



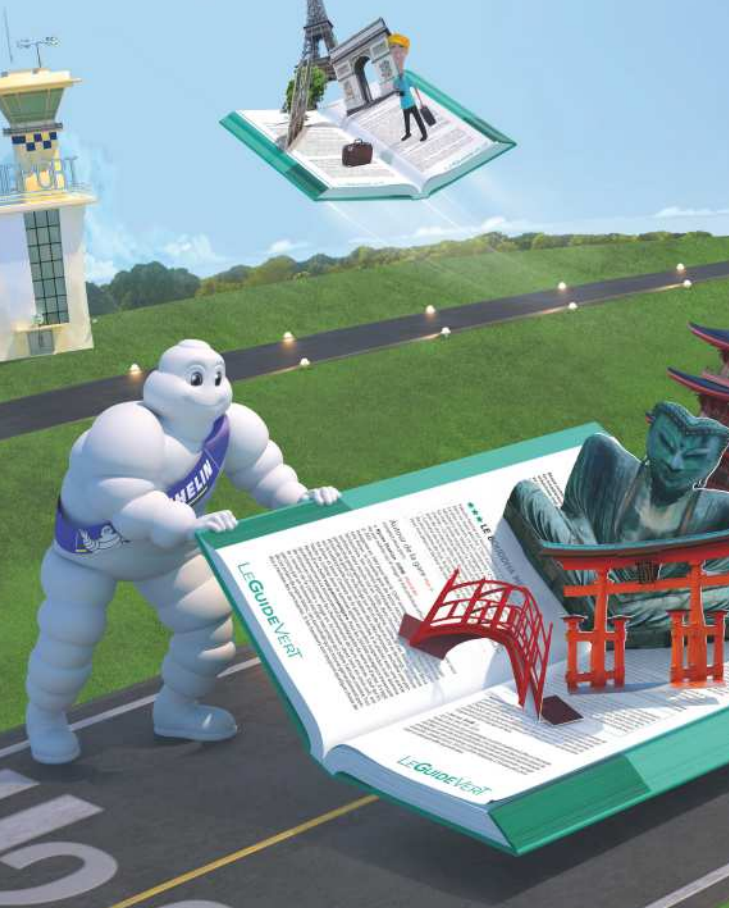
Horizons

No. 08
MAY 2013

MICHELIN'S LETTER TO ITS SHAREHOLDERS

TOPICAL REVIEW Let's know more about Michelin Travel Partner

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Michelin, a Winning Company



Dear Michelin Shareholder,

Our recently held Annual Meeting was a big success. You renewed your confidence in the Group by adopting all of the proposed resolutions by a large majority. At the Meeting, I shared with shareholders in attendance – as I recently did with more than 3,000 Group managers from around the world – the profound conviction that inspires me every day: **Michelin is a winning company.**

A winning company because it knows how to place customers at the heart of its

strategy and initiatives.

Indeed, one of our major strengths is derived from our customer intimacy, thanks in particular to the recognized expertise of our front-line teams, who pay careful attention to our customers' expectations. We create products and services that meet their needs, especially through our efficient retail network and the integrated services offered by Michelin solutions. The power of the Michelin brand remains a key competitive advantage: it is the world's leading tire brand and its reputation is universal.

A winning company because it knows how to make innovation one of its strategic priorities.

Innovation has underpinned Michelin's growth and development since the outset and in 2012 Michelin ranked among the world's 100 most innovative companies. We have launched a new innovation dynamic designed to encourage and promote contributions from all employees. We've also decided to strengthen our capacity for innovation and research with regard to materials. This field seems of crucial importance since, in the future, differentiation will depend more and more on innovative materials.

A winning company because it manages its growth with a dual commitment to performance and responsibility.

Growth is an incredible opportunity that we want to seize. The capital spending program that we have deployed is the largest in the Group's history. In three years, we will have launched the construction of four major plants on four continents while also investing in plants in mature regions since their markets are large and often serve as innovation drivers.

Performance and responsibility mean maintaining outstanding relations with employees and realizing our societal and economic objectives. They also mean ensuring high-quality, long-term relations with **you, Michelin's shareholders.**

By giving us your support as we move toward a brilliant future for the Group, you are demonstrating your confidence.

Jean-Dominique Senard
Chief Executive Officer of the Michelin Group



MICHELIN

A better way forward



Marc Henry,
Chief Financial Officer

Financial Information Ended March 31, 2013

“**Michelin announces First Quarter 2013 Net Sales of €4.9 billion, in line with its full-year outlook.**”

► Tire market review

The market environment was weak in Europe in Passenger car and Light truck tires, disappointing in North America and expanding in the new markets.

➤ CAR AND LIGHT TRUCK TIRES

■ Europe

In Europe, OE tire demand contracted by 11%, with a contrast between the decline at broadline carmakers who are drawing down inventory and a better performance by the specialty and export-driven brands. In a persistently lackluster economic environment, **the replacement market fell back 9% overall.** A prolonged winter, which delayed by one month the changeover to summer tires had an adverse impact on first Quarter sales.

■ North America

In original equipment, the market grew by 1%, in line with new car production, **while in replacement demand eased back by a slight 2%.** Dealers are carefully managing their inventory in an environment shaped by an uncertain tax outlook and declining raw materials prices.

■ Asia (excluding India)

Original equipment demand rose by 5% overall with strong gains in China and Southeast Asia while the Japanese market dropped following termination of government carbuying incentives. The replacement tire market rose by 7% overall with very fast momentum in China and the rest of the region moving back in line with long-term growth trends.

■ In South America

In original equipment the strong demand growth trend (+7%) continues and the replacement market increased by 6%, led by Brazil and Colombia in a more favorable economic environment.

➤ TRUCK TIRES

■ Europe

The original equipment tire market retreated by -3% under the combined impact of declining truck registrations in Western Europe and more buoyant demand in Eastern Europe. **Replacement demand rose by 5% overall.** In Western Europe, where transportation activity is still weak, it stabilized at a low level but it continued to surge ahead in Eastern Europe.

■ North America

The original equipment market pursued its sharp slowdown, losing 12% over the period as economic and tax uncertainties weighed on new truck orders. **The replacement tire market edged back just 1%,** primarily due to demand in the United States, where the freight business nevertheless continues to trend slightly upwards.

■ Asia (excluding India)

Demand in original equipment rose by 5%, with an 8% gain in China, a 14% decline in Japan and sustained strong growth in Southeast Asia (up 29%). **Replacement tire markets contracted by 5% overall.**

■ In South America

The original equipment market rebounded by a brisk 23% compared with first-quarter 2012, when demand was dampened by the introduction of Euro V emissions standards in Brazil. **The replacement market increased by 5% overall,** as it was lifted by the easing of customs barriers across the region.

➤ SPECIALTY TIRES

■ Earthmover tires:

The mining sector is continuing to expand with **sustained demand for large radial tires.** The original equipment market in Europe and North America is falling sharply, while demand for tires used in infrastructure and quarries is shrinking in mature markets, dragged down by economic uncertainty and dealer hesitation.

► Michelin net sales to March 31, 2013

Net Sales totaled €4,877 million in the first three months of 2013, down 8.1% over the year-earlier period, due to the combined impact of the following factors:

- The 4.3% contraction in volumes.
- The shift in the price-mix effect to a negative 2.7 %, corresponding almost entirely to the price effect, reflecting the impact of the contractual indexation clauses and the targeted price repositioning in Europe and, to a lesser extent, in North America. This latter process was facilitated by the more favorable trend in raw materials costs over the period.
- The negative 1.2% currency effect primarily resulting from the appreciation of the euro.

► Outlook for 2013

- Stable volumes.
- Operating income will benefit from the €250 - €300 million positive impact of price-mix versus raw materials costs.
- Capital expenditure program totaling € 2 billion.

In this environment, Michelin confirms its objectives for 2013, when it expects to report stable operating income before non-recurring items, a more than 10% return on capital employed and positive free cash flow.

Seen from within



THE OPE BUSINESS PROCESS MANAGEMENT SYSTEM

Developing shared growth solutions

The program known as OPE – which is the French acronym for Enterprise Steering Tool – is designed to respond to the challenges of growth and competitiveness in our New Phase of Dynamic Growth. These challenges concern not only new markets, such as India and China, but also mature regions like Europe and North America. Program coordinator Dominique Radal tells us more about OPE.

“The program provides our teams around the world with standard, transversal operating procedures and information systems. It’s a very broad-based program since it impacts most of our operations, from customer RFQs and order-taking to payment receipt and collection.”

Giving our customers greater visibility

OPE will enable us to increase sales, reduce inventories and logistics costs, and make our supply chain more responsive with the goal of more fully satisfying our customers in increasingly demanding markets. It will provide our customers with better visibility about delivery dates while simplifying and harmonizing our selling terms and conditions.

Internally, it also provides real-time access to inventory data so that we can manage the supply chain more effectively. At the same time, it enhances the efficiency of our accounting, financial, procurement and sales administration processes, while reducing production costs and tightening margin management.

Gaining agility

The goal is to streamline processes at every link in the operational chain, from raw materials to semi-finished products upstream and from finished products to payment collection downstream. This will enable us to become more agile and competitive.



Dominique RADAL

Coming soon to China

The teams have been hard at work on the program for more than two years now. In 2012, North America, Poland and India deployed the new solutions provided by OPE in the areas of procurement and finance. The next country on the list is China, where program launch is scheduled for October 2013. Western Europe will follow in 2014.

The Michelin of tomorrow

Over the long term, the changes brought about by OPE will concern one person out of three within the Group and will transform our relations with customers and suppliers. The stakes are enormous and the program clearly comes at a cost – approximately €100 million a year over the next five years.

In exchange, the Group expects to see a decline in inventory costs of at least €250 million and a reduction in overheads and logistics costs of at least €200 million a year by 2017. OPE is indispensable if we want to meet our growth objectives.

“With this program, we are laying the foundations for the decades that lie ahead. Thanks to OPE, we will make considerable progress in building the Michelin of tomorrow.”



Michelin Travel Partner

Innovative services for enhanced mobility

By supporting people in their travels, whether long or short, Michelin is bringing the Brand even closer to its customers.

Because they are purchased only once every two or three years and require little upkeep, tires are products that generate little contact between manufacturers and their customers. A full-fledged component of the Group's strategy, Michelin Travel Partner provides a range of mobility-related products and services designed to firmly install the MICHELIN brand in consumers' daily lives, with the long-term goal of supporting tire sales.

Among these products, the maps and guides created by Michelin's founders at the beginning of the age of the automobile have become leaders in their respective sectors. As a result, Michelin is today Europe's biggest mapmaker. In addition, the restaurant guides, with their famous stars, are known around the world and are continuing to expand.

➤ **Maps & atlases:** state-of-the-art technology, in partnership with leading automobile manufacturers

➤ **MICHELIN guide:** 30,000 establishments tested and recommended by inspectors who work anonymously and independently

➤ **Tourist guides:** global coverage of the destinations sought after by today's travelers

Michelin has also developed expert skills in new technologies, which have made it a major force in Web-based and smartphone services and in today's increasingly connected car.

Leveraging their advanced editorial and digital technology skills and expertise, Michelin Travel Partner teams are constantly focused on new, innovative products and services.

The latest example is the new generation of communicating Green Guides that provide access via a smartphone to a wealth of information from the guide, with accompanying videos.



12 million

Maps and Guides sold each year



➤ **The connected car:** state-of-the-art technology, in partnership with leading automobile manufacturers

➤ **The Web:** nearly 500 million visits a year to the ViaMichelin Maps and Routes, Michelin Restaurants and Michelin Travel websites

➤ **Smartphones and tablets:** 130% growth in 2012, with traffic information and restaurant applications available in the Apple, Android and WindowsPhone appstores



“ All of these activities support Michelin’s strategic mission, which is to chart a better way forward. ”

Alain Cuq
Managing Director of Michelin Travel Partner



EVENT

Welcome to the Annual Meeting

A major event for the Michelin Group and its shareholders, the Annual Meeting of Shareholders was held in Clermont-Ferrand on May 17 and attended by 1,700 people.

Marc Henry, Chief Financial Officer and member of the Group Executive Committee, reviewed Michelin's performance in 2012 and first-quarter 2013 and confirmed its financial outlook for full-year 2013. In a market environment that is weak in mature regions and expanding in new markets, Michelin confirmed its objective of stable volumes and operating income in 2013, taking advantage of its global footprint.

Presenting the recommendations of the Supervisory Board, **Eric Bourdais de Charbonnière**, the Board's Chairman, warmly thanked **François Grappotte**, **Pierre Michelin** and **Benoît Potier**, who did not stand for re-election.

Jean-Dominique Senard and **Michel Rollier** successively paid tribute to **Eric Bourdais de Charbonnière** for his 25 years of service to the Michelin Group as Chief Financial Officer and, more recently, as Chairman of the Supervisory Board.

Next, as is customary, two themes were presented:

Eric de Cromières, member of the Group Executive Committee, and **Philippe Miret**, Managing Director of Michelin solutions, explained the new Michelin solutions entity.

"Michelin's strategy for 2011-2015 aims for strong, diversified growth. To take advantage of new opportunities, a new strategic entity called Michelin solutions was created."

Patrick Oliva, Director of Advanced Research and Sustainable Development, presented the Michelin Performance and Responsibility approach (PRM).

"Launched in 2002, PRM helps us to focus every day on the long-term consequences of our decisions. Today, the Group is well-ranked in the leading global rating index for corporate sustainability performance."

Jean-Dominique Senard, Chief Executive Officer, discussed Michelin's future during his presentation of the Group's strategy. He then exchanged views with shareholders in attendance, who asked him questions on a wide array of topics.

All of the resolutions were adopted, including the payment of a dividend of €2.40 per share. Shareholders were given the choice of having the dividend paid in cash or reinvested in shares.

They also re-elected **Barbara Dalibard** and **Louis Gallois** to the Supervisory Board and elected four new members: **Anne-Sophie de la Bigne**, **Jean-Pierre Duprieu**, **Olivier Bazil** and **Michel Rollier**.

Immediately after the Annual Meeting, the Supervisory Board appointed **Michel Rollier** as its Chairman.

QUESTION ASKED AT THE ANNUAL MEETING

"Could the Michelin share become a growth stock in the long run?"

Question from Jean-Marc Tenneson, shareholder.

"That depends on what you mean by a growth stock. By definition, a growth stock is a share with a very low – usually non-existent – dividend payout rate, which enables the company to reinvest all of its earnings in its growth. This is not the case with Michelin, which maintains a dividend payout rate of around 30% with very high capital expenditure programs."



On the other hand, if your question is whether the Michelin share has certain advantages that will enable it to rise in the months and years ahead, the answer is yes.

If your question is whether Michelin will continue to grow, the answer is yes.

If your question is whether Michelin will continue to invest, the answer is yes.

If your question is whether Michelin will continue to pay a dividend, the answer is yes.

That's because the global tire industry will enjoy very substantial medium- and long-term growth. What's more, Michelin intends to be part of that development trend, which is why our New Phase of Dynamic Growth is so important.

It's also because Michelin now generates strong earnings and positive free cash flow every year, even when market conditions are difficult."



CHINA

First tire produced at Shenyang 2

The Michelin Shenyang plant has been making car and truck tires for 15 years.

In order to expand the offer, a new facility is being built on a 72-hectare site just a few miles away. Eventually, Shenyang 2 will triple our production capacity in China to 1.8 million truck tires, 10 million tires car and related semi-finished products. The new plant represents an investment of 1.1 billion euros over five years. The first tire was produced in the second half of 2012.

China is already the world's leading automobile market and with just 70 vehicles per 1,000 inhabitants, (ten times fewer than in The West), it still offers enormous potential!

RACING



ROAD SAFETY

One million young people reached in Europe

Since 2009, the Group has conducted the ROSYPE project with the support of the European Commission, to educate young people about road safety. Initiatives have been carried out in 15 European countries and helped to raise road safety awareness among more than 1 million young people, in particular via the Tom European Tour, a Facebook contest launched in 2012 for young drivers.

AWARD

The MICHELIN Alpin A4 tire is „Sehr Gut*“

For the third year in a row the MICHELIN Alpin A4 tire has obtained the highest ranking in tests conducted by Allgemeiner Deutscher Automobil-Club (ADAC), the German automobile association which is the largest automobile club in Europe. It tested 15 brands of winter tires. The ranking underscores the performance of this very broad line-up of tires. The tests conducted in winter driving conditions concerned the 14 and 16 inch sizes.

Longevity was also taken in account and, in this area the MICHELIN Alpin A4 tire received the highest mark and the “Sehr Gut*” rating.

*Very Good

FIA Formula E Championship official supplier!

The Fédération Internationale de l'Automobile (FIA) confirmed Michelin as official tire supplier for FIA Formula E Championship for the three years to come.

This new motorsport series will bring electric racing to city centers around the world in 2014. The aim is to develop a World Championship designed to arouse public interest and to promote investment in electric vehicles and sustainable motoring.

Following this announcement, **Florent Menegaux**, member of the Group Executive Committee and Director of the Passenger Car and Light Truck Product Line said: “We are constantly seeking to introduce

innovations into our tires, in order to assure a more efficient and durable mobility. Motorsport is a formidable testing ground in which to experiment and develop future technologies. The FIA Formula E Championship, which focuses on new forms of energy and will take place in an urban setting, will give us the opportunity to apply the very best of our technological know-how.”

FIA President **Jean Todt** said: “Michelin have a long and relevant history of performance allied with technical invention and are therefore ideal partners for Formula E.”

Call for Candidates Michelin Shareholder Consultative Committee

If you are a Michelin shareholder, you embrace Michelin's corporate culture and values, and you have the time and energy, then apply to the Shareholder Relations Department to become a new member of our Committee and take part in our shareholder communication initiatives.

A full-fledged consultation body, the Shareholder Consultative Committee, through its input and recommendations, helps to improve the quality of our financial and/or image communication with individual shareholders.

It also enables us to better understand their expectations and establish quality relations aligned with their needs.

The Michelin Shareholder Consultative Committee is comprised of twelve volunteer members, of whom ten are from outside the Company. The membership must comply with certain diversity criteria with regard to age, gender, employment situation (working/retired) and geographical location (Greater Paris, other regions).

Members serve for four-year terms. The Committee meets twice a year, at Michelin's initiative, and during the Annual Shareholders Meeting in Clermont-Ferrand. It also helps to organize outside events such as the Salon Actionaria investor fair in Paris.

If you want to join our Shareholder Consultative Committee, send your application by July 31, 2013, preferably to the following e-mail address: nancy.adam@fr.michelin.com or by mail to Service Relations Actionnaires Individuels – 12 cours Sablon – 63040 Clermont-Ferrand Cedex 9



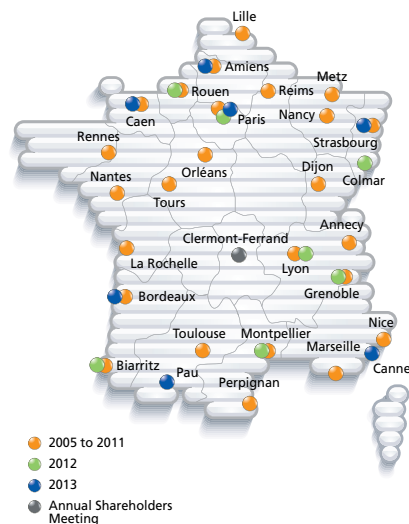
Investor Calendar

Upcoming events

- ▶ **July 25, 2013**
First-half 2013 results (before start of trading)
- ▶ **October 28, 2013**
Third-quarter financial information

Meetings with Shareholders in France

- June 13, 2013:** Amiens
- September 24, 2013:** Caen
- November 26, 2013:** Strasbourg
- December 3, 2013:** Pau



A team at your service

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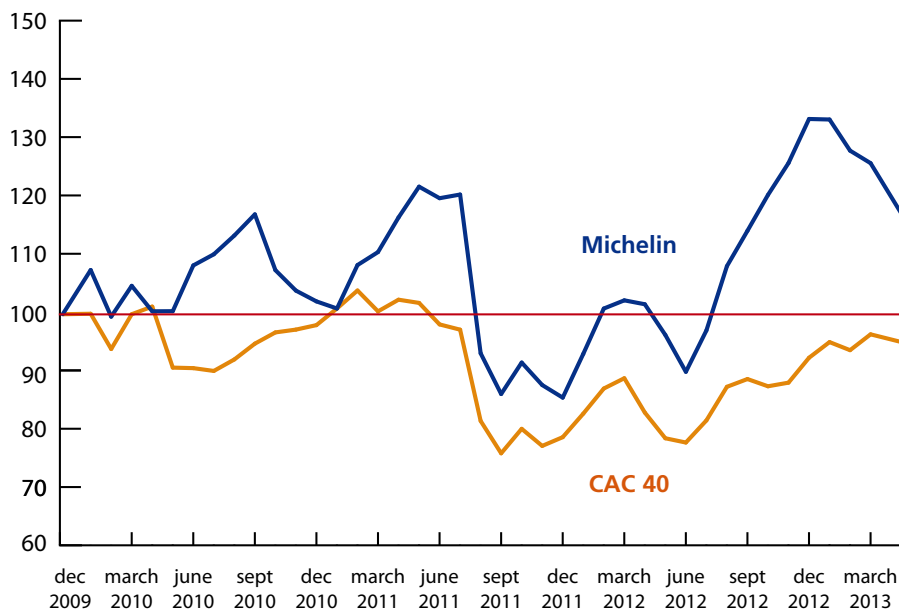
Compagnie Générale des Etablissements Michelin
12 cours Sablon
63040 Clermont-Ferrand Cedex 9 - France



www.michelin.com/shareholders

SHARE PERFORMANCE

(base 100: December 31, 2009)



Share information

At April 30, 2013

ISIN: FR0000121261

Shares outstanding: 182,556,713

Closing price: €64.13

Change since Jan. 1, 2013: -10.42%

Market value: €11.7 billion

Ownership structure as of April 30, 2013:

- ▶ Employees **1.6%**
- ▶ Individual shareholders **11.2%**
- ▶ Resident institutional investors **26.3%**
- ▶ Non-resident institutional investors **60.9%**