Michelin Announces Net Sales of €16,142 Million, Up 6% on the First Nine Months of 2011

- Weak demand in mature markets in an unfavorable economic environment, especially in Europe.
- Sales volumes down 6.7%, as expected, on more favorable prior-year comparatives.
- Stable tonnage since Q4-2011.
- Price-mix still positive, despite the contractual adjustments on July 1, particularly in the Earthmover business

<table>
<thead>
<tr>
<th>Net Sales (€ millions)</th>
<th>3rd Quarter</th>
<th>Nine Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>Passenger Car and Light Truck Tires and Related Distribution</td>
<td>2,797</td>
<td>2,664</td>
</tr>
<tr>
<td>Truck Tires and Related Distribution</td>
<td>1,775</td>
<td>1,729</td>
</tr>
<tr>
<td>Specialty Businesses</td>
<td>864</td>
<td>748</td>
</tr>
<tr>
<td>Group Total</td>
<td>5,436</td>
<td>5,141</td>
</tr>
</tbody>
</table>

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

- Outlook for full-year 2012

As a result, Michelin confirms its guidance for full-year 2012, i.e. a clear increase in operating income before non-recurring items, with a 5% decrease in full-year sales volume, and around a €200-300 million favorable impact from raw materials in second half.

After around €2 billion in full-year capital expenditure, but before the impact of the sale of a property complex in Paris, the Group aims at a €400 to €500 million free cash flow generation.
**Market Review**

### Passenger Car and Light Truck Tires

#### Nine Months 2012

<table>
<thead>
<tr>
<th>% Change YoY (in number of tires)</th>
<th>Europe*</th>
<th>North America</th>
<th>Asia (Exc. India)</th>
<th>South America</th>
<th>Africa/India/Middle East</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Equipment</td>
<td>- 5 %</td>
<td>+ 19 %</td>
<td>+ 14 %</td>
<td>- 1 %</td>
<td>- 0 %</td>
<td>+ 8 %</td>
</tr>
<tr>
<td>Replacement</td>
<td>- 10 %</td>
<td>- 3 %</td>
<td>+ 1 %</td>
<td>+ 1 %</td>
<td>- 2 %</td>
<td>- 4 %</td>
</tr>
</tbody>
</table>

#### Third Quarter 2012

<table>
<thead>
<tr>
<th>% Change YoY (in number of tires)</th>
<th>Europe*</th>
<th>North America</th>
<th>Asia (Exc. India)</th>
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<td>Replacement</td>
<td>- 8 %</td>
<td>- 4 %</td>
<td>+ 3 %</td>
<td>+ 1 %</td>
<td>- 10 %</td>
<td>- 5 %</td>
</tr>
</tbody>
</table>

*Including Russia and Turkey

#### Original Equipment

- Dampered by the decline in output at volume carmakers, demand in Europe ended the first nine months down 5% despite sustained strong growth in Russia and the rest of Eastern Europe (up 14% overall).
- The North American market benefited as buyers replaced aging models, driving a 19% increase over the period.
- In Asia (excluding India), demand rose by 14% overall, led by gains in the leading markets. The Chinese market expanded by 8%, in line with passenger car sales, while Japanese demand rebounded compared with a prior-year period that was severely impacted by the tsunami. Southeast Asian markets continued to recover from the floods in Thailand, with a 20% increase.
- South American markets ended the period down 1% overall, but with a sharp 9% upturn in the third quarter. This was particularly the case in Brazil, where new government stimulus measures drove a 27% gain in September.

#### Replacement

- In Europe, the 10% decline in the replacement market reflected the fall-off in demand in a persistently gloomy economic environment, as well as the massive drawdowns of dealer summer tire inventory. Winter tire demand is contracting, as expected after a warm 2011-2012 winter and assuming normal weather conditions in 2012-2013. Note that due to dealer inventory strategies, sell-out (dealer sales to customers) has tended to exceed sell-in (tiremaker sales to dealers) since the beginning of the year.
- Demand in North America declined by 4%, in a mixed environment shaped by sustained high fuel prices and average miles traveled. Dealers drew down inventory ahead of the phase-out of exceptional customs duties on tires made in China.
- Markets in Asia (excluding India) were stable overall. Demand continued to increase in China (by 4%), albeit at a slower pace than in the first nine months of 2011. It declined in Japan (by 4%), in a highly export-driven economy penalized by the weak euro and economic uncertainty.
The South American market was unchanged overall, up 1% on the strong demand reported in first nine months of 2011, and varied widely by country. The market edged up 2% in Brazil and increased in Argentina, but fell off sharply in Colombia.

**TRUCK TIRES**

<table>
<thead>
<tr>
<th>Nine Months 2012</th>
<th>Europe**</th>
<th>North America</th>
<th>Asia (Exc. India)</th>
<th>South America</th>
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<tr>
<td>% Change YoY</td>
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<tr>
<td>(in number of tires)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original Equipment*</td>
<td>- 3 %</td>
<td>+ 9 %</td>
<td>- 8 %</td>
<td>- 31 %</td>
<td>+ 31 %</td>
<td>- 4 %</td>
</tr>
<tr>
<td>Replacement*</td>
<td>- 19 %</td>
<td>- 3 %</td>
<td>- 9 %</td>
<td>+ 1 %</td>
<td>+ 9 %</td>
<td>- 7 %</td>
</tr>
</tbody>
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<td>(in number of tires)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original Equipment*</td>
<td>- 4 %</td>
<td>- 7 %</td>
<td>- 10 %</td>
<td>- 30 %</td>
<td>+ 28 %</td>
<td>- 8 %</td>
</tr>
<tr>
<td>Replacement*</td>
<td>- 6 %</td>
<td>+ 0 %</td>
<td>- 12 %</td>
<td>+ 0 %</td>
<td>+ 7 %</td>
<td>- 6 %</td>
</tr>
</tbody>
</table>

*Radial market only
**Including Russia and Turkey

**ORIGINAL EQUIPMENT**
- The European market ended the period down a relatively limited 3%, with demand staying nearly flat quarter after quarter.
- In North America, the market rose by 9% over the entire nine months, but has been weakening since August.
- In Asia (excluding India), demand retreated by 8% overall, with a 14% falloff in China in line with new truck registrations, impacted by the somewhat cooling economy. Markets remained active in Southeast Asia, surging 37%, while in Japan, the original equipment segment rebounded by a strong 24% off of bases impacted by the tsunami.
- As expected, demand in South America dropped 31% in response to Brazil’s application of EURO V emissions standards.

**REPLACEMENT**
- The European replacement market retreated by 19% over the first nine months of the year, while freight haulage has yet to return to 2008 levels. What’s more, dealers sharply drew down inventory in the face of the prevailing economic uncertainty.
- In North America, freight volumes are still outpacing 2010 and 2011 levels. The replacement market was down 3%, impacted by the growth in OE sales, the availability of casings for retreading and the purchases by large accounts in 2011 ahead of price increases.
- In Asia (excluding India), markets declined by 9% overall during the period. Demand in China softened by 9%, reflecting the slowdown in economic growth and decline in kilometers traveled. In the ASEAN countries, freight haulage remained as active as ever and demand expanded by 2% over the period. The Japanese market slid 23%, moving back in line with its long-term trends after the wide swings in demand caused by the natural disasters.
Markets in South America were stable overall. Dragged down by the sluggish economy, demand declined by 4% in Brazil, where stricter customs inspections reduced imports. In the rest of the region, market growth in Venezuela, Peru and Colombia offset the decline in Argentina caused by import barriers.

**Specialty Tires**

- **Earthmover Tires**: The mining sector is continuing to expand, led by sustained demand for ore, oil and gas. The market remains tight, especially for large radial tires.
  
The original equipment market rose over the first nine months in North America, but has fallen steeply in Europe after a promising start to the year.
  
  Demand for tires used in infrastructure projects and quarries is still growing but at a slower pace. The Western European market is contracting.

- **Agricultural Tires**: After rising over the first half, worldwide OE demand turned down in the third quarter, while the replacement market fell sharply in Europe due to the economic situation and in North America for weather reasons.

- **Two-Wheel Tires**: Dragged down by the lackluster economy, the motorized segments declined in mature geographies, except North America, but rose slightly in emerging markets.

- **Aviation Tires**: Passenger load factors are continuing to improve in the commercial aviation segment, on both domestic and intercontinental routes. The cargo market declined over the period.

### Michelin Net Sales

#### Overview

<table>
<thead>
<tr>
<th>(€ Millions)</th>
<th>Third Quarter 2012</th>
<th>Nine Months 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>5,436</td>
<td>16,142</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Third-Quarter 2012 % Change YoY</th>
<th>Nine-Months 2012 % Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Change</strong></td>
<td>+ 295, + 5.7 %</td>
<td>+ 896, + 5.9 %</td>
</tr>
<tr>
<td><strong>Of which Volumes</strong></td>
<td>- 179, - 3.5 %</td>
<td>- 1,019, - 6.7 %</td>
</tr>
<tr>
<td><strong>Price-Mix</strong></td>
<td>+ 136, + 2.7 %</td>
<td>+ 1,168, + 8.2 %</td>
</tr>
<tr>
<td><strong>Currency Effect</strong></td>
<td>+ 338, + 6.6 %</td>
<td>+ 747, + 4.9 %</td>
</tr>
</tbody>
</table>

*Volumes in tonnes

Net sales totaled €16,142 million in the first nine months of 2012, up 5.9% over the year-earlier period due to the combined impact of the following factors:
The still positive price and mix effects, which together added 8.2% to reported net sales. The price effect (€1,080 million) reflected the effective management of gross unit margins, based on pricing policy and cost discipline. The mix effect (€88 million) was shaped by improvements in the segment and brand mixes, which more than offset the unfavorable impact of faster growth in original equipment sales than in the replacement segment.

The 6.7% decline in volumes at a time of lackluster demand, especially in the mature markets.

The positive 4.9% currency effect, primarily resulting from gains in the US dollar against the euro.

NET SALES BY REPORTING SEGMENT

PASSenger Car and Light Truck Tires and Related Distribution

Net sales in the Passenger Car and Light Truck Tires and Related Distribution segment stood at €8,298 million, up 4.8% compared with the first nine months of 2011.

o In an expanding OE segment and more mixed replacement markets, tonnages ended the period down 5.6%, compared with a 6.4% decline in the first half. This reflected the fact that sales volumes have been stable since end-2011, but prior-year comparatives are now becoming more favorable. Winter tire sales are in line with Group objectives, in a market that is expected to decline.

o In this environment, the price effect and the performance of the MICHELIN brand remain amply favorable.

TRUCK Tires and Related Distribution

Nine-month net sales in the Truck Tires and Related Distribution business amounted to €5,044 million, up 1.0% from the year-earlier period.

o Even as global markets remain challenging, the increase was primarily led by the price and mix effects and by the tight management of unit margins as part of the ongoing strategy to improve the profitability of the Truck tire business.

o Sales volumes, down 12.4% compared to first 9 months 2011, have been slightly but steadily improving quarter after quarter since the end of 2011.
**Specialty Businesses**

Net sales by the Specialty businesses ended the first nine months of 2012 at €2,800 million, up 19.9% year-on-year thanks to the 4.8% rise in volumes and the increase in prices (despite their contractual adjustment on July 1 in line with raw materials costs).

- **Earthmover tires**: Consolidated net sales rose significantly over the period, reflecting volume gains, the favorable currency effect and the application of contractual indexation clauses. Net sales increased across every segment.

- **Agricultural tires**: Sales ended the period up significantly thanks to price increases that passed along higher raw materials costs.

- **Two-Wheel tires**: Sales were stable, as price increases made up for a decline in tonnages sold.

- **Aircraft tires**: Consolidated sales rose on price increases to pass along higher raw materials costs.
Third-Quarter 2012 Highlights

- Michelin Updates 2015 Guidance (September 19)
- Pau Brasil Passenger Car and Light Truck Tire Plant Officially Inaugurated (September 18)
- First Truck tire at Shenyang 2 new plant in China (September 18)
- Michelin at the Paris Motor Show (September 27)
- Demonstrating Customer Commitment with MICHELIN Total Performance (September 27)
- New Truck Tire Lineup Presented at the IAA Show in Hanover (September 20)
- New Earthmover Product Lineup for 2013 Unveiled at the MINExpo Trade Show in Las Vegas (September 24)
- The New MICHELIN Electrically Assisted Bicycle: an Urban Mobility Solution (August 28)
- Michelin Unveils the International Advertising Campaign to Promote the 10 Golden Rules for Safer Roads (September 27)
- FIA World Rally Championship: a 20th Drivers’ Title and a 22nd Manufacturers Crown for Michelin (October 9)

A full description of third-quarter 2012 highlights may be found on the Michelin website:
www.michelin.com/corporate
CONFERENCE CALL
The quarterly information for the period ended September 30, 2012 will be reviewed during a conference call in English later today (Monday, October 22, 2012) at 6:30 pm, CEST (5:30 UT). If you wish to participate, please dial-in one of the following numbers from 6:20 pm CEST:

- In France 01 70 77 09 37
- In the UK 0203 367 9453
- In the United States (866) 907 5923
- From anywhere else +44 203 367 9453

Please refer to the www.michelin.com/corporate website for practical information concerning the conference call.

INVESTOR CALENDAR

2012 net sales and results:
Tuesday, February 12, 2013 before start of trading

Quarterly information for the three months ended March 31, 2013:
Monday, April 22, 2012 after close of trading

<table>
<thead>
<tr>
<th>Investor Relations</th>
<th>Media Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valérie Magloire</td>
<td>Corinne Meutey</td>
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<td>+33 (0) 1 78 76 45 27</td>
</tr>
<tr>
<td>+33 (0) 6 76 21 88 12 (cell)</td>
<td>+33 (0) 6 08 00 13 85 (cell)</td>
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<tr>
<td><a href="mailto:valerie.magloire@fr.michelin.com">valerie.magloire@fr.michelin.com</a></td>
<td><a href="mailto:corinne.meutey@fr.michelin.com">corinne.meutey@fr.michelin.com</a></td>
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This press release may contain a number of forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions as at the time of publishing 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 inferred by these statements.