



Horizons

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MICHELIN'S LETTER TO ITS SHAREHOLDERS

SPECIAL REPORT Stay informed

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EDITORIAL



Dear Michelin Shareholder,

Michelin is confidently pursuing the New Phase of Dynamic Growth launched in 2011.

The Group will maintain its leadership in a mobility market that everyone agrees will grow substantially for at least the next ten years, in an environment shaped by increasingly strict environmental and societal requirements.

As we are currently engaged in deploying our strategy, I would like to take this opportunity to remind you of its key drivers:

First innovation, which is the main driver of our development, just as it has been since the Company was founded. We must ensure that we have the resources we need to maintain our lead in a highly competitive environment. Thanks to strengthened governance procedures, our research programs are more open to the outside world and to new technologies. Innovation must also be a key concern for all of our employees, especially marketing and research team members, whose close cooperation will enable us to bring new products and services to market faster.

Our development is also being driven by our premium positioning, which is based on the quality of the MICHELIN brand, as well as by the global footprint that we are developing.

That's why our investment program, which is unprecedented in the Company's history, focuses on pursuing innovation projects and increasing production capacity, with the goal of successfully driving our future growth.

Backed by its dedicated, unified teams, Michelin is deeply and compassionately committed to enhancing the mobility of people and goods, which has always been its mission.

I would like to thank you for your confidence and loyalty.

Jean-Dominique Senard
Chief Executive Officer of the Michelin Group

Financial Information Ended September 30, 2012

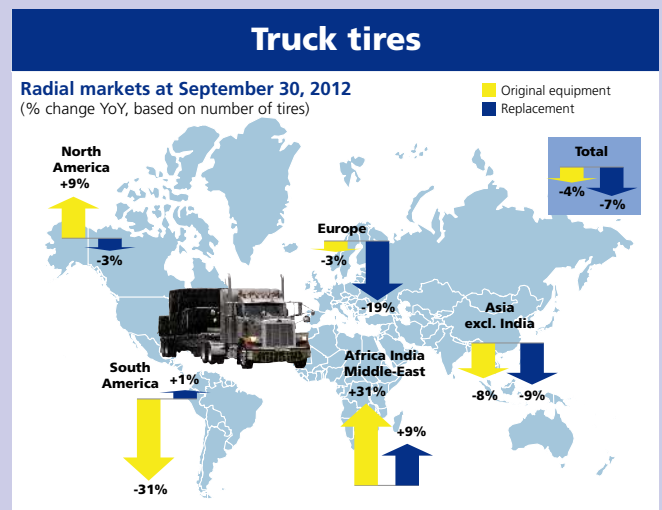
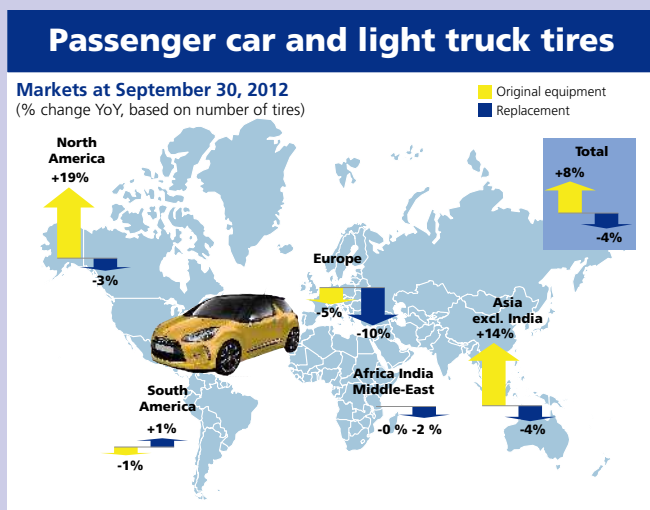


Marc Henry,
Chief Financial Officer

“ **Michelin Announces Net Sales of €16,142 Million, Up 6% on the First Nine Months of 2011.** ”

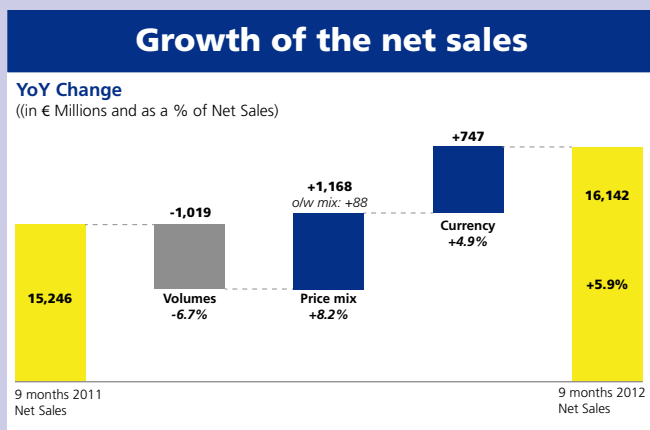
Market review:

Weak demand in mature markets in an unfavorable economic environment, especially in Europe.



Michelin Net Sales:

- The still positive price and mix effects (+8.2%), together added 8.2% to reported net sales. The price effect reflected the effective management of gross unit margins, based on pricing policy and cost discipline.
- The volumes declined 6.7% at a time of lackluster demand.
- The positive 4.9% currency effect, primarily resulted from gains in the US dollar against the euro.



Net sales by reporting segment

YoY Change
(in € Millions and as a % of Net Sales)

		In € millions	9 months 2012	9 months 2011	% Change
Passenger Car and Light Truck	Net sales		8,298	7,916	+4.8%
	Volume change		-5.6%		
Truck	Net sales		5,044	4,995	+1.0%
	Volume change		-12.4%		
Specialty businesses	Net sales		2,800	2,335	+19.9%
	Volume change		+4.8%		

Outlook for full-year 2012:

As a result, Michelin confirms its guidance for full-year 2012, with a clear increase in operating income before non-recurring items, a 5% decrease in full-year sales volume, and around a €200-300 million favorable impact from raw materials in the second half.

After around €2 billion in full-year capital expenditure, but before the impact of the sale of a property complex in Paris, the Group aims at a €400 to €500 million free cash flow generation.



DISTRIBUTION STRATEGY

Sustainably developing our market access

Our franchised distribution networks — Euromaster in Europe and TYREPLUS in the rest of the world — continue to grow at an increasingly rapid pace.

Objective: to sustainably develop our market access to support the Group's growth.

"In more than 98 percent of cases, the dealer is in direct contact with end users and can steer them toward a particular brand or product." The creation of the Distribution Development Manager position in 2007, at the Commercial Performance Department's initiative, attests to the importance Michelin places on the distribution approach.

Euromaster in Europe...

Distribution has always been a priority for the Group. In the 1980s, Michelin created its own network in Europe via its Euromaster distribution subsidiary. *"The goal was to bring into the Group tire professionals capable of promoting our products to end customers and providing related services, such as mounting and geometry alignment,"* explains **Éric de Cromières**, director of Commercial Performance and a member of the Group Executive Council. *"The network also enabled us to more effectively integrate distribution principles and métiers within the Group."*

The distribution strategy will play an active role in helping Michelin meet the ambitious objectives set as part of its new phase of dynamic growth— a major challenge. *"We need to strengthen and secure our market access to support the Group's growth,"* says **Philippe Ponsignon**, who is head of the Group's Go to Market Process, which includes distribution. *"We must develop and*

deploy a distribution strategy built on sustainable partnerships with the best available dealerships in order to secure our market access over the long term. Together with the construction of new plants, this will enable us to meet our growth objectives."

...and TYREPLUS in the rest of the world.

One of the strategy's main actions lies in the development of the franchise networks under the Euromaster banner in Europe and the TYREPLUS banner in the rest of the world.

The franchise system is based on a simple principle. The franchiser — Euromaster or TYREPLUS — contributes brand recognition, a store layout based on proven work methods, and operational support, such as logistics, IT, training and promotional material, provided by its franchise consultants. In exchange, the franchisee — selected based on Michelin's criteria — pays royalties. *"It's a major innovation. For the first time in the history of the tire industry, a manufacturer is franchising its expertise in retail management to independent dealers,"* comments **Philippe Ponsignon**.

For those points of sales, the strategy involves implementing standardized operating methods and organizational structures. The store and the workshop must comply with strict standards. The franchiser also encourages the franchisee to offer innovative services like the Tyre Hotel, where customers can store their winter tires during summer and vice versa.

A FEW KEY FIGURES

98% of passenger car tires sold to consumers are sold through dealerships.

The MICHELIN brand is available in:

96% of point of sales that sell tires in France.

47% in the United States.

36% in China.

There are:

1,200 TYREPLUS points of sales in the world. No1 in China.

1,900 Euromaster points of sales in 15 European countries, including 400 that are franchised.



Inside a TYREPLUS point of sales in China.

Let's stay in touch... Online

BACKGROUND AND CHALLENGES

As you are undoubtedly aware, all shares issued by Compagnie Générale des Etablissements Michelin are registered. This means that we know the names and addresses of all shareholders in real time. As a result we can send you directly all regulatory information as well as other documents that may be useful to you as a shareholder – regardless of the number of shares you own.

At present, nearly all shareholder information is sent to you in print form by the post. For example, as required by law, we send our Notice of Annual Meeting to all our 200,000 shareholders in France and abroad.

In addition, every year we publish and dispatch more than 360,000 copies of the Letter to Shareholders, 5,000 Shareholders' Guides and approximately 10,000 Annual and Sustainable Reports or Registration Documents.

This involves the use of several tons of paper as well as several hundreds of thousands of euros in printing, publishing and routing costs.



“ Together, we can manage documents more rationally. ”

Jacques ENGASSER
Shareholder Relations Manager

CHOOSE E-NOTIFICATION OF THE SHAREHOLDERS' MEETING

Today, mailing the Notice of Meeting, a 60-page printed document that we are legally required to send to all shareholders, costs nearly €1 million.

According to recent legislation, we can now deliver the notice electronically using a very simple procedure. All we need is your consent to receive the document online.

With just one click, you can help to considerably reduce paper and postage costs.

To switch to electronic delivery, sign up today at <http://vote2013.michelin.com>

To thank you for your cooperation, Michelin will offer you a Green Guide of your choice at the conclusion of the Annual Meeting.

Please bear in mind that e-notification will also enable you to vote online if you wish.



BROWSE THE LETTER TO SHAREHOLDERS ONLINE

Although many of you have already chosen to receive the Letter to Shareholders online we still print and mail some 360,000 copies a year.

As a result, and in order to serve you more effectively, we've created an e-mail alert system to inform you each time a new letter is published.

By clicking on the link that will be sent to you, you will be able to read the Letter to Shareholders in a browsable online version, thereby helping us to reduce the number of printed letters.

To take advantage of this new service and receive the e-mail alert, sign up on our website – www.michelin.com/shareholder-section in the "Stay informed" section.

If, however, you wish to continue receiving the printed version of the Letter, please confirm your choice by calling our Shareholder Relations Department at the following toll-free number (in France): **0 800 000 222**.



CONSULT THE INTERACTIVE VERSION OF THE SHAREHOLDERS' GUIDE ONLINE

The next edition of the Shareholders' Guide will be available on our website in an interactive version. This version will focus more specifically on the needs of the individual shareholder and, above all, will be constantly updated, especially each time there are changes to legal, tax or inheritance rules that affect shareholders.

To be informed when the Guide and updates are published, sign up now on our website:

www.michelin.com/shareholder-section in the "Stay informed" section.

You can continue to receive the print version of the Shareholders' Guide by filling out the standard form included with the Notice of Meeting.

As in the past, you will find complete information about our corporate strategy, business and environmental performance, and results in our Annual and Sustainable Development Report.



TRADE SHOW

Michelin at the Motor Show in Paris

Despite the crisis that has struck the European automobile industry, the Paris Motor Show remains the industry's leading worldwide showcase. The event provided Michelin with an opportunity to present new products like the MICHELIN Energy™ Saver+ and Agilis + tires (see opposite) as well as the MICHELIN Energy™ E-V tire purpose-designed for electric vehicles.

In particular, this year's show was shaped by the launch of the MICHELIN Total Performance strategy, which is based on the Group's ability to engineer tires that leverage advanced technologies to eliminate performance tradeoffs for users. The strategy

transcends the three performance criteria features on labels under the new European regulation.

While safety is one of the key performance features of MICHELIN tires, safe driving also requires appropriate training and motorist awareness of the dangers on the road. Michelin is supporting the International Automobile Federation (FIA) in deploying an international communication campaign promoting ten Golden Rules to make roads safer. The campaign was unveiled on the Michelin stand at the show in an event attended by FIA President Jean Todt.

LAUCH

Two new tires in Europe

The new MICHELIN Energy™ Saver+ car tire and the new MICHELIN Agilis+ van tire are being brought to market in Europe. These two new tire lines deliver an optimal combination of safety, longevity and fuel efficiency. In Europe, users can see these performance levels on labels displayed on tires as from November 1, 2012.



PLANTS

Inauguration of Pau-Brasil



The Group is in the process of completing a number of major investment projects. Following the manufacture of the first tire at the Pau-Brasil facility in Brazil last spring, the new plant was inaugurated by Jean-Dominique Senard, Chief Executive Officer of the Michelin Group, and the Governor of Rio de Janeiro State and is now ready for full-scale production. More than 500 people took part in the adventure of bringing the plant on stream and 300 employees were trained in Canada, the United States, Europe and Brazil. Over the long term, the plant will produce 15 million tires a year.

STRATEGY



MICHELIN

Total Performance

Enhanced performance across the board

"Michelin sells performance, not rubber." This expression reflects Michelin's commitment to developing and producing tires capable of simultaneously delivering superior performance in several areas. Indeed, the Brand has built its reputation on this pledge.

Tires play several important roles. They carry the vehicle's weight, transfer braking and driving torque to the road, and guide the vehicle. To fulfill these roles, Michelin systematically aims for the best results in every area of tire performance, including grip, safety, longevity and fuel efficiency. That's why MICHELIN Total Performance so effectively expresses this feature common to all MICHELIN tires, while also reflecting the success of the Group's strategy and guiding its research and development. Above all, MICHELIN Total Performance represents a commitment to quality for customers.



2012 OLYMPIC GAMES

“Communicating” tires

Michelin’s participation in the recent Olympic Games involved fitting the London buses that carried athletes and spectators with communicating tires. Equipped with chips and sensors, the tires provided data on pressure and temperature, thus ensuring tire traceability, bus safety and effective fleet management.



RALLY RACING



A new title for **MICHELIN**

At the 2012 Rallye de France Alsace, Sébastien Loeb, along with the CITROËN Racing team, was crowned world champion in the Driver category for the ninth year in a row. With the victory, Michelin won its 20th Driver title and 22nd Constructor title since the Championship was created in 1973.

ELECTRIC VEHICLES

Michelin introduces an electrically assisted bicycle

Michelin Lifestyle, in cooperation with IMPEX, has introduced an electrically assisted bicycle. Foldable, compact and lightweight for its vehicle category at 17.6 kilograms, the bike has an average range of 45 kilometers and a charge time of four-and-a-half hours. It can be ridden as a traditional bicycle (with the batteries switched off) as well as in electric mode.

The new e-bike delivers maximum safety thanks to its aluminum alloy frame, puncture-resistant tires, “square” inner tubes that seal themselves after a puncture and gears that are integrated in the hub, thus preventing gear slippage.



ROAD SAFETY

An exemplary commitment

Michelin has received the Prince Michael International Road Safety Award in recognition of its “exemplary” commitment to road safety. In presenting the award, Prince Michael of Kent also noted: *“Michelin is a global leader in road safety innovation, not only through its product development but also in the field of care for its own employees.”*

In close touch with you

Reaching out to individual shareholders

In recent years, Michelin has actively reached out to individual shareholders in France by organizing information meetings in the country's leading cities.

Meetings outside Paris: organized locally, these events offer an invaluable opportunity to discuss important issues with our shareholders and to get to know them better.

They allow us to present your company, its business operations and results, explain its strategy in greater detail, and answer your questions.

We are committed to diversifying the venues from one year to the next, so as to cover the entire country.

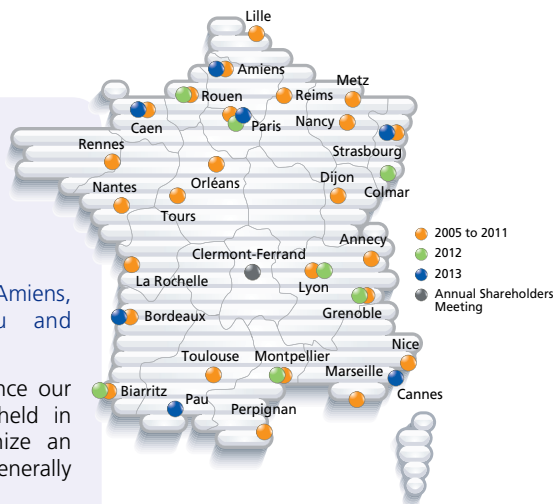
In 2012, meetings were held in Biarritz, Colmar, Grenoble, Lyon, Montpellier and Rouen.

In 2013, meetings will be held in Amiens, Bordeaux, Caen, Cannes, Pau and Strasbourg.

The annual meeting in Paris: since our Annual Shareholders Meeting is held in Clermont-Ferrand, we also organize an annual meeting in Paris which is generally held in Autumn.

This year, it will be held by Jean-Dominique Senard, Chief Executive Officer of the Michelin Group and it will be held at the Palais des Congrès on November 24 during the Salon ACTIONARIA investor fair.

NEW SERVICE: Would you like to take part in a Michelin shareholders meeting held in a French city? Sign up on our website – www.michelin.com/shareholder-section – in the “shareholder-meetings” section.



2013 Investor Calendar

Investor events

- ▶ **February 10, 2013**
2012 results
- ▶ **April 22, 2013**
First-quarter 2013 net sales
- ▶ **May 17, 2013**
Annual Shareholders Meeting

Meetings with private shareholders in France

- March 26, 2013:** Cannes
- April 23, 2013:** Bordeaux
- June 13, 2013:** Amiens
- September 24, 2013:** Caen
- November 26, 2013:** Strasbourg
- December 3, 2013:** Pau

Hoping to see you at the Salon ACTIONARIA investor fair on November 23-24, 2012 at the Palais des Congrès in Paris



In recent years, Michelin has taken part in the Salon Actionaria investor fair, which provides an opportunity to meet with shareholders.

The Shareholder Relations and Consumer Services teams, as well as members of the Shareholder Consultative Committee, will be on hand to provide you with information and answer your questions.

Share information

At September 30, 2012

ISIN: FR0000121261

Shares outstanding: 181,997,897

Closing price: €60.96

Change since 01/01/12 : 33.45%

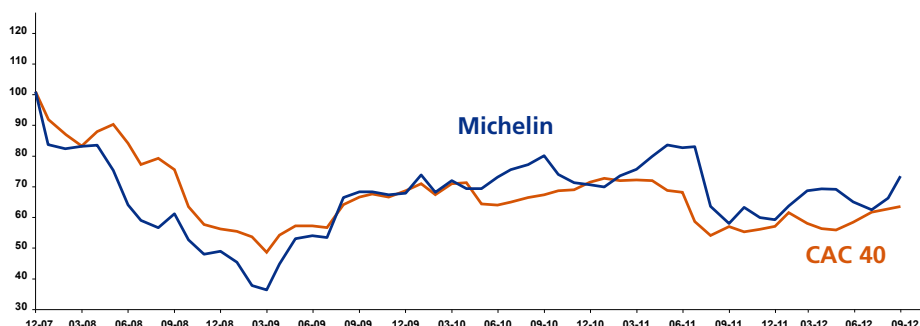
Market value: €11 billion

Ownership structure as of 30/09/2012 :

- ▶ Employees: **1.7%**
- ▶ Individual shareholders: **11.7%**
- ▶ Resident institutional investors: **26.5%**
- ▶ Non-resident institutional investors: **60.1%**

SHARE PERFORMANCE

(base 100: December 31, 2007)



A team at your service

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