

MICHELIN LUXEMBOURG SCS
(incorporated in Luxembourg as a limited partnership (société en commandite simple))
Euro 209,000,000 3.25 per cent. Guaranteed Bonds due 2045
guaranteed by
Compagnie Financière du Groupe Michelin, "Senard et Cie"
(formerly Compagnie Financière Michelin)

(incorporated with limited liability in Switzerland, as a corporation limited by shares with unlimited partners (société en commandite par actions))

The issue price of the Euro 209,000,000 3.25 per cent. Guaranteed Bonds due 2045 (the "**Bonds**") of Michelin Luxembourg SCS (the "**Issuer**") is 98.926 per cent. of their principal amount.

Unless previously redeemed or cancelled, the Bonds will be redeemed at their principal amount on 30 September 2045. The Bonds are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in Luxembourg or Switzerland. The Bonds may also be redeemed at the option of the Issuer, in whole but not in part, on the Make whole Redemption Date (as defined in the Terms and Conditions of the Bonds) at the amount calculated as described in Condition 5(c) (*Make whole redemption at the option of the Issuer*) of the terms and conditions. The Issuer may, at its option, (i) on any date from and including the date falling three (3) months before the Maturity Date of the Bonds to but excluding such Maturity Date, redeem the Bonds outstanding on any such date, in whole (but not in part), at their principal amount together with accrued interest, as described under "*Terms and Conditions of the Bonds – Residual Maturity Call Option*" in the terms and conditions. In addition, the holder of a Bond may, by the exercise of its option, require the Issuer to redeem such Bond at its principal amount on the Put Change of Control Settlement Date (as defined in the Terms and Conditions of the Bonds). See "*Terms and Conditions of the Bonds— Redemption and Purchase*".

The Bonds will bear interest from 30 September 2015 at the rate of 3.25 per cent. per annum payable annually in arrear on 30 September in each year commencing on 30 September 2016. Payments on the Bonds will be made in Euro without deduction for or on account of taxes imposed or levied by Luxembourg or Switzerland to the extent described under "Terms and Conditions of the Bonds— Taxation". Compagnie Financière du Groupe Michelin, "Senard et Cie" (formerly Compagnie Financière Michelin) (the "**Guarantor**") will unconditionally and irrevocably guarantee the due and punctual payment of all amounts at any time becoming due and payable in respect of the Bonds.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purpose of Directive 2003/71/EC, (as amended by the Directive 2010/73/EC) (the "**Prospectus Directive**") for this Prospectus to be approved as a prospectus within the meaning of Article 5.3 of the Prospectus Directive (the "**Prospectus**"). By approving the Prospectus, the CSSF assumes no responsibility with regard to the economic and financial soundness of the transaction and the quality and solvency of the Issuer in accordance with Article 7(7) of the Prospectus Law. Application has been made for the Bonds to be admitted to listing on the official list of the Luxembourg Stock Exchange and trading on the Luxembourg Stock Exchange's Regulated Market (as defined below).

The Luxembourg Stock Exchange's Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC (the "**Regulated Market**"). References in this document to the Luxembourg Stock Exchange (the "**Luxembourg Stock Exchange**") and all related references shall include the Regulated Market.

The Bonds have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are subject to United States tax law requirements. The Bonds are being offered outside the United States by the Joint Lead Managers (as defined in "**Subscription and Sale**") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Bonds will be in bearer form and in the denomination of Euro 100,000 each and integral multiples of Euro 1,000 in excess thereof. The Bonds may be held and transferred, and will be offered and sold, in the principal amount of Euro 100,000 and integral multiples of Euro 1,000 in excess thereof. Each of the

Bonds will initially be in the form of temporary global Bond (the "**Temporary Global Bond**"), without interest coupons, which will be deposited on or around 30 September 2015 (the "**Closing Date**") with a common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear**") whose registered address is 1, Boulevard du Roi Albert II, 1210, Brussels, Belgium and Clearstream Banking, S.A., Luxembourg ("**Clearstream, Luxembourg**") whose registered address is 42, Avenue J.F. Kennedy, 1855 Luxembourg, Luxembourg. These Temporary Global Bond will be exchangeable, in whole or in part, for interests in permanent global Bond (the "**Permanent Global Bond**"), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Bond will be exchangeable in certain limited circumstances in whole, but not in part, for Bonds in definitive form in the denomination of Euro 100,000 each and with interest coupons attached. See "*Overview of Provisions Relating to the Bonds in Global Form*".

The Bonds will be rated A3 by Moody's Deutschland GmbH ("**Moody's**") and BBB+ by Standard & Poor's Credit Market Services France SAS ("**S&P**").

Each of S&P and Moody's is established in the European Union and is registered under Regulation (EC) No 1060/2009 as amended (the "**CRA Regulation**") and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (www.esma.europa.eu/page/List-registered-and-certified-CRAs).

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described in the section headed "Risk Factors" in the Prospectus.

Joint Lead Managers

**CRÉDIT AGRICOLE CORPORATE AND
INVESTMENT BANK**

DEUTSCHE BANK

28 September 2015

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IMPORTANT NOTICES

Each of the Issuer and the Guarantor accepts responsibility for the information contained or incorporated by reference in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained or incorporated by reference in this Prospectus to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.

This Prospectus has been prepared for the purpose of giving information with regard to the Issuer, the Guarantor and its subsidiaries (the "**CFGM Group**") and the Bonds which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer, the Guarantor and the CFGM Group.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference.

Neither the Issuer nor the Guarantor has authorised the making or provision of any representation or information regarding the Issuer, the Guarantor, the CFGM Group or the Bonds other than as contained in this Prospectus or as approved for such purpose by the Issuer and the Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantor or the Joint Lead Managers.

Neither the Joint Lead Managers nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bond shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer, the Guarantor or the CFGM Group since the date of this Prospectus. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor and the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Prospectus and its purchase of Bonds should be based upon such investigation as it deems necessary. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the CFGM Group during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Joint Lead Managers.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Bonds and should not be considered as a recommendation by the Issuer, the Guarantor, the Joint Lead Managers or any of them that any recipient of the Prospectus should subscribe for or purchase the Bonds.

The distribution of this Prospectus and the offering, sale and delivery of Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of this Prospectus and other offering material relating to the Bonds, see "*Subscription and Sale*".

In particular, the Bonds have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States or to U.S. persons.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**Euro**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

RISK FACTORS

Prospective investors should read the entire Prospectus. Words and expressions defined in the "Terms and Conditions of the Bonds" below or elsewhere in this Prospectus have the same meanings in this section. Investing in the Bonds involves certain risks. Prospective investors should consider, among other things, the following:

Risk Relating to the Bonds

There is no active trading market for the Bonds.

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer, the Guarantor and the CFGM Group. Although application has been made for the Bonds to be admitted to listing on the official list and trading on the Luxembourg Stock Exchange's regulated market, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds.

The Bonds may be redeemed prior to maturity.

In the event that the Issuer or the Guarantor would be obliged to increase the amounts payable in respect of any Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Luxembourg or Switzerland or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Bonds in accordance with the terms and conditions.

In addition Condition 5(c) (*Make-whole redemption at the option of the Issuer*) provides that the Bonds are redeemable at the Issuer's option at their make-whole redemption amount.

In addition, the Issuer may choose to redeem all (but not some only) of the outstanding Bonds from and including the date falling three (3) months before the relevant Maturity Date of the Bonds to but excluding such Maturity Date, on any such date under a residual maturity call option as provided in Condition 5(d) of the terms and conditions of the Bonds.

Depending on the number of Bonds in respect of which the put option provided in Condition 5(e) (*Change of control redemption at the option of Bondholders*) of the terms and conditions is exercised, any trading market in respect of those Bonds in respect of which such put option is not exercised may become illiquid.

The Global Bonds are held by or on behalf of Euroclear and Clearstream, Luxembourg, and investors will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantor.

The Bonds will be represented by the Global Bonds except in certain limited circumstances described in "Overview of Provisions Relating to the Bonds in Global Form". The Global Bonds will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in "Overview of Provisions Relating to the Bonds in Global Form", investors will not be entitled to receive definitive Bonds. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Bonds. While the Bonds are represented by the Global Bonds, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer and the Guarantor will discharge their payment obligations under the Bonds by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer

and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bonds.

Holders of beneficial interests in the Global Bonds will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Bonds will not have a direct right under the Global Bonds to take enforcement action against the Issuer or the Guarantor in the event of a default under the Bonds but will have to rely upon their rights under the Deed of Covenant.

Minimum Denomination

As the Bonds have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Bonds may be traded in amounts in excess of Euro 100,000 (or its equivalent) that are not integral multiples of Euro 100,000 (or its equivalent). In such case a Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Bond in respect of such holding (should Definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that its holding amounts to the minimum denomination.

Credit Rating

The Bonds have been assigned a rating of A3 by Moody's and BBB+ by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Bonds.

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the relevant Bonds and the information contained in this Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the relevant Bonds will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency of the Bonds is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Bonds; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Fixed Rate Bonds

Investment in the Bonds, which bear interest at a fixed rate, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Modification and waivers

The terms and conditions of the Bonds contain provisions for calling General Meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant General Meeting and Bondholders who voted in a manner contrary to the majority.

Legality of purchase

Neither the Issuer, the Guarantor, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Bonds by a prospective investor of the Bonds, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Change of law

The terms and conditions of the Bonds, the Deed of Covenant and the Deed of Guarantee are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in English law or the official application or interpretation of English law after the date of this Prospectus.

Currency risk

Prospective investors of the Bonds should be aware that an investment in the Bonds may involve exchange rate risks. The Bonds may be denominated in a currency other than the currency of the purchaser's home jurisdiction. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Bonds.

Market Value of the Bonds

The market value of the Bonds will be affected by the creditworthiness of the Issuer and the Guarantor and a number of additional factors, including market interest and yield rates. The value of the Bonds depends on a number of interrelated factors, including economic, financial and political events in Luxembourg, Switzerland or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Bonds are admitted to trading. The price at which a Bondholder will be able to sell the Bonds may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

Taxation

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. Potential investors are advised not to rely upon the tax overview contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration should be read in connection with the taxation sections of this Prospectus.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**EU Savings Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest or similar income (within the meaning of the EU Savings Directive) paid by a person located within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities (as defined in the article 4.2 of the EU Savings Directive) established in that other Member State. However, for a transitional period, Austria is instead required (unless during that period Austria elects for one of the two information exchange procedures available) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The rate of withholding is 35 per cent. A number of non-EU countries and territories have adopted similar measures.

According to the Luxembourg law dated 25 November 2014, the Luxembourg government has abolished the withholding tax system with effect from 1 January 2015 in favour of automatic information exchange under the Savings Directive.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. If a withholding tax is imposed on a payment made by a Paying Agent, the Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

On 24 March 2014, the European Council formally adopted EU Council Directive 2014/48/EU amending the EU Savings Directive (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive and are required to apply these new requirements from 1 January 2017. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Risks Relating to the Issuer and the Guarantor

Risks Relating to the Michelin Group's Operations and Strategy

Market Risk

Michelin Group's principal business operations consist in selling, to vehicle manufacturers, dealer networks and end-users, tires for cars, vans and trucks as well as Specialty tires for earthmovers, farm machinery, mining equipment, aircraft, scooters, motorcycles and bicycles.

Around 75 per cent. of the car, van and truck tire business involves replacement sales, which are shaped by a wide variety of factors, including consumer tire demand, the number of kilometres driven, average vehicle speeds, fuel prices, dealer inventory policies and weather conditions for winter tires.

The original equipment business, which represents around 25 per cent. of car, van and truck tire sales, depends on automotive demand in the Michelin Group's host markets and on automaker production programmes. Over the long term, the replacement tire business is relatively stable and less cyclical than the original equipment business.

The Specialty tire markets primarily depend on raw material prices in the mining, oil and agricultural sectors.

More generally, business activity is also influenced by such economic factors as the business environment, the availability of credit, consumer confidence, raw material prices and government programmes to support the automobile industry.

Innovation Risk

To retain the technological leadership that supports its ambitious growth objectives, Michelin Group invests heavily in research and innovation, as manifested in the portfolio of projects overseen by the Technology Centers.

In this regard, the Michelin Group is exposed to two distinct types of innovation risk. First is the risk of losing its technological leadership, which would expose it to increased competitive pressure. For example, changes in technologies or the regulatory environment could result in Michelin Group's products becoming obsolete or less appealing to customers. Similarly, their technological lead could be lessened if Michelin Group experienced delays in new product development.

The second type of innovation risk involves the development of innovative products that are not as successful as hoped in the marketplace.

Competition Risk

The Michelin Group is exposed to increasingly aggressive global competition, particularly from Asian tiremakers, which is being driven by the fast pace of technological change, rising capital expenditure, sustained price pressure from certain competitors, temporary overcapacity and steadily improving manufacturing competitiveness.

If this situation persists it could have a negative impact on the Michelin Group's revenue, financial position and earnings.

Risk of Default by Dealers

The Michelin Group's channel strategy is based mainly on the development of external dealership networks.

Substantially all of these dealers are independent and the integrated dealer networks – Euromaster in Europe and TCI in North America – make only a limited contribution to sales volumes. The TyrePlus network, which is currently being developed in new markets, is also made up of independent sales outlets, most of which are franchised.

In connection with these retail activities, the Michelin Group is exposed to the risk of default by its dealers and independent import companies.

Raw Materials Risk

The Michelin Group is exposed to fluctuations in raw material and energy prices.

Raw materials, which represented 40 per cent. of all Michelin Group purchases in 2014, include both commodities traded directly on organised markets, such as natural rubber, and manufactured products, like butadiene, styrene, metal cables and textiles, whose prices are negotiated with producers.

On the basis of estimated 2014 production volumes, the sensitivity of cash purchasing outlays to fluctuations in natural rubber and oil prices is as follows:

- a USD 0.10 per kg decrease in natural rubber prices would feed through to around an USD 80 million decrease in full-year purchasing costs;
- a USD 1.00 per barrel decrease in oil prices would feed through to a USD 12.5 million decrease in full-year purchasing costs.

The following table shows the raw material costs of the Michelin group for 2012, 2013 and 2014:

Raw materials costs for 2012, 2013 and 2014	2012	2013	2014
In Euro million.....	6,479	5,668	4,958
As a % of net sales	30.2%	28.0%	25.4%
Of which			
Natural rubber.....	36%	33%	28%
Synthetic rubber.....	27%	25%	25%
Reinforcing agents	15%	17%	19%
Chemicals	10%	12%	13%
Metal cables.....	7%	8%	9%
Textiles	5%	5%	6%

Source: 2014 registration document of Michelin Group

Reputational Risk

Michelin Group has an excellent brand image, both in terms of its products and as a company. However, like any other well-known multinational corporation, it is exposed to events and circumstances that could damage its brands and/or reputation.

In addition, the recent steady development of social media means that Michelin Group is exposed to online reputational risk, at a time when information is being openly and rapidly circulated, in particular on the Internet.

Operational Risks

Ethical Risk

Michelin Group pays particular attention to the risk of ethics violations and expects every employee to consistently act with integrity and to respect the internal and external standards that have underpinned its corporate culture for over a century. Any conduct that runs counter to these values could jeopardize the integrity of the entire Michelin Group.

Health and Safety Risks

Michelin Group directly employs 112,300 people worldwide and also uses temporary employment agencies and subcontractors. These people work in a wide variety of environments involving the use of machines and equipment that range from manual to fully automated, depending on the type of product manufactured and the age of the machines.

Given the nature of Michelin Group's business, employees are exposed to:

- risks related to on-site equipment and logistics (mechanical and electrical risks; ergonomic risks), risks related to the general working environment (heat, working at heights, psychosocial risks, and exposure to country-specific risks such as political instability, terrorism or kidnappings);
- risks related to exposure to chemicals as well as risks of industrial accidents and natural disasters.

Occupational risks can have an impact on the health, the well-being, and even the physical integrity of the Michelin Group's employees and other people who work at its sites.

Environmental Risk

Tires are non-biodegradable and are made of both natural and synthetic materials such as rubber, petroleum derivatives, chemicals and metals. They become worn through use and have a limited lifespan. As the only point of contact between a vehicle and the road, their use requires the burning of fuel and therefore the emission of greenhouse gases. This means that more than 90% of a tire's lifecycle environmental impact comes from their use.

The production processes use energy, electricity and water as well as steam generated internally in gas, coal or oil-fired boilers.

The tire manufacturing process can likewise potentially lead to environmental risks. The land and sea transport both of semi-finished products among the various plants and of manufactured products to dealerships in 170 countries across the globe gives rise to CO₂ emissions.

Lastly, the Michelin Group is exposed to the risk of legal or financial consequences if its operations cause soil or air pollution or if it fails to comply with the applicable local, national or international environmental regulations and standards.

Risk Related to the Safety and Performance of Products and Services

The tire is an important vehicle safety component. Michelin Group's brand image is inextricably linked to the innovative features, quality, reliability and safety of its products, which are also an important factor in vehicle safety. Every year, Michelin Group manufactures over 178 million tires worldwide to equip

everything on wheels, including cars, trucks, buses, aircraft, scooters, motorcycles, earthmovers, farm tractors and subway trains.

The regulatory environments in the Michelin Group's operating markets vary widely and its tires are used in a broad range of conditions. Consequently, Michelin Group's exposure to product risk can arise from weather conditions (temperature and humidity), from the quality and type of pavement (motorways, highways and runways), from the unusually extreme use of its tires in some geographic regions (in terms of load or speed), from counterfeit tires that do not offer customers the same safety guarantees, and from highly specific uses that push the boundaries of current technological capabilities.

Accounting and Financial Risks

Organisation of Financial Risk Management

The Corporate Financing Department of Michelin Group controls, measures and supervises financial risks for each company and region, as well as at Michelin Group level. These tasks are overseen by the Michelin Group Financial Department, to which the Corporate Financing Department reports.

One of the Michelin Corporate Financing Department's ongoing missions is to define the rules for applying financial risk management policies, which are monitored on the basis of a full array of internal standards, procedures and authoritative literature. Geographic zone finance managers oversee the implementation of the Michelin Group's financial risk management policies by the finance managers of the companies in their zone. In addition, compliance with the financial risk policies is assessed through internal audit reviews to evaluate risk control efficiency and identify means of improvement.

All decisions regarding Michelin Group's financial risk hedging policy are taken by the Michelin Group's Financial Department. As a general rule, the Michelin Group strictly limits the use of derivatives to the sole purpose of hedging clearly identified exposures.

The Financial Risks Committee is responsible for defining and approving financial risk management policies, identifying and assessing risks, and approving and monitoring hedges. It meets on a monthly basis and comprises representatives from the Michelin Group's Financial Department and the Michelin Group Corporate Financing Department.

Liquidity Risk

Liquidity is defined as the ability to repay borrowings when they fall due and to find new stable sources of financing so that there is always sufficient money to cover expenses. In the course of its business, the Michelin Group is exposed to the risk of having insufficient liquid resources to finance its operations and make the investments needed to drive its growth. It must therefore manage its cash reserves and committed lines of credit on a continuous basis.

Currency Risk

Currency risk is defined as the impact on financial indicators of fluctuations in the exchange rates of foreign currencies used in the normal course of business. The Michelin Group is exposed to currency risks on its foreign currency transactions (transaction risk) and also on the translation of its net investment in foreign subsidiaries (translation risk).

Foreign currency transaction risk arises from the monetary assets and liabilities of the Michelin Group and its subsidiaries (mainly cash and cash equivalents, receivables, payables and borrowings) that are denominated in foreign currencies. It corresponds to the risk of a change in the exchange rate between the date when these monetary assets and liabilities are recorded in the accounts and the date when they are recovered or settled.

Foreign currency translation risk arises from the Michelin Group's net investment in foreign subsidiaries. It corresponds to the risk of a change in the exchange rate used to translate the net investment in the foreign

Interest Rate Risk

The Michelin Group's income statement may be affected by interest rate risk. An unfavourable change in interest rates may adversely affect future finance costs and cash flows. The Michelin Group is in a net debt position and is exposed to the risk of an increase in interest rates on the portion of debt at variable rate. It may also be exposed to an opportunity risk in the case of a fall in interest rates, if too great a proportion of debt is at fixed rates, as well as on financial investments, depending on their interest terms.

Equity Risk

The Michelin Group owns shares in listed companies whose share price fluctuates, among other things, in line with changes in the global stock markets, the multiples applied by the markets to the industries in which these companies operate and their specific economic and financial metrics.

Equity investments are made for strategic rather than trading purposes. Equities are held under a medium or long-term strategy, and not for short term trading portfolio management.

Counterparty Risk

Counterparty risk is the risk of a debtor refusing or being unable to fulfil all or part of its obligations. The Michelin Group is exposed to counterparty risk on its contracts and financial instruments. Counterparty risk may lead to an impairment loss or a loss of liquidity. The Michelin Group is exposed to the risk of impairment losses arising from the investment of available cash in money market instruments and other marketable securities, as well as on finance receivables, derivative instruments and third party guarantees. It is exposed to the risk of a loss of liquidity on its undrawn committed lines of credit.

Credit Risk

Credit risks may arise when the Michelin Group grants credit to its customers. If a customer becomes insolvent or files for bankruptcy, it may default on the receivables held by the Michelin Group and this may have a negative impact on the Michelin Group's income statement.

Business Interruption Risk

The Michelin Group's tires are produced in two stages. First, semi-finished products are manufactured for use as components, and then the semi-finished products are processed and assembled to produce the finished products that make up the different types of tires Michelin Group sells. Consequently, any business interruption incident at a semi-finished product facility could have a serious impact, given that its output may be used by several different finished product plants.

There are a variety of external and internal factors that can give rise to business interruption risk for both of these types of production facility.

External risk factors include (i) supply shortages, which could jeopardize the output of semi-finished products and have a serious knock-on effect on the production of finished products, (ii) natural disasters, particularly in high-risk regions such as the United States (tornadoes) and Asia (flooding), and (iii) regulatory or geopolitical changes.

Internal sources of business interruption risk are fire, IT failures and other technical problems.

Supply Continuity Risk

Every year Michelin Group purchases over Euro 11 billion worth of goods and services from around 60,000 different suppliers. These purchases can be broken down into three different types:

1. Raw materials, divided into eight categories: natural rubber, monomers, elastomers, fillers, chemicals, oils and resins, textile reinforcements and metal reinforcements;
2. Industrial purchases, mainly engineering services for building new plants and improving existing facilities;
3. Services, primarily logistic, financial, advertising, consulting and industrial services.

The Michelin Group is therefore exposed to three different types of risk factors related to supply continuity:

- any imbalance between supply and demand can lead to tighter markets, which in turn can create supply difficulties for rare, high-demand or single-source raw materials;
- the scarcity of certain components can make the Michelin Group dependent on their suppliers. For example, consolidation in commodity markets can exert pressure on the supply chain;
- certain regulatory constraints – such as the recent tightening of environmental regulations in Europe, the United States and a number of emerging countries – can impact the operations of some suppliers.

The Michelin Group is also exposed to the risk that one or more of its suppliers may cease trading, which can happen for a wide variety of reasons including financial difficulties, a deliberate decision to withdraw from an insufficiently profitable business, termination of production following acquisition by a competitor, or the closure of a production facility as a result of a fire, explosion, natural disaster or geopolitical event.

Property Security Risk

The main property security risk is fire, both in production processes and in storage areas for raw materials and finished products. However, very few significant fire incidents have been reported Michelin Group-wide.

Knowledge Retention Risk

One of Michelin Group's competitive advantages stems from the ability to sharply differentiate its products and services thanks to continuous, sustained innovation. Consequently, protecting its knowledge, expertise and any and all trade secrets is a key factor in maintaining its leadership and driving its future growth.

The Michelin Group is exposed to risks in its cooperation with external stakeholders, including consumers, suppliers, partners, subcontractors and academic institutions. Likewise, it is dependent on the information systems used to store and share sensitive information.

Michelin Group is also exposed to risks relating to a fast-changing business environment, in which security breaches and piracy are becoming increasingly sophisticated and require constant vigilance and responsiveness from the IT teams. In addition, the Michelin Group has to take into account the growing use of social networks and the resulting risk of information leakage.

Sensitive information mainly concerns products, services, materials, procedures, equipment, techniques and methods, as well as design, testing and manufacturing data. However, information about production, research, marketing and other business strategies, as well as consumer and supplier databases, also risk being lost or stolen.

Human Resources Risk

Michelin Group's strategy for the coming years is based on four core objectives: drive strong, diversified growth, become more competitive, deliver sustainable business and financial performance, and foster mutual commitment between the Michelin Group and its people.

With this in mind, Michelin Group needs to refresh and adapt its capabilities both to support its growth in emerging markets and to replace employees who are nearing retirement age, especially in the mature markets. This means upgrading current skills-sets, incorporating new ones, transferring knowledge and expertise, and encouraging employee mobility, both geographically and across businesses. For these reasons, maintaining its appeal as an employer and enhancing its induction, training and skills development initiatives for new hires, will act as key enablers over this period.

Moreover, in a fast-moving competitive environment, being unable to attract and retain talent worldwide or effectively transfer the Michelin Group's culture and expertise represents a significant risk that could prevent us from meeting its objectives.

Legal and Tax Risks

By virtue of its size, industry, global footprint and diverse business lines and processes, Michelin Group faces a certain number of legal and tax risks.

As well as the legal risks that affect all international manufacturing companies, the Michelin Group is exposed to the following:

- **antitrust risks:** due to the size of its market share, the Michelin Group has to be particularly vigilant about its position vis-à-vis the competition;
- **product liability risks,** reflecting the safety issues associated with the Michelin Group's products;
- **intellectual property risks:** in view of the important role that innovation plays in the Michelin Group's business model, its knowledge and expertise have to be protected by carefully and diligently managing its trade secrets and by filing patent applications where appropriate.

Information Technology and Information Systems Risks

Michelin Group's business relies on state-of-the art information technology, systems and infrastructure (datacenters, servers and networks).

Over the past 10 years, Michelin Group has extensively overhauled its information technology and systems, building both on legacy assets and those of the successive companies acquired. Michelin Group's broad geographic footprint and highly diverse business base, product ranges and procedures all make for a complex environment, with the result that its information system has several thousand applications, a thousand or so main servers and around one hundred datacenters.

To cite just a few of the major changes, management of IT infrastructure (servers, networks and datacenters) has been outsourced, partnerships have been formed to develop applications, and data hosting sites have been centralized. As a result, Michelin Group is becoming more dependent on its partners for deploying and maintaining its IT infrastructure and software and are particularly exposed to the risk of a service interruption by a key provider. Other IT risk factors may include security breaches, piracy, theft of knowledge, expertise or confidential information, the shutdown of one or several systems due to an IT failure, obsolescence of an information system component (e.g. an application or server), and regulatory changes, notably concerning the Internet (licenses, copyright, personal data protection, etc.).

Project Management Risk

In view of the tire market's medium- to long-term structural growth prospects, Michelin Group plans to maintain its capital expenditure commitment in coming years, investing between Euro 1.5 billion and Euro 1.8 billion a year depending on the outlook of its host markets.

There are three types of major projects.

The first are growth projects, which are mainly focused on manufacturing facilities and aimed at increasing production capacity. Examples include the ramping up of four large-scale plant construction projects in Itatiaia (Brazil), Shenyang 2 (China), Chennai (India) and Anderson (United States) and the project for the construction of a new synthetic elastomer plant in Indonesia.

The second are business transformation projects, which have been consolidated into two priority programs: the OPE Business Management System – intended to create an integrated reporting and information sharing system to enhance the Michelin Group's management and performance – and the Efficiency Program, designed to streamline and optimize the support function processes.

The third are technological innovation projects to support the development of new components or new products. Examples include the production of the material for the Selfseal® technology and the MICHELIN® X® TWEEL® airless radial tires.

Michelin Group is therefore exposed to a number of risks that may arise when implementing major projects, such as the risk of a project falling out of alignment with corporate strategy or even failing after not meeting its milestone or budget targets.

INFORMATION INCORPORATED BY REFERENCE

The information set out in the table below shall be deemed to be incorporated by reference in, and to form part of, this Prospectus **provided however that** any statement contained in any document incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement.

The documents incorporated by reference will be made available, free of charge, during usual business hours at the specified offices of the Fiscal Agent and the Listing Agent in Luxembourg, unless such documents have been modified or superseded. Such documents will also be available in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) for so long as the Bonds are outstanding.

For ease of reference, the tables below set out the relevant page references for

- (1) the audited annual accounts (including the independent audit reports (1 report for each year) thereon and notes thereto) of the Issuer in respect of the years ended 31 December 2013 and 31 December 2014 (set out on pages 9 to 17 and 9 to 17 respectively, of the 2013 and 2014 annual reports of the Issuer);
- (2) the unaudited accounts of the Issuer for the six-month period ended 30 June 2015 (set out on pages 6 to 14 of the 2015 half-year report of the Issuer); and
- (3) the audited consolidated financial statements (including the independent auditors' reports (1 report for each year) thereon and notes thereto) of the Guarantor in respect of the years ended 31 December 2013 and 31 December 2014 (set out on pages 26 to 93 and 26 to 99 respectively, of the 2013 and 2014 annual reports of the Guarantor).

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No. 809/2004, as amended.

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TERMS AND CONDITIONS OF THE BONDS

The following is the text of the Terms and Conditions of the Bonds which (subject to completion and amendment) will be endorsed on each Bond in definitive form:

The Euro 209,000,000 3.25 per cent. Guaranteed Bonds due 2045 (the "**Bonds**"), which expression includes any further bonds issued pursuant to Condition 13 (*Further issues*) and forming a single series therewith of Michelin Luxembourg SCS (the "**Issuer**") are the subject of (a) an English law deed of guarantee dated 30 September 2015, the "**Deed of Guarantee**") entered into by Compagnie Financière du Groupe Michelin, "Senard et Cie" (formerly Compagnie Financière Michelin) (the "**Guarantor**") and (b) an agency agreement dated 30 September 2015 (the "**Agency Agreement**") between the Issuer, the Guarantor, CACEIS Bank Luxembourg as fiscal agent and as issuing and principal paying agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Bonds, and together with any paying agents appointed by the Fiscal Agent in connection with the Bonds, the "**Paying Agents**" which expression includes any successor paying agents appointed from time to time in connection with the Bonds), CACEIS Bank Luxembourg as calculation agent (the "**Calculation Agent**", which expression includes any successor calculation agent appointed from time to time in connection with the Bonds). Certain provisions of these terms and conditions are summaries of the Deed of Guarantee and the Agency Agreement and are subject to their detailed provisions. The holders of the Bonds (the "**Bondholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Deed of Guarantee and the Agency Agreement applicable to them. Copies of the Deed of Guarantee and the Agency Agreement are available for inspection by Bondholders during normal business hours at the specified offices (as defined in the Agency Agreement) of each of the Fiscal Agent and the Listing Agent in Luxembourg. The initial Paying Agents and their initial specified offices are set out below.

1. **Form, Denomination and Title**

The Bonds are in bearer form in the denomination of Euro 100,000 and integral multiples of Euro 1,000 in excess thereof with Coupons attached at the time of issue. The Bonds may be held and transferred, and will be offered and sold, in the principal amount of Euro 100,000 and integral multiples of Euro 1,000 in excess thereof. Title to the Bonds and the Coupons will pass by delivery. The holder of any Bond or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

2. **Status and Guarantee**

- (a) *Status of the Bonds:* The Bonds constitute direct, general, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (b) *Guarantee of the Bonds:* The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Bonds. This Guarantee of the Bonds constitutes direct, general, unsubordinated and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3. **Negative Pledge**

So long as any Bond or Coupon remains outstanding (as defined in the Agency Agreement):

- (a) the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security Interest**"), other than any such Security Interest arising by operation of law, upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Relevant Indebtedness or any guarantee of or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Coupons are secured equally and rateably therewith or have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution of the Bondholders; and
- (b) the Guarantor will not create or permit to subsist any Security Interest, other than any such Security Interest arising by operation of law, upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Relevant Indebtedness or any guarantee of or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto, the Guarantor's obligations under the Guarantee of the Bonds are secured equally and rateably therewith or have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution of the Bondholders.

In these terms and conditions:

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Relevant Indebtedness**" means any present or future Indebtedness which is in the form of or represented by any bond, note, debenture, loan stock or other instrument issued in the capital markets which is or is capable of being listed on any stock exchange, or which is quoted or ordinarily dealt in on any securities market (including, without limitation, any over-the-counter market).

4. **Interest**

- (a) *Rate of Interest*: the Bonds bear interest from 30 September 2015 (the "**Issue Date**") at the rate of 3.25 per cent. per annum, (the "**Rate of Interest**") payable in arrear on 30 September in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 6 (*Payments*).

Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day which is seven days after the Fiscal Agent has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be Euro 32.50 in respect of each Calculation Amount. If interest is required to be paid in respect of a Bond on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Bond divided by the Calculation Amount, where:

"**Calculation Amount**" means Euro 1,000;

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

"**Regular Period**" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

- (b) *Adjustment of Rate of Interest*: the Rate of Interest payable on the Bonds will be subject to adjustment in accordance with the Interest Ratchet in the event of a Step Up Event or a Step Down Event (each such adjustment a "**Rate Adjustment**") as defined below.

Any Rate Adjustment shall be effective from and including the Interest Payment Date immediately following the date of the relevant Step Up Event or the relevant Step Down Event.

The Issuer will cause each Step Up Event and each Step Down Event to be notified to the Fiscal Agent and notice thereof to be published in accordance with Condition 14 as soon as possible after the occurrence of the Step Up Event or the Step Down Event but in no event later than the tenth (10th) Business Day thereafter.

For so long as any of the Bonds in respect of which this Condition 4(b) applies, are outstanding, the Issuer shall use its best efforts to maintain Ratings from at least two Rating Agencies. However:

- (i) in the event that one Rating Agency fails or ceases to assign a Rating, the Issuer shall use its best efforts to obtain a Rating from a Substitute Rating Agency within one hundred twenty (120) days of the date on which only one Rating is assigned to the Bonds. In the event that a Rating is not obtained from such a Substitute Rating Agency, then, a Step Up Event shall be constituted as from the date on which only one Rating is assigned to the Bonds in consequence of which the Rate of Interest payable on the Bonds to the Maturity Date shall be the Interest Ratchet unless (i) the Rating assigned by the remaining Rating Agency is at least equal to the Specified Threshold or (ii) the termination of the Rating by the Rating Agency is due to any reason other than a request from the Issuer.
- (ii) In the event that all Rating Agencies fail or cease to assign a Rating and no Rating is obtained from a Substitute Rating Agency, this shall constitute a Step Up Event in consequence of which the Rate of Interest payable on the Bonds to the Maturity Date shall be the Interest Ratchet.

For the purposes of this Condition:

“**Step Up Event**” means the first public announcement by any Rating Agency of a Rating Decrease.

“**Step Down Event**” means where the Rate of Interest has previously been subject to an increase in accordance with the Interest Ratchet following a Rating Decrease by any Rating Agency, the first public announcement by any Rating Agency or substitute Rating Agency that it has assigned a Rating equal to or higher than the Specified Threshold, resulting in all Rating Agencies having assigned a Rating equal to or higher than the Specified Threshold.

“**Rating Decrease**” means a decrease in the Rating to below the Specified Threshold.

“**Specified Threshold**” means BBB- (in the case of S&P) or Baa3 (in the case of Moody’s) or the equivalent rating level of any Substitute Rating Agency.

“**Rating**” means the rating of the Issuer’s senior unsecured long-term debt.

“**Initial Rate of Interest**” means 3.25 per cent per annum.

“**Margin adjustment**” means 1.25 per cent per annum.

“**Interest Ratchet**” means the following rates of interest:

- (a) upon the occurrence of a first Step Up Event: the Initial Rate of Interest plus the Margin Adjustment; and
- (b) upon the occurrence of a Step Down Event following the previous occurrence of the first Step Up Event as referred to in (a) above: the Initial Rate of Interest.

“**Rating Agency**” means, S&P and Moody’s, as the case may be, or any rating organisation generally recognised by banks, securities houses and investors in the euro-markets provided that references herein to a Rating Agency shall only be to such Rating Agency as shall have been

appointed by or on behalf of the Issuer to maintain a Rating and shall not extend to any such Rating Agency providing ratings on an unsolicited basis.

“**S&P**” means Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc., or its Successor.

“**Moody’s**” means Moody’s Investors Service, or its Successor.

“**Successor**” means the legal successor to any of the Rating Agencies continuing the respective business activity.

“**Substitute Rating Agency**” means any international rating agency that qualifies as a statistical rating agency. References to Rating Agency shall be to such Substitute Rating Agency.

5. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 30 September 2045 (the "**Maturity Date**"), subject as provided in Condition 6 (*Payments*).
- (b) *Redemption for tax reasons:* The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if:
 - (i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Luxembourg or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
 - (ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Bonds) would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Switzerland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date; and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Bonds were then due or (as the case may be) a demand under the Guarantee of the Bonds were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by a director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 5(b).

- (c) *Make-whole redemption at the option of the Issuer:* The Issuer may, subject to compliance with all relevant laws, regulations and directives and to having given not more than 30 nor less than 15 days' notice to the Bondholders (which notice shall be irrevocable and shall specify the date

fixed for redemption) in accordance with Condition 14 (*Notices*), redeem the Bonds in whole, but not in part, at any time prior to their Maturity Date (the "**Make-whole Redemption Date**") at an amount per Bond calculated by the Calculation Agent (as defined below) and equal to the greater of:

- (a) 100 per cent. of the principal amount of the Bonds; or
- (b) the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Bonds to, but excluding, the Make-whole Redemption Date) discounted to the Make-whole Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Reference Rate (as defined below) plus 0.30 per cent.,

plus, in each case (a) or (b) above, any interest accrued on the Bonds to, but excluding, the Make-whole Redemption Date.

The Reference Rate will be published by the Issuer in accordance with Condition 14 (*Notices*).

The Reference Rate is the average of the four quotations given by the Relevant Dealers of the mid-market annual yield of the Reference Bund on the fourth Business Day (as defined in below) preceding the Make-whole Redemption Date at 11.00 a.m. (Central European Time ("CET")).

If the Reference Bund is no longer outstanding, a Similar Security will be chosen by the Calculation Agent at 11.00 a.m. (CET) on the third Business Day preceding the Make-whole Redemption Date, quoted in writing by the Calculation Agent.

Where:

"Business Day" means any day on which the TARGET System is open;

"Reference Bund" means the 2.5 per cent. Federal Government Bund of Bundesrepublik Deutschland due 4 July 2044 with ISIN DE0001135481;

"Reference Dealers" means each of the four banks selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues;

"Similar Security" means a reference bond or reference bonds issued by the German Federal Government having an actual or interpolated maturity comparable with the remaining term of the Bonds that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds.

The Issuer will procure that, so long as any Bond is outstanding, there shall at all times be a Calculation Agent for the purposes of the Bonds. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or if the Calculation Agent fails duly to establish the amount due in relation to this Condition 5(c), the Issuer shall appoint some other leading bank engaged in the Euro interbank market (acting through its principal Euro-zone office) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5(c) by the Calculation Agent shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Guarantor and the Bondholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor or the Bondholders shall attach to the Calculation Agent in connection with the exercise or non-exercise of its powers, duties and discretions.

(d) *Residual maturity call at the option of the Issuer*

The Issuer may, on giving not less than fifteen (15) nor more than thirty (30) calendar days' irrevocable notice in accordance with Condition 14 (*Notices*) to the Bondholders redeem, at any time as from and including 3 months to but excluding the Maturity Date, the Bonds, in whole (but not in part), at their principal amount together with interest accrued to, but excluding, the date fixed for redemption.

(e) *Change of control redemption at the option of Bondholders*: If at any time while any Bond remains outstanding there occurs a Change of Control, the holder of each Bond will have the option (unless, prior to the giving of the Put Change of Control Notice referred to below, the Issuer gives notice of its intention to redeem the Bonds under Condition 5(c)) to require the Issuer to redeem that Bond or, at the Issuer's option, to procure the purchase of that Bond on the date determined by the Issuer and notified to the Bondholders in accordance with Condition 14 (*Notices*) (the "**Put Change of Control Settlement Date**", which date shall be within a period of not less than 60 nor more than 90 days following the Put Change of Control Notice or, if the Issuer fails to give a Put Change of Control Notice within 15 days of the occurrence of a Change of Control, within a period of not less than 90 nor more than 120 days following the occurrence of a Change of Control) at its principal amount, together with (or, where purchased, together with an amount equal to) interest accrued to but excluding such Put Change of Control Settlement Date.

Promptly upon the occurrence of a Change of Control, the Issuer shall give notice (a "**Put Change of Control Notice**") to the Bondholders in accordance with Condition 14 (*Notices*) specifying the nature of the Change of Control and the circumstances giving rise to it and the procedure for exercising the option contained in this Condition 5(e)).

In order to exercise the option contained in this Condition 5(e), the Bondholder must, not less than 30 nor more than 60 days before the relevant Put Change of Control Settlement Date, deposit with any Paying Agent such Bond together with all unmatured Coupons relating thereto and a duly completed put option notice (a "**Put Option Notice**") in the form obtainable from any Paying Agent. The Paying Agent with which a Bond is so deposited shall deliver a duly completed receipt for such Bond (a "**Put Option Receipt**") to the depositing Bondholder. No Bond, once deposited with a duly completed Put Option Notice in accordance with this Condition 5(e), may be withdrawn; provided, however, that if, prior to the relevant Put Change of Control Settlement Date, any such Bond becomes immediately due and payable or, upon due presentation of such Bond on the relevant Put Change of Control Settlement Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Bondholder at such address as may have been given by such Bondholder in the relevant Put Option Notice and shall hold such Bond at its specified office for collection by the depositing Bondholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Bond is held by a Paying Agent in accordance with this Condition 5(e), the depositor of such Bond and not such Paying Agent shall be deemed to be the holder of such Bond for all purposes.

A "**Change of Control**" shall be deemed to have occurred at each time that any person or persons acting in concert come(s) to own or acquire(s) (i) more than 50 per cent. of the issued share capital of the Guarantor or of Compagnie Générale des Etablissements Michelin or (ii) such number of the shares in the capital of the Guarantor or of Compagnie Générale des Etablissements Michelin carrying more than 50 per cent. of the voting rights at ordinary or extraordinary general meetings of Shareholders, *provided that* there will be no Change of Control of the Guarantor as long as Compagnie Générale des Etablissements Michelin retains the ability to control, directly or indirectly, whether by ownership of shares, contract or otherwise, more than 50 per cent. of such voting rights at ordinary or extraordinary general meetings of the Guarantor.

(f) *No other redemption*: The Issuer shall not be entitled to redeem the Bonds otherwise than as provided in paragraphs (a) (*Scheduled Redemption*) to (d) (*Change of control redemption at the option of Bondholders*) above.

- (g) *Purchase:* The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Bonds in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.
- (h) *Cancellation:* All Bonds so redeemed or purchased by the Issuer, the Guarantor or any of their respective subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

6. **Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Bonds at the specified office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.
- (b) *Interest:* Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the specified office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

- (c) *Interpretation:* In these terms and conditions:

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007; and

"**TARGET System**" means the TARGET2 system.

- (d) *Payments subject to fiscal laws:* All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.
- (e) *Deduction for unmatured Coupons:* If a Bond is presented without all unmatured Coupons relating thereto, then:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant

Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void Coupons.

- (f) *Payments on business days:* If the due date for payment of any amount in respect of any Bond or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.
- (g) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bonds at the specified office of any Paying Agent outside the United States.
- (h) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Bond or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

7. **Taxation**

All payments of principal and interest in respect of the Bonds and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Luxembourg or Switzerland or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

- (a) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond or Coupon; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC (as modified by Council Directive 2014/48/EC adopted by the European Council on 24 March 2014) on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or
- (c) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a member state of the European Union; or
- (d) more than 30 days after the Relevant Date except to the extent that the holder of such Bond or Coupon would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days.

In these terms and conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Bondholders.

Any reference in these terms and conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*).

As long as it shall be required to avoid triggering Swiss withholding tax, the Issuer hereby undertakes to use the proceeds of the Bonds solely outside Switzerland and/or in accordance with any tax ruling of the competent Swiss tax authorities.

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than Luxembourg or Switzerland respectively, references in these terms and conditions to Luxembourg or Switzerland shall be construed as references to Luxembourg or (as the case may be) Switzerland and/or such other jurisdiction.

8. **Events of Default**

If any of the following events occurs and is continuing:

- (a) *Non-payment*: the Issuer fails to pay any interest or any principal in respect of the Bonds when due and such failure continues for a period of fourteen days; or
- (b) *Breach of other obligations*: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under or in respect of the Bonds which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Bondholder; or
- (c) *Cross-default of the Issuer or the Guarantor*:
 - (i) any other present or future Indebtedness of the Issuer or the Guarantor for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described);
 - (ii) any such Indebtedness is not paid on the due date or, as the case may be, within any applicable grace period; or
 - (iii) the Issuer or the Guarantor fails to pay when due any amount payable by it under any present or future Credit Support for, or indemnity in respect of, any moneys borrowed or raised,

provided that the aggregate amount of the Indebtedness, Credit Support and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds Euro 50,000,000 (fifty million Euro) or its equivalent in other currency or currencies;

Where:

"**Credit Support**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and

any other agreement to be responsible for such Indebtedness;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases; and
- (iv) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; or

- (d) *Enforcement Proceedings*: an encumbrancer or a receiver or a person with similar functions appointed for execution in Luxembourg or Switzerland (including a *Curateur* or *Konkursverwalter*) takes possession of the whole or any material part of the assets or undertaking of the Issuer or the Guarantor or a distress, execution or other process being levied or enforced upon or sued out against the whole or substantially all of the property or assets of Issuer or the Guarantor or and not being paid, discharged, removed or stayed within 45 days; or
- (e) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) provided that the aggregate amount of indebtedness secured by mortgages, charges, pledges, liens or other encumbrances in relation to which any such step is taken equals or exceeds euro 50,000,000 (fifty million euro) or its equivalent in any other currency or currencies and not being stayed within 45 days; or
- (f) *Insolvency etc*: the Issuer, in accordance with Article 437 of the Luxembourg Code de Commerce, or the Guarantor, in accordance with Article 725(2) of the Swiss Code of Obligations, is (or could be deemed by law or a court to be), insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, makes any agreement for the deferral or rescheduling of the whole or substantially all of its debts which it might otherwise be unable to pay when due, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or the Guarantor; or
- (g) *Winding up etc*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or the Guarantor or the Issuer or the Guarantor ceases or threatens to cease to carry on all or a substantial part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Bondholders and provided that a bona fide disposal for value on an arm's length basis of a substantial part of its business or operations shall not be deemed to be a cessation of business for these purposes; or
- (h) *Ownership*: the Issuer ceases to be owned directly or indirectly as to at least fifty-one per cent. and controlled by the Guarantor; or
- (i) *Analogous Events*: Any event occurs which under the laws of any jurisdiction where the Issuer or the Guarantor is for the time being incorporated has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or

- (j) *Guarantee*: the Guarantee of the Bonds is not (or is claimed by the Guarantor not to be) in full force and effect,

then any Bond, may by notice in writing given to the Issuer and the Fiscal Agent at its specified office by the holder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further formality.

9. **Prescription**

Claims for principal shall become void unless the relevant Bonds are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

10. **Replacement of Bonds and Coupons**

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

11. **Paying Agents**

In acting under the Agency Agreement and in connection with the Bonds and the Coupons, the Paying Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders or Couponholders.

The initial Paying Agents and their initial specified offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents; *provided, however, that* the Issuer and the Guarantor shall at all times maintain (a) a fiscal agent, (b) a paying agent in Luxembourg and (c), a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC;

Notice of any change in any of the Paying Agents or in their specified offices shall promptly be given to the Bondholders.

12. **Meetings of Bondholders; Modification**

- (a) *Meetings of Bondholders*: The Agency Agreement contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these terms and conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing more than half of the aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds, to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, to change the currency of payments under the Bonds, to amend the terms of the Guarantee of the Bonds or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**") may only be sanctioned by an Extraordinary Resolution

passed at a meeting of Bondholders at which two or more persons holding or representing not less than two-thirds or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

- (b) *Modification:* The Bonds, these terms and conditions and the Deed of Guarantee may be amended without the consent of the Bondholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Bondholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Bondholders.
- (c) *Substitution:* The Issuer, or any previous substituted company, may at any time, without the consent of the Bondholders or the Couponholders, substitute for itself as principal debtor under the Bonds and the Coupons such company (the "**Substitute**") as further described in the Agency Agreement, provided that no payment in respect of the Bonds or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form exhibited to the Agency Agreement, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Bondholder and Couponholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Bond, Coupon or the Deed of Covenant and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Bonds and the Coupons shall be unconditionally guaranteed by the Guarantor by means of the Deed Poll, (iii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Bonds, Coupons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and, in the case of the Deed Poll, of the Guarantor have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any necessary consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Bondholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above, England and Switzerland as to the fulfilment of the preceding conditions of this paragraph (c) and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Bondholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or which might otherwise reasonably be regarded as material to the Bondholders, will be available for inspection at the specified office of each of the Paying Agents. References in Condition 8 (*Events of Default*) to obligations under the Bonds shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 8 (*Events of Default*) shall be deemed to include that guarantee not being (or being claimed by the guarantor under such guarantee not to be) in full force and effect the provisions of Condition 8(b) – 8(j) inclusive shall be deemed to apply in addition to the guarantor under such guarantee. By subscribing to, acquiring or otherwise purchasing the Bonds or Coupons, the holders of the Bonds or Coupons expressly consent to the substitution of such Issuer and to the release of such Issuer from any and all obligations in respect of the Bonds or the Coupons and any relevant agreements and are expressly deemed to have accepted such substitution and the consequences thereof.

13. **Further Issues**

The Issuer may from time to time, without the consent of the Bondholders or the Couponholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Bonds.

14. **Notices**

Notices to the Bondholders shall be valid if (i) delivered to the Bondholders through Euroclear or Clearstream, Luxembourg, for so long as the Bonds are cleared through such clearing systems and, so long as the Bonds are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange (www.bourse.lu); or, (ii) published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*); or (iii) if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such delivery or publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Bondholders.

15. **Currency Indemnity**

If any sum due from the Issuer in respect of the Bonds or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these terms and conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Bonds, the Issuer shall indemnify each Bondholder, on the written demand of such Bondholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Bondholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

16. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by English law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Bonds (including any non-contractual obligation arising out of or in connection with the Bonds).
- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Bondholders to take proceedings outside England:* Condition 16(b) (*English courts*) is for the benefit of the Bondholders only. As a result, nothing in this Condition 16 (*Governing law and jurisdiction*) prevents any Bondholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Bondholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Service of process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Michelin Finance (U.K.) Limited at Tricor Suite 4th Floor, 50 Mark Lane, London, EC3R 7QR, United Kingdom, at which service of process may be served on it in

accordance with Part 34 of the Companies Act 2006 or any successor provision thereto. Nothing in this paragraph shall affect the right of any Bondholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

There will appear at the foot of the terms and conditions endorsed on each Bond in definitive form the names and specified offices of the Paying Agents as set out at the end of this Prospectus.

OVERVIEW OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Bonds will initially be in the form of the Temporary Global Bond which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Bonds will be issued in new global Bond ("NGN") form. On 13 June 2006, the European Central Bank (the "ECB") announced that Bonds in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "Eurosysteem"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Bonds in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosysteem operations if the NGN form is used.

The Bonds are intended to be held in a manner which would allow Eurosysteem eligibility - that is, in a manner which would allow the Bonds to be recognised as eligible collateral for Eurosysteem monetary policy and intra-day credit operations by the Eurosysteem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosysteem eligibility criteria.

The Temporary Global Bond will be exchangeable in whole or in part for interests in Permanent Global Bond not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Bond unless exchange for interests in the Permanent Global Bond is improperly withheld or refused. In addition, interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Bond will become exchangeable in whole, but not in part, for Bonds in definitive form ("**Definitive Bonds**") in the denomination of Euro 100,000 each at the request of the bearer of the Permanent Global Bond if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

So long as the Bonds are represented by Temporary Global Bond or Permanent Global Bond and the relevant clearing system(s) so permit, the Bonds will be tradeable only in the minimum authorised denomination of Euro 100,000 and higher integral multiples of Euro 1,000, notwithstanding that no Definitive Bonds will be issued with a denomination above Euro 199,000.

Whenever a Permanent Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with the relevant Receipts and Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Bond to the bearer of such Permanent Global Bond against the surrender of such Permanent Global Bond to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Bonds have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of a Permanent Global Bond for Definitive Bonds; or
- (b) a Permanent Global Bond (or any part of it) has become due and payable in accordance with the relevant terms and conditions or the date for final redemption of the relevant Bonds has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the relevant Permanent Global Bond on the due date for payment,

then such Permanent Global Bond (including the obligation to deliver Definitive Bonds) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of such Permanent Global Bond will have no further rights thereunder (but without prejudice to the rights which the bearer of such Permanent Global Bond or others may have under a deed of covenant relating to the relevant Bonds dated

30 September 2015 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in such Permanent Global Bond will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before such Permanent Global Bond became void, they had been the holders of Definitive Bonds in an aggregate principal amount equal to the principal amount of Bonds they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Temporary Global Bond and the Permanent Global Bond will contain provisions which modify the relevant Terms and Conditions of the Bonds as they apply to such Temporary Global Bond and Permanent Global Bond. The following is an overview of certain of those provisions and they shall apply to the Temporary Global Bond and Permanent Global Bond in respect of the Bonds.

Payments: All payments in respect of the Temporary Global Bond and the Permanent Global Bond will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Bond or (as the case may be) the Permanent Global Bond to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Bonds. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Bond or (as the case may be) the Permanent Global Bond, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days: In the case of all payments made in respect of the Temporary Global Bond and the Permanent Global Bond "**business day**" means any day on which the TARGET System is open.

Exercise of put option: In order to exercise the option contained in Condition 5(e) (*Change of control redemption at the option of Bondholders*) of the relevant terms and conditions the bearer of the Permanent Global Bond must, within the period specified in the relevant terms and conditions for the deposit of the relevant Bond and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Bonds in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 14 (*Notices*), while all the Bonds are represented by the Permanent Global Bond (or by the Permanent Global Bond and/or the Temporary Global Bond) and the Permanent Global Bond is (or the Permanent Global Bond and/or the Temporary Global Bond are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to the relevant Bondholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the relevant Bondholders in accordance with Condition 14 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as such Bonds are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

USE OF PROCEEDS

The net proceeds of the issue of the Bonds will be used by the Issuer for general corporate purposes.

DESCRIPTION OF THE ISSUER

Introduction

Michelin Luxembourg SCS (the "**Partnership**") was incorporated on 31 October 2003 as a Luxembourg limited partnership "*société en commandite simple*" and is organised and operates under the laws of Luxembourg. It is registered with the Luxembourg trade and companies register "*Registre de Commerce et des Sociétés*" under reference number B 96.546. Its office is located at 69, Boulevard de la Pétrusse, L-2320 Luxembourg, Luxembourg and its telephone number is +352 40 49 60 1. The articles of association of the Partnership have been published on 10 November 2003 in the official gazette of Luxembourg *Mémorial C, Recueil des Sociétés et Associations*, and last amended on 27 July 2012. The Partnership is established for an unlimited period.

Principal activities and object of the Issuer

The object of the Issuer can be found in article 3 of the articles of association. The object of the Issuer includes, *inter alia*, the issue of bonds and debentures. The Issuer is also authorised under the terms of its articles of association to grant loans to other members of the Michelin Group. The main activities of Michelin Group companies include the manufacture and distribution of vehicle tyres and the publication of travel guides and maps.

Loans to affiliated undertakings

Loans to affiliated undertakings represent interest bearing loans made to finance the development of the Michelin Group's operations. They comprise:

	Year Ended 31 December	
	2014	2013
	<i>(in thousand Euro)</i>	
Compagnie Financière du Groupe Michelin, "Senard et Cie" 8.87% repayable on 24 April 2014.....	0	403,562
Compagnie Financière du Groupe Michelin, "Senard et Cie" 2.85% repayable on 20 June 2019.....	400,000	400,000
Total	<u>400,000</u>	<u>803,562</u>

Total interest income for the years ended 31 December 2014 and 2013 for both loans amounted to Euro 22,625,040 and Euro 53,218,799, respectively.

There is no guarantee attached to these loans.

These loans to affiliated undertakings have been financed by the issue of guaranteed bonds listed on the Luxembourg Stock Exchange.

On 24 April 2009, the Issuer issued Euro 750,000,000 8.625% guaranteed bonds due 24 April 2014 guaranteed by the Guarantor and listed on the Luxembourg Stock Exchange. On 24 April 2014, the Issuer repaid the remaining amount of Euro 401,503,000 of these 8.625% guaranteed bonds due on 24 April 2014.

On 20 June 2012, the Issuer issued Euro 400,000,000 2.75% guaranteed bonds due 20 June 2019 guaranteed by the Guarantor and listed on the Luxembourg Stock Exchange described in the prospectus which has been approved by the *Commission de Surveillance du Secteur Financier* in Luxembourg on 18 June 2012.

The Issuer registered a total interest charge of Euro 21,733,076 and Euro 50,192,552 on the guaranteed bonds mentioned above for the years ended 31 December 2014 and 2013, respectively. The Issuer has also registered a charge of Euro 262,221 and Euro 427,203 linked to the guarantee granted by the Guarantor on those bond issues for the years ended 31 December 2014 and 2013, respectively.

On 28 May 2015, the Issuer issued Euro 300,000,000 1.125% guaranteed bonds due 28 May 2022 and Euro 300,000,000 1.75% guaranteed bonds due 28 May 2027 guaranteed by the Guarantor and listed on the Luxembourg Stock Exchange described in the prospectus which has been approved by the *Commission de Surveillance du Secteur Financier* in Luxembourg on 26 May 2015.

US Commercial Papers

On 12 April 2012, the Issuer put in place a US Commercial Paper Programme guaranteed by the Guarantor. The US Commercial Papers are being issued for an average term of one month at an average interest rate of 0,31 fixed. As per 31 December 2014 there were no outstanding US Commercial Papers. The total interest paid for the year 2014 amounted to USD 153,104 equivalent to Euro 114,176.

Share Capital and Ownership structure

The Issuer's subscribed capital amounts to Euro 1,000,000, divided into two classes of partnership units comprising 98,000 "*parts commanditées*" (unlimited partnership units) and 2,000 "*parts commanditaires*" (limited partnership units), with a par value of Euro 10 each, each of them fully paid up. The Issuer does not have authorised but unissued capital.

98 per cent. of the share capital of the Partnership is held by the Guarantor which is "*associé-commandité*" (general partner) and the remaining 2 per cent. is held by Nitor S.A. which is "*associé-commanditaire*" (limited partner). These companies are both subsidiaries of Compagnie Générale des Etablissements Michelin. The registered office of the Guarantor and Nitor S.A. is at Route Louis-Braille 10, CH-1763 Granges-Paccot, Switzerland.

The Partnership is included in the consolidated financial statements of the Guarantor. The consolidated financial statements are available at the Guarantor's registered office.

Managing partner

Compagnie Financière du Groupe Michelin, "Senard et Cie" is the managing partner of the Partnership.

Annual General Meeting

The annual general meeting of shareholders of the Issuer takes place in Luxembourg at such place and date as specified in the convening notice.

Audit Committee

As this is not required by Luxembourg law, the Issuer has no Audit Committee. Nevertheless, at Michelin Group level, an Audit Committee has been put into place.

Corporate Governance

There is no legal requirement under Luxembourg law to comply with any corporate governance regime. As the equity securities of the Issuer are not listed on the Official List of Luxembourg Stock Exchange, the Corporate Governance Code of the Luxembourg Stock Exchange ("*Les dix Principes de Gouvernance d'entreprise de la Bourse de Luxembourg*", as amended) is not applicable to it. Furthermore, the ultimate parent company of the Issuer, Compagnie Générale des Etablissements Michelin, which is listed on the Paris Stock Exchange, applies the corporate governance rules applicable to listed companies in France.

Advisers

Wildgen – Partners in Law, located at 69, Boulevard de la Pétrusse, L-2320 Luxembourg (Luxembourg), are legal advisers to the Partnership.

Financial Year

The financial year of the Issuer ends on 31 December in each year.

Credit Rating

The Issuer has been assigned a credit rating of A3 by Moody's and BBB+ by S&P.

DESCRIPTION OF THE GUARANTOR

Introduction

Compagnie Financière du Groupe Michelin, "Senard et Cie" (formerly Compagnie Financière Michelin) (the "**Guarantor**" or "**CFGM**") is a subsidiary of Compagnie Générale des Etablissements Michelin ("**CGEM**" and, together with its consolidated subsidiaries and affiliates taken as a whole, the "**Michelin Group**"). CFGM was incorporated on 29 December 1960. CFGM is registered with the *Registre du Commerce de Fribourg*, under the reference number CH-217-0-136.115-2, its registered office is at Route Louis Braille 10, 1763 Granges-Paccot, Switzerland and its telephone number is +41 26 467 44 44. CFGM is the holding company for the industrial, sales and research businesses of the Michelin Group outside France.

History and Development of the Michelin Group

Michelin's history is bound up with that of the pneumatic tyre. Ever since its first patent was registered, Michelin has continuously driven innovation in tyre technology, which accounts for the bulk of its operations. Michelin's invention of radial tyres in 1946 still stands as a major technological breakthrough in the transportation industry and improved performance in a number of key areas including: grip, safety, durability, comfort and fuel consumption. While at first mainly used in Europe, due to Michelin's marketing efforts in the 1970's the radial architecture was gradually adopted by the main tyre manufacturers worldwide, notably in the United States and Japan, where radial technology, very limited at the time, now accounts for nearly 100 per cent. of sales. In recent years, Michelin has focused research on environment-friendly tyre technologies, introducing the "green" tyre under the "Energy" trademark. This fuel-saving technological innovation, which addresses environmental concerns by significantly reducing fuel consumption, maintains the high standards of wet grip and wear resistance Michelin is famous for.

The Michelin Group operates 68 production facilities in 17 countries and has commercial establishments in more than 170 countries. As of December 2014, the Michelin Group employed approximately 112,300 employees worldwide, based on 5 continents.

Compagnie Générale des Etablissements Michelin

CGEM originated in July 1863 with the formation of the limited partnership company, Barbier, Daubrée & Cie. In 1889, Edouard Michelin, with the assistance of his brother, André Michelin, took over the business which was subsequently renamed Michelin & Cie.

In the late nineteenth century, the Michelin Group developed pneumatic tyres and in 1900, the *Michelin Guide* for auto tourists was launched. In the early part of the twentieth century, the Michelin Group expanded its business and opened operations in London (in 1905), in Italy (in 1906) and in the USA (in 1908), although the American business was subsequently closed down during the Depression. Subsequent innovations included detachable rims and spare tyres, tubeless tyres treads and modern low-profile tyres. In 1946, the Michelin Group patented radial tyres and continued to expand its operations throughout Europe and the rest of the world.

Compagnie Financière du Groupe Michelin, "Senard et Cie" (formerly Compagnie Financière Michelin)

In 1960, Michelin Group's foreign assets were transferred to a single holding, Compagnie Financière Michelin, with its head office at Granges-Paccot, Canton of Fribourg (Switzerland), and renamed Compagnie Financière du Groupe Michelin, "Senard et Cie" in 2012. CFGM became the parent company of most of the Michelin Group's main industrial companies, thus forming a coherent group of companies. CFGM also acts as the main financing vehicle for all Michelin Companies.

Principal activities and object of the Guarantor

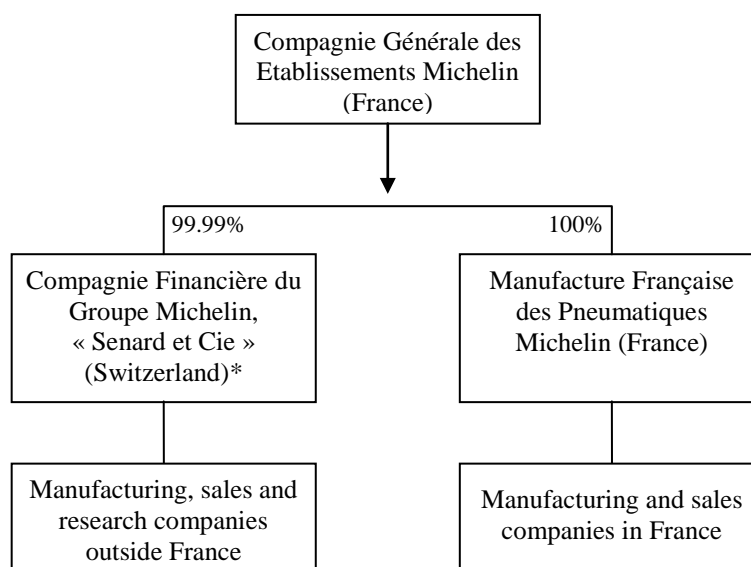
The object of the Guarantor can be found at pages 3 and 4 of the *statuts* which were first filed on 29 December 1960 and most recently modified on 10 April 2015. CFGM is the holding company for the industrial, sales and research businesses of the Michelin Group outside France. The object of the

Guarantor is to ensure Michelin Group's coherence and the development and continuity of Michelin Group in line with its traditional management structure.

Share Capital and Ownership structure

CFGM is a *société en commandite par actions* (a Swiss corporation with unlimited partners). The partners have unlimited personal liability for CFGM, while the liability of shareholders, as in any limited liability corporation, is limited to the extent of their shareholding. The current Unlimited Partners of CFGM are Jean-Dominique Senard and Jacques d'Armand de Chateaufvieux. At 31 December 2014, the issued and subscribed capital of CFGM was CHF 2,502,355,300, divided into 25,023,553 registered shares (actions nominatives) of par value CHF 100 each. CFGM and Michelin Luxembourg SCS are both held, directly and indirectly, at 99.99% by Compagnie Générale des Etablissements Michelin.

Organisational structure



* formerly *Compagnie Financière Michelin*

Principal activities

The Michelin Group has eight product lines (each a "**Product Line**") comprising: (i) passenger car and light truck tyres; (ii) truck tyres; (iii) agricultural tyres; (iv) aircraft tyres; (v) two-wheel tyres; (vi) earthmover tyres; (vii) materials (for example, rubber and elastomers and reinforcement materials); (viii) other businesses with Michelin Travel Partner and Michelin Lifestyle.

Due to the internationalisation of the car and tyre markets, the Michelin Group maintains a consistent approach on all continents, while remaining close to the needs of each individual market. This is achieved through each Product Line having Tactical Operational Units ("**TOUs**"), operating in all the countries where the Michelin Group has a presence. Each Product Line is organised according to market segment into TOUs which bring together product development, marketing, manufacturing and sales. These TOUs are separate profit centres and as such, are accountable for their results.

In accordance with its Product Line organisation, the Michelin Group divides its activities into three segments for financial reporting purposes, namely the Passenger Car & Light Truck and related distribution segment, the Truck and related distribution segment and the Specialty Operations segment.

Passenger Car & Light Truck and related distribution

The Passenger Car/Light Truck Tire segment comprises the development, production, marketing and sales of tyres for passenger cars and light trucks, as well as for racing vehicles.

The Passenger Car/Light Truck Tire segment sells its products to two types of market, namely the Original Equipment ("**OE**") market and the Replacement Tire ("**RT**") market. The OE market comprises sales of tyres to vehicle manufacturers for the purpose of equipping new vehicles, whereas the RT market comprises sales of tyres to distributors who in turn, sell tyres to consumers who are replacing the tyres on their vehicles. Less than one third of the Passenger Car/Light Truck tyres sold by the Michelin Group are sold through the OE market, with the majority of sales being made in the significantly less cyclical RT market.

The Michelin Group sells tyres in the OE Market to the majority of the world's major vehicle manufacturers under non-exclusive distribution agreements.

Truck and related distribution

The Truck Tire segment comprises the development, production, marketing and sales of tyres for heavy trucks (weighing more than six tonnes). The Truck Tire segment sells its products through both the OE and RT markets, with the RT market representing approximately 80 per cent. of the world's truck tyre market sales. In addition, the Michelin Group has developed a fleet maintenance service, which enables transport companies to optimise their global tyre costs by providing assistance with products (new and retread tyres) and with services such as park management, breakdowns, tyre elimination, administration costs and inventory and casing management.

Specialty Businesses segment

This segment comprises the Michelin Group's other activities, including:

- Specialty tyre businesses (earthmover, agricultural, two wheel and aircraft tyres);
- Michelin Travel Partner (Maps & Guides and ViaMichelin); and
- Michelin Lifestyle.

Research and Development

In an environment characterized by stiffer competition and ever more stringent regulations, particularly in the areas of safety and the environment, Michelin is intent upon leveraging its full differentiation potential through outstanding customer value, based on superior product performance and tailor-made, innovative services. Consistent with this objective, the Michelin Group spends approximately 3 per cent. to 4 per cent. of its net sales on research and development. Sustainable mobility underpins the Michelin Group's differentiation strategy. Its innovative capacity means that Michelin is poised to transform the sustainable mobility challenge into profitable growth opportunities. With some 4,000 research engineers and Euro 656 million spent on research and development in 2014, Michelin's research operations are among the largest in the tyre industry.

Each year, Michelin develops new and better solutions to meet these increasingly pressing issues including safety, longevity, fuel efficiency and lower CO² emissions. Such breakthrough innovations as Michelin Durable Technologies for truck tyres, the Michelin Energy Saver latest generation of very low rolling resistance tyres or the 63-inch large mining tyres are some of the most recent examples of these superior solutions. More sophisticated and complex to make, those very high performance tyres generate higher margins and are growing much faster than entry-level products, especially in developed markets. Other differentiation opportunities include mobility-enabling services that make professional transportation safer and optimize operations and profitability. For its portfolio of long-haul truck fleets, airline and mining customers, Michelin develops high value-added solutions including invoicing based on truck-side maintenance and mileage, or number of landings or volume, that make it a genuine partner contributing to the optimum overall performance and profitability of its customers.

Recent Events

CFGM has carried out its activities in conformity with its corporate aims and its articles of incorporation as a holding company. It has managed and developed its investments by following, advising, coordinating and controlling its subsidiaries and affiliates, in line with the management concepts of the Michelin Group.

On 18 May 2015, CFGM announced the creation of a joint-venture in Indonesia with Barito Pacific Group (BPG) for producing natural, eco-friendly rubber. According to the terms of the agreement, this new joint-venture will be owned 53% by BPG and 47% by Michelin, with Michelin's contribution to the joint-venture amounting to US\$55 million.

On 6 May 2015, CFGM announced the acquisition of Blackcircles.com, the number one Internet tyre sales company in the United Kingdom, for a sum of £50 million. Based in Edinburgh, Blackcircles.com generated £28 million in revenue in 2013. The acquisition of Blackcircles.com will enable the Michelin Group to improve the performance of its mix of distribution channels in the United Kingdom, and in particular to develop synergies with its traditional distributor, ATS Euromaster.

The main events that characterized the previous financial year are as follows:

- CFGM financially contributed to the acquisition of Sascar, Brazil's leading digital fleet management company, by one of its Brazilian affiliates, at the end of 2014. The total amount the Michelin Group paid for the acquisition of Sascar amounts to Euro 479,000,000, whereof CFGM contributed through the execution of a capital injection of Euro 166,300,000 and the granting of a loan of Euro 50,000,000.
- On 24 April 2014, CFGM's affiliate, Michelin Luxembourg SCS repaid the remaining amount of the 8,625% guaranteed bonds 2014 of Euro 401,503,000. CFGM therefore repaid the corresponding amount of the loan to Michelin Luxembourg SCS.
- On 10 December 2014, CFGM amended and extended its Euro 1.5 billion revolving credit facility. The facility will now come to maturity in 2019.

Management of the Guarantor

Unlimited Partners

Mr. Jean-Dominique Senard
Mr. Jacques d'Armand de Chateaueux

Executive Vice-Presidents

Mr. Christophe Mazel
Mr. Marc Henry

Managing Partners

Mr. Jean-Dominique Senard

Supervisory Board

Mr. Christoph Reinhardt, President
Mr. Alexandre Jetzer
Mr. Pierre Michelin

The addresses of the management members are as follows:

Jean-Dominique Senard

Manufacture Française des Pneumatiques Michelin
Place des Carmes-Déchaux 23
63040 Clermont-Ferrand
France

Jacques d'Armand de Chateaueux

p.a. Mme Marie De Montchenu
c/o Bourbon
33, rue du Louvre
75002
Paris

Christophe Mazel

Compagnie Financière du Groupe Michelin, « Senard et Cie »
Route Louis-Braille 10
1763 Granges-Paccot
Switzerland

Marc Henry

Manufacture Française des Pneumatiques Michelin

Plase des Carmes-Déchaux 23
63040 Clermont-Ferrand
France

**Christoph
Reinhardt**
Lenz&Staelin
Bleicherweg 58
8027 Zurich
Switzerland

Alexandre Jetzer
Novartis
AG
Forum 1-
2.20
Boîte
postale
3002
Bâle
Switzerland

Pierre Michelin
47, Rue Ampère
75017 Paris
France

Significant Outside Duties

Jean-Dominique Senard is also a Director of Saint-Gobain since 2014.

Jacques d'Armand de Chateauevieux is also Chairman of Bourbon, Chairman of Cana Tera S.A.S., Chairman and Managing Director of Jaccar Holdings S.A. (Luxembourg), Chairman of Sapmer S.A., Chairman and a Director of Greenship Holdings (Singapore) and Director of Sinopacific Shipbuilding Group (China).

Audit Committee

As this is not required by Swiss law, the Guarantor has no Audit Committee but does have a Supervisory Board which supervises the management of CFGM and which holds meetings on a regular basis. At the Michelin Group level, an Audit Committee and an internal control system which is made up of several process cycles have been put into place. The important cycles have been integrated by the Guarantor into its internal control system and adapted to its activity as well as to Swiss legislation and deployed in 2011: Finance, Commitments and General Ledger. These risks having been identified, risks management processes were defined and are applied, routine inspections are carried out and the Management regularly reports to the Unlimited Partners of the Guarantor to review the situation, to take all useful steps and to decide, if necessary, of an improvement of the internal control system.

Corporate Governance

There are no particular Swiss law rules imposing a particular corporate governance regime on unlisted companies. The ultimate parent company of the Guarantor, Compagnie Générale des Etablissements Michelin which is listed on the Paris Stock Exchange, applies the corporate governance rules applicable to listed companies in France.

Credit Rating

The Guarantor has been assigned a credit rating of A3 by Moody's and BBB+ by S&P.

TAXATION

The following is a general description of certain Luxembourg and Swiss tax considerations relating to the Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Bonds whether in those countries or elsewhere. Prospective purchasers of Bonds should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Luxembourg and Switzerland of acquiring, holding and disposing of Bonds and receiving payments of interest, principal and/or other amounts under the Bonds. This overview is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Also investors should note that the appointment by an investor in Bonds, or any person through which an investor holds Bonds, of a custodian, collection agent or similar person in relation to such Bonds in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**EU Savings Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest or similar income (within the meaning of the EU Savings Directive) paid by a person located within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities (as defined in the article 4.2 of the EU Savings Directive) established in that other Member State. However, for a transitional period, Austria is instead required (unless during that period Austria elects for one of the two information exchange procedures available) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The rate of withholding is 35 per cent. A number of non-EU countries and territories have adopted similar measures.

According to the Luxembourg law dated 25 November 2014, the Luxembourg government has abolished the withholding tax system with effect from 1 January 2015 in favour of automatic information exchange under the Savings Directive.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. If a withholding tax is imposed on a payment made by a Paying Agent, the Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

On 24 March 2014, the European Council formally adopted EU Council Directive 2014/48/EU amending the EU Savings Directive (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive and are required to apply these new requirements from 1 January 2017. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Luxembourg Taxation

The following section is deemed an overview of certain material Luxembourg tax consequences that may arise in connection with the Bonds. The overview does not purport to be a comprehensive description of all of the tax considerations that may be of relevance for any particular Bondholder, and does not purport to include tax considerations that arise from rules of general application or that are generally assumed to be known to Bondholders. The overview is not intended to be, nor should it be construed as to be, legal or tax advice rendered to the Bondholders. This overview is based on Luxembourg laws and regulations as applicable and in effect as of the date of this Prospectus and is subject to any change in law or regulation or changes in interpretation or application thereof that may take effect after such date. Prospective subscribers of the Bonds should therefore consult their own professional advisers in respect of the consequences of state, local or foreign laws and regulations, including Luxembourg tax law and regulations, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature refers to Luxembourg tax law and/or concepts only.

Luxembourg tax residency of Bondholders

A Luxembourg non-resident Bondholder will not become resident, nor be deemed to be resident, in Luxembourg, by reason only of its holding of Bonds, or the execution, performance, delivery and/or enforcement of its entitlements thereunder.

Withholding tax

In principle, Luxembourg does not levy a withholding tax on at-arm's-length interest payments, except for interest on certain profit sharing bonds or similar instruments and interest paid as a profit share under certain silent partnership type arrangements, subject to the application of the Luxembourg law dated 23 December 2005, as amended (the "**Law**").

Luxembourg non-resident individuals

Pursuant to the law dated 25 November 2014 amending the laws of 21 June 2005, as amended (the "**Laws**") implementing the Savings Directive and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of European Union member states (the "**Territories**"), Luxembourg adopted the automatic exchange of information as foreseen under the EU Savings Directive (see the above section "Taxation – EU Savings Directive").

Consequently, since 1 January 2015 no withholding tax is levied under the Laws on interest payments (including accrued but unpaid interest) made by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, a Member State (other than Luxembourg) or one of the Territories.

Luxembourg resident individuals

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg or a foreign residual entity, as defined by the Laws, that secures interest payments on behalf of such individuals (unless such entity has opted to be treated as an undertaking for collective investments in transferable securities (UCITS) recognized in accordance with the Council Directive 85/611/EEC, as replaced by the European Council Directive 2009/65/EC, as amended, or for the exchange of information regime) will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

In addition pursuant to the Law, Luxembourg resident individuals acting in the course of the management of his/her private wealth, who are the beneficial owners of savings income paid by a paying agent established outside Luxembourg, in a Member State of either the European Union or the European Economic Area, or in one of the Territories, can opt to self declare and pay a 10 per cent. tax on these savings income. The option for the 10 per cent. final tax must cover all interest payment made by the

paying agents to the Luxembourg resident beneficial owner during the entire civil year. Responsibility for the declaration and the payment of the 10% final levy is assumed by the individual resident beneficial owner of the interest or similar income.

Taxation of Bondholders

Taxation of Luxembourg resident individuals

Luxembourg resident individual Bondholders acting in the course of managing their private wealth are subject to Luxembourg income tax at progressive rates in respect of payments received under the Bonds, except if (i) a final withholding tax has been levied on such payments or, (ii) where available, the Bondholder opts to self-declare and pay a 10 per cent. tax (see the above section "Withholding tax – Luxembourg resident individuals").

A gain realised by a Luxembourg resident individual Bondholder acting in the course of managing its private wealth, upon the sale or disposal of the Bonds is not subject to Luxembourg income taxes provided that the sale or disposal took place more than six months after the Bonds were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income or assimilated thereto (e.g., issue discount, redemption premium, etc.) is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Law.

Luxembourg resident individual Bondholders acting in the course of managing a professional or business undertaking to which the holding of Bonds is connected are required to include any remuneration received, as well as any gain realised on the sale or disposal of the Bonds, in their taxable income for Luxembourg income tax assessment purposes (including income tax levied at progressive rates and municipal business tax). For Luxembourg resident individuals receiving payments under the Bonds as income from assets held in a professional capacity, the 10 per cent. withholding tax levied is credited against their final tax liability. The same tax treatment applies to non-resident Bondholders who have a permanent establishment or a permanent representative in Luxembourg to which the holding of Bonds is connected.

Taxation of Luxembourg corporate residents

Luxembourg corporate Bondholders must include any payments received in connection with their holding of Bonds and any gain realised on the sale or disposal of the Bonds in their taxable income for Luxembourg income tax assessment purposes (including corporate income tax and municipal business tax).

Taxation of Luxembourg corporate residents benefiting from a special tax regime

Luxembourg corporate resident Bondholders that benefit from a special tax regime, including but not limited to (i) undertakings for collective investment subject to the law dated 17 December 2010 (as amended), (ii) specialised investment funds subject to the law dated 13 February 2007 (as amended) and (iii) family wealth management companies subject to the law dated 11 May 2007 (as amended), are exempt from income tax in Luxembourg and thus income derived from the Bonds, as well as any gains realised thereon, are not subject to Luxembourg income tax.

Taxation of non-resident Bondholders

Bondholders who are non-residents of Luxembourg and who have neither a permanent establishment, a permanent representative nor a fixed place of business in Luxembourg to which/whom the holding of Bonds is connected are not liable for any Luxembourg income tax, whether they receive payments of interest (including accrued but unpaid interest) principal or other payments or realise capital gains upon the redemption, sale or exchange of any Bonds.

Bondholders who are non-residents of Luxembourg and who have a permanent establishment or a permanent representative in Luxembourg to which/whom the holding of Bonds is connected are required to include any interest received or accrued, as well as any capital gain realised on the sale or disposal of the Bonds in their taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the disposal price (including accrued but unpaid interest) and the lower of the cost or book value of the Bonds disposed of.

Net Wealth Tax

Individuals

Net wealth tax will not be levied on an individual Bondholder in respect of its holding of Bonds, whether or not he/she is resident of Luxembourg.

Corporations

Corporate Luxembourg resident Bondholders or non-resident Bondholders which maintain a permanent establishment, fixed place of business or a permanent representative in Luxembourg to which the holding of Bonds or any resulting income is connected, are subject to an annual Luxembourg net wealth tax on such Bonds levied at a rate of 0.5 per cent. of their value, except if the Bondholder is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the law dated 17 December 2010 (as amended), (iii) a securitisation vehicle governed by the law dated 22 March 2004 on securitisation (as amended), (iv) a company governed by the law dated 15 June 2004 on venture capital vehicles (as amended), (v) a specialised investment fund subject to the law dated 13 February 2007 (as amended) or (vi) a family wealth management company subject to the law dated 11 May 2007 (as amended).

Other taxes

Registration taxes and stamp duties

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the Bondholders as a consequence of the issuance of the Bonds, nor will any such taxes be payable as a consequence of a subsequent transfer, redemption or repurchase of the Bonds. There is no obligation to register the Bonds in Luxembourg. However, a registration duty may apply (i) upon voluntary registration of the Bonds in Luxembourg, (ii) in the case of legal proceedings before Luxembourg courts, or (iii) if documents relating to the issuance of Bonds must be produced before an official Luxembourg authority (autorité constituée).

Value added tax

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Bonds or in respect of payments made under the Bonds or the transfer of the Bonds. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Inheritance tax and gift tax

No estate or inheritance taxes are levied on the transfer of the Bonds upon death of a Bondholder in cases where the deceased was not a resident of Luxembourg at the time of his death for inheritance tax purposes. Gift tax may be due on a gift or donation of Bonds if embodied in a Luxembourg notarial deed or otherwise recorded in Luxembourg.

Switzerland Taxation

Under present Swiss tax law, payments of the Guarantor under the Deed of Guarantee or payments of the Issuer under the Bonds are not subject to Swiss withholding tax (*Verrechnungssteuer*), provided that the proceeds of any guaranteed Bonds are utilised solely outside Switzerland within the meaning of the competent Swiss tax authorities' practice, including any tax ruling. The Issuer will in the Terms and Conditions of the Bonds, as long as this shall be required to avoid triggering such tax, undertake to use the proceeds of such Bonds solely outside Switzerland and/or in accordance with any tax ruling of the competent Swiss tax authorities. Under present Swiss tax law, no Swiss stamp tax on issuance (*Emissionsabgabe*) is payable upon the issuance of the Deed of Guarantee or the Bonds.

SUBSCRIPTION AND SALE

Crédit Agricole Corporate and Investment Bank and Deutsche Bank AG, London Branch (the "**Joint Lead Managers**") have, in a subscription agreement dated 28 September 2015 (the "**Subscription Agreement**") and made between the Issuer, the Guarantor and the Joint Lead Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Bonds at their issue price of 98.926 per cent. of their principal amount plus any accrued interest in respect thereof and less any applicable commission. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Bonds.

General

Each Joint Lead Manager has represented, warranted and agreed (severally, but not jointly) that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Bonds or possesses, distributes or publishes this Prospectus or any other offering material relating to the Bonds. Persons into whose hands this Prospectus comes are required by the Issuer, the Guarantor and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or possess, distribute or publish this Prospectus or any other offering material relating to the Bonds, in all cases at their own expense.

United Kingdom

Each Joint Lead Manager has represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

United States of America

The Bonds have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. Terms used in this paragraph have the respective meanings given to them by Regulation S.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Bonds, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of Regulation S. Accordingly, neither the Joint Lead Managers nor any of their respective affiliates, nor any persons acting on their behalf, have engaged or will engage in any directed selling efforts with respect to the Bonds, and the Joint Lead Managers, their respective affiliates and all persons acting on their behalf have complied and will comply with the offering restrictions requirement of Regulation S. Each Joint Lead Manager has agreed that, at or prior to confirmation of sale of the Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Bonds from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from the registration requirements of the Securities Act.

Switzerland

The Bonds are not offered to the public in Switzerland and this Prospectus does not constitute a prospectus within the meaning of Art. 652a or Art.1156 of the Swiss Code of Obligations and each Joint Lead Manager has represented, warranted and agreed that it will not offer any Bonds to the public in Switzerland and each further Joint Lead Manager appointed under the Subscription Agreement will be required to represent, warrant and agree that it will not offer any Bonds to the public in Switzerland, unless the Prospectus is as the case may be supplemented and/or updated with respect to any information regarding the Issuer and/or the Guarantor so as to fully comply with the requirements of Art. 652a and Art. 1156 of the Swiss Code of Obligations.

GENERAL INFORMATION

Authorisation

1. The creation and issue of the Bonds has been authorised by a resolution of the Managing Partner of the Issuer dated 24 April 2015. The giving of the Guarantee of the Bonds has been authorised by a resolution of the Unlimited Partners of the Guarantor passed on 24 April 2015.

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer, the Guarantor or the CFGM Group.

Significant/Material Change

3. Since 31 December 2014 there has been no material adverse change in the prospects of the Issuer and since 30 June 2015 there has been no significant change in the financial or trading position of the Issuer.
4. Since 31 December 2014 there has been no material adverse change in the prospects of the Guarantor or the CFGM Group nor any significant change in the financial or trading position of the Guarantor or the CFGM Group.

Auditors

5. The annual accounts of the Issuer have been audited without qualification for the years ended 31 December 2013 and 31 December 2014 by PricewaterhouseCoopers, Société coopérative, 2, rue Gerhard Mercator, L-2182 Luxembourg, Luxembourg. PricewaterhouseCoopers, Société coopérative is a member of the "*Institut des Réviseurs d' Entreprises*" in Luxembourg.
6. The consolidated financial statements of the Guarantor have been audited without qualification for the years ended 31 December 2013 and 31 December 2014 by PricewaterhouseCoopers SA, avenue C.-F. Ramuz 45, 1001 Lausanne (Switzerland). PricewaterhouseCoopers SA is a member of EXPERTsuisse – Swiss Expert Association for Audit, Taxes and Fiduciary.

Documents on Display

7. Copies of the following documents may be inspected during normal business hours at the offices of the Fiscal Agent and the Listing Agent in Luxembourg for 12 months from the date of this Prospectus:
 - (a) the Prospectus;
 - (b) the articles of association of the Issuer;
 - (c) the *statuts* of the Guarantor;
 - (d) the Agency Agreement;
 - (e) the Deed of Covenant;
 - (f) the Deed of Guarantee
 - (g) the ICSD's Agreement;
 - (h) the audited annual accounts of the Issuer for the years ended 31 December 2013 and 31 December 2014;

- (i) the audited consolidated financial statements of the Guarantor for the years ended 31 December 2013 and 31 December 2014; and
- (j) the unaudited half-year accounts of the Issuer for the six-month period ended 30 June 2015.

This Prospectus and the documents incorporated by reference in this Prospectus will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Material Contracts

- 8. Neither the Issuer nor the Guarantor has entered into any material contract not entered into in the ordinary course of their business, which could result in the Issuer, the Guarantor or any member of the CFGM Group being under an obligation or entitlement that is material to the ability of the Issuer or the Guarantor to meet their obligations in respect of the Bonds.

Yield

- 9. On the basis of the issue price of the Bonds of 98.926 per cent. of their principal amount, the gross real yield of the Bonds is 3.307 per cent. on an annual basis.

Legend Concerning US Persons

- 10. The Bonds and any Coupons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.

ISIN and Common Code

- 11. The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS1298728707 and the common code is 129872870.

Material Interest

- 12. Save as discussed in the section entitled "Subscription and Sale", so far as the Issuer is aware, no person involved in the issue of Bonds has an interest material to the offer.

Expenses

- 13. The total expenses related to the admission to trading of the Bonds are estimated to be Euro 15,450.

Potential Conflict of Interest

- 14. The Issuer certifies that, to the best of its knowledge, there are no potential conflicts of interests between any duties owed to the Issuer by members of its administrative management body and their private interests or other duties.
- 15. The Guarantor certifies that, to the best of its knowledge, there are no potential conflicts of interests between any duties owed to the Guarantor by members of its administrative, management or supervisory bodies or its unlimited partners and his private interests or other duties.

Ratings

The Bonds will be rated A3 by Moody's and BBB+ by S&P.

**REGISTERED
OFFICE OF THE ISSUER**

Michelin Luxembourg SCS
69, Boulevard de la Pétrusse
L-2320 Luxembourg
Luxembourg

**REGISTERED
OFFICE OF THE GUARANTOR**

**Compagnie Financière du Groupe Michelin,
"Senard et Cie"**
Route Louis-Braille, 10
CH-1763 Granges-Paccot
Switzerland

**FISCAL AGENT, PAYING AGENT
CALCULATION AGENT**

CACEIS Luxembourg
5 allée Scheffer
L-2520 Luxembourg
Luxembourg

LEGAL ADVISERS

*To the Issuer and the Guarantor as to English
law:*

White & Case
19, place Vendôme
CS 50018
75038 Paris Cedex 01
France

*To the Issuer and the Guarantor as to
Luxembourg law:*

Wildgen, Partners in Law
69, Boulevard de la Pétrusse
L-2320 Luxembourg
Luxembourg

To the Joint Lead Managers as to English law:

Clifford Chance Europe LLP
1 rue d'Astorg
CS 60058
75377 Paris Cedex 08
France

To the Issuer and the Guarantor as to Swiss law:

Lenz & Staehelin
Bleicherweg 58
8027 Zurich
Switzerland

AUDITORS TO THE ISSUER

PricewaterhouseCoopers, Société coopérative
2, rue Gerhard Mercator
L-2182 Luxembourg
Luxembourg

AUDITORS TO THE GUARANTOR

PricewaterhouseCoopers SA
Avenue C.-F. Ramuz 45
1001 Lausanne
Switzerland

**LISTING AGENT
LUXEMBOURG STOCK EXCHANGE LISTING AGENT**

CACEIS Bank Luxembourg
5, allée Scheffer
L-2520 Luxembourg
Luxembourg