

Mixed General Meeting

May 12, 2006

The Mixed Shareholders' General Meeting presided over by Mr. Edouard Michelin, was held on first call on May 12, 2006 in Clermont-Ferrand, in the presence of nearly 1,650 people. Those who attended were represented or who had sent in a mail vote held almost 54% of the Company's shares. All the resolutions were adopted by a large majority, including the approval of a 1.35 € share dividend, up by 8%, and the retirement of Mr. René Zingraff - one of the more emotional moments at the 2006 AGM - after more than 40 years in the Company, during 20 of which Mr. Zingraff had been a Joint Managing Partner.

Presentation of the 2005 results

In his presentation of the results for 2005, the Group's Financial Director, Jean-Dominique Senard, underscored Michelin's ability to react in an environment marked by the continuing rise in the cost of raw materials. In globally buoyant markets, with the exception of Truck Tires in Europe, Michelin succeeded in obtaining an operating margin slightly above that of 2004 by applying price increases which were able to compensate for both the drop in sales volumes, especially in Europe, and the rise in raw material costs, by improving the price-mix effect and reducing its cost structure.

In 2005 the Group accelerated its investment program, in order to support growth in all the Group's activities.

As for the year 2006, Michelin has adjusted its anticipation of increased raw material costs from 11 to 15% and remains cautious concerning the development of markets which continue to be highly contrasted.

Supervisory Board's Report

The President of the Supervisory Board, Mr. Eric Bourdais de Charbonnière, presented his report on the preparation and organization of the Supervisory Board's work and the internal control procedures implemented by the Company. This report explained the Supervisory Board's activities in the course of 2005, the work performed by the Audit Committee and the Remunerations Committee, and the internal control procedures, especially those relating to the compiling and processing of accounting and financial information.

Presentation of Company activities

Passion, professionalism and respect for facts – one of the Company's five values - are what both characterize the following two subjects and give a better insight into the Group.

■ **Motorsports:** Ever since 1973 when Mr. Pierre Dupasquier became the Director of Michelin's Competition Department, Michelin, in association with different constructors and drivers, has won more than 160 World Championship titles and more than 1,300 races in all the different racing disciplines.

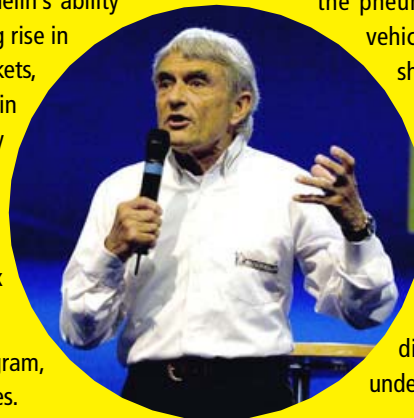
It was with understandable passion and enthusiasm that Mr. Dupasquier told Shareholders Michelin's adventure and success story, which has lasted since the beginning of the Company's participation in competition racing until today, especially in the apotheosis of 2005 when Michelin became world champion in Formula 1, Rallying, Grand Prix Motorbike racing ...

But where does it come from, this dynamic drive of Michelin's that makes the difference? The founding fathers of the Company who were unquestionably visionaries in their time, were already convinced that the pneumatic tire would become a vital decisive factor in vehicle behavior and mobility. After this vision had been shared with hard-headed teams, it eventually gave birth to the radial tire, a veritable revolution that encouraged Michelin to think closely about the important relation between the automobile and the tire in vehicle behavior, especially in extreme conditions. The vehicles subjected to the highest stress in service are racing vehicles. When Michelin returned to competition motorsports years later with different partners, its objectives were to investigate, understand and control.

In 1978, a Ferrari fitted with Michelin radials won the Brazil Grand Prix and then the drivers' and constructors' World Championship in 1979. In 2005 Michelin and its racing partners carried off all the trophies in the most prestigious disciplines of the WRC with Citroën and S. Loeb, in Grand Prix Motorbike Racing with Yamaha and V. Rossi, and in Formula 1 with Renault and F. Alonso.

The rules in Formula 1 racing in 2006 re-authorized the changing of tires during the race, thereby intensifying competition and providing Michelin with an opportunity to show the superiority of its products. A new rule has been devised for 2008 whereby there will be only one tire manufacturer. However, this is not in line with Michelin's principles, as we believe that Formula 1 racing should enable cutting-edge technologies to be confronted with each other to serve the automobile's vocation. Consequently, Michelin will withdraw from Formula 1 racing next season in 2007.

The Group is also present in the World Rally Championship with the BFGoodrich brand and Michelin in the Le Mans 24 hours and in motorbike racing.





■ **Trials and the test-track** - a journey through a tire's development cycle, in the highly confidential world of trials and the test-track.

In addition to the tests carried out on our tracks and which were shown at the 2005 AGM, a large number of tests are performed in a "laboratory" environment where 3,000 methods are used by a thousand people or more. The objective here is to enhance both user safety and product quality so that innovative products can be put on the market. Thus each tire development cycle comprises testing and measuring in research, development and industrialization.

After the projection of a film on the world of tire testing and measuring, the audience was introduced to prototype tires, which are comparable to "haute couture" because of the creativity involved and the number of hand-crafted operations required to build the tires, then subjected to multiple tests for noise level, rolling resistance, loads and speed. For example, a soundproof chamber is used to test noise; a rolling rig is used to measure rolling resistance, and there is a special machine for testing the endurance of airplane and truck tires subjected to heavy loads and high speeds.

But we also focus our efforts on understanding what goes on inside the tire. To attain this degree of perception, our skilled experienced specialists dissect and strip the tire down to bare its secrets.

We invest regularly to remain at the leading edge of technology in these series of laboratory tests, after which the tires are tested on vehicles in real service conditions on either test tracks or roads so that the fine-tuning can be done and the ultimate technical options validated. Tests are performed with skill, rigor and method throughout the world in all climates, even the most exacting.



Mr. Edouard Michelin's address

In his address, Mr. Edouard Michelin went over the financial results achieved in 2005, underscoring how well the Group had performed in an economic environment constantly overshadowed by the increase in the price of raw materials and highly contrasted markets. The success, he said was due to the strategy implemented: a policy of steady prices, a continued focus on high value-added segments and cost control. He also expressed Michelin's satisfaction at the rebound of the Specialty Tire Activities (Earthmover, Agricultural, Two Wheels and Aircraft) in which the operating margin had drawn close to that of the Group.

"Preparing for the future means innovating, but it also involves investing in new production equipment". What stood out in 2005 was the manufacturing of new products such as the X-Ice North winter tire for passenger cars, and investments, which reached the significant amount of 1.336 billion Euros.

Mr. Edouard Michelin also emphasized the following points: "the improvement of environmental management in our production sites, the promotion of staff diversity within the Company, the efforts deployed in training and the continual development of accountability, particularly in production sites, this being a driving force to enhance not only efficacy but also the development and the motivation of personnel."

Mr. Michelin went on to confirm his vision for 2006 which he had already given at the beginning of the year: an improved operating income and an operating margin on a par with that of 2005. He also explained how he firmly believed what the Company's future holds. We are operating in markets which have durable growth, assured Mr. Michelin. Mobility, particularly on the highway, has a long future ahead of it, in which the pneumatic tire will have an important role to play in meeting the new challenges within this mobility, in particular with regard to the environment, energy and safety.

The objectives which the Group has set itself with a 2010 time horizon are ambitious: a global growth for sales volumes in excess of 3.5% per annum and even greater than this figure for high value-added segments, an operating margin of at least 10%, inventories brought down to 16% of net sales, a return on capital employed of more than 10% and a positive free cash flow, while continuing to ensure a high level of investments.

In order to attain these objectives, Michelin will rely on both the growth of sales and an ambitious manufacturing strategy consisting in "strengthening the West and developing the East," in addition to efficient cost control.

"So as Shareholders you can see that these objectives are both clear-cut and ambitious. In the course of the last few weeks, René Zingraff, Michel Rollier and I have, together with the Company's Managing Directors, met with some 3,000 Michelin managers in Europe, North America, South America and Asia. During these "Journées Groupe" (Michelin Group Meeting Days) we shared with those we met our ambitions and our projects with a 2010 time horizon. It is our belief that we have in our possession everything we need in order to succeed. I have every confidence in the quality and dynamic drive of our teams, and I should like to thank you for your Shareholder support."

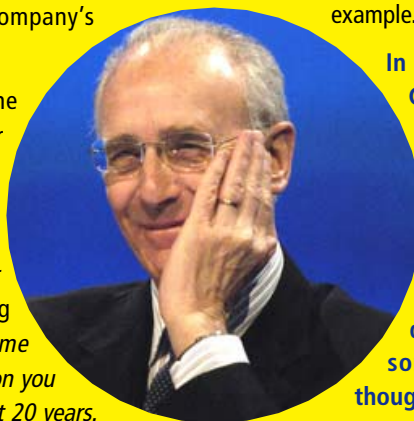


After having emphasized that one of the characteristics of a company which is a partnership limited by shares is that a Managing Partner is unable to withdraw from a commitment without the approval of the Shareholders, Mr. Edouard Michelin paid tribute to Mr. René Zingraff and his vast experience used to serve the Company. Mr. Zingraff joined the Company as a chemical engineer in 1963 and worked in several countries and different fields – Quality, Internal Control and Personnel - before becoming Director of manufacturing for the United States and then Joint Managing Partner in 1986 alongside Mr. François Michelin and Mr. François Rollier. Mr. Edouard Michelin recalled the important part played by Mr. René Zingraff in the Company's expansion, achieved thanks to his willpower, to his keen judgment in long term matters and his ability to evaluate risk.

"Shoulder-to-shoulder and side-by-side..." was how Mr. Edouard Michelin described the irreplaceable role played by Mr. René Zingraff over many years, especially to ensure a smooth transition between Mr. François Michelin and himself.

Mr Edouard Michelin also expressed his heartfelt thanks to Mr. Zingraff on behalf of The Managing Directors and the Company's personnel.

After the projection of a tribute film stressing the Company personnel's attachment to and respect for Mr. René Zingraff - *"a man capable of listening to everything and showing understanding", "a man of decision", "with a very profound sense of empathy with the men and women working for our Company"* ..., Mr. Zingraff replied in the following terms: *"On the 20th June 1986 you appointed me a Managing Partner of your Company. So this mission you entrusted me with has been mine for almost the last 20 years. I have carried it out with what I believe to be commitment and realism, and it is in the same spirit that I wish to bring this fascinating responsibility to a conclusion today"*. After addressing his thanks to the Shareholders, Mr. Zingraff concluded by wishing the Company God-speed.



Questions and answers (Extracts)

What strategy does Michelin employ to protect its products and technology when manufacturing for new markets? This concerns amongst other matters questions relating to trademark infringement and the transfer of technological know-how.

Since our strategy is to sell on all world markets, this often requires an industrial presence in order to be close to both customers and markets. To achieve this, we need to train men and women so that they can fully apprehend our production methods and our technology. Consequently, we must protect our manufacturing secrets, our skills

and our technological lead. Thus, over recent years, we have strengthened our policy in patents. However, for the last 2 years we have been confronted with the problem of copies of our tires that look like Michelins, but do not necessarily bear the Michelin brand or logo. These tires have tread patterns identical to our own. For the most part, the "fake Michelins" are produced by Asian competitors. Quite apart from the commercial risks, there is a real hazard for those who purchase these tires, believing that they will deliver the same performance as real Michelins, which explains why we take this preoccupation very seriously and constantly react accordingly.

Do you believe in the significant development of Michelin outside the traditional spectrum of its products, that is tires, maps and guides?

Michelin's core skill is the building of tires, which has high growth potential prospects. This is why we focus most of our energy on tire manufacturing, and this focal interest is reflected in our ambitious investment plans. Nonetheless, we have stepped up our presence in certain activities such as ViaMichelin and Michelin Lifestyle, which designs, on a partnership basis, accessories for car and sport for example.

In both 2002 and 2003, you enabled most of the Group's Employees to become Shareholders. Since then Michelin's Employees have broadened their horizon to give greater thought to the meaning of economic information; today Michelin's employees keep track of stock prices, are attentive to matters such as operating margins, gross profits, dividends and the level of Group debt, which is something really new for them. What are your thoughts about another Employee Shareholder Plan?

You have outlined an excellent description of the reasons for which we wished to ensure that the Employee Shareholder Plan was accessible to all those working for the Company. We are very pleased about the benefits that this personal investment has brought to many Company Employees throughout the world. We are indeed giving serious thought to setting up another Employee Shareholder Plan, although we have not yet taken a decision on this subject. Thank you very much for your observations.

You spoke of mobility's demands and then about the progress achieved in mobility, whereas the price of fuel has a restricting influence. What influence will this have on tire development and the price of tires?

The increase in the price of fuel and raw materials penalizes the public's individual purchasing power and the financial balance of companies.

With regard to tires, the wide spectrum of vehicle models on the roads today has resulted in a switch to upper range tire products, their sizes and speed capacity for example. Consequently, there has been a rise in



prices. Moreover, the rise in the price of raw materials which is related to the price of fuel has an impact on the price of tires. The tire is responsible for 20% of a car's fuel consumption (40% for a truck), which in turn corresponds to 1 full tank out of 5. In order to reduce the fuel bill, the solution lies in reducing rolling resistance. Technology is therefore the key to fuel savings.

For the last 7 years we have organized Challenge Bibendum so that we could give thought to vehicles consuming less fuel and therefore more consistent with the developments of which we have just spoken.

What are the role and status of women employed by Michelin?

The Company's wealth comes from the diversity of its employees. In our "Performance and Responsibility Report" you will find the details of our commitments with regard to this point. It is our wish that each year there should be an increasing number of women in managerial positions within the Company, and we are making constant progress.

What is Michelin's strategy in Africa and the Middle East?

The wide range of contrasts in Africa and the Middle East geographical zone includes differences in culture, standards of living and economic development.

We have strong commercial dynamics in the Middle-East and North Africa, but we have no industrial projects to build production plants there. Three years ago, we re-opened our plant near Algiers which is at present in the process of developing its truck tire activity.

One of the characteristics of vehicles on the highway is that they generate noise, in particular trucks when it rains. What is Michelin's position in the fight against noise nuisance?

Sound encapsulation design applied to vehicle engines has greatly contributed to reducing noise. Being able to reduce the noise generated by tires in service requires handling a careful compromise between adhesion and noise. By using tread patterns with less movement in their component tread blocks on small urban trucks especially, we shall be able in the coming years to significantly reduce tire noise by 1 to 2 dB, which represents a 30 to 40% reduction of tire noise in the urban periphery. Because the generation of this noise is also related to the strong interaction which occurs between the road surface and the tire, we work closely with those who make road surfaces. Whatever avenue we explore in this field of research, the solutions we consider must not be to the detriment of the tire's performance, notably its adherence capacity.



What is your policy in share dividends over the next few years?

We can confirm that our policy in share dividends is a dynamic one, for you can see that our dividend has more than tripled over the last ten years, going from 0.42 Euros to 1.35 Euros.

The payout ratio which appears to be 22%, dividend included, is in fact 25.1% if non-recurring items are not taken into account. The percentage of income paid out in dividends must balance out with our investment policy so that the Group can continue to develop.

In the field of energy savings, there is an index which is used to measure the CO₂ content when obtaining a tax credit after insulating one's home. Why is this type of index not used when speaking of tires that are less energy-voracious?

In the field of fuel-voraciousness and performance we have focused our thoughts on what might become an energy classification label for tires. Today there is a European Union think-tank mustering ideas on this subject. One idea which several organizations have found favorable is a preferential price for a "green tire". Considering the importance of transportation, it is only to be expected that there will be standards and rules governing labeling on subjects such as safety, pollution and energy, which will enable those who have the best product to make the difference.

Results of resolutions and votes

The results are available on Michelin's Internet site michelin.com under the index tab "2006" in "Finance" under "Shareholders' space" in the section entitled "General Meeting".

Mr. Edouard Michelin's conclusion

"I should like to address my personal thanks to you all for your active and lively participation at your Company's General Meeting. I am compelled to tell you that this is a special event for us. You know what great importance we attach to strengthening the relations that bind us together. In the course of recent years we have taken concerted action to bring us even closer together so that we can comply even more satisfactorily with your expectations."

These were the words with which Mr. Edouard Michelin closed the Meeting, after having reminded the audience of specific initiatives such as Shareholder Meetings, the Shareholder's Guide published in April of this year, and the fact that the acknowledgement of Shareholder loyalty was being examined very closely.