

Michelin Luxembourg SCS

Société en Commandite Simple

Audited annual accounts
as of and for the year ended December 31, 2011

69, Boulevard de la Pétrusse
L-2320, Luxembourg
R.C.S. - B96.546



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Michelin Luxembourg SCS

Declarations

COMPAGNIE FINANCIERE MICHELIN, a « société en commandite par actions » under Swiss law, with its registered office at 1763 Granges-Paccot (Switzerland), Rte Louis-Braille 10, duly represented by Mr. Georges-Henri BARRAS, Executive Vice-President, sole Managing Partner of the company MICHELIN LUXEMBOURG SCS, a « société en commandite simple » under Luxembourg law, with its registered office at 2320 Luxembourg (Luxembourg), 69 Bvd de la Pétrusse, registered with the *Registre du Commerce et des Sociétés in Luxembourg* under number B 96.546 (hereinafter « the Issuer »);

Jean-Noël QUILLET, Chairman of the Supervisory Board of the Issuer, Professional address, 63040 Clermont-Ferrand (France), 23, Place des Carmes-Déchaux;

Marc HENRY, Member of the Supervisory Board of the Issuer, Professional address, 63040 Clermont-Ferrand (France), 23, Place des Carmes-Déchaux;

and

Bernard GERARDIN, Member of the Supervisory Board of the Issuer, Professional address, 63040 Clermont-Ferrand (France), 23 Place des Carmes-Déchaux,

state that to the best of their knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer and that the management report includes a fair review of the development and performance of the business and the position of the Issuer, together with a description of the principal risks and uncertainties that it faces.

COMPAGNIE FINANCIERE MICHELIN

Signed by
Georges-Henri BARRAS,
Executive Vice-President

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

Michelin Luxembourg SCS

Management report

Michelin Luxembourg SCS (« the Partnership ») principal activity is the provision of loans to affiliated undertakings within the Michelin group of companies. These loans have been financed by the issue of guaranteed bonds on the Luxembourg Stock Exchange.

Developments 2011:

During the financial year ended December 31st, 2011, the Partnership continued with the repurchases of bonds. The Partnership repurchased for a total of EUR 40'106'000 of the 6.5% guaranteed bonds 2012 and for a total of EUR 69'406'000 of the 8.625% guaranteed bonds 2014.

This operation had a negative impact on the profit and loss account of EUR 11'532'570. The 6.5% guaranteed bond 2012 has been reclassified from 'becoming due and payable after more than one year' to 'within one year', while the EUR 495'000'000 loan to Compagnie Financière Michelin is also reclassified from 'financial fixed assets' to 'amounts owed by affiliated undertakings becoming due and payable within one year'.

During the year 2011, the Partnership has registered a total interest charge of EUR 93'256'012 on the guaranteed bonds and an interest income of EUR 99'561'256 on the loans to Compagnie Financière Michelin.

The Partnership has also registered a charge of EUR 933'325 linked to the guarantee granted by Compagnie Financière Michelin on the bond issues.

During the year 2011, the Partnership has not had other specific activities.

Risks

Market Risk:

The Partnership is not exposed to interest-rate fluctuations as it borrows fixed-rate and lends fixed-rate. Any conversion to floating-rate is done at Group level on the head of Compagnie Financière Michelin. The Group policy is to systematically switch all new issues to floating-rates.

Credit Risk:

The credit risk of the Partnership is considered low, the main income being generated by the loans to Compagnie Financière Michelin, a group company. No significant risks are expected relating to the financial capability of Compagnie Financière Michelin.

Liquidity Risk:

The Partnership does not run significant liquidity risk due to low credit risk and the Partnership uses Compagnie Financière Michelin as internal bank. The Group liquidity is managed centrally at Compagnie Financière Michelin.

Michelin Luxembourg SCS

Result

The Annual General Meeting held on April 1st, 2011 approved the allocation of the loss for the year 2010, being EUR 1'168'895 to the Partners on a pro-rata basis of their participation in the Partnership. The corresponding amounts have been paid to the Partnership by the Partners on January 20th, 2011.

The result for the financial year 2011 is a loss of EUR 8'800'496.

Subsequent events:

From January 1st until March 16th, 2012 the Partnership proceeded to additional repurchases on the EUR 750 million bond. As a consequence, as at March 16th, 2012 the outstanding amount of the EUR 750 million bond is EUR 660'518'000.

Future developments:

The Partnership will continue with the repurchases of bonds whenever the market conditions are favourable.

On April 16, 2012 Compagnie Financière Michelin will repay its loan of EUR 495'000'000 to the Partnership while with same value-date the partnership will pay the remaining amount of the 2012 bond with maturity April 16, 2012.

Research and development:

The Partnership has not been active in the field of research and development during the year 2011.

Others:

For the financial year 2012 we do not foresee any new operations or actions.

Corporate Governance

The Partnership's capital is set at one million euros (EUR 1'000'000), divided into two classes of partnership units comprising ninety-eight thousand (98'000) unlimited partnership units and two thousand (2'000) limited partnership units, with a par value of ten euro's (EUR 10) each.

Each class of partnership units entitles to the same rights and privileges.

Compagnie Financière Michelin holds ninety-eight thousand (98'000) unlimited partnership units. Compagnie Financière Michelin is the general Partner and Manager of the Partnership.

The Partnership is being managed exclusively by the General Partner (Manager) who is vested with the broadest powers to perform all acts of administration and disposition necessary or useful for accomplishing the Partnership's objects.

The accompanying notes form an integral part of the annual accounts.



Michelin Luxembourg SCS

Annually the general meeting of Partners decides on appointment of Supervisory Board members and amendment of the articles of association.

The affairs of the Partnership and its financial situation including particularly its books and annual accounts shall be supervised by the Supervisory Board composed of at least three members.

Internal control is the process that is run by the Supervisory Board and company management for the purpose of building confidence that the company:

- has an appropriate and efficient organization for its business operations
- produces reliable financial reports, and
- complies with applicable laws and regulations

Michelin Luxembourg is a Partnership whose activity is limited to the provision of loans to affiliated undertakings within the Michelin Group of companies. The business and the legal structure is straight forward.

In order to produce reliable financial information, upon which business decisions can be made, the company has a number of control activities in place. For example reconciliation of bank-accounts on a monthly basis, follow-up of decisions made and analysis and follow-up of the financial position of major holdings. All payments are approved by the General Partner and executed by a different individual in order to have segregation of duties.

Michelin conducts annual reviews and evaluations of risk areas for the purpose of identifying and managing risks through consultation between management, the Supervisory Board and other parties.

Policies, guidelines and internal manuals are continuously updated and communicated within the Michelin Group and promptly adopted by company.

The General Partner reports regularly to the Supervisory Board in accordance with the instructions for financial reporting, which are designed to ensure that the information provided is relevant, sufficient, up-to-date and appropriate.

Considering that the company has a simple structure and organization, the Supervisory Board has not found it necessary to set up an internal audit unit, based on the view that the monitoring and examination described above are sufficient to maintain effective internal controls in respect of financial reporting.

March 16, 2012
The management,

The accompanying notes form an
integral part of the annual accounts.





Audit report

To the Partners of
Michelin Luxembourg SCS

Report on the annual accounts

We have audited the accompanying annual accounts of Michelin Luxembourg SCS, which comprise the balance sheet as at 31 December 2011, the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Supervisory Board's responsibility for the annual accounts

The Supervisory Board is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Supervisory Board determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Supervisory Board, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Michelin Luxembourg SCS as of 31 December 2011, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, including the corporate governance statement, which is the responsibility of the Supervisory Board, is consistent with the annual accounts and includes the information required by the law with respect to the corporate governance statement.

PricewaterhouseCoopers S.à r.l.
Represented by

Luxembourg, 16 March 2012

A handwritten signature in black ink, consisting of a large, stylized 'L' followed by a horizontal line and a small dot.

Luc Henzig

Michelin Luxembourg SCS

Balance sheet
as at December 31st, 2011
(expressed in EUR/000)

ASSETS	Note	31.12.2011	31.12.2010
		'000 EUR	'000 EUR
C. Fixed assets			
III. Financial fixed assets			
2. Amounts owed by affiliated undertakings	4	750'000	1'245'000
		<u>750'000</u>	<u>1'245'000</u>
D. Current assets			
II Debtors			
2. Amounts owed by affiliated undertakings	5		
a) becoming due and payable within one year		564'821	71'181
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand			
		23	26
		<u>564'844</u>	<u>71'207</u>
E. Deferred charges			
	6	3'030	5'551
		<u>1'317'874</u>	<u>1'321'758</u>
LIABILITIES			
A. Equity			
I. Subscribed capital	7	1'000	1'000
IV. Reserves			
1. Legal reserve	8	100	100
4. Other reserves		8'800	1'169
VI. Loss for the financial year	9	(8'800)	(1'169)
		<u>1'100</u>	<u>1'100</u>
D. Non-subordinated debts			
1. Debenture loans			
b. Non-convertible loans			
i. becoming due and payable within one year	10	437'587	-
ii. becoming due and payable after more than one year	10	680'594	1'227'693
6. Amounts owed to affiliated undertakings			
a. becoming due and payable within one year	10	198'587	92'951
9. Other creditors			
a. becoming due and payable within one year		6	14
		<u>1'316'774</u>	<u>1'320'658</u>
		<u>1'317'874</u>	<u>1'321'758</u>

The accompanying notes form an
integral part of the annual accounts.



Michelin Luxembourg SCS

Profit and loss account
for the period ended December 31st, 2011
for the period from January 1st, 2011 to December 31st, 2011
(expressed in EUR/000)

	Note(s)	31.12.2011 '000 EUR	31.12.2010 '000 EUR
A. CHARGES			
2. Other external charges		119	88
8. Interest and other financial charges			
a. concerning affiliated undertakings	10	933	989
b. interest on guaranteed bonds	10	93'256	96'609
c. debt issuance costs	6	2'521	2'062
d. realized on partial repurchase of bonds	10	<u>11'533</u>	<u>1'684</u>
Total charges		108'362	101'432
B. INCOME			
6. Income from financial fixed assets			
a. derived from affiliated undertakings		65'820	100'263
7. Income from financial current assets			
a. derived from affiliated undertakings		33'742	-
Loss for the financial year		<u>8'800</u>	<u>1'169</u>
Total income		<u><u>108'362</u></u>	<u><u>101'432</u></u>

The accompanying notes form an
integral part of the annual accounts.
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Michelin Luxembourg SCS

Notes to the audited annual accounts
as at December 31st, 2011
(continued)

1 General Information

Michelin Luxembourg SCS (“the Partnership”) is a limited liability partnership (“société en commandite simple”) incorporated under the laws of the Grand-Duchy of Luxembourg on October 31, 2003.

The Partnership is established for an unlimited period.

The company’s financial year starts on January 1st and ends on December 31st of each year.

The principal activity of the Partnership is the provision of loans to affiliated undertakings within the Michelin group of companies. These loans have been financed by the issue of guaranteed bonds on the Luxembourg Stock Exchange. On April 2, 2009, the Partnership set up a Euro Medium Term Note Programme registered with the Luxembourg Stock Exchange.

The Partnership’s financial year begins on the first day of January and terminates on the last day of December.

The principal activities of Michelin Group companies include the manufacture and distribution of vehicle tyres and the publication of travel guides and maps.

The registered office of the Partnership is established at 69, boulevard de la Pétrusse, L-2320, Luxembourg. The Partnership is registered with the Registre de Commerce of Luxembourg under the section B Number 96 546.

98% of the share capital of the Partnership is held by Compagnie Financière Michelin (“CFM”) and the remaining 2% is held by Nitor S.A. (together the “Partners”). These companies are both subsidiaries of Compagnie Générale des Etablissements Michelin. The registered office of CFM and Nitor S.A. is at Route Louis-Braille 10, CH-1763 Granges-Paccot, Switzerland.

The Partnership is included in the consolidated accounts of CFM. The consolidated accounts are available at CFM’s registered office.

2 Presentation of the comparative financial data

Due to the new presentation of the accounts, required by Luxembourg law, figures for the year ended December 31st, 2010 have been reclassified to ensure comparability with the figures for the year ended December 31st, 2011.

Michelin Luxembourg SCS

Notes to the audited annual accounts
as at December 31st, 2011
(continued)

3 Summary of significant accounting policies

3.1 Basis of preparation

The annual accounts of the Partnership have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the Management.

3.2 Financial fixed and current assets

Financial assets consist of intercompany loans bearing accrued interest.. In case of durable depreciation in value according to the opinion of the Management, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

3.3 Foreign currencies translation

The Partnership maintains its financial records in euros ("EUR"). Assets and liabilities denominated in other currencies are translated into EUR at the rate effective at the balance sheet date. Income and expense transactions are recorded at the rate effective at the date of the transactions. Realized exchange gains and losses, and unrealized exchange losses, are recorded in the profit and loss account.

The Partnership does not currently maintain any material assets or liabilities in foreign currencies.

3.4 Deferred charges

Deferred charges represent costs associated with the issuance of the guaranteed bonds. They are amortized to the profit and loss account over the contractual term of the bonds.

3.5 Debts

Debts are recorded at their reimbursement value.

Loans and amounts owed to affiliated undertakings bear interests which are accrued on a pro rata temporis basis.

3.6 Non-convertible loans

Non-convertible loans are represented by guaranteed bonds such are valued at their nominal value and bear interests which are accrued on a pro rata temporis basis.

Michelin Luxembourg SCS

Notes to the audited annual accounts
as at December 31st, 2011
(continued)

4 Financial fixed assets

Amounts owed by affiliated undertakings represent interest bearing loans made to finance the development of the Michelin group's operations. Movements for the year are as follows:

	'000 EUR
Book value-opening balance	1'245'000
Transfer to Debtors (Note 5)	(495'000)
Book value closing balance	<u>750'000</u>

Financial fixed assets

		Total	Total
		31.12.2011	31.12.2010
	Within one year	After one year and within five years	
	'000 EUR	'000 EUR	'000 EUR
Compagnie Financiere Michelin 6.83% Repayable on April 16 th , 2012	495'000		
Compagnie Financiere Michelin 8.87% Repayable on April 24 th , 2014		750'000	1'245'000
Total	495'000	750'000	1'245'000

5 Debtors

Debtors are mainly composed of amounts owed by affiliated undertakings becoming due and payable within one year

	31.12.2011	31.12.2010
	'000 EUR	'000 EUR
Amounts owed by affiliated undertakings	495'000	0
Interest receivable	69'821	71'181
	<u>564'821</u>	<u>71'181</u>

6 Deferred charges

Deferred charges are mainly composed of issuance costs relating to the guaranteed bonds

	31.12.2011	31.12.2010
	'000 EUR	'000 EUR
Opening net book value	5'551	7'613
Amortization for the year	(2'521)	(2'062)
Closing net book value	<u>3'030</u>	<u>5'551</u>

Michelin Luxembourg SCS

Notes to the audited annual accounts
as at December 31st, 2011
(continued)

7 Subscribed capital

The Partnership's subscribed capital is set at EUR 1'000'000 divided into two classes of partnership units, comprising 98'000 unlimited partnership units (parts commanditées) and 2'000 limited partnership units (parts commanditaires) with a par value of EUR 10 per unit, each one of them fully paid up.

The authorized capital amounts to EUR 1'000'000

The unlimited partnership units are owned by CFM and the limited partnership units by Nitor S.A..

No movement in the subscribed capital during the current period occurred.

8 Legal reserve

The company is required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

9 Profit or loss for the financial year

The Annual General Meeting held on April 1st, 2011 approved the loss for the financial year 2010, being EUR 1'168'894, 67 and the contribution by the Partners on a pro rata basis. The Partnership's result for the period ended December 31st, 2011 is a loss of EUR 8'800'495, 96.

According to art. 19 of the Articles of Association of the Partnership, the net result of the Partnership as reported in the annual accounts, be it a profit or a loss, will be automatically recorded in the profit and loss of the Partners on a pro rata basis of their participation in the Partnership. The net profit will be distributed among the Partners, unless the Annual General Meeting of the Partners decides that the profit be either carried forward or transferred to a reserve. As of December 31st, 2011, the net result of the Partnership being a loss of EUR 8'800'495, 96 a compensation reserve for an equivalent amount has been recognized. This amount is owed by the Partners and recorded under the caption 'Amounts owed by affiliated undertakings becoming due and payable within one year'.

Michelin Luxembourg SCS

Notes to the audited annual accounts
as at December 31st, 2011
(continued)

	Legal reserve (EUR)	Other reserves (EUR)	Loss for the financial year (EUR)
As at December 31st, 2010	100	1'169	(1'169)
Movements for the year:			
• Allocation of previous year's profit or loss		(1'169)	1'169
• Profit or loss for the year/period			(8'800)
• Other movements Partner's compensation reserve		8'800	
As at December 31st, 2011	100	8'800	(8'800)

10 Non-subordinated debts

The loans to Michelin group companies are being financed by guaranteed bond issuances totaling EUR 1'118'181 as per December 31st, 2011.

Non-convertible guaranteed bonds

			Total 31.12.2011	Total 31.12.2010
	Within one year '000 EUR	After one year and within five years '000 EUR	'000 EUR	'000 EUR
500 million bond - 6.5% guaranteed bonds repayable on April 16 th , 2012	437'587			
750 million bond - 8.625% guaranteed bonds repayable on April 24 th , 2014		680'594	1'118,181	1'227'693
Total	437'587	680'594	1'118'181	1'227'693

The total interest payable on the above debts amounts to EUR 93'256'012 for the year 2011. The accrued interest payable as at December 31st, 2011 amounts to EUR 60'622'647.

The 6.5% guaranteed bonds were issued on April 16, 2002 by Michelin Invest Luxembourg SCS (formerly Michelin Finance Luxembourg S.A.) and are listed on the Luxembourg Stock Exchange. The bonds were transferred to the Partnership on December 4, 2003 and are irrevocably and unconditionally guaranteed by CFM. They are due on April 16, 2012.

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Notes to the audited annual accounts
as at December 31st, 2011
(continued)

The entity repurchased on the EUR 500 million bond, for a total of EUR 40'106'000 in 2011, a total of EUR 22'307'000 in 2010.

On April 24, 2009, under its Euro Medium Term Note Programme, the Partnership issued the 8.625% bonds of EUR 750'000'000 due April 24, 2014.

The entity repurchased on the EUR 750 million bond, for a total of EUR 69'406'000 in 2011.

In 2011 the entity realized a loss of EUR 11'532'570 from the partial repurchase of bonds. Both bonds are listed on the Luxembourg Stock Exchange and guaranteed by CFM.

Amounts owed to affiliated undertakings

		Total	Total
		31.12.2011	31.12.2010
	Within one year		
	'000 EUR	'000 EUR	'000 EUR
Compagnie Financière Michelin current account	137'314	137'314	25'479
Compagnie Financière Michelin Guarantee fee	650	650	693
Interest	60'623	60'623	66'779
Total	198'587	198'587	92'951

11 Staff

The Partnership does not have any employee, same in 2010.

12 Related parties transactions

During the financial year, the transactions entered with related parties, described in the previous notes, have been carried out at arm's length.

Michelin Luxembourg SCS

Notes to the audited annual accounts
as at December 31st, 2011
(continued)

13 Auditor's fees

The total fees accrued by the Company and paid to the audit firm are presented as follows:

	2011 '000 EUR	2010 '000 EUR
Audit fees	19'388	19'700
Total	19'388	19'700

14 Subsequent events

From January 1st until March 16th, 2012 the Partnership proceeded to additional repurchases on the EUR 750 million bond. As a consequence, as at March 16th, 2012 the outstanding amount of the EUR 750 million bond is EUR 660'518'000.