

**MICHELIN LUXEMBOURG S.C.S.**  
**69, boulevard de la Pétrusse**  
**L 2320 Luxembourg**  
**R.C.S. Luxembourg B 96.546**  
**(hereinafter the «Partnership »)**

**ANNUAL REPORT OF THE SUPERVISORY BOARD**  
**Presented to the**  
**Ordinary annual general meeting held on April 1<sup>st</sup>, 2011 relating to the accounts**  
**for the financial year ended December 31, 2010**

Ladies and Gentlemen,

As prescribed by law and statute, we have brought you together, as an ordinary annual general meeting, to highlight the activities of the Partnership during the accounting period ended December 31<sup>st</sup>, 2010, and to submit the relevant annual accounts for your approval.

We would be happy to supply any further information regarding those documents and details required by current legislation within the legally stipulated limit.

**Operations and activity of the Partnership**

During the accounting period ended December 31<sup>st</sup>, 2010, the Partnership's operations and activities were dominated by the take-over of the EUR 495'000'000,00 and the EUR 750'000'000,00 loans on lent to Michelin Invest Luxembourg SCS by Compagnie Financière Michelin on respectively April 16<sup>th</sup>, 2010 and April 24<sup>th</sup>, 2010.

Secondly, due to favorable market conditions, the Partnership repurchased during 2010 a total of nominal EUR 22'307'000,00 6.5% guaranteed bonds 2012 .

At first this operation is having a negative impact on the profit and loss account of EUR 1'684'137,50. On the other hand the Partnership will save considerably on future interest charge.

During the year 2010, the Partnership has registered a total interest charge of EUR 96'609'234.88 on the guaranteed bonds and an interest income of EUR 100'263'393,58 on the loans to Michelin Invest Luxembourg S.C.S. and Compagnie Financière Michelin.

The Partnership has also registered a charge of EUR 988'879,51 linked to the guarantee granted by Compagnie Financière Michelin on the bond issues.

During the year 2010, the Partnership has not had other specific activities.

Neither have there been important events after the closing of the financial year.

At the beginning of 2011, the Partnership has repurchased some of its guaranteed bonds 2012. Therefore, the outstanding amount of the bonds as at 25 March 2011 is EUR 454'870'000.00.



## Risks

The risk on the operations of the Partnership is considered low, the main income being generated by the loans to Compagnie Financière Michelin, a group company.

## Results - Allocation

The Annual General Meeting held on April, 9<sup>th</sup>, 2010 decided to distribute the profit of the year 2009, being EUR 116'188,82, to the shareholders.

## Others

We would like to state that the accounts in question have been drawn up according to the provisions and methods stipulated in the Grand Duchy of Luxembourg.

We decided not to implement yet the changes brought by the Law of 10 December 2010 on the introduction of international accounting standards for undertakings. The changes will be carefully studied and implemented during the financial year 2011.

We hereby ask your approval of the annual accounts (balance sheet, results and annexe ) such as are presented and which indicate a loss of EUR 1'168'894,67. This loss has already been recognized by the partners and automatically recorded in the profit and loss accounts of the partners according to art. 19 of the Articles of Association of the Partnership.

For the financial year 2011 we do not foresee any new operations or activities.

## Administration and control of the Partnership

The mandate of the newly elected members of the Supervisory Board, Mr. Marc HENRY and Mr. Bernard GERARDIN (replacing Mr. Gérard CHAPIROT and Mr. Rudolf JURCIK), will terminate at the Annual General Meeting adopting the accounts as at 31 December 2011.

We now propose the renewal of the mandate of the remaining board member, Mr. Jean-Noel QUILLET, who's mandate has reached it's expiry date with the present general meeting, until the Annual General Meeting adopting the accounts as at 31 December 2011.

For the Supervisory Board of  
MICHELIN LUXEMBOURG SCS

Signed by  
Jean-Noël QUILLET,  
Chairman of the Supervisory Board

Signed by  
Marc HENRY,  
Member of the Supervisory Board

Signed by  
Bernard GERARDIN,  
Member of the Supervisory Board

