

2010 ANNUAL AND SUSTAINABLE DEVELOPMENT REPORT

MICHELIN PERFORMANCE AND RESPONSIBILITY



A NEW PHASE OF DYNAMIC GROWTH



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The Michelin 2010 Registration Document, including the Annual Financial Report, was filed with Autorité des Marchés Financiers (AMF) on March 2011. It is available in French and English, for download from michelin.com/corporate (Finance section) or upon request from the Investor Relations Department.



A NEW PHASE OF DYNAMIC GROWTH

— With its high-quality products and services, attractive brands, outstanding operating performance and robust balance sheet, Michelin has emerged from the recent recession stronger than ever, thanks to the dedication of its employees, the loyalty of its customers, and the lasting trust of its shareholders.

By 2030, the number of vehicles worldwide will increase very significantly and road mobility will have to substantially reduce its energy consumption and its environmental impact. Both of these trends represent powerful growth drivers for Michelin. A pioneer and active promoter of sustainable mobility and one of the few global tiremakers, Michelin has embarked on a new phase of dynamic growth. To meet the challenges that lie ahead, it can leverage such core strengths as its technological leadership, its capacity for innovation and the power of the Michelin Performance and Responsibility process. Throughout, it will remain sharply focused on enhancing mobility and creating value, while respecting the needs of its customers, employees, shareholders and society as a whole.

MICHELIN

A better way forward

CORPORATE PROFILE AND GOVERNANCE

**111,090**
EMPLOYEES IN 2010**9.5%**OPERATING MARGIN BEFORE
NON-RECURRING ITEMS**0**LOST-TIME INCIDENTS IN 34 GROUP
PLANTS OR OFFICES.

INTERVIEW WITH MICHEL ROLLIER

// With its new phase of dynamic growth, Michelin is embarking on its most ambitious project in 30 years."

How was business in 2010?

MICHEL ROLLIER — Thanks to the remarkable dedication of our teams across the organization, Michelin amply benefited from the upturn in demand. All of the tire markets rebounded faster than early-year expectations, in both the original equipment and replacement segments. Demand in Europe and North America turned steeply upwards, but we have not yet returned to pre-recession volumes. In emerging markets in Asia, South America and Russia, growth was and remains very strong. In this favorable environment, our net sales rose by over 20%, with a more than 13% increase in volumes. Our operating margin came to 9.5%, based on record-high operating income of nearly €1.7 billion. Our net income exceeded €1 billion. These results clearly attest to the structural progress we've made over the past five years. Our Horizon 2010 plan has improved efficiency and made us more competitive in every aspect of our business.

In five years we've reduced costs by more than €1 billion and improved plant productivity by 35%,

while at the same time spectacularly improving workplace safety. The frequency rate declined to a record 1.19, and 34 plants or units did not report a single lost-time incident in 2010. Michelin has emerged from the crisis stronger than ever and ready to capture all of its markets' extraordinary growth potential. The success of the €1.2 billion rights issue carried out last October has given us the resources to do so.

How are your markets doing?

MICHEL ROLLIER — Today, there are 800 million vehicles on the road around the world, and there'll probably be 1.6 billion by 2030. This means that tire demand is going to enjoy strong growth, with particularly fast expansion in China, South America, India, Russia and the Middle East. These markets could grow by close to 10% a year, with China probably becoming as large a market as Europe or North America by the 2020s. This represents a major shift. At the same time, in response to rising raw materials and energy costs and tightening regulations, the transportation industry is lead-

ing a profound transformation to spend less but more effectively, reduce costs and lessen environmental impacts. These new demands will enable the best in the industry, like us, to make a difference.

And lastly, we are seeing customer needs grow increasingly diverse, as economic situations diverge and a new generation emerges, who grew up on the Internet and mobile phones.

How is Michelin positioned with regard to these changes?

MICHEL ROLLIER — The growth in the global tire market and the transportation industry's ongoing response to the challenges of sustainable development present historic opportunities for Michelin.

Geographically, we have begun to re-align the business base with the shift in demand. The extensive, highly efficient capacity scheduled to come on stream in Brazil, China and India will enable us to capture all of the growth in these markets starting in 2012.

Technologically, we have proactively responded to these changes by structuring our Research & Development to address the emerging challenges. We're bringing to market lighter, higher-performance tires that use less raw material while still delivering greater safety, longer tread life and better fuel efficiency. This balanced performance and the ability to simultaneously improve all of the different performance factors are the hallmarks of the MICHELIN brand, whose "A Better Way Forward" signature clearly says that our Group wants to improve not only the performance of its products, but also their ability to address sustainable development concerns. We are also pioneers in the sale of performance solutions and services, which have proven very popular with our large corporate customers. We believe that they will contribute more extensively to sustainable mobility in coming years, particularly in major cities where electric powertrains have a promising future.

Every day, our Michelin Performance and Responsibility process is demonstrating its strength and effectiveness in meeting the challenges of tomorrow. It already informs everything

our company does, and the principles expressed in the Michelin Performance and Responsibility Charter are applied around the world, in every culture. That's why we decided in 2010 to pledge to support the United Nations Global Compact, so as to further highlight our commitment to human rights, rights at work, environmental stewardship and anti-corruption, all in a responsible and sustainable way.

Raw materials costs are rising sharply.

Will you be able to pass them on in your prices?

MICHEL ROLLIER — That's what we did throughout 2010, for all of our products and in every market. We are absolutely determined to protect our margins and we're in a good position to do so. Why? Because the superior advantages that we offer both to carmakers, in terms of environmental performance, and to users, in terms of safety, longevity and fuel efficiency, are clearly recognized and appreciated. As regulations become stricter and raw materials and energy become more expensive, the quality of our products and services will become more valuable. As proof, just look at 2010, when we sold more MICHELIN brand passenger car and light truck tires than ever before, in both mature and fast growing markets.

In October, you presented your new phase of dynamic growth for the 2011-2015 period. What are your objectives in this phase?

MICHEL ROLLIER — Our strategy for the next five years hinges on three main objectives.

The first is strong, diversified growth. We're aiming to increase sales volumes by 25% by 2015 and by 50% by 2020, by capturing share in the new markets and adding value to our products and services in mature markets.

The second objective is to become more competitive. We now have increasingly efficient plants in the mature economies. We intend to build on these gains, by further improving flexibility and productivity and pursuing our continuous improvement process.

We plan to invest €1.6 billion a year between

2011 and 2015 to support our growth and competitiveness targets. This is a much bigger commitment than before.

The third objective is to maintain our business performance. Our target for 2015 is operating income well in excess of €2 billion, a ROCE of more than 9% and positive free cash flow generated over the entire period. In today's highly demanding environment, with aggressive competition and rising raw materials costs, these are ambitious objectives.

What are your growth drivers?

MICHEL ROLLIER — The first one is our ability to satisfy the real needs of our customers through innovation. This has always been Michelin's strength; it's what makes our products and services different from the competition's. Our innovation capabilities are very robust, and they're going to gain in strength with the new organizations set up to shorten development cycles and time-to-market.

Another powerful driver is the MICHELIN brand, with its extraordinary capital of trust and affinity. In fact, the brand will be the primary source of our growth, because it delivers the balanced performance that customers expect and society needs.

At the same time, we plan to develop the market for affordable high-performance tires, which represent more than 40% of the global market. Our growth in this segment will be spearheaded by our brand portfolio.

And lastly, our growth will also be driven by our services, which we plan to enhance and diversify.

To successfully impel this new phase of dynamic growth, our market access strategy will also play an important role. This will entail nurturing close relationships with all of our dealer and distribution stakeholders. We will also expand our corporate services offering by forging strategic partnerships with major dealers and enhancing our truck fleet solutions.

Our growth will also be responsible. Through our Michelin Performance and Responsibility process,

we will pursue our commitment to improving working conditions, training, diversity, partner relationships and the environmental footprint of our plants.

Lastly, and most importantly, we are counting on the professionalism and dedication of our employees, who have enabled Michelin to grow and overcome obstacles to become a leader. With its 2011-2015 strategic plan, Michelin is embarking on its most ambitious project in 30 years. It will be supported by our Moving Forward Together program, which embodies our mutual commitments and dedication to success. I am quite confident that we will indeed succeed.

You have also announced that you are preparing your succession, even though your term runs until 2017. Isn't this premature?

MICHEL ROLLIER — On the contrary, I feel this is exactly the right time. Michelin is embarking on new phase of dynamic growth in excellent conditions. The reins should be handed over smoothly in the best interests of the Company, its shareholders and its employees. I discussed my decision thoughtfully and at great length with the Supervisory Board. Jean-Dominique Senard and I have worked closely together for six years, and I've come to appreciate his qualities, both as a person and as a business leader. I know that, when the time comes, I can pass him the baton in complete confidence. Shareholders will be asked to elect him as Managing General Partner at the Extraordinary Meeting on May 13, 2011.

I would also like Michelin's corporate governance to be adjusted, so I'm going to recommend limiting the term of future Managing Partners to four years, renewable one or more times. The Supervisory Board would continue to play the same role, but the bylaws would be changed to formally recognize its responsibility for gauging the quality of the partnership's management. Furthermore, instead of simply being consulted, as is the case today, the Board would have to approve the proposed re-election or removal of future Managing Partners, as well as their salary.

In practical terms, how will the transition be organized?

MICHEL ROLLIER — If shareholders approve these recommendations at the Extraordinary General Meeting, I will remain Managing General Partner, Jean-Dominique Senard will become Managing General Partner and Didier Miraton will remain Non-General Managing Partner. I will continue to serve in my current position for 18 months to two years and, once the transition is completed, I can retire. I'm certain that Jean-Dominique Senard and Didier Miraton will then be able to lead the Group with the requisite skills and vision, in complete accordance with Michelin's values.



MICHEL ROLLIER

A handwritten signature in black ink, appearing to read 'u Rollier', with a long horizontal line extending to the right.

CORPORATE PROFILE

— **Michelin holds forefront positions** in every tire market⁽¹⁾ as well as in travel-related services.

Leveraging its technological lead, capacity for innovation, high-quality products and services, and powerful brands, the Group is pursuing a global expansion strategy and improving efficiency in every aspect of its business.

Its corporate mission is to secure its sustainable growth in order to help improve mobility and create value for customers, employees and shareholders.

(1) With a 15.5% share of the global market by value according to Tire Business 2010 Global Tire Company Rankings.



A COMPREHENSIVE BRAND PORTFOLIO

- A global brand: MICHELIN.
- A primary brand dedicated to sports cars and SUVs: BFGoodrich®.
- Strong regional brands: UNIROYAL in North America, KLEBER in Europe and WARRIOR in China.
- Market-leading national brands.
- Retread solutions.
- Product and service dealership networks.



PRODUCTS AND SERVICES YOU CAN TRUST

Tires for cars, vans, trucks, farm machinery, handling, mining and construction equipment, motorcycles, scooters, bicycles, aircraft, subway trains, tramways and space shuttles, with innovative solutions tailored to widely varying expectations and conditions of use.

176 million tires produced in 2010.

Dealerships and Service Centers: the integrated Euromaster (Europe) and TCI (United States) dealership networks; TyrePlus franchises or brand partnerships for car tires in Asia, the Middle East, Russia, Australia and Mexico; Michelin Commercial Service Network franchises for truck tires in the United States; Michelin Truck Service Center partnerships in Asia, the Middle East and Algeria, and exclusive truck service networks in Brazil, Mexico and Argentina. All of these networks set the market standard for expert advice and quality service.

More than 3,300 centers in 27 countries.

Car and truck driver assistance services with Michelin OnWay and Michelin Euro Assist.

Fleet tire advice, maintenance and management services with Michelin Fleet Solutions in Europe and Michelin Business Solutions in North America.

MICHELIN maps and guides and **ViaMichelin mobility assistance services.**

Close to 10 million maps and guides sold in 2010.

875 million itineraries calculated by ViaMichelin.

Michelin Lifestyle products developed in partnership with licensees: car and bike accessories, work, sport and leisure gear, and collectibles.

111,090
EMPLOYEES (105,057
FULL-TIME EQUIVALENTS)

€17.9 billion
NET SALES

70 PRODUCTION
FACILITIES IN 18 COUNTRIES

170 COUNTRIES
MARKETING OPERATIONS
IN MORE THAN 170 COUNTRIES

AN EFFICIENT ORGANIZATION

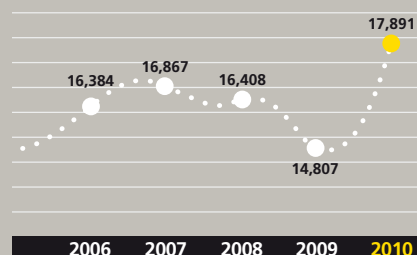
- **8 Product Lines**, each with its own marketing, development, production and sales resources.
 - **A Technology Center** in charge of research, development and process engineering, with operations in Europe, North America and Asia.
 - **2 integrated tire dealership networks:** Euromaster and TCI.
 - **2 Specialty units:** ViaMichelin and Michelin Lifestyle.
 - **8 Regions:** North America, South America, Europe, Eastern Europe, ASEAN/Australia, China, Japan/South Korea and Africa/India/Middle East.
 - **13 Corporate Departments** that support the Product Lines and the Technology Center and impel general corporate policies.
 - **4 Performance Divisions:** Research-Development-Process Engineering; Manufacturing; Sales and Marketing; Supply Chain and Logistics.
-

KEY INDICATORS

KEY FINANCIAL, SOCIAL AND ENVIRONMENTAL INDICATORS

€17,891 Million

NET SALES
in € millions

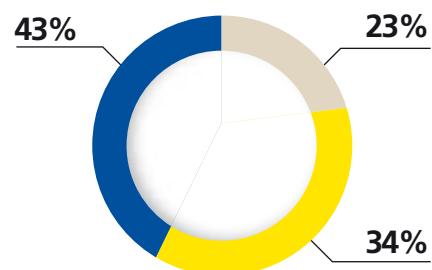


KEY FINANCIAL INDICATORS

+ To find out more,
please refer to the analysis of financial results on page 98

2010 NET SALES BY REGION

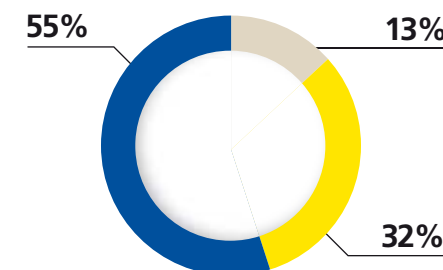
as a % of the total inside the chart
in € millions and as % change
outside the chart



- — **7,682 / +13.8%**
Europe
- — **6,148 / +23.1%**
North America and Mexico
- — **4,061 / +32.7%**
Other regions

2010 NET SALES BY BUSINESS

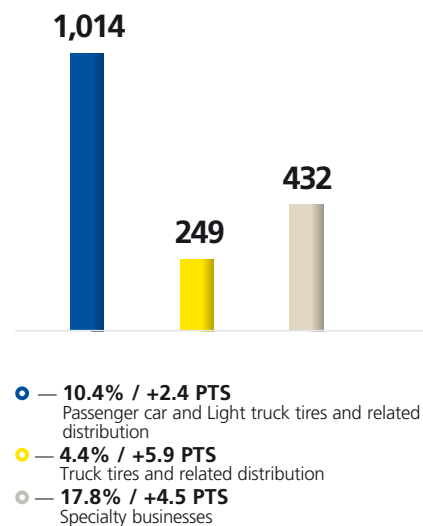
as a % of the total inside the chart
in € millions and as % change
outside the chart



- — **9,790 / +18.2%**
Passenger car and light truck tires and related distribution
- — **5,680 / +26.3%**
Truck tires and related distribution
- — **2,421 / +19.2%**
Specialty businesses

2010 OPERATING INCOME⁽¹⁾ BY BUSINESS

in € millions inside the chart
as a % of net sales and change in points
outside the chart



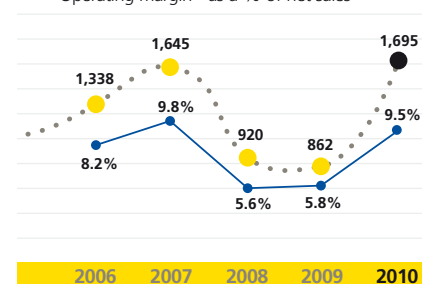
(1) Before non-recurring items.

€1,695 Million

OPERATING INCOME⁽¹⁾

in € millions

— Operating margin⁽¹⁾ as a % of net sales

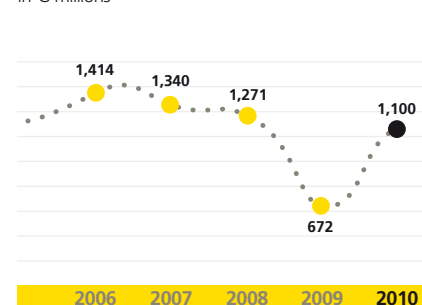


(1) Before non-recurring items.

€1,100 Million

CAPITAL EXPENDITURE

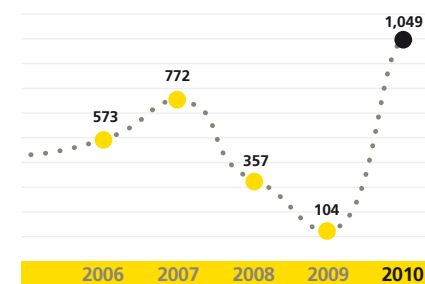
in € millions



€1,049 Million

NET INCOME

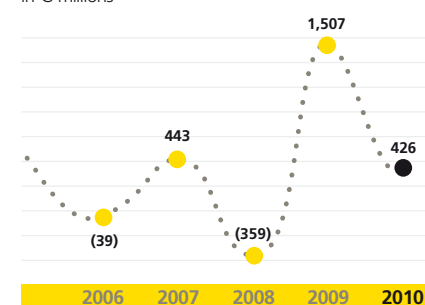
in € millions



€426 Million

FREE CASH FLOW⁽²⁾

in € millions

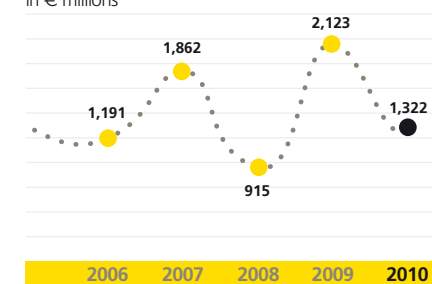


(2) Cash flows from operating activities less cash flows from investing activities (excluding cash flows from cash management financial assets and borrowing collaterals).

€1,322 Million

CASH FLOW FROM OPERATING ACTIVITIES

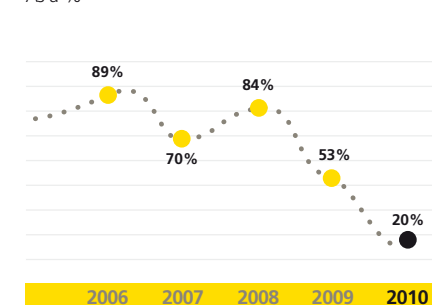
in € millions



20%

NET DEBT-TO-EQUITY RATIO

As a %

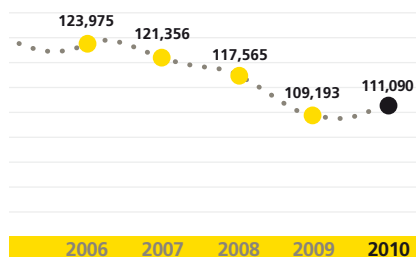


KEY SOCIAL INDICATORS

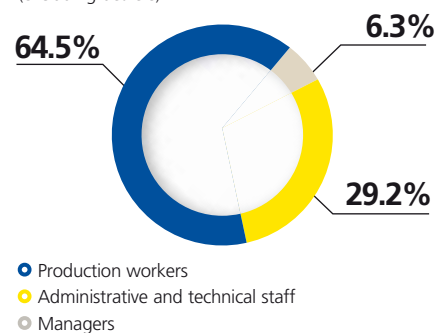
+ To find out more, please refer to the employee data table on pages 104-105.

111,090 EMPLOYEES ON PAYROLL

At December 31

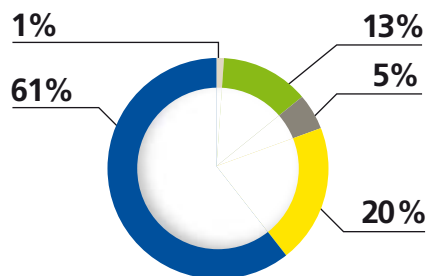


EMPLOYEES IN 2010 BY JOB CATEGORY (excluding dealers)



EMPLOYEES ON PAYROLL BY REGION IN 2010

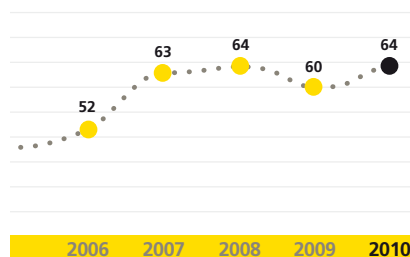
as a % of the total inside the chart, total employees and % change outside the chart



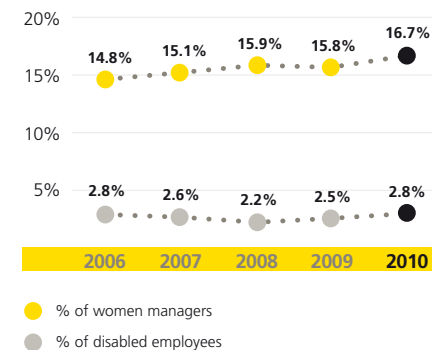
- 68,057 / -0.4% Europe
- 21,778 / +3.0% North America and Mexico
- 5,673 / +4.0% South America
- 14,502 / +9.5% Asia Pacific
- 1,080 / +7.1% Africa Middle-East

64^H

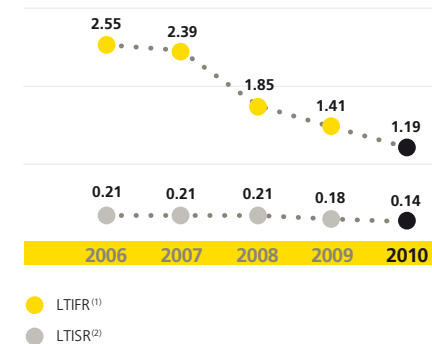
TRAINING
Number of hours per employee per year



DIVERSITY



SAFETY



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

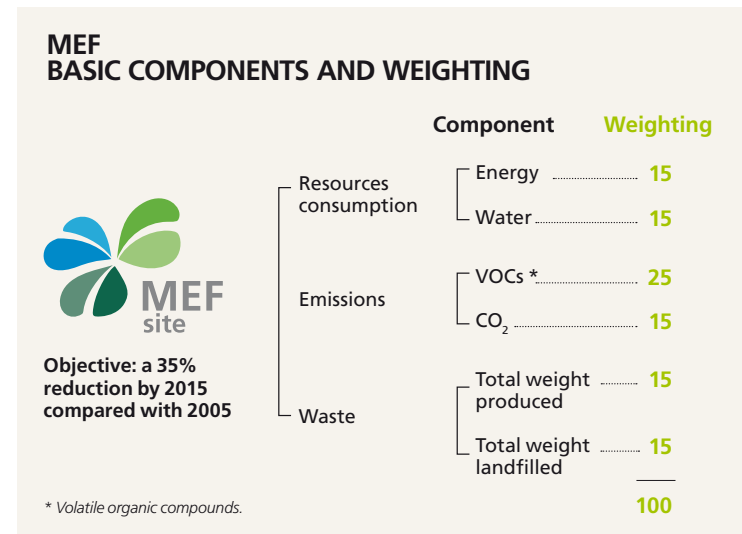
(2) Lost time incident severity rate: Number of working days (more than one day) lost to accidents per thousand hours worked.

KEY ENVIRONMENTAL INDICATORS

+ To find out more, please refer to the environmental data table on page 103.

MICHELIN SITES ENVIRONMENTAL FOOTPRINT (MEF)

The MEF is the indicator developed by Michelin to assess the environmental impact of its manufacturing, logistics and research facilities. Comprised of the six weighted basic indicators described below, it is calculated for each facility and consolidated at Group level. The MEF is included in the management indicators tracked by the Managing Partners. The goal for 2015 is to reduce the MEF by 35% compared with 2005.



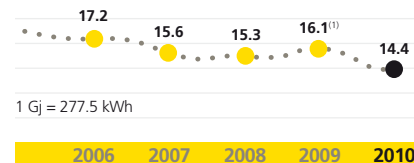
MEF**, 2005-2010

	2015 objective compared with 2005	2005	2006	2007	2008	2009	2010	% change 2005-2010
MEF**	-35%	100	92.9	83.6	78.6	78.1	70.0	-30%

14.4 GJ

ENERGY CONSUMPTION**

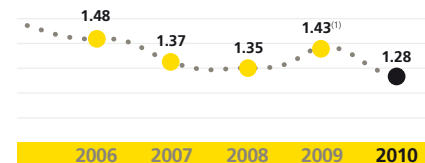
Gj per tonne of tires produced



1.28 T

CO₂ EMISSIONS**

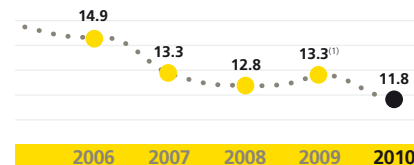
tonnes per tonne of tires produced



11.8 CU.M

WATER CONSUMPTION**

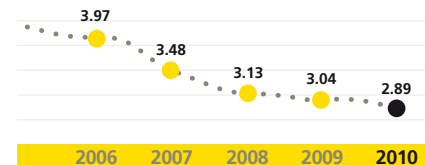
cu.m per tonne of tires produced



2.89 KG

VOC EMISSIONS**

kg per tonne of tires produced

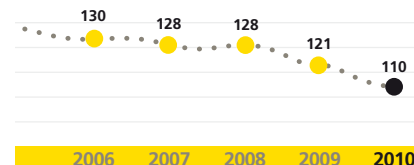


(1) The increase in these indicators in 2009 reflected the decline in tire output due to the recession.

110 KG

WASTE PRODUCED**

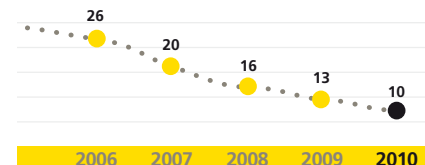
kg per tonne of tires produced



10 KG

WASTE LANDFILLED**

kg per tonne of tires produced



** Data related to these indicators have been reviewed by PricewaterhouseCoopers.

MANAGING PARTNERS

A PARTNERSHIP LIMITED BY SHARES FOCUSED ON LONG-TERM RESPONSIBILITY

Tire manufacturing is a capital-intensive industry in which the pace of technological innovation is relatively slow. It is therefore essential to be able to devise long-term plans and follow them through.

In France, incorporating as a partnership limited by shares (SCA) provides a legal framework aligned with this longer-term view. Organized as an SCA since its formation, Compagnie Générale des Etablissements Michelin (CGEM), the Group's parent company, has found that this partnership model offers three main advantages:

- It supports the deployment of long-term strategies by a stable management team whose interests are aligned with those of shareholders.
- It guarantees clear segregation of management and supervisory powers.
- It fosters direct ties with each shareholder as all shares must be registered.

To find out more about the Michelin partnership limited by shares, please refer to www.michelin.com/corporate and to the 2010 Registration Document, section 4.1.

A STABLE, RESPONSIBLE MANAGEMENT TEAM

The Group is managed by Michel Rollier, Managing General Partner, and Didier Miraton and Jean-Dominique Senard, Non-General Managing Partners. They are assisted by the Executive Council, comprised of seven executives responsible for Product Lines, Corporate Services and Performance Divisions.

An expanded Executive Council includes the eight regional chief executives and eight senior executives in charge of Procurement, Corporate Development, Research-Development-Process Engineering, New Projects and Sustainable Development, Quality, Finance, Legal Affairs and Information Systems.



Michel Rollier

- Born in 1944.
- Graduate of Institut d'Etudes Politiques (IEP) Paris, MA in Law.
- Joined Aussedat-Rey (a member of the International Paper Group) in 1971 as Financial Controller, going on to become head of an operating unit, then Chief Financial Officer from 1987 to 1994 and Deputy Chief Executive Officer from 1994 to 1996.
- Joined the Michelin Group in 1996.
- Vice President, Finance and Legal Affairs.
- Appointed Chief Financial Officer and member of the Executive Council in October 1999.
- Managing Partner since May 20, 2005.



Jean-Dominique Senard

- Born in 1953.
- Graduate of HEC business school, MA in Law.
- From 1979 to 1996, held various management positions in finance and operations at Total then Saint-Gobain.
- Joined Pechiney in 1996 as Chief Financial Officer and member of the Executive Committee, then Director, Primary Aluminum Division, until 2004. Subsequently appointed as a member of Alcan Group's Executive Committee and Chairman of Pechiney SA.
- Joined Michelin in 2005 as Chief Financial Officer and member of the Executive Council.
- Managing Partner since May 11, 2007.



Didier Miraton

- Born in 1958.
- Graduate of Ponts et Chaussées engineering school.
- Joined Michelin in 1982, spending most of his career working in research and innovation in France and the United States, with a focus on Truck, Earthmover and Handling Equipment tire technologies.
- Appointed Managing Director of the Michelin Technology Center and member of the Executive Council in 2001.
- Managing Partner since May 11, 2007.

GROUP EXECUTIVE COUNCIL

Éric de Cromières

Marketing and Sales Performance,
Euromaster, TCI,
Maps and Guides, ViaMichelin, Michelin Lifestyle.
Also responsible for overseeing Information
Systems.



Claire Dorland-Clauzel

Communication and Brands.



Jean-Christophe Guérin

Manufacturing Performance.
Also responsible for overseeing Quality and
Supply Chain operations.



Jean-Michel Guillon

Personnel.
Organization.
Also responsible for Security.



Florent Menegaux

Passenger car and Light truck tires.
Also responsible for overseeing Racing.



Pete Selleck

Truck tires.



Bernard Vasdeboncœur

Specialty tires: Agriculture, Aviation,
Two-Wheel, Earthmovers.
Components.
Also responsible for overseeing Procurement.



01

02

03

04

05

06

07

08

SUPERVISORY BOARD

INDEPENDENT OVERSIGHT

- The Supervisory Board exercises permanent oversight of the Company's management on behalf of the shareholders and presents a report thereon at each Annual General Meeting. It is comprised of eight independent members appointed for four-year terms⁽¹⁾.
- The Supervisory Board as a whole performs the functions generally delegated to a Compensation Committee. It has created an Audit Committee comprised of four members: François Grappotte, Chairman, Eric Bourdais de Charbonnière, Pierre Michelin and Benoît Potier.
- The Supervisory Board met 5 times in 2010 with an attendance rate of 97.5%.

(1) The term was five years until the Extraordinary Shareholders' Meeting on May 15, 2009, when it was reduced to four years for members elected or re-elected at future meetings.

01

Pat Cox

INDEPENDENT MEMBER

Born in 1952 – Irish
259 Michelin shares

Pat Cox was a Member of the House of Representatives of Ireland and a Member of the European Parliament, where he served as President from January 2002 to June 2004.

02

Benoît Potier

INDEPENDENT MEMBER

Born in 1957 – French
Member of the Audit Committee
3,117 Michelin shares

Benoît Potier has been with Air Liquide for 25 years. He became Chief Executive Officer in 1997, Chairman of the Management Board in November 2001, and Chairman and Chief Executive Officer in May 2006.

03

François Grappotte

INDEPENDENT MEMBER

Born in 1936 – French
Chairman of the Audit Committee
1,240 Michelin shares

After 20 years as Chief Executive Officer of Legrand, François Grappotte served as non-executive Chairman beginning in 2004 and was named Honorary Chairman on March 17, 2006.

04

Laurence Parisot

INDEPENDENT MEMBER

Born in 1959 – French
500 Michelin shares

After serving as Chief Executive Officer of the Louis Harris France Polling Institute (1986), Laurence Parisot was named Chief Executive Officer of Institut Français de l'Opinion Publique (Ifop) in 1990. She was also Chairman of Optimum until March 2006. She has been President of the French employers federation (MEDEF) since July 2005.

05

Pierre Michelin

INDEPENDENT MEMBER

Born in 1949 – French
Member of the Audit Committee
1,747 Michelin shares

After serving in Philips' IT department, Pierre Michelin joined Groupe Bull, where he currently heads a division. Since 2003, he has also been a Professor of Information Systems at the Reims Management School.

06

Éric Bourdais de Charbonnière

INDEPENDENT MEMBER

Born in 1939 – French
Chairman of the Supervisory Board
Member of the Audit Committee
3,198 Michelin shares

After 25 years with JP Morgan, where he was Chief Executive Officer for France, Éric Bourdais de Charbonnière served as Chief Financial Officer of Michelin from 1990 to 1999, when he retired. He has been Chairman of the Supervisory Board since 2000.

07

Barbara Dalibard

INDEPENDENT MEMBER

Born in 1958 – French
433 Michelin shares

Barbara Dalibard has been Chief Executive Officer of the French national railways' travel division, SNCF Voyages, since January 2010. She was previously a member of the France Telecom Executive Committee, in charge of corporate communication services. Before that, she held various management positions at France Telecom and Alcatel.

08

Louis Gallois

INDEPENDENT MEMBER

Born in 1944 – French
300 Michelin shares

Louis Gallois is Chief Executive Officer of EADS and President of the Airbus Shareholders Committee. He has served as Chairman of SNCF and held various positions in the aviation industry as well as at the Ministry of the Economy and Finance, the Ministry of Research and Industry, and the Ministry of Defense.

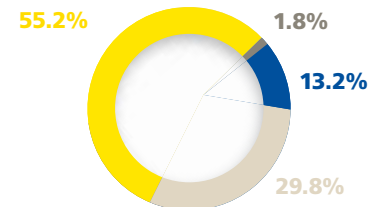
**STATUTORY
AUDITORS**

PricewaterhouseCoopers Audit
Represented by **Christian Marcellin**,
Partner, and his substitute Pierre Coll.

Deloitte & Associés
Represented by **Dominique Descours**,
Partner, and his substitute, BEAS.

CAPITAL STRUCTURE

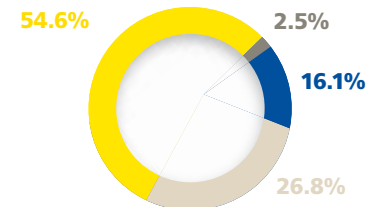
At December 31, 2010



- — Employees (through the Employee Stock Ownership Plan)
- — Individual shareholders
- — Resident institutional investors
- — Non-resident institutional investors

VOTING RIGHTS STRUCTURE

At December 31, 2010



- — Employees (through the Employee Stock Ownership Plan)
- — Individual shareholders
- — Resident institutional investors
- — Non-resident institutional investors

A NEW PHASE OF DYNAMIC GROWTH

— Having emerged stronger than ever from an unprecedented crisis, Michelin is stepping up its capital expenditure to widen its technological lead, consolidate its competitiveness and capture the growth in new markets.



FOCUS ON...

STEPPING UP THE PACE OF CAPITAL EXPENDITURE

Michelin has undergone a deep-seated transformation over the past five years. With productivity up 35% during the period and set for possible new gains of around 30% over the next five years, we are on track to having a competitive manufacturing base in every market. Moreover, we have improved our management systems and operating performance, reduced debt, restored our financial metrics and aligned the entire corporate community with our major objectives

A SOLID FOUNDATION...

An industry leader in North America, Michelin is also as well-known in China as it is in France. Our capacity for innovation, our ability to create differentiation in each market and the power of the MICHELIN brand demonstrated their value at the height

of the crisis. They also provide a solid rampart that enables us to maintain our price advantage and withstand the rising cost of raw materials.

The Group has strengthened its distribution networks worldwide and launched major plant construction projects in Brazil, China and India, thereby providing a solid foundation from which to benefit from the recovery in demand and capture market growth in the years ahead.

...FROM WHICH TO CAPTURE GROWTH

As the need for mobility increases, demand for tires is growing at a faster pace. By 2020, for example, this is expected to feed through to sales of an additional 600 million car tires and 65 million truck tires, as well as to a 40% increase in sales of mining equipment tires.



**"TOMORROW'S GLOBAL LEADERSHIP
WILL BE WON TODAY. THAT'S WHY WE'RE
STEPPING UP THE PACE." Michel Rollier**

In mature markets, annual growth of 1% to 2% is driving very strong demand because of the large number of cars already on the road. In the leading new markets, where ownership ratios are rising quickly, demand could increase by 9% to 10% a year over the next 10 to 15 years. In

addition, demand for environmentally friendly tires is rising worldwide. The global leadership of tomorrow will be won today. That's why it's so important for Michelin to step up the pace of growth.

€1.6 billion

INVESTING ASSERTIVELY

Michelin has undertaken an assertive capital spending drive to capture a larger share of the substantial growth in the world's leading new markets, taking its local development to the next level by increasing capacity, enhancing innovation capabilities and improving competitiveness. By investing in research and in manufacturing performance, we can make the high-tech tires needed for sustainable mobility more affordable and secure the competitiveness of our production plants worldwide.

Capital expenditure is expected to total nearly €1.6 billion a year over the 2011-2015 period, compared with an initial budget of €1.2 billion.

**A YEAR OVER
THE 2011-2015 PERIOD**

**INVESTING
PRODUCTIVELY**

This sustained effort should enable Michelin to reach annual growth of close to 5% in the years ahead, with the ultimate goal of increasing unit sales by 25% by 2015 and 50% by 2020. This would imply a gain of 25% in mature markets and a doubling of sales in emerging markets over the next ten years.

The efficiency of our capital spending programs will help to meet these objectives. By optimizing and standardizing the production processes, equip-

ment, organization and operations of our major greenfield projects, the new plants will be able to ramp-up much more quickly.

The Group is also aiming to lift operating income before non-recurring items to well above €2 billion by 2015 and to generate significant free cash flow over the 2010-2015 period.

— **600 MILLION**
ADDITIONAL CAR TIRES
BY 2020⁽¹⁾

— **65 MILLION**
ADDITIONAL TRUCK TIRES
BY 2020⁽¹⁾

— **40%**
MORE MINING EQUIPMENT TIRES
BY 2020⁽¹⁾

(1) Michelin estimates.

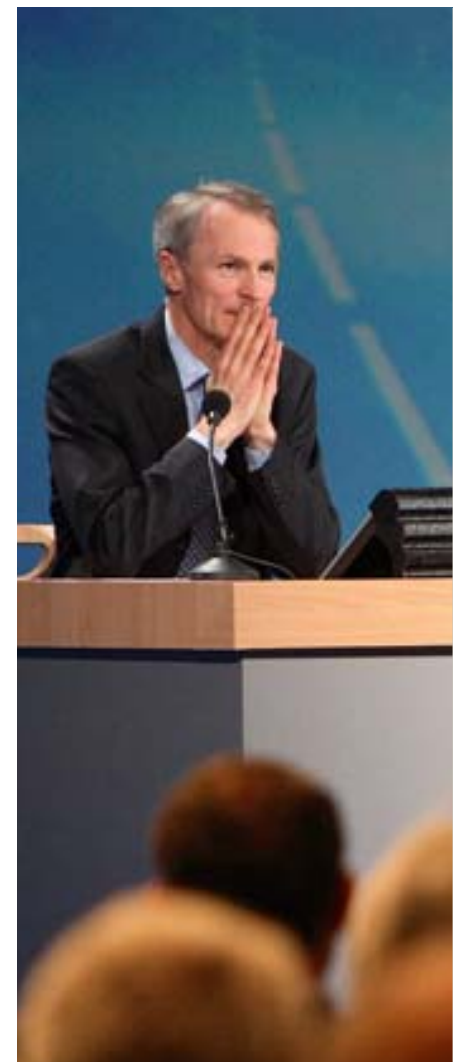
- 01 The proposed new Research, Development and Process Engineering campus in Ladoux, France, as it will look in 2017.
- 02 Aerial view of the land on which the future Chennai plant will be built.



01



02



// How did last September's rights issue go? //

JUST BETWEEN US



**QUESTIONS FOR
JEAN-DOMINIQUE
SENARD,
MANAGING PARTNER**

// On September 28, Michelin announced a €1.2 billion rights issue offering shareholders the opportunity to purchase two new shares for every 11 existing shares held. We decided to step up our expansion at a time when emerging markets are experiencing fast growth and mature markets are recovering more quickly than expected. The issue was a huge success, with total demand amounting to more than €4.3

billion or 3.5 times the offering. 98% of the issue was taken up by shareholders exercising their pre-emptive rights, with less than 10% of the demand for additional shares being met. In all, 27.16 million new shares were issued and settled last October 25.

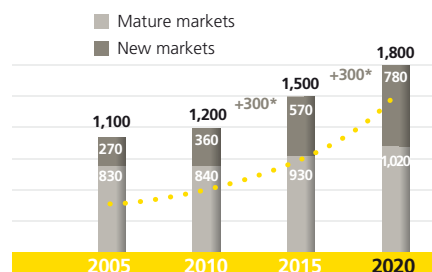
Why did you issue shares instead of taking on new debt?

Michelin is entering a new phase of growth. There are all sorts of opportunities out there and we're ready to step up the pace. We're aiming for a 50% increase in sales by 2020. In turn, that's going to drive a sharp increase in our capital spending, to €1.6 billion a year. That's why we wanted to offer

our shareholders the opportunity to support this dynamic new growth and preserve our debt-to-equity ratio, which has improved considerably in recent years. We also wanted to retain our ability to participate in any merger and acquisition activity in fast growing markets, without having to scale back our new capacity construction program.

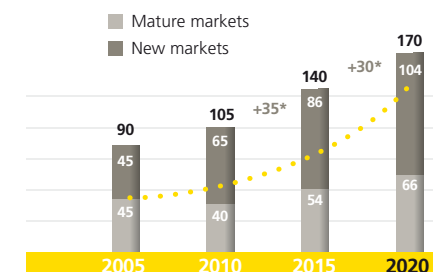
The issue has given Michelin an extremely robust balance sheet, providing plenty of flexibility and leeway over the next decade. We've met our objective, and our balance sheet is the healthiest it's been in 30 years."

50%
INCREASE IN UNIT
SALES BY 2020



PASSENGER CAR AND LIGHT TRUCK TIRE MARKETS
in millions of tires

* of which 70% in new markets. Michelin estimates



RADIAL TRUCK TIRE MARKETS
in millions of tires

* of which 70% in new markets. Michelin estimates

— Michelin is stepping up the pace of expansion to harness the vibrant growth in major new markets and the expected increase in demand for more environmentally friendly tires – an area in which we are the world leader. Combining performance and responsibility, the Group is embarking on a new phase of dynamic growth by helping to foster sustainable road mobility.

CHALLENGES AND STRATEGIC VISION

25%

UNIT SALES GROWTH TARGET
THROUGH 2015

€1.6 billion

ANNUAL CAPITAL EXPENDITURE
BUDGET, 2011-2015

€2 billion

OPERATING INCOME WELL IN EXCESS
OF €2 BILLION IN 2015.

Anechoic chamber where
tire noise is measured.





CHALLENGES AND STRATEGIC VISION

CONTENTS

- The changing face of mobility p. 20_21
 - Supporting new types of demand p. 22_23
 - Leveraging our strengths p. 24_25
 - Our growth strategy: strong and diversified,
responsible and sustainable p. 26_27
 - Improved competitiveness p. 28_29
 - "Moving forward together" p. 30_31
 - **Focus on...** p. 32_35
- Michelin Development



— Road mobility is a key factor in economic and social development. Its growth, however, poses enormous challenges in the areas of safety, energy, climate, the environment and quality of life, where expectations are high and the sense of urgency is growing. To meet these expectations, Michelin is focusing all of its forward-looking capabilities and innovation on fostering the emergence of sustainable road mobility.

THE CHANGING FACE OF MOBILITY

In today's increasingly open world, freight transport is constantly on the rise, while people want to travel more often and more safely. The number of vehicles on the road could double by 2030, to more than 1.6 billion. At the same time, the automobile industry is undergoing a profound mutation to address the challenges of dwindling fossil fuels, climate change, environmental protection and urbanization (more than 60% of the projected 8.2 billion people on the planet in 2030 will live in cities). The challenge: to develop cleaner, safer, more fuel-efficient road mobility solutions that make the most of information and communication technologies.

SAFER MOBILITY

Every year, 1.2 million people are killed and 50 million are injured in traffic accidents, which are the leading cause of mortality among young people. The statistics are particularly dramatic in developing nations. If nothing is done, 2.4 million people could be killed in accidents each year as from 2030. Governments, international organizations and businesses need to step up their efforts to improve safety for all road users.

CLEANER MOBILITY

Road transport accounts for 18% of all fossil-based CO₂ emissions caused by human activity, with tires representing 4% from the fuel used to overcome their rolling resistance. This is roughly the equivalent of one full tank out of every five for a car and one out of three for a truck. To limit the average increase in global temperatures to 2°C by 2100 (compared with the pre-industrial period), CO₂ emissions will have to be halved by 2050 (compared with 2008), even though the number of vehicles on the road and number of kilometers traveled is expected to double.

What's more, around the world, quality of life in big cities is under attack from the closely inter-related threats of congestion, noise and

pollution. A well-organized mix of individual and public transportation solutions can help to attenuate these threats, but more will be needed. As Michelin Challenge Bibendum has shown, hybrid and electric vehicles make it perfectly possible to achieve zero (or next-to-zero) emissions in city driving by 2030-2040.

MORE FUEL-EFFICIENT MOBILITY

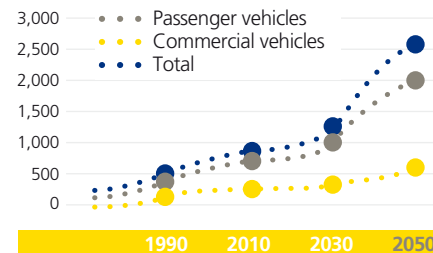
More than 60% of the world's oil output is used in transportation. Oil's growing scarcity and rising cost represents a major geo-strategic challenge, raising doubts about the availability and price of oil-based fuels when the global vehicle fleet will have doubled. Swift action is required to reduce fuel consumption and speed the development of alternate propulsion energy sources.

Like oil, which is also used to make synthetic rubber, energy and non-renewable raw materials are becoming scarcer and more expensive. In 2010, raw material costs represented 27% of Michelin's net sales. Optimizing their use is essential if these resources are to be conserved over the long term and if tires are to remain affordably priced. The challenge: to meet all these goals without sacrificing tire performance.

97%
OIL ACCOUNTS OF
THE FUEL USED IN TRANSPORTATION,
WITH BIOFUELS, ELECTRICITY AND
OTHER SOURCES PROVIDING
THE REMAINING
3%



Created in 1998, **Michelin Challenge Bibendum** has become the world's leading sustainable mobility event. Showcasing the latest over-the-horizon solutions, the Challenge enables carmakers, auto equipment manufacturers, energy companies and government agencies to exchange ideas about the future of mobility and to compare their leading edge technologies. After the 10th event held in Rio de Janeiro in 2010, the 11th Michelin Challenge Bibendum will take place in Berlin in 2011.



Sources: OECD, IRF, IMF, IHS Global Insight

NUMBER OF VEHICLES ON THE ROAD WORLDWIDE, 1990-2050
in millions of units

1.6 billion

VEHICLES ON THE ROAD IN 2030

NETWORKED MOBILITY

The time it takes to travel from one point to another mainly depends on traffic, the itinerary, waiting times, the availability of a parking space and the speed of inter-modal connections. With a cell phone or onboard computer, travelers can access information to help them select the best options. Information and communication technologies (ICTs) can also be used to transmit technical data that allow motorists to schedule servicing, drive more safely and use less fuel.

Other technologies can be used to develop smart transportation systems that improve traffic flows, thereby reducing fuel consumption, CO₂ emissions and local pollution. The challenge: to integrate them more quickly into vehicles and infrastructure.

Fostering sustainable mobility will require carmakers to devise new business models suited to the increasing shift towards fleets and rental systems, as well as to the growing demand for ICT-enabled services. Users will have to think in terms of total cost of ownership, accept innovation and learn more flexible, more responsible behaviors. And public authorities will need to listen carefully to citizens and businesses so that solutions meet real needs and are technically and financially feasible. They will also have to be very consistent in their objectives and decisions to encourage the long-term investment that such a transition requires.

✚ To find out more about these challenges, please refer to www.challengebibendum.com, Michelin's sustainable mobility portal, and www.wbcsd.org/mobility2030, the World Business Council for Sustainable Development site that presents discussions on sustainable development by representatives from 200 global companies and recommendations on sustainable mobility formulated by a working group that included Michelin.

— The shift in demand toward fast-growing countries and the increase in competition in mature markets are impacting manufacturing strategies, while today's unstable economic environment requires faster, more effective responses than ever before. The growing globalization of purchasing and production calls for heightened vigilance with regard to working conditions and respect for people. That's why instilling a real culture of diversity provides a significant competitive advantage.

SUPPORTING NEW TYPES OF DEMAND

DEEPENING MARKET INTIMACY

The success of new Michelin tires has always been driven by our ability to listen attentively to the voice of the customers and to understand their needs and usage patterns.

Today, this capability is being broadened and deepened to create true intimacy with our markets by systematically developing demonstrators (prototype tires) to encourage input from vehicle manufacturers, motorists, dealers, fleet managers and other stakeholders. During the experimental phases, our research, development and process engineering (RDI) and marketing teams work hand-in-hand with customers to develop the future product range and identify the benefits and value of each proposed innovation.

The final offering is aligned as closely as possible with customer needs, while enabling the created value to be equitably shared.



BECOMING MORE COMPETITIVE

In mature countries, the number of cars on the road will change only slightly, but government incentives and other factors will impel a shift towards more environmentally friendly vehicles. Most of the market's growth will come from China, the ASEAN⁽¹⁾ members, South America, India, Russia, the Middle East and, soon, Africa. To establish a firm foothold in these fast-growing countries and successfully compete against emerging local manufacturers exporting to Europe and North America requires highly competitive operations in every geography. In turn, this means lowering costs and increasing productivity in every aspect of our business.

Recent plants, most of which have been built in fast-growth countries, are optimally sized, organized and equipped. In 2010, 65% of the Car and Light Truck tires produced in mature countries came from plants with assembly capacity exceeding 100,000 tonnes, compared with 54% in 2006. In mature markets, manufacturing and supply chain facilities are being upgraded through capacity additions, specialization, consolidation and the sustained deployment of productivity enhancement programs.

(1) Association of Southeast Asian Nations.

GETTING SUPPLIERS INVOLVED

In this environment, purchases, which were funded by 60% of 2010 net sales, represent a major challenge. To be effective, purchasing must not only lower costs to make us more competitive but also guarantee quality, secure supply lines and promote responsible development. That's why our teams ensure that the social and environmental practices of suppliers comply with Group standards, especially in low-labor cost countries.

ASIA



Asia has five times as many people as Western Europe and the United States combined, yet only 49 cars per 1,000 residents. Sales of passenger cars have been growing by more than 15% a year over the last five years, raising demand for replacement tires.

Source: Michelin estimates; Global Insight World Car Industry Forecast Report, October 2010.

GLOBAL MARKET



In 2010, tire manufacturers in China and Taiwan held 15% of the global tire market, compared with 5% ten years ago.

50 MILLION



To cover a market of 50 million people, it took radio 38 years, television 13 years, the Internet four years, the iPod three years and Facebook two years.

BECOMING MORE RESPONSIVE

In every respect – demand, raw material prices, customer expectations, financing conditions – the economic environment has become structurally more volatile. Companies have to stay alert to foresee the often sudden shifts and respond very quickly. Maintaining the responsive, flexible ability of production facilities – and more generally the entire supply chain, from research to dealerships – to scale back or ramp up operations in response to demand is a constant challenge.

LEVERAGING TECHNOLOGY

The primary solutions to rising raw material and energy costs and stricter safety and environmental regulations will be technology driven. With the development of mobile information via the Internet and the growing variety of business models, this trend is gaining momentum and opening the door wide for innovation. The challenge: to stimulate innovation in every aspect of the business and deploy organizations and processes that make it possible to innovate better and faster.

A PEOPLE-FOCUSED CHANGE PROCESS

Whether creating or expanding operations, specializing or reorganizing facilities or driving innovation, people are always at the heart of any change process. That's why Michelin makes sure that employees are kept fully informed, appropriately trained and actively involved in every initiative. For them to embrace change, they must be motivated and empowered to overcome obstacles and offered the opportunity to grow and gain fulfillment by contributing to the company's success. The challenge for a global enterprise: to enable people, in all their diversity, to nurture their talent, so as to ensure growth and improve competitiveness.

— To meet the challenges of sustainable mobility, while embarking on a new phase of dynamic growth in every geography and strengthening its global presence in the global marketplace, Michelin can count on its core strengths: a powerful brand, a global footprint, technological leadership, a solid balance sheet and a deep commitment to the Michelin Performance and Responsibility process to drive balanced growth benefiting all our stakeholders.

LEVERAGING OUR STRENGTHS

A SUPERIOR BRAND, WIDELY RECOGNIZED AND CONSTANTLY ENHANCED

Our first strength is the MICHELIN brand, which in most major markets ranks among the world's top tire brands in terms of equity. For the public, the brand is associated with safety, reliability, durability, technology and expertise. This confidence stimulates the buy decision and nurtures customer loyalty, as seen in the brand's performance in every geography, even in the depths of the recession.

Carmakers and consumers can easily see that not all tires are created equal and that some outperform others. While generally priced higher, MICHELIN tires are safer, longer lasting and more fuel efficient, which reduces their environmental impact. Indeed, the savings in use mean that in the end, a MICHELIN tire is the least expensive in the market. We are committed to leveraging the brand's unique ability to express this performance balance, which is being maintained over time and whose components are being simultaneously improved so as to offer the most competitive total cost of ownership in the market.



MICHELIN THE LEADER IN PERCEIVED QUALITY



in Germany, Spain, France, Italy, the United Kingdom, Russia, Turkey, China and the United States. The Michelin brand and the Michelin man are recognized and appreciated all around the world.

BEST REPUTATION



among France's CAC40 stocks Ranking based on seven criteria: products and services, governance, corporate citizenship, jobs, innovation, leadership and performance. More than 2,200 people were polled, including customers, suppliers, employees and shareholders.

Source: Reputation Institute and i&e, February 2010.

SOLID TECHNOLOGICAL LEADERSHIP

Throughout its history, Michelin's development has been fueled by technical innovation. With such technological breakthroughs as the radial tire and the fuel-efficient tire, we have been a key driver of progress in the industry and enjoy a recognized lead in the most demanding technical segments.

In a business environment that is being continuously reshaped by stricter regulatory standards, heightened consumer expectations and critical technological developments to achieve sustainable mobility, a capacity for innovation represents a major strategic strength that provides real competitive advantage. As technological leader, Michelin is constantly raising the performance bar in ways that impact consumer standards. The technical leadership of MICHELIN tires means that we can act as a credible source of recommendations to help shape new tire regulations.



A POSITION AS A GLOBAL PLAYER

Very early on, Michelin developed an exceptionally broad geographical presence, to the extent that today, we manufacture tires in 18 countries and sell them in more than 170. We also hold forefront positions in every tire segment, including cars, vans, trucks, farm and industrial handling equipment, earthmovers, motorcycles and bicycles, and aircraft. And because we partner original equipment manufacturers, pay close attention to both consumer and corporate tire users, and operate in a wide array of retail channels, we are particularly well positioned to understand customer expectations.

As one of the few global tire manufacturers, Michelin enjoys critical mass and synergies that foster innovation, productivity and fair, balanced relations with tire dealers. To make the most of these strengths, we work hard to standardize and share best practices worldwide. In particular, certain best practices deployed in the production plants with the Michelin Manufacturing Way program have been extended to other business processes, such as Purchasing and Research-Development-Process Engineering.

BALANCED GROWTH

To fulfill its mission of helping to improve mobility, Michelin focuses on generating sustainable, responsible, profitable growth that creates value for customers, employees, shareholders and society as a whole. Actions by employees to achieve these goals are coordinated by the Michelin Performance and Responsibility process, whose balanced approach represents a competitive advantage that regularly demonstrates its effectiveness in addressing the challenges of the future.

L'Aventure Michelin

In the less than two years since L'Aventure Michelin opened, more than 100,000 visitors have discovered the Michelin innovations that have supported the development of mobility for the past 120 years. www.laventuremichelin.com.

A SOLID BALANCE SHEET

From 2006 to the end of 2010, programs to optimize manufacturing facilities, achieve operational excellence and cut costs reduced the cost base by €1.2 billion⁽¹⁾. Over the period, the Group substantially reduced working capital requirement, improved capital spending management and generated free cash flow that was used to pare down debt.

Following the successful €1.2 billion rights issue in October 2010, Michelin is embarking on a new phase of dynamic growth with an optimized balance sheet, showing a net debt-to-equity ratio of 20% at December 31, 2010.

⁽¹⁾ Assuming Group manufacturing output in line with the initial growth target of 3.5% a year.

\$3.2 billion

**THE MICHELIN BRAND IS WORTH
AN ESTIMATED \$3.2 BILLION**

Source BrandFinance® 2010.

— Built on a foundation of growth, competitiveness and commitment, Michelin's strategic vision is designed to deliver strong, diversified growth by capturing the full value of its products and services in mature markets and expanding more quickly in new markets. As we continue to make our organization more competitive and cost-effective, the mutual commitment of the Company and its employees will enable us to successfully move forward together.

OUR GROWTH STRATEGY: STRONG AND DIVERSIFIED, RESPONSIBLE AND SUSTAINABLE

2011-2015 OBJECTIVES

- Unit sales growth of 25% by 2015 and 50% by 2020.
- Operating income⁽¹⁾ well in excess of €2 billion in 2015.
- Return on capital employed of more than 9%.
- Annual capital expenditure of around €1.6 billion.
- Positive free cash flow over the 2011-2015 period.
- A dividend payout rate of around 30%.

(1) Before non-recurring income and expenses.

INNOVATION AND DIFFERENTIATION

To serve real customer needs, Michelin is focusing on innovation and clearly differentiated products and services. Since inventing the removable tire in 1891, we have regularly kept one step ahead of the market in meeting the emerging expectations of customers and society alike. For more than twenty years, our innovation programs have been designed to deliver sustainable mobility solutions. We are currently the world's leading manufacturer of fuel-efficient tires and are spearheading the move towards a product-service system, which consists of selling a service rather than a product. For example, corporate customers can choose to be billed based on the number of kilometers traveled, the number of tonnes transported or the number of landings carried out using tires supplied and maintained by Michelin. Indeed, we enjoy a solid lead in this new services-based economy, where we plan to drive further expansion by delivering targeted solutions combining innovative products and services.

Michelin has invested more heavily in innovation than any other tiremaker, driving the development of most of the technological advances that have shaped the tire industry. Innovation priorities are to:

- Bring new tire ranges to market more quickly
- Continuously improve tire performance with each new range
- Develop breakthrough solutions to address new mobility challenges.

Our Technology Center is going to continue deploying facilities around the world to better anticipate customer needs and align products and services with local demand. Dialogue between the Research & Development and Strategic Marketing units nurtures the creative process, leading to new offers and new business models, while new organizations have been introduced to enhance cooperation and support faster, more efficient innovation.





DRIVING FASTER GROWTH

As illustrated by the worldwide advertising campaign conducted in 2010, the Group invests heavily in the MICHELIN brand, which expresses our quality and innovation. But while our growth strategy is underpinned by sales of MICHELIN-brand products and services, they are being enhanced by a multi-brand portfolio whenever necessary. Multiple brands enable us to serve retail networks that want to offer each customer just the right tire without leaving the Michelin Group brand universe. And because these brands are also designed to help us reach our profitability targets, they will be initially focused on the fast growing segment of competitively priced tires for high-

33%

**OF MICHELIN SALES GENERATED
IN FAST-GROWING COUNTRIES
IN 2010, WITH A TARGET
OF 40% BY 2015.**



performance vehicles. The BFGOODRICH®, KLEBER, UNIROYAL, TIGAR, KORMORAN, RIKEN, TAURUS or WARRIOR brands will be used in their respective markets. Another growth driver is the steady improvement in market access. We are strengthening our integrated retail networks by acquiring new dealers and stepping up our franchising programs in every market. By 2015, we expect to have 1,000 Euromaster franchisees in Europe and 1,800 TyrePlus Centers in fast-growing markets, building on the current TyrePlus network of close to 1,000 outlets in nine countries.

The retread business is also being actively expanded in every market, both to encourage the market shift to radial tires (notably in India and China) and to demonstrate the value of the MICHELIN new tire casing, which in most cases is readily re-usable. To impel this growth, we are investing directly in retreading capacity in Europe, China and Russia, and partnering with franchisees (supplying the process and tread bands) in North America, Brazil, the Middle East and other geographies.

STEPPING UP CAPITAL EXPENDITURE

Michelin returned to an active capital expenditure strategy in 2010, investing €1.1 billion during the year. The program will be further expanded in the years ahead, with the commitment of some €1.6 billion a year from 2011 to 2015 on projects to:

- Sharply increase production capacity in fast-growing markets.
- Continue aligning plants in mature markets to keep pace with product developments and to improve their competitiveness.
- Develop the information systems needed to meet our operational excellence and quality of service targets.

Over the next five years, this new capacity will represent the equivalent of building one world-class production plant every year. Three new high capacity plants are currently under construction, to serve booming markets in South America, with the Pau Brasil passenger car and light truck tire plant, in India, with the Chennai truck and earth-mover tire plant, and in China, where passenger car and truck tire capacity will be significantly boosted by the new Shenyang 2 plant. Built at a total cost of €2.75 billion, these three plants are scheduled for production start-up in 2012.

THE WORLD'S LEADING TIRE R&D CAPABILITY

6,000 researchers.
€500 million per year.
8,500 patents, three times as many as
a decade ago.



Visit the worldwide Technology Center in
Clermont-Ferrand: www.michelin.com/ladoux

THE UPGRADED TECHNOLOGY CENTER



To strengthen its innovation capabilities and shorten new tire time-to-market, Michelin has undertaken a top-to-bottom upgrade of its global research and development center in Ladoux, near Clermont-Ferrand. By 2016, an entirely new, ultra modern property complex will consolidate all of our R&D teams and laboratories on the same site, enabling the introduction of new, faster and more efficient work processes. The entire project represents an investment of more than €100 million.

IN 2010



Michelin raised its interests in China-based Shanghai Michelin Warrior Tire and Serbia's Tigar to 100%, and formed partnerships with two dealers, Taqui Pneu in France and Rodi in Spain.



— Since 2005, Michelin has been leading a transformation program to improve competitiveness and cut costs. In line with the target, the cost base was reduced by €1.2 billion⁽¹⁾ between 2006 and 2010, creating efficiencies that will deliver their full benefit as demand recovers.

IMPROVED COMPETITIVENESS

BULKED UP PRODUCTION PLANTS IN THE WEST

The strategy pursued before the crisis to strengthen manufacturing operations in mature markets has paid off. Thanks to the deployment of the Michelin Manufacturing Way (MMW), the commitment of capital expenditure to increase productivity and the consolidation of manufacturing operations at larger, more specialized facilities, Michelin has assertively improved its ability to manage abrupt changes in market conditions and will have plants in Europe and North America that are highly competitive compared with their Asian counterparts.

As in the United States, Spain and Italy, the industrial reorganization programs underway in France over the past two years have been completed according to plan. Production at the Noyelle-lès-Seclins plant has been transferred to the Clermont-Ferrand facility, which manufactures Super Sport and racing tires. Metal ply production has been transferred from the Cholet plant, our European center of excellence for SUV and light truck tires, to the Montceau-lès-Mines unit, which has become one of the largest facilities for blending rubber and metal fabrics in Europe and a center of expertise for earthmover tires. The Joué-lès-Tours plant specializes in truck tires and the Bourges plant in aircraft tires. All of the employees affected by these reorganization measures have been given personalized support.

“Crisis or no crisis, we now have a much more competitive production base. In 2010, our plants delivered outstanding manufacturing performance, enabling us to capture nearly all the opportunities created by the market rebound.”

JEAN-DOMINIQUE SENARD,
MANAGING PARTNER OF MICHELIN

⁽¹⁾ Assuming growth in line with initial targets.



* Full-time equivalent employees at December 31, 2010.

AN EFFICIENT MANUFACTURING BASE



More than half of our passenger car and truck tires are manufactured in plants with annual production capacity of at least 100,000 tonnes, more than twice as much as in 2005.

DOING THINGS BETTER FOR LESS



Requiring little or no investment, the Bib Standard, Bib Boost, Bib Flex, Bib Detect, Bib Innovation and Bib Ramp up systems are now being widely used to drive quick "win" improvements.

BRAZIL, FIRST 100% MQP⁽¹⁾ COUNTRY



Each production island is organized to encourage initiative and accountability, increase productivity and improve quality.

(1) MQP stands for *Management Quotidien de la Performance* or day-to-day performance management. As part of the Michelin Manufacturing Way process, it ensures continuous oversight of workstation operations and supports deployment of a continuous improvement process.

A PRIORITY FOCUS ON SUPPLY CHAIN AND LOGISTICS PROJECTS

Backed by the powerful synergies between our supply chain, logistics, production and marketing teams, a transformation plan is underway to upgrade supply chains and logistics systems, in order to improve fulfillment rates, further reduce inventories and enhance manufacturing flexibility and responsiveness.

A CULTURE OF CONTINUOUS IMPROVEMENT

Every Michelin unit is deeply committed to achieving operational excellence, which is a key component of our competitiveness. Designed to enable Michelin to do things better, faster and at lower cost, the transformation process involves streamlining and standardizing processes, identifying and extending the use of best practices, improving safety and workstation ergonomics, simplifying, harmonizing and reducing the cost of information systems, pooling resources, strengthening cooperation agreements, training employees and aligning all of our teams with our priority objectives.

Standardization reduces capital expenditure and shortens ramp-up times, thereby freeing teams for other projects. Through deployment of the Michelin Manufacturing Way, all of the plants are now aligned with internal best practices. The main performance indicators are accident frequency and severity, workstation ergonomics, customer satisfaction, materials waste, product quality, Michelin's own cost and productivity metrics and the *Michelin sites Environmental Footprint* (MEF), a composite indicator that measures environmental impact.

From design, innovation and process engineering to project management, administration, logistics and customer relations, all of the major business processes are being reviewed to improve performance, with a focus on speed, simplicity, efficiency and individual empowerment.



Find out more about our industrial reorganization programs, pages 32 to 35 and 65

— The Michelin corporate community is made up of more than 110,000 people, representing 120 nationalities. In a Group whose employee relationships are rooted in dialogue and mutual respect, their diversity is a valuable asset and source of creativity, while their professionalism and commitment are instrumental in driving our performance and growth.

“MOVING FORWARD TOGETHER”



A MUTUAL COMMITMENT

At Michelin, we firmly believe that the Group's business performance and our employees' professional success go hand in hand, which is why we want every employee to find fulfillment in his or her job. Performance and potential are assessed with a view to the long-term, training policies allow each employee to continue to grow and develop throughout his or her career, and career management focuses on promoting from within and offering mobility opportunities.

Diversity is actively encouraged, to build teams that look like our host societies, and a structured equal opportunity process is in place to combat all forms of discrimination.

A broad range of employees benefit from performance-based compensation, with different bonus systems adapted to each country and job function. We have also set up a stock option plan open to many employees and offer worldwide employee stock ownership plans.

BUILDING A CLOSE-KNIT CORPORATE COMMUNITY BASED ON MUTUAL RESPECT

By making workplace safety a priority, we have made Michelin one of the world's safest manufacturers. Major programs are also in place to attenuate risks and improve outcomes in the areas of occupational health and quality of worklife.

When production has to be scaled back due to a falloff in demand, a wide range of solutions are deployed to limit short-time work, such as conducting preventive maintenance, bringing forward vacation or organizing training. Implementation of these measures is facilitated by initiatives to develop a sense of mutual responsibility and co-destiny, in a commitment to improving corporate performance and protecting jobs. Whenever industrial reorganization measures have been necessary, the employees concerned have been offered inplacement opportunities and individual support if external solutions were preferred or inevitable.

MICHELIN PERFORMANCE AND RESPONSIBILITY, A MOTIVATING PROCESS

Inspired by its founders, Michelin is dedicated to enhancing mobility through innovation and quality, by basing its development on the core values of Respect for Customers, Respect for People, Respect for Shareholders, Respect for the Environment and Respect for Facts. The Michelin Performance and Responsibility process structures this corporate culture and coordinates our commitment to the principles of sustainable, balanced, responsible growth.

Integrated into every project and demonstrated in every aspect of our business by trained, highly involved teams, the process expresses our commitment to building growth on the long term and helping to address societal challenges by putting our values into practice.

The process is supported by the Michelin Performance and Responsibility Charter, a set of guidelines that is widely circulated within the organization. Following an internal diagnostic audit, ten major challenges were identified for priority action. Improvement targets were set for each one, project leaders were designated and action plans were launched, backed by indicators to measure progress and performance. To maintain the improvement dynamic, the key areas for improvement and their indicators are constantly being adjusted and upgraded, depending on outcomes.

This structured, global approach has made it possible to deploy the Michelin Performance and Responsibility process in internal improvement initiatives and in our relations with partners and society as a whole. The commitment of our employees and their ability to work together to drive fast improvement has been recognized by several corporate sustainable development rating agencies, whose issued opinions have encouraged employees to take the process even further.



MICHELIN PERFORMANCE AND RESPONSIBILITY, TEN KEY AREAS FOR IMPROVEMENT:

- The responsible performance of our products and services
- The environmental impact of tire use
- The recovery, reuse and disposal of end-of-life tires
- Team diversity
- Relations with local communities
- Quality of worklife on the Group's sites (workstation ergonomics, safety)
- Environmental management of Michelin sites
- Corporate risk management
- Michelin's contribution to sustainable mobility
- Responsible procurement

CHARTER

Adopted in 2002, the Michelin Performance and Responsibility Charter has been translated into 15 languages. In 2010, the *Michelin Performance and Responsibility: A Better Way Forward* brochure was published to show each employee how he or she can effectively contribute to the process every day. It will be distributed to 110,000 employees.



A RECOGNIZED COMMITMENT

In 2010, Michelin pledged to support the United Nations Global Compact and was included in the ASPI Eurozone, Ethibel Excellence Europe, DJSI World and DJSI Europe indices, which list the best performing companies in the area of sustainable development.

www.ethibel.org – www.sam-group.com⁽¹⁾



⁽¹⁾ Sustainable Asset Management (SAM) is a Swiss rating agency that assesses companies' sustainable development performance and selects the firms that are included in the Dow Jones Sustainability Index.

MICHELIN DEVELOPMENT

— Michelin Development is dedicated to supporting economic growth in our host communities. Over the past twenty years, it has helped to create more than 22,500 jobs in France and eight other European countries, Canada and the United States.



FOCUS ON...

20 YEARS OF JOB CREATION



In 2010, Pack Alim, a French manufacturer of recyclable food packaging, opened its new plant near Cholet, in eastern France. Set up in 2004, the company was granted a €140,000 loan by Michelin Development, with the goal of creating around 30 jobs in five years. By 2010, it was already generating close to €6 million in revenue with 23 employees.

Michelin is dedicated to effectively supporting economic development by encouraging the creation of sustainable job opportunities in its host production regions. This commitment is fulfilled with even greater determination when an industrial reorganization program has to be implemented.

MORE THAN 20,000 JOBS SUBSIDIZED...

As early as 1970, François Michelin began offering free technical support services to businessmen operating near our plants in the Clermont-Ferrand region. To structure this support for small and medium-size companies across France, Société d'Industrialisation et de Développement Economique (SIDE) was founded in 1990,

and the system was expanded to include low-interest loans. Over the past 20 years, SIDE, which changed its name to Michelin Development in 2010, helped to create more than 16,500 jobs in France.

In 2002, the initiative was extended into the rest of Europe with Michelin Development units set up in our host communities in the United Kingdom, Germany, Spain, Italy, Poland, Russia, Hungary and Romania.

...ON BOTH SIDES OF THE ATLANTIC

Two Michelin Development programs are currently being deployed in North America. The first, to offset the closing of the Opelika plant in eastern Alabama, has granted loans totaling \$1.7 million to 12 companies with the goal of creating

"SUPPORTING THE CREATION OF SUSTAINABLE JOBS IN MICHELIN'S HOST COMMUNITIES"

Bernard Bouchard,
Michelin Development France

439 jobs. The second, which is a proactive, ongoing initiative, was launched in September 2009 in Greenville, in upstate South Carolina, where Michelin North America headquarters is located. Dedicated to supporting small disadvantaged businesses,

the program has already loaned nearly \$1.4 million to 30 companies that could create more than 600 jobs.

FOCUS ON...

THE MICHELIN BOND OF TRUST

Through Michelin Development, Group experts may be assigned for up to a week to help a CEO address a particular technical issue, such as information systems, workplace safety, energy efficiency, quality management, marketing, hiring or international expansion.

"JOB CREATION IS SUPPORTED BY FIVE-YEAR, LOW-INTEREST, COLLATERAL-FREE LOANS"

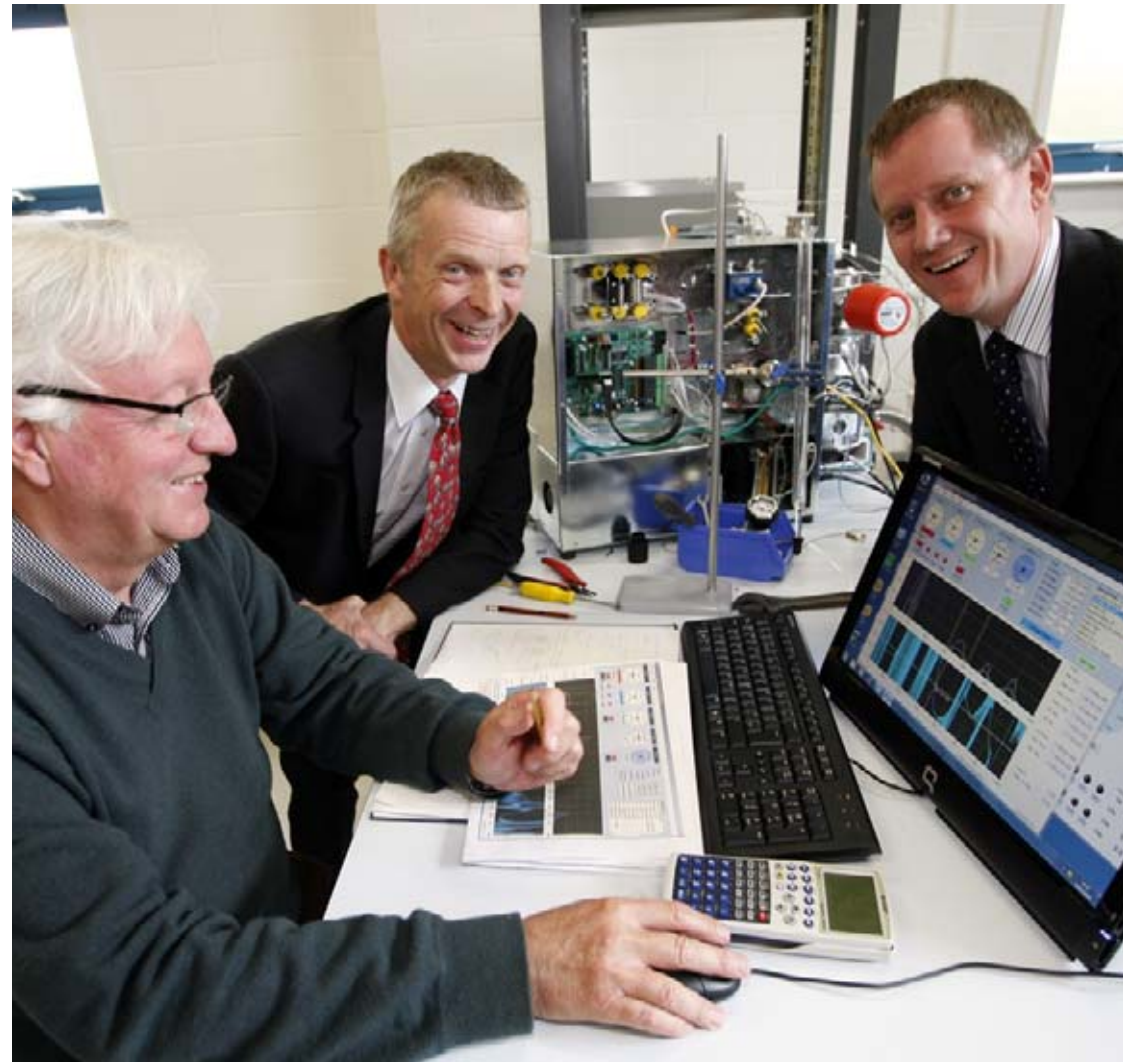
Job creation is supported by five-year, low-interest, collateral-free loans, which may be granted to companies in any industry as long as the project is sound and its champion is competent and motivated. In 2010, for example, support was provided to a very broad array of projects in such areas as carbon-fiber bicycles, air quality measurement systems, spectrometric analysis systems for oil and gas exploration, a new-generation digital photo frame, a mobile dog grooming van and a spa.

A FORCE MULTIPLIER

Michelin's backing helps entrepreneurs to earn the trust of banks and local development organizations. In turn, this opens doors to other sources of financing and a broad support network comprising government agencies, local and regional authorities, economic development agen-

cies, chambers of commerce, economic expansion committees and partner associations.

Michelin Development also plays an active role in developing these networks. In Italy, for example, we helped to found a *Réseau Entreprendre* chapter in the Piedmont region. Since May 2010, some 50 volunteer CEOs have provided the association with leadership and financing. They are personally involved in supporting new entrepreneurs who are setting up or acquiring businesses capable of creating new jobs.



01

01_Compact Science Systems Ltd — Stoke-on-Trent, UK

Supported by Michelin Development, Compact Science Systems Ltd developed a mass spectrometer analysis system that can determine the carbon content of gas from exploration wells in just six minutes instead of six days.

02_Enhanced energy efficiency for the Huhtamaki Group

Following an audit by a Michelin expert, Finnish packaging manufacturer Huhtamaki launched an action plan to reduce energy use by 15% and its energy bill by €200,000 a year.

03_Pack Alim packaging

See previous page.

04_Numtech – Clermont-Ferrand, France

Founded by two engineers in 2000 to operate innovative air quality measurement systems, Numtech (now known as Groupe SETH) received three Michelin Development loans in 2004, 2007 and 2010 as well as technical support in setting up operations in the United States. Today, the company employs 39 people, of which 18 hold doctoral degrees in science and 25 are based in Clermont-Ferrand.

05_Bridge Your Love™ – Greenville, South Carolina

Originally intended for the elderly, the Bridge Your Love™ digital photo frame can directly receive text and audio messages, photos and videos sent from an account on the Bridge Your Love™ website.

— FRANCE

530 TECHNICAL SUPPORT PROJECTS
AND MORE THAN 16,500 JOBS
SUBSIDIZED IN 20 YEARS

— EUROPE

600 TECHNICAL SUPPORT PROJECTS
AND NEARLY 6,000 JOBS SUBSIDIZED
IN EIGHT COUNTRIES IN FIVE YEARS

// What have you done for employees impacted by reorganization projects? //

JUST BETWEEN US



**QUESTIONS FOR
FLORENT MENEGAUX,
PRESIDENT, PASSENGER
CAR & LIGHT TRUCK
TIRE BUSINESS**

programs, inplacement opportunities and individual support if outplacement solutions were preferred or inevitable. We are committed to ensuring that everyone finds a new job, by providing financial compensation, job-hunting assistance or training. The goal is to be sure that no one is left behind.

full time for periods of 10 to 13 months. As a result, nearly 95% had found a stable position by the end of 2010. At the same time, Michelin Développement worked very hard to revitalize jobs in the impacted regions.

In 2009, we announced that in 2010, 1,093 jobs would be eliminated at the plants in Montceau-les-Mines, Noyelles-lès-Secins and Tours. Just over 40% of these employees took advantage of early retirement measures, more than 20% accepted inplacement opportunities and a little less than one-third left the company. There too, we set up Career Transition Workshops because employees need time to turn the page, think about their future, get organized and develop a project for themselves and their families."

How many people do in fact find another job?

Let's take, for example, the industrial reorganization programs deployed in France. In October 2007, we announced that the Toul plant would close in 2009, and that an innovative system would be deployed, involving Career Transition Workshops with resource advisors, technical training and skills certification programs. Employees at the plant were able to look for work

// Closing a production facility or plant is never an objective for a business unit, but unfortunately it's sometimes necessary. Each time, it's a very difficult, serious

process that has to be carefully managed because it involves people.

When we could no longer put off closing a production unit or plant, we announced it eight to fourteen months ahead of time to prepare employees for the change. We also deployed every possible solution to avoid layoffs, offering early retirement



02



03

04



05

— **UNITED KINGDOM**
160 LOANS, £4 MILLION
COMMITTED, 1,800 JOBS
SUBSIDIZED IN FIVE YEARS

900 JOBS
IN FIVE YEARS

— Michelin has pledged to create 900 jobs over five years in the region around Toul, in northeastern France.

**BY THE END OF 2010, MICHELIN DEVELOPMENT
HAD ALREADY SUPPORTED THE CREATION OF
536 JOBS.**

860 JOBS
CREATED IN FOUR YEARS

In Canada, a Michelin Development program helped to create 860 jobs from 2006 to 2009 to offset the closing of a plant near Waterloo, Ontario.

**IT PROVIDED 22 COMPANIES WITH A TOTAL OF
C\$2.97 MILLION.**

— Michelin is committed to satisfying and retaining all its customers – from carmakers and tire dealers to motorists and specifiers – by meeting each one's needs with the right performance at the right price. This commitment also guides our international expansion, allowing us to serve customers locally and understand their environment so that we can develop the innovations they want and deliver the services they expect.

CUSTOMERS AND MARKETS

SALES AND MARKETING OPERATIONS IN

170
COUNTRIES

75%

OF CONSOLIDATED SALES
GENERATED IN THE REPLACEMENT
MARKET.

70

PRODUCTION FACILITIES IN
18 COUNTRIES MANUFACTURE
MICHELIN GROUP TIRES AND SEMI-
FINISHED PRODUCTS.



CUSTOMERS AND MARKETS

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- The global tire market p. 38_39
- Tire solutions: technology-driven products and services p. 40_41
- Passenger car and light truck tires and related distribution p. 42_45
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- **Focus on...** p. 56_59
 - China, India and Brazil: new growth markets



— 2010 was a record year for worldwide light vehicle production and by 2030, the number of vehicles on the road is expected to double to around 1.6 billion. At the same time, sustainable mobility is going to require technology-rich tires and innovative services. These trends promise a bright outlook for companies best able to support the attendant transformations.

THE GLOBAL TIRE MARKET

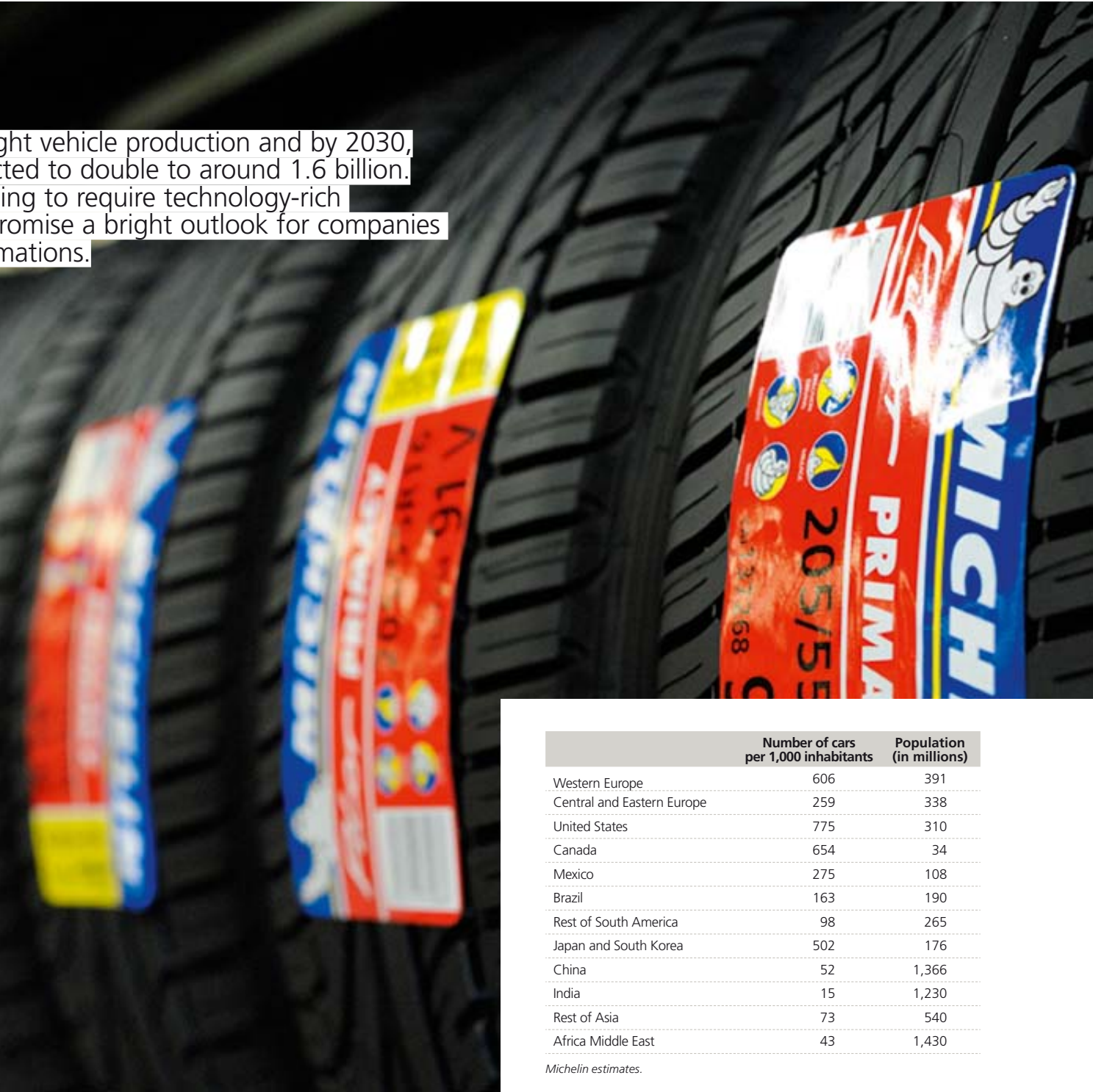
SET TO DOUBLE
IN 20 YEARS

A GLOBAL MARKET WORTH SOME \$126 BILLION⁽¹⁾

The global tire market totaled \$126.5 billion⁽¹⁾ in 2009, with light-vehicle tires accounting for 60% and truck tires 30%.⁽²⁾ Worldwide volumes rose by almost 13%⁽²⁾ in 2010, representing around 1.3 billion tires for cars and vans and 160 million for trucks and buses. Three out of four tires were sold in the replacement market.

NEW DEMAND

Vibrant growth in the Asian and Latin American markets confirmed that demand for mobility is rising quickly in the fast-growing economies. An estimated 69.9 million light vehicles⁽³⁾ were produced in 2010, up from 57.5 million in 2009 and 66 million in 2008. High-growth markets contributed more than 30% of this output, compared with less than 19% in 2007. By 2012, these countries could account for half of global automobile production,⁽³⁾ with a corresponding knock-on effect on replacement markets. Over the long term, Michelin therefore expects tire demand to grow by 1-2% a year in mature markets and by at least 9% a year in the new markets.



	Number of cars per 1,000 inhabitants	Population (in millions)
Western Europe	606	391
Central and Eastern Europe	259	338
United States	775	310
Canada	654	34
Mexico	275	108
Brazil	163	190
Rest of South America	98	265
Japan and South Korea	502	176
China	52	1,366
India	15	1,230
Rest of Asia	73	540
Africa Middle East	43	1,430

Michelin estimates.

NEW EXPECTATIONS

In every market, climate issues and the end of cheap oil are forcing people to look for quick alternatives. Expectations are shifting and diversifying, driving an increase in demand in both the entry-level and premium segments.

In mature markets, the recession, rising fuel prices and taxes on high-carbon vehicles are prompting consumers to turn to more affordable, fuel-efficient cars. This is particularly true in cities, where new driving habits are emerging. In 2010, for example, city cars accounted for 47% of the European market, compared with 30% in 1990.⁽³⁾

In developing markets, where cars symbolize success and freedom, demand is high for both affordable and luxury models. Everywhere, consumer aspirations are converging on the importance of safety, low total cost of ownership and a small environmental footprint.

NEW STANDARDS

Carbon emissions standards are tightening for new vehicles in Europe, the United States and Asia. In Europe, tires will need to meet performance criteria and carry a standardized label starting in 2012. Similar regulations will be introduced in South Korea in late 2012, have been approved in the United States for 2013 and have been applied on a voluntary basis in Japan since 2010, before being extended to all tire segments in 2012.

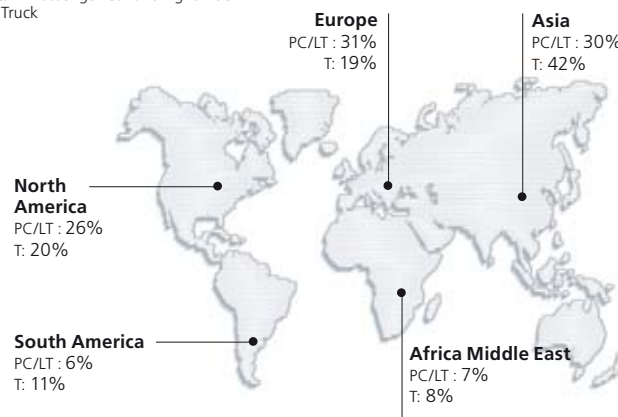
These developments are good news for low rolling resistance tires, a segment in which Michelin is the global leader. Original equipment sales of these tires are expected to increase from 300 million units in 2010 to 500 million in 2020.

NEW TECHNOLOGIES

Meeting the challenges of sustainable mobility will require continuous improvement in the energy efficiency of all types of vehicles, whatever the powertrain – optimized gasoline or diesel, hybrid or electric. This is an area where tires play an important

THE GLOBAL TIRE MARKET

PC/LT: Passenger Car and Light Truck
T: Truck



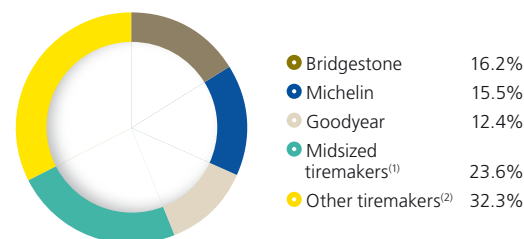
2010 KEY FIGURES

PASSENGER CAR AND LIGHT TRUCK:
1.3 BILLION TIRES

TRUCK:
110 MILLION RADIAL TIRES

15.5%

MICHELIN'S SHARE OF THE GLOBAL MARKET



THE WORLDWIDE TIRE MARKET IN 2009, BY MANUFACTURER
in US dollars

Source: 2009 sales in US dollars, published in Tire Business, August 30, 2010.

⁽¹⁾ Tiremakers with a 2-6% market share according to the Tire Business ranking.
⁽²⁾ Tiremakers with a less than 2% market share according to the Tire Business ranking.

role, as rolling resistance accounts for 20% of fuel use in a passenger car and 30% in a truck. When it comes to electric vehicles, the impact of tires can exceed 30% of total energy consumption, with direct consequences on driving range. In this regard, Michelin's research leadership in reducing rolling resistance and tire mass without sacrificing safety offers a new opportunity for growth and differentiation.

SUSTAINED GROWTH IN DEMAND IN 2010

In 2010, tire demand rose significantly in all of our regional markets around the world. It continued to increase in new markets, which had been relatively unaffected by the crisis in 2009, and rebounded sharply in Europe and North America. However, the recovery was faster than early-year expectations, creating a certain amount of pressure in the supply chain.

⁽¹⁾ Source: Tire Business, September 2010.

⁽²⁾ Michelin estimates.

⁽³⁾ Source: PricewaterhouseCoopers.

— Michelin's core competency is the ability to deliver a balanced performance of tire safety, durability and fuel efficiency, while developing services that meet the expectations of each customer. We are one of the few global tiremakers capable of doing this for every vehicle, regardless of powertrain, driving environment or conditions of use.

TIRE SOLUTIONS

TECHNOLOGY-DRIVEN PRODUCTS AND SERVICES

"THE RIGHT TIRE CHANGES EVERYTHING"

As the only point of contact between a vehicle and the ground, tires must support the vehicle's weight, transmit steering, acceleration and braking inputs, absorb surface irregularities and noise, all while using as little energy as possible. The challenge for Michelin is to develop tires that efficiently perform all of these functions for as long as possible, to continuously improve their ability to do so and to sell them at a price that is both affordable for the customer and profitable for the Company.

Today's motorists are looking for safety, long tread-life, fuel savings and services that make traveling easier, while business users think in terms of productivity, per-tonne transport costs, maintenance and uptime. Meanwhile, every user is concerned about protecting the environment. Meeting these expectations demands tire solutions that are dedicated, differentiated and increasingly technology and innovation-driven.

A SOURCE OF SOLUTIONS FOR OEMS

The original equipment segment accounted for 25% of consolidated sales in 2010. Through its worldwide operations, Michelin has acquired in-depth knowledge of each of its markets, based on local weather conditions, infrastructure, vehicle use patterns, driv-

ing habits and motorist expectations. Leveraging this expertise, we work with carmakers and other original equipment manufacturers to develop innovative solutions for safer, quieter and more environmentally friendly vehicles.

Michelin Engineering & Services, for example, offers OEMs and their suppliers access to its test tracks and advanced testing, simulation, measurement and dynamic analysis tools.

As the world leader in low rolling resistance tires, Michelin helps OEMs cost-effectively reduce their vehicles' carbon footprint with tires whose technology truly makes a difference. MICHELIN tires have been significantly reducing CO₂ emissions for more than twenty years now. Today the objective is to drive further sustained progress, increasing the carbon not emitted into the atmosphere by three to five grams per kilometer every five years, while retaining all of a tire's safety and mileage performance. This is the type of performance being delivered by the MICHELIN tires developed especially for new generation electric vehicles.

HIGH VALUE-ADDED SERVICES

In the replacement tire market, which accounted for 75% of consolidated sales in 2010, Michelin serves all types of user needs with a comprehensive brand portfolio marketed through a diversified array

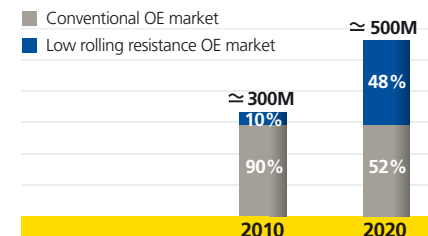
of channels, including specialty wholesalers, dealers, auto centers, service stations and superstores.

The tire lines are accompanied and enhanced with a wide variety of services, ranging from emergency assistance programs to travel aids like the MICHELIN map and guide collections, a traveler information and itinerary website and cell phone applications.

To support corporate customers, Michelin offers trucking companies, airlines, mine operators, and handling and port infrastructure operators management solutions and per-kilometer and per-tonne invoicing systems, which help to improve their vehicle performance, lower their capital budgets and enhance their competitiveness.

OPTIMIZED CUSTOMER RELATIONS

To further improve customer service, BibForce, a new integrated customer relationship management application, is currently being deployed with our sales representatives. Already up and running in Japan, China and Eastern Europe, the system will be accessible by more than 5,000 customer-facing users across every tire line by 2013. It allows for more precise targeting and greater efficiency in such key sales processes as identifying expectations, tracking tire use, condition, maintenance and retreading, and managing order intake.



ESTIMATED CONVENTIONAL AND LOW ROLLING RESISTANCE ORIGINAL EQUIPMENT MARKET

(in millions of tires)

Michelin estimates



THE RIGHT TIRE CHANGES EVERYTHING

— The global advertising campaign, starring the famed Michelin Man, was rolled out in 55 countries on five continents in 2010.

MICHELIN BRAND EQUITY* IN 2010

	MICHELIN	Leading competitor
France	8.2	6.1
Germany	7.0	6.8
United Kingdom	6.8	6.4
Italy	7.8	7.4
Spain	7.9	6.8
Russia	7.8	6.8
Turkey	7.6	6.8
United States	7.4	7.0
Brazil	3.0	6.3
Japan	5.0	7.9
China	8.2	5.6

**Awareness and perceived quality, on a scale of 0 to 10.*

WORLD EXCELLENCE AWARD



Ford Motor Company recognized Michelin with a World Excellence Award for having developed “new consumer-focused technologies.”

TECHNOLOGY AWARD




Ferrari honored Michelin with a Technology Award for its outstanding contribution to the performance of the 599 GTO and the development of the latest Ferrari GT models.

HELLO! INNOVATE



The Hello! Innovate challenge got employees thinking about the urban mobility solutions of tomorrow. A number of ideas to address parking, pollution abatement, public transport, mobile information systems and other issues will be tested.

A close-up photograph of a Michelin tire mounted on a silver alloy wheel. The tire is black with a visible tread pattern. The wheel has a multi-spoke design. The car's body is white. The background is a blurred green field under a blue sky.

— Michelin's innovative capabilities, global presence and leadership in fuel-efficient tires have made the Group a strategic partner to carmakers around the world, who have selected our tires as original equipment for a wide range of models. This enables us to retain a customer base of motorists who stay with the brand of tire originally fitted on their vehicle.

PASSENGER CAR AND LIGHT TRUCK TIRES AND RELATED DISTRIBUTION

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

TECHNOLOGY LEADER

In the original equipment segment, Michelin has extended its advance by bringing tires optimized for each vehicle category to market more quickly, adapting product lines to local needs in each country and strengthening partnerships with carmakers and tire dealers.

In replacement markets, we cover every segment with a portfolio of brands and services designed to satisfy and earn the loyalty of motorists and dealers alike. Around the world, in every aspect of our business, we are reducing costs, optimizing our manufacturing, supply chain and marketing resources and making our organization more efficient.

THE GLOBAL PASSENGER CAR AND LIGHT TRUCK TIRE MARKET IN 2010

	Europe ⁽¹⁾	North America ⁽²⁾	Asia	South America	Africa and the Middle East	Total
Original Equipment	+15%	+39%	+29%	+13%	+21%	+25%
Replacement	+9% ⁽³⁾	+4%	+14%	+23%	+4%	+9%

(1) Including Russia and Turkey. (2) United States, Canada and Mexico. (3) Up 8% excluding the CIS.
Source: Michelin estimates.

PERFORMANCE OF MICHELIN LINES IN EUROPE COMPARED WITH THE AVERAGE COMPETING RANGE

Segment	MICHELIN tire	Size	Tire life	Rolling resistance	Grip
Mid-range	Energy Saver	175/65 R 14 T	+21%	+15%	+6%
Performance	Primacy HP	205/55 R 16 V	+37%	+18%	+2%
High Performance	Primacy HP XL	225/50 R 17 W	+14%	+4%	+5%
Sport	Pilot Sport 3 XL	225/40 R 18 Y	+20%	+8%	+7%
Super Sport	Pilot Sport 3 XL	245/40 R 18 Y	+9%	+10%	+6%
SUV Onroad	Diamaris NL	235/65 R 17 V	+43%	+19%	+4%
Mid-range Winter	Alpin A4	195/65 R 15 T	+54%	+13%	+1%
Performance Winter	Alpin A4	205/55 R 16 H	+45%	+6%	0%
SUV Winter	Latitude Alpin	235/65 R 17 H	-3%	+10%	+2%

For each segment studied in 2010, Michelin's most recent tire was compared with a representative sample of European competitors comprising five to eight recent tires from different brands. The size selected was one of the best-selling sizes in each segment. The tests were conducted by independent organizations, such as TÜV Sud Automotive in Germany and the Czech Republic and DEKRA in France. The overall score for the competitor tires was based on an arithmetic mean. For tire life, the results of tests on MICHELIN tires were compared directly with that mean. Energy efficiency was measured on the basis of rolling resistance. For example: if the MICHELIN tire's rolling resistance was 8kg/t and the competing tires had a mean score of 10kg/t, the energy efficiency of the MICHELIN tire was 25% greater $[(10-8)/8 = 0.25]$.

A HISTORIC OPERATING MARGIN

Demand in the Passenger Car and Light Truck tire markets turned sharply upwards in 2010, with stronger growth in original equipment than in the replacement segment. OE demand rose by a faster-than-expected 25%, but remained below 2007 levels in Europe and North America. Replacement markets gained 9% during the year, with demand in mature markets returning close to 2007 levels.

In all, net sales in the Passenger Car and Light Truck Tires and Related Distribution segment stood at €9.8 billion for the year, up 18.2% on 2009. Unit sales rose firmly during the year, led by a solid performance in winter tires and the strength of the MICHELIN brand. Despite the stronger growth in OE sales, the price mix remained favorable, reflecting price increases implemented throughout the year to offset higher raw materials prices and a further improvement in the segment/speed rating mix.

The sharp rise in volumes, especially in winter tires, the amply positive price-mix and the improvement in manufacturing costs at a time of high capacity utilization helped to lift operating income (which did not include any non-recurring items) to €1,014 million for the year. This represented a 53.4% increase, which was nearly three times the growth in net sales. Operating margin before non-recurring income and expenses rose by 2.4 points to a historically high 10.4% of net sales.

2010 KEY FIGURES

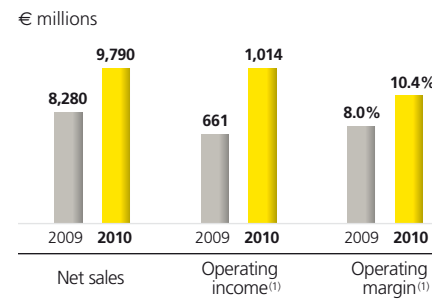
TECHNOLOGY LEADER

NO. 1 WORLDWIDE IN FUEL-EFFICIENT TIRES

31 PLANTS IN 17 COUNTRIES

55%
OF CONSOLIDATED NET SALES

60%
OF CONSOLIDATED OPERATING
INCOME⁽¹⁾



(1) Before non-recurring income and expenses.

2010 KEY FIGURES

**EUROMASTER: NO. 1
IN EUROPE**, WITH 1,630
SERVICE CENTERS
IN 13 EUROPEAN COUNTRIES

**TYRE PLUS: NO. 1
IN CHINA**, WITH 570 LOCAL
CENTERS AND A TOTAL OF
970 IN NINE COUNTRIES

EUROPE: EXCELLENT PERFORMANCE BY THE MICHELIN BRAND

Original equipment markets in Europe rose 15% during the year, in line with automobile output, which was lifted, depending on the market, by auto industry support programs, resurgent demand for premium models or strong export sales. Demand was also boosted by rising inventories, which had been aggressively cut during the recession. Nevertheless, markets remained 9% below their 2007 pre-crisis levels.

The replacement segment saw a faster-than-expected 9% increase that lifted demand beyond its 2007 level. Demand was very firm in Germany, Italy, France, the Nordic Countries, Eastern Europe and Turkey. The harsh winter weather in the first and fourth quarters drove a 22% increase in winter tire sales. The market also benefited from dealer inventory rebuilding. Growth in the high-performance tire segment (W,Y and Z speed ratings and SUV tires) continued to outpace the summer tire market.

In this environment, the growth in Michelin's net sales was primarily led by the replacement markets, where sales rose sharply on a solid performance by the new MICHELIN lines, particularly the MICHELIN Alpin 4 winter tire range.



01

01 Enhancing driving sensations: the new MICHELIN Pilot Sport 3 combines on-road, environmental and technological performance. Offering unparalleled grip and steering precision, the MICHELIN Pilot Sport 3 brakes three meters shorter than its predecessor on wet roads, saves fuel and lasts longer.

02 Ready for winter: the new MICHELIN Alpin tire earns top rating from ADAC, Europe's largest automobile club. Designed for an extensive range of vehicles, the MICHELIN Alpin offers unrivalled performance in rain, snow or freezing weather.

03 The new MICHELIN XS is as at home in the desert as a camel. Designed for the heavy-load vans and pick-up trucks that ply the rocky desert roads of Africa and the Middle East, the MICHELIN XS performs just as well on sand as on pavement, even at high speeds. Its wide contact patch ensures perfect mobility while carrying up to 2.5 tonnes per axle, 25% more than the previous generation tire.



02



03

**NORTH AMERICA:
RECORD MICHELIN BRAND SALES**

Inventory rebuilding and market share gains by US carmakers drove a 39% increase in original equipment demand, which nevertheless remained 22% below 2007 levels.

Replacement demand rose by a faster-than-expected 4%, lifting the market back past 2008 levels with an enhanced product mix. The US market gained 6% on inventory rebuilding and an upturn in vehicle miles driven, while the Canadian market declined by 13% after two years of growth supported by new winter tire regulations. Demand in Mexico was up 7% for the year.

MICHELIN brand sales rose to a record high with a favorable customer mix in OE sales and significant growth in the replacement segment, which particularly benefited the MICHELIN brand.

**SOUTH AMERICA:
VERY FAST GROWTH IN BRAZIL**

Original equipment markets rose by 13% year-on-year and by 15% compared with 2007, buoyed by the fast growing Brazilian and Argentine economies.

Replacement markets gained 23% year-on-year and 18% on 2007, with a 34% upswing in Brazil supported by the increase in kilometers driven. Demand also rose noticeably in Argentina and Central America.

Capturing this robust growth, Michelin turned in a strong performance, particularly in Brazil, Chile and Central America.

**THE 2011
DAKAR
RALLY**



MICHELIN motorcycle and truck tires and BFGoodrich car tires topped the podium at the 33rd Dakar cross-country rally, held in South America from December 30, 2010 to January 16, 2011, with more than 400 starters.

**THE MICHELIN
GREEN X
CHALLENGE**



is won by the car that turns in the fastest average track time while consuming the least fuel during the Le Mans Series, American Le Mans Series and 24 Hours of Le Mans races.

To find out more, please visit
www.michelingreenracing.com

**THE
RENAULT
ZOE
ELECTRIC
VEHICLE**



is equipped with tires that leverage advanced MICHELIN GREEN X technologies to deliver some 30% less rolling resistance, thereby extending driving range by around 7% compared with the best tires on the market today.

ASIA : VERY STRONG GROWTH

Asian OE markets rose by an aggregate 29% year-on-year and by 37% on 2007, lifted by still rising demand for motor vehicles. The market expanded by 33% in China, where auto industry support measures were extended, and by 44% in Southeast Asia. Strong exports drove faster growth in the South Korean market, while in Japan, demand climbed 21% despite the discontinuation of the program to support automobile sales and the slowdown in exports due to the stronger yen.

Replacement markets ended the year up 14% on 2009 and 24% on 2007. Demand rose by 24% in China, 7% in Southeast Asia and Japan and 9% in India, where tire import licenses were abolished in late May.

“Racing is a fantastic technological laboratory, that enables us to test tomorrow’s street tires under extreme conditions.”

NICK SHORROCK,
DIRECTOR, MICHELIN GROUP
MOTORSPORTS DIVISION




In this buoyant environment, Michelin sales increased across the region, particularly in Southeast Asia and China, where growth was once again in the double digits.

**AFRICA MIDDLE EAST:
A VIGOROUS UPTURN**

Original equipment demand rebounded 21%, but remained 30% below 2007 levels, while the replacement market rose by 4% year-on-year and by 38% compared with 2007.

Michelin sales were lifted by the firmer demand.



— Michelin delivers an increasingly specialized range of Truck tires to meet the needs of every segment of the passenger and freight transportation market. Our undisputed technological leadership in the original equipment, replacement and retread segments is being steadily strengthened through an unrelenting commitment to innovation.

TRUCK TIRES AND RELATED DISTRIBUTION

**CAPTURING THE VALUE OF
TECHNOLOGICAL LEADERSHIP**

TECHNOLOGY LEADER

Michelin has formed partnerships with truck manufacturers and dealers, whom it is helping to expand and professionalize in fast-growing countries. Trucking companies are also offered end-to-end tire and service solutions that optimize their capital budgets, reduce their operating costs and enhance their competitiveness by improving truck safety performance and uptime.

We are actively increasing production capacity in fast-growing markets, while enhancing our range of retread solutions and expanding our service networks in every geography.

A FASTER THAN EXPECTED REBOUND

After collapsing in 2009, original equipment demand surged 33% in 2010, while the replacement market rose by 17% during the year. Overall, however, the OE market remained 10% below 2007 levels, with a deep shortfall in the mature markets. On the other

THE GLOBAL TRUCK TIRE MARKET IN 2010

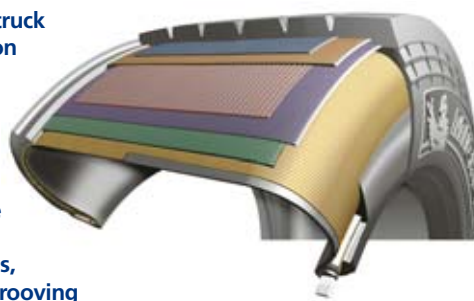
	Europe ⁽¹⁾	North America ⁽²⁾	Asia	South America	Africa and the Middle East	Total
Original equipment ⁽³⁾	+54%	+25%	+26%	+47%	+8%	+33%
Replacement ⁽³⁾	+24%	+20%	+13%	+41%	+2%	+17%

(1) Including Russia and Turkey. (2) United States, Canada and Mexico. (3) Radial market only.
Source: Michelin estimates.

MICHELIN X ENERGY™ SAVERGREEN: PARTNER IN PERFORMANCE



In the western world, tires account for 2 to 3% of truck fleet operating expense and have a major impact on fuel consumption, which can represent up to 30% of a truck's operating cost. The first MICHELIN range that can equip all five axles, the new MICHELIN X Energy™ SaverGreen offers truckers a comprehensive solution combining safety, competitiveness and a smaller eco-footprint. These tires not only enable trucking companies to carry more freight with less fuel and lower CO₂ emissions, they also last much longer thanks to MICHELIN regrooving and retreading services. When combined with the Michelin Fleet Solution and MichelinEuroAssist maintenance and assistance services, MICHELIN X Energy™ SaverGreen tires significantly improve the efficiency of overland transport.



2010 KEY FIGURES

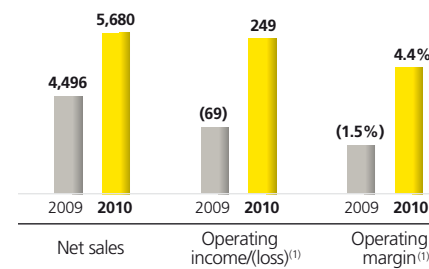
NO. 1 WORLDWIDE
IN THE ORIGINAL EQUIPMENT,
RETREAD AND REPLACEMENT
MARKETS

26 PLANTS
IN 15 COUNTRIES

32%
OF CONSOLIDATED NET SALES

15%
OF CONSOLIDATED OPERATING
INCOME⁽¹⁾

€ millions



(1) Before non-recurring income and expenses.

hand, replacement markets were up 15% on 2007, with a return almost to that year's levels in Europe and North America and robust growth in the new markets.

Net sales in the Truck Tires and Related Distribution segment amounted to €5.7 billion for the year, a 26.3% increase on 2009. Sales volumes rose sharply against low prior-year comparatives, with faster growth at year-end creating certain supply issues in mature markets. Despite an unfavorable OE/replacement market mix, the price-mix improved quarter after quarter, thanks to the gradual application of price increases to pass along rising raw materials prices.

At a time of sharply rising raw materials costs (particularly for natural rubber), operating income improved by €318 million to €249 million, thanks to higher volumes, competitiveness gains and the responsive pricing policy. There were no non-recurring items recognized in operating income for the year. Operating margin widened by 5.9 points to 4.4%.

IN JAPAN



Michelin is the only tire manufacturer to offer regroovable truck tires, as recommended by the new law to promote the purchase of environmentally friendly goods and services.

IN INDIA



six new Michelin Truck Service Centers were opened in 2010 and we became an original equipment supplier to Tata.

IN CHINA



our retreading solutions have been extended to 12 new MICHELIN truck tire models.

ENGINEERED FOR THE EXTREME



Designed for the Middle Eastern market, the MICHELIN 385/65R22.5 X Cool Runner XF offers unparalleled safety, comfort, endurance and tread life. It is designed to last for 220,000 to 300,000 kilometers in some of the world's harshest driving conditions – 50% more than the best tire already on the market.

EUROPE: SALES LIFTED BY GROWTH IN DEMAND

The OE market surged 54% off of low prior-year comparatives, led by the end of destocking and by new truck exports. While the pace of the recovery accelerated in the second half, the market remains depressed, at around 43% below its 2007 level.

Inventory rebuilding and around a 2% increase in freight transport drove a 24% upsurge in the replacement market, back to nearly 2007 levels. The retread business grew by 15%, also rising nearly to its pre-recession level.

Michelin's OE sales were supported by vigorous demand and the Group's strong positions with the major truck manufacturers, while replacement sales outperformed the market.

NORTH AMERICA: RECORD MICHELIN X ONE SUPER SINGLE SALES

While remaining 35% below 2007 levels, original equipment demand rebounded 25%, marking the end of truck fleet aging.

The replacement market continued to improve throughout the year, bringing demand back close to 2007 levels. Growth stood at 20%, outpacing the freight market thanks to the end of the 2009 inventory drawdowns as well as the continuing shift to radial tires in Mexico.

In the OE segment, a positive customer mix enabled sales to outperform the market. During the year, Michelin was honored by the American Trucking Associations (ATA) with the 2010 Mike Russell "Good Stuff" Trucking Image Award as the industry supplier winner. In the replacement market, substantial price increases were implemented to preserve margins in the face of rising raw materials prices. In spite of this, sales of the MICHELIN X One tire exceeded one million units, a new record. A best seller in the United States, this Super Single replaces dual-mounts on the drive axle, increasing payload by 360 kg and improving fuel efficiency.



IN THE PERSIAN GULF, the new retreading unit in Buraimi, Oman, will be able to retread 10,000 tires a year using Michelin Retread Technologies' cold process.

SOUTH AMERICA: DYNAMIC GROWTH AND MARKET SHARE GAINS

Buoyant economies and incentives to stimulate new truck purchases drove a 47% increase in original equipment demand, pushing the market 30% over 2007 levels. Led by growth in Brazil, Argentina, Chile and Colombia, the replacement market expanded by 41% and ended the year a third higher than in 2007.

In this very dynamic environment, Michelin's OE sales rose sharply during the year, with market share gains in both the OE and replacement segments.



01 More than one million MICHELIN X One Super Singles have been sold over the last ten years, representing 238 million liters of fuel saved and 639,000 tonnes of CO₂ not emitted into the atmosphere. The latest addition to the family, the MICHELIN X ONE XDA Energy™, delivers new performance breakthroughs. The first truck tire to use Advanced Technology Compounds, the MICHELIN X ONE XDA Energy™ helps reduce fuel consumption by 7% compared with the most fuel-efficient competing dual-mounts.

02 Michelin Fleet Solution: 290,000 vehicles under contract in 23 countries. Outsourced tire management systems and per-kilometer invoicing help to enhance the competitiveness and productivity of fleet operators.



“For trucking companies, reliability is the top concern (97%) followed by costs (95%)”

JULY 2010 GMV,
SURVEY OF 739 TRUCKING FIRMS IN
FIVE EUROPEAN COUNTRIES

ASIA: VERY SUSTAINED GROWTH

The original equipment market rose by 26%, lifting the total gain since 2007 to 43%. Demand in China increased by 23%, while markets in Southeast Asia saw a strong upsurge with an increasing shift to radials. The replacement market climbed by 13%, for a total gain of 35% in three years. Despite the price increases passed along by tire makers, demand in China continued to grow, albeit at a slower pace due to higher prior-year comparatives. Growth was also sustained in Southeast Asia, where a new line of low-cost radial tires from China came on the market. While demand in Japan recovered strongly, the market still ended the year nearly 15% below pre-crisis levels.

Michelin's sales enjoyed very robust growth in both the OE and replacement segments. In China, price increases to offset higher raw materials costs did little to slow the Group's expansion and market share gains in the original equipment segment. Sales in both Japan and South Korea outperformed the market. Michelin also continued to expand in Southeast Asia, with the Vietnamese agency enjoying its first year of business in 2010.

AFRICA MIDDLE EAST: MODERATE MARKET GROWTH

Original equipment demand rose by a limited 8%, keeping the market 46% below 2007 levels. The replacement market also saw lackluster growth, rising 2% year-on-year for a total 11% gain since 2007.

In this environment, Michelin's sales were boosted by rising demand.

— In serving specialty tire markets around the world, Michelin leverages its leadership in radial tires to target the most technologically advanced, value-added segments. Our maps, guides and digital services facilitate mobility, while our merchandising program forges new bonds between consumers and the MICHELIN brand.

SPECIALTY BUSINESSES

LEADING THE WAY

The regularly expanded range of Specialty tires offers high-technology products and solutions in every market:

- In Earthmover and Aircraft tires, Michelin has developed advanced services that enable customers to maximize tire use and tread-life, without sacrificing safety performance.
- In Agricultural tires, we are working closely with leading equipment manufacturers to offer tires delivering the right balance of safety, longevity and soil protection. We are also forming partnerships with dealers to provide farmers with high quality customer service.
- In the Two-wheel segment, we offer motorcycle and scooter enthusiasts innovative, high-performance tires for a safer, yet more exciting ride.
- The Specialty businesses also include maps, guides and electronic services to enhance mobility by making travel safer, easier and more enjoyable, as well as Michelin Lifestyle, which makes the brand an integral part of daily lives with an international portfolio of derivative merchandise developed in partnership with licensees.



**THE
LARGEST
TIRE IN THE
WORLD** →

Standing four meters high and weighing five tonnes, the MICHELIN XDR 59/60R63, the market leader in the 63-inch segment, can carry loads of up to 100 tonnes.

**LONGER
LASTING** →

The new MICHELIN X-TRACTION for rigid dump trucks is equipped with technology to reduce heat build-up, helping to increase lifespan by 10-15% and fuel efficiency by 5%.

STRUCTURALLY HIGH MARGINS

Net sales from the Specialty Businesses rose by 19.2% to €2.4 billion, impelled by Michelin's powerful momentum in every Specialty Tire market, as well as by the application of contractual clauses indexing prices to raw materials costs.

The increase in sales volumes, which was particularly vigorous in the Earthmover markets, and the contribution from the second-half adjustment in certain prices indexed to raw materials costs lifted operating margin by 4.5 points to 17.8%, back in line with the excellent level reported in 2008.

EARTHMOVER TIRES

SUSTAINED STRONG GROWTH

After dodging the recession, the mining segment continued to expand on demand for ore and energy in fast growing markets. The OE market practically doubled in the mature economies, although volumes failed to reach pre-recession levels. Despite strong growth in every region, the infrastructure market also lagged behind 2008 levels.

Michelin sales rose briskly in every segment. Application of commodity index-based adjustment clauses led to price increases in the second half of the year, which offset rising raw materials costs, albeit with a slight delay.



**SOUTH
AFRICA** →

Michelin and earthmover manufacturer Bell have signed a five-year partnership agreement under which Bell will distribute MICHELIN tires in southern Africa.

**PORT OF
DUBAI** →

Michelin was chosen to equip 40% of the port's needs, representing 710 terminal tractors. Dubai is the largest port in the Middle East and ranks sixth worldwide.

2010 KEY FIGURES

**GLOBAL MARKET LEADER
IN EARTHMOVER AND
AIRCRAFT RADIAL TIRES**

**EUROPEAN MARKET
LEADER IN AGRICULTURAL
TIRES**

**EUROPE'S LEADING
MOTORCYCLE TIRE BRAND**

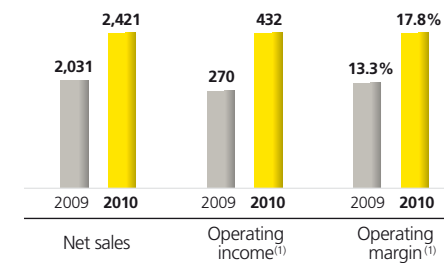
**EUROPEAN MARKET
LEADER IN MAPS, GUIDES
AND TRAVEL ASSISTANCE
WEBSITES**

16 PLANTS IN 8 COUNTRIES

13%
OF CONSOLIDATED NET SALES

25%
OF CONSOLIDATED OPERATING
INCOME⁽¹⁾

€ millions



⁽¹⁾ Before non-recurring income and expenses.

AGRICULTURAL TIRES

FASTER MOMENTUM AT YEAR-END

Although lower than in 2008, OE markets rose sharply during the year, with the most pronounced upturn in the high-powered farm machinery segment. In the overall agricultural tire market, the recovery picked up steam in the fourth quarter as a result of robust grain prices and a favorable outlook for 2011.

Michelin sales rose across-the-board, with market share gains in the OE segment and a solid performance by the premium brands in the replacement market. The Group pursued its strategy of boosting sales of the MICHELIN and KLEBER brands. The summer saw the launch of the MICHELIN CerexBib for harvesters and the MICHELIN SprayBib for row-crop sprayers, both of which feature the innovative MICHELIN UltraFlex technology.

SUPPLIER OF THE YEAR



Class selected Michelin as Supplier of the Year in the innovation category and highlighted the quality partnership between the two companies.

MICHELIN CEREXBIB



MICHELIN CerexBib increases harvester efficiency. Developed with Claas, Europe's leading combine harvester manufacturer, the MICHELIN CerexBib can work at a pressure of less than 2 bar thanks to MICHELIN UltraFlex technology. Its very wide footprint prevents soil compaction and enables farmers to continue harvesting during rain. Michelin and Claas signed a three-year strategic partnership agreement in 2010.

MICHELIN Wild mountain bike tires: one range and five models for all types of terrain.



MICHELIN'S CHAMPIONSHIP PERFORMANCE



World Enduro off-road bike racing champion in the E1 class, world Trial Indoor and Outdoor champion. Winner of the 2010 Dakar rally in the motorcycle class. French Superbike champion and Spanish 1000cc speed champion.

MICHELIN CITY GRIP SCOOTER TIRES



The exclusive sipe technology delivers superior grip on wet surfaces, addressing the main concern of scooter drivers.



TWO-WHEEL TIRES

HIGHER SALES

The motorized segments made gains in all the mature markets except Japan. The pace of growth remained robust in emerging markets, particularly in Southeast Asia where demand rose to a record high.

Michelin's sales ended the year higher, with market share gains in North America, Brazil and Europe. In the OE market, deliveries to Harley Davidson continued to ramp up during the year. In Europe, the product offering was enhanced with the launch of the Power Pure tire in the performance segment.



01



02



- 01 **The new MICHELIN MegaXBib 800/70R32** for mega-harvesters offers the highest load capacity of any tire based on conventional technology.
- 02 **MICHELIN Power Pure** the market's lightest two-compound sport motorcycle tire offers unrivalled handling, riding pleasure and safety.
- 03 **MICHELIN Air X NZG will equip the main landing gear of the Airbus A350XWB.** Lighter than standard tires, the MICHELIN Air X NZG helps to improve an aircraft's fuel efficiency and reduce its environmental footprint.



AIRCRAFT TIRES

A NOTICEABLE UPTURN

All of the markets returned to growth in 2010, with the uptrend particularly noticeable in the Commercial Aviation segment, which saw an improvement in load factors. The General Aviation business rebounded during the year, while the Military segment remained stable. Demand for radial technology tires continued to grow.

Penalized by unfavorable exchange rates, Michelin's sales were stable overall compared with 2009. On the sales and marketing side, however, the year was very active. Several long-term contracts were signed with airlines attracted by the value of end-to-end solutions combining superior quality products and innovative services.

A STERLING YEAR FOR CONTRACT WINS



In 2010, Michelin renewed contracts with Air China (200 aircraft) and Cathay Pacific for five years. We also signed two long-term contracts with Air France-KLM for 425 aircraft and won a Turkish Airlines tender. The exclusive supplier for the Bombardier CSeries, Michelin has been chosen by Russian manufacturer Sukhoi for its regional aircraft and been approved for the Embraer 170-175.

US NAVY EXTENDS SUPPLY CONTRACT



The US Navy has exercised a second five-year option to extend its tire supply contract with Michelin. The contract term began in January 2000 and includes the supply of 100% of the Navy's aircraft tires around the world.

TRAVEL SERVICES

SYNERGIES AND SUPPORT

— Michelin is a leading source of traveler assistance and advisory services with its Maps and Guides business and its ViaMichelin website. The announced merger of the two units will help to drive fast development of global, multi-media products and services, by nurturing the brand's vision of a "better way forward."

MAPS AND GUIDES

THE MARKET LEADER IN TOURIST PUBLICATIONS

Michelin serves 35% of the French maps and guides market and 73% of the roadmap segment. The benchmark in gourmet dining guides with a 40% market share, the MICHELIN Guide extended its international coverage in 2010 by adding Chicago to its American catalogue, alongside New York City and San Francisco.

AN UPDATED GREEN GUIDE

Launched in tandem with the ViaMichelin Voyage website, the new MICHELIN Green Guide is more practical and easier to use than ever thanks to its smaller format, significantly expanded address book and larger number of recommended itineraries. New guides were issued for New York, Turkey, Rajasthan, Vietnam, Mauritius Rodrigues, Guadeloupe, Martinique and Reunion Island, for a collection comprising 321 titles in 11 languages, marketed in some 100 countries during the year.

THE FIRST INTERACTIVE ROADMAP

A century after publishing its first roadmap, Michelin has confirmed its innovative mapmaking capabilities by launching the first interactive roadmap. The real-time Michelin France Trafic, with its 22 data matrix codes covering 21 cities and France as a whole, gives an up-to-the-minute view of traffic conditions in just one click. iPhone users can simply install the free MobileTag and ViaMichelin Trafic apps to access traffic information for the selected city and its surrounding area.



Michelin's first ecotourism has been published in France.



VIAMICHELIN

DIGITAL TRAVEL SERVICES

Available in eight languages, viamichelin.com offers a host of practical travel services, including maps, itineraries, aerial and satellite photos, ten-day weather forecasts, on-demand traffic information and real-time hotel booking.

In France, ViaMichelin is also a major supplier of traffic information for carmakers and leading GPS manufacturers.

In the mobile media segment, ViaMichelin offers a variety of iPhone applications in Europe, covering MICHELIN Guide restaurants, real-time traffic information (in France), travel guides, a hotel booking service and the *Tourism and Gastronomy* magazine. It also delivers worldwide content from the MICHELIN travel guides and MICHELIN hotel and restaurant guides to Nokia smartphones.

A NEW TRAVEL SITE

In 2010, voyage.viamichelin.fr, a new travel site devoted entirely to customized trip preparation, was brought on line to provide additional services alongside viamichelin.com. It offers extensive tourist information annotated by the MICHELIN Green Guide teams, digital maps of the entire world and a range of highly effective services, including:

- Destination searches using a search engine or interactive map.
- Access to carefully designed MICHELIN itineraries, with the possibility of changing them to meet new needs or desires, with easy recalculation.
- A printable travel log that can be inserted in the user's Green Guide.
- Hotel, train, airplane and other reservation services.



THE VIAMICHELIN TOURISM AND GASTRONOMY MAGAZINE ON IPHONE AND IPAD



Every week, users can share reviews and videos on destinations in Europe and the rest of the world, ideas for walks and daytrips, suggestions for restaurants and local products, and profiles of chefs and winemakers using the Facebook, Twitter or mail icons.



A SINGLE UNIT FOR MAPS AND GUIDES AND VIAMICHELIN



To develop our travel information and advisory services, the Maps and Guides and ViaMichelin teams will be consolidated into a single unit and, ultimately, a single company. Michelin's first ecotourism guide has been published in France.

MICHELIN LIFESTYLE

A DECADE OF SUPPORT FOR THE MICHELIN BRAND

Michelin Lifestyle's mission is to support the MICHELIN brand by developing, with licensee partners, merchandise capable of attracting consumers (particularly younger people) and of nurturing a personal, positive, emotional bond with the brand by demonstrating the core values of performance, safety, innovation and environmental stewardship. Licensed products are being developed in three segments:

- Car, motorcycle and bicycle accessories.
- Sports and safety shoes that integrate Michelin's technological expertise.
- Items and collectibles that depict Bibendum (the Michelin Man) or Michelin's cultural heritage.

CREATIVE, PROFITABLE AND FULL OF PROMISE

With more than 75 licensee partners, Michelin Lifestyle markets hundreds of different products through more than 35,000 outlets in over 85 countries. In 2010, close to 13 million units were sold, generating more than €200 million in revenue⁽¹⁾, a portion of which is paid to Michelin through royalties that vary depending on our involvement. As the new decade begins, Michelin Lifestyle is driving faster expansion in two key areas:

- Automobile accessories, notably in China and Brazil.
- Sports footwear, which directly incorporates Michelin's technologies in the form of long-lasting, enhanced-grip soles. A number of partnerships have been forged in this segment, notably with France's Babolat for tennis and badminton shoes, China's Li-Ning for running and basketball shoes, Spain's Kelme for futsal (indoor football) shoes and Germany's Uhlsport for Kempa handball shoes. The target for the next four to five years is to increase Michelin Lifestyle revenue by more than 50%.

(1) Based on retail price.

THE MICHELIN LICENSING PROGRAM



ranked 63rd among the world's 125 leading licensors according to a poll published in the March-April 2010 edition of *License Magazine*



Andy Roddick wearing Michelin-soled Babolat shoes.



MICHELIN Easy Grip snowchain voted product of the year 2010 in France.

CHINA, INDIA AND BRAZIL: NEW GROWTH MARKETS

— According to a study by PricewaterhouseCoopers, emerging markets in South America and Asia could account for 50% of global automobile output in 2012. To drive faster growth, Michelin is building three new plants sized to serve these markets: Shenyang 2 in China, Chennai in India and Pau Brasil in Brazil.



FOCUS ON...

SHENYANG 2, CHENNAI AND PAU BRASIL: THREE MAJOR STRATEGIC PROJECTS

The coming on stream of the three facilities in 2012 and their subsequent ramp-up will increase Michelin's production capacity by 260,000 tonnes in 2015.

Representing a total investment of €2.75 billion, the construction of the Shenyang 2 truck, car and van tire plant in China, the Chennai truck and earthmover tire plant in India and the Pau Brasil car and van tire plant in Brazil are the most far-reaching projects undertaken by Michelin in the past 20 years.

Scheduled to produce their first tires in 2012, these three mega-plants will play a critical role in meeting our ambitious growth objectives by providing new capacity aligned with global demand and the ability to strengthen our positions in three key markets expected to expand by 9 to 10% a year. Between 2020 and 2030, for example, the Chinese market could rival that of Europe or North America,

making a stronger presence in China essential to maintaining global leadership.

A HUMAN RESOURCES CHALLENGE

The first challenge is to successfully bring the three greenfield plants on stream at practically the same time. This process is demanding almost all of our skills and capabilities – to clear the land, build the structures and install the utilities, install and commission the machinery and hire and train the future operators.

In China, we have to build Shenyang 2 and transfer Shenyang 1 to the new site. Equipped with state-of-the-art machinery, Shenyang 2 will quadruple capacity for semi-finished

products and car and truck tires. In India, where Michelin has only sales and marketing operations, the entire manufacturing base has to be built from scratch. In Brazil, the new facility, which is being built on our production site in Resende, will help to strength-

en our position in the automobile market and produce low-rolling-resistance tires on a large scale.

"SCHEDULED TO DELIVER THEIR FIRST TIRES IN 2012, THE THREE PLANTS REPRESENT AN AGGREGATE CAPITAL INVESTMENT OF €2.75 BILLION."



**PROACTIVE, COOPERATIVE
AND RESPONSIVE**

Some 100 people are working full time on the Chennai project, 300 on the Pau Brasil project and 700 on Shenyang 2, while thousands of others are contributing in other ways. All of them are com-

"WE'RE GOING TO TRANSFORM MICHELIN FROM A COMPANY WITH INTERNATIONAL OPERATIONS INTO A TRULY GLOBAL ENTERPRISE."

Michel Rollier

mitted to i) bringing their projects in on-time and on-budget, ii) successfully ramping up the facilities without any accidents, while ensuring compliance with Michelin quality standards, and iii) making sure that the support and sales teams and infrastructure are ready in time.

Although project deadlines are among the tightest in Michelin's history, the challenge is doable, with faster ramp-up facilitated by the three plants' standardized, optimized designs, equipment and organization.

Machine and process technologies are state-of-the-art, while the project management process integrates best practices from both inside and outside the Group. A number of departments and workshops in Europe

AROUND

100

PEOPLE ARE WORKING
FULL-TIME ON THE CHENNAI
PROJECT

300

ON THE PAU BRASIL
PROJECT

700

ON SHENYANG 2
AND THOUSANDS OF
OTHERS ARE ALSO
CONTRIBUTING

and North America are now training people from China, India and South America so they can do their jobs more effectively and train others. The objective is to double sales in the new key markets by 2020.

01 Production of the first truck tire at Shenyang 1 with the new processes that will be used at Shenyang 2.

02 Inauguration of the Michelin headquarters in Chennai, India.

03/04 Cornerstone ceremony at the new Pau Brasil Passenger car and Light truck tire plant.



01



02



03



04

MICHELIN IN CHINA

PRESENT FOR 21 YEARS

THREE PRODUCTION FACILITIES :

- **Shanghai** with two production plants (one for semi-finished products and car tires and the other for cables) and a retreading center.
- **Taipei**, specialized in retreading services.
- **Shenyang 1** (semi-finished products, car tires and truck tires), whose operations will be transferred to the new ultra-modern facility being built on the outskirts of the city.

95% BRAND RECOGNITION RATE

NEARLY 4,000 SALES OUTLETS, OF WHICH 570 TYREPLUS FRANCHISES AS OF END-2010

IN BRAZIL**MICHELIN IS MARKET LEADER
IN THE TRUCK TIRE
SEGMENT**

— Production capacity will be sharply increased in this segment. We are also number one in the fast-growing earthmover segment.



65%

FOR PASSENGER CAR TIRES

60%

FOR TRUCK TIRES

— The planned increase in Michelin production capacity in fast-growing countries, 2010-2015.

// Isn't Michelin expanding in these regions instead of in Europe and North America? //

JUST BETWEEN US



**A QUESTION FOR
JEAN-CHRISTOPHE
GUÉRIN,**
SENIOR VICE PRESIDENT,
MANUFACTURING
PERFORMANCE

// **Michelin is expanding in these new markets in order to serve the strong demand in those markets.** We're not going in to produce low-cost tires for export to Europe and North America. On the contrary, we've refused to offshore our operations, affirming very early on that we wanted to produce our tires close to our customers. Some were skeptical but we're on the way to meeting our objectives. We have a powerful manu-

facturing base that is increasingly competitive in Western Europe and North America, and we think it will continue to improve because we've implemented a comprehensive, structured process. We've deployed the Michelin Manufacturing Way—an amazing system for driving continuous improvement. We're upgrading and automating our plants. We've made them bigger and turned the smaller ones into specialized units.

**Flexibility, productivity,
quality, service**

Today, our European and North American plants have made major strides in safety performance and productivity. They deliver outstanding quality, an ability that keeps them sustain-

able and enables them to compete successfully with imports. Michelin sets the worldwide standard for quality, even as we continue to drive extensive gains in safety performance and productivity.

So yes, we have fewer employees in the developed countries than we did 10 years ago. But in no way are our investments in these new markets diminishing our commitment to Europe and North America.

The world is changing, demand is shifting. To secure the Group's future and maintain its global leadership, we have no choice but to capture growth wherever it is. And that is what we're doing."

BRAZIL

— 191 MILLION
INHABITANTS

LIGHT VEHICLE SALES⁽¹⁾

— 2010: 2,560,000
— 2015: 3,369,000

TRUCK SALES⁽¹⁾

— 2010: 167,600
— 2015: 159,500

INDIA

— 1.15 BILLION
INHABITANTS

LIGHT VEHICLE SALES⁽¹⁾

— 2010: 2,795,100
— 2015: 4,598,100

TRUCK SALES⁽¹⁾

— 2010: 286,300
— 2015: 403,600

CHINA

— 1.37 BILLION
INHABITANTS

LIGHT VEHICLE SALES⁽¹⁾

— 2010: 16,863,400
— 2015: 24,507,900

TRUCK SALES⁽¹⁾

— 2010: 1,315,000
— 2015: 1,116,000

(1) Source: Global Insight, December 2010.

— One of Michelin's core values is respect for people. It underpins a deep commitment to "Moving Forward Together," because we know that our performance is driven by each employee's personal growth, fulfillment and dedication. We also foster trustworthy, constructive relations with our partners and stakeholders, while supporting the vitality of our host regions. And to earn the trust and loyalty of our shareholders, we have embraced equitable corporate governance practices and a high-quality, dialogue-based investor relations process.

PEOPLE PARTNERS AND SHAREHOLDERS

111,090

EMPLOYEES REPRESENTING
120 NATIONALITIES

11,700

NEW HIRES IN 2010⁽¹⁾

(1) Excluding temporary workers.

232,000

REGISTERED SHAREHOLDERS





PEOPLE, PARTNERS AND SHAREHOLDERS

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- **Focus on...** p. 76_79
 - Reciprocal commitments



— Based on mutual respect, Michelin's employee relations practices reflect the commitments undertaken by the Group and those expected of employees. These are presented in the major "Moving Forward Together" teambuilding program, which expresses our vision of sustaining the Company's performance while enabling every employee to demonstrate excellence over time.

"MOVING FORWARD TOGETHER" WITH OUR TEAMS

RECIPROCAL COMMITMENTS

The "Moving Forward Together" program embodies the ties that for several generations have bound Michelin and its employees, built on a shared foundation of reciprocal commitments in six areas: career management, training and development, management quality, job satisfaction, quality of worklife and compensation and benefits. In defining its employee relations policies, each country organization adapts these commitments to its business environment and local practices.

Responsibility for listening to front-line employees and transmitting values and knowledge primarily lies with managers. Careers are managed individually to give everyone the resources they need to reach their full potential. Career managers from the Personnel Department support individual progress while ensuring equal opportunity and treatment. In this way, three different people share responsibility for career development – the employee, his or her supervisor and a dedicated career manager. This organization facilitates internal mobility with opportunities to change jobs or learn entirely new skills. In return, employees are expected to take charge of their careers, express

their job-related aspirations during regular development reviews and embrace a change of position, skill or location as an opportunity for professional growth.

Career paths are highly varied and promotion from within is standard procedure, supported by sophisticated appraisal methods and extensive internal mobility.

Studies and surveys are regularly conducted to measure employee satisfaction and pride in working for Michelin. The findings show that employees are very loyal, with average seniority exceeding 15 years and a voluntary separation rate of 2%. In addition, more than 56% have joined an employee share ownership plan.



"In 'Moving Forward Together,' Michelin's values and identity are illustrated through a number of powerful themes: passion and trust, development and mobility, responsibility and performance. These themes must resonate with people across the organization and arouse their commitment."



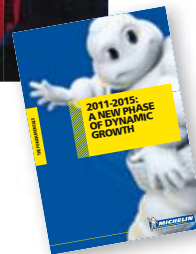
JEAN-MICHEL GUILLON,
CORPORATE VICE PRESIDENT, PERSONNEL.



A NEW PHASE OF DYNAMIC GROWTH



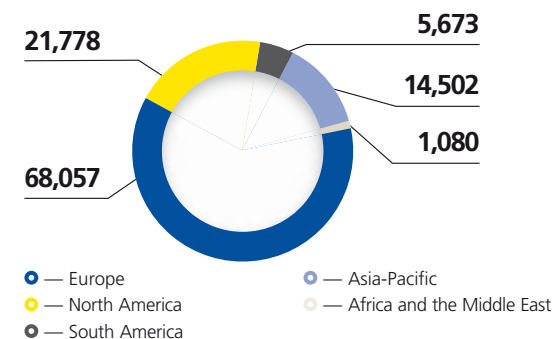
3,000 managers representing 70 different nationalities, attended the 2010 International Bib Forum in Paris, where they embraced the new strategy to drive a "New Phase of Dynamic Growth" over the 2011-2015 period.



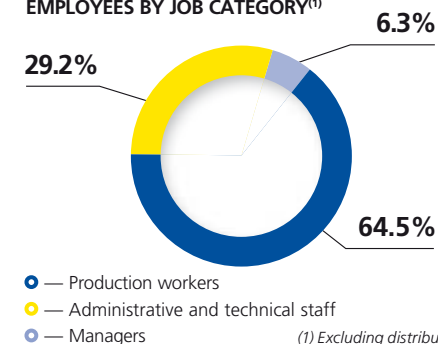
111,090

EMPLOYEES AT DECEMBER 31, 2010
(EMPLOYEES ON PAYROLL,
REGARDLESS OF WORK CONTRACT)

EMPLOYEES BY REGION



EMPLOYEES BY JOB CATEGORY⁽¹⁾



(1) Excluding distribution operations.

ENCOURAGING PERFORMANCE

Fostering employee commitment also requires a consistent, fair, attractive compensation policy, notably in fast-growing countries where retention is an especially important issue.

Every employee receives performance-based compensation that, depending on the country, may involve profit-sharing and incentive bonus programs adapted to local conditions and the employee's responsibilities. They are also offered post-retirement benefits and health care and insurance coverage in line with our social responsibility commitment. Lastly, employees can acquire a stake in their company through worldwide Employee Shareholder Plans and through the stock-option plans used to reward outstanding performance from the shopfloor to the boardroom.

ATTRACTING AND INTEGRATING THE BEST

Over the 2008-2012 period, approximately 30,000 employees will retire and nearly as many will be hired, mainly in high-growth countries where Michelin is rapidly expanding. Attracting and retaining the best of these people, enhancing their expertise and developing their full potential represent real challenges. That's why we are strengthening our ties with schools and universities, while smoothly on-boarding

and integrating new hires with personalized support. Beginning in 2010, all new administrative and technical employees will first attend "A Better Way to Start," a three-day orientation program designed to improve their understanding of Michelin, its history, business environment, organization, core competencies and values.

11,700

NEW HIRES IN 2010

70%

RECENT GRADUATES

70,000

EMPLOYEE SHAREHOLDERS
IN 67 COUNTRIES

"MOVING FORWARD TOGETHER"

STRENGTHENING THE CAPABILITIES OF EMPLOYEES AND TEAMS

Training and skills enhancement programs have been deployed to support employees at every stage in the career development process. By encouraging personal growth, skills-sharing and openness to change, these programs help people to carry out their responsibilities more effectively and prepare for an array of new career opportunities.

With 6.5 million hours of employee training representing 4.2% of total hours worked, Michelin ranks well above average among the world's 500 largest companies.

Careful attention is paid to the quality of orientation training for incoming employees, with 90% of new administrative and technical employees and managers and 100% of production workers attending such programs in 2010. Another major focus is training in workplace safety practices, as well as the courses that enable managers to acquire or update their understanding of core strategic issues.

ANTICIPATING, SHARING AND COOPERATING

Michelin's organization encourages initiative and accountability. Operating procedures are being transformed and decision-making processes shortened to enhance efficiency, increase customer satisfaction and meet the different expectations of employees at each level of the age pyramid. This process is being deployed through such programs as the Michelin Manufacturing Way, the Michelin Design Way and the Michelin Selling Way.

Realizing our strategic vision demands exemplary management practices. The "Quality of Management" project is designed to clearly present the responsibilities of a manager and reaffirm the determining role managers play in applying our values and

01 Student Days at Michelin.

A total of 380 students from France and other European countries were invited to trial their prototype Shell Eco Marathon vehicles on the Ladoux Technology Center test tracks near Clermont-Ferrand.

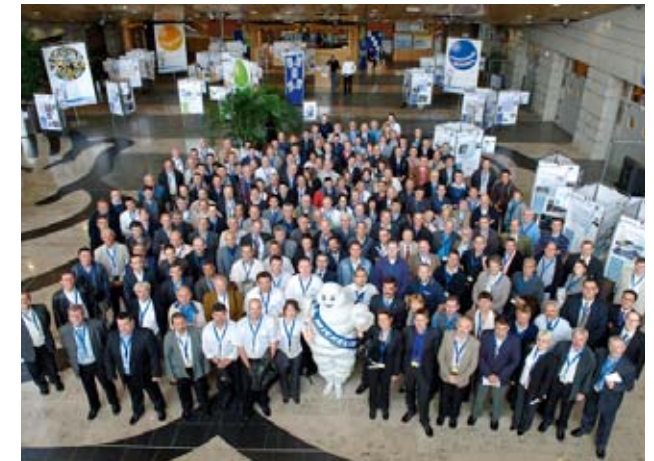
The Marathon, which attracts young people with a passion for new mobility solutions, has been partnered by Michelin since 1985. The event also provides an opportunity for students to learn about Michelin, its research programs and employee career opportunities.

02 56,096 Progress Ideas were submitted by employees, a new record. 18,600 Progress Ideas were implemented, or one every 28 minutes.

01



02



IN 2010



96% of production workers and administrative and technical staff received training.

THE ECO-ENERGIE CHALLENGE



In seven weeks, 1,194 people submitted 1,885 energy-saving ideas as part of the Eco-Energie Challenge.

strategic vision, delivering financial performance and developing our human capital. While fostering a climate of mutual concern and trust, managers are expected to give their teams clear guidance, delegate responsibility, encourage initiative and recognize both individual and team contributions.

In the same way, they should promote proactive responsiveness, agility and cooperation in their teams as key behaviors driving current and future performance. Management quality is also being enhanced by training programs and the sharing of best practices. Brought on stream in 2010, the new Group intranet makes it easier for employees to interact among themselves and share their experience via in-house blogs. Chat rooms, audio and video conferences, file-sharing and other new collaborative working methods have been launched to promote denser, faster communication and facilitate cooperation among employees.

SUPPORTING INDUSTRIAL REORGANIZATION PROJECTS

A number of programs to reorganize the manufacturing base were undertaken in North America and Europe. They were announced eight to fourteen months in advance so that the employees

concerned could be properly prepared and appropriate support measures defined with employee representatives. Each of the employees was offered opportunities within the Group or individual support if an outside solution was preferred or unavoidable. Despite the recession, there were no layoffs attributable to the weak economy and the Group successfully maintained social cohesion, while retaining the capabilities needed to support the recovery in demand. Having emerged from this unprecedented crisis stronger than ever, we can now step up our capital programs to become more competitive and capture growth in emerging markets.

CONSTRUCTIVE SOCIAL DIALOGUE

Michelin is committed to frank, open dialogue with employee representatives. In 2010, some 2,089 meetings were held with union representatives and 47 collective bargaining agreements were signed, covering 55,500 employees on 22 sites.

In Europe, discussions with the European Works Council, which is comprised of members from 23 countries, were intensified in response to the falloff in demand. In addition to the Council's regular calendar, a number of special meetings were held to provide information on the crisis' evolving impact on the Group and the wide range of employee support measures being deployed. Overall, the Group's flexibility and inventiveness enabled it to avoid the worst of the recession's consequences. Social funds were created or reinforced in certain countries, like Hungary, Romania, Poland and the United States, to attenuate the impact of production scalebacks on employees. A large number of hours were also allocated to additional training programs, employees were temporarily transferred to certain subsidiaries, and exceptional agreements were signed with employee representatives in almost every geography to devise solutions, week after week, in response to the deep recession.

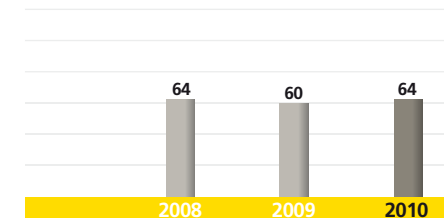
In the United States, meetings are held regularly with the United Steelworkers of America. In Brazil, overall working conditions and pay increases are negotiated once a year with the Rubber Industry Employees' Union in Rio de Janeiro State. In China, a collective agreement was signed with employee representatives calling for a consultation process and regular discussions about overall working conditions.

400

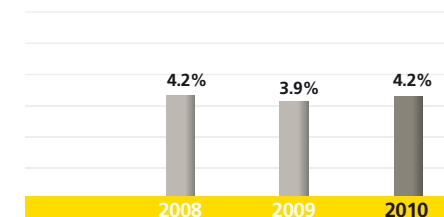
CAREER MANAGERS HELP EMPLOYEES ADVANCE ALONG THEIR CAREER PATHS

4,000

PEOPLE A DAY RECEIVE TRAINING



TRAINING PER EMPLOYEE PER YEAR, IN HOURS



PERCENTAGE OF TRAINING HOURS PER TOTAL HOURS WORKED



— With 111,090 employees representing 120 nationalities and 80% of whom are non-French, diversity is part of Michelin's day-to-day reality as well as a performance driver that is being actively developed. Diversity attracts new talent and makes it easier to work with partners. It deepens our understanding of customer expectations and stimulates creativity, while fostering individual fulfillment and management quality.

PROMOTING DIVERSITY

A STRUCTURED APPROACH

In place since 2002, the global diversity process is led by a Group level manager and a Diversity Steering Committee, with the support of host country correspondents and a worldwide network of 600 people. It is being deployed with a focus on fostering diversity in five areas: gender, age, physical abilities, ethnicity, and cultures and nationalities. Performance is being tracked through six indicators¹ and goals have been defined for every country where Michelin has manufacturing operations. 2010 was a milestone year, especially with regard to the percentage of women in the workforce.

SENSITIVITY TRAINING

Sensitivity campaigns and training courses are regularly conducted to instill diversity awareness in every employee, particularly managers. Since 2007, the courses have been offered, successively, for executive committee members, managers, human resources teams and production workers. Alternating theory and practice, they are organized for small groups of approximately ten people, who are encouraged to undertake meaningful initiatives to promote diversity. In France, some 24,000 employees are expected to have attended the courses by 2012, with 30% already having taken part as of end-2010. The courses are designed to help employees recognize and overcome their own tendency to stereotype so that they can see diversity as a performance driver for Michelin.

"We need to be Brazilian in Brazil, German in Germany and Thai in Thailand. We shouldn't confuse values and cultures. Our values are universal while cultures are diverse. They vary over time and from one place to another, which makes them very enriching."

DIDIER MIRATON,
MANAGING PARTNER

% OF WOMEN IN MANAGEMENT POSITIONS

2010 **16.7%**
2009 **15.8%**



REAL-WORLD INITIATIVES

Michelin actively promotes careers in the tire industry to women by participating in a broad range of student forums and Girls Day events. Plant managers are encouraged to hire more women in production jobs. To help them meet the defined targets, new resources were introduced in 2010, including a map of jobs accessible to women, new organizational arrangements and adjustments to workstation ergonomics. A study is underway to determine the best ways of increasing the number of women in the sales forces. Mentoring, as practiced in the United States, Germany and France, provides new hires with effective support.

In North America, diversity programs also pay special attention to ethnicity. Last June, for example, Michelin, in association with the Black Business Initiative and the Aboriginal Workforce Participation Initiative, organized a Minority Vendor and Networking Fair in Halifax, Nova Scotia that was attended by minority vendors, purchasing agents and entrepreneurs from a broad range of industries.

Today, 46% of Michelin's senior management team are non-French nationals. The entire manager population is also becoming more international with the integration of non-European managers who contribute their experience.

The commitment to hiring and retaining the disabled has been guided by Group policy since 2006. France and Brazil, which delivered the best results in this regard, achieved further gains in 2010, when the percentage of handicapped employees in the workforce again exceeded the legally mandated quota.

THE DISABLED



In France, disabled employees accounted for 7.3% of the workforce at year-end 2010. In Brazil, they accounted for more than 5%.

L'AVENTURE MICHELIN: HANDI- CAPPED FRIENDLY



In less than a year, L'Aventure Michelin has earned three out of a possible four labels awarded by Tourisme et Handicap, a French non-profit organization. Located in Clermont-Ferrand, the exhibition hall offers theme and chronological tours of the Group's past, present and future innovations. The labels recognize special arrangements for receiving the cognitive, mobility and vision-impaired, providing these visitors with special itineraries that allow them to tour L'Aventure Michelin on their own.

IN 2010



women accounted for one-third of all administrative and technical staff and managers hired worldwide.

200 Progress Ideas

**ON DIVERSITY WERE SUBMITTED
AND THREE WERE SELECTED FOR
GROUP-WIDE DEPLOYMENT.**

MEASURING DIVERSITY

	2010	2009
Percentage of women employees	14.4%	14.0%
Percentage of women among new hires (excluding production workers) *	33.0%	32.0%
Percentage of women in top management	11.6%	10.5%
Percentage of non-French people in top management	46.1%	45.7%
Percentage of disabled employees	2.8%	2.5%
Average differential in men and women's compensation		
- Production workers	-2.8%	-2.2%
- Administrative and technical staff	-1.1%	-2.3%
- Managers	-5.5%	-5.9%

* Change in scope in 2010.

In France, ten plants took part in the country's Diversity Week, organizing conferences with diversity experts and conducting workshops with the disabled (for example, hearing tests performed with the hearing impaired in attendance). In Thailand, local teams organized a Diversity Day that included exhibitions and tastings of gourmet dishes from around the world.

Nearly one-third of Michelin employees are over 50 and will remain in their jobs for many years to come. To leverage the abilities and experience of these older employees and ensure the transfer of their skills and expertise, a wide array of initiatives are underway to adapt workstation ergonomics, offer new assignments within the organization and provide opportunities to mentor young hires when new production capacity is developed or brought on stream.

(1) % of women among new hires, % of women employees, % of disabled employees, difference in men and women's compensation, number of women holding senior management positions, number of French and non-French senior managers.

— Workplace safety is a priority at Michelin, which today ranks among the world’s safest manufacturing companies. The lost-time incident frequency rate that has been less than 2 for the past three years hit a record low 1.19 in 2010. In addition, 34 plants or businesses reported no lost-time incidents in 2010, of which 13 for the third year in a row.

ENSURING HIGH-QUALITY WORKING CONDITIONS

ENCOURAGING PERSONAL INVOLVEMENT

By making workplace safety an absolute priority, Michelin has in just a few years become one of the world’s safest companies. We are committed to sustainably maintaining the lost-time incident frequency rate under 2 and to maintaining the severity rate at less than 0.15 by developing a pervasive safety culture that encourages everyone to pay constant attention to their own safety and that of others.

Scheduled for completion in 2012, a major project is underway to prepare a detailed, standardized prevention data sheet for each workstation. In every plant, supervisors are trained to prevent accidents at their team’s workstations.

To reduce occurrences of the most serious accidents, prevention programs have been implemented for six specific risks: in-plant traffic, working at heights, power distribution, lockout procedures during maintenance work, entanglement hazards and rollers used in manufacturing and laboratory processes.

Plants are also being actively equipped with the material and skills needed to handle emergency situations. All of the facilities now have defibrillators and 10% of their employees have received first aid training and attend refresher courses once a year.

In 2010, more than half of all employees were involved in workplace safety programs, while five plants nominated initiatives for a Michelin Safety Award. Prevention programs are also being conducted for subcontractors and temporary workers. In particular, application of the charter signed with temporary work agencies is delivering encouraging results.

ERGONOMICS AND PREVENTION

Designed into every project from the outset, ergonomics are covered by a dedicated budget that was renewed in 2010 to develop new solutions. On-site, ergonomists work with local teams to identify and lead the deployment of measures to improve existing workstations. The Group ergonomics network enables the sharing of feedback and best practices across the organization.

The corporate occupational health and hygiene team manages chemical and asbestos-related risks, sets guidelines and monitors action plans using dedicated risk analysis tools developed with the Bureau Veritas certification firm. The new computerized system to generate and manage material safety data sheets was completed in 2010.

For occupational medical check-ups, Michelin focuses on prevention, with a *Guide to Health Service Activities* that leverages best practices to define organizational structures, priorities and action plans for each region. The Group has been addressing the impact of psychosocial risks in the workplace since 2002. In France, for example, occupational physicians, personnel managers and team managers have received stress management training. A dedicated program has also been deployed to help operators manage their own stress and to identify people in need of assistance. To more effectively prevent this type of risk, an objective assessment method has been designed by the risk prevention unit, the Personnel Department, physicians and ergonomists. Tested in 2010, the method analyzes and quantifies a range of factors, including workloads, deadline-related pressure and the degree of self-management.

MAKING BUSINESS TRAVEL SAFER

Accidents are three times as likely to occur when employees are traveling and falls accounted for 11% of lost-time incidents in 2010. In response, Michelin is committed to reducing the number of employee accidents when walking, riding or driving by one-third between 2008 and 2011. By the end of 2012, all employees will have received special training, with refresher courses scheduled every five years and after each lost-time incident.

LOST-TIME INCIDENT FREQUENCY (LTIFR) AND SEVERITY (LTISR) RATES
NUMBER OF PLANTS WITH A LOST TIME INCIDENT FREQUENCY RATE OF 0 (LTIFR=0)

	2010	2009	2008	2007	2006	2005
LTIFR	1.19	1.41	1.85	2.39	2.55	3.61
LTISR	0.14	0.18	0.21	0.21	0.21	0.25
LTIFR=0	34	32	30	18	7	8

LTIFR: Number of incidents resulting in more than one day’s lost time per million hours worked.
LTISR: Number of working days lost to accidents per thousand hours worked.
LTIFR=0: Number of plants with no injuries resulting in lost time of more than one day.

“Safety is the foundation of our manufacturing performance.”

JEAN-CHRISTOPHE GUÉRIN, SENIOR VICE PRESIDENT, MANUFACTURING PERFORMANCE

In Clermont-Ferrand, Michelin organizes fitness events with the cooperation of **Association Sportive Montferrandaise**, the local club that is active in a wide range of sports. Employees can assess their level of fitness with a personalized check-up and receive sports and medical advice.



HUNGARY



2010 Michelin Safety Awards were presented to the teams at the Budapest Truck tire plant for working 2.7 million hours without a lost-time incident and to teams at the Nyiregyháza Passenger Car and Light Truck tire plant for working a record 7 million hours – the equivalent of 51 months – without a lost-time incident.

GERMANY



Employees and their families can take advantage of ergonomic studies, healthy eating tips and free medical check-ups every year.

UNITED STATES



Michelin the Best Employer for Healthy Lifestyles. For the second year in a row, Michelin received the highest award in the United States for its *Choose Well–Live Well* program, which encourages employees and their families to make the right choices with regard to their health and well-being.

19 MONTHS



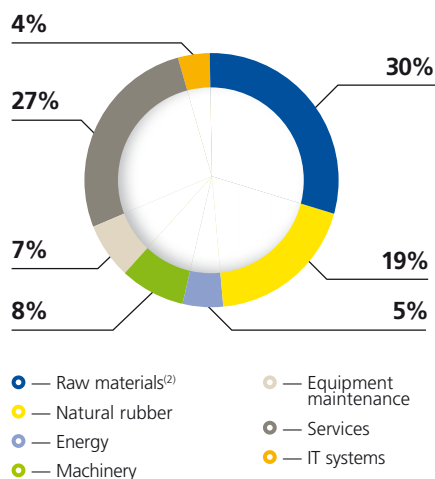
Worldwide, our tire mold production operations worked a total of 19 months without a lost-time incident.

— Michelin works with suppliers that comply with its quality, cost and reliability standards and pledge to continuously improve their human rights and environmental performance.

MOVING FORWARD WITH SUPPLIERS



PURCHASES OF GOODS AND SERVICES IN 2010⁽¹⁾
(in value)



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

AN INCREASINGLY PROFESSIONAL APPROACH

Purchases represent nearly 60% of consolidated net sales, or some €10.7 billion in 2010. Considerable resources have been deployed to enhance the professionalism of our procurement teams and to make purchasing processes more efficient. Over the past two years, 350 buyers have attended the Michelin Purchasing University training program, while deployment of the Supplier Relationship Management process has helped to strengthen ties with suppliers. Partnerships with strategic suppliers have been broadened and deepened in a commitment to jointly developing the right solutions, supported by periodic performance reviews.

A RECIPROCAL COMMITMENT TO ETHICAL PRACTICES

A guide to ethical practices defines buyer obligations with regard to suppliers in such areas as competitive bidding, confidentiality and personal behavior. Similarly, the *Michelin Purchasing Code*, along with the *Quality Assurance Guidelines*, describes the principles in the areas of human rights, working conditions, health and safety that suppliers are expected to uphold in their relations with employees and host communities. These principles are also reflected in our supplier appraisal questionnaires and audit guidelines.

DRIVING FASTER PROGRESS

Supplier audits are performed depending on an assessment of the related risks. In fast-growing countries, visits are systematically organized and generally result in recommendations to improve occupational safety and ergonomics. More broadly, suppliers are assisted in developing improvement plans to enhance the value of their products and services.

In 2010, the Group selected several areas in which bids and the various available options should be examined more closely. These include energy procurement, shipping, building and corporate fleet energy performance, packaging, promotional items, supplier diversity and commercial printing.

BEST PRACTICES



The European Institute of Purchasing Management presented Michelin with its 2010 Award for Excellence in the Supplier Relationship Management category. The selection process involved 100 companies in all.

— Safety, noise abatement and energy efficiency are all core challenges in developing sustainable mobility. By joining forces with governments, associations and non-governmental organizations, Michelin is devising real-world solutions to address these issues.

WORKING WITH GOVERNMENTS AND ORGANIZATIONS

WORKING TOGETHER TO IMPROVE ROAD SAFETY

The growing number of motor vehicles is leading to an unprecedented increase in road safety issues. There are solutions, however, if every stakeholder agrees to take assertive action.

Created by the World Bank and the World Health Organization and chaired by Michelin since 2007, the Global Road Safety Partnership helps fast-growing countries to deploy effective road safety programs. Among many other initiatives, Michelin supports programs for young people – the main direct and indirect victims of road accidents – through YOUth for Road Safety (YOURS), an association dedicated to building and leading a prevention network organized by and for young people, ages 18 to 24.

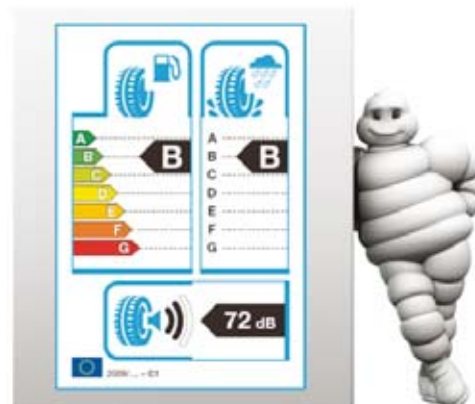
In March 2010, we responded to the United Nations' call for a Decade of Action for Road Safety 2011-2020 by including road safety in the program for the 10th Michelin Challenge Bibendum held in Rio de Janeiro. A working group met in Rio de Janeiro in June 2010 and the following month submitted a white paper to the World Health Organization that was used to define a framework for the Decade of Action for Road Safety.

TIRE LABELING: A STEP FORWARD FOR SAFETY AND THE ENVIRONMENT

Michelin has long supported regulations capable of making mobility safer, more affordable and more environmentally friendly. Recent legislation has demonstrated the success of this commitment. Beginning in 2012, for example, tires sold in Europe must comply with EU Regulation 661, which sets minimum performance thresholds for

wet grip, noise levels and rolling resistance (and therefore energy efficiency and carbon emissions). A standardized labeling system will display tire performance information. Tires that fail to meet the minimum thresholds will be banned from sale.

The United States has passed similar legislation to display data on tread life, rolling resistance and wet grip, which will take effect in 2011. In Japan, a labeling system that highlights “eco-tires” by indicating rolling resistance and wet grip performance has been gradually deployed since 2010.



JOINING THE GLOBAL COMPACT IN 2010



Michelin wanted to support the Global Compact in order to promote its Michelin Performance and Responsibility process, which already informs all of the Company's actions. In turn, this process is underpinned by the Michelin Performance and Responsibility Charter published in 2002, in which the Global Compact's ten principles are addressed through a detailed presentation of how we intend to pursue our sustainable development strategy. This worldwide commitment will enable Michelin to responsibly and sustainably improve compliance with initiatives underway to support human rights, labor standards, the environment and anti-corruption.

MOBILITY FOR DEVELOPMENT



Michelin is taking part in the Mobility for Development project sponsored by the WBCSD⁽¹⁾ and promoting the concept of sustainable mobility to the International Energy Agency, International Transport Forum, World Economic Forum and other international organizations.

(1) World Business Council for Sustainable Development.

— Michelin plays an active role in its host communities around the world, supporting local job creation and economic development in every region.

SUPPORTING LOCAL COMMUNITIES

In 2010, our employees devoted 19,218 days to community outreach initiatives, with the Group providing financial backing totaling some €11.7 million. More than 2,400 such initiatives are now underway, with a focus on educational and employment opportunities for young people, support for cultural, sports and community programs, promoting safer mobility and environmental stewardship.

SAFER MOBILITY

Working with municipal authorities, emergency services and accident prevention associations, our plants help to raise road safety awareness among young people and their parents through a variety of events, such as classes for schoolchildren, drawing contests, games and sponsorship of local auto club programs. Some of these programs have taken on national scope, such as *Achtung Auto*, carried out in partnership with German auto club ADAC, which has reached more than one million secondary school students in Germany, and *Michelin Junior Bike*, in which more than 200,000 children have taken part, mostly in Italy, France and Canada.

For schoolchildren, Michelin has designed *The Safest Way* awareness program, which has been deployed in several countries, notably Brazil and Italy. Aware that two-wheels represent one of the greatest dangers for teenagers, we have organized



- 01 Michelin helped to open an eye clinic in the Indian state of Tamil Nadu.**
- 02 As part of the Ouro Verde (Green Gold) project, Michelin helped to build 250 housing units for employees of the Bahia rubber plantation in Brazil.**



01

02

campaigns to encourage the use of helmets, especially in developing countries.

Michelin also provides driving schools with educational materials for young learner drivers. In Canada, our online *Winter Driving Academy* is supported by the 300 members of the Quebec Driving School Association, who promote the service to their students.

PROVIDING HELP WHERE NEEDED MOST

Michelin plants and their employees work to improve living conditions where the need is greatest and provide assistance following natural disasters, contributing food aid, helping to build homes and set up playgrounds and parks for children, and donating tires for emergency service vehicles. Shortly after the devastating earthquake struck Haiti, Michelin North America donated \$100,000 to the Red Cross and agreed to double this amount to match any employee contributions. After employees in Canada and the United States gave more than \$56,000, the Group's total contribution exceeded \$213,000.

Many plants organize environmental awareness days and several units have developed long-term educational programs. In Thailand, the Michelin Children's Art Contest encourages participants to apply their artistic talents to showcase the need for environmental protection, while Michelin Yod Nak Kid enables engineering students to apply their classroom knowledge in a workplace environment during the summer. In China, Michelin is paying tuition for 100 students.

In the United States, the main facilities have each adopted public elementary schools in nearby neighborhoods as part of the Michelin Challenge Education. By forming a deep partnership, the facilities can meet the adopted school's needs through the active involvement of employees, some of whom tutor local children. In 2010, the Michelin Challenge Education program was honored with the Innovision "Innovation in Education" award and Michelin was named Public Education "Partner of the Year".

In Clermont-Ferrand, since 1911 we have supported the Association Sportive Montferrandaise, which offers its 3,000 members three training facilities and 15 sports programs led by 400 coaches. ASM puts special emphasis on training young people, while enabling them to continue their studies, and on monitoring athlete health.



"Shortly after the devastating earthquake struck Haiti, Michelin North America donated a total of \$213,000 to the Red Cross"



01



03



04

SUPPORTING EMPLOYMENT INITIATIVES

Michelin supports the economic development of its host regions by helping to create jobs outside the Group and revitalizing employment pools when forced to cut back or discontinue operations at one of its facilities. Since 1990, the Group has formed a network of 11 Michelin Development subsidiaries or foundations (depending on local legislation) in Europe, Canada and the United States. Over the past 20 years, Michelin Development has helped to create 22,500 jobs in Europe.

+ To find out more about Michelin Development, please refer to pages 32-35.

03 Michelin Junior Bike events are a way to teach children to cycle safely on city streets.

04 Just days after winning the 2010 French Rugby Championship, ASM came to the Cermes plant in Clermont-Ferrand to thank its long-time partner, Michelin.

— Michelin shareholders include nearly 4,000 institutions, 159,000 individuals and 70,000 employees in 67 countries. All shares are registered. The Group is dedicated to nurturing shareholder confidence by adhering to strict ethical standards, applying fair corporate governance practices, communicating transparently and engaging in high-quality dialogue.

FOSTERING TRUSTING RELATIONSHIPS WITH SHAREHOLDERS

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.

SUSTAINED DIALOGUE

In 2010, some 1,700 people attended the Annual Shareholders Meeting in Clermont-Ferrand. In addition, seven meetings were organized with individual shareholders in five regions of France during the year, while in Paris, Michelin took part in the annual Salon Actionaria investor fair. At the same time, nearly 300 meetings were organized in 17 countries with 800 analysts and institutional investors. Together, these meetings help to nurture mutually rewarding dialogue between the Company and its shareholders.

Since 2003, communication with our individual shareholders has been enhanced by input from the Shareholder Consultative Committee. Chaired by one of the Managing Partners, the Committee is comprised of 14 members, of whom two are employee shareholders. Members serve four-year terms, with one-third being replaced every year. The Shareholder Consultative Committee met twice in 2010, when its work focused on:

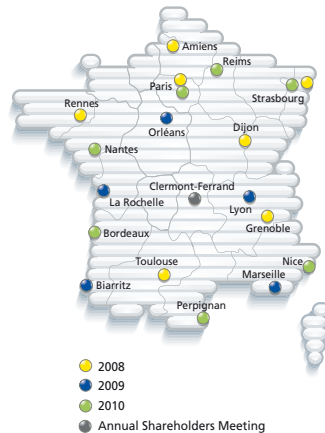
- Updating resources for communicating with individual shareholders, such as the Shareholder's Guide, the Annual and Sustainable

“All Michelin shares are registered, which helps us to better understand shareholder expectations. Our goal is to meet those expectations as fully as possible.”

JACQUES ENGASSER,
SHAREHOLDER RELATIONS MANAGER



MEETINGS ORGANIZED WITH SHAREHOLDERS IN FRANCE



Development Report, the website and the corporate presentation prepared for the meetings with shareholders in France.

- The Committee's operating procedures and its changing role.
- The campaign to recruit new Committee members.

Before the meetings, Committee members toured the Earthmover tire plant in Le Puy-en-Velay and the Ladoux Technology Center.

AWARDS FOR CORPORATE GOVERNANCE AND TRANSPARENCY

At Michelin, corporate governance is a robust process focused on our long-term responsibility. In 2010, we were awarded the Grand Prize for Corporate Governance and the Strategy and Risks Assessment Prize by the financial magazine *L'AGEFI*,⁽¹⁾ which noted that: "Without a doubt, Michelin's real strength lies in its forward-looking vision of its business risks, its stakeholders and its competitors."

Michelin was also honored at the Transparency Grand Prize for regulatory filings awarded by Labrador, a French financial publishing company, in partnership with Institut d'Etudes Politiques de Paris. The registration documents, interim reports, quarterly financial information and websites of companies in the NYSE Euronext Paris stock exchange's SBF 120 index were analyzed according to 70 criteria in four categories: Accessibility (the full range of information can be found quickly), Accuracy (all of the regulated information is obtainable), Comparability

ALL THE INFORMATION INVESTORS NEED, DELIVERED QUICKLY AND TRANSPARENTLY in paper and electronic formats

- Annual and Sustainable Development Report
- Shareholder's Guide
- Letter to Shareholders
- Press releases
- Investor Relations Section
www.michelin.com/shareholders

- Registration Document
- Annual Financial Report
- Annual Results Booklet
- Key Figures
- Interim Financial Report
- Finance Section
www.michelin.com/corporate/finance

2010 DIVIDEND



At the Annual Meeting on May 13, 2011, shareholders will be asked to approve the payment of a dividend of €1.78 per share for 2010.



BEST ANNUAL REPORT PRIZE



On January 14, 2011, Michelin was awarded the Best 2009 Annual Report Prize during the 54th Investor Relations Evening organized by *La Vie Financière MoneyWeek*.

The judges felt that our Annual and Sustainable Development Report featured a number of winning qualities, including a catchy introduction, a sedate style, a dynamic, easy-to-read page layout and concise yet comprehensive content.

TWO TEAMS SERVING SHAREHOLDERS REGISTERED DIRECTLY IN THE COMPANY REGISTRY:

- The Share Services Team opens accounts and manages buy and sell orders.
- The Estate, Transfer and Gifting Team rapidly deals with estate, transfer and gifting issues, in liaison with notaires and heirs.

THE MICHELIN SHARE GAINED

44%

BETWEEN DECEMBER 31, 2000 AND DECEMBER 31, 2010.

(thanks to strict compliance) and Availability (information is reported as early as possible and in a broad range of formats). Michelin received two awards – in the Availability and Most Improved categories – and tied for third place overall.

A DOUBLE SIGN OF CONFIDENCE

In 2010, shareholders were offered the option of receiving their 2009 dividend in cash or reinvesting it in new shares. A significant number chose to reinvest, thereby saving the Group €82 million in cash and leading to the issue of nearly 1,736,000 new shares.

On September 30, Michelin launched a €1.2 billion rights issue with pre-emptive subscription rights for existing shareholders. Total demand amounted to more than €4.3 billion or 3.5 times the offering, leading to the issue of more than 27 million new shares.

The success of these two transactions demonstrates the confidence of individual and institutional shareholders in Michelin's strategic vision and outlook.

(1) Based on a survey of the perceptions of financial experts from France and other countries, as validated by a steering committee made up of qualified persons with an influential corporate role in the Paris market.



RECIPROCAL COMMITMENTS

— Over the next few years, Michelin expects to hire a large number of people, whose successful integration will require us to address issues that are both generational, as we take young employees onboard, and cultural, as a growing number of employees come from the new markets where we intend to expand. To meet this challenge, the “Moving Forward Together” process, formalized in 2010, is building on a common foundation of mutual commitments between the Company and its employees.

FOCUS ON...

A CAREER AT MICHELIN



Michelin intends to maintain its position as a high-performance company by enabling everyone to demonstrate excellence over time, a concept that underpins the relationship between the Company and its employees. That's why at Michelin, people are hired for a career, not just a job. Because the focus is on integrating, developing and retaining people, rather than managing a resource, we have a Personnel Department rather than a Human Resources Department, backed by a network of career managers to help employees to realize their full potential.

A PERSONALIZED, LONG-TERM CAREER PATH

Michelin offers employees the possibility of following a highly varied career path without changing com-

panies, undoubtedly one of the reasons for its very low turnover rate. Employees are given real opportunities to develop skills in a variety of disciplines and to put them into practice, which means that people frequently take on new responsibilities or change positions. Employees can therefore build exciting career paths, sometimes in several countries. And this doesn't just apply to managers. The expansion of our production base in China, Brazil and India is being supported by the carefully managed exchange of production workers and technicians.

THREE ACTORS IN THE CAREER DEVELOPMENT PROCESS

Managers are responsible for the development of the people in their teams, by setting their objectives, helping them to meet them, assess-

"WE NEED TO REAFFIRM THE FACT THAT OUR COMPANY'S PERFORMANCE AND EVERYONE'S PROFESSIONAL SUCCESS AND DEVELOPMENT GO HAND IN HAND."

Michel Rollier, Managing Partner

ing their performance, building training plans and preparing them to move up the career ladder. Career managers have a more global, long-term vision of the company's needs and the development opportunities available to employees. They map out each employee's career path and initiate transitions, ensuring continuity and understanding each person's requirements and aspirations.

Lastly, employees play a leading role in managing their own careers. They are expected to demonstrate, through their performance, that they have the ability and commitment necessary to take on greater responsibility, while constantly challenging themselves, developing their skills, improving their capabilities and expressing their aspirations. Training and other support measures are in place to help them succeed.

FOCUS ON...



JACQUES,
FIELD ENGINEER,
TRUCK TIRES, FRANCE

"The job of field engineer covers a variety of tasks, which is what makes it so fulfilling. In addition to acting as a product expert, we also train newcomers at our customers' sites, track products to help measure and understand their performance. We also provide input for product specifications, so that we can reliably help to seize new market opportunities. It's a job that requires good listening and observation skills, a methodical approach and knowledge of the field. We help to promote the quality of our products, to satisfy our customers and build their confidence in us."

—



YOULAI,
RESEARCHER,
CHINA

"I was hired by Michelin in 2001, because they needed someone for their raw materials unit. I was very lucky to join the research center. I came to France in early 2008 to gain more experience. I didn't speak much French when I arrived, but my colleagues spoke to me slowly and explained some of the expressions. We work well together and that makes me confident about the future, both for Michelin and for my career with the Group. I like my job and my lifestyle. When I return to China, I'll be given more responsibility."

—



KAREN,
HEAD OF PERSONNEL,
CANADA

"When I joined the personnel department at a Michelin plant in the United States in 2002, it was such an eye-opener. To an American like me, working at Michelin was like discovering a whole new planet. Concepts like job mobility and personal growth are not often a big part of corporate culture in the US. After three years, I came to France to work at Michelin headquarters in Clermont-Ferrand. It was a big adventure for me and for my family. I changed jobs again in March 2010, when I was appointed head of personnel for Michelin's entire sales force in Canada"

—



CORINNE,
PRODUCTION WORKER,
FRANCE

"I started as a temporary worker in February 2006 and was hired under a permanent contract on November 6 of that year. It's a well-paid job and there are opportunities to move up the ladder. I was promoted fairly quickly and I've had quite a few raises, partly thanks to a Progress Idea. It's nice to have your work recognized. It's a way of telling us that we're doing a good job."

—



SOPHIE,
INTERNAL AUDITOR,
FRANCE

"I've been with Michelin for 15 years. I worked in services procurement at Clermont-Ferrand for the first two years and then spent three years in Singapore creating the position of services, IT and energy procurement officer for Asia, which was a fantastic challenge. I then worked for seven years in logistics and supply chain management, first in Clermont-Ferrand and later in Moscow, where I created the sales back office. I returned to France in 2007 to take up the position of Chemical Products Category Manager, a very international job with a purchasing portfolio worth several hundred million euros, at a time of great uncertainty about raw material prices. A year ago, I became an internal auditor, which

means that I analyze the Group's potential risks in a wide variety of areas. Because of my background, I'm particularly qualified to audit the risks related to supply disruptions, but I also look at IT, environmental and contractual risks. Helping to assess and reduce Michelin's exposure is an exciting task, not only because I work on such a variety of assignments, but also because we help to give Group Executive Council members a better understanding of the risk situation in their units"

—

TRAINING

4.2%

— Percentage of hours worked dedicated to training. This ranks Michelin in the top half of the world's 500 largest companies.

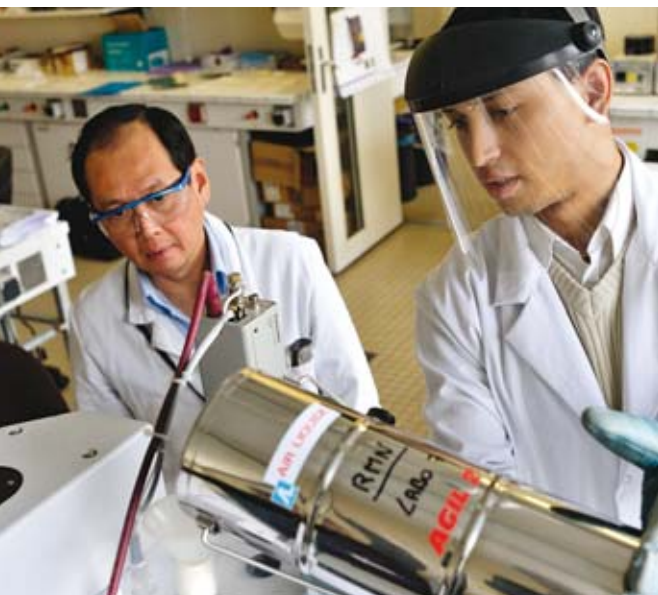
EMPLOYEE SHAREHOLDERS

63%

— Percentage of employees who own Michelin shares under Employee Shareholder Plans in 67 countries.

— LOYALTY

THE EMPLOYEE TURNOVER RATE IS LESS THAN 2%.



“ How can we maintain a shared culture when Michelin’s workforce is rapidly become more international? ”

JUST BETWEEN US



**A QUESTION FOR
JEAN-MICHEL GUILLON,
CORPORATE
VICE PRESIDENT, PERSONNEL**

“ Michelin has always had a highly international outlook, even prior to our decision to build new plants in

Brazil, India and China. Non-French employees currently represent 80% of our workforce, with 120 nationalities represented worldwide.

We have 21,778 employees in North America, 5,673 in South America and 14,502 in Asia

and we need to be Americans in America, Germans in Germany and Thais in Thailand. In fact, one of our greatest assets is this diversity of cultures, which is enhanced by the sharing of common values based on respect, particularly respect for people. As Corporate Vice President, Personnel, my job is to ensure that the Group’s values are respected by everyone and expressed in every culture. Every Michelin employee is expected to be an ambassador for these values.

Dialogue, training and mentoring programs are some of the tools that we use to ensure that our values are shared and embraced by everyone, wherever we operate.”

SAFETY

1.19

— This lost-time incident frequency rate makes Michelin one of the safest manufacturers in the world.

COMMUNICATION

6

FUNDAMENTAL DOCUMENTS

— In 2010, Michelin published six Fundamental Documents, such as *Moving Forward Together* and *Michelin Performance and Responsibility: A Better Way Forward*, which were introduced during the Bib International Forum and are now being distributed in 13 languages across the organization.



— Michelin is committed to supporting the considerable growth in road transportation in coming years, while reducing the environmental footprint of its facilities and products. From the choice of raw materials to the recovery and reuse of end-of-life tires, every Michelin product and service is and will be designed with environmental stewardship in mind, at every stage in its lifecycle.

NATURAL RESOURCES AND THE ENVIRONMENT

A TIRE'S IMPACT THROUGHOUT ITS LIFECYCLE⁽¹⁾ (IN EUROPE)

As a % of total ecopoints⁽²⁾

2010	Car tires	Truck tires ⁽⁴⁾
Raw materials, energy and manufacture	10.8%	6.0%
Use, including distribution	92.6%	95.3%
End-of-life processing	-3.4% ⁽³⁾	-1.3% ⁽³⁾
Ecopoints	100%	100%

(1) From raw materials extraction to end-of-life processing.

(2) Based on a lifecycle assessment, the impacts on resources, ecosystems and health are weighted by a panel of experts and expressed in ecopoints.

(3) When end-of-life tires are recycled, ecopoints are added back to reflect the recovered resources and energy.

(4) Updated in 2011.

Updated lifecycle assessments carried out in 2001 and 2003 for passenger car and light truck tires and for truck tires show their environmental impact steadily declines throughout the life cycle for three reasons:

- End-of-life: the considerable progress made by companies that manage end-of-life tires means that in Europe, 98% of tires are now collected and recycled. According to recent studies conducted by Aliapur France, the leading recovery and reuse processes have a favorable impact on the environment.
- Manufacture: the in-plant improvements made by both Michelin and its suppliers, along with the lighter tires engineered by our product line developers, have enabled us to optimize the use of raw materials and process energy.
- Use: this is the phase that has the most environmental impact, primarily as a result of emissions as the engine burns fuel to overcome tire rolling resistance. Studies by the World Business Council for Sustainable Development's Tyre Project have shown that tire wear debris is too large to have much of an impact. Engine performance has improved and our tires are now more energy efficient. These outcomes fully validate our commitment in this area.





NATURAL RESOURCES AND THE ENVIRONMENT

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- Securing the production of natural rubber p. 84_85
- Improving the tire production and distribution process p. 86_88
- Supporting environmentally friendly mobility p. 89_90
- Recovering and reusing end-of-life tires p. 91
- **Focus on...** p. 92_95
Innovating better and faster



— A dedication to making the best tires at the best cost, while preserving the environment, is a powerful driver of innovation and progress. From architecture and tread design to the choice of materials and production processes, Michelin integrates environmental outcomes into every aspect of a tire's design and manufacture and is investing heavily in research programs to find solutions to the challenges of tomorrow.

IMPROVING THE TIRE DESIGN PROCESS

THE CHALLENGE OF DELIVERING BALANCED PERFORMANCE

Tires impact the environment primarily during use, which accounts for more than 90% of a car tire's footprint and more than 95% of a truck tire's, according to life-cycle assessments updated by Michelin in 2010. To shrink this footprint, we are engineering lighter tires that require less raw material and less rolling resistant tires that are more energy efficient, limit carbon emissions and last longer. In this way, they optimize the use of raw materials and process energy. This helps to improve a vehicle's fuel efficiency and reduce its carbon emissions, while optimizing the use of raw materials and process energy in tire production. At the same time, we are working to further improve grip to deliver greater safety, reduce rolling noise and develop recycling solutions for used tires.

➔ **When it comes to managing the environmental impact of tires, however, there is no "one-size-fits-all" solution. That's why we are exploring a variety of avenues, from a small tire/wheel assembly for city cars and large narrow-tread tires to the groundbreaking Active Wheel. Each time, performance factors are carefully balanced to put safety and long tread life on a par with fuel efficiency.**

THE SUPERIORITY OF MICHELIN SOLUTIONS

In 1992, by adding silica to its rubber compounds, Michelin invented the first car tire offering higher fuel efficiency, longer tread-life and greater safety in a single product. Since then, four generations of MICHELIN Energy™ Green X tires have been brought to market, raising the performance bar each time. Progress has been particularly noteworthy in the Truck segment, where the use of a pair of MICHELIN X® Energy™ SaverGreen tires can save up to 1,000 liters of fuel per million kilometers traveled. We are determined to reduce tire rolling resistance by another 25% in the next ten years.

Moreover, regrooving and retreading provide added environmental benefits for truck tires. Michelin RemiX technology, for example, increases tread-life by 150% while delivering the same performance as a new tire. Here too, we are committed to further improvement, with the goal of increasing truck tire life by 50% in the next ten years. All told, by the end of 2010, the Michelin fuel-efficient tires sold since 1992 had saved more than 13 billion liters of fuel and prevented the emission of more than 34 million tonnes of CO₂.

AROUND
40%

OF A TRUCK TIRE BY WEIGHT IS NATURAL RUBBER, A PLANT-BASED MATERIAL.

PRODUCING BETTER WITH LESS

A tire contains up to 200 different materials, some of which are becoming increasingly scarce and need to be managed more judiciously. This is also good for the environment, since better management means that less energy and fewer natural resources are used to produce tires, fewer harmful emissions are released during their use and less material has to be recycled at the end of their life.

To get there, Michelin has deployed two processes. The first, "Value-to-Design", brings together marketing and development teams to clearly define customer performance expectations for a given tire. The second, "Design-to-Cost", optimizes tire mass by focusing on just what is needed to deliver the right performance. These programs also cover process engineering, with the goal of improving quality performance (thereby reducing wastage and rejects) by standardizing processes and making them more energy efficient.

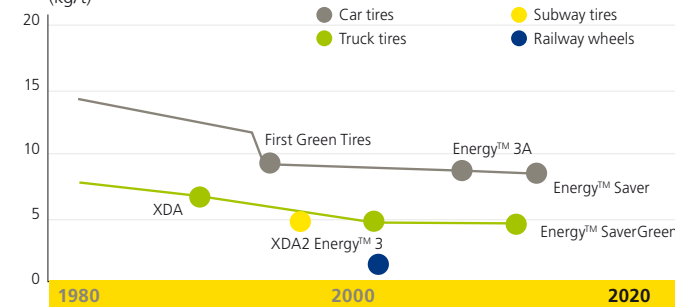
ELIMINATING HAZARDOUS SUBSTANCES

In line with restrictions in the European Union's REACH regulations that took effect on January 1, 2010, Michelin has eliminated aromatic oils from all tires manufactured or imported in Europe and is extending that elimination to its other host markets.

As manufacturer or importer, we have filed all of the REACH-compliant registration documents, which demonstrate that these substances do not pose any environmental or health risks during tire production or use.



REDUCTION IN THE ROLLING RESISTANCE COEFFICIENT
(kg/t)



The chart above clearly illustrates the significant advances delivered by our many innovations in car, truck and subway tires.

IMAGINING THE SOLUTIONS OF TOMORROW

Created in 1998 as part of our commitment to forward-looking solutions, the Michelin Challenge Bibendum has since become the world's leading sustainable mobility event. From electric powertrains to traffic decongestion to scrap-tire recycling, we are involved in a wide range of research projects to devise mobility solutions that are environmentally sustainable. Revolutionary concepts like the motorized Michelin Active Wheel and the airless Tweel illustrate the creativity of our research teams and their ability to drive technological breakthroughs by thinking outside the box.

THE REVOLUTIONARY MICHELIN ACTIVE WHEEL



The "four-in-one" MICHELIN Active Wheel includes an electric motor, an active suspension system and brakes, all powered by lithium batteries or a fuel cell. Along with such advantages as zero local emissions, the unit opens the door to smaller and lighter yet roomy vehicles with a range of 200 to 400 km and a top speed of 140 kph.



— Developing and maintaining rubber tree farms is a major priority for Michelin, which uses nearly 10% of the world's natural rubber output. In particular, we support agronomic research, as well as measures to improve working and living conditions on small plantations (0.5 to 3 hectares), which account for more than 80% of global production. By deploying the full range of our expertise in technical assistance programs, audits and training courses, we are helping natural rubber farmers and producers around the world.

SECURING THE PRODUCTION OF NATURAL RUBBER

SECURING SUPPLY

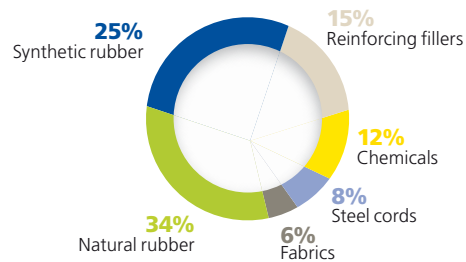
Tire manufacturing uses 70% of the world's output of natural rubber, whose exceptional physical properties make it irreplaceable for truck, aircraft, agricultural and earthmover tires. Demand is constantly rising, there are a large number of middlemen and prices are subject to wide fluctuations.

In 2010, natural rubber accounted for 34% of Michelin's raw material purchases in value, with higher prices substantially increasing annual expenditure compared with 2009. Although these increases were passed on in the selling prices of the tires in question, they have impacted operations in a number of areas, making it critically important to improve plantation output and productivity to secure supply.



34%
NATURAL RUBBER

RAW MATERIALS USED
BY MICHELIN IN 2010
(in value)



PROMOTING SUSTAINABLE RUBBER TREE FARMING

Rubber tree farming, which requires around one person per three to five hectares, provides close to six million rural jobs that support 20 million people.

Rubber tree plantations sequester eight tonnes of CO₂ equivalent per hectare per year,⁽¹⁾ making them eligible for carbon credits under the Kyoto Protocol's clean development mechanism. Often planted along with cacao, bananas and other crops, rubber trees also help to preserve the soil and ecosystems.

Michelin mainly sources its rubber from Asia, which accounts for 94% of global output. Acquired from latex processing plants supplied by small farmers, these purchases cover roughly half of our elastomer consumption.

At our test site in Bahia, Brazil, we have acquired leading-edge expertise and experimented with innovative farming practices, which are being widely shared to promote sustainable rubber tree farming.



RUBBER TREE FARMING FACTS AND FIGURES



- 10 million hectares planted.
- 10 million tonnes of natural rubber produced a year.
- Six million rural jobs that support 20 million people.
- 80 million tonnes of CO₂ sequestered a year.



MONITORING WORKING CONDITIONS

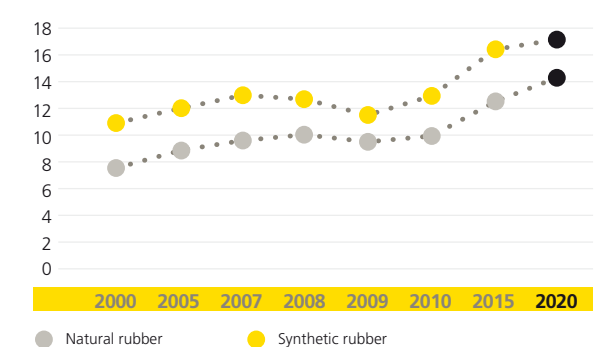
To monitor working conditions at our suppliers, large latex processing plants are audited once a year and smaller plants every two years.

SUPPORTING AGRONOMIC RESEARCH

Michelin has developed research partnerships to improve rubber farming techniques and eradicate *Microcyclus ulei*, a fungus that attacks the leaves of rubber trees in South America and could spread to plantations in Asia or Africa. In cooperation with CIRAD, a French research center that works with developing countries to address international agricultural and development issues, we are involved in projects to select and breed blight-resistant species that are suitable for growth in different climates and have higher yields.

WORLDWIDE USE OF ELASTOMERS

In millions of tonnes



Source: IRSG

➤ To find out more about Michelin's Ouro Verde project in Bahia, please visit www.michelin-hevea.com

⁽¹⁾ Source: joint study conducted by Université Catholique de Louvain and Michelin.

— The tire production chain, from extracting raw materials and processing them in supplier plants to manufacturing the tire, represents less than 11% of the lifetime environmental impact of a car tire and less than 7% of a truck tire. Michelin is committed to further reducing these impacts by deploying disciplined environmental management systems and major initiatives to train employees and get them involved in the process.

IMPROVING THE TIRE PRODUCTION AND DISTRIBUTION PROCESS

FOCUSED MANAGEMENT AND AMBITIOUS GOALS

To manage the environmental performance of its production plants, Michelin has developed a propriety standard, known as the Michelin sites Environmental Footprint (MEF). Reported quarterly, MEF data are an integral part of the Group's management indicators, reflecting a commitment to reducing the footprint by 35% in 2015 compared with 2005. By 2010, the improvement since 2005 had already reached 30%, thanks in large part to effective waste management and the deployment of good energy practices.

All but two of the production plants have been certified to ISO 14001 standards, as have the natural rubber processing units, the main Technology Center facilities, the headquarters offices in Clermont-Ferrand, the offices in Paris and the supply chain facilities. The Michelin Environmental Management System (MEMS) has been deployed in 98% of R&D facilities, production units and plantations acquired more than five years ago and is now being deployed in the supply chain centers. In the manufacturing facilities, the MEMS is being upgraded to an Environmental and Risk Prevention Manage-



ment System, with 70% of plants transitioned by end-2010 and completion expected before the end of 2011. In addition, issues related to the environment, health, workplace safety and industrial risk prevention are addressed by an Environment and Prevention network comprised of around 100 experts and by a dedicated team at each plant.

SAVING WATER AND ENERGY

All of the production plants have performed energy audits and prepared action plans, with many of them already in the follow-up audit phase. In 2010, renewable energy solutions continued to be deployed in France and Spain, with the installation of solar power panels at the Puy-en-Velay and Valladolid sites adding 5 MW to total installed capacity. In France, the Cholet and Bourges plants also replaced part of their natural gas-fired steam generation systems with biomass-fired boilers. The new 10 MW boiler in Cholet will provide around 33% of the plant's steam, while the 5.5 MW unit in Bourges will supply nearly 90%. Together, the two units will avoid the emission of 19,000 tonnes of CO₂ per year. In another renewable energy project, wind turbines will come on stream in 2012 at the Ballymena site in Northern Ireland, representing carbon savings of 4,000 tonnes per year.

Michelin plants use water for cooling and heat transfer systems. To limit water withdrawals, open cooling circuits are gradually being replaced by closed loop systems while consumption is carefully tracked to prevent the risk of leaks and waste. Wastewater is systematically treated.

REDUCING VOC EMISSIONS AND WASTE

The introduction of solvent-free manufacturing processes and strict emissions management systems drove a 3% further year-on-year reduction in emissions of volatile organic compounds (VOC) per tonne of tires produced in 2010.

In addition, every production facility has set targets for reducing process waste. A quality system focused on "getting it right the first time" has reduced the reject rate through more effective management of manufacturing processes, while rubber, fabric and metal scrap is reinjected into the production process whenever possible. For scrap unsuitable for reuse and other industrial waste, Michelin actively supports the development of sustainable resource recovery channels. In all, 90% of waste was reused or recovered as of the end-2010, with the goal of moving towards 100% by around 2013.

24,000 Tonnes
OF CO₂ EMISSIONS NOT RELEASED EVERY YEAR
THANKS TO THE RENEWABLE ENERGY INSTALLATIONS
IN PLACE AT END-2010.

55,000 MWh
OF ELECTRIC POWER GENERATED EVERY YEAR
BY THE SOLAR PANELS INSTALLED ON OUR
PRODUCTION PLANT ROOFS.



Construction of a wood-fired boiler
at the plant in Cholet, France.



UNITED
KINGDOM



The Ballymena plant in Northern Ireland was awarded the Carbon Trust Standard for measuring, managing and reducing its carbon emissions by 21% between 2007 and 2009.

PERFORMANCE OF THE MEF⁽¹⁾ AND ITS COMPONENTS, 2005-2010

	Unit ⁽²⁾	2005	2009	2010	2005-2010
Energy consumption	GJ/t TP	17.4	16.1	14.4	-17%
Water consumption	cu.m/t TP	15.0	13.3	11.8	-21%
VOC emissions ⁽³⁾	kg/t TP	4.27	3.04	2.9	-32%
CO ₂ emissions	t/t TP	1.53	1.43	1.3	-16%
Waste produced	kg/t TP	140	121.2	109.5	-22%
Waste landfilled	kg/t TP	33	13.3	10.2	-69%
MEF		100	78.1	70	-30%

(1) Michelin sites Environmental Footprint. Each component accounts for 15% of the total except for VOC emissions, which account for 25% because their reduction is a major priority. The calculation of these indicators, as well as their underlying data, are reviewed by PricewaterhouseCoopers.

(2) t TP = tonne of tire produced.

(3) Volatile organic compounds (VOCs).

Several animal species, like the suslik ground squirrel, are protected near the Nyiregyhaza plant in Hungary.



PROTECTING BIODIVERSITY AND ECOSYSTEMS

Michelin is leading a number of programs to study and protect biodiversity. In the United States, we are participating in the Wildlife and Industry Together program (WAIT), which encourages businesses to protect wildlife habitats on their land. In southern Spain, the Almeria Test Center (CEMA) covers some 4,500 hectares, of which 1,500 are located within the Cabo de Gata Nijar Natural Park. Certified ISO 14001, the Center has planted more than 30,000 trees and bushes to prevent erosion.

In France, every year since 2008, the CEPA nature conservancy conducts a census of species living in the continental salt meadow located on the grounds of our Ladoux Testing and Research Center near Clermont-Ferrand.

In 2009, a pilot Ecosystems Services Review⁽¹⁾ was conducted at the plant in Nyiregyhaza, Hungary to assess the impact of its production operations on the local ecosystem. In 2010, a different assessment method was trialed at the same plant in association with an outside organization. These pilot programs are part of a larger commitment to exploring a wide variety of available tools and resources, so that our plants' potential interactions with surrounding ecosystems can be reassessed, thereby enabling the deployment of more effective preservation techniques.

(1) An environmental assessment method developed by the World Resources Institute, the World Business Council for Sustainable Development and the Meridian Institute.



Cocoa trees growing on the Bahia rubber plantation in Brazil.



HELPING SMALL FARMERS PRESERVE BIODIVERSITY

In Brazil's Bahia region, Michelin supports more than 1,500 farming families who raise, on the same plot, not only rubber trees but also bananas and cocoa, which ensure them a steadier income. In all, 2,550 hectares of rubber trees and 2,000 hectares of cocoa have been planted in five years.

The plantation also includes 1,350 hectares of primary Atlantic Forest, one of the most threatened forests in the world. In the same region, our Ouro Verde environmental protection project has set aside an ecological reserve with 35,000 plants grown from native seeds representing 100 different species and created a Biodiversity Research Center that can host up to thirty researchers. Michelin currently provides support for 20 in-depth biodiversity studies at the Center.



— Michelin is helping users to improve their tires' environmental performance and is committed to reducing local impacts through ongoing research on fuel efficiency, tread-life, carbon emissions and noise.

SUPPORTING ENVIRONMENTALLY FRIENDLY MOBILITY

The environmental performance of tires can vary widely, especially in terms of fuel efficiency, robustness, longevity and noise. Michelin devotes substantial resources to simultaneously improving each of these factors, while leading extensive information campaigns to raise awareness among tirebuyers and public authorities. We also offer business users methods for calculating tire performance so that they can make informed buying decisions.

MAINTAINING THE RIGHT TIRE PRESSURE

Failure to comply with recommended tire pressure has an impact on safety, tread-life and fuel efficiency. As well, under-inflated tires brake less effectively and are more likely to hydroplane. They wear out faster and cause vehicles to use more fuel, leading to higher carbon emissions. To raise driver awareness of the importance of correct tire pressure, Michelin is deploying an increasingly wide array of initiatives, particularly during the summer vacation period. In 2010, free air pumps were installed in highway service areas and public-access Michelin parking lots in seven countries so that motorists could check their pressure and top up their tires. In all, nearly 7,000 vehicles had their tires checked.

Michelin is also encouraging the use of onboard tire monitoring systems, which will be mandatory on new vehicles in 2012, and helping to develop similar systems for cars, truck and earthmovers. The Michelin Earthmover Management System (MEMS), for example,

was specially developed for the huge rigid-frame dump trucks used at open-pit mines, which when loaded can weigh up to 600 tonnes. Their tires weigh up to five tonnes each and need to be checked at least once a day. MEMS⁽¹⁾ enables tire pressure and temperature to be monitored remotely and in real time without having to stop the vehicle, making it more likely that the tires will actually be checked. By the end of 2010, MEMS had been fitted on 450 of these trucks in open-pit mines around the world.

TRAINING IN ECO-DRIVING TECHNIQUES

Driving in a more environmentally sensitive manner delivers many benefits, including longer tire and vehicle life, fuel savings and enhanced road safety. This is why Michelin offers eco-driving courses to employees in Spain, the United Kingdom and now France, where the initial focus has been on employees who drive as part of their jobs. The courses, which comprise several hours of classroom and behind-the-wheel training, help to improve fuel efficiency by an average 8% while lowering driving risk.

(1) Michelin Earthmover Management System.



SHANGHAI WORLD EXPO



Celebrating the beauty of silence at the Shanghai World Expo. At the Shanghai World Expo, the French Pavilion was a "Sensual City" dedicated to the five senses. As the principal sponsor, Michelin chose to illustrate both the Expo's theme – "Better City, Better Life" – and the sense of hearing by showcasing the quiet ride provided by MICHELIN tires in city driving. The Pavilion turned out to be the Expo's most popular, attracting more than ten million visitors, 95% of them Chinese.



YELLOWSTONE



In the United States, Michelin is helping to reduce emissions at Yellowstone National Park. The entire fleet of vehicles used by the Yellowstone Park Foundation to oversee and maintain the 3,500 sq.-mile park has been equipped with Michelin green tires, in a commitment to reducing their carbon emissions by 30% by 2016.

FILL UP WITH AIR



Conducted in seven countries in 2010, the “Fill Up With Air” campaign revealed that 62% of the cars checked had under-inflated tires and 37% had dangerously low tire pressure.

REDUCING TIRE NOISE

Tires account for a significant portion of road traffic noise, ranging from at least 30% for a car traveling at 30 kph in second gear to at least 50% when traveling at 50 kph in third gear and around 90% in highway driving at 130 kph. Tire and road surface quality also have a major impact. For a given vehicle traveling at a given speed, for example, noise may vary by five decibels depending on the tire and ten decibels depending on the condition of the road.

To reduce noise levels, Michelin is focusing on tire materials, architecture and tread design and conducting collaborative research with road surface experts.

ASSESSING THE IMPACT OF TIRE WEAR PARTICLES

Tire wear results in the release of small particles from both the tire and the road surface. As a member of the World Business Council for Sustainable Development, Michelin is participating with its main competitors in the Tire Industry Project (TIP) to identify tire wear particles and analyze their health and environmental impact. In particular, we have provided the TIP with the same resources for collecting wear particles in real-world conditions that we have developed for our own research in recent years. Although the TIP's interim report published in mid-2008 noted that these particles have a limited impact, additional studies are underway.



34,000,000

TONNES OF CO₂ HAVE NOT BEEN RELEASED INTO THE ATMOSPHERE SINCE 1992 THANKS TO THE MICHELIN GREEN TIRE LINE.



— Used tires pose two problems: processing the more than 17 million tons of tires that are discarded each year and treatment of the estimated 50 million tonnes legacy stockpiles. In response, Michelin is helping to implement effective, sustainable tire collection and recovery processes in its host countries. The development of these processes is also being driven by two structural factors, the scarcity of raw materials and their high prices.

RECOVERING AND RECYCLING USED TIRES

A LARGE NUMBER OF RECOVERY AND REUSE ROUTES

Used tires are 100% recovered either as secondary raw material or as alternative energy.

Whole, shredded, or ground into crumbs or powder, end-of-life tires (ELTs) are used in filling material, noise-abatement walls, railroad track crossties, draining sub-layers and synthetic surfaces for sports fields and playgrounds. Crumb rubber can be added to asphalt to make roads longer lasting and quieter, or used to manufacture composite materials. Research partnerships also funded by tire industrial are regularly creating new recovery routes.

MANAGING USED TIRES COLLECTION AND RECOVERY

There are three main approaches to managing the collection and recovery of used tires:

- A free market model in which enterprises operate independently in line with their obligations.
- A tax model, in which processes are managed by the administration, which levies specific taxes on manufacturers based on tire sales. This system is very limited.
- A producer responsibility model in which each producer is obliged to collect and recover used tires according to the number of tires

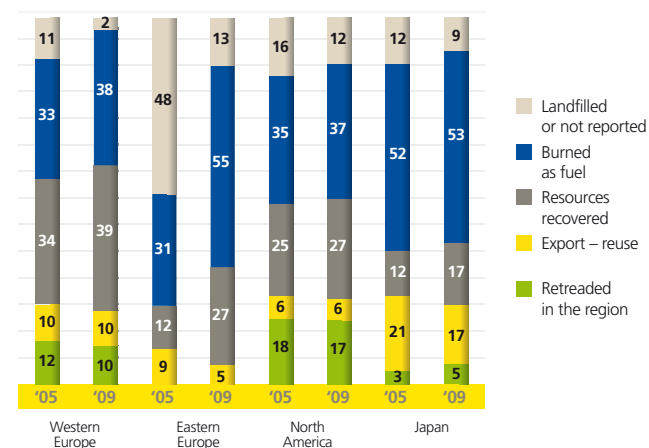
sold in the country. To fulfill these obligations, the producers set up a national not-for-profit management company, which is financed by a separate fee charged at the time of original sale. Michelin supports this type of system, which is widely used in Europe and has amply demonstrated its effectiveness. The recovery and recycling rate has reached 96% in the 27 Member States.

SUPPORTING THE DEVELOPMENT OF RECOVERY PROCESSES

Michelin is committed to making it easier to use the ELT derived products. In Europe, for example, these products are classified as non-hazardous waste, making their transport and processing more costly. To ease this cost burden, Michelin supports the initiative by the European Tyre and Rubber Manufacturers' Association (ETRMA) to have ELT derived products classified as a secondary raw material or as alternative energy. A key step in this process was taken on October 2, 2008 when the European Parliament and Council adopted Directive 2005/0281 on waste.

+ Find out more about the environmental benefits of nine recovery and recycling solutions at www.aliapur.fr

PERCENTAGE OF TOTAL USED TIRES RECOVERED (AS A PERCENTAGE OF TOTAL VOLUME IN TONNAGE)



Sources: European Tyre and Rubber Manufacturer's Association (ETRMA), Rubber Manufacturers Association (RMA), Rubber Association of Canada (RAC), Japan Automobile Tyre Manufacturer Association (JATMA).



INNOVATING BETTER AND FASTER

— With 1.6 billion vehicles expected on the road in 2030, sustainable mobility raises serious challenges. Time is running out and regulations are tightening by the day. To provide customers with the solutions they expect, all of Michelin's research and marketing teams are working closely together to innovate better and faster.



FOCUS ON...

THE CHALLENGES OF INNOVATION



Covering 450 hectares in Ladoux, near Clermont-Ferrand, the Michelin Technology Center has 19 road and analytical tracks over 41 kilometers to test grip, handling, endurance, noise and ride comfort. Every year, it conducts 37,000 tests for the Group, as well as for our carmaker customers and automotive equipment partners.

In a world of swift, profound change, innovation has to move into higher gear. The challenges for Michelin are to:

- Maintain our lead, so we can attract and retain customers in an increasingly competitive marketplace.
- Sustain our premium pricing policy by delivering superior value, which customers expect and can clearly perceive. This challenge is being addressed primarily by leveraging and showcasing the recognized quality and technical leadership of our products and solutions.
- Ensure the future of road mobility by helping to bring to market solutions that are sustainable for customers, the environment and society.

Traditionally, innovation has been associated with increased performance, as perceived by customers. In recent years, however, a new dynamic has emerged, which also

sees innovation as something that helps to preserve natural resources and the environment. This means not only that a broader range of specifications and requirements must be met, but also that social issues must be addressed and the proper balance between growth and the environment must be achieved if we want innovation to be responsible and sustainable.

ACCELERATING THE INNOVATION PROCESS THROUGH COOPERATION

Michelin has set ambitious targets for reducing significantly the mass, rolling resistance and rolling noise of its tires, while continuing to deliver the right balance of performance for each type of use. Our strength lies in the ability to offer the exact combination of safety, tread life, fuel efficiency and carbon savings, as well as comfort, silence, driving pleasure

“TODAY, INNOVATING MEANS NOT ONLY OFFERING NEW FEATURES OR PRODUCING MORE COST-EFFECTIVELY, BUT ALSO RESPONDING TO THE GROWING CONCERN WITH FINDING THE RIGHT BALANCE BETWEEN PROGRESS AND THE ENVIRONMENT.”

Patrick Oliva

Vice President Advanced Research and Sustainable Development

and range that each customer expects, depending on the powertrain and vehicle use. Only tires with high technology content can meet these challenges.

We also want to cut time-to-market in half by transforming our Research-Development-Industrialization process. New organizations and working methods have been deployed to present different ideas and projects to customers and markets as far upstream as possible, enhance cooperation with marketing and develop co-design programs with

carmakers. An integral part of this process is the Innovation to Market (I2M) program, which encourages research teams to cooperate seamlessly with production and sales to anticipate emerging customer expectations and over-the-horizon needs. This has led to an expanded role for our Field Engineers, who study how tires are actually used on and off the road. Their feedback from customer visits is integrated into product specifications and often opens the door to new market opportunities.

FOCUS ON...

FIRST TO MARKET WITH NEW SOLUTIONS

By capitalizing on its deep innovation capabilities, Michelin can design and produce tires and solutions that meet consumer needs, comply with current and future legislation and support carmakers in their own innovation drives. This can be seen in just three examples:

- Starting in 2012, tires sold in Europe will have to meet performance criteria, with standardized labels displaying information on energy efficiency, as measured by how much fuel the tire saves, road safety, as measured by braking distance on wet pavement, and rolling noise. Thirty percent of the tires currently on the market will not meet these requirements. Michelin, which invented the first low rolling resistance tire in 1992, is far ahead of the pack with its fourth genera-

tion MICHELIN Energy™ Saver tire, which guarantees unflinching safety performance and unrivaled mileage.

- Also starting in 2012, European carmakers will have to pay excess emission premiums on new cars that do not meet carbon emission standards. The premiums begin with the first gram of excess carbon and will be adjusted upward over time. With an average four-gram gain compared with the market average, the MICHELIN Energy™ Saver tire helps carmakers to reduce carbon emissions and stay under the tax thresholds without any other vehicle modifications. Fifteen months after it was launched, the tire has been certified as original equipment on more than 160 models from the world's largest carmakers – an unprecedented achievement. - In a broader sense, Michelin knows more than anyone

"STARTING IN 2012, TIRES SOLD IN EUROPE WILL HAVE TO MEET PERFORMANCE CRITERIA, WITH STANDARDIZED LABELS"

about how tires, suspension systems and powertrains interact. This unrivalled expertise is being leveraged to offer carmakers solutions that can reduce carbon emissions by up to 10 grams or significantly increase the driving range of hybrid vehicles and pure electrics, which is a key factor in the buying decision.

By foreseeing how mobility is changing, Michelin is able to deliver innovative solutions that push back the envelope of what is possible. At the 2010 Challenge Bibendum in Rio de Janeiro, for example, Michelin shared its vision of addressing emerging demand for cleaner

mobility with a range of innovative tire solutions. These include the conventional, yet ambitious, solution of constantly improving the rolling resistance of popular-size tires; a small-tire solution for city cars, with 10-inch tire/wheel assemblies that enable smaller, lighter designs; and a large-tire solution for executive models with narrow treads to optimize their aerodynamics. Another solution involves the Michelin Active Wheel as a replacement for the traditional tire-wheel assembly.

1899

LA JAMAIS CONTENTE



— Also known as "The Never Satisfied", this electric vehicle riding on Michelin tires was the first car to go over 100 kmh. Its designer was also never satisfied, as he constantly looked for solutions to improve the car's performance, just like Michelin today.

2008

MICHELIN ACTIVE WHEEL



— Michelin Active Wheel combines a suspension system, brake and battery- or fuel cell-powered motor. A flagship example of Michelin's technical creativity, this breakthrough innovation eliminates the need for a clutch, drive shaft and differential, paving the way for a completely new type of automobile.

01 A small tire/wheel assembly for electric vehicles

A new approach to the mobility of tomorrow is being taken with a small 10-inch tire/wheel assembly, whose size allows for a roomier passenger compartment and helps to optimize fuel consumption. In addition, its technological content enables the assembly to carry around 25% heavier loads than similar sized tires available on the market.

02 The Michelin Lunar Wheel airless wheel concept.

03 A Shell Eco Marathon vehicle running trials on a Michelin test track.



01



02

"MICHELIN'S STRENGTH LIES IN ITS ABILITY TO ANTICIPATE, BRING TOGETHER THE NECESSARY RESEARCH, DEVELOPMENT AND PROCESS ENGINEERING RESOURCES AND RESPOND PROACTIVELY TO MARKET EXPECTATIONS."

Philippe Denimal,
Research Director, Michelin.



03

DEFINITION



ROLLING RESISTANCE

With every turn of the wheel, the tire changes shape and heats up, releasing energy that is measured in terms of a parameter known as rolling resistance. The fuel used to overcome this rolling resistance amounts, on average, to one full tank out of five for a car and one out of three for a truck. Reducing rolling resistance helps to save energy, thereby lowering carbon emissions and increasing the range of electric vehicles.

The choice of tires makes all the difference, as rolling resistance can vary on the same vehicle by 50% depending on the tire.

Michelin has launched four generations of low rolling resistance tires since 1992, for a total reduction in rolling resistance of 25%.

// Aren't you afraid that standardizing processes will stifle innovation? //

JUST BETWEEN US



**A QUESTION FOR
DIDIER MIRATON,
MANAGING PARTNER**

// **Technological audacity is an integral part of Michelin's success.** We don't want to stifle innovation – on the contrary, we want to innovate more, better and faster to satisfy the customers of tomorrow. Our Innovation to Market (I2M) program is designed to make the innovation process more efficient, from the moment a new idea emerges or a new need is identified until the new product is finally brought to market.

Satisfying the customers of tomorrow

The Technology Center develops demonstrators for possible solutions, which are presented to carmakers, dealers or end-users. Their feedback helps us to understand their expectations better and to detect emerging opportunities. The solutions can then be enhanced, expanded, transformed or perhaps abandoned if they turn out to be ineffective. As well, their market value can be measured through prototypes and customer trials. Throughout the process, the business model is gradually constructed and fine-tuned. Thanks to the simulation tools in our cross-functional OPCRI production cost management system, the Research-Development-

Industrialization department can calculate a new product's production cost from design to manufacturing, which makes for faster decision making. In the end, this structured approach reduces the risks involved in launching an innovation, speeds time to market and, most importantly, benefits customers who get the right products and services to meet their needs.

Our environment is changing very quickly and we need to be able to respond swiftly and, when necessary, offer solutions in a matter of months, not years. This requires cooperation, which standardized processes help to make more efficient and productive."

"MICHELIN'S FIELD ENGINEERS OBSERVE AND REPORT ON THE CONDITIONS IN WHICH TIRES ARE REALLY USED. THEY HELP US TO DEVISE THE RIGHT SOLUTIONS TO MEET REAL-WORLD NEEDS."

Pete Selleck,

President, Truck Tire Business

— For Michelin, 2010 was a year of strong growth, enhanced manufacturing flexibility and historically high operating margins and return on capital employed.

The foundations have now been laid for a new phase of dynamic growth, built on the dedication and professionalism of our teams, the value of our brands and the strength of our balance sheet. In 2010, our respect for people (as demonstrated in our workplace safety record), along with our environmental management systems, contribution to sustainable mobility and effective corporate governance practices, earned Michelin a slot in the leading socially responsible investment indices – including the DJSI World and DJSI Europe indices, the Ethibel Sustainability Index and Vigeo's ASPI Eurozone Index.

FINANCIAL, SOCIAL AND ENVIRONMENTAL PERFORMANCES



FINANCIAL, SOCIAL AND ENVIRONMENTAL PERFORMANCE

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ANALYSIS OF 2010 CONSOLIDATED RESULTS

— Consolidated net sales rose 20.8% to €17.9 billion in 2010. Operating income stood at €1,695 million for the year, or 9.5% of net sales, up a significant 3.7 points on 2009.

- The 13.4% increase in sales volumes was led by the Group's global presence and the rebound in mature markets.
- The responsive pricing policy was pursued in the face of rising raw materials prices.
- The year saw sustained productivity gains and cost reductions.
- Net income improved sharply, to €1,049 million.
- Solid free cash flow was generated at a time of:
 - Sharply rebounding demand.
 - Rising raw materials prices.
 - Revitalized capital expenditure.
 - Prepaid contributions to pension plans.
- These gains fed through to a robust 10.5% return on capital employed.
- At the Annual Shareholders Meeting of May 13, 2011, shareholders will be asked to approve a 2010 dividend of €1.78.

2010 NET SALES AND RESULTS

NET SALES

Consolidated net sales amounted to €17,891 million, **up 20.8% at current exchange rates compared with 2009.**

The increase was led by a 13.4% improvement in sales volumes and a 1.7% gain from the price mix, as higher prices amply offset the impact of an unfavorable product mix throughout the year. The latter reflected the faster growth in original equipment volumes than in the replacement segment. The favorable 2.6% price effect gathered momentum on price increases in every region and the application of contractual clauses indexing prices to raw materials costs.

The 4.8% positive currency effect resulted mainly from increases in the US dollar, Brazilian real, Canadian dollar and Australian dollar against the euro.

RESULTS

Operating income before non-recurring income and expenses amounted to €1,695 million or 9.5% of net sales, compared with €862 million and 5.8% in 2009. There were no non-recurring items recognized for the year.

The €833 million increase in operating income and 3.7-point improvement in operating margin, before non-recurring income and expenses, mainly reflected the favorable impact of higher volumes (€914 million), the price mix (€278 million, including €391 million from higher prices) and the currency effect (€184 million). Higher raw materials prices reduced operating income by €544 million.

Net income for the year came to €1,049 million.

NET FINANCIAL POSITION

Free cash flow stood at a positive €426 million for the year, despite a strong rebound in business, higher raw materials costs, an upswing in capital expenditure to €1.1 billion and a prepaid contribution to pension plans totaling €270 million.

Following the success of the €1.2 billion rights issue, **gearing declined to 20%** at December 31, 2010, while net debt was reduced to €1,629 million, from €2,931 million at year-end 2009.

SEGMENT INFORMATION

Passenger car and light truck tires and related distribution

In all, net sales in the Passenger Car and Light Truck Tires and Related Distribution segment stood at €9,790 million for the year, up 18.2% on 2009. Unit sales were sustained throughout the year by firm demand for winter tires and the strength of the MICHELIN brand. The price mix remained favorable despite the OE/replacement market mix, reflecting price increases implemented throughout the year to help offset higher raw materials prices and ongoing improvements in the segment/speed rating mix.

The sharp rise in volumes, especially in winter tires, the amply positive price-mix in the face of higher raw materials costs and the improvement in manufacturing costs at a time of high capacity utilization helped to lift operating income before non-recurring income and expenses to €1,014 million or 10.4% of net sales, compared with €661 million and 8.0% in 2009.

Truck tires and related distribution

Net sales in the Truck Tires and Related Distribution segment amounted to €5,680 million for the year, up 26.3% on 2009. Sales volumes rose sharply against low prior-year comparatives, with faster growth at the end of the year causing certain supply issues in mature markets. Despite an unfavorable OE/replacement market mix, the price-mix improved quarter after quarter, thanks to the gradual application of price increases to pass on rising raw materials prices.

At a time of sharply rising raw materials costs, operating income before non-recurring income and expenses came to €249 million,

thanks to higher volumes, the segment's improved competitiveness and the responsive pricing policy.

Specialty businesses

Net sales from the Specialty Businesses came to €2,421 million, a gain of 19.2% on 2009. Growth was led by Michelin's powerful momentum in every tire market, as well as by the application of contractual clauses indexing prices to raw materials costs.

Operating margin before non-recurring income and expenses stood at a structurally high 17.8%, compared with 13.3% in 2009. The improvement was due to i) the increase in tonnages sold in each of the Specialty tire businesses, with a significant contribution from the Earthmover segment and ii) the favorable impact in the second half of the increase in prices indexed to raw materials costs.

COMMENTING ON THE GROUP'S PERFORMANCE, **MICHEL ROLLIER, MANAGING PARTNER**, SAID:

"For Michelin, 2010 was a year of strong growth, enhanced manufacturing flexibility and historically high margins. In recent years, we have laid the foundations for a new phase of dynamic growth, built on the dedication and professionalism of our teams, the value of our brands and a clearly strengthened balance sheet.

Leveraging these improvements, Michelin has embarked on a new phase of faster growth, supported by an unprecedented capital expenditure program, and aims to increase its sales volumes by at least 6.5% in 2011.

In response to the sharp increase in raw materials costs, the Group will maintain its dynamic pricing policy and, barring any major change in the economic environment, expects to see an increase in operating income in 2011.

In light of our capital expenditure commitments and the increase in raw materials costs, free cash flow is expected to be temporarily negative in 2011. Nevertheless, Michelin confirms its objective of generating positive free cash flow over the entire 2011-2015 period."

MICHELIN'S FINANCIAL AND ECONOMIC IMPACT ON STAKEHOLDERS

Michelin contributes to economic and social activity in 170 countries around the world.

- 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 176 million tires and 10 million maps and guides were produced in 2010.
- Around the world, more than 600,000 people produce the natural rubber used by Michelin.

The Group sources from more than 45,000 suppliers of other raw materials, goods and services.

- Group products are marketed in more than 170 countries. In addition to its integrated dealerships and service centers, Michelin has forged more than 1,000 TyrePlus partnerships in nine fast growing countries.
- Michelin also counts 75 Michelin Lifestyle license partners, who have chosen the MICHELIN brand to stimulate their product sales. MICHELIN-licensed products generated an estimated 200 million in revenue in 2010.

2010

In € millions	Inflows	Outflows
Customers	17,891	
Suppliers		10,738
Employees		4,836
Shareholders ⁽¹⁾	1,192	149
Banks and lenders		226
Capital expenditure		1,100
Taxes		584
Associations, community outreach, support		18

(1) Inflows = capital increase and outflows = dividends

CONSOLIDATED INCOME STATEMENT

(in € millions except per share data)	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006
Net Sales	17,891	14,807	16,408	16,867	16,384
Cost of sales	(12,403)	(10,527)	(12,024)	(11,760)	(11,653)
Gross income	5,488	4,280	4,384	5,107	4,731
Sales and marketing expenses	(1,847)	(1,650)	(1,730)	(1,738)	(1,799)
Research and development expenses	(545)	(506)	(499)	(561)	(591)
General and administrative expenses	(1,237)	(1,113)	(1,161)	(1,069)	(965)
Other operating income and expenses	(164)	(149)	(74)	(94)	(38)
Operating income before non-recurring income and expenses	1,695	862	920	1,645	1,338
Non-recurring expenses	-	(412)	(77)	(326)	(220)
Operating income	1,695	450	843	1,319	1,118
Cost of net debt	(236)	(262)	(330)	(294)	(315)
Other financial income and expenses	10	10	(3)	29	135
Share of profit/(loss) from associates	29	9	10	17	4
Income/(loss) before taxes	1,498	207	520	1,071	942
Income tax	(449)	(103)	(163)	(299)	(369)
Net income/(loss)	1,049	104	357	772	573
– Attributable to the shareholders of the Company	1,048	106	360	774	572
– Attributable to the non-controlling interests	1	(2)	(3)	(2)	1
Earnings per share (in €)					
– Basic	6.78	0.69	2.46	5.32	3.95
– Diluted	6.64	0.69	2.46	5.22	3.94

CONSOLIDATED BALANCE SHEET

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
Goodwill	416	403	401	401	438
Other intangible assets	360	321	310	200	181
Property, plant and equipment (PP&E)	7,193	6,782	7,046	7,124	6,848
Non-current financial assets and other assets	1,108	712	382	452	449
Investments in associates and joint ventures	93	71	65	62	71
Deferred tax assets	828	942	896	926	1,005
Non-current assets	9,998	9,231	9,100	9,165	8,992
Inventories	3,770	2,994	3,677	3,353	3,342
Trade receivables	2,770	2,314	2,456	2,993	3,237
Current financial assets	882	165	173	35	79
Other current assets	653	583	732	573	544
Cash and cash equivalent	1,590	1,231	456	330	680
Current assets	9,665	7,287	7,494	7,284	7,882
TOTAL ASSETS	19,663	16,518	16,594	16,449	16,874
Share capital	353	295	290	288	287
Share premiums	3,215	1,987	1,944	1,885	1,863
Reserves	4,556	3,210	2,874	3,109	2,527
Non-controlling interests	3	3	5	8	11
Equity	8,127	5,495	5,113	5,290	4,688
Non-current financial liabilities	3,251	3,568	3,446	2,925	2,736
Employee benefit obligations	2,457	2,374	2,448	2,567	2,730
Provisions and other non-current liabilities	938	1,105	760	895	818
Deferred tax liabilities	45	40	39	61	58
Non-current liabilities	6,691	7,087	6,693	6,448	6,342
Current financial liabilities	896	760	1,440	1,145	2,157
Trade payables	1,813	1,249	1,504	1,642	1,776
Other current liabilities	2,136	1,927	1,844	1,924	1,911
Current liabilities	4,845	3,936	4,788	4,711	5,844
TOTAL EQUITY AND LIABILITIES	19,663	16,518	16,594	16,449	16,874

CONSOLIDATED CASH FLOW STATEMENT

(in € millions)	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006
Net income	1,049	104	357	772	573
Adjustments					
– Cost of net debt	236	292	330	294	315
– Other financial income and expenses	(10)	(40)	3	(29)	(135)
– Income tax	449	103	163	299	369
– Amortization, depreciation and impairment of intangible assets and PP&E	965	940	928	823	871
– Non-recurring income and expenses	-	412	77	326	220
– Share of loss/(profit) from associates	(29)	(9)	(10)	(17)	(4)
EBITDA before non-recurring income and expenses	2,660	1,802	1,848	2,468	2,209
Other non-cash income and expenses	(14)	(28)	10	(26)	(75)
Change in provisions, including employee benefit obligations	(423)	(372)	(268)	(175)	(229)
Cost of net debt and other financial income and expenses paid	(177)	(207)	(266)	(277)	(311)
Income tax paid	(297)	(19)	(275)	(294)	(182)
Change in working capital, net of impairment	(427)	947	(134)	166	(221)
Cash flows from investing activities	1,322	2,123	915	1,862	1,191
Purchases of intangible assets and PP&E	(964)	(707)	(1,289)	(1,484)	(1,379)
Proceeds from sale of intangible assets and PP&E	61	47	52	106	102
Equity investments in consolidated companies, net of cash acquired	(4)	(1)	(1)	(106)	(41)
Disposals of equity investments in consolidated companies, net of cash sold	-	10	5	-	(3)
Purchases of available-for-sale investments	(14)	(5)	(62)	(5)	(60)
Proceeds from sale of available-for-sale investments	1	29	6	19	146
Cash flows from other financial assets	(743)	(109)	15	41	5
Cash flows from investing activities	(1,663)	(736)	(1,274)	(1,429)	(1,230)
Proceeds from issuance of shares	1,204	2	36	14	11
Dividends paid to the shareholders of the Company	(65)	(65)	(230)	(208)	(193)
Proceeds of the issuance of convertible bonds	-	-	-	694	-
Cash flows from financial liabilities	(437)	(667)	768	(1,262)	311
Other cash flows from financing activities	(39)	(20)	(93)	(12)	(7)
Cash flows from financing activities	663	(750)	481	(774)	122
Effect of changes in exchange rates	37	2	4	(9)	(14)
Increase/(Decrease) of cash and cash equivalent	359	639	126	(350)	69
Cash and cash equivalents as at January 1	1,231	592	330	680	611
Cash and cash equivalent as at December 31	1,590	1,231	456	330	680

ENVIRONMENTAL DATA

Unless otherwise indicated, the following environmental data have been reported from all of the companies controlled by Michelin worldwide. The list of consolidated companies may be found in the Registration Document.

	2010	2009	2008	2007	2006	GRI
Environmental management						
- Number of production facilities ⁽¹⁾	70	73	68	69	69	
- % of tires produced in ISO 14001**-certified facilities	99.1%	99.5%	99.5%	99.5%	99.4%	
Raw materials used (in value)						
- Natural rubber	34%	28%	31%	32%	31%	
- Synthetic rubber	25%	26%	25%	22%	22%	
- Reinforcing fillers	15%	16%	16%	15%	16%	
- Chemicals	12%	13%	13%	14%	13%	
- Steelcord	8%	10%	9%	9%	10%	
- Textile fabric	6%	7%	6%	8%	8%	
Energy consumption (Gj/t PP)**						
- Michelin fixed sources	8.0	9.0	8.5	9.0	10.5	EN3
- Electricity	5.2	5.9	5.5	5.4	5.6	EN4
- Outsourced steam	1.2	1.2	1.3	1.2	1.1	EN4
Renewable energies						
- CO ₂ emissions avoided (t)	24,000	23,300	31,200	12,400	-	
Water consumption (m³/t PP)**	11.8	13.3	12.8	13.3	14.9	EN8
Emissions						
- VOC (kg/t PP)**	2.89	3.04	3.13	3.48	3.97	EN20
- CO ₂ (t/t PP)**	1.28	1.43	1.35	1.37	1.48	EN16
- NO _x (kg/t PP)	0.83	0.82	0.82	0.89	0.85	EN20
- SO _x (kg/t PP)	0.96	1.17	1.08	1.27	1.22	EN20
Waste produced (kg/t PP)**						
- Waste produced (kg/t of finished product)	109.5	121.1	127.5	128	130	EN22
- Quantity of waste sent to landfill (kg/t of finished product)	10.2	13.3	16.2	20	26	EN22
Recovery and reuse of end-of-life tires						
- Western Europe (% of total volume) ⁽²⁾	N/A	98%	96%	95%	89%	EN27
- North America (% of total volume) ⁽²⁾	x	87%	x	x	x	EN27
Environmental expenditure						
Capital expenditure and operating expenses (in € thousands)						
- Air pollution prevention	4,888	2,237	6,808	19,181	18,582	
- Surface water pollution prevention	1,696	1,996	3,392	4,809	3,399	
- Underground water and ground pollution prevention	2,514	1,439	2,064	3,192	4,137	
- Other preventive actions	11,691	8,231	10,727	7,273	6,963	

(1) Beginning in 2009, the number of production facilities includes component and semi-finished product plants. (2) 2010 figures will be available in 2011. ** Data related to these indicators have been reviewed by PricewaterhouseCoopers.

EMPLOYEE DATA

Unless otherwise indicated, the following employee data have been reported from all of the companies controlled by Michelin worldwide.
The list of consolidated companies may be found in the Registration Document.

	2010	2009	2008	2007	2006	GRI
Total workforce at December 31**	111,090	109,193	117,565	121,356	123,975	LA1
Total workforce by region						
- Europe ⁽¹⁾	68,057	68,344	73,784	77,326	79,318	LA1
- North America	21,778	21,141	22,987	23,095	22,923	LA1
- South America	5,673	5,454	6,201	6,322	6,172	LA1
- Asia-Pacific	14,502	13,246	13,476	13,455	13,172	LA1
- Africa-Middle East	1,080	1,008	1,117	1,158	2,390	LA1
Workforce by gender						
- Male	85.6%	86.0%	86.1%	86.1%	86.3%	LA13
- Female	14.4%	14.0%	13.9%	13.9%	13.7%	LA13
Workforce by employee category⁽²⁾ (in %)						
- Production workers	64.5%	64.8%	66.7%	66.7%	67.6%	LA1
- Administrative and technical staff	29.2%	29.3%	27.4%	27.6%	26.8%	LA1
- Managers	6.3%	5.9%	5.9%	5.7%	5.6%	LA1
Workforce by age (in %)						
- 24 and under	6.1%	4.9%	6.1%	6.7%	6.8%	
- 25-34	26.6%	26.0%	26.2%	27.1%	26.7%	
- 35-44	26.0%	25.9%	24.9%	25.1%	24.4%	
- 45-54	25.4%	26.8%	27.1%	28.7%	30.0%	
- 55-64	15.7%	16.2%	15.6%	12.2%	12.0%	
- Over 65	0.2%	0.2%	0.1%	0.1%	0.1%	
Workforce by length of service (in %)						
- Less than 2 years	17.9%	9.9%	N/A	N/A	N/A	
- 2-5 years	13.1%	14.7%	N/A	N/A	N/A	
- 5-10 years	16.8%	18.2%	N/A	N/A	N/A	
- 10-15 years	13.0%	13.8%	N/A	N/A	N/A	
- 15-20 years	5.9%	6.3%	N/A	N/A	N/A	
- Over 20 years	33.3%	37.1%	N/A	N/A	N/A	
Movements during the year						
- New hires	11,919	5,705	11,458	11,642	10,895	
- Natural attrition	4,995	5,425	7,755	7,738	8,240	
- Negotiated redundancies	3,923	5,514	5,513	6,693	4,381	
- Pre-retirement	1,011	1,446	1,932	2,673	2,988	
Part-time contracts (in %)	2.2%	1.8%	2.0%	2.2%	4.5%	

EMPLOYEE DATA

	2010	2009	2008	2007	2006	GRI
Training						
- Percentage of training hours per total hours worked	4.2%	3.9%	4.2%	3.7%	2.9%	LA10
- Percentage of employees who received training	83%	83%	83%	77%	70%	
- Number of training hours per employee per year	64	60	64	63	52	LA10
Type of training						
- Specific professional training	91%	80%	78%	80%	77%	
- Management training	4%	8%	12%	11%	14%	
- General training	5%	12%	10%	8%	9%	
Absenteeism (production workers)	3.8%	3.9%	4.2%	4.0%	4.0%	
- Sick leave	2.0%	2.1%	2.3%	2.5%	2.2%	
- Injury leave	0.1%	0.1%	0.2%	0.2%	0.7%	
- Long-term leave	1.7%	1.7%	1.8%	1.3%	1.1%	
Occupational accidents						
- Number of lost-time injuries, Groupwide	195	217	311	390	438	
- Lost time injury frequency rate**	1.19	1.41	1.85	2.39	2.55	LA7
- Severity rate**	0.14	0.18	0.21	0.21	0.21	LA7
- Number of plants with zero recordable incidents	34	32	30	18	7	
Percentage of disabled people in the workforce (in %)	2.8%	2.5%	2.2%	2.6%	2.8%	
Percentage of women in management positions	16.7%	15.8%	15.9%	15.1%	14.8%	LA13
Percentage of women among top managers	11.6%	10.5%	8.9%	9.3%		LA13
Percentage of women among senior managers	7.0%	6.5%	5.2%	4.9%	4.8%	LA13
Percentage of non-French people among top managers	46.1%	45.7%	44.2%	43.5%	43.6%	LA13
Percentage of non-French people among senior managers	36.7%	36.5%				LA13
Number of collective bargaining agreements	47	49	48	35	39	

(1) Including Russia and Turkey.

(2) Excluding distribution.

** Data related to these indicators have been reviewed by PricewaterhouseCoopers.

SHARE INFOR- MATION

THE MICHELIN SHARE IS TRADED ON THE NYSE Euronext PARIS STOCK EXCHANGE

- Compartment A
- Eligible for the SRD deferred settlement system
- ISIN: FR 0000121261
- Par value: €2
- Traded in units of: 1
- Shares outstanding: 176,607,845, all fully paid-up
- Voting rights outstanding: 226,828,425
- Number of shareholders: 232,471, of which
 - 3,965 institutional investors
 - 158,719 individual shareholders
 - 69,787 employee shareholders

MARKET CAPITALIZATION

€9.484 billion at December 31, 2010

AVERAGE DAILY TRADING VOLUME

1,116,722 shares in 2010

INDICES

The Michelin share is included in two leading stock market indices As of December 31, 2010, it represented :

- 1.34% of the CAC 40 index
- 0.57% of the Euronext 100 index

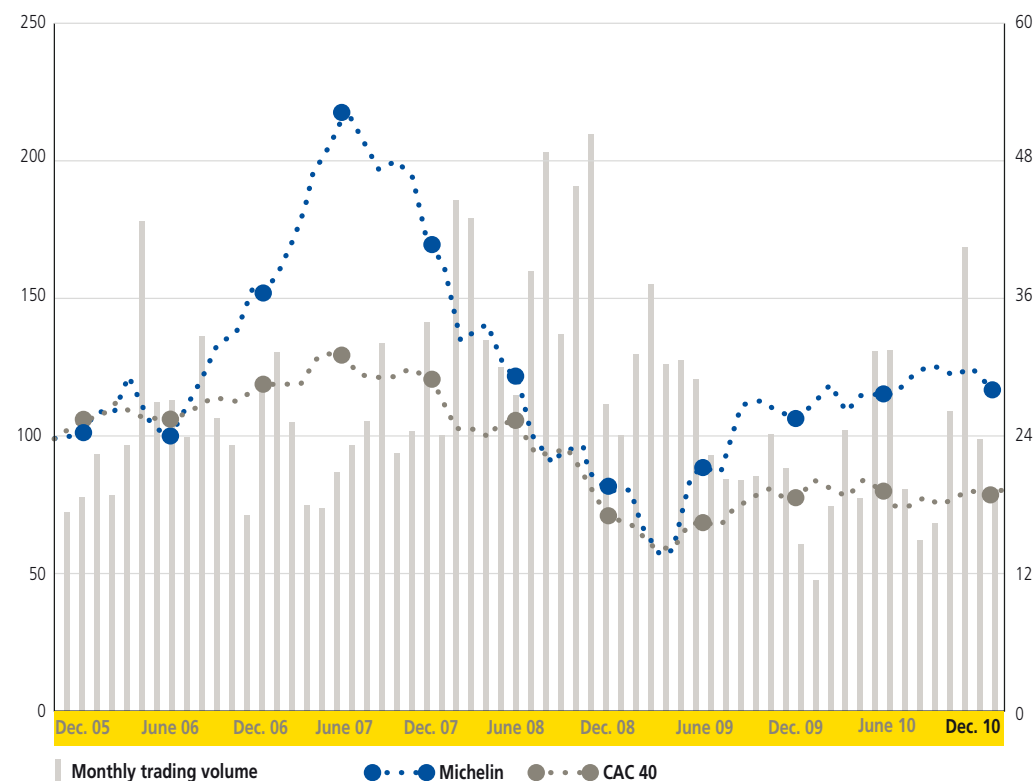
Socially Responsible Investing (SRI) Indices

- DJSI (*Dow Jones Sustainability Index*)
- DJSI Europe
- DJSI World for global sustainability leaders
- ESI (*Ethibel Sustainability Index*) - Europe
- *Advanced Sustainable Performance Index (ASPI)* Eurozone

SHARE PERFORMANCE 2006-2010

Base 100: December 31, 2005

Monthly trading volume in millions



SHARE DATA

Share price (in €)	2010	2009	2008	2007	2006
High	64.51	58.67	79.90	106.70	73.30
Low	48.13	22.69	30.65	67.75	43.21
High/low ratio	1.34	2.59	2.61	1.57	1.70
Closing price, end of period	53.70	53.58	37.57	78.50	72.50
Change over the period	+0.2%	+42.6%	-52.1%	+8.3%	+52.7%
Change in the CAC 40 index over the period	-3.3%	+22.3%	-42.7%	+1.3%	+17.5%
Market value at end of period (in € billions)	9.48	7.90	5.45	11.30	10.41
Average daily trading volume over the period	1,116,722	1,138,691	1,740,267	1,217,949	1,191,679
Average shares outstanding	152,902,704	146,184,080	144,495,251	143,770,101	143,390,450
Volume of shares traded over the period	288,114,287	291,504,866	445,508,266	310,577,078	303,878,126
Share turnover ratio	188%	199%	308%	216%	212%

Source: Euronext NYSE.

PER-SHARE DATA

in € per share, except ratios	2010	2009	2008	2007	2006
Net assets per share	46.0	37.2	35.2	36.7	32.6
Basic earnings per share	6.78	0.69 ⁽¹⁾	2.46	5.32	3.95
Diluted earnings per share ⁽²⁾	6.64	0.69 ⁽¹⁾	2.46	5.22	3.94
Price-earnings ratio	7.9	77.7	15.3	14.8	18.4
Dividend for the year	1.78 *	1.00	1.00	1.60	1.45
Pay-out ratio	30.0%	140.8%	40.7%	30.1%	36.7%
Yield ⁽³⁾	3.3%	1.9%	2.7%	2.0%	2.0%

* Subject to approval at the May 13, 2011 Annual Shareholders Meeting.

(1) 2009 earnings per share have been restated to take into account the impact of the October 2010 rights issue.

(2) Earnings per share adjusted for the effect on net income and on the average number of shares of the exercise of outstanding dilutive instruments.

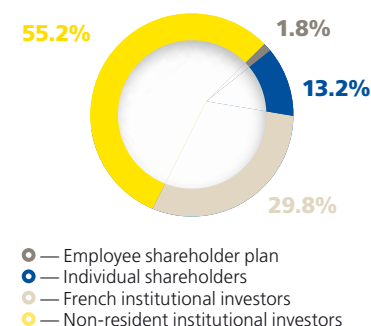
(3) Dividend / Share price at December 31.

CHANGES IN SHARE CAPITAL IN 2010

Shares outstanding at December 31, 2009	147,436,357
Shares issued on conversion of "OCEANE" convertible bonds	346
Shares issued on dividend reinvestment	1,735,759
Shares issued on exercise of stock options	275,507
Shares issued on exercise of pre-emptive subscription rights	27,159,876
Shares outstanding at December 31, 2010	176,607,845
Average weighted shares outstanding used in 2010 to calculate:	
- Basic earnings per share	152,903,000
- Diluted earnings per share	160,011,000

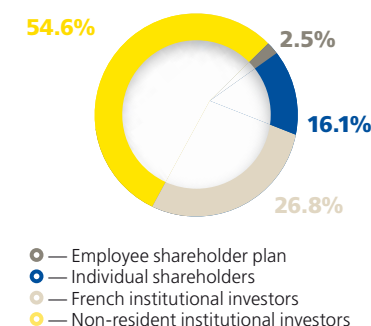
CAPITAL STRUCTURE

At December 31, 2010



VOTING RIGHTS STRUCTURE

At December 31, 2010



Shares held in the same name for at least four years carry double voting rights.

RISK MANAGEMENT

— Michelin's risk management process is guided by a proactive, systematic approach that in 2010 earned the Risk Strategy and Assessment Prize from French business and financial newspaper AGEFI.



FOCUS ON...

RISK MANAGEMENT



Like most large corporations, Michelin is exposed to a large number of risk factors, including industrial and product risks directly related to its business, as well as financial, legal, fraud and other risks. Operating risks are carefully tracked using a dedicated management system that first identifies risks through assessment programs and then, depending on their acceptability, addresses them with appropriate prevention, protection, business continuity and crisis management plans.

The risk management process involves three main stakeholders:

- The Corporate Departments and Performance Divisions, which assess risks in their respective areas, define risk acceptability

guidelines and recommend effective prevention, protection and business continuity plans.

- Line managers, who assess risks in their units and implement the recommended solutions.

- The Group Audit and Risk Management Department, which leads the process and ensures quality control.

DEVELOPING OUR RESOURCES

Operational risk assessment forms an integral part of the planning process, during which critical success factors are identified and a sensitivity analysis is performed on the main assumptions underlying the objectives. Strategic risks are specifically addressed as part of this process.

AN EFFECTIVE RISK ASSESSMENT POLICY SEAMLESSLY ALIGNED WITH OUR STRATEGIC VISION

FRAUD RISK

In 2010, new Group-wide guidelines were issued on managing the risk of internal fraud. Under them, every regional chief executive is expected to deploy a fraud management system with measures to prevent, detect and handle cases of fraud. Corporate and regional Anti-Fraud Committees are in place to ensure that these systems are effective and operate efficiently.

CODE OF ETHICS

Also in 2010, the Michelin Code of Ethics was published to supplement the Performance and Responsibility Charter and current Group guidelines and policies. Available in 13 languages, the Code defines standards of behavior to help employees make the right decisions when confronted with an ethical issue.

"IN TODAY'S FAST-CHANGING ENVIRONMENT, MICHELIN NEEDS OPERATING METHODS AND PROCEDURES THAT DELIVER RESPONSIVENESS AND AGILITY."

CAREFULLY MANAGED PROCESSES

During the year, Michelin continued to devise business continuity plans, set up, train and drill the crisis management units and roll out an Environmental and Risk Prevention Management System in the production facilities, with full deployment scheduled for the end of 2011.

CORPORATE GOVERNANCE AND INTERNAL COOPERATION

In today's fast-changing environment, Michelin needs operating methods and procedures that deliver responsiveness and agility. In turn, this means that everyone has to have a clear vision of his or her responsibilities and of the principles that guide cooperation with other Group units. That's why in 2010, a Michelin Corporate Governance Manual was published for executives

with a leadership role at the corporate, regional or country level. It outlines each unit's missions and responsibilities, defines recommended operating procedures and governance organizations, and describes the behavior expected of managers in line with our values. More specifically, the manual lists best practices developed in recent years i) to drive greater de-siloing and improve the effectiveness of the cross-functional improvement plans and ii) to ensure that local line managers have the support they need to meet their objectives.

To find out more about risk management and internal control, please refer to sections 2.11 and 4.6 of the 2010 Registration Document.

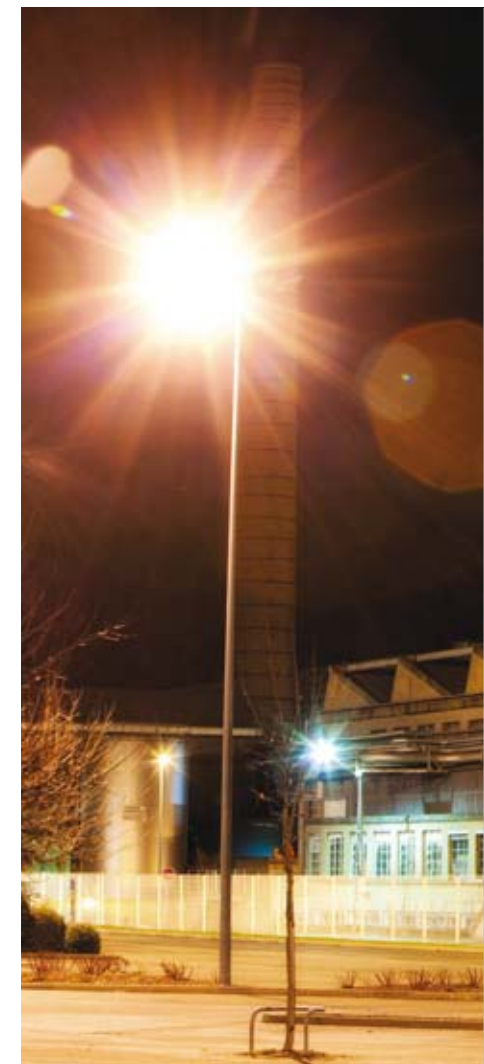


01 Michelin wins French Internal Control Award

Michelin's Internal Audit unit was recognized for its outstanding contribution to effective risk management and internal control at the first Internal Control Awards organized by the BearingPoint consultancy and the French Institute of Internal Auditors (IFACI).



01



15 key processes

IDENTIFIED, MANAGED AND AUDITED

The financial security of all of the 15 key processes that impact performance, asset integrity and the reliability of the Group's financial information are now audited by the financial internal control team.

12 classes

OF OPERATING RISKS

Michelin also carefully manages operating risks, which have been classified into 12 categories: accounting and finance; business continuity; the environment; fraud and ethical misconduct; skills and expertise drain; reputation and brand image; information technology; legal and tax; products and services; continuity of supply; safety and security; and labor relations.

RISK DATABASE

— SINCE 2004, THE PROPRIETARY MICHELIN SECURISTAT SOFTWARE HAS BEEN USED TO COLLECT AND PROCESS RISK MANAGEMENT EVENT DATA TO MAKE IT EASIER FOR EMPLOYEES TO LEVERAGE FEEDBACK AND SHARE BEST MANUFACTURING PRACTICES.



// How can the Group instill its Code of Ethics and ensure compliance? //

JUST BETWEEN US



**QUESTIONS FOR
PHILIPPE LEGREZ
GENERAL COUNSEL**

// **We started to distribute the Code of Ethics to managers in the fall of 2010** and then more broadly in 2011. It will be available on our intranet, for example, and amply distributed during new hire onboarding programs and dedicated training sessions.

Managerial awareness is crucial. Managers need to make sure that the company is complying with rules and regulations, listen closely to their team members

and provide effective support when necessary.

Whenever an ethical issue arises, employees who are unsure of the proper course of action should feel free to consult their supervisors or a representative from their country organization's legal department. We've established straightforward procedures that make it easy for employees to reach out confidentially. In certain countries, dedicated hotlines will be set up for whistle-blowers.

Why are you issuing a Code of Ethics now?

We wanted to highlight Michelin's commitment to the core values of respect and responsibility.

The Group is expanding rapidly in new geographies and hiring

new employees. This diversity is a strength that will deliver even greater benefits if we share common values and guidelines.

By complying with the highest ethical standards, we will enhance Michelin's attractiveness and ability to inspire trust. There is absolutely no incompatibility between striving for performance and applying strict standards in the way we conduct our business—on the contrary. Everyone is responsible for complying with the Code of Ethics, which will drive progress for us all."

DEFINITION



THE INTERNAL AUDIT AND RISK MANAGEMENT DEPARTMENT

The Internal Audit and Risk Management Department, which reports directly to the Managing Partners, is responsible for helping the Group manage its operating risks more effectively. The entire process is defined, led and coordinated by the Risk Manager, who ensures that all of the major risks are under control. The Internal Audit unit verifies the quality of the risk management system and the action plans designed to improve it, thereby closing the process loop. The unit's remit covers all of our business processes and units, as well as the 12 classes of operating risks.

The Internal Audit and Risk Management Department has 40 employees representing some ten nationalities, who have several years of operational experience in one of the 12 risk classes. Any time an audit reveals material risks, an identical follow-up audit is performed one or two years later to assess changes in the situation.

FULL-SCALE TRIALS ON BURNING TIRES WERE CONDUCTED TO SELECT THE MOST EFFECTIVE AUTOMATIC SPRINKLER SYSTEMS FOR OUR WAREHOUSES.

REVIEW REPORT FROM PRICEWATERHOUSECOOPERS AUDIT

Review report from one of the statutory auditors, PricewaterhouseCoopers audit, on the processes used to compile certain social and environmental information, and on certain social, and environmental indicators.

This is a free translation into English of the Statutory Auditor's review report issued in the French language and is provided solely for the convenience of English speaking readers. The review report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Further to your request and in our capacity as Statutory Auditor of the Michelin Group, we have carried out a review for the purpose of enabling us to express moderate assurance on the processes used to compile certain social and environmental information published by the Michelin Group in its Annual and Sustainable Development Report for 2010:

- Social information includes indicators for "Frequency rate" and "Severity rate" for workplace accidents, "Headcount", "Full-time equivalent Headcount", "Absenteeism", "Training access rate", and "Male/female distribution by status and geographic zone";
- Environmental indicators include "Water consumption", "Energy consumption", "Volatile organic compound emissions", "Sulfur dioxide emissions", "Nitrogen dioxide emissions", "CO₂ emissions", "Total weight of waste produced", "Total weight of waste landfilled", "Percentage of finished products manufactured in ISO-14001 certified facilities", "MEF".

We have also carried out a review for the purpose of enabling us to express moderate assurance on certain of the social and environmental indicators listed above (marked "***" in this 2010 Annual and Sustainable Development Report).

These processes, together with the indicators set forth in this 2010 Annual and Sustainable Development Report, are the responsibility of the Michelin Group "Manufacturing Performance Division", the "Personnel Group Department", and the "New Projects and Sustainable Development Direction", in accordance with the Group's internal reporting standards. These standards are available on request from the Group's head office. Our responsibility is to express our conclusion on these data compilation processes as well as on these indicators, based on our work.

NATURE AND SCOPE OF OUR WORK

We performed our works in accordance with the doctrine of the Compagnie Nationale des Commissaires aux Comptes relative to this mission.

We performed the procedures described below to obtain moderate assurance that no material irregularities exist with regard to the processes used to compile certain social and environmental information as well as certain social and environmental indicators published. We did not perform all of the procedures required to obtain reasonable assurance (a higher level of assurance).

We performed the following procedures with regard to the processes used to compile the social and environmental information:

- We assessed the procedures used to report the above-mentioned social and environmental information in light of the relevance, reliability, objectivity and understandability of such information;
- We conducted interviews with the persons responsible for compiling and consolidating the data and applying the procedures at Group level, in order to verify that the procedures had been properly understood and implemented. We also met with people from the following divisions and departments: the "Finance Group Department", the "Personnel Group Department / Training"; the "Personnel Group Department / Global Compensation", the "Manufacturing Performance Division / Environment and Hygiene", the "Manufacturing Performance Division / Persons and Goods Safety";
- We performed consistency checks on a test basis in order to verify that the data had been correctly centralized and consolidated.

In addition to the work regarding the above-mentioned reporting procedures, for the social and environmental indicators marked "***" in this 2010 Annual and Sustainable Development Report, we selected a sample of industrial plants (Ardmore, Bad Kreuznach, Bridgewater, Dundee, Fossano, La Combaude, Louisville, Phrapradaeng, Shenyang, Spartanburg) on the basis of their contribution to the Group's consolidated data. We checked, on site, that the procedures had been properly understood and implemented at these selected sites and performed in-depth checks on a test basis to verify the calculations and reconcile the data with the supporting documents. The contribution of these sites to the consolidated data was as follows:

- Contribution to overall social indicators: 13% of the Group's total headcount, expressed as full time equivalents and 14% of hours worked;
- Contribution to overall environmental indicators: energy consumption: 22%; water consumption: 26%; SO_x emissions: 29%; NO_x emissions: 29%; VOC emissions: 23%; tire manufacturing: 17%; Waste production: 23%; Waste disposal volume: 24%.

We were assisted in our work by experts from our Sustainable Development department.

CONCLUSION

Based on our work, no material irregularities came to light causing us to believe that the following processes and indicators do not comply with the Michelin Group's reporting indicators for 2010:

- the processes used to compile social and environmental information for the above-mentioned indicators in accordance with the Group's internal reporting standards applicable in 2010; and
- the indicators reviewed (marked "***" in this 2010 Annual and Sustainable Development Report) in accordance with the Group's internal reporting standards applicable in 2010.

Neuilly-sur-Seine, February 15, 2011

PricewaterhouseCoopers Audit

Christian Marcellin
Partner
Statutory Auditor

Sylvain Lambert
Partner
Sustainable Development Department

2011 AGENDA

2011 Annual General Meeting of Shareholders **May 13, 2011**

2010 Annual Results	February 11, 2011
Quarterly Financial Information at March 31, 2011	April 21, 2011
First-Half 2011 Results	July 29, 2011
Quarterly Financial Information at September 30, 2011	October 26, 2011

Individual shareholders meetings

Marseille	March 21, 2011
Toulouse	April 5, 2011
Lille	May 31, 2011
Metz	September 22, 2011
Annecy	September 27, 2011
Paris	November 19, 2011
Rennes	December 8, 2011

Individual Shareholders Meeting in Paris

Actionaria – Paris	November 18-19, 2011
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