



Horizons

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MICHELIN'S LETTER TO ITS SHAREHOLDERS

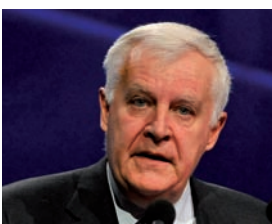
TOPICAL REVIEW

Tire grading, A genuine revolution for tire markets

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EDITORIAL



Ladies and Gentlemen,
Dear Shareholders,

In 2009, faced with a historic market slump, our Group displayed remarkable resilience. I wish to provide you with some longer-term visibility.

Let me first note that **Michelin operates in a market that enjoys healthy growth prospects**: the number of vehicles is expected to double by 2030.

In the second place, I observe that road transportation growth momentum has shifted to Asia and South America. These markets are posting strong growth as automobiles are the key to road mobility and road transportation is a major economic growth factor. Tire end-user customers in those countries are quite as demanding as in the mature countries. Through highly targeted projects, Michelin shall establish a strong footprint in these markets.

In Western Europe and North America growth will be slack but our customers are looking for more and better services and performance and are increasingly environment-conscious.

Accordingly, the future changes in road transportation and the impact of additional legal and environmental constraints represent multiple opportunities for Michelin to reaffirm its technological leadership.

We will therefore continue to raise awareness throughout the world about the superior longevity of our products and their benefits for user safety and for the environment through greater fuel efficiency and lower CO₂ emissions.

We owe our leadership to our innovative clout and unmatched technological edge.

So, Ladies and Gentlemen, dear Shareholders, we are fully confident about our long-term prospects, particularly in light of Michelin's clear demonstration of its flexibility and strength.

Michel Rollier,
Managing Partner



MICHELIN

A better way forward

“ We look to 2010 with confidence ”



Jean-Dominique Senard,
Managing Partner

What were the greatest challenges facing Michelin in coping with the major economic crisis we experienced in 2009?

In confronting a crisis which hit practically every part of the world, Michelin's teams had to

make an unprecedented effort. We had to cope with a historic slump of tire markets and to monitor short-term performance while maintaining our strategic course and preserving or even improving Michelin's economic fundamentals.

How did you achieve a reduction of the Group's gearing to this historically low level?

We introduced tight monitoring at every level of the Group and in particular inventory and capital expenditure management. These measures generated substantial free cash flow which was allocated to debt reduction operations.

In these circumstances, we look to 2010 with confidence, which is why we proposed to maintain an unchanged dividend of 1 euro per share.

Now well into 2010, do you perceive any signs of improvement?

We observe that economies are evolving differently depending on the region. They translate into buoyant tire markets in Asia and South America, while the growth prospects in the mature countries, particularly in Europe, have yet to be confirmed. In addition, we are confronted with rising raw materials costs. Accordingly, despite clear signs of recovery in our business, and thanks

to the commitment of our teams, we will retain the tight monitoring approach which has proven its efficiency.

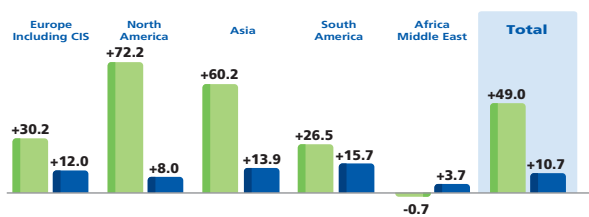
In these conditions, what is your outlook for 2010?

In markets that remain well below their 2007 levels, we expect to achieve 10% unit sales growth for the year. We will tactfully and responsively adjust our pricing policy in a context of rising raw materials prices. In addition, we will step up capital expenditure in keeping with our needs and growth objectives. Finally, we reaffirm our objective of generating positive free cash flow for the year.

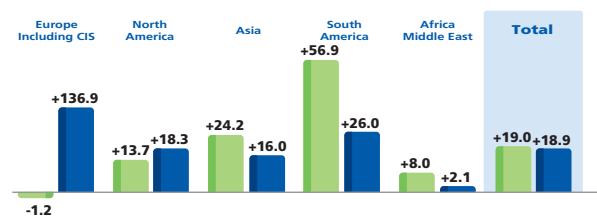
First Quarter 2010: Net sales up 12.2% to 3.9 billion euros

Tire markets in Q1 2010 - % YoY change

• Passenger Car and Light Truck Tires



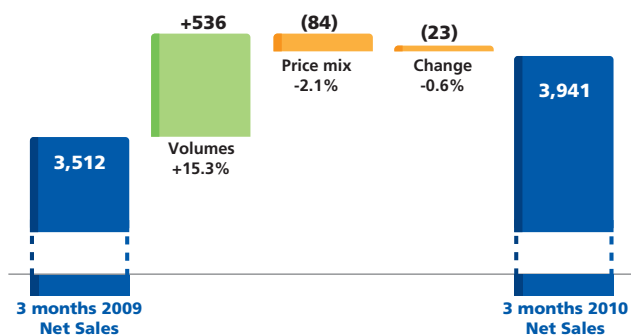
• Truck Tires



Significant rebound in every tire market, except the original equipment truck segment in Europe, off of favorable prior-year comparatives.

Original Equipment
Replacement

• Net sales



Unit sales up 15.3% for the first quarter of 2010, gaining momentum late in the period as the Group's market share held firm.

The price mix was down 2.1%, reflecting faster growth in original equipment sales than replacement sales as well as the application of contractual price adjustments indexed to raw material costs, particularly in the specialty tire business.

Seen from within



Michelin sales people in the field

Growing in the World's Largest Market

China, the world's manufacturer of goods, is also the largest market for truck and bus tires. Until recent years, this market has been dominated by bias rather than radial tires, Michelin's invention which delivers better safety, longer mileage, more fuel-efficiency, and therefore, a lower cost per kilometre.

But things have started to change rapidly in the past 10 years as a result of the government's push for a "resources-saving" economy and the market-education drive led by multinational tire manufacturers like Michelin: the radialization of the Chinese truck and bus tire market jumped from 3% in 2000 to 70% today.

Robert Li has witnessed Michelin's growth in this market.

"I joined Michelin in 1999, when we had a mere 40 people in the Truck & Bus team in this 1 billion people nation of the surface of Europe. We were often mistaken for an ice-cream producer because in Chinese "Michelin" is pronounced "Miqilin" which sounds like 'Bingqilin', a word which means ice-cream." Things have changed radically now, "we have more than 200 people in the Truck & Bus team. What's most exciting for us is the growth of the

business: our sales to 5 stores in a medium-sized city is 10 times more today than for an entire province 10 years ago." Indeed a medium-sized city is home to 1 to 2 million souls, big cities like Beijing or Shanghai have ten times more and provinces have up to a hundred million inhabitants. "The MICHELIN brand is now very well known in China and no one mistakes us for an ice-cream producer any more."

On the distribution side, Michelin has built up a nationwide dealer network, including the "Michelin Service Centers", the flagship of quality dealership for Michelin Truck & Bus tires in China.

Based on its "End-user Approach", Michelin China created an innovative customer-dealer CRM platform, Wu You Xing (literally, "travel with ease") whose sales now account for over

Key figures about Michelin China Truck & Bus tire business:

- ▶ 8 sales offices:
200 employees, including
135 sales representatives
- ▶ 2,100 dealers
- ▶ 116 Michelin Service Centers
- ▶ 17,000 end-user registered in WYX*
- ▶ 270,000 vehicles registered in WYX*

*WYX = Wu You Xing, the truck tire Customer Service Department



Robert Li (standing) animating a training session

50% of the Product Line's replacement business.

This dramatic business growth has also boosted Michelin staff prospects. During these 11 years, Robert Li has worked in numerous positions, starting as a Sales Representative, before becoming Fleet Sales Manager, Training Instructor, Area Sales Manager, and now Technical and Field Training Manager.

"The market has been fast-growing, Michelin has been growing even faster, just like my job opportunities" concludes Robert Li.



MICHELIN tire featuring the new tire grading label used in Japan

Tire Performance Grading A genuine revolution

When it comes to rolling resistance, wet grip and noise level, and even longevity depending on the country, Japan, North America and the European Union have rallied forces to supply consumers with information on tire performance. After labeling for small domestic appliances, tires will now bear a similar style of marking.

tire environmental performance and user benefits have been found to be key conditions for sustainable and responsible mobility by Japan, North America and Europe, whose authorities came to similar conclusions though using different approaches.

In November 2009, the European Union adopted a two-pronged regulation, enforceable in 2012 in all 27 Member Countries: the first measure provides for a performance threshold below which tires will be barred from the EU market. The second measure hinges on a letter-based grading (A, B, C, D, E, F and G) corresponding to passenger car tire energy efficiency and wet grip performance levels; noise emission is rated with a figure. Florence Doucy, from Michelin's Public Affairs Department in Brussels indicated that "European public authorities have fully realized what is at stake: introducing "green" tires and grading entails a reduction of some 20 million tonnes of CO₂ per year. In addition, the associated gasoline savings will add 8 billion euros worth of purchasing power for European consumers".

The situation in the U.S. and Japan

Similar measures, likely to be applied from 2011, were taken in the U.S. The National Highway Traffic Safety Administration (NHTSA) has designed a standard covering three tire performance criteria: rolling resistance, wet grip and longevity — the very combination of factors that Michelin has consistently acted upon to achieve superior performance balance over the years. A grading from 0 to 100 will be used on each tire to rate its performance in all three factors.

As for Japan, starting this year, passenger car tire manufacturers, at their discretion, will introduce a green and white label summarizing tire performance. After years of joint work, Japan's main tire manufacturers, including Michelin, have developed a label which may be used to describe a tire's intangible performance: rolling resistance-related fuel savings and wet grip-related braking distance reduction. This five-tier "performance grading" for rolling resistance, (four-tier for wet grip) will be gradually deployed in Japan with the introduction of new "green" tire ranges.

Potential reduction of **20** million tonnes of traffic-related CO₂ emissions per year in Europe thanks to an enhanced performance tire offering.

Japan effective in **2010**
 United States effective in **2011**
 Europe effective in **2012**



“ The grading label will help motorists select their tires and highlight MICHELIN tire product superiority. ”

Pascal Couasnon
 Head of Technical Communication
 within the Communication and Brands Department

Michelin Public Affairs upstream involvement

Patrick Lepercq, head of Michelin's Public Affairs Department, underlined the Group's contribution to these developments: *"In Europe as well as in the U.S. and Japan, we made sure well upstream of the regulatory drafting process that the public authorities possessed all the technical data needed for the regulations to be based on accurate measures and relevant criteria: this included performance definition data, measurement and testing methods as well as estimations of overall benefit for society at large and identification of the pre-requisites to ensure proper understanding on the part of end-users".*

For Michelin, which has always striven to reduce the environmental footprint of its tires while enhancing their longevity and contribution to vehicle safety, this comes as a well-deserved reward.

Why does MICHELIN's very good rolling resistance performance not earn it an outright "A" grading?

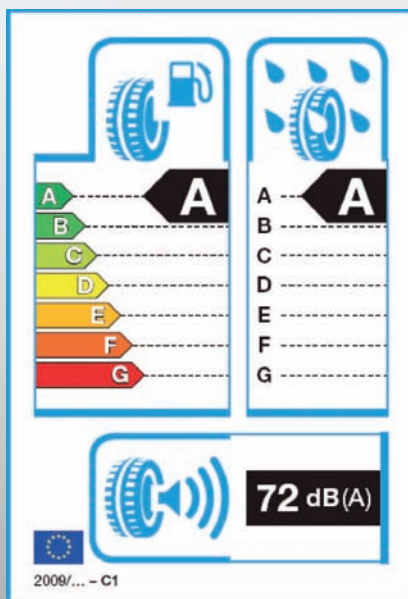


The A to G grading (G being the floor level under which tires will not be admitted for sale in Europe) will provide a standard and stable indicator for all tire manufacturers to measure tire rolling resistance.

The European Union has decided to set a very high standard for tire performance grading and, in the current market, the very good tires would achieve a "C" rating, and the very best at most a "B".

So this corresponds to current "excellence". Initially, therefore, no tire will qualify for the "A" grading.

This high standard will stimulate progress and the development of even "greener" tires, which will in turn benefit the environment, consumers as well as research and innovation.





ANNUAL SHAREHOLDERS MEETING

Michel Rollier reaffirmed the Group's ambitions

The Annual Shareholders Meeting of Michelin was held on May 7, 2010 in Clermont-Ferrand, (France) with nearly 2,000 people attending.

Jean-Dominique Senard gave an overview of financial year 2009 and of the first quarter of 2010, describing the difficult trading environment requiring tight management of operations.

Michel Rollier pointed out that the Group had shown remarkable flexibility thanks to the know-how, commitment and professionalism of its teams. He noted signs of recovery and that Asia, particularly China, and South America were experiencing remarkable growth. Given the sharp contrast in the mature and fast-growth regions, he confirmed that the Group is maintaining its strategy of strengthening its operations in the former countries while expanding its foothold in the latter ones.

Didier Miraton then discussed Michelin's innovative clout, saying: *"We strive everyday to enrich and differentiate market offering with innovative products designed to better meet end-user needs."*

Two topical themes were then presented to the Shareholders:

- Patrick Oliva, Director of Prospective and Sustainable Development, presented the three dimensions of the Michelin Challenge Bibendum held in Rio de Janeiro: Clean, Safe and Connected Mobility.
- Pascal Couason, Head of Technical Communication, outlined the opportunities stemming from tire labeling (see center page article).

A question and answer session with Shareholders followed

Varied questions came from the floor as well as from the Shareholders' Consultative Committee. The questions mainly concerned the impact of raw material price increases, especially natural rubber, the dividend, capital expenditure in high-growth countries, breakthrough innovation and the prospects of Michelin returning to F1. Mr Rollier proceeded to the vote and all resolutions on the agenda were approved, and in particular, distribution of a dividend of one euro per share, to be paid in cash or reinvested, at the Shareholders' discretion, as well as renewal of the terms of Ms Laurence Parisot and Mr Pat Cox respectively as Supervisory Board members.

For more information:

 www.michelin.com/shareholders, Annual General Meeting section

MAPS

Further adventures

To celebrate the centenary of MICHELIN map making, the "Aventure Michelin" museum has designed an ad-hoc exhibition. It traces changes in the art of map making through colorful displays and animations.

TRAVELLING

Tailor made offering

Combining the benefits of web and paper publishing, ViaMichelin's Travel offering supports tailored travel notebooks based on online selections from the MICHELIN Green Guides and restaurant and hotel guides, to be extracted according to your preferences, route or timing.

MICHELIN CHALLENGE BIBENDUM

Brazil hosted the "Challenge"

Michelin Challenge Bibendum paid a visit to South America, a major player for the automobiles of the future. Some 120 vehicles and 4,000 participants including 450 journalists gave a foretaste of vanguard road mobility: clean, safe and connected.



Peugeot BB1



MOTORCYCLES

The lightest two-compound sports premium tire ever designed

Five years ago, MICHELIN launched the first sports motorcycle tires with different tire compounds on the tread and on the shoulders. This delivered substantial safety and longevity improvements. With launch of the MICHELIN Power Pure tire, added benefits are extra lightness, agility and handling responsiveness.

LAUNCH

Outstanding performance... **high fuel efficiency**

MICHELIN Pilot Sport 3, a tire combining exceptional road performance and environmental features which are unrivalled in its category. Compared with the previous benchmark tire, it delivers further enhanced grip and 3-meter

shorter wet braking distance. Featuring precise handling, it increases safety and driving enjoyment. And that is not all as the tire also posts a greater longevity and fuel efficiency.



CHINA

The Michelin Man at the Universal Exhibition

The theme of the Shanghai Universal Exhibition is "Better city, Better life", echoing Michelin's baseline: "A better way forward". Of course, Michelin had to be a major sponsor of the French Pavilion. In this exceptional setting, the Michelin Man has pride of place and addresses a key urban issue: noise.



Enotice to the Annual Shareholders Meeting

What is an enotice?

So far, Michelin, 100% of whose shares are in registered form, has been notifying by post most of its 200,000 French and non-resident shareholders of its meetings in a printed letter containing the regulatory documentation including a 50-page notice and a voting form.

The enotice is an innovation enabling shareholders to receive their notice by e-mail, thereby doing away with the need to produce paper print-outs of the documentation. This option will also enable shareholders to cast their vote on-line using a dedicated site.

Why propose an enotice option?

Michelin views this innovation as consistent with its sustainable development policy as it reduces the consumption of printing paper and ink. It also induces significant savings in terms of printing, post and routing expenses.

From the shareholders' standpoint, an enotice guarantees that the Meeting documentation is received instantly and

that their votes or attendance slips are recorded in a timely fashion as there is no risk of postal delays.

How will enotices be introduced?

We look forward to introducing enotices for the next Annual Shareholders Meeting, in May 2011. Note that legislation provides that enotices will be used subject to written agreement on the part of the shareholders specifying that they accept receiving the documentation in digital rather than printed form. Michelin will therefore launch a series of actions over the coming months to seek its shareholders' approval and, of course, to obtain their e-mail addresses in order to conduct the operation.

What are the key success factors of the enotice?

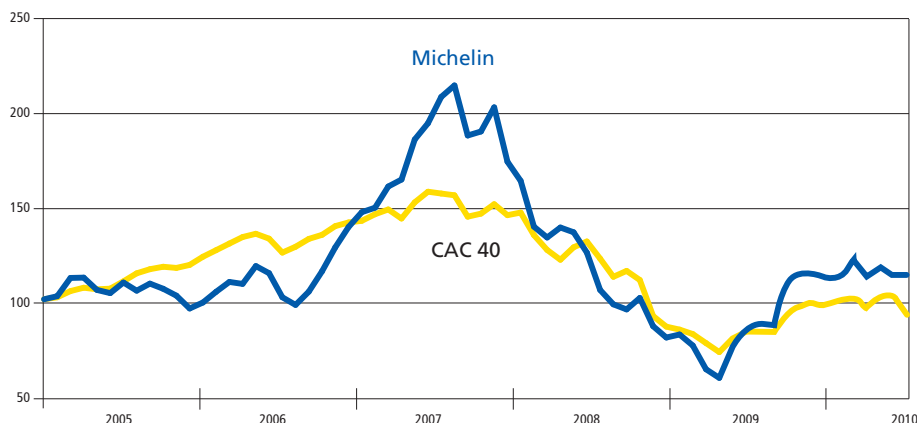
Clearly, the key success factor is the number of shareholders opting for the enotice. We are confident that you will share our interest for this new measure.



www.michelin.com/shareholders

MICHELIN SHARE PRICE CHANGE

(base 100: December 31, 2004)



Share Data

End May 2010 figures

ISIN Code: FR0000121261

Number of shares: 147,436,357

Closing price: €54.50

Change since January 1, 2010: +1.62%

Market capitalisation: €8.04 billion

Breakdown of Capital:

▶ Employees **2.12%**

▶ Individual Shareholders **13.75%**

▶ Resident institutional investors **31.92%**

▶ Non-resident institutional investors **52.21%**

Agenda

Investor calendar

▶ July 30, 2010

Interim net sales and earnings

▶ October 26, 2010

Quarterly Financial Information for the nine months ending September 30, 2010

Forthcoming meetings with Shareholders in France

▶ June 24, 2010: Reims

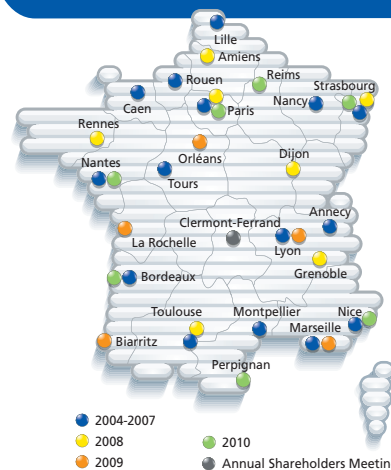
▶ November 9, 2010: Nice

▶ November 19-20, 2010: Actionaria - Palais des Congrès* (Paris)

▶ November 30, 2010: Nantes

▶ December 15, 2010: Strasbourg

* The Paris annual meeting will take place at Actionaria on November 19, afternoon and will be chaired by the Managing Partners.



A team at your service

Individual Shareholder Relations Department

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