

**Michelin is Committed to Improving
the Competitiveness of its Manufacturing Base
and to Upgrading its Research and Development Facilities**

The project involves:

- **In France:**
 - The investment of around €800 million in the French production facilities and the Research and Development Center from 2013 to 2019.
 - The development of a highly competitive truck tire plant in La Roche-sur-Yon, which will double output from 800,000 to 1.6 million units per year by 2019.
 - The closure of the truck tire facility at the Joué-lès-Tours plant.
 - Capacity extensions for earthmover and agricultural tires at the Montceau Les Mines, Le Puy and Troyes plants.
 - Modernization of the worldwide research and innovation center in Clermont Ferrand.

- **Internationally, the discontinuation of production at the truck tire plant in Algeria.**

As part of its reaffirmed commitment to maintaining a strong, deep-rooted and sustainable manufacturing base in France, Michelin plans to invest €800 million from 2013 to 2019 to enable its French plants to meet the highest European competitiveness standards and to develop its worldwide research center in Clermont-Ferrand. Pursuing the strategy underway for the past 10 years, Michelin is continuing to specialize its facilities by consolidating closely related production operations, in order to develop world-class, competitive and highly export-driven manufacturing centers.

Developing a major truck tire production center in La Roche-sur-Yon.

The European truck tire market has become extremely competitive, with demand in the region running 25% below 2007 levels. In response, Michelin plans to preserve the competitiveness of its truck tire production operations in France by transforming the La Roche-sur-Yon plant into a manufacturing center capable of producing 1.6 million tires a year. Consolidating the output of the Joué-lès-Tours and La Roche facilities will create critical mass and enable the new La Roche center to meet the highest standards of competitiveness. In all, €100 million will be invested in efficient, state-of-the-art production machinery to manufacture the innovative truck tires that Michelin will market in the years to come. These upgraded production facilities will make the La Roche-sur-Yon plant one of Europe's leading truck tire production centers, with 75% of its output exported, while creating an additional 170 jobs on-site.

The Joué-lès-Tours plant, whose truck tire facility will cease production by first-half 2015, will then be specialized in the semi-finished products that it already manufactures, thanks to a €22-



million capital program. Around 200 people will continue to work at the facility to produce metal fabrics (a tire component) and the rubber bladders used in Michelin curing presses.

Increasing earthmover tire capacity at two French plants

In addition, to meet the foreseeable growth in the global earthmover tire market, Michelin has decided to invest €145 million in its French plants from 2013 to 2019, with projects to upgrade and increase production capacity for these tires at the Montceau-les-Mines and Puy-en-Velay facilities.

- €95 million will be committed in Montceau to increase capacity by 40% by 2019, thereby adding 160 new jobs.
- €50 million will be invested in Le Puy to increase output by one third, helping to create around 90 new jobs.

Investing in semi-finished products

A €45-million capital program will be deployed to increase semi-finished product capacity at the Montceau-Les-Mines plant, leading to the creation of 64 new jobs.

Investing in agricultural tire production

A total of €8 million will be invested from now through 2019 to upgrade production facilities at the Troyes plant, in order to increase output and make the unit more competitive.

Continuing to improve competitiveness in the French plants

An additional €260 million will be invested across the French manufacturing base from now through 2019.

A major upgrade program at the Michelin R&D center in Clermont-Ferrand

Lastly, Michelin's Research and Development center in Clermont-Ferrand is going to be extensively upgraded and modernized over the 2013 to 2019 period with a €220-million program to transform existing facilities and build new ones. The brand new flagship R&D complex will be designed to maximize Michelin's innovation capabilities and shorten time-to-market cycles.

Michelin's social responsibility commitment in responding to these changes

Michelin wants to engage in constructive social dialogue concerning employee support measures, with a firm commitment of avoiding any forced separations due to these changes.

Of the 930 people currently employed at the Joué-lès-Tours plant, around 200 will continue to work at the new facility specialized in semi-finished products. Of the 730 others, 250 could benefit from pre-retirement programs, while each of the 480 remaining persons will be offered two positions corresponding to his or her qualifications at another Michelin plant in France. For employees unable or unwilling to relocate, career transition workshops will be set up. These facilities, which have proven their effectiveness in the past, provide personalized support to help employees to build a new career path.

In addition, Michelin feels a deep responsibility to its local host communities. It has therefore pledged, through its Michelin Développement subsidiary, to create 730 new jobs in the Tours area.



Lastly, to ensure the renewal of its manufacturing personnel and the successful completion of the above-described projects, Michelin will hire around 1,700 people in its French manufacturing operations over the next six years.

Discontinuing truck tire production in Algeria

The production and marketing of Michelin truck tires in Algeria will be sold to Cevital, the country's largest privately owned manufacturer. Cevital will initially acquire 67% of the local subsidiary's capital, before buying out the remaining shares in a second phase. Production at the Algerian plant, which is too small to be sufficiently competitive and whose urban location prohibits any future expansion, will be discontinued in late 2013. Cevital, Algeria's largest private sector employer, is a fast growing market leader. It has committed to offering each of the plant's 600 employees a job in one of its other businesses in the country.

The agreement will make it possible to increase sales of Michelin tires to all of the Group's customers, by maintaining at Cevital the 80 people working in the Michelin sales teams. As a result, Michelin will maintain a robust sales and marketing presence in Algeria.

Accounting impact

To finance the entire project, Michelin will recognize €135 million in non-recurring expenses in the consolidated financial statements for the six months ending June 30, 2013.

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