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Always safe, even when worn!

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No. 10
JUNE 2014

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Dear Shareholder,

We recently held our Annual Shareholders' Meeting and I'd like to thank you for your unwavering confidence, which has made us stronger over the years. All the resolutions presented were approved and for that I want to thank you all.

2014 is the 125th anniversary of a Group that has always leveraged its past to invent its future.

Over the past 125 years we've consistently maintained our passion for constant innovation in order to improve mobility and enjoyed an incredible adventure that has gradually taken us around the world.

In an increasingly volatile and competitive environment, our Group is in good health. Michelin's financial performance is underpinned by the excellence of our products and services, the competitiveness of our manufacturing and our tight control of overheads, meaning we enjoy robust margins and very low debt. Further proof of this vitality is the worldwide impact of the Michelin brand. In 2014, our image improved even further and **Michelin now ranks among the 15 global brands with the best reputation. Today, we can be proud. You can all be proud.**

We are in the process of demonstrating that the performance and responsibility link is truly valuable. This belief is fuelled by Michelin's mission of offering everyone a better way forward. You can be certain that we are ensuring that Michelin has the resources to fulfill its ambitions.

Our Group has invested almost 2 billion in Research & Development over the past three years to give its teams the means to innovate and develop the tires and services that meet the needs of customers worldwide.

However, the innovation mindset can no longer be cultivated by our Research & Development centers alone, which is why we have given all employees the possibility of playing a direct role in the innovation process through suggestion programs, which are already paying off.

This latest initiative expresses our ambition to involve all employees in building our company's future. The recommendation to elect a Supervisory Board member to represent Group employees is another example of how we are doing this, and it's a major step forward.

One hundred and twenty-five years after Michelin was founded, 2014 also marks the start up of the Michelin Foundation, which is in line with the Group's long-standing tradition of corporate philanthropy in France and internationally.

As you can see, Michelin has strong and ambitious objectives: it aims to be one of the most innovative, socially responsible and effective companies, and also to be a global leader in sustainable mobility.

I'd like to thank you all for your engagement and loyalty and want to assure you that we are totally committed to your Company.

Jean-Dominique Senard
Chief Executive Officer of the Michelin Group



MICHELIN

A better way forward



Marc Henry,
Chief Financial Officer

Financial Information March 31, 2014:

- ➔ **Volumes up 3.4% in first-quarter 2014**
- ➔ **€4.8 billion in net sales, up 2.5% at constant scope of consolidation and exchange rates**

▶ Market review:

Recovering Passenger car and Light truck and Truck tires markets, except in Eastern Europe, with sustained drawdown in mining customer inventory, as expected.



First quarter 2014 % change year- on-year (in number of tires)	EUROPE**	NORTH AMERICA	ASIA (EXCLUDING INDIA)	SOUTH AMERICA	AFRICA INDIA MIDDLE-EAST	TOTAL
Original Equipment*	+ 6%	+ 5%	+ 8%	- 8%	- 9%	+ 5%
Replacement*	+ 4%	+ 7%	+ 11%	+ 6%	+ 4%	+ 7%

* Including Russia and Turkey



First-quarter 2014 % change year- on-year (in number of tires)	EUROPE**	NORTH AMERICA	ASIA (EXCLUDING INDIA)	SOUTH AMERICA	AFRICA INDIA MIDDLE-EAST	TOTAL
Original Equipment*	- 3%	+ 6%	+ 11%	+ 4%	- 8%	+ 5%
Replacement*	+ 9%	+ 8%	+ 4%	+ 4%	+ 3%	+ 5%

* Radial and bias-ply market
** Including Russia and Turkey

▶ Michelin net sales:

- **Volumes up 3.4%**, reflecting the performance of the MICHELIN brand, the fast momentum in original equipment sales, the growth in the global Truck tire business while the growth in the Agricultural, Two-Wheel and Aviation tire businesses could offset weak mining tires sales.
- **Price mix slightly negative**, due to the impact of indexation clauses and managed price repositionings, in a still favorable raw materials cost environment, price increases that attenuated the unfavorable impact of certain currencies and the effectiveness of the premium strategy
- **A 4.6% negative currency effect**, attributable to the strong euro. Marc Henry answered a question on this issue during the Annual Shareholder Meeting (see pages 6-7)

NET SALES (IN € MILLION)	First quarter 2014	First quarter 2013	% Change
PASSENGER CAR/ LIGHT TRUCK TIRES AND RELATED DISTRIBUTION	2,520	2,582	- 2.4%
TRUCK TIRES AND RELATED DISTRIBUTION	1,462	1,477	- 1.0%
SPECIALTY BUSINESSES ⁽¹⁾	775	818	- 5.2%
GROUP TOTAL	4,758	4,877	- 2.4%

(1) Earthmover, Agricultural, Two-Wheel and Aircraft tires; Michelin Travel Partner and Michelin Lifestyle Ltd.

▶ Outlook 2014:

With tire demand rising as fast as expected in the first quarter of 2014, except in Eastern Europe, **Michelin maintains its objective of around a 3% increase in volumes over the full year.**

The Group aims to improve its gross unit margin, while preserving a positive balance between pricing policy and raw materials costs. The competitiveness plan is being deployed on schedule.

Against this backdrop, Michelin is confirming its 2014 objectives of an increase in operating income before non-recurring items (at constant exchange rates); a more than 11% return on capital employed; and structural free cash flow of more than €500 million along with a capital expenditure program maintained at around €2 billion.



SPECIALTY TIRES

Aircraft tires: a new contract with Michelin awarded **Boeing 737 MAX 7 & 8 Original Equipment tire supply contract**

Michelin has been selected as an original equipment tire supplier for the **Boeing 737 MAX**, the new version of the world's top selling commercial airplane. Michelin will equip the **737 MAX 7** and **737 MAX 8** with its industry leading radial aircraft tires with **NZG** (Near Zero Growth), technology. Boeing Commercial Airplanes confirmed the selection of Michelin as the production tire supplier for the two **737 MAX**, family members, which will be equipped with new engines and other enhancements. The **737 MAX 8** is scheduled to enter service in 2017 and the **737 MAX 7** will follow in 2019. Under this contract, Michelin will develop and certify its latest generation radial tires with NZG technology for exclusive supply to **737 MAX** final assembly. The tires will also be certified for sale to airline operators in the aftermarket. Current combined orders for the **737 MAX 7** and **8** stand at more than 2,000 airplanes.

PARTNERSHIPS

The Tire Recycling or TREC project, driven by Michelin, is designed to develop two innovative uses for scrap tires.

Tire Recycling or TREC, driven by Michelin, is designed to develop two innovative uses for scrap tires as the two innovative uses for scrap tires such as TREC Regeneration which involves regenerating rubber compounds to make new tires and TREC Alcohol will enable the production of a chemical intermediate needed to synthesize raw materials used in tire manufacturing.

The alcohol derived from used tires will be included in the BioButterfly butadiene production project alongside biomass alcohol from such sources as sugar, wood and agricultural waste...

TREC covers all stages of research and development processes, from the definition of scientific concepts to pilot testing and validation on an industrial demonstrator via the pilot phase and while being based on the complementarity of competences and expert testimonies of the partners. In light of the growth forecasts for the global tire market, demand for raw materials will increase considerably in the coming decades.

NEW MATERIALS

BIOBUTTERFLY : innovative and responsible project

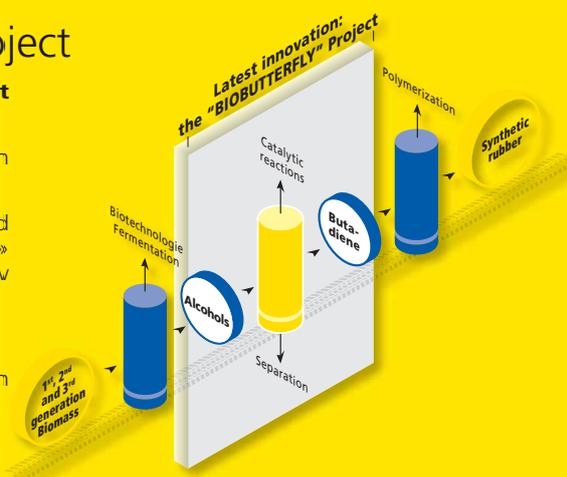
AXENS⁽¹⁾, IFP Energies Nouvelles⁽²⁾ and the Michelin group join forces and launch a plant chemistry research project in partnership. This is the BioButterfly project.

The three partners' complementary skills and expertise aim to develop and bring to market an innovative process for producing bio-sourced butadiene, or bio-butadiene.

«This joint research project with AXENS and IFPEN is an excellent opportunity for Michelin to find new sustainable sourcing channels for elastomers, which are essential for the quality of our tires,» says Terry Gettys, Director of Research & Development. «The 8-year project will provide us with new high-performance, environmentally responsible materials.»

All about butadiene

Butadiene is a chemical intermediate derived from fossil resources that is used in the production of synthetic rubber. Some 60% of global output is for the tire industry.



(1) Axens is an international provider of advanced technologies, catalysts, adsorbents and services, with a global reputation for basic engineering design excellence. www.axens.net
 (2) IFP Energies nouvelles (IFPEN) is a public-sector research, innovation and training center active in the fields of energy, transport and the environment. www.ifpen.fr

CAR TIRES

Always safe, **even when worn!**

At the North American International Auto Show in Detroit, the Group debuted the **MICHELIN® Premier® A/S** tire, which features unique **EverGrip™** technology. Even when worn, the tire has a shorter braking distance on wet roads than new tires from most competing brands, thanks to hidden grooves that appear as the tire wears, expanding rain grooves that get wider over time, and a unique high-traction rubber compound that improves grip on wet surfaces. As a result, the tire provides motorists with a real improvement in safety performance.

This new product is fully in line with the **MICHELIN Total Performance** strategy. The **MICHELIN® Premier® A/S** is produced and sold in North America, a market with its own unique driving and weather conditions. Given the strong potential of **EverGrip™** Michelin may well use this technology to enhance the performance of products sold in **MICHELIN® Premier® A/S** other markets.





The Aircraft Product Line: Driving Growth in Airline Traffic

The next 20 years hold unprecedented growth potential for the commercial aviation industry, in both the long and medium-haul segments.

Market expansion is being underpinned by the mobility needs of the world's new middle class emerging with the rise of mega-cities.

It is also being led by the faster replacement of existing aircraft, which is enabling airline companies to respond to today's aggressive competition by reducing fleet operating expenses, such as fuel, turnaround time at the hub and maintenance costs.

NZG technology⁽¹⁾ helps to significantly lower the overall cost of tire use in aircraft fleets. It does this not only by increasing the number of landings that can be made with a set of tires but also through its impact on fuel consumption, as it reduces mass and improves resistance to foreign-object damage on the runway.

NZG technology also leverages the full range of Michelin's expertise – acquired over several decades – that has helped to make Michelin tires highly reliable in all aviation segments, especially on military planes and business jets.

Deploying a new technology in a fast-growing market also represents a unique challenge for everyone in the Product Line.

The Group has important advantages that will ensure its success in this new growth phase, notably the worldwide presence of Michelin sales teams that work closely with our customers – whether aircraft manufacturers or airlines – and the possibility of producing new or retreaded NZG tires in our three plants in Norwood, North Carolina; Bourges, France; and Nong Kae, Thailand.

The Aircraft Product Line is ready to rise to all of these challenges in order to position itself in a phase of profitable growth for the long term.

(1)Near Zero Growth (NZG) is a radial tire technology that uses aramid-reinforcing cords to reduce casing growth due to inflation or centrifugal force, thereby considerably lengthening tire lifespan.



A radial NZG tire for every market segment (smallest to largest):

- General Aviation:** Dassault
- Military:** Falcon 5X, Lockheed F35A
- Regional:** Bombardier C- Series
- Commercial:** Airbus A350

Comparable Usage requirements between an automotive and Aircraft tire

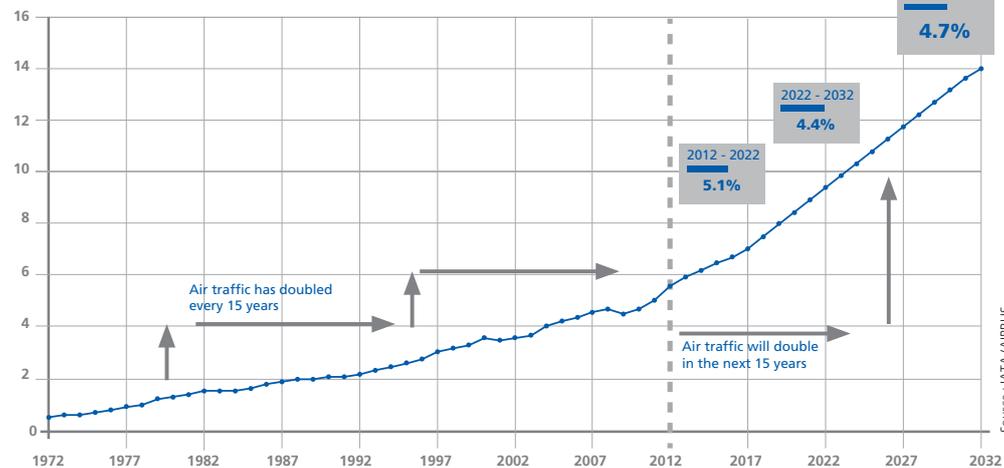
	PASSENGER CAR	COMPARISON	AIRCRAFT
Size	205/75 R15	~ =	27.75 x 8.75-14.5
Overall diameter	27.2"	~ =	27.75"
Section width	8.1"	~ =	8.75"
Nominal pressure	2.5 bar	x 9	22 bar
Nominal load	750 kg	x 13	10,000 kg
Max. speed	230 km/h	x 1.8	420 km/h
Tire temperature	stable 110°C	x 2.3	variable, up to 250°C



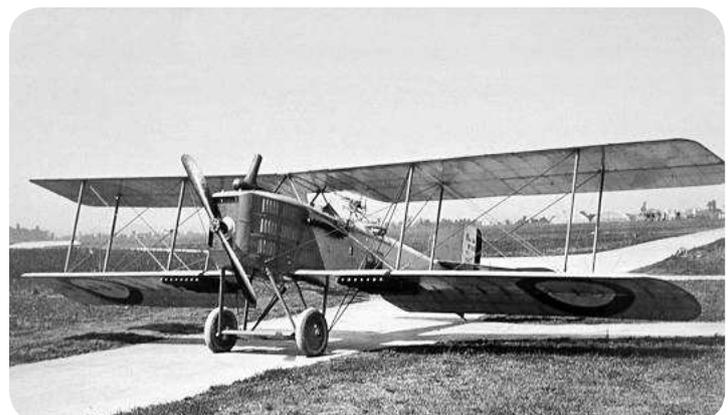
The latest radial NZG technology tire for the Airbus A350
Weight: 126.5 kg – Height 1.32 m

THE CHALLENGES FOR MICHELIN Growth in airline traffic

World annual RPK (trillion) ICAO total traffic Airbus GMF 2013



A century between this Airbus 380 from Le Bréguet, the airplane built by Michelin during the First World War





Held on Friday, May 16, 2014 in Clermont-Ferrand, **the Annual Shareholders Meeting was attended** by more than 1,700 people

Jean-Dominique Senard, Chief Executive Officer of the Michelin Group, opened the session by reviewing the highlights of 2013 before yielding the floor to Marc Henry, Chief Financial Officer and member of the Group Executive Committee, who gave a detailed presentation of our healthy results in 2013.

Marc Henry emphasized the quality of results management and the Company's robust financial position. "It's the fourth year in a row that the Group created value, with debt reaching an all-time low at year-end 2013," he said.

As in previous years, we tried to use the Annual Meeting to allow shareholders to feel what we experience and to learn about activities that are important for the Group. We chose two themes for this year: Michelin and motorsports on the one hand, and Michelin's activities and advantages in the Southeast Zone on the other.

"We're going to be pioneers," Pascal Couasnon, head of Michelin Motorsport. "Motorsport is built on three foundations: the Brand, technology and the business. This year, the Group will rise to a new technological challenge. Beginning in September, we will take part in Formula e, the new FIA championship for Formula 1 electric cars."

Lionel Dantiacq, Director of the ANA Zone (Southeast Asia-Pacific) presented a "zone that is impressive for its size, with 25 countries, and for its growth prospects!" These markets are growing constantly by around 5% a year. It's also a zone where the consumer base is young and the Internet is used very widely: "All in all, it's a marvelous opportunity for the Group," he said.

Shareholders then adopted all resolutions submitted for their approval, including the payment of a dividend of €2.50 per share, payable in cash on May 23, 2014, the election of Group employee Cyrille Poughon, as a new member of the Supervisory Board and the re-election of Laurence Parisot and M. Pat Cox all of whom will serve four-year terms.



The Michelin Corporate Foundation

In his speech, Jean-Dominique Senard announced the creation at the beginning of the year of the Michelin Corporate Foundation. He also explained that the Foundation "is naturally aligned with the Group's long-standing tradition of philanthropy and social commitment and that its mission is to deploy our corporate philanthropy policies in France and around the world." The Foundation will be active in five areas: sustainable mobility, environmental stewardship, health and sport, education and outreach, and culture and heritage.

DIALOGUE WITH SHAREHOLDERS



“ Question from Xavier Decroocq, a member of the Shareholder Consultative Committee

“The Michelin Group is successfully involved in global expansion. It has responded and adapted to market demand in each economic region, including in the so-called ‘emerging’ markets. In 2013, these markets experienced slower growth and unexpected fluctuations in their currencies that impacted the Michelin Group’s operations and business. What resources can be deployed in the future to anticipate and manage these risks and limit their impact on the Group’s results?”

”

Response from Marc Henry, Chief Financial Officer

“Your question touches on two points: managing currency risk due to changes in exchange rates as well as the Group’s development objectives and market growth. We are in fact faced with several currency-related risks. The first is what we call a transaction risk on foreign currency flows with regard to our customers and suppliers. Our strategy is to fully hedge these risks over the short term so that no currency losses are recorded in our accounts.

The second risk is economic as it is related to the current strength of the euro and to the decline in currencies in emerging markets and in the dollar. The best way to protect ourselves is to increase our selling prices in these countries, if the local business environment allows us to do so. The goal is to at least preserve our margins as expressed in the local currency.

As for increasing demand for tires, growth in emerging markets was clearly a little slower in 2013 and early 2014. What’s certain is that the recovery in mature markets will drive our growth in 2014.

Given this situation, I hope you will understand that our global presence represents a key asset.

A shareholder asked Jean-Dominique Senard about the possibility of granting free shares to reward shareholders for their loyalty.

“

Jean-Dominique Senard, Chief Executive Officer of the Michelin Group

“Thank you for asking that question which I was somewhat expecting, I must admit. Granting free shares is a traditional practice among some CAC 40 companies - although not many. It is not a tradition at Michelin and at present we don’t really see any advantage because increasing the number of shares outstanding does not naturally increase the value of the company or of your investment... We prefer to increase value through regular increases in the dividend and through the powerful signals we have given this year, such as increasing the dividend payout rate to 35% and buying back shares that were issued to avoid diluting the value of your shareholding...”

Anticipating the question, Jean-Dominique Senard took a moment to explain the Michelin Group’s position on a supplementary dividend:

“As to the question of whether to issue a supplementary dividend to our most loyal shareholders?

I don’t think that we will: First, because very few companies do it even though they may have reasons for doing so... Second, we are very concerned about treating our shareholders equally. There is a legal limit that prohibits us from allocating shares to shareholders that hold over 0.5% of the capital. This means that many of our shareholders in France and around the world would not be eligible for this supplementary dividend, for purely legal reasons. And at present that seems unacceptable to us. It would mean no longer treating shareholders equally and that’s why we prefer not to take this course of action. That’s all. But believe me when I say that increasing the dividend is something that seriously concerns us and I feel that the signs given this year were positive.”

”

BEHIND THE SCENES AT THE ANNUAL MEETING

Distributing 1,411 electronic voting boxes in 1 hour

For six months, a team of around 20 people dedicated to organizing the Annual Meeting prepared for the event. A total of 36 people – all Michelin team members – staffed the sign-in tables and welcomed 1,411 shareholders, or nearly 1,700 people, including accompanying persons.



In close touch with our shareholders



INVESTOR CALENDAR

Upcoming events

► July 29, 2014

First-half 2014 results
(before start of trading)

► October 22, 2014

Third-quarter financial information
(after closing of trading)

**18 cities= Meetings with Shareholders
in 18 cities in France in 3 years.**

June 5, 2014: Nantes

June 19, 2014: Lille

September 25, 2014: Dijon

November 12, 2014: Toulouse

December 15, 2014: Biarritz

MICHELIN SHAREHOLDER CONSULTATIVE COMMITTEE

Following the recruitment campaign launched in our May 2013 Letter to Shareholders, five new members have joined the Shareholder Consultative Committee.

After their first meeting on April 11, 2014, we asked some of them to share their impressions with us.

Xavier DECROOQ, 51, Chief Financial Officer

"The initial discussions allowed me to appreciate the Michelin teams' professionalism and the Group's organization. I was pleased to see that the lively debates always led to tangible initiatives within the Committee's scope of action."

Stéphane LEGRAND, 39, Private Banking Development Manager – Wealth Management

"I feel privileged to be completely immersed in the Company in an organized way that promotes mutually rewarding dialogue between Michelin and its shareholders. My only regret is that I haven't been involved for the past 125 years!"

Dominique SERIN, 39, Managing Partner

"The day was shaped by our shared desire to jointly build a financial communication strategy with shareholders with a focus on listening, openness and constructive dialogue. I'm eagerly looking forward to our next meeting."

Jean-Louis REYNAL, 39, Chief Medical Information Officer

"It's a great team that knows how to share and that will enable us to learn a lot about Michelin as well as about the values that make it a truly people-centric multinational with a strong regional focus."

A team at your service

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Department

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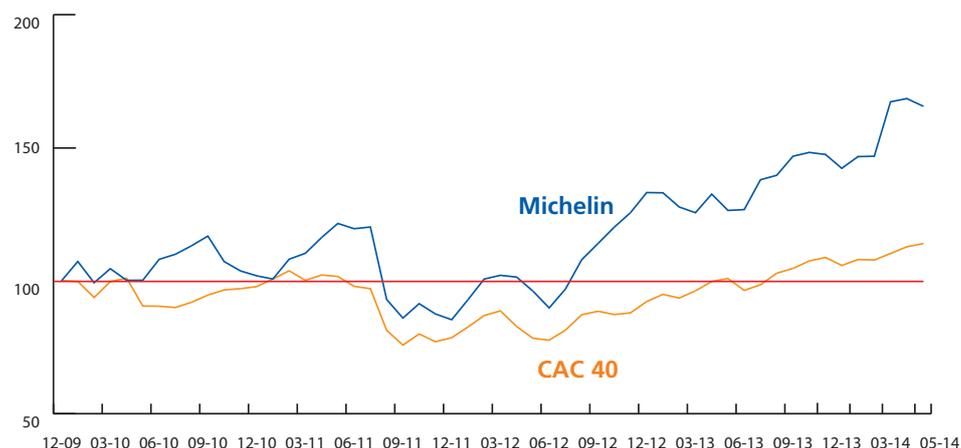
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www.michelin.com/shareholders

SHARE PERFORMANCE

(base 100: December 31, 2009)



Share information at May 31, 2014

ISIN: FR0000121261

Shares outstanding: 185,789,643

Closing price: € 90.40

Change since 01/01/14: 17.02%

Market value: Md€ 16.8

Ownership structure as of 31/05/2014:

- Employees **1.7%**
- Individual Shareholders **10.2%**
- Auto détention **0.1%**
- Resident Institutional investors **27.8%**
- Non-résident institutional investors **60.2%**