



THE MARKET

Michelin's tires are recognized for their quality, durability, reliability and performance.

Michelin North America (Canada) Inc. began production for the North American market in 1971 in Nova Scotia's Pictou County, followed by Bridgewater (1971) and Waterville (1982), Nova Scotia. Today, the company's Canadian operations also include the sales and marketing division in Laval, Quebec.

Michelin employs about 3,500 people across Nova Scotia alone. It is the third largest private-sector employer in the province, and with exports second only to that of the oil and gas industry. In fact, 75 percent of Michelin's manufactured products in Nova Scotia are exported.

The company manufactures tires for every type of vehicle, including airplanes, automobiles, bicycles, earthmovers, farm equipment, heavy-duty trucks and the space shuttle. It also publishes travel guides, maps and atlases in Canada and throughout the world.

ACHIEVEMENTS

Michelin is committed to protecting the environment, saving raw materials and energy, reducing emissions into the air and water, reducing vehicle fuel consumption, increasing tire life, reducing waste and devising new solutions for recycling. Michelin applies its Environmental Quality System at all stages in the life of the tire (design, material choice, manufacturing, use and enhancing its recycling potential). As far back as 1946, the quantity of raw materials required to

make a tire was cut by 30 percent when Michelin invented the radial tire. Progress has been continuous ever since.

While rolling on the road, a tire has an internal rolling resistance and is, consequently, one of the factors contributing to the fuel consumption of the vehicle. To reduce fuel consumption, Michelin has explored new frontiers both in the fields of material and architecture. The recently developed "green" tire technology lowers rolling resistance by 20 percent and brings substantial reductions in fuel consumption. The energy saved will be almost the equivalent of the energy required to manufacture all the tires on the vehicle.

On a more competitive note, the J.D. Power and Associates 2005 Original Equipment Tire Customer Satisfaction Study shows that Michelin topped the rankings in the luxury/sport tire, mass-market/non-luxury tire, pickup/full-size van tire and SUV tire ratings. Consumers continue to voice their appreciation and support for the technology, quality, performance and value of Michelin's

product lines. These latest awards bring Michelin's total to 45 for J.D. Power and Associates Original Equipment and Replacement Tire Awards in North America, more than doubling the combined total of all other competitors.

In 2005, Michelin was triumphant in the three most prestigious motorsports championships, securing world titles with its partners in Formula One, the World Rally Championship and the MotoGP World Championship. Michelin today has a strong presence in most disciplines thanks to the development of products which set the technical standard for the world in the Competition field. At Michelin, the race doesn't end at the finish line; it ends on the production line. The company's goal is to take what's learned on the track and put it to use developing world-class performance tires for the cars people drive every day.



HISTORY

The Michelin story begins in Clermont-Ferrand, in the Auvergne region, at the end of the 19th century. In 1886, brothers André and Édouard Michelin were called in to help rescue the family business, then in dire straits. In 1889, "Michelin & Cie" was established. In 1891, a detachable bicycle tire was patented by Michelin. Repairs took just a few minutes, instead of the three-hour repairing and overnight drying time usually



required. In 1895, Michelin equipped the very first motor car to use pneumatic tires: *L'Éclair*. A year later, the first cars with pneumatic tires were marketed. Michelin set out to perfect a tire that would absorb the shocks, making it more suitable for motor cars. The company knew it was on the right track when their car, *L'Éclair*, with pneumatic tires won the Paris-Bordeaux-Paris race in 1895. This was when André Michelin confidently predicted, "In 10 years, all motor cars will be fitted with pneumatic tires." In five years, his prediction had come true.

THE PRODUCT

Michelin boasts a diverse and plentiful product line. Since its very existence, Michelin has never been just a tire company. The company continues to lead the industry by constantly expanding horizons with the latest in technology in a variety of products. Here are just a few examples that show innovation is a part of the Michelin culture.

Michelin Maps and Guides®. The company's reputable line of maps and guides has been a part of its travel assistance mission for more than 100



years. Michelin offers a complete range of products and services to make traveling easier, such as maps, atlases, travel guides and hotel and restaurant guides. Michelin publishes more than 650 publications. Nearly 20 million maps, plans and atlases are sold every year in more than 90 countries.

Michelin® Pilot® series. The right tire can make a world of difference when it comes to a vehicle's handling and performance. That's why Michelin engineers often work side by side with



automotive development teams to create original equipment tires that are customized for specific vehicles. Michelin Pilot series performance tires utilize cutting-edge technology — from specialized rubber compounds to computer-optimized tread patterns — to harness the full potential of a high-performance car. They deliver extreme grip, stability and reliability. But, most importantly, Michelin Pilot tires deliver the confidence a driver needs to experience the ultimate in performance — and the sheer exhilaration of driving.



Michelin® HydroEdge®. For drivers who demand only the best, Michelin is proud of its premier passenger car and mini-van tire — the HydroEdge®. The Michelin® HydroEdge® tire excels in many performance categories, scoring top marks in wet traction, maximum tread life and quiet ride, while delivering outstanding hydroplaning resistance, exceptional everyday handling and the sleek "look" of a sporty, high-performance tire.

Michelin® X-Ice™. The Michelin® X-Ice™ features a new generation of winter rubber compounds that help deliver predictable grip and performance in challenging winter driving conditions without compromising tread life. Designed specifically for passenger cars and minivans, the Michelin Latitude X-Ice also features Cross Z-Sipes Technology (CZST) to help bite through snow and ice.

Michelin® X-One™. The Michelin® X-One™ wide single tire line is a revolution in truck tire design, delivering significant fuel and weight savings to trucking fleets in North America and Europe. Michelin® X-One™ tires replace dual tires with one wide single tire, converting 18 wheel tractor-trailer rigs to 10 wheelers. When used in

both drive and trailer positions, X-One™ tires can save 4 to 10 percent in fuel costs and increase payloads from 800 to 1,300 pounds.

RECENT DEVELOPMENTS

Michelin Airless™ and Michelin Tweel™: Tires without air

Michelin Airless enables vehicles to run safely and comfortably because its elastic characteristics are controlled longitudinally, transversally and vertically. A car doesn't have to stop even if

one or more of the radial bands break or become damaged. The Michelin Airless is being tested on passenger cars and motorcycles, but could be fitted to other vehicles as well.

Michelin Tweel is the fusion of the tire and the wheel with the potential to transform mobility. Available now for lower-speed, lower-weight-carrying vehicles, Tweel is in the prototype stage for passenger car applications. Tweel delivers the benefits of pneumatic radial tire performance while dramatically increasing lateral stiffness, which affects handling, cornering and responsiveness. Additionally, Tweel has suspension-like characteristics that can simplify, and in some applications eliminate, the need for a separate vehicle suspension.

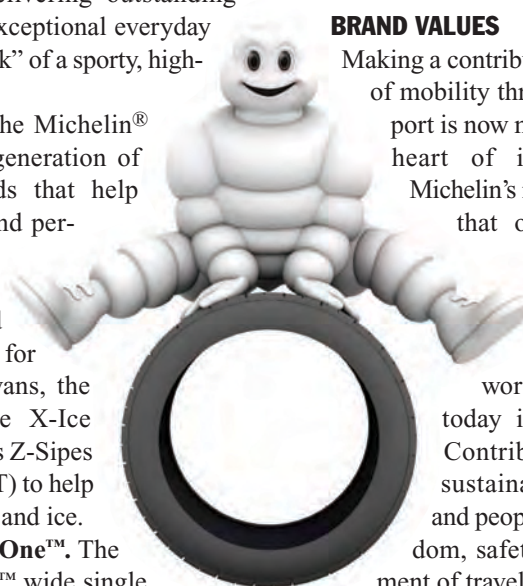


PROMOTION

Bibendum — the "Michelin Man"—embodies Michelin's visionary spirit for Better Mobility. Bibendum is the symbol of the Michelin brand and has been its standard-bearer all over the world since 1898. His enduring popularity, his presence among his audience and the spirit that has always been his driving force led him to be voted the Century's Best Symbol in 2000 (panel convened by the *Financial Times*).

BRAND VALUES

Making a contribution to progress in terms of mobility through all modes of transport is now more than ever at the very heart of its corporate strategy. Michelin's mission goes far beyond that of a tire manufacturer: Michelin is a key player in the progress of the automotive and transport industry. In other words, it sees its mission today in the following terms: Contribute to improving the sustainable mobility of goods and people by facilitating the freedom, safety, efficiency and enjoyment of travel.



THINGS YOU DIDN'T KNOW ABOUT MICHELIN

- The green tire enables 0.26 liters of gasoline to be saved (1) per 100 km, which means approximately 35 liters of fuel per year.
- If every car in the world was equipped with green tires, nearly 19 billion litres of gasoline would be saved per year.
- Michelin Canada produces more than 300 different tires in Nova Scotia.
- Michelin Canada anticipates production of its 200 millionth tire early in 2007.