two finish in 7 events
- **Spanish Speed Champion**
with Kawasaki
- **Italian Speed Championship**
1st at Misano and Vallenga with Ducati
- **Endurance World Championship**
2nd with BMW
- **Dakar**
28th win since 1982, with KTM

To find out more  follow the races at www.michelinsport.com



11TH MICHELIN CHALLENGE BIBENDUM

NEW ADVANCES AT THE GLOBAL SUSTAINABLE MOBILITY SUMMIT



Rallying together
towards sustainable road mobility

In 2030, there may be some eight billion people worldwide and more than 1.6 billion vehicles on the road. This will pose enormous challenges at a time of increasingly scarce fossil fuels, climate change and rising urban pollution, with more than one billion additional people living in cities 20 years from now. To meet them, the transport industry is engaged in an incredible transformation process.

Since 1998, the Michelin Challenge Bibendum has been dedicated to promoting and sharing current and emerging solutions that enhance mobility. As the only event that brings together vehicle manufacturers, OEMs, energy engineers, research scientists and government authorities, the Challenge acts as a truly global

summit on sustainable mobility. It enables participants to compare the latest generation technologies and exchange views on the future of mobility, which will be widely available, clean, safe and connected.

AN ENORMOUS SUCCESS

Following Rio de Janeiro in 2010, the 11th Michelin Challenge Bibendum was held in Berlin from May 18-22, 2011, at the former Tempelhof international airport. Participants included representatives from over 150 companies and organizations and some 6,000 experts, decision-makers, researchers and academics from 80 countries. In addition, it was attended by more than 10,000 visitors and covered by 650 journalists.



Road safety was one of the core topics at the 11th Michelin Challenge Bibendum.

Nearly 120 experts met as part of the Global Road Safety Partnership to talk about the role that companies can play in promoting occupational road safety.



140 FUTURISTIC, CLEAN, COST-EFFICIENT AND SUSTAINABLE

VEHICLES PARADED NEAR THE BRANDENBURG GATE AND ITS FAMOUS QUADRIGA.



A DESIGN CONTEST

AWARDED PRIZES FOR THE MOST SIGNIFICANT ADVANCES IN VEHICLE ARCHITECTURE.

“Believing in the future means embracing new technologies and putting them to work for everyone.”

PATRICK OLIVA, MICHELIN CHALLENGE BIBENDUM CHAIRMAN AND MICHELIN CORPORATE VICE PRESIDENT, ADVANCED RESEARCH AND SUSTAINABLE DEVELOPMENT

HIGH-LEVEL MEETINGS

Since the beginning, the Michelin Challenge Bibendum has been committed to bringing together auto industry representatives and political leaders, whose cooperation is indispensable if an extensive, balanced range of sustainable mobility solutions is to be developed quickly.

In Berlin, this type of high-level dialogue was fostered not only at the opening ceremony and Leaders Forum but also during the 43 seminars, discussions, workshops and press conferences held during the event.

The discussions focused on three converging developments.

- > Manufacturers have now demonstrated their ability to produce highly energy-efficient cars and to continue driving further improvements.
- > Telecom experts have confirmed that information and communication technologies can enhance mobility, especially through intelligent transport systems (ITSs).
- > These new technologies and changing attitudes are promoting the emergence of new business models and enabling stakeholders to imagine new approaches to mobility based increasingly on pay-per-use and no longer solely on ownership.

TESTS, RALLIES AND TECHNOLOGIES ON DISPLAY

Four rally races, for city, inter-city, eco-driving and electric vehicles, allowed participants to test and compare the performance of vehicles built with leading-edge clean mobility technologies based on electric, fuel-cell or optimized internal combustion powertrains.

At the Technology Exhibition Center, the world’s leading carmakers and other auto industry stakeholders presented and explained their latest sustainable road mobility innovations on 72 stands displaying nearly 300 vehicles.

REACHING OUT TO STUDENTS AND THE PUBLIC

The Student Day proved to be just as successful as the one held in Rio de Janeiro the year before. More than 800 students were invited to take part in discussions with industry professionals and to test latest-generation clean vehicles.

What’s more, for the first time the Michelin Challenge Bibendum opened its doors to the general public, with more than 10,000 people coming to the Exhibition Center to learn about the technologies of the future and to safely test the vehicles of tomorrow on a 15-km network of specially prepared tracks.



Watch the video

INNOVATING TO HELP MEET

THE CHALLENGE OF FEEDING THE PLANET

With seven billion inhabitants in 2011 and an estimated nine billion in 2050, our planet will have to produce more food – and produce it more efficiently – to maintain the eco-balance and avoid depleting natural resources. Michelin is leveraging its capacity for innovation to help meet this dual challenge.



THE MICHELIN AXIOBIB

IS SPECIALLY DESIGNED TO ALLOW VERY POWERFUL TRACTORS TO TRANSMIT ALL OF THEIR ENGINE TORQUE, THEREBY ENHANCING THEIR PLOWING EFFICIENCY.

The need to increase food crop production has to be aligned with sustainable development concerns to address the growing scarcity of fossil fuels, to protect soil and water resources and to preserve biodiversity. Farmers will have to improve yields, but in ways that save water, inputs and fuel and are more sensitive to ecosystems.

PRODUCTIVE, COST-EFFECTIVE, ENVIRONMENTALLY RESPONSIBLE FARMING

Reconciling qualities that in the past were considered incompatible so as to achieve the best balance of performance is an objective that farmers share with Michelin, which is working hard to deliver solutions that make farming more productive, cost-effective and environmentally responsible.

ULTRAFLEX: THE BREAKTHROUGH INNOVATION FOR SUSTAINABLE FARMING.

The introduction of MICHELIN UltraFlex technology in 2004 represented the only truly breakthrough innovation in the area of agricultural tires since the launch of radials fifty years ago.

Protecting the soil.

MICHELIN UltraFlex technology enables farm equipment to operate on low-pressure tires, which help to preserve farmland productivity by limiting soil compaction. It is estimated that more than one-third of cultivated land is compacted by

farm equipment. MICHELIN UltraFlex technology more effectively protects these fields by reducing rut depth by 25% to 50% while carrying the same load, thereby increasing per-hectare crop yields.

MICHELIN UltraFlex technology also enables the use of heavier, and therefore more powerful, tractors and other farm equipment without increasing soil compaction. In this way, crop yields are maintained and productivity is increased.

Fuel savings.

In addition, MICHELIN tires deliver better traction and lower rolling resistance on soft terrain, thereby enabling tractors to run more smoothly and improving their fuel efficiency by 5-10%.

Longevity.

Tires integrating MICHELIN UltraFlex technology also last longer, which helps to reduce hourly operating costs.



ULTRAFLEX TECHNOLOGY SUPPORTS FARMERS ACROSS THE CROP CYCLE

With the 2010 launch of the CerexBib tire lineup for harvesters and the SprayBib range for sprayers, MICHELIN UltraFlex technology has been extended to all phases of crop farming – preparing the soil and seeding, spraying, harvesting, and decompacting – with a range of tires adapted to each phase. What's more, the characteristics of these latest tires also make it easier to drive farm equipment on the road.

More generally, Michelin is developing new tire ranges and sizes to support manufacturers, who are designing and building bigger, heavier, more powerful machines. In this way, farmers can increase their productivity while protecting their land and reducing their operating costs. This provides them with an incentive to expand their operations to more effectively feed the planet.



MICHELIN CEREXBIB

DESIGNED FOR THE LATEST GENERATION OF HIGH-PERFORMANCE HARVESTERS, THE NEW MICHELIN CEREXBIB IS THE FIRST TIRE THAT ROLLS WITH LESS THAN 2 BAR OF PRESSURE.

ULTRAFLEX'S ENDURING PERFORMANCE

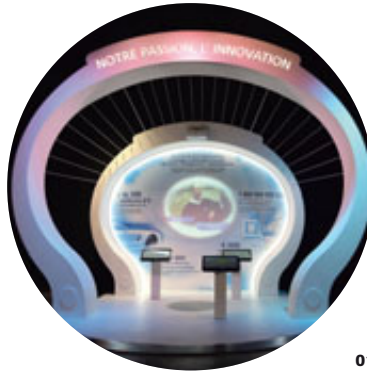
- > PROTECTS THE SOIL BY REDUCING COMPACTION AS MUCH AS 50%.
- > IMPROVES TRACTOR FUEL EFFICIENCY BY 5-10%.
- > LASTS LONGER.

BRAND STRATEGY

A broad brand portfolio to reach more customers

The MICHELIN brand is a powerful driver of growth and profitability that has earned our customers' enduring trust by fulfilling its quality and service promise. Its unique ability to deliver the best performance balance of any tire meets the expectations not only of tirebuyers but also of society as a whole.





01



02

**THE MICHELIN BRAND:
RECOGNIZED LEADERSHIP**
MICHELIN RANKS AMONG
THE WORLD'S LEADING BRANDS
IN TERMS OF CONSUMER VALUE.

\$3.4^{bn}

**ACCORDING TO THE
BRANDFINANCE® GLOBAL 500
2011 RANKING, THE MICHELIN
BRAND IS WORTH
AN ESTIMATED \$3.4 BILLION.**

01 > L'Aventure Michelin

A 2,000-sq.m museum where visitors can learn about Michelin's history and innovations as well as tire-related and mobility challenges.

02 > Michelin Man named Icon of the Year in the United States

Advertising Week awarded the 113-year old mascot a bronze plaque as he joined some of the world's most famous brands on the Madison Avenue Advertising Walk on Fame, along the historic street of top US advertising agencies.

The MICHELIN brand is known and appreciated around the world, with nearly 100% recognition⁽¹⁾ in Europe, North America, China and Russia. Consumers everywhere trust that the brand will fulfill its promise of safety, reliability, longevity, energy efficiency, expertise and services, because it is backed by a powerful research commitment, highly skilled production teams and an effective marketing organization capable of discerning what the market really wants. This brand confidence stimulates the buy decision and repeat purchases, as reflected in the MICHELIN brand's sales performance across every region.

Carmakers, fleet managers and consumers clearly agree that not all tires are created equal. MICHELIN tires are safer, longer lasting and more fuel efficient, which reduces their impact on the environment. In fact, the savings in use mean that, in the end, a MICHELIN tire is the least expensive in the market. Maintaining the performance balance over time and simultaneously improving each aspect to offer the lowest total cost of ownership represents the unique strength of the MICHELIN brand, whose full value the Group intends to capture.

(1) Brand Health Tracker 2011

GLOBAL ADVERTISING

Michelin is investing more than ever in the MICHELIN brand, as evidenced by the worldwide advertising campaign – “The Right Tire Changes Everything” – deployed since October 2009. The Michelin Man enjoys extraordinary affinity capital. Voted best logo of the 20th century in 2000, he received another award in 2011 when he was chosen by *Advertising Week* to join the Madison Avenue Advertising Walk of Fame in New York, which showcases the world's most famous brands.

PRICING POWER

Over the past six years, Michelin's raw materials costs have increased by more than €3 billion, of which €1.75 billion in 2011 alone. The strength of the MICHELIN brand, which accounted for around 80% of total sales in 2011, made it possible to offset these higher costs by increasing prices.



Watch the ads

MICHELIN TRAVEL PARTNER, MICHELIN LIFESTYLE LIVING THE MICHELIN BRAND EXPERIENCE

Michelin Travel Partner's maps, guides and digital services and Michelin Lifestyle's licensed products are all designed to nurture lasting relationships and forge new bonds with consumers.



VIAMICHELIN

MORE THAN 400 MILLION VISITS
A YEAR.

> ALMOST ONE MILLION
VIAMICHELIN MOBILE IPHONE
AND ANDROID APPS HAVE BEEN
DOWNLOADED.

> VIAMICHELIN TRAFFIC AND THE
MICHELIN ATLAS FRANCE 2011
ARE AVAILABLE AS IPAD APPS.



MICHELIN WHEEL & TIRE CLEANER

VOTED PRODUCT OF THE YEAR
2011 IN FRANCE AND AWARDED
THE TROPHÉE DE LA MAISON
2011-2012.

THE MICHELIN MAN, THE TRAVELER'S COMPANION SINCE 1900

1900: Paris hosts the Exposition Universelle world's fair. Michelin creates its first red guide for motorists and opens an "Itineraries Office."

1910: André Michelin invents the road map and its accordion fold-out format.

1925: In the Itineraries Office, more than 100 employees handle requests from motorists, tourists and travelling salesmen.

1926: Michelin publishes its first cultural and tourist travel guide, the precursor of the famous Green Guide series.

2011. Today, you can look at maps, plan an itinerary, find a restaurant, get up-to-the minute traffic reports, prepare a trip, visit a museum and access a wide array of other information and services either on paper, with MICHELIN maps and guides, or on your PC, tablet or smartphone using ViaMichelin's digital services. This role as a mobility enabler is further strengthened by the quality and reliability of MICHELIN maps and guides. To speed the development of integrated products and services designed for a wide range of media, these activities were merged in 2011 into a single unit called Michelin Travel Partner.

FORGING NEW BONDS WITH MICHELIN LIFESTYLE:

Since 2001, Michelin Lifestyle has supported the MICHELIN brand with licensed products that increase opportunities to reach consumers, especially in the younger demographics. These products also create and nurture an enjoyable affinity with the brand by emphasizing its key benefits of



Chicago, Kyoto, and Hong Kong & Macau are among the new destinations now covered by the MICHELIN guide.

performance, safety, innovation and environmental stewardship. Licensed products are being developed in three main segments: car, motorcycle and bicycle accessories, shoes, and items that celebrate Michelin's heritage and the Michelin Man.

More than 15 million licensed products were sold in 2011, generating retail revenue of more than €260 million, a portion of which was paid to Michelin through royalties that varied depending on the partnership agreement. The business is committed to increasing royalty revenue by 50% over the next four-to-five years by driving faster expansion in two key areas: automobile accessories, especially in China and Brazil, and sports shoes that incorporate Michelin's technologies to enhance grip and durability. A number of partnerships have been formed in this segment, with France's Babolat for tennis and badminton shoes, Spain's Kelme for indoor soccer shoes and Germany's Uhlsport for Kempa handball shoes.



Watch the video

A COMPREHENSIVE BRAND PORTFOLIO

Michelin is backed by an extensive portfolio of brands that broaden its premium territory to other segments. The productivity gains achieved in recent years have made it possible to profitably grow these brands at a faster pace.

SATISFYING A BROAD RANGE OF NEEDS

With its brand portfolio, Michelin can serve motorist needs across the market, including sports models and SUVs with BFGoodrich, the mid-range segments with two powerful regional brands – UNIROYAL in North America and KLEBER in Europe – and entry-level segments with the TIGAR, KORMORAN, RIKEN and TAURUS brands, each in its respective market.

INCREASING PRODUCTION VOLUMES

Boosted by the development of automotive and road transport in fast-growing regions, the Tier 2 and Tier 3 segments now account for 40% of the global tire market. Michelin's positions in these segments are being broadened and deepened with dedicated brands, which derive competitive advantage both from their performance and from their production methods, which comply with the Group's values.

In Europe, production capacity could be doubled at the plants in Serbia and Romania, which already manufacture 12 million tires for these segments. In Asia, the Group is expanding through partnerships.

A PARTNERSHIP FOR THE CHINESE MARKET

In China, for example, a joint venture has been set up with Shanghai Huayi (Group) Co. and Double Coin Holdings Ltd. to manufacture car and light truck tires and to market them locally under the Warrior brand. It will operate a plant currently being



built in Wuwei (Anhui province) approximately 400 km west of Shanghai. Michelin will own 40% of the venture and its Chinese partners 60%.

Representing a total cost of CNY 3.5 billion (approximately €390 million, of which 40% committed by Michelin), the project will eventually produce up to 15 million Warrior-brand tires a year. Current Michelin plants in China will be used to produce MICHELIN brand tires for the Chinese market. Using this same business model, other partnerships may be formed to drive faster growth.



THREE MAJOR CAPITAL EXPENDITURE PROJECTS

Three strategic projects in Brazil, China and India will account for nearly one-third of consolidated capital expenditure for the 2011-2015 period. Beginning in 2012, South America and Asia could produce 50% of the world's new automobiles. The same year, three giant new Michelin plants will begin manufacturing their first tires in Brazil, China and India. Representing a total investment of €2.75 billion, at a time when demand is expected to grow by 8 to 10% a year over the next 10 to 15 years, the three plants will strengthen our scope and reach in the global marketplace.

FOR MORE INFORMATION
WWW.MICHELIN.COM/CORPORATE





India **China** **Brazil**
Chennai Shenyang 2 Itatiaia

CAPTURING GROWTH

THE GLOBAL LEADERSHIP OF TOMORROW WILL BE WON TODAY, WHICH IS WHY MICHELIN IS STEPPING UP THE PACE OF EXPANSION IN EMERGING MARKETS. AS MANAGING PARTNER JEAN-DOMINIQUE SENARD HAS NOTED, "WE NEED TO CAPTURE GROWTH WHEREVER IT IS. BETWEEN NOW AND 2020, WE'RE GOING TO DOUBLE OUR SALES IN EMERGING MARKETS."

The three new plants – Itatiaia in Brazil, Shenyang 2 in China and Chennai in India – will help to meet this ambitious objective. Their very large, competitive production capacity has been sized to serve their fast-growing markets, while their optimized, standardized design, equipment and organization will enable fast ramp-up. Their tooling and process technologies are among the Group's most advanced and all of the projects are being managed by best-in-class methods.

More than 3,000 people have already been hired and trained. For the past two years, teams from the plants in China, India and South America have attended train-the-trainer programs conducted by several departments and facilities in Europe and North America. They will help to ensure that the necessary support, sales and after-sales resources and teams are up and running in time for the start-up of production. Workplace safety guidelines, ergonomics, environmental management practices and production procedures have all been prepared in line with the Group's best practices and with Michelin Manufacturing Way standards.



Watch the video

BRAZIL: ITATIAIA

Michelin has been producing tires in Brazil, one of the world's most promising markets, for thirty years.

Most of the output concerns truck and earthmover tires, two segments in which we are the undisputed leader.

€800 million has been budgeted for investment over 2011-2015 period in a commitment to retaining its leadership in truck and earthmoves tires and to becoming a major force in the car and light truck tire segment by doubling its market shares by 2015.

The new Itatiaia plant has been designed from top to bottom to minimize its environmental footprint, in such ways as optimizing construction space, preparing a reforestation project and using gas-fired boilers.



A LARGE, FAST-GROWING MARKET

- 195 million inhabitants
- 154 cars per 1,000 inhabitants

MICHELIN IN BRAZIL IN 2011

- 93% brand recognition rate
- 5,000 employees
- 2 tire production plants
- Around 1,000 dealerships

UP 100%

THE SOUTH AMERICAN CAR AND LIGHT TRUCK TIRE MARKET IS EXPECTED TO DOUBLE BY 2020.



MICHELIN EMPLOYS MORE THAN 6,000 PEOPLE IN SOUTH AMERICA

OF WHOM MORE THAN 80% ARE IN BRAZIL. IN ALL, 600 PEOPLE WILL BE HIRED FOR THE NEW ITAIIAIA PLANT AND 150 FOR THE EXPANDED CAMPO GRANDE PLANT.



CHINA: SHENYANG 2

Present in the country since 1988, Michelin operates two local manufacturing facilities:

- Shanghai, with plants for semi-finished products, car tires and truck tires, and a retreading center.
- Shenyang, in the north, with a car and truck tire plant whose operations will be transferred to the new Shenyang 2 facility on the outskirts of the city.

Shenyang 2: quadrupling production in China

Equipped with state-of-the-art machinery, Shenyang 2 will quadruple capacity for semi-finished products and for MICHELIN brand car and truck tires.



MICHELIN IS THE MOST HIGHLY REGARDED TIRE BRAND IN CHINA

WHERE CONSUMERS ARE VERY BRAND SENSITIVE.

A LARGE, FAST-GROWING MARKET

- 1.34 billion inhabitants
- 23 urban areas with more than five million inhabitants
- 61 cars per 1,000 inhabitants

MICHELIN IN CHINA IN 2011

- 97% brand recognition rate
- 7,000 employees
- 2 tire production facilities
- 5,700 dealerships, of which 630 TYREPLUS franchisees



CHINA FOCUSING ON ROAD SAFETY

TO BUILD AWARENESS OF ROAD HAZARDS, MICHELIN CHINA HAS DEPLOYED A NATIONWIDE ROAD SAFETY AWARENESS CAMPAIGN, BASED ON THE THEME "ON THE ROAD TO A SAFER WORLD".



INDIA: CHENNAI

Michelin's first plant in India, which will produce truck tires, is expected to come on stream in early 2013.

More than €600 million is being invested in the new facility, which is located in an industrial park 50 kilometers north of Chennai, Tamil Nadu State in southern India. At full ramp-up, the plant will produce two million radial bus and truck tires a year and employ 1,500 people. At the same time, since 2010 a truck tire dealership and service network is being developed under the Truck Service Center banner. 9 centers have already been opened, and 21 outlets are planned for 2012.



A 100% SAFE WORKSITE.

AGREEMENTS WITH SUBCONTRACTORS INCLUDE PENALTIES TO BE PAID BY EXECUTIVES OF COMPANIES THAT FAIL TO COMPLY WITH SAFETY REGULATIONS, EVEN IF NO ACCIDENTS OCCUR.



Healthcare

Michelin has set up mobile clinics that provide a range of medical treatments, especially eye care, for people in the local communities. 2,300 people have been examined.



THE ONSITE TRAINING CENTER

WHICH OPENED IN MAY 2011, OFFERS VILLAGE RESIDENTS CLASSES IN ENGLISH, MECHANICS, PLUMBING, CARPENTRY, CELLPHONE REPAIR AND BAKING, IN ORDER TO ENCOURAGE THE CREATION OF SMALL BUSINESSES IN THE LOCAL COMMUNITIES.

A LARGE, FAST-GROWING MARKET

- 1.17 billion inhabitants
- 15 cars per 1,000 inhabitants

MICHELIN IN INDIA IN 2011

- 42% brand recognition rate
- 700 employees
- 1 site

DEALERSHIPS AND SERVICES

Driving faster growth.

Replacement tires represent approximately 75% of sales in the passenger car, light truck and truck markets. To steadily broaden and deepen its access to this demand, Michelin is focusing on its dealerships and services to deliver the maintenance that enables customers to enjoy the full value of their tires and to support the trustworthy customer relationships that underpin repeat sales.

FOR MORE INFORMATION
WWW.MICHELIN.COM/CORPORATE





RETAIL STRATEGY: SECURING MARKET ACCESS

To meet its ambitious growth objectives, Michelin is broadening and securing its market access by expanding its partner dealer networks, both integrated and franchised.

EUROMASTER: NO. 1 IN EUROPE

Michelin's dealerships date back to the 1980s, when the Euromaster subsidiary began creating a network in Europe. According to Eric de Cromières, Senior Vice President, Marketing and Sales Performance, "The goal was to build a team of professionals capable of promoting our tires to users and providing them with superior tire mounting and alignment services. This also improved our understanding of the retail business and the needs of our dealers."

Today, Euromaster is Europe's leading retailer of tires and related services, offering the most extensive range of tire solutions for every type of vehicle, from cars, motorcycles and bicycles to vans, trucks, earthmovers, and handling and farm equipment. Euromaster teams also serve corporate customers with mobile tire-fitting vans.

In 2011, Euromaster stepped up the pace of growth, particularly in Italy, Spain, Poland and Romania, to meet its goal of operating 1,000 franchised outlets across Europe within the next five years.

TYREPLUS: SPEARHEADING THE MOVE INTO GROWTH MARKETS

The TYREPLUS network is dedicated to forging lasting partnerships with the most successful dealers in each fast-growing market, to support the ramp-up of the new plants. By year-end 2011, it comprised 1,175 centers in nine countries.

TYREPLUS provides carefully selected franchisees with its high brand awareness, proven store concept and efficient organization and operational support. Store performance and profitability are further improved by standardizing methods according to the Retail Essentials program.

TCI TIRE CENTERS IN THE UNITED STATES

In the United States, TCI is one of the leading integrated truck tire retailing, retreading and service networks as well as a prominent wholesaler of car and van tires for independent dealers. It provides tire management services for truck, service vehicle and corporate fleets, covering procurement, maintenance, retreading and data reporting.

Euromaster

- No. 1 in Europe
- 1,900 centers, of which 400 franchised, in 15 European countries
- Target for 2016: 1,000 franchised centers

TCi Tire Centers

- 70 truck tire sales and service centers (2012 objective: 76); No. 1 in the United States
- 77 wholesale distribution centers (2012 objective: 85); No. 2 in the United States
- 10 retreading plants

TYREPLUS

- No. 1 in China
- 725 centers in four fast-growing countries
- Target for 2016: 1,800 franchised centers



Watch the video



“TRUST THE EXPERTS”

IS THE BASELINE OF THE FIRST TELEVISION ADVERTISING CAMPAIGN, LAUNCHED IN 2011, TO PROMOTE TYREPLUS IN ASIA AND OTHER KEY MARKETS.



TYREPLUS: NO. 1 IN CHINA

In 2011, the TYREPLUS network expanded into Belarus, bringing the total number of centers in Eastern Europe to more than 150. The new country organization offers a competitive advantage for Michelin, which was one of the first tire makers to develop a dealership network in Russia, Kazakhstan and Ukraine. While celebrating its 100th outlet in Thailand during the year, TYREPLUS also opened its first sales agency in Indonesia, where it is preparing an expansion drive to forge partnerships with more than 50 dealers to become the country's leading radial tire retailer by 2016. In China, Tyreplus continued to enjoy surging growth, strengthening its market leadership with 630 dealerships franchised, and setting its sights on reaching 1,200 outlets by 2016.

RETRADING: A COMPETITIVE ADVANTAGE IN THE TRUCK TIRE SEGMENT

With regrooving and retreading, a MICHELIN truck tire can last two and a half times longer while still delivering the same performance as a new tire. This not only offers a cost benefit for trucking companies, it is also good for the environment. Retread services are now being



developed in every market. In Europe, Russia, India and China, Michelin is directly investing in new retread capacity. In 2011, an initial retread unit, with capacity to handle 50,000 tires a year, was opened in Russia, where only 10% of tires are retreaded.

In India and China, the shift to radial tires is being supported by Michelin Truck Service Centers, of which 119 were operating at year-end 2011.

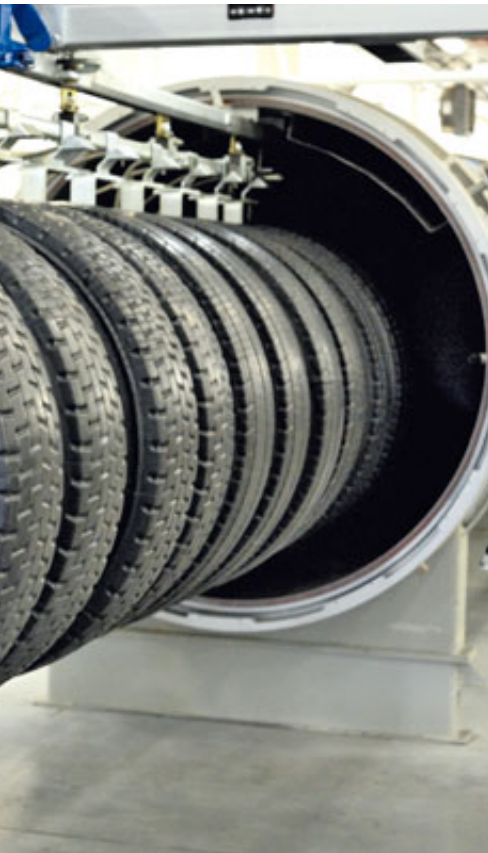
EXPANDING IN FLEET SERVICES

In North America, Brazil and the Middle East, Michelin partners with franchisees, supplying the process and tread bands. In 2011, the leading Michelin Retread Technologies franchisees in the United States were consolidated into the new Michelin Commercial Service Network (MCSN), which provides large fleets with consistent service across the US, round-the-clock emergency road service and a comprehensive reporting



FARMERS.

AT HARVEST TIME, MICHELIN AND ITS NETWORK OF SPECIALIZED EXELAGRI DEALERS IN EUROPE GUARANTEE FARMERS ROUND-THE-CLOCK TECHNICAL SUPPORT.



It also leads in pay-per-use systems, whereby customers pay to use rather than to buy a product, with Michelin providing maintenance. Examples include invoicing tires per kilometer travelled, per tonne carried or per landing. This type of use-oriented product-service system helps to extend tire life through quality maintenance, which saves the raw materials and energy that would have been used to make a replacement tire.



MINE OPERATORS

LARGE CUSTOMERS ARE OFFERED END-TO-END TIRE MANAGEMENT SOLUTIONS, WITH FEE SCHEDULES REFLECTING THE PRODUCTIVITY GAINS FROM THE IMPROVED VEHICLE UPTIME.

Airlines.

Our Customer Support Engineering teams help airlines lower the cost and environmental footprint of their tire solutions by encouraging the transfer of best use and maintenance practices.



system to track and manage their tires. It also enables fleets to maximize their tire performance, retread dealers to retain their largest customers and Michelin to capture all of the value of the network's services. Introduced nationwide, the network is expected to act as a powerful driver of Michelin's differentiation and brand awareness among trucking fleets.

AN INNOVATIVE PER-USE INVOICING SYSTEM

MICHELIN tires are supported and enhanced by a wide array of services designed to strengthen relationships with corporate customers and to help drive their financial and operating performance. The Group offers trucking companies, airlines, mine operators, and handling and port infrastructure operators management solutions that optimize the performance of their vehicles, lower their capital budgets and improve their productivity and competitiveness.



SERVICES THE VIEW FROM ALEXIS GARCIN Vice President, Strategic Marketing, Truck Tire Product Line

"The quality of a MICHELIN tire is supported by services throughout its life cycle. This guarantees our customers that they'll see the return on investment they expect. In fact, Michelin was a pioneer in this area, offering what it called "upkeep service" as far back as the 1920s. A trucking company could rent its tires by the kilometer and Michelin employees would periodically come by to mount, dismount, and correctly inflate the tires. Today, services

nurture the brand's reputation by enabling customers to capture the tire's full potential. They also allow us to get closer to our customers, to more fully understand and satisfy their needs. This helps us to build trustworthy relationships, and makes services a new source of growth in mature markets and a precondition for establishing a firm foothold for the Michelin brand in emerging markets."

OPERATIONAL EXCELLENCE

Driving high performance. All of Michelin's business processes converge on a single, overarching goal: to provide customers with superior products and services, fully aligned with their expectations and sold at the right price to the right customer in the right place at the right time. To drive this high performance, every corporate function and operating unit is sharply focused on delivering operational excellence.

FOR MORE INFORMATION
WWW.MICHELIN.COM/CORPORATE





AN IN-DEPTH TRANSFORMATION

TO DO THINGS BETTER, FASTER AND MORE COST EFFECTIVELY, MICHELIN IS RETHINKING AND TRANSFORMING ALL OF ITS BUSINESS PROCESSES, FROM CUSTOMER RELATIONS, DESIGN, INNOVATION AND PROCESS ENGINEERING TO PROJECT MANAGEMENT, PRODUCTION, LOGISTICS, DISTRIBUTION AND ADMINISTRATION.

Throughout, the focus is on improving speed, simplicity and safety, pursuing cooperative ventures, empowering individuals and aligning teams around priority objectives. After generating substantial savings between 2006 and 2010, the program has set new targets for 2015: i.e. to improve productivity by 30% and to double in flexibility, so as to increase fulfillment rates while reducing inventory.

In mature markets, where our plants are now bigger, more specialized and highly competitive, we are continuing to make targeted investments, such as the \$250 million committed in 2011 at plants in Lexington, South Carolina and Fort Wayne, Indiana to meet demand for car tires. In the fast-growing economies, plants have been optimally sized, structured and equipped. As we make our worldwide production base more competitive, these gains are being consolidated by aligning all of the plants with each one's best practices, driving continuous improvement and quickly sharing new improvements via the Michelin Manufacturing Way.

IMPROVING THE SUPPLY CHAIN AND INFORMATION SYSTEMS

In today's increasingly volatile environment, responsiveness and flexibility are more important than ever. To optimize synergies across the supply chain in logistics, manufacturing and sales, the Michelin Supply Chain and Logistic Way program has been deployed from research facilities to sales agencies. Another major project has been launched to streamline, harmonize and reduce the costs of the information systems that underpin our manufacturing and marketing efficiency.

More broadly, Michelin is striving for operational excellence in every aspect of its business, including managing investments and making full use of corporate assets, developing flexible production resources, optimizing inventory, increasingly standardizing components, reducing overheads by setting up shared service centers, improving working capital, notably with the Demand to Cash program, and maintaining responsive pricing at a time of volatility in commodity prices and exchange rates. A commitment to continuous improvement is now a permanent part of the mindset in every unit.



STACKED FOR SHIPPING, TIRES TAKE UP LESS SPACE IN TRUCKS.

THIS MEANS THAT MORE CAN BE LOADED, THEREBY REDUCING TRANSPORTATION COSTS AND CARBON EMISSIONS. PROJECT INITIATOR: DUNDEE, UNITED KINGDOM.



STRENGTHENING PLANTS IN EUROPE AND NORTH AMERICA

Michelin is continuing to invest to secure the long-term viability of a solid, competitive manufacturing base in Europe and North America and preparing for the future by adapting its plants to changing demand and products. More than €700 million was invested in Europe in 2011.

In France, €30 million has been committed to the Cholet plant, the European center of excellence for SUV and light truck tires, to increase output by 30% to six million tires a year beginning in 2012. Flexibility has been improved at the Roanne plant, which produces premium tires, particularly the MICHELIN Pilot Sport 3 in all sizes. At the Vannes plant, which manufactures cable sheaths for truck tires, processes were automated and workstation ergonomics improved. In Clermont-Ferrand, a major program was undertaken to invest €150 million between now and 2017 in the Ladoux Technology Center, with the goal of speeding time to market for new tires.

In Italy, a three-year, €100-million capital program completed during the year has increased car tire production capacity by 27% and made the Cuneo plant more productive.

In the United States, an additional \$200 million was invested in the Lexington, SC plant to increase capacity in response to rising North American demand for car tires. The new installations will be fully operational in first-half 2013. Another \$50 million is being invested to increase production capacity and enhance the competitiveness at the Fort Wayne, IN plant, which also manufactures car tires.



BibForce: close-to-the-customer support

The integrated BibForce system enables dealers to improve customer service by targeting their initiatives and improving their efficiency in such key sales processes as identifying expectations, tracking tire use and condition, providing maintenance and retread services and managing order intake. BibForce will be accessible by more than 5,000 users across every tire line by 2013.

**MANAGING PERFORMANCE
MDP, SMQDC and empowering organizations**

Michelin plants are deploying the Managing Daily Performance (MDP) program, which is supported by a process designed to create empowering organizations. On the shop floor, teams are working with clearly defined objectives with regard to Safety, Machines, Quality, Productivity and Costs (SMQDC). Visual management charts and tables are used to track day-to-day performance and provide a starting point for meetings held to identify and resolve a given problem and drive continuous improvement. Empowering teams also involves developing each person's capabilities, engagement and performance.

2,000 people use visual engineering management techniques

Based on the MDP program, the Prevention and Industrial Performance Division's Engineering Department has developed a visual management system, with the regular tracking and

display of performance indicators and weekly manager-led meetings to analyze situations and identify solutions. With three large plants now being built, visual engineering management systems are helping to improve responsiveness and to align teams around the same priorities.

FOSTERING EMPLOYEE ENGAGEMENT

Ongoing deployment of empowering organizations

At Michelin, we believe that each individual has an important role to play in the company. Today, production units are gradually introducing empowering organizations, in which each team member contributes to the quality of customer service and the unit's financial performance. These organizations are based on teams of 20 to 60 people working with well-defined objectives and using visual management techniques. All of the members are involved in managing and improving working conditions, quality and the performance of their production tools and processes. Two key components of the system are information and training, which focus on developing openness to change and improving the managerial skills of shop foremen, team managers and production operators.

Thus, production volumes and quality can go hand in hand with sustainability and personal growth.

Michelin quality awards: a central objective for every team

The Michelin Quality Awards recognize teams whose commitment to applying the Michelin Quality Assurance Process has led to outstanding results for the Group and its customers. In all, more than 200 people have been celebrated for their actions.

Held for the fifth time in 2011, the Michelin Quality Awards were presented to 12 teams, with first prize going to the Passenger Car and Light Truck Tire Europe teams for their initiatives to improve customer satisfaction and corporate risk management.

3.5 MILLION TONNES

OF ANNUAL PRODUCTION CAPACITY IN 2011



The list of winners also reflected the high levels of quality achieved in new areas, such as supply chain operations in Europe, truck fleet information services in North America, and the tire services delivered by the Refill retread centers in South America and Euromaster in the United Kingdom.

COOPERATIVE VENTURES AND PARTNERSHIPS

SHARING OBJECTIVES

Original equipment sales represent approximately 25% of the Passenger Car & Light Truck and Truck tire markets. As a strategic partner to car and truck makers, Michelin supports their innovation projects with specially assigned teams.

Because it equips everything on wheels and for every use, Michelin has acquired unrivalled expertise in tires and wheel assemblies, which it leverages to develop tire solutions that meet a vast array of carmaker requirements.

> **OUTSTANDING ENERGY EFFICIENCY**



MICHELIN AND VOLKSWAGEN WORKED CLOSELY TOGETHER TO OPTIMIZE THE ENERGY PERFORMANCE OF THE NEW VOLKSWAGEN ONE LITER, WHICH IS EQUIPPED WITH SPECIALLY DESIGNED "TALL AND NARROW" MICHELIN ENERGY™ SAVER TIRES.

> **100% ELECTRIC**



MICHELIN AND RENAULT HAVE BEEN WORKING TOGETHER SINCE 2009 TO DEVELOP A RANGE OF EVS FITTED WITH MICHELIN ENERGY ELEXTRA TIRES AS ORIGINAL EQUIPMENT. THE CHALLENGE OF MAXIMIZING RANGE WAS SUCCESSFULLY MET BY LOWERING THE TIRE'S ROLLING RESISTANCE, WHICH DELIVER A MORE THAN 5% GAIN IN RANGE. THIS REPRESENTS A SIGNIFICANT COMPETITIVE ADVANTAGE FOR THE EVS, WHICH WILL COME TO MARKET IN 2012.

> **HIGH PERFORMANCE**



IT TOOK TWO YEARS OF CO-DEVELOPMENT WITH BMW, 1,200 PROTOTYPES AND 1,000 PRE-SERIES TIRES TESTED IN EXTREME CONDITIONS OF USE TO DESIGN AND BUILD THE MICHELIN PILOT SUPER SPORT, THE ONLY TIRE CERTIFIED FOR USE ON THE NEW BMW M5.

SUPPLIERS

PARTNERS IN SUCCESS

Purchases represented 64% of consolidated net sales, or some €13.2 billion in 2011.

The Group is forging closer relationships with suppliers, based on mutual respect, transparency, regular communication and high standards, while deepening its partnerships with suppliers considered as strategic.



corrective action plans may be implemented in cooperation with the concerned supplier.

For the past year, the Purchasing Department has been deploying its sustainable purchasing roadmap, supported by a special module that has been included in the orientation training for Group buyers.

RECOGNIZING PERFORMANCE

Presented for the first time in 2011, the Michelin Suppliers Awards recognize partnership excellence. Aligned with the Supplier Relationship Management program, the event is designed to recognize outstanding suppliers in three key purchasing families: raw materials and energy, industrial procurement and services.

EFFICIENCY, ETHICAL PRACTICES AND CONTINUOUS IMPROVEMENT

Michelin is enhancing the efficiency and professionalism of its purchasing teams with the goal of securing its procurement, managing quality, increasing its competitiveness and fostering responsible growth.

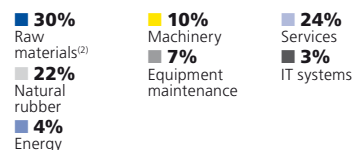
The program to make the purchasing process more competitive was more broadly implemented in 2011 under a new name, Triangle Way, with the creation of a governance structure to lead purchasing strategy and the deployment of an extensive array of innovative tools and methods.

COOPERATION AND HIGH STANDARDS

The Michelin *Purchasing Code* describes the fundamentals that govern supplier relations, while respecting people and the environment. A second document, the *Quality Assurance Guidelines*, presents the system for managing the quality of sourced inputs.

Suppliers are closely integrated into our ongoing quality commitment and expected to meet the highest standards. In 2011, Michelin teams conducted nearly 180 quality audits of supplier facilities that not only assessed their quality systems, but also reviewed workplace safety and ergonomics issues and compliance with environmental, labor law and ethical criteria. When shortcomings are noted during these audits,

PURCHASES OF GOODS AND SERVICES IN 2011⁽¹⁾



(1) Excluding purchases of finished products.
(2) Excluding natural rubber.



A RESPONSIBLE VISION

01

MOVING FORWARD
TOGETHER



FOCUS
ON SAFETY

02

ENVIRONMENTAL
FOOTPRINT



FOCUS
ON RUBBER

AN ALIGNED ORGANIZATION



Watch the interview

HOW MICHELIN COMBINES PERFORMANCE AND RESPONSIBILITY

The overland transportation industry is facing enormous challenges, including climate change, the growing scarcity of fossil fuels and the increasingly dirty air in cities.

In addressing them, the Michelin Challenge Bibendum acts as a global sustainable mobility summit.

What was said there in 2011?

Who are the new motorized mobility stakeholders and what are the revolutions underway in the automotive world?

A CONVERSATION WITH PATRICK OLIVA, CORPORATE VICE PRESIDENT ADVANCED RESEARCH, AND SUSTAINABLE DEVELOPMENT,
AND **BRUNO MARZLOFF**, SOCIOLOGIST AND LEADER OF THE CHRONOS GROUP,
AN INNOVATIVE URBAN MOBILITY THINK-TANK

"MOVING FORWARD TOGETHER"

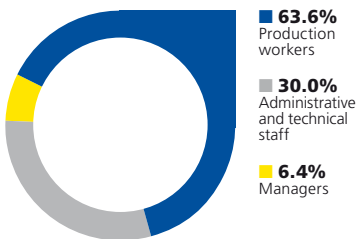
2011: launch of the innovative "moving forward together" program. Michelin bases its employee relations on mutual respect and offers every employee opportunities to foster his or her personal and professional growth over time.

FOR MORE INFORMATION
WWW.MICHELIN.COM/CORPORATE





EMPLOYEES IN 2011



115,000 EMPLOYEES WHO ARE:

Engaged

> 43,085 PROGRESS IDEAS WERE SUBMITTED IN 2011 (OUT OF A POPULATION OF 57,000 EMPLOYEES)

> 19,096 WERE IMPLEMENTED, EQUIVALENT TO ONE EVERY 27 MINUTES

Stakeholding

67,000 EMPLOYEES IN 58 COUNTRIES ARE MICHELIN SHAREHOLDERS

2011 GLOBAL COMMITMENT SURVEY

The Michelin corporate community is made up of more than 115,000 people, representing 120 nationalities. Their diversity, professionalism and commitment underpin our performance, which is intrinsically linked to each employee's success on the job and personal development.

AN INNOVATIVE APPROACH

Moving Forward Together presents a common foundation of mutual commitments between Michelin and its employees in six areas: career management, training and development, management quality, job satisfaction, quality of worklife, and compensation and benefits. Each country organization adapts these commitments to its business environment and local practices.

SUSTAINABLE EXCELLENCE

Michelin is committed to enabling all employees to find fulfillment in their job responsibilities. Training programs encourage personal growth, skills-sharing and openness to change. Moreover, career paths are highly varied and promotion from within is standard procedure. In addition, employees are supported by a

network of career managers to help them realize their full potential.

ENCOURAGING PERFORMANCE

Every employee receives performance-based compensation, with profit-sharing and bonus systems aligned with local practices and job functions, as well as post-retirement benefits and health care and insurance coverage. Stock-option and performance share plans are widely used to reward outstanding individual performance and global employee stock ownership plans are offered on a regular basis.

RESPECTING PEOPLE

Ongoing internal communication enables employees to understand the importance of their jobs and their contribution to the company's performance. Frank, open dialogue is also regularly maintained with employee representatives. Michelin ranks among the world leaders in workplace health and safety and is leading an ambitious strategy to hire and retain disabled employees. Whenever industrial restructuring measures are necessary, each concerned employee is offered appropriate solutions and individual support.

EMPLOYMENT

INTEGRATION & DIVERSITY

“The challenge for a global company is to enable every employee to develop his or her talents to the fullest and to make diversity a driver of growth and competitiveness.”

Jean-Michel Guillon, Executive Vice President, Personnel

The new hires brought in to offset retirements over the 2011-2016 period must meet two challenges for the employee integration process. The first is generational, which is being met with programs designed to address the expectations of newly hired young people. The second is cultural, due to the rising percentage of employees in fast-growing economies, who must learn to embrace our values and a shared vision of our corporate mission.

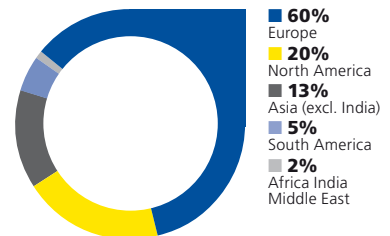
14,036
NEW HIRES
IN 2011

HIRING

Michelin is continuing to hire qualified people. A global hiring network facilitates the exchange of information about the best applicants and the most attractive foreign assignments. In 2011, a speed-hiring event was held during the Frankfurt International Motor Show, which resulted in some 1,000 applications and 30 hirings.



**EMPLOYEES IN 2011
120 NATIONALITIES REPRESENTED**



INTEGRATION

All new employees receive personalized support. Since 2011, operators have been offered an orientation day comprising a presentation of the Group’s values, a session devoted to sustainable development issues and a class in workplace safety.

All new employees take part in the *A Better Way to Start* program, which includes a presentation of the Michelin Performance and Responsibility Sustainable Development process. Managers attend a structured month-long session and an industrial internship.

DIVERSITY

Supported by a global network of more than 600 people, the Michelin diversity program focuses on five key areas: gender equality, cultures and nationalities, age, ethnic origin and physical abilities.

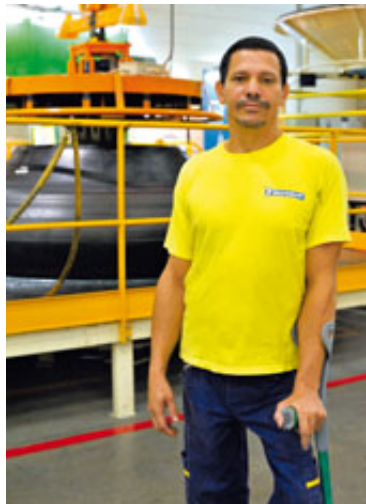


GENDER EQUALITY

Michelin is committed to hiring more women and to facilitating their career development, in particular through two programs. DWay helps to identify obstacles to gender equality in production facilities and to deploy remedial action plans, with the goal of increasing the percentage of women hired for production jobs to 15%. The DSales program is designed to significantly increase the number of women in sales management positions.

DISABLED EMPLOYEES

Michelin is pursuing an assertive policy to hire and retain disabled employees. In every country, sensitivity training is being offered to managers and personnel officers to help them to avoid stereotyping, while in France, a guide for supporting disabled employees was published during the year. These policies were also honored in France with the 2011 Enterprise and Handicap Award.



EMPLOYEE DATA

- > 14,036 NEW HIRES IN 2011
- > 72% OF EMPLOYEES THINK THAT THEIR MANAGER PROMOTES DIVERSITY IN THEIR TEAM
- > ONE-THIRD OF NEW HIRES ARE WOMEN
EXCLUDING PRODUCTION OPERATORS
- > THE GOAL IS TO FILL 15% OF PRODUCTION TEAM VACANCIES WITH WOMEN HIRES
- > THE DISABLED ACCOUNT FOR 8.6% OF ALL EMPLOYEES IN FRANCE

📍 For more information
www.michelin.com/corporate (hiring)
 2011 Registration Document



Watch the video

EMPLOYMENT

TRAINING & DEVELOPMENT

“People don’t come to Michelin just for a job. They come here to grow by successfully meeting challenges. That’s the foundation of our personnel management policy.”

Jean-Michel Guillon, Executive Vice President, Personnel



CAREER PATHS AND MOBILITY

At Michelin, all employees, and not just managers, can build their own long-term career, sometimes in more than one country. The development of our manufacturing base in China, Brazil and India, for example, involves the exchange of production operators and technicians.

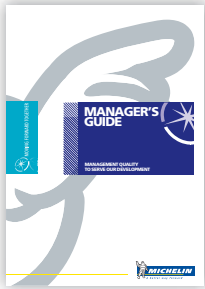


71%
**OF EMPLOYEES FEEL
THAT THEY HAVE ALL THE
RESOURCES NEEDED TO
SUCCESSFULLY PERFORM
THEIR JOBS**

A pioneer in employee training and development, Michelin holds respect for people among its core values. That’s why at Michelin, people are hired for a career, not just a job. Employees are given real opportunities to develop skills in a variety of jobs and put them into practice, meaning that people frequently take on new responsibilities. Training enables them to do each job efficiently and to prepare for possible changes in their career trajectory. Employees are encouraged to take the lead in managing their own careers. They can count on their manager to enable them to grow in their current job and on the support of a career manager to help them chart their future path.

CHANGE AND SUPPORT

The in-depth transformation of our business processes now underway requires the acquisition of new skills, such as the ability to manage projects and work in collaboration or, in the case of production operators, the ability to self-manage tasks. In every case, people are the main focus of the change process. Training was stepped up in 2011, with the increasing use of online e-learning systems to speed deployment.

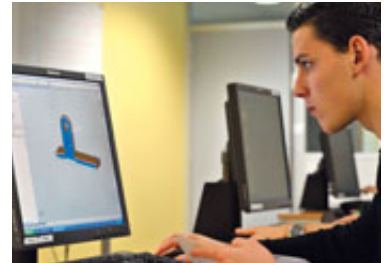


THE QUALITY OF MANAGEMENT PROGRAM

The Quality of Management program helps managers to meet their performance objectives by promoting personal commitment and development. Each one has received the *Manager's Guide* and, by year-end 2012, will have taken part in a one-day forum to discuss the key points of management quality. To support managers in carrying out their day-to-day responsibilities, the new Management Training & Development intranet was introduced in 2011, with self-training modules, videos, testimonials, useful information, news and interviews with experts.



400 CAREER MANAGERS
HELP EMPLOYEES ADVANCE ALONG THEIR CAREER PATHS, ENSURING CONTINUITY AND UNDERSTANDING EACH PERSON'S REQUIREMENTS AND ASPIRATIONS.



SCHOOLS DEDICATED TO RESEARCH, DEVELOPMENT & PROCESS ENGINEERING, MANUFACTURING AND SALES
SKILLS ARE HELPING TO ENHANCE THE PROFESSIONALISM OF EMPLOYEES IN EVERY BUSINESS AND AT EVERY LEVEL OF THE ORGANIZATION.

TWO NEW TRAINING CENTERS

Another priority at Michelin is to offer employees high-quality training when they are hired or change jobs. Opened in June 2011, the training center in Chennai, India will provide instruction for more than 1,000 people by the time the new plant comes on stream in 2012. In September 2011, another center was inaugurated in Dubai to provide technical and sales training for employees and dealers in the Africa-India-Middle East region.

7.2^{MILLION}
HOURS OF TRAINING
IN 2011

OR

5.5%
OF PAYROLL

4,000
PEOPLE A DAY RECEIVE
TRAINING

SAFETY

FROM ZERO ACCIDENTS TO 100% HEALTH AND SAFETY



“Each person is unique and his or her health and safety are all-important.” At Michelin, workplace health and safety is a priority reflected in our strong track record, with a lost-time incident frequency rate of less than 2 since 2008.



A new program designed to further improve safety for sales and marketing staffs have also been initiated.

2012 OBJECTIVES

- > 100% of manufacturing workstations equipped with detailed, standardized accident prevention instructions. Deployment has already begun for maintenance facilities and offices.
- > 50% of employees trained in travel safety (100% by end-2013).
- > 50% fewer fires than in 2010 thanks to preventive maintenance and other measures.



Watch the video

In 2011, Michelin's commitment to the quality of worklife entered a new phase designed to take our safety culture to the next level, by moving from "zero accident" to "100% health and safety." Launched in February, the new campaign is based on the Michelin Health & Safety Declaration, which is now displayed in every facility. Intended for employees, temporary workers and subcontractors, the Declaration strongly encourages everyone to get personally involved, ensuring compliance with safety guidelines and paying careful attention to health and safety, both their own and of others.

An e-learning module available in 12 languages has already empowered 90,000 production operators and managers worldwide in 2011, and will be extended to every employee by June 2012.

ACCIDENT SEVERITY. Strict prevention programs have been introduced to address the most serious accident risks, such as working at heights, entanglements and electrical hazards.

ERGONOMICS. The Ergonomics network shares best practices, in particular concerning factory workstation adjustments for women, older employees and the disabled.

HEALTH. The Health Services Activities Guide focuses on prevention, addresses psychosocial risks and presents priorities and action paths for each region.

FITNESS. Fitness classes are offered in a number of facilities, including Group Headquarters in cooperation with the ASM sports association.

ASSISTANCE. In 2011, an agreement was signed with International SOS, the world leader in medical assistance, healthcare and security services, to cover every employee traveling abroad.

A GLOBAL COMMITMENT TO ROAD SAFETY

In addition to producing high-performance tires, in every host country, Michelin is building awareness of good road safety practices among government authorities and their constituents.

We support a variety of national and international initiatives and conduct our own programs in partnership with non-profit organizations.

Already a leader in the fight for road safety, in 2011 Michelin became an official partner of the United Nations' Decade of Action for road safety, which extends through 2020. The number of people killed or injured in traffic accidents has been steadily rising, to respectively 1.3 million and 50 million in 2011, with the hardest hit demographics being young people and people in developing countries. The UN program hopes to reduce the number of deaths by five million by 2020.

As part of its worldwide partnership with the International Automobile Federation (FIA), Michelin is also an official partner to the international FIA Action for Road Safety campaign.

SECURIZ'MOIS! HAS ALREADY REACHED TWO MILLION PEOPLE IN FRANCE

From June 10 to July 10, 2011, just before the summer vacation period, Michelin and the French Road Safety Association (APR) organized an event called "Securiz'mois!" 30 days for road safety with Michelin."

The campaign involved road safety awareness initiatives in 12 host cities in France, with extensive participation by a wide range of local road safety stakeholders.

RAISING AWARENESS AMONG 730,000 YOUNG EUROPEANS BY 2012

Launched by Michelin in 2009 in partnership with the European Commission, the Road Safety for Young People in Europe (ROSYPE) program was deployed in fifteen

host countries in 2011. Michelin presented its driving simulator in eight countries and distributed 60,000 helmets, 600 bicycles and 270,000 brochures.

PILOT PROJECTS IN ASIA AND BRAZIL

Michelin supports the Global Road Safety Partnership (GRSP), which was created by the World Bank and the World Health Organization to help fast-growing countries to introduce effective road safety programs. Chairman of the GRSP since 2007, the Group is taking part in five-year pilot projects in China, the ASEAN countries, India and Brazil.



THE MICHELIN JUNIOR BIKE PROGRAM TEACHES CYCLISTS SAFE CITY RIDING TECHNIQUES. MORE THAN 200,000 CHILDREN IN ITALY, FRANCE AND CANADA HAVE ALREADY TAKEN PART IN THE PROGRAM.



Watch the video

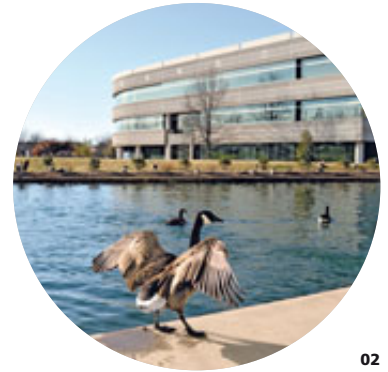
STEADILY SHRINKING OUR ENVIRONMENTAL FOOTPRINT

Michelin has improved its environmental efficiency by one-third over the past six years.

From the choice of materials to tire architecture, manufacturing processes and services, all of our solutions are designed with a constant focus on safeguarding the natural environment.

FOR MORE INFORMATION
WWW.MICHELIN.COM/CORPORATE





15 BILLION LITERS OF FUEL SAVED, AVOIDING THE RELEASE OF 38 MILLION TONNES OF CO₂, THANKS TO THE MICHELIN ENERGY EFFICIENCY TIRES SOLD OVER THE PAST 20 YEARS.

MORE THAN 90% OF A TIRE'S IMPACT OCCURS DURING USE

Our lifecycle assessments show that tires impact the environment primarily during use, which accounts for more than 92% of a car tire's footprint and more than 95% of a truck tire's. This is primarily due to the energy used to keep the vehicle moving forward, or rolling resistance, which can account for one tank of fuel out of five for cars and one out of three for trucks.

That's why Michelin is concentrating on reducing rolling resistance while maintaining the same superior performance expected of a tire in other areas, particularly safety and high mileage. Since 1992, Michelin has developed four generations of fuel-efficient tires for cars and three for trucks. For example, the rolling resistance of passenger car and light truck tires has been reduced by 46%, saving the equivalent of 0.5 liters of fuel per 100 km and avoiding the release of 13g/km of carbon.

PRODUCTION FACILITIES' ENVIRONMENTAL FOOTPRINT REDUCED BY 33% IN SIX YEARS

Compared to the in-use impact, tire production has only a limited effect on the environment, accounting for 6% to 10% of the total life-cycle footprint, including raw materials extraction and distribution. Michelin is committed to further reducing this percentage. To manage the environmental performance of Group plants, a dedicated metric, known as the Michelin sites Environmental Footprint (MEF), has been introduced and is tracked quarterly. It is designed to help meet the target of reducing the plants' footprint by 45% by 2016 compared with 2005 and had already shrunk it by 33% as of 2011. Today, the objective is to maintain the same pace of improvement, with a special focus on energy use.

MEF⁽¹⁾ PERFORMANCE

Comprised of six weighted basic indicators, MEF is calculated for each facility and consolidated at Group level: VOCs⁽²⁾ account for 25% of emissions and other components for 15% each. Data reviewed by PricewaterhouseCoopers. To provide a clearer vision of our total environmental footprint, extending beyond the efficient production base, the six components of the MEF are now published in absolute units.

(1) Michelin sites Environmental Footprint.
(2) Volatile organic compounds.

- 01** > 99% of production plants certified to ISO 14001 standards. More than 1,400 dedicated members of the Environment and Prevention network.
- 02** > 100% of R&D and production facilities apply the Michelin Environmental Management System.

	Change 2005-2011	2011	Unit ⁽³⁾	Absolute value	Unit
Energy consumption	- 22%	13.6	GJ/t TP	45,162	x10 ³ GJ
Water consumption	- 23%	11.6	m ³ /t TP	38,516	x10 ³ m ³
VOC emissions	- 36%	2.73	kg/t TP	9,048	t
CO ₂ emissions	- 21%	1.21	t/t TP	4,012	x10 ³ t
Waste produced	- 22%	109.1	kg/t TP	361,612	t
Waste landfilled	- 72%	9.38	kg/t TP	31,086	t
MEF	- 33%	67.2			

(3) t TP = tonne of tire produced.

ENERGY

> **1st objective: Reduce energy use by tonne of tire produced by 20% between 2010 and 2015**

> **2nd objective: Significantly increase the use of renewable energies**



€10 MILLION IN ENERGY INPUTS IN 2011 OBJECTIVE OF €200 MILLION IN ENERGY SAVINGS BY 2015, WITH A CORRESPONDING REDUCTION IN CO₂ EMISSIONS

50%

OF THE EXPECTED DECLINE IN CARBON EMISSIONS WILL COME FROM ENERGY SAVINGS

▲ 17,000 SOLAR PANELS INSTALLED AT THE PUY-EN-VELAY PLANT

In 2011, new photovoltaic panels with a total surface area of three hectares were installed on the roof of the plant in Blavozy, near Puy-en-Velay France. Capable of generating 3 MWh of energy and avoiding the release of 300 tonnes of CO₂ a year, the rooftop panels constitute one of the largest photovoltaic power stations installed on a French manufacturing facility.

The Blavozy plant, which produces earthmover tires, has been ISO 14001 certified since 2003 and recycles all of its waste.

ORGANIZERS AND IDEAS

Energy efficiency gains across the production base are being led by a cross-disciplinary Energy organization. All the plants have performed energy audits and prepared action plans, and energy performance indicators have been introduced in facilities in North America and Europe. Moreover, to improve energy management in the production facilities, 67 Energy Organizer positions were created in 2011, with another eight planned for 2012. A seven-week Eco-Energy Challenge was also organized, prompting 1,194 employees to submit 1,885 Progress Ideas on ways to save energy.

IMPROVING INSULATION AT THE LAEM CHABANG PLANT

In Thailand, the Laem Chabang plant reduced its energy consumption by 11% and substantially improved working conditions in its tire curing areas. Tire press surface temperatures were lowered from 65° to 45°C, thereby reducing the risk of burns and creating a more comfortable working temperature. Moreover, thanks to close cooperation with the insulation supplier, the upgrade was carried out without halting production.

Watch the video



RAW MATERIALS

> **1st objective:** Reduce raw material used per tonne of load

> **2nd objective:** Improving the environmental management of production processes



-22%

REDUCTION IN THE NUMBER OF MICHELIN TIRES USED DURING THE 24 HOURS OF LE MANS SINCE 2006 THANKS TO IMPROVEMENTS IN TIRE LONGEVITY

VITORIA PLANT STANDARDIZES PROCESSES TO REDUCE WASTAGE

In 2011, the Vitoria, Spain plant implemented a program to optimize its production process. In the bead wire facility, defining a standard product and aligning machine settings helped to reduce raw material wastage by 45%, increase productivity by 12%, improve working conditions by reducing maintenance needs, and more effectively meet customer expectations. This best practice will be applied in similar facilities in 2012.

MATERIALS EFFICIENCY INDEX: A NEW APPROACH TO PERFORMANCE

How many kilometers can a car travel for each kilogram of tire? How much weight can a truck carry for each kilogram of tire? How many landings can a plane make for each kilogram of tire? To answer these questions and produce long-lasting, robust tires, Michelin wants to optimize the efficiency of the up to 200 different materials used in a tire. Thanks to the materials efficiency index, Group designers and developers can assess materials performance and select the best options.

BASSENS PLANT IMPROVES SOLVENT USE

Over the past two years, toluene has been totally eliminated from the production processes used at the plant in Bassens, France, an ISO 14001-certified facility that manufactures synthetic elastomers for approximately 40 other Group plants. Eliminating toluene-based solvents complies with Europe's REACH regulation, but Michelin is exceeding compliance by extending the ban to other host markets as well.

TIRE USE

> 1st objective: Encourage the use of proper tire pressure

> 2nd objective: Offer eco-driving courses



MICHELIN MAN AIR PUMPS IN CHINA AND INDIA

Under-inflated tires increase a vehicle's fuel consumption and carbon emissions, while braking less effectively and wearing faster. Michelin provides motorists with free access to air pumps shaped like the Michelin Man, with more than 100 already installed in highway service areas, towns and cities and on Michelin facility parking lots. By year-end 2011, they had been deployed in 12 countries, including South Africa, Qatar, China and India.

NEW ECO-DRIVING COURSES FOR FLEET OPERATORS

The Michelin Fleet Solutions program manages tires for large fleet operators and invoices them on a per-kilometer basis. It handles all aspects of tire management, from selection and mounting to maintenance, retreading and end-of-life disposal. To help customers further reduce their fuel bill, MFS also offers eco-driving courses, as well as an onboard system that analyzes the causes of excessive fuel use so that remedial measures can be taken.

MICHELIN IS HELPING TO DEVELOP ONBOARD TIRE PRESSURE MONITORING SYSTEMS FOR CARS AND TRUCKS.



THE MICHELIN EARTHMOVER MANAGEMENT SYSTEM (MEMS)

ENABLES REMOTE REAL-TIME MONITORING OF THE PRESSURE AND TEMPERATURE OF VERY BIG EARTHMOVER TIRES, EVEN WHILE THE VEHICLE IS IN OPERATION.

SCRAP TIRES

- > **1st objective: Collect scrap tires**
- > **2nd objective: Develop tire recycling solutions**



96% OF TIRES IN THE EUROPEAN UNION ARE RECYCLED OR REUSED

1 TONNE OF SCRAP TIRES = 750 KILOGRAMS OF OIL



RECOVERY AND RECYCLING IS EVERYONE'S BUSINESS

End-of-life tires pose two problems: processing the more than 18 million tires that are discarded each year and absorbing the estimated 50 million tonnes in legacy stockpiles. Within the industry, Michelin supports the principle of holding the tire maker responsible for EOL tire collection, which has demonstrated its effectiveness, with recovery rates of 96% in Europe and 97% in Brazil.

It also takes part in a World Business Council for Sustainable Development working group that is promoting the creation of recycling channels in developing countries. In 2011, Ecopneus, a new EOL tire management company, started operations in Italy.

REUSING TIRE CASINGS

Once their initial tread has worn down, radial truck tire casings can be rebuilt with a new tread and sidewalls. The various components are cured in a mold to solidify them. MICHELIN retread technology delivers the same performance as new tires and allows these highly robust casings to be used much longer, providing benefits for both customers and the environment. Some countries, however, consider casings to be waste and forbid their transport.

As the world leader in retreads with high-quality processes, Michelin promotes the free circulation of retreadable casings.

RECYCLED RUBBER

End-of-life tires are 100% recyclable either as fuel or as new material. Whole or shredded, they can be used in filling material, noise-abatement walls or railroad track crossties, or when ground into crumbs or powder, as material for road surfaces, synthetic ground coverings or composites. In an environment shaped by the increasing scarcity of raw materials and fossil fuels, new recovery channels are developing.

🔗 **For more information about end-of-life tire recycling**
www.aliapur.com
www.etrma.org
www.rma.org
www.wbcds.org

A CLOSER LOOK AT RUBBER

DEVELOPING RESOURCES

FOCUS

Developing and maintaining rubber tree farms is a major priority for Michelin, which uses nearly 10% of the world's natural rubber output. At the same time, the Group is optimizing its production of synthetic rubber and expanding its research projects in this area.



Michelin's research projects focus on improving the quality of natural rubber, improving rubber tree yield and selecting the most disease-resistant species.

TWO ADVANCES IN SYNTHETIC RUBBER

Tires are made from both natural and synthetic rubber. Oil is the raw material for synthetic elastomers, which are produced by chemically combining butadiene and styrene in a solvent.

RUBBER TREE FARMING FACTS AND FIGURES

- > 10 MILLION HECTARES DEDICATED TO RUBBER TREE FARMING
- > 10 MILLION TONNES OF NATURAL RUBBER PRODUCED EACH YEAR
- > 6 MILLION RURAL JOBS
- > 80 MILLION TONNES OF CO₂ SEQUESTERED EACH YEAR



01

In 2011, the Bassens, France plant introduced a process for producing synthetic elastomers that contain no toluene-based solvents.

The commitment to developing competitive, lasting solutions was also reflected by the partnership with Amyris Inc., which is expected to develop a method for making renewable isoprene from sugar cane by 2015.

IMPROVING THE PRODUCTION OF NATURAL RUBBER

The tire industry uses 70% of the world's natural rubber production. As the main raw material in truck, agricultural and earthmover tires, natural rubber accounts for nearly 40% of Michelin's elastomer consumption by volume.

Used in the manufacture of synthetic rubber, isoprene is produced from either natural rubber or hydrocarbon cracking. Since renewable isoprene could replace synthetic isoprene, Michelin is helping to finance its development and has agreed to purchase a specified amount of product each year over the next ten years.

01 > Helping small farmers

In Brazil's Bahia region, the Group helps more than 1,500 families involved in small farming operations to grow rubber trees, along with bananas and cocoa, so that they can enjoy more stable income.

OPTIMIZING RUBBER USE

In 2011, speculative trading drove unprecedented volatility in natural rubber prices, which soared to record highs of more than \$6.00 a kilogram, compared with \$1.50 in early 2009. As a result, Michelin's raw material purchases amounted to €7 billion for the year, an increase of 46% over 2010. As a result, effectively managing rubber use has become a business-critical process.



+25%

INCREASE IN TRUCK TIRE LIFE
THANKS TO REGROOVING

**BETWEEN 20%
AND 30% LESS**

RUBBER IS USED IN THE
MICHELIN X ONE THAN IN THE
TWIN-MOUNTS IT REPLACES

FIVE WAYS TO DO MORE WITH LESS

1. Reduce process wastage through more effective management of processes and quality. Targets for reduction have been set in each production facility.

2. The “carry more for less” program is helping **to optimize** the ratio of tire weight to load capacity by designing lighter tires capable of carrying heavier loads.

3. Increase tire life to reduce demand for replacements. Tire life can be extended through a better understanding of wear patterns, rubber compound formulas, design techniques and worn tread

regrooving processes, as well as by tire maintenance and technical management services.

4. Make each new generation of tire **lighter** without sacrificing performance, especially longevity. In less than three years, the weight of the MICHELIN X Energy™ SaverGreen truck tire has been reduced by around 2%, even as its treadlife has been increased.

5. Pursue breakthrough technologies with radically new concepts like the MICHELIN X ONE, of which more than one million tires have been sold in less than 10 years, and the surprising MICHELIN TWEEL, which is intended to provide solutions to customers' emerging needs.



THE MICHELIN® XDR™2

WEIGHING JUST FIVE TONNES, BUT CAPABLE OF CARRYING UP TO 100, THE MICHELIN® XDR™2 OFFERS 20% LONGER TREADLIFE TO MEET THE NEEDS OF RIGID DUMP TRUCKS OPERATING IN SEVERE MINING AND QUARRY ENVIRONMENTS.



A MANAGED VISION

01

CORPORATE
GOVERNANCE

02

MICHELIN AND ITS
SHAREHOLDERS

03

FINANCIAL
RESULTS

A SOLID, RESPONSIVE ENTERPRISE



Watch the interview

HOW MICHELIN IS LED

Michelin's corporate governance remains unusual in that the Company is incorporated as a partnership limited by shares.
How is a partnership limited by shares suitable to today's world and its challenges?
How did the Company's bylaws change in 2011?
How was the succession process prepared for 2012?

***A CONVERSATION WITH MICHEL ROLLIER,
AND JEAN-DOMINIQUE SENARD, MANAGING GENERAL PARTNERS***



STABLE, RESPONSIBLE, EFFECTIVE CORPORATE GOVERNANCE

At Michelin, corporate governance is a robust process focused on long-term responsibility.

In a capital-intensive industry where technological innovations are relatively slow to market, 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).

UPDATED BYLAWS

In February 2011, Mr. Rollier announced his intention not to complete his term of office, scheduled to end in 2017. He therefore proposed that shareholders in Extraordinary Meeting on May 13, 2011 elect Jean-Dominique Senard as Managing General Partner, to serve alongside him and eventually succeed him when the time comes. Mr. Rollier also invited shareholders to

approve an adjustment in the Group's corporate governance as part of the succession process. Shareholders adopted all of the proposed resolutions, in particular:

➤ The term of office of future Managing Partners – whether Managing General Partners or Non-General Managing Partners – will be limited to four years, renewable and revocable.

➤ The powers of the Supervisory Board have been expanded. The Board must now approve the re-election or removal of future Managing Directors and the bylaws have been changed to formally recognize its responsibility for gauging the quality of the partnership's management.



OPINION OF THE SUPERVISORY BOARD CHAIRMAN **ON THE CHANGES IN THE BYLAWS**

“These changes are in line with broader developments taking place within the Group. Just 50 years ago, Michelin was a small, family-owned company one-tenth the size of its two main competitors. Today it is a global enterprise and the industry leader. This radical change in the company’s size and the origin of its senior executives could not have occurred without simultaneous changes in its governance system. We firmly believe that certain things must evolve for our company to adjust to new realities in

its business environment and corporate governance is one of them. Conversely, there are areas in which the Group must not change, such as the values that underpin our success. Another is our focus on innovation, technology and investing for the long term. By putting these values into practice, the Managing Partners are effectively transmitting them to the entire organization. This is the key to Michelin’s success.”

Éric Bourdais de Charbonnière

> THE MICHELIN ORGANIZATION

> 8 PRODUCT LINES, each with its own marketing, development, production and sales resources: Passenger Car and Light Truck, Truck, Specialty product lines (Agricultural, Aircraft, Two-Wheel, Earthmover), Materials and Other Businesses with Michelin TravelPartner and Michelin Lifestyle.

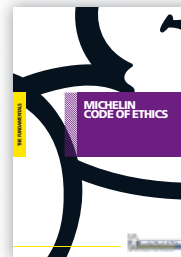
> A TECHNOLOGY CENTER in charge of research, development and process engineering, with operations in Europe, North America and Asia.

> 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.

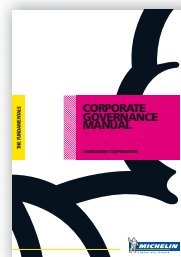
> 2 INTEGRATED TIRE DEALERSHIP NETWORKS: Euromaster and TCI.

> 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; Supply Chain and Logistics.



The Michelin Code of Ethics defines the ethical standards applicable to the Group’s operations and presents the guidelines for addressing various ethics-related issues. It emphasizes the Group’s commitment to the core values of respect and responsibility. It is available in 13 languages.



The Michelin Corporate Governance Manual is intended for executives with a leadership role at the corporate, regional or country level. It describes each unit’s missions and responsibilities, operating procedures and governance organizations, and the behavior expected of managers. It also lists the best practices developed to drive greater de-siloing and improve the effectiveness of the improvement plans, and to ensure that local line managers have the support they need to meet their objectives.

SENIOR MANAGEMENT

The Group is led by **Michel Rollier, Managing Chairman and Managing General Partner, and Jean-Dominique Senard, Managing General Partner.**

They are assisted by the Group Executive Council, comprised of eleven executives responsible for the Product Lines, Corporate Services, Performance Divisions and growth regions.

GROUP EXECUTIVE COUNCIL



FRANÇOIS CORBIN

- > President, Growth Regions
- > Oversees the Purchasing Department



ÉRIC DE CROMIÈRES

- > Executive Vice President, Sales and Marketing Performance
- > Supervises the Supply Chain and Logistics Performance Division



JEAN-CHRISTOPHE GUÉRIN

- > President, Materials Product Line
- > Oversees the Quality Department.



JEAN-MICHEL GUILLON

- > Executive Vice President, Personnel and Organization



FLORENT MENEGAUX

- > President, Passenger Car and Light Truck Tire Product Line
- > Oversees motorsports



LAURENT NOUAL

- > Executive Vice President, Corporate Development
- > Supervises the Information Systems Department



MANAGING PARTNERS

MICHEL ROLLIER

- > Managing General Partner
- > Managing Chairman

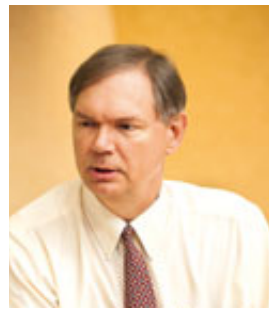
JEAN-DOMINIQUE SENARD

- > Managing General Partner



CLAIRE DORLAND-CLAUZEL

- > Executive Vice President, Communication and Brands



TERRY GETTYS

- > Executive Vice President, Research and Development



MARC HENRY

- > Chief Financial Officer



SERGE LAFON

- > President, Truck Product Line



BERNARD VASDEBONCOEUR

- > President, Specialty Product Lines
- > Supervises the Prevention and Industrial Performance Division

SUPERVISORY BOARD



1 BENOÎT POTIER

- > Member of the Compensation Committee
- > Member of the Audit Committee
- > Chairman and Chief Executive Officer of Air Liquide

2 PAT COX

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

3 BARBARA DALIBARD

- > Member of the Compensation Committee
- > Chief Executive Officer of the French national railways' travel division

4 FRANÇOIS GRAPPOTTE

- > Member of the Compensation Committee
- > Chairman of the Audit Committee
- > Honorary Chairman of Legrand

5 ÉRIC BOURDAIS DE CHARBONNIÈRE

- > Chairman of the Supervisory Board since 2000
- > Member of the Compensation Committee
- > Member of the Audit Committee

6 PIERRE MICHELIN

- > Member of the Compensation Committee
- > Member of the Audit Committee
- > Head of India Development of Bull

7 LAURENCE PARISOT

- > Member of the Compensation Committee
- > Vice-Chairman of the Management Board of Institut Français de l'Opinion Publique (Ifop)
- > President of the French employers federation (MEDEF)

8 LOUIS GALLOIS

- > Member of the Compensation Committee
- > Chief Executive Officer of EADS
- > President of the Airbus Shareholders Committee

More information about Supervisory Board members www.michelin.com/corporate Registration Document, page 79.



The Supervisory Board exercises permanent oversight of the Company's management and assesses its quality on behalf of the shareholders, presenting a report thereon at each Annual Shareholders Meeting. It has eight members, all qualified as independent and elected for four-year terms. This limited number improves the quality of the Board's decisions, enables the active involvement of each member and facilitates consensus-building.

The Supervisory Board as a whole performs the duties generally assigned to a Compensation Committee and has created an Audit Committee, which currently has four members.

The Supervisory Board met 7 times in 2011 with an attendance rate of 89.3%.

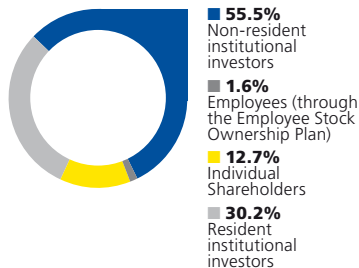
STATUTORY AUDITORS

PRICEWATERHOUSECOOPERS AUDIT
 REPRESENTED BY CHRISTIAN MARCELLIN, PARTNER
 AND HIS SUBSTITUTE PIERRE COLL.

DELOITTE & ASSOCIÉS REPRESENTED BY
 DOMINIQUE DESCOURS, PARTNER
 AND HIS SUBSTITUTE, BEAS.

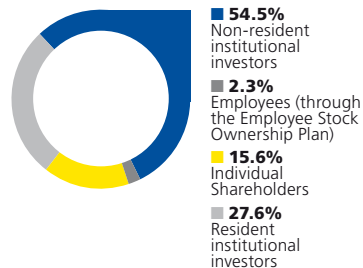
CAPITAL STRUCTURE

AT DECEMBER 31, 2011



VOTING RIGHTS STRUCTURE

AT DECEMBER 31, 2011



MICHELIN AND ITS SHAREHOLDERS: A SHARED PROJECT

By investing in Michelin, shareholders are embracing a project whose success is being driven by technological leadership, powerful brands, expansion in the global marketplace and a commitment to combining performance and responsibility over the long term.

The Group's ambitious objectives are supported by more than 226,000 shareholders, all of whose shares are held in registered form.



MEANINGFUL DIALOGUE

In 2011, nearly 2,000 people attended the Annual Shareholders Meeting in Clermont-Ferrand. In addition, seven meetings were organized with individual shareholders in seven French cities during the year, while in Paris, Michelin took part in the annual Salon Actionaria investor fair. Since 2003, communication with our individual shareholders has been enhanced by input from the Shareholder Consultative Committee, whose 14 members, including two employee shareholders, serve four-year terms. In 2011, the Committee met twice and actively participated on the Michelin booth at the Actionaria fair.

€2.10

PER SHARE: THE RECOMMENDED
DIVIDEND FOR 2011

MEETING EXPECTATIONS

Individual shareholders can contact our dedicated Shareholder Relations team for information, support and assistance in all their transactions, such as opening accounts, issuing buy and sell orders, and preparing estate transfers and gifts, in liaison with *notaires* and heirs.

78% OF SHAREHOLDERS OPTED TO REINVEST THEIR DIVIDEND

In 2011, as in the previous year, shareholders were offered the option of receiving their dividend in cash or reinvesting it in new shares.

More than 78% of shareholders opted to reinvest, demonstrating the confidence of individual and institutional shareholders in Michelin's strategic vision and outlook. This resulted in the creation of 3.1 million new shares, representing 1.7% of the capital.

BEST ANNUAL REPORTS 2011: MICHELIN RANKED NO. 1 AMONG FRENCH COMPANIES

WATCH REPORT'S 2011 BEST ANNUAL REPORTS LISTING RANKED MICHELIN'S 2010 ANNUAL REPORT NO. 1 AMONG FRENCH COMPANIES AND 25TH WORLDWIDE.

MICHELIN SHAREHOLDERS INCLUDE NEARLY 3,500 INSTITUTIONAL INVESTORS, 156,000 INDIVIDUALS AND 67,000 EMPLOYEES IN 58 COUNTRIES.

For more information
www.michelin.com/shareholders
Shareholder's Guide

SHARE INFORMATION

Michelin shares are traded on the **NYSE Euronext Paris** stock exchange

- Compartment **A**
- Eligible for the SRD deferred settlement system
- ISIN: **FR 0000121261**
- Par value: **€2.00**
- Traded in units of: **1**
- Number of shares **180,018,897**, all fully paid up

MARKET CAPITALIZATION

€8.221 billion at December 31, 2011

AVERAGE DAILY TRADING VOLUME

1,246,389 shares in 2011

STOCK INDEX WEIGHTING AT DECEMBER 31, 2011

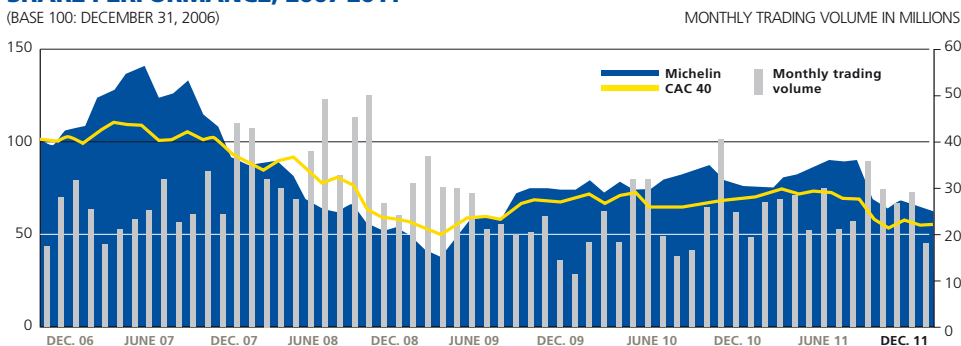
- **1.41%** of the CAC 40 index
- **0.58%** of the Euronext 100 index

SOCIALLY RESPONSIBLE INVESTMENT (SRI) INDICES

- Dow Jones Sustainability Indices (DJSI)
DJSI Europe DJSI World
- Ethibel Sustainability Index (ESI) Europe
- Advanced Sustainable Performance Index (ASPI) Eurozone

SHARE PERFORMANCE, 2007-2011

(BASE 100: DECEMBER 31, 2006)



SHARE PRICE IN €	2011	2010	2009	2008	2007
High	68.54	64.51	58.67	79.90	106.70
Low	40.20	48.13	22.69	30.65	67.75
Closing price for the year	45.68	53.7	53.58	37.57	78.5
Change over the year	-14.93%	+0.2%	+42.6%	-52.1%	+8.3%
Change in the CAC 40 index over the year	-20.45%	-3.3%	+22.3%	-42.7%	+1.3%

IN € PER SHARE, EXCEPT RATIOS	2011	2010	2009	2008	2007
Net assets per share	45.9	46.0	37.2	35.2	36.7
Basic earnings per share	8.14	6.78	0.69 ⁽¹⁾	2.46	5.32
Diluted earnings per share ⁽²⁾	7.97	6.64	0.69 ⁽¹⁾	2.46	5.22
PRICE-EARNINGS RATIO	5.6	7.9	77.7	15.3	14.8
Dividends	2.10*	1.78	1.00	1.00	1.60
Pay-out ratio	30.0%	30.0%	140.8%	40.7%	30.1%
Yield ⁽³⁾	4.6%	3.3%	1.9%	2.7%	2.0%

*Subject to approval at the Annual Shareholders Meeting on May 11, 2012. (1) Pro forma, adjusted to reflect the October 2010 rights issue. (2) Earnings per share adjusted for the potential shares resulting from the exercise of outstanding dilutive instruments. (3) Dividend/closing share price for the period.

ANALYSIS OF 2011
CONSOLIDATED RESULTS

**HISTORIC
PERFORMANCE**
**STRONG GROWTH
IN SALES: UP 15.8%**
**OPERATING INCOME:
€1,945 MILLION**
**NET DEBT-TO-EQUITY
RATIO OF 22%**



SECURE REFINANCING

IN JULY 2011, COMPAGNIE FINANCIÈRE MICHELIN SIGNED AN AGREEMENT WITH A CONSORTIUM OF 21 BANKS FOR A NEW, €1.5-BILLION, FIVE-YEAR, MULTI-CURRENCY REVOLVING LINE OF CREDIT FOR GENERAL CORPORATE PURPOSES. IT REPLACES THE €1.5 BILLION SYNDICATED LINE OF CREDIT ARRANGED FOR 2005-2012.

FURTHER IMPROVEMENT IN WORKPLACE SAFETY PERFORMANCE

ENVIRONMENTAL MANAGEMENT TARGETS EXCEEDED

MICHELIN'S FINANCIAL AND ECONOMIC IMPACT ON STAKEHOLDERS

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 our tires. Michelin also equips hundreds of aircraft and tens of thousands of pieces of agricultural, handling and earthmover equipment. In all, more than 184 million tires and 10 million maps and guides were produced in 2011.
- > Around the world, more than 600,000 people produce the natural rubber used by Michelin.
- > The Group has more than 45,000 suppliers.
- > Group products are marketed in more than 170 countries. In addition to its integrated dealerships and service centers, Michelin has forged partnerships with 400 Euromaster franchisees in Europe and 725 TYREPLUS franchisees in four fast growing countries.

> Michelin also has 75 Michelin Lifestyle license partners, who have chosen the MICHELIN brand to stimulate their product sales.

2011

IN € MILLIONS	INFLOWS	OUTFLOWS
Customers	20,719	
Suppliers		13,234
Employees		5,021
Shareholders⁽¹⁾		150
Banks and lenders		228
Capital expenditure		1,711
Taxes		691
Associations, community outreach, support		15

(1) Inflows = share issues and outflows = dividends.

SEGMENT INFORMATION

CONTRIBUTION TO CONSOLIDATED NET SALES BY BUSINESS

PASSENGER CAR AND LIGHT TRUCK TIRES: 52%
TRUCK TIRES: 32%
SPECIALTY BUSINESSES: 16%



ROBUST MARGINS

Net sales in the Passenger Car and Light Truck Tires and Related Distribution segment stood at €10,780 million, up 10.1% on 2010 thanks to the 3.9% increase in sales volumes, the solid pricing dynamic maintained throughout the year, and the success of the MICHELIN Pilot Super Sport, MICHELIN Primacy HP and MICHELIN ALPIN 4 lines.

PASSENGER CAR AND LIGHT TRUCK TIRES AND RELATED DISTRIBUTION

The growth in tonnages sold and the positive price-mix, which more than offset the increase in raw materials costs and in the expenses committed to drive future growth, together fed through to operating income of €1,018 million before non-recurring income and expenses, or 9.4% of segment net sales.

31
PLANTS IN 17 COUNTRIES

No. 1
WORLDWIDE
IN FUEL-EFFICIENT TIRES

IN € MILLIONS	2011	2010	2011 / 2010
Net sales	10,780	9,790	+ 10.1%
Operating income (before non-recurring items)	1,018	1,014	+ 0.4%
Operating margin (before non-recurring items)	9.4%	10.4%	- 1 pt



TRUCK TIRES AND RELATED DISTRIBUTION

went from strength to strength. Despite an unfavorable OE/replacement sales mix and start-up costs in China and India, operating income before non-recurring income and expenses stood at €233 million, or 3.5% of segment net sales, thanks to volume growth and the successive price increases, which over the year offset the increase in raw materials prices.

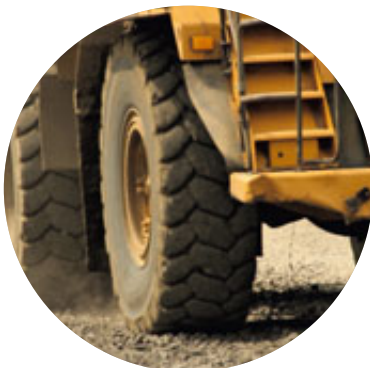
26
PLANTS IN 15 COUNTRIES

No. 1
IN TRUCK RADIAL TIRES

HISTORICALLY HIGH FINANCIAL PERFORMANCE

Net sales in the Truck Tires and Related Distribution segment amounted to €6,718 million, a gain of 18.3% on 2010. Sales volumes ended the year up 5.8% after rising 15.6% in the first half thanks to purchases ahead of announced price increases. The new MICHELIN X® MultiWay™ 3D Europe and X® MultiWay™ XZE Brazil lines were successfully introduced during the year, while the MICHELIN X One range

IN € MILLIONS	2011	2010	2011 / 2010
Net sales	6,718	5,680	+ 18.3%
Operating income (before non-recurring items)	233	249	+ 6.4%
Operating margin (before non-recurring items)	3.5%	4.4%	- 0.9 pt



SPECIALTY BUSINESSES

sold, the significant contribution from the Earthmover segment and the application of contractual indexing clauses amply offset the unfavorable impact of higher raw materials prices and changes in exchange rates.

14
PLANTS IN 7 COUNTRIES

No. 1
IN EARTHMOVER AND
AIRCRAFT RADIAL TIRES

SUSTAINED HIGH MARGINS

Net sales in the Specialty Businesses totaled €3,221 million, a 33% increase over 2010 that reflected both a 22.4% surge in volumes and the ability to pass on higher raw materials costs to customers. Operating income before non-recurring income and expenses remained structurally high, at €694 million or 21.5% of segment net sales. The increase in tonnages

IN € MILLIONS	2011	2010	2011 / 2010
Net sales	3,221	2,421	+ 33.0%
Operating income (before non-recurring items)	694	432	+ 60.6%
Operating margin (before non-recurring items)	21.5%	17.8%	+ 3.7 pt

KEY INDICATORS:

FINANCIAL

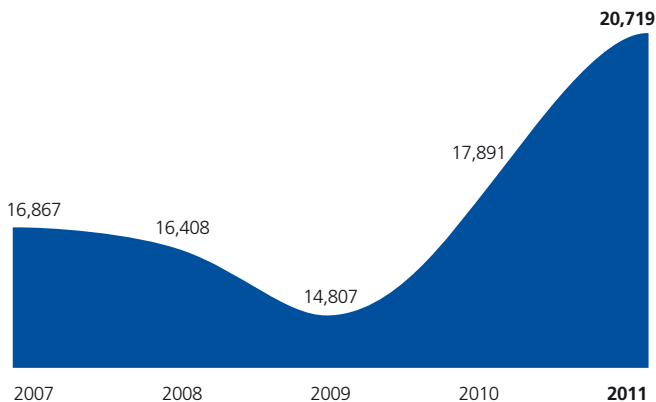
SOCIAL

ENVIRONMENTAL

+16%

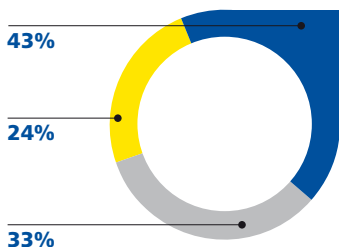
20,719

NET SALES
IN € MILLIONS



2011 NET SALES BY REGION

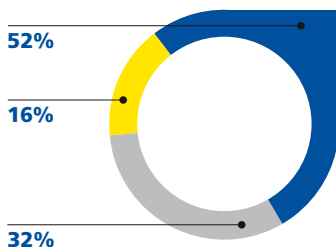
As a % of total in the chart
In € millions and % change 2010-2011 below the chart



■ **8,832 / +15.0%**
Europe
■ **6,942 / +12.9%**
North America and Mexico
■ **4,945 / +21.8%**
Other regions

2011 NET SALES BY BUSINESS

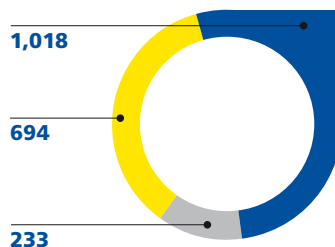
As a % of total in the chart
In € millions and % change 2010-2011 below the chart



■ **10,780 / +10.1%**
Passenger Car and Light Truck Tires and Related Distribution
■ **6,718 / +18.3%**
Truck Tires and Related Distribution
■ **3,221 / +33.0%**
Specialty businesses

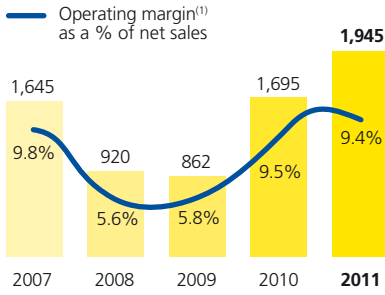
2011 OPERATING INCOME⁽¹⁾ BY BUSINESS

In € millions in the chart
As a % of net sales and 2010-2011 change in points below the chart



■ **1,018**
Passenger Car and Light Truck Tires and Related Distribution
■ **694**
Truck Tires and Related Distribution
■ **233**
Specialty businesses

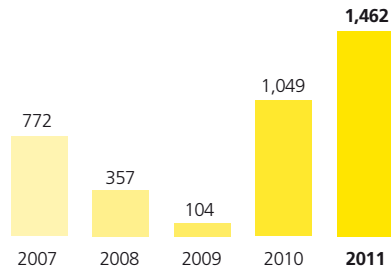
(1) Before non-recurring items.



OPERATING INCOME
IN € MILLIONS

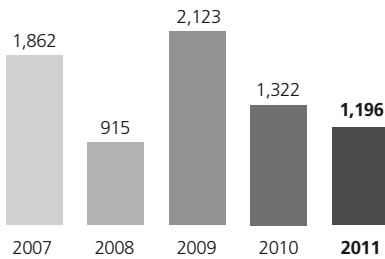
€1,945 m

(1) Before non-recurring items.



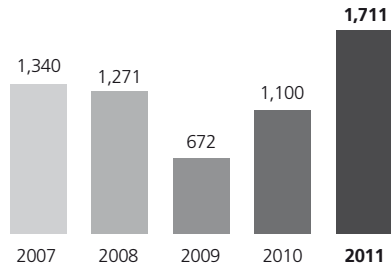
NET INCOME
IN € MILLIONS

€1,462 m



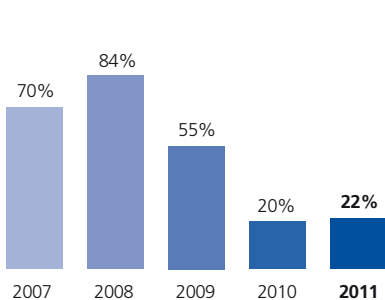
CASH FLOW FROM OPERATING ACTIVITIES
IN € MILLIONS

€1,196 m



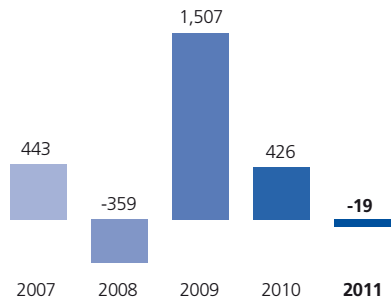
CAPITAL EXPENDITURE
IN € MILLIONS

€1,711 m



NET DEBT-TO-EQUITY RATIO
(AS A %)

22%



FREE CASH FLOW⁽²⁾
IN € MILLIONS

€(19)m

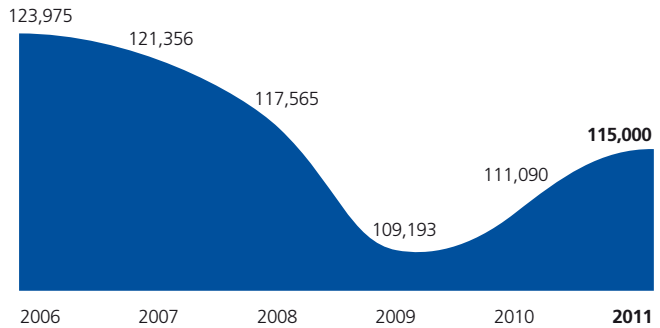
(2) Cash flows from operating activities less cash flows used in investing activities (adjusted for net cash flows used in cash management instruments and loan guarantees).

KEY INDICATORS:

FINANCIAL
SOCIAL
ENVIRONMENTAL

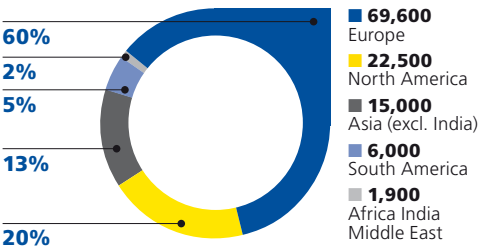
+4%

115,000
EMPLOYEES ON PAYROLL
AT DECEMBER 31



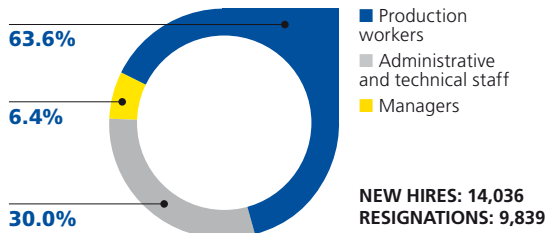
EMPLOYEES ON PAYROLL BY REGION IN 2011

As a % of the total inside the chart, total employees and % change outside the chart

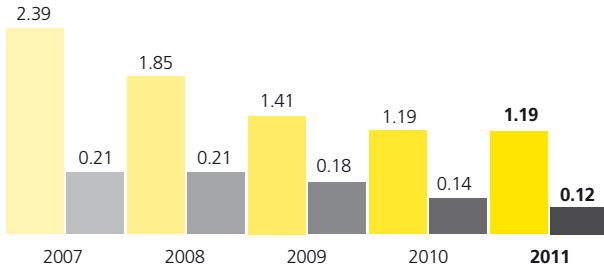


EMPLOYEES IN 2011 BY JOB CATEGORY

(Excluding dealers)



🔗 To find out more,
please refer to the employee data table
on page 138 of the Registration Document

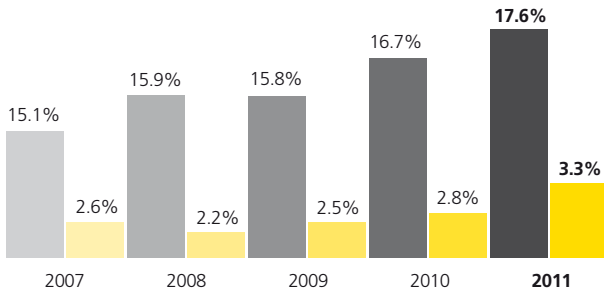


■ LTIFR⁽¹⁾
■ LTISR⁽²⁾

(1) Lost time incident frequency rate: Number of incidents resulting in more than one day's lost time per million hours worked.

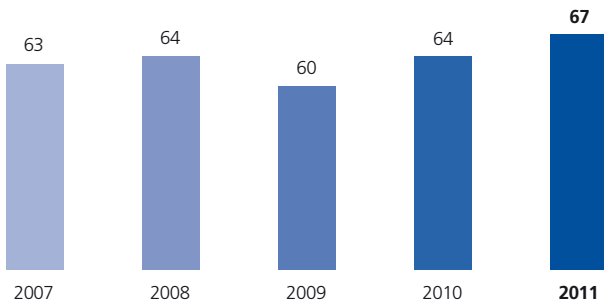
(2) Lost time incident severity rate: Number of working days (more than one day) lost to accidents per thousand hours worked.

SAFETY
26
PLANTS REPORTED
NO LOST-TIME INCIDENTS
IN 2011



■ % OF WOMEN MANAGERS
■ % OF DISABLED EMPLOYEES

DIVERSITY
17.6%
OF WOMEN MANAGERS



■ NUMBER OF HOURS PER EMPLOYEE PER YEAR

Average training expenditure per person trained.

TRAINING
67
HOURS PER EMPLOYEE
PER YEAR

KEY INDICATORS:

FINANCIAL

SOCIAL

ENVIRONMENTAL

MEF PERFORMANCE ON TRACK

The MEF is the indicator developed by Michelin to assess the environmental impact of its 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 2016 is to reduce the MEF by 45% compared with 2005.

MEF Basic components and weighting



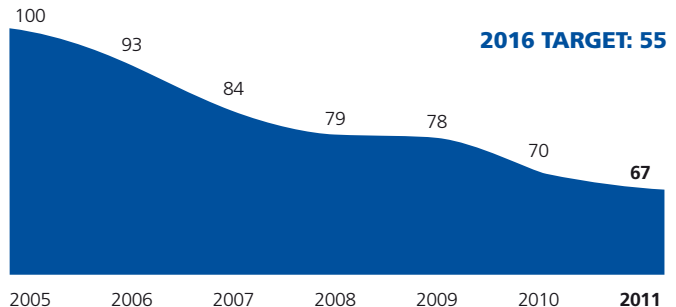
Objective:
a 45% reduction by
2016, compared with
2005

* Volatile organic compounds

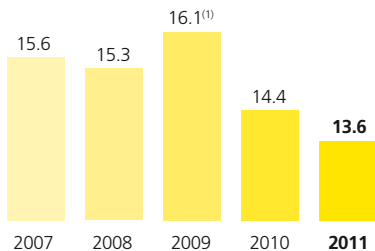
Components	Weighting
Resources consumption	Energy 15
	Water 15
Emissions	VOCs* 25
	CO ₂ 15
Waste	Total weight produced 15
	Total weight landfilled 15
	100

To provide a clearer vision of our environmental footprint, the six components of the MEF are now published in absolute units. 98.9% of finished products come from ISO 14001-certified facilities.

-33%
REDUCTION IN THE MEF
2005-2011



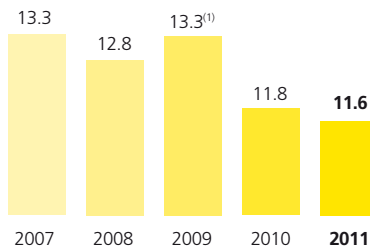
🔗 To find out more, please refer to the environmental data table on page 147 of the Registration Document



ENERGY CONSUMPTION

13.6 ^{GJ}

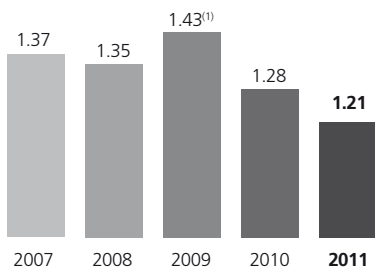
GJ per tonne of tires produced
1 GJ = 277.5 kWh



WATER CONSUMPTION

11.6 ^{cu.m.}

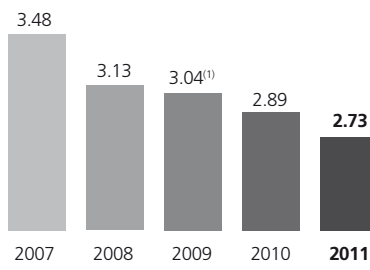
cu.m per tonne of tires produced



CO₂ EMISSIONS

1.21 ^{TONNE}

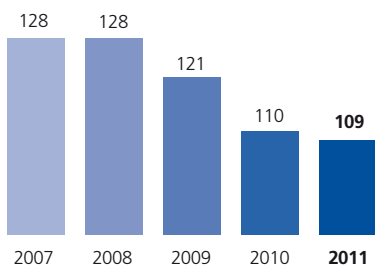
tonnes per tonne of tires produced



VOC EMISSIONS

2.73 ^{KG}

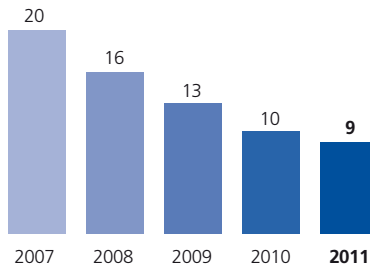
kg per tonne of tires produced



WASTE PRODUCED

109 ^{KG}

kg per tonne of tires produced



WASTE LANDFILLED

9 ^{KG}

kg per tonne of tires produced

(1) The increase in these indicators in 2009 reflected the decline in tire output due to the recession.

Data related to all of these indicators have been reviewed by PricewaterhouseCoopers. The review report is on page 148 of the Registration Document.

PRIZES, AWARDS AND DISTINCTIONS

2011 – AN EXCELLENT YEAR

One of the world's most admired companies.

For the first time, Michelin was ranked at the top of *Fortune* magazine's list of the world's most admired companies in the Motor Vehicle Parts industry. In France, Michelin was once again named as having the best reputation among companies in the CAC 40 stock market index, according to a survey of 3,500 customers, suppliers, employees and civil servants by US-based Reputation Institute with France's I&E Consultants.



> Michelin Man named "Icon of the Year" in the United States

Advertising Week awarded the 113-year mascot a bronze plaque, as he joined some of the world's most famous brands on the Madison Avenue Advertising Walk Of Fame, along the historic street of the top US advertising agencies.

> The Readers Digest 2011 "Trusted Brand" Award in Thailand

For the third straight year, Michelin received the "Trusted Brand" Award in the tire business category, based on telephone interviews with 4,000 people and a questionnaire sent to 600,000 consumers.

> Best in customer satisfaction in North America

Michelin received top honors in the J.D. Power and Associates Original Equipment Tire Customer Satisfaction Study, ranking first in the Luxury, Passenger Car, Performance Sport and Truck/Utility segments.

Michelin has been cited 66 times since the study began in 1989, a record among tiremakers.

> Michelin honored for its anti-trust sensitivity training game

The "Mission Anti-Trust" serious game was created to train 3,700 marketing and sales employees in Europe. Designed by Dæsign and launched in September, it received the Judges Special Prize at the 2011 Serious Game Expo.

> 2011 BoursScan Award in France

The Michelin website was honored by Boursorama, France's leading financial news website, and its partner OpinionWay, based on a survey conducted among 7,500 online investors.



> 2011 "Best Online Investor Relations Award" in France

The award was presented by Business Wire, the global market leader in commercial press release distribution, during the Forum des Relations Investisseurs et de la Communication Financière held in Paris at the NYSE Euronext stock exchange.

2012 INVESTOR CALENDAR

ANNUAL MEETING OF SHAREHOLDERS

2011 ANNUAL RESULTS

QUARTERLY INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2012

FIRST-HALF 2012 RESULTS

QUARTERLY INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

MAY 11, 2012

FEBRUARY 10, 2012

APRIL 23, 2012

JULY 27, 2012

OCTOBER 22, 2012

SHAREHOLDER INFORMATION MEETINGS:

LYON

COLMAR

BIARRITZ

GRENOBLE

ROUEN

MONTPELLIER

MARCH 22, 2012

APRIL 3, 2012

MAY 29, 2012

JUNE 18, 2012

SEPTEMBER 18, 2012

OCTOBER 2, 2012

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NOVEMBER 23-24, 2012

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