

2011 ANNUAL AND SUSTAINABLE
DEVELOPMENT REPORT

A VISION OF SUSTAINABLE MOBILITY



MICHELIN PERFORMANCE AND RESPONSIBILITY



MICHELIN

A better way forward

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Throughout this document, you can scan QR codes like this one to watch additional videos on your smartphone equipped with the appropriate reader app. The same content may be viewed on www.michelin.com/corporate.

FOR MORE INFORMATION
www.michelin.com/corporate
www.michelinchallengebendum.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.



EVERYWHERE

CROSS-SEGMENT EXPERTISE AND A GLOBAL MARKET PRESENCE

184m

170

14.8%

No. 1

No. 1

No. 1

ACTING LOCALLY,

UNRIVALLED SERVICES

3,300

10m

No.1

No.1

950m

MICHELIN

33%

115,000

€20.7^{bn}

Up 6.7%

14,036

Up 15.8%

7.2^{million}

€1.945^{bn}

0²⁶

22%

€1.7^{bn}

"WE'RE AIMING
OPERATING INCOME
OF AROUND €2.5 BILLION
IN 2015."

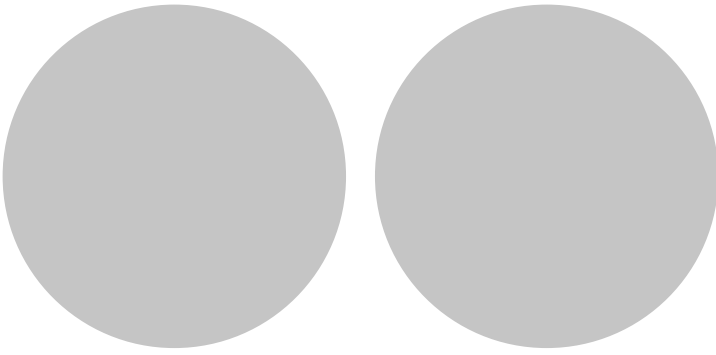
Jean-Dominique Senard

"ANOTHER CORE
STRENGTH IS OUR
LEADERSHIP IN EVERY
SPECIALTY RADIAL
MARKET."

Michel Rollier

HOW WAS 2011?

WHAT ARE YOUR OBJECTIVES
FOR 2012 AND BEYOND?



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

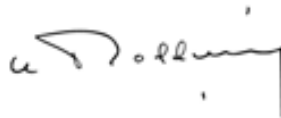
**WHAT IS YOUR STRATEGIC
VISION?**

**WHAT ARE YOUR CORE
STRENGTHS?**

"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

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

A handwritten signature in black ink, appearing to read "Michel Rollier". The signature is fluid and cursive, with a prominent loop at the end.A handwritten signature in black ink, appearing to read "A. Serrano". The signature is more angular and less cursive than the one on the left, with a distinct horizontal line above the main text.

MORE THAN

+25%

€2 bn

€2.5 bn

30%

10

33%

-45%

4

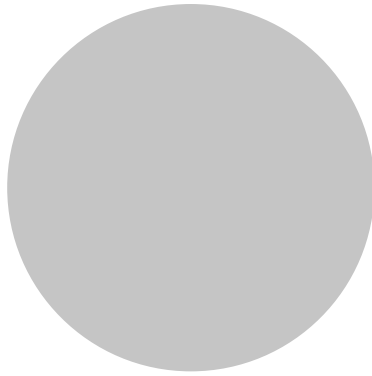
A GLOBAL R&D

**THE RIGHT TIRE FOR ANYTHING
ON WHEELS**

**THE MICHELIN BRAND AND
THE BRAND PORTFOLIO**

**EMPLOYEE PROFESSIONALISM
AND COMMITMENT**





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.



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.



**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.

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 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.





*"THE KEY TO INNOVATION IS
CONSTANTLY PUSHING YOURSELF
TO DO BETTER. THAT'S ALSO
WHAT MOTIVATES ATHLETES,"*

IN 2011, MICHELIN WON ALL OF
THE GRAVEL EVENTS WITH ITS NEW
MICHELIN LATITUDE CROSS,

MICHELIN VICTORIOUS IN THE
LMP1 PROTOTYPE AND LMGT
CATEGORIES.

THE 2011 WINNERS:

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

TO CELEBRATE ITS 120 YEARS OF INVOLVEMENT IN SPORTS AND THE 100TH ANNIVERSARY OF ASM,



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 Vallelunga with Ducati
- **Endurance World Championship**
2nd with BMW
- **Dakar**
28th win since 1982, with KTM

To find out more follow the races at www.michelin sport.com



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.



THE MICHELIN AXIOBIB

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

**ULTRAFLEX'S ENDURING
PERFORMANCE**

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

MICHELIN CEREXBIB

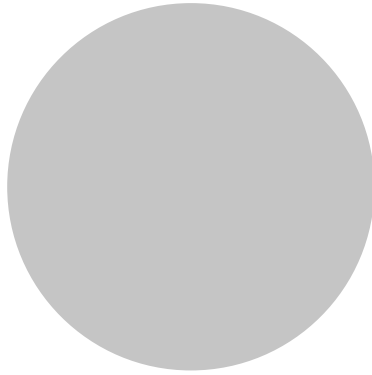
DESIGNED FOR THE LATEST GENERATION OF HIGH-PERFORMANCE HARVESTERS, THE NEW MICHELIN CEREXBIB IS THE FIRST TIRE THAT ROLLS WITH LESS THAN 2 BAR OF PRESSURE.



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.



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

\$3.4^{bn}



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.





● 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





**MICHELIN EMPLOYS MORE
THAN 6,000 PEOPLE IN
SOUTH AMERICA**

**MICHELIN IS THE MOST
HIGHLY REGARDED TIRE
BRAND IN CHINA**



-
-
-
-
-
-



A 100% SAFE WORKSITE.



-
-

-
-
-



THE ONSITE TRAINING CENTER

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



RETAIL STRATEGY:
SECURING MARKET ACCESS



“TRUST THE EXPERTS”

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

FARMERS.

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

MINE OPERATORS

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

“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

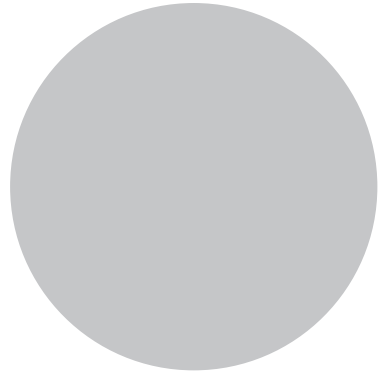
nurture the brand’s reputation by enabling customers to capture the tire’s full potential. They also allow us to get closer to our customers, to more fully understand and satisfy their needs. This helps us to build trustworthy relationships, and makes services a new source of growth in mature markets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







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.

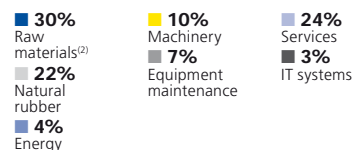
The program to make the purchasing process more competitive was more broadly implemented in 2011 under a new name, Triangle Way, with the creation of a governance structure to lead purchasing strategy and the deployment of an extensive array of innovative tools and methods.

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

02

FOCUS
ON SAFETY

03

ENVIRONMENTAL
FOOTPRINT

04

FOCUS
ON RUBBER



AN ALIGNED ORGANIZATION

"MOVING FORWARD TOGETHER"

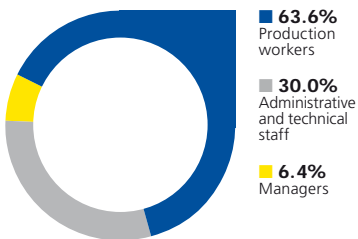
2011: launch of the innovative "moving forward together" program. Michelin bases its employee relations on mutual respect and offers every employee opportunities to foster his or her personal and professional growth over time.

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

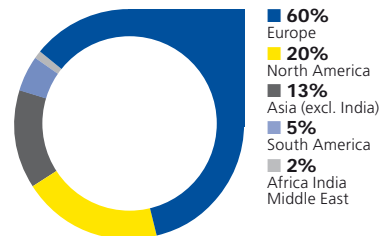
The new hires brought in to offset retirements over the 2011-2016 period must meet two challenges for the employee integration process. The first is generational, which is being met with programs designed to address the expectations of newly hired young people. The second is cultural, due to the rising 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**

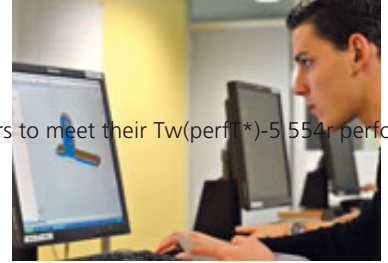
A pioneer in employee training and development, Michelin holds respect for people among its core values. That’s why at Michelin, people are hired for a career, not just a job. Employees are given real opportunities to develop skills in a variety of jobs and put them into practice, meaning that people 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 their understanding of each person's requirements and aspirations.



SAFETY

FROM ZERO ACCIDENTS TO 100% HEALTH AND SAFETY

FOCUS

“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.



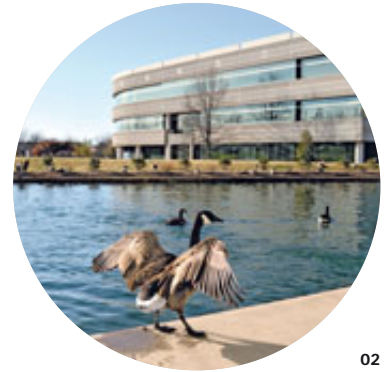
Watch the video

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.

	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			

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



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.

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 tiremaker 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

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.

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.

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

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.





**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



SENIOR MANAGEMENT



MANAGING PARTNERS

MICHEL ROLLIER

- > Managing General Partner
- > Managing Chairman

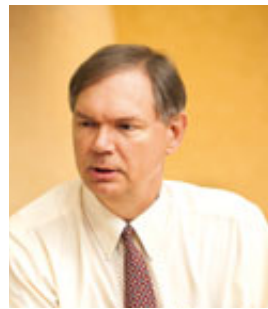
JEAN-DOMINIQUE SENARD

- > 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.

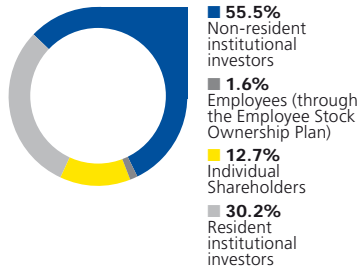
The Supervisory Board as a whole performs the duties generally assigned to a Compensation Committee and has created an Audit Committee, which currently has four members.

STATUTORY AUDITORS

PRICEWATERHOUSECOOPERS AUDIT
 REPRESENTED BY CHRISTIAN MARCELLIN, PARTNER

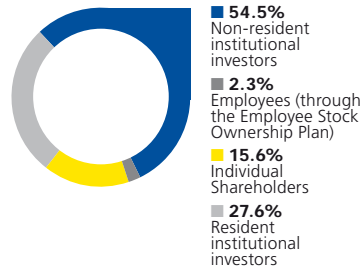
CAPITAL STRUCTURE

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

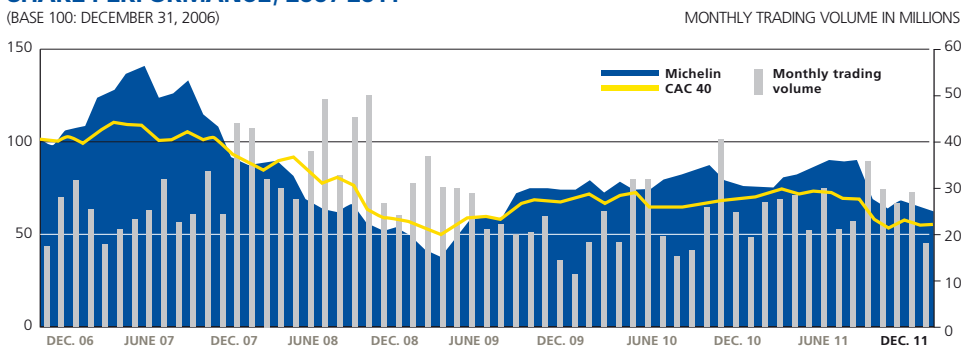
- **1.41%** of the CAC 40 index
- **0.58%** of the Euronext 100 index

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.

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

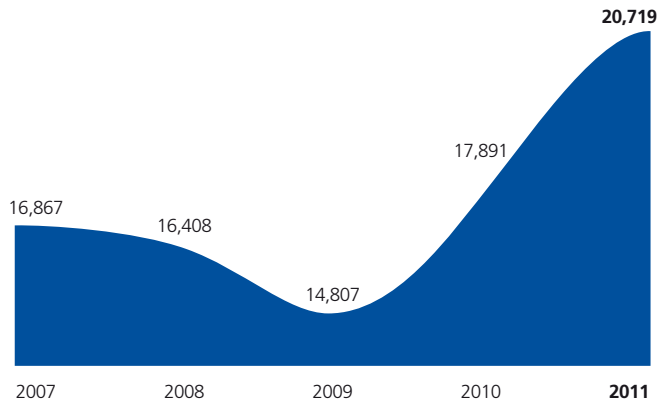
SOCIAL

ENVIRONMENTAL

+16%

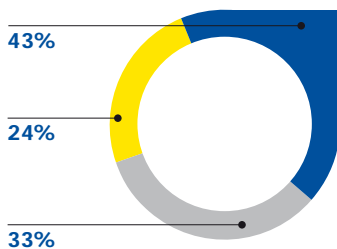
20,719

NET SALES
IN € MILLIONS



2011 NET SALES BY REGION

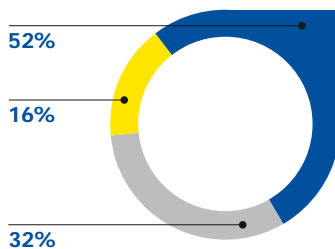
As a % of total in the chart
In € millions and % change 2010-2011 below the chart



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

2011 NET SALES BY BUSINESS

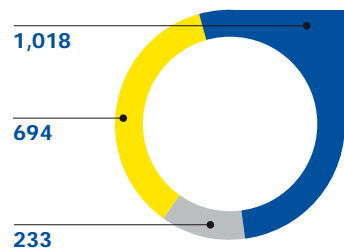
As a % of total in the chart
In € millions and % change 2010-2011 below the chart



■ **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

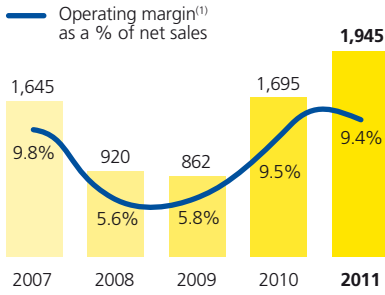
2011 OPERATING INCOME⁽¹⁾ BY BUSINESS

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

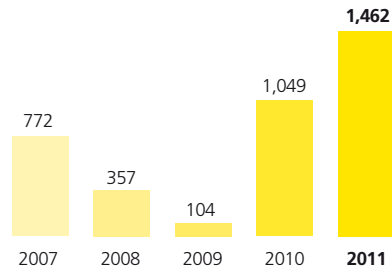
(1) Before non-recurring items.



OPERATING INCOME
IN € MILLIONS

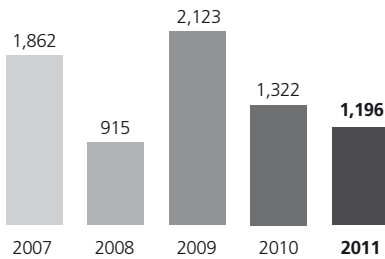
€1,945 m

(1) Before non-recurring items.



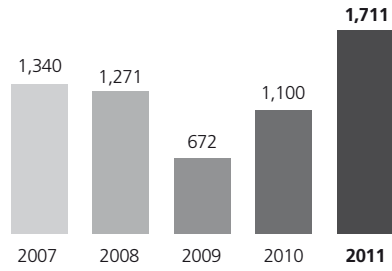
NET INCOME
IN € MILLIONS

€1,462 m



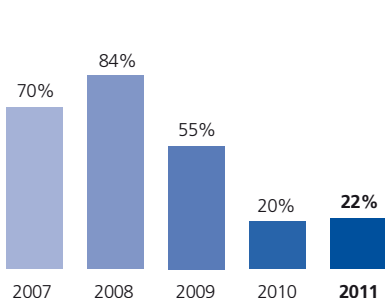
CASH FLOW FROM OPERATING ACTIVITIES
IN € MILLIONS

€1,196 m



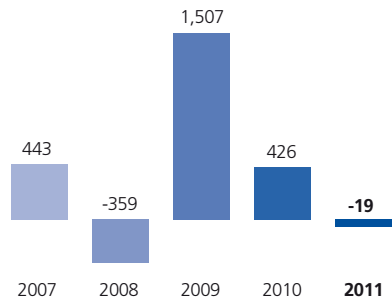
CAPITAL EXPENDITURE
IN € MILLIONS

€1,711 m



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

22%



FREE CASH FLOW⁽²⁾
IN € MILLIONS

€(19)m

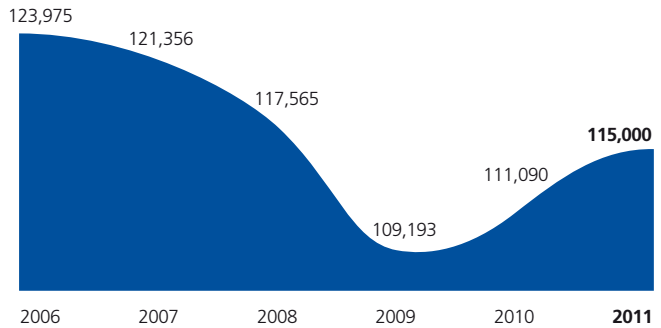
(2) Cash flows from operating activities less cash flows used in investing activities (adjusted for net cash flows used in cash management instruments and loan guarantees).

KEY INDICATORS:

FINANCIAL
SOCIAL
ENVIRONMENTAL

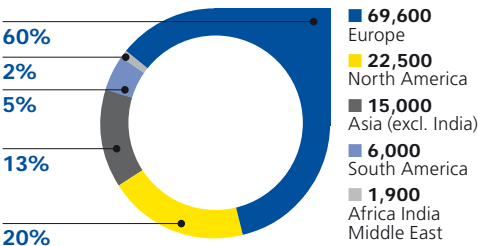
+4%

115,000
EMPLOYEES ON PAYROLL
AT DECEMBER 31



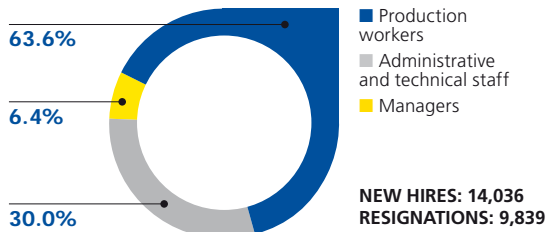
EMPLOYEES ON PAYROLL BY REGION IN 2011

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

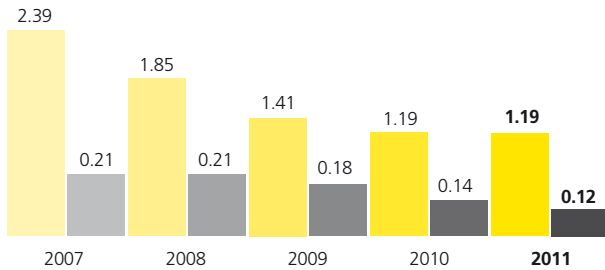


EMPLOYEES IN 2011 BY JOB CATEGORY

(Excluding dealers)



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

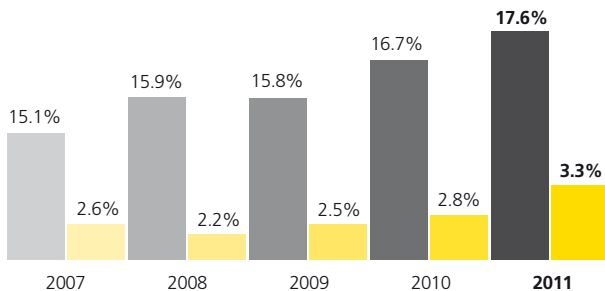


■ LTIFR⁽¹⁾
■ LTISR⁽²⁾

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

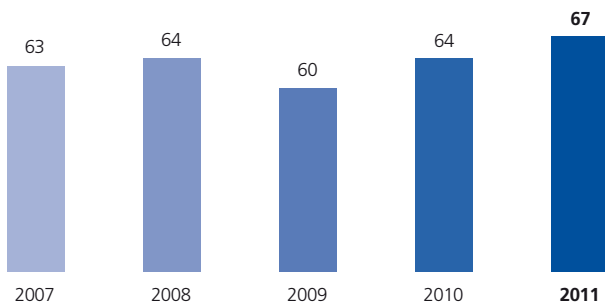
(2) Lost time incident severity rate: Number of working days (more than one day) lost to accidents per thousand hours worked.

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



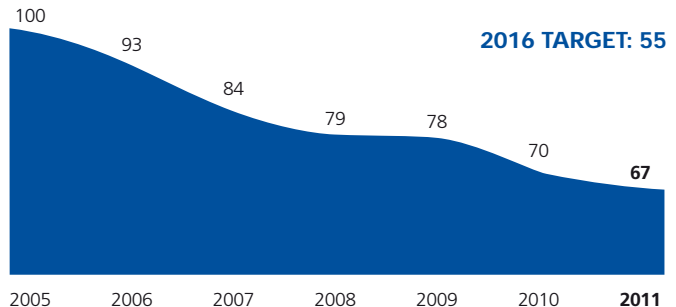
Objective:
a 45% reduction by
2016, compared with
2005

* 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



ENERGY CONSUMPTION

13.6 ^{GJ}

CO₂ EMISSIONS

1.21 ^{TONNE}

VOC EMISSIONS

2.73 ^{KG}

WASTE PRODUCED

109 ^{KG}

WASTE LANDFILLED

9 ^{KG}

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.

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The MICHELIN logo is displayed in white, bold, uppercase letters on a dark blue background. A thin yellow horizontal line is positioned directly beneath the text.