PRESS RELEASE

Clermont-Ferrand, February 13, 2009

COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN

2008 NET SALES UP 1.1% AT CONSTANT EXCHANGE RATES AND 5.6% OPERATING MARGIN BEFORE NON-RECURRING ITEMS

In 2009, Michelin will focus on managing its cash by optimizing production program management and sharply reducing capital expenditure

- **2008 sales volumes down 2.9% (-16% in the fourth quarter due to the steep fall-off in demand)**
- **Price-mix still highly favorable (+4.2%), reflecting the strength of the MICHELIN brand and the effectiveness of the price increases implemented in 2008**
- **Operating income before non-recurring items down 44% led by the decline in sales volume, the increase in raw materials prices and the cost of idle capacity**
- **Mid-term competitiveness improvement objectives and expansion projects in high-growth potential markets maintained**
- **Proposed EUR 1 dividend per share submitted for approval at the Shareholders Meeting of May 15, 2009**

IFRS, in EUR million	**December 31, 2008**	**2008/2007 Change**
Net Sales	**16,408**	-2.7%
At constant scope and exchange rates		+1.1%
Sales volumes		-2.9%
Operating income before non-recurring income and expenses	**920**	-44.1%
Operating margin before non-recurring income and expenses	**5.6%**	-4.2 pts
Passenger Car and Light Truck & Related Distribution	**4.3%**	-4.9 pts
Truck & Related Distribution	**2.5%**	-5.1 pts
Specialty Businesses	**17.9%**	+0.1 pt
Operating income	**843**	-36.1%
Operating margin	**5.1%**	-2.7 pts
Net income	**357**	-53.8%
Net financial debt	**4,273**	+15.1%
Net debt to equity ratio	**84%**	+14 pts
Free Cash Flow*	**-359**	-792

Consolidated financial statements as of December 31, 2008 have been prepared in accordance with the rules and methods of the International Financial Reporting Standards (IFRS).

* Free Cash Flow: operating cash flow – cash flow from investing activities

Michel Rollier, Managing Partner, stated: "In response to the prevailing bearish outlook for the coming months, Michelin is strengthening the management of its production programs in order to increase plant flexibility, tighten inventory management and optimize cash. We have decided to reduce our capital spending substantially in 2009 while maintaining the key orientations of our mid-term strategy. We will further enhance our competitiveness, strengthen our leadership without compromising the value of our products and broaden our footprint in the growth regions. This way, we'll be ready to rebound as soon as the markets recover".

Outlook

At this stage, Michelin's working assumptions are as follows:

- **Tire markets will remain well below prior-year levels in the first half, before firming up as replacement market inventories are replenished and business activity begins to recover.**
- **In 2009, Michelin's profitability will be supported by the full-year combined effect of the price increases passed in 2008 and the decline in raw materials prices, in particular for natural rubber and oil derivatives.**
- **Plant flexibility will be enhanced, while capital expenditure will be cut to around EUR 700 million, with an emphasis on driving further expansion in the new, high growth potential markets.**

Michelin is therefore focused on improving its profitability and preserving its robust financial position.

Detailed Review of 2008 Operations and Results

2008 Tire Market Changes

	Europe	North America	Asia	South America	Africa / Middle East	Total
Passenger Car & Light Truck Original Equipment	-7.2%	-16.5%	+1.9%	+8.2%	+13.8%	-4.0%
Passenger Car & Light Truck Replacement	-4.0%	-5.3%	+2.7%	+2.4%	+3.2%	-2.2%
Truck* Original Equipment	-0.9%	-16.5%	-1.8%	+10.2%	+3.0%	-3.9%
Truck* Replacement	-9.7%	-8.2%	+5.7%	+11.9%	+5.1%	-0.2%

* Radial only

- Europe:
  - PASSENGER CAR AND LIGHT TRUCK
    - **Original Equipment**: the market declined as a result of widespread production stoppages at the end of the year by the automotive OEMs.
    - **Replacement:** the market drop, which accelerated in the last quarter of the year, resulted from the increase in fuel prices, the decline in mileage driven, the reduction in average vehicle speed and the postponement of purchases.
  - TRUCK AND BUS
    - **Original Equipment**: following an increase of 14% in the first half, the markets were down slightly over the full year. Impacted by the economic crisis, demand weakened gradually in the second half, before plunging in November (-36%) and again in December (-41%). The fourth quarter decline affected the tractor segment (nevertheless up for the full year) as well as the trailer segment, sharply down year-on-year.
    - **Replacement**: markets were down overall year-on-year, weakening markedly at year end (-27% in the fourth quarter) across Eastern and Western Europe. Markets behaved differently depending on the transportation segment (regional transportation, underpinned by local consumption and delivery services, resisted better than international freight and construction-related activities) and the size of fleets (the larger players were in a better position to adjust their cost structure).
- North America:
  - PASSENGER CAR AND LIGHT TRUCK
    - **Original Equipment**: the original equipment tire markets plummeted as never before since the early 80's as demand for new cars plunged, reflecting the current economic and financial environment and OEM production stoppages.
    - **Replacement**: the market experienced a dramatic slump in the second half as it was affected by the decline in mileage driven and the postponement of tire purchases (as car owners reacted to a worsening economic environment and towering fuel prices). The decline was, however, somewhat mitigated by the growth recorded in the Canadian market, buoyed by the now compulsory use of winter tires in Quebec.

- TRUCK AND BUS
  - **Original Equipment**: the all-time low market level reflects the fact that fleets were recently updated and that the trucking industry is adopting a wait-and-see attitude in reaction to the poor trading environment.
  - **Replacement**: the sharp tire market decline, which was faster than that of transported tonnage, accelerated in the fourth quarter. Retreading, on the other hand, remained buoyant.

- In Asia, although a trend reversal was noted at the end of the year, markets were driven by the momentum of the Chinese and Indian economies. Demand weakened in Japan, while the region's other markets were stable year-on-year.

- In South America, the strong market growth recorded at the beginning of the year slowed down dramatically in October against the background of an economic downturn and tighter access to credit. Over the full year, demand nevertheless remained strong.

- In Africa and the Middle East, markets were globally supportive before the crisis spread to the region at the very end of the year.

Group net sales were down 2.7% year-on-year (+1.1% at constant exchange rates)

- -2.9% negative **volume** effect

  Sales volumes rose until September (+1.4%) but were subsequently affected by:
  - the sharp decline of replacement tire demand both in the mature and the new markets,
  - the tire demand slump in the fourth quarter due to automotive OEMs stopping production.
  - **Passenger Car and Light Truck** tire sales volumes declined sharply in 2008, reflecting Group market trends, amplified by the distributors' inventory reductions. Nevertheless, the MICHELIN brand was resilient and strengthened its positions in all regions.
  - **Truck tire** sales volume dropped slightly. The Group posted Replacement market share gains in Asia and North America. Group sales volumes were underpinned by the success of the "Michelin Durable Technologies" tire offering as well as by sales growth in China.
  - **Specialty tire** sales volumes progressed across segments over the full year, although Original Equipment demand slackened in the fourth quarter.
- +4.2% stronger positive **price/mix** effect at constant currency
  - Impact of the price increases passed throughout the year across markets to offset the new raw material price increases recorded in fiscal 2008.
  - Effect of the MICHELIN brand's resilience, at a time when users focus on tire total cost of ownership.
- Negative (-3.8%) impact of **exchange rates**
  - Currency depreciation versus the euro of the U.S. dollar (-6.8%), the Pound Sterling (- 14.1%) and the Canadian dollar (-5.8%) based on average rates.

The 4.2 point decline of operating margin before non-recurring items mainly reflected the fast deterioration of the trading environment in the second half

The EUR 725 million decline in operating income before non-recurring items breaks down as follows:

- EUR +683 million resulting from a sustained strong price/mix effect, underpinned by the price increases passed in all regions and the resilience of the MICHELIN brand;
- EUR -244 million reflecting the negative trend of sales volume;
- EUR -76 million in connection with productivity effects;
- EUR -76 million stemming from an increase in depreciation;
- EUR -44 million exchange rate impact, mainly resulting from the depreciation of the U.S. dollar and the Pound Sterling versus the euro;
- EUR -968 million resulting, for EUR 804 million, from raw material cost inflation and, for EUR 164 million, from additional energy and transportation costs.

The impact of idle manufacturing capacity as a result of ad hoc production adjustment measures taken in most Group plants translated into a EUR 224 million one-off expense, of which EUR 170 million was in the last quarter alone. This amount includes the effect of idle capacity on productivity, depreciation and external costs.

Consequently, the EUR 415 million decline in net result was also due to the following factors:

- EUR 249 million year-on-year reduction of restructuring charges. These amounted to EUR 77 million, corresponding to the reorganization of Italian operations, versus EUR 326 million in 2007 in connection with industrial restructuring measures in France, Spain and Japan;
- net financial expenses were up EUR 68 million, reflecting mainly:
    - the EUR 36 million increase in the cost of net debt. The bulk of this amount is due to the mark-to-market value of the derivated financial instruments used by the Group to secure a low cost for part of its long-term debt; this had no impact on cash;
    - the lower market value impact of the Group securities portfolio (EUR 17 million);
    - the decline in proceeds from disposal of available-for-sale financial investments (EUR 9 million).
- The reduction of tax burden (EUR -136 million), resulting mainly from the reduction of earnings before tax.

Free cash flow was negative at EUR -359 million, compared with EUR +433 positive free cash flow in 2007

This change resulted from the following factors:

- EUR -620 million EBITDA[1] decrease, mainly attributable to change of operating income before non-recurring items;
- The deterioration in working capital requirement leading to a negative (EUR -300 million) contribution, resulting mainly from the following factors:
  - change in inventory value in 2008 (up EUR +419 million) due to the impact of raw material price increases, versus EUR +132 million in 2007;
  - a positive contribution of EUR 308 million resulting from the reduction in trade receivables after negotiation of improved payment terms as well as the decline of sales volume recorded at the end of the year;
  - the effect of change in tax liabilities, excluding income tax (down EUR -122 million in 2008) resulting in particular from business slowdown at the end of the year and the related impact on VAT amounts. Note that tax liabilities were only down EUR 7 million in 2007.
- The EUR 155 million decline in investment cash flow utilization including:
  - EUR -69 million in gross tangible and intangible investments amounting to EUR 1,271 million;
  - EUR -41 million in financial investment: EUR 52 million invested in 2008, mainly to increase Michelin's stake in Hankook Tire from 6.3% to nearly 10%, versus EUR 93 million in 2007.

The net-debt-to-equity ratio amounted to 84%, versus 70% as of December 31, 2007. This change reflects not only the negative impact on Shareholders' equity of the currency effect (EUR -238 million) but also the increase in financial debt

The EUR 559 million increase of net financial debt was accounted for by the items below:

- EUR +359 million: negative free cash flow financing;
- EUR +240 million: dividends paid in May 2008;
- EUR -73 million: impact of currency translation on debt, and particularly U.S. dollar and Pound Sterling depreciation versus the euro between December 31, 2007 and December 31, 2008;
- EUR +30 million: recognition as debt of interest payable upon maturity of the OCEANE (convertible or swappable with new or existing shares) bond issue of March 2007;
- EUR -63 million: reduction in the put option commitments to certain minority shareholders in Group subsidiaries.

[1] Earnings Before Interest, Tax, Depreciation and Amortization

Segment information

	Net Sales			Operating income before non-recurring items		Operating margin before non-recurring items	
	2008			2008		2008	2007
	(in EUR million)	as a % of total	2008 / 2007	(in EUR million)	as a % of total		
Passenger Car and Light Truck & Related Distribution	**8,668**	**53%**	**-4.1%**	**370**	**40%**	**4.3%**	**9.2%**
Truck & Related Distribution	**5,433**	**33%**	**-3.6%**	**138**	**15%**	**2.5%**	**7.6%**
Specialty Businesses	**2,307**	**14%**	**+5.5%**	**412**	**45%**	**17.9 %**	**17.8%**
Group total	**16,408**	**100%**	**-2.7%**	**920**	**100%**	**5.6%**	**9.8%**

Passenger Car and Light Truck and Related Distribution: demand down in the fourth quarter and raw material prices up

The change in operating margin before non-recurring items reflects a combination of the following factors:

- the impact of the decline in sales volumes and of idle industrial capacity especially in the last quarter as a result of falling demand;
- the strong impact of raw material price inflation. This was only partly offset by the price increases implemented throughout 2008 across markets;
- the favorable mix effect, in particular thanks to MICHELIN brand market share gains;
- the negative currency effect.

Truck and Related Distribution: raw material cost inflation and sluggish demand in the fourth quarter

Operating margin slipped from 7.6% in 2007 to 2.5% in 2008 due to:

- raw material cost inflation, especially strong in the second half and only partly compensated for by the price increases passed throughout the year;
- the impact of truck tire market decline at the end of the year on Group sales volumes and manufacturing costs as a result of the production adjustment measures taken in the second half;
- the negative currency impact, notably that of the U.S. dollar versus the euro.

Specialty operations: operating margin remained stable at a high 17.9%

- Specialty Business sales volumes progressed over the full year, despite the sharp turnaround of markets in the last quarter.
- The price increases combined with the mix improvements fully offset the negative impact of raw material costs and exchange rates.
- In the Earthmover segment, capacity increases helped maximize growth. The other Specialty tire segments were able to leverage flexible production and sourcing to seize many growth opportunities and enhance profitability.

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COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN

Compagnie Générale des Etablissements Michelin (CGEM) had net profit of EUR 286 million in 2008.

The financial statements were presented to the Supervisory Board on February 09, 2009.

The Group’s Managing Partners will convene an Annual Shareholders Meeting on Friday, May 15, 2009 at 9:00 a.m. in Clermont-Ferrand.

The Managing Partners will submit for the Shareholders' approval the payment of a EUR 1 dividend per share. Shareholders may opt for the dividend payment to be converted into shares.

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Financial Year 2008 results will be presented to the press on Friday, Febuary 13, 2009 at 8:30 a.m. (CET) at Roland Garros Stadium, 8 boulevard d'Auteuil (Porte Suzanne Lenglen), Paris 16th.

This will be followed by an analyst and investor presentation at Roland Garros Stadium on the same day at 10:30 a.m. (CET). The presentation will be accessible via a telephone conference and simultaneously translated in English. If you wish to attend, please dial one of the following numbers starting at 10:20 a.m.:

In French:		In English	
• From France	01 72 28 01 75	• From North America	+1 866 793 4277
• From abroad	+33 1 72 28 01 75	• From France	01 72 28 25 87
		• From the UK	0161 601 8918
		• From the rest of the world	+44 161 601 8918

Please refer to the site www.michelin.com/corporate "Finance" section for practical information concerning the telephone conference.

For more details on Michelin's financial year 2008 results, please go to the website www.michelin.com/corporate "Finance" section, call +33 (0)1 45 66 16 15, send an e-mail enquiry to 'investor-relations@fr.michelin.com' or write to Michelin's Investor Relations Department.

For more information on tire markets and on Michelin, please download the Michelin FactBook 2009 edition from our website: www.michelin.com/corporate "Finance" section.

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The financial information at March 31, 2009 will be published on Tuesday, April 28, 2009 after the closing of Paris Euronext.

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CONSOLIDATED INCOME STATEMENT

(in EUR million, except per share data)	Year ended 31 December 2008	Year ended 31 December 2007
Sales	16,408	16,867
Cost of sales	(12,024)	(11,760)
Gross income	4,384	5,107
Sales and marketing expenses	(1,730)	(1,738)
Research and development expenses	(499)	(561)
General and administrative expenses	(1,161)	(1,069)
Other operating income and expenses	(74)	(94)
Operating income before non-recurring income and expenses	920	1,645
Non-recurring expenses	(77)	(326)
Operating income	843	1,319
Cost of net debt	(330)	(294)
Other financial income and expenses	(3)	29
Share of profit/(loss) from associates	10	17
Income before taxes	520	1,071
Income tax	(163)	(299)
Net income	357	772
• Attributable to Shareholders	360	774
• Attributable to non-controlling interests	(3)	(2)
Earnings per share (in euros)		
• Basic	2.46	5.32
• Diluted	2.46	5.22

CONSOLIDATED BALANCE SHEET

(in EUR million)	31 December 2008	31 December 2007
Goodwill	401	401
Other intangible assets	310	200
Property, plant and equipment (PP&E)	7,046	7,124
Non-current financial assets and other assets	382	452
Investments in associates and joint ventures	65	62
Deferred tax assets	896	926
Non-current assets	9,100	9,165
Inventories	3,677	3,353
Trade receivables	2,456	2,993
Current financial assets	173	35
Other current assets	732	573
Cash and cash equivalents	456	330
Current assets	7,494	7,284
TOTAL ASSETS	16,594	16,449
Share capital	290	288
Share premiums	1,944	1,885
Reserves	2,874	3,109
Non-controlling interests	5	8
Total equity	5,113	5,290
Non-current financial liabilities	3,446	2,925
Employee benefits	2,448	2,567
Provisions and other non-current liabilities	760	895
Deferred tax liabilities	39	61
Non-current liabilities	6,693	6,448
Current financial liabilities	1,440	1,145
Trade payables	1,504	1,642
Other current liabilities	1,844	1,924
Current liabilities	4,788	4,711
TOTAL LIABILITIES AND EQUITY	16,594	16,449

CONSOLIDATED CASH FLOW STATEMENT

(in EUR million)	Year ended 31 December 2008	Year ended 31 December 2007
Net income	357	772
EBITDA adjustments		
– Cost of net debt	330	294
– Other financial income and expenses	3	(29)
– Income tax	163	299
– Amortization, depreciation and impairment of intangible assets and PP&E	928	823
– Non-recurring income and expenses	77	326
– Share of loss/(profit) from associates	(10)	(17)
EBITDA adjusted (before non-recurring income and expenses)	1,848	2,468
Non-cash other income and expenses	10	(26)
Change in provisions, including employee benefits	(268)	(175)
Net finance costs paid	(266)	(277)
Income tax paid	(275)	(294)
Change in value of working capital, net of impairments	(134)	166
Cash flows from operating activities	915	1,862
Purchases of intangible assets and PP&E	(1,289)	(1,484)
Proceeds from sale of intangible assets and PP&E	52	106
Acquisitions of consolidated shareholdings, net of cash acquired	(1)	(106)
Proceeds from sale of consolidated shareholdings, net of cash disposed	5	-
Purchases of available-for-sale investments	(62)	(5)
Proceeds from sale of available-for-sale investments	6	19
Cash flows from other financial assets	15	41
Cash flows from investing activities	(1,274)	(1,429)
Proceeds from issuance of shares	36	14
Dividends paid to Shareholders	(230)	(208)
Proceeds of the issuance of convertible bonds	0	694
Cash flows from financial liabilities	768	(1,262)
Other finance cash flows	(93)	(12)
Cash flows from financing activities	481	(774)
Effect of the change of currency rates	4	(9)
Increase / (decrease) of cash and cash equivalents	126	(350)
Cash and cash equivalents as at 1 January	330	680
Cash and cash equivalents as at 31 December	456	330

DISCLAIMER

This press release is not an offer to purchase or solicitation to recommend the purchase of Michelin shares. To obtain more detailed information on Michelin, please consult the documentation published in France by Autorité des Marchés Financiers available from the www.michelin.com website.

This press release could contain a number of provisional statements. Although the Company believes that these statements are based on reasonable assumptions at the time of the publication of this document, they are by nature subject to risks and contingencies liable to translate into a difference between actual data and the forecasts made or induced by these statements.