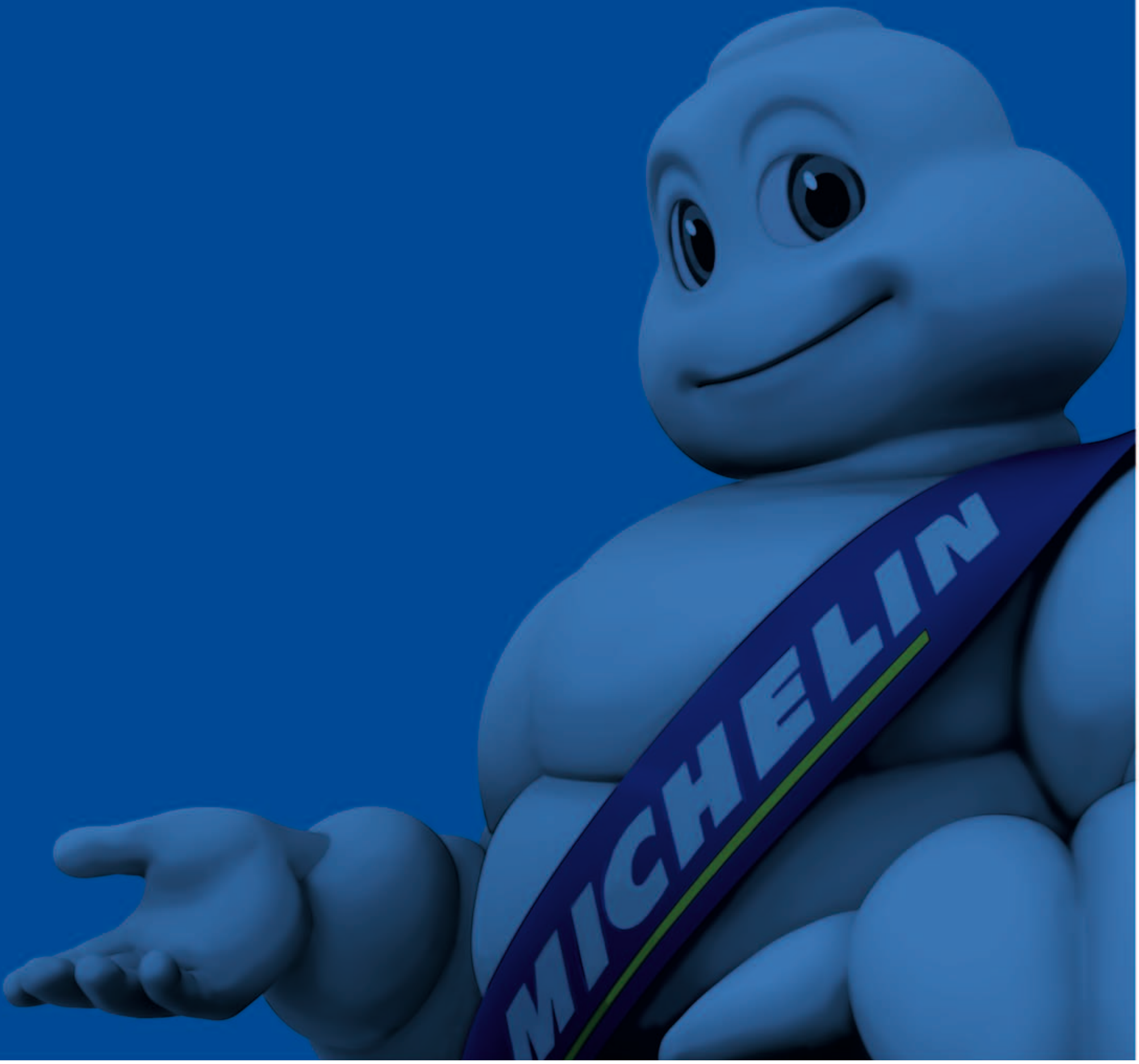
FIRST-HALF 2013 FINANCIAL REPORT



MICHELIN

A better way forward

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AUTORITÉ DES MARCHÉS FINANCIERS AMF

This interim financial report was drawn up pursuant to article L451-1-2-III of the French Monetary and Financial Code and articles 222-4 and 222-6 of *Autorité des marchés financiers* (AMF) General Regulations.

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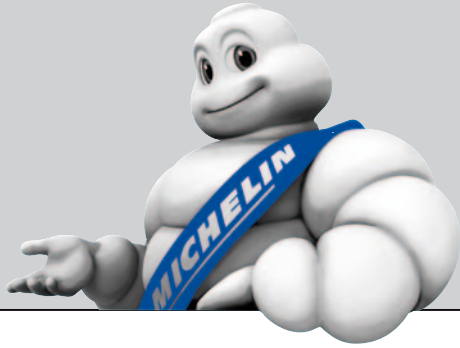
Press Release



PRESS RELEASE

Clermont-Ferrand – July 25, 2013

COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN
Financial Information for the Six Months Ended June 30, 2013

First-Half 2013: Business Performance in Line with Full-Year Objectives

€1,153 million in operating income before non-recurring items

11.3% operating margin before non-recurring items

€147 million in free cash flow

2013 guidance confirmed

- €1,153 million in operating income before non-recurring items, reflecting as expected:
  - A 1.5% decline in volumes, in markets that were weak in the first quarter and showing signs of improvement in the second;
  - Firm unit margins;
  - Manufacturing performance in line with objectives.
- €507 million in net income for the period, after a €250-million provision on projects to improve the competitiveness of manufacturing operations.
- Robust financial structure maintained:
  - €147 million in free cash flow at a time of ambitious capital expenditure.

2013 guidance confirmed

In a market environment that should continue to improve in mature markets off of low prior-year comparatives and to expand in the new markets, Michelin expects to see modest growth in volumes in the second half. As a result, thanks to its comprehensive range of products and services and its balanced global footprint, the Group confirms its objective stable volumes over the full year.

In the second half, the impact of lower raw materials prices will gain momentum, adding around €350 million to operating income for the year. As a result, and given that prices are likely to remain stable at first-half levels, the second-half consolidated operating margin should benefit from the impact of lower raw materials costs, which are expected to offset the price-mix effect.

As indicated in February, the capital expenditure program, totaling some €2 billion, will support Michelin's ambitious growth objectives by adding new production capacity in the new markets. It will also improve competitiveness in mature markets and drive technological innovation.

Jean Dominique Senard, Chief Executive Officer, said: "Michelin's first-half performance was in line with the 2013 objectives and attests to the Group's continuous improvement as it moves forward in its New Phase of Dynamic Growth. The Group confirms its objectives for 2013, with the target of reporting stable operating income before non-recurring items, a more than 10% return on capital employed and positive free cash flow." In this environment, Michelin confirms its objectives for 2013, when it expects to report stable operating income before non-recurring items, a more than 10% return on capital employed and positive free cash flow.

(in € million)	First-Half 2013	First-Half 2012 reported
Net sales	10,159	10,706
Operating income before non-recurring items	1,153	1,320
Operating margin before non-recurring items	11.3%	12.3%
• Passenger Car and Light Truck Tires and Related Distribution	10.3%	10.6%
• Truck Tires and Related Distribution	6.5%	6.4%
• Specialty Businesses	23.3%	27.4%
Operating income after non-recurring items	903	1,417
Net income	507	915
Capital expenditure	762	660
Net Debt	1,114	2,177
Gearing	12%	26%
Free cash flow(1)	147	7
Employees on payroll(2)	113,200	114,700

(1) Cash flow from operating activities less cash flow used in investing activities.
(2) At period-end.

MARKET REVIEW

Passenger Car and Light Truck tires

First-Half 2013 % change year-on-year (in number of tires)	Europe(1)	North America	Asia (excluding India)	South America	Africa India Middle East	Total
Original Equipment	-3%	+4%	+3%	+14%	-9%	+1%
Replacement	-4%	+0%	+6%	+8%	+6%	+1%

Second-Quarter 2013 % change year-on-year (in number of tires)	Europe(1)	North America	Asia (excluding India)	South America	Africa India Middle East	Total
Original Equipment	+4%	+7%	+3%	+20%	-9%	+4%
Replacement	+3%	+1%	+5%	+9%	+8%	+4%

(1) Including Russia and Turkey.

Original Equipment

- The European market retreated by 3%, as the end of inventory destocking by volume carmakers pushed tire demand up 4% in the second quarter and attenuated the first quarter's sharp 11% contraction. Demand in the non-EU Eastern European countries contracted by 4%.
- The North American market rose by 4% over the first-half, lifted by rising demand as carmakers introduced new models and buyers replaced their aging cars.
- In Asia (excluding India), demand rose by 3% overall. The Chinese market remained buoyant, gaining 13% despite the cooling economic outlook, while the Japanese market plunged 16% on the sustained offshoring of production and the fall-off in domestic demand after the end of the eco-car subsidy program. The Southeast Asian market rose by 17%, pursuing its solid growth.
- The South American market climbed 14% over the period. Demand in Brazil rose by 3%, lifted by the government measures introduced in autumn 2012.

Replacement

- In Europe, in a still uncertain economy, demand declined by 4% year-on-year. The winter tire segment fell by 20%, as expected given the weather conditions in late 2012 and early 2013. However, the weather turned wintery again in the spring, helping to reduce dealer winter tire inventory. The summer segment is slowly improving off of weak prior-year comparatives. The high performance tire segment (17-inch and larger) expanded by 6% over the period.
- Demand in North America ended the first half unchanged, as an improving trend in the second quarter (up 1%) helped to offset the 2% decline in the first three months. High fuel prices weighed somewhat on average miles traveled, which fell back slightly. The US market, impacted by the significant increase in Chinese imports after customs duties were lifted, was stable for the period.
- In Asia (excluding India), demand rose by 6% overall, with a 9% gain in China despite slowing economic growth, and a 1% increase in Japan, moving back in line with the long-term trend.
- The South American market increased by 8%, with significant growth in every country. In Brazil, for example, tire demand surged 12% in an inflationary environment.

Truck tires

First-Half 2013 2013/2012 (in number of tires)	Europe(2)	North America	Asia (excluding India)	South America	Africa India Middle East	Total
Original Equipment(1)	+0%	-13%	+4%	+41%	-9%	+1%
Replacement(1)	+8%	-2%	+2%	+6%	+7%	+3%

Second-Quarter 2013 2013/2012 (in number of tires)	Europe(2)	North America	Asia (excluding India)	South America	Africa India Middle East	Total
Original Equipment(1)	+3%	-13%	+10%	+55%	-6%	+5%
Replacement(1)	+10%	+2%	+10%	+9%	+12%	+8%

(1) Radial market only.
(2) Including Russia and Turkey.

Original Equipment

- In a lackluster economy, the European market was stable over the first half, with a technical upturn off of low comparatives in the second quarter.
- In North America, economic uncertainty and the increase in new truck prices following application of a large number of new standards and regulations caused the original equipment market to drop 13% compared with a strong first-half 2012.
- In Asia (excluding India), original equipment demand increased by 4% overall. It rose 6% in China, despite the cooling economy, and soared 28% in the highly active Southeast Asian market, which is continuing to shift to radials. In Japan, on the other hand, it fell a steep 11% off of the post-tsunami rebound in first-half 2012.
- In South America, original equipment demand climbed a sharp 41%, returning to normal growth trends after the wide swings caused by the introduction of Euro V emissions standards.

Replacement

- Following a strong June, the European replacement market ended the first half up 8%, but remains at historically low levels. It was buoyed by initial inventory rebuilding in the second quarter and a reduction in the number of casings available for retreading. In the non-EU Eastern European countries, demand rose 12% on the back of still strong domestic spending.
- In North America, demand eased back 2% over the period, albeit with a 2% upturn in the second quarter led by the improvement in the freight market.
- Markets in Asia (excluding India) rose by 2% thanks to the second quarter's strong 10% gain. Demand improved by 2% both in China, despite the country's slowing economic growth, and in Southeast Asia, where the shift to radials is gaining speed. The Japanese market increased by 5%, lifted by the upturn in exports fueled by the weaker yen.
- In South America, the market rose 6% overall, reflecting i) the fast growth in domestic road transport in Brazil and ii) inventory rebuilding across the region, particularly by importers.

Specialty Tires

- **Earthmover tires:** In the mining sector, demand for large radial tires remains buoyant. Original equipment demand dropped precipitously in Europe and North America, dragged down in particular by manufacturer destocking. The infrastructure and quarry tire segment also contracted sharply in mature markets. The fall-off was severe in North America, hurt by persistently high dealer inventory.
- **Agricultural tires:** Global OE demand edged back somewhat over the first half, but sales of technical tires continued to expand. Replacement markets were down in North America and rose slightly in Europe.
- **Two-Wheel tires:** Motorcycle markets declined in the mature regions for the second year in a row. In Europe, economic uncertainties and weather conditions are weighing on dealer buying decisions.
- **Aircraft tires:** Civil aviation markets were stable over the period, while defense markets are being dampened by government budget restrictions.

NET SALES AND RESULTS

Net sales

Net sales amounted to €10,159 million in first-half 2013, *versus* €10,706 million in the year-earlier period.

Volumes eased back 1.5% in markets that were weak in the first quarter and showing signs of improvement in the second.

The price-mix reduced net sales by €242 million or 2.3%. This reflected the €281 million negative impact from contractual price reductions based on raw materials indexation clauses and the targeted price repositionings in certain tire sizes. It also comprised a positive €39 million impact from the further improvement in the sales mix led by the premium strategy in the 17-inch and larger segment.

The negative 1.4% currency effect, which reduced net sales by €143 million, resulted from the stronger euro.

Earnings

Consolidated operating income before non-recurring items amounted to €1,153 million or 11.3% of net sales in the first six months of 2013, compared with €1,320 million and 12.3% in first-half 2012. Non-recurring expenses stood at €250 million for the period, corresponding to the restructuring costs generated by the projects underway to improve the competitiveness of manufacturing operations.

As expected, the unfavorable €242-million impact of the price-mix was almost entirely offset by the €206-million decline in raw materials costs. The €127 million in gains from the competitiveness plan were in line with annual objectives and absorbed much of the €146-million increase in production and other costs. Operating income also reflected the €59-million negative impact of the decline in volumes, the €37 million in outlays to drive growth (start-up costs, the new business process management program and expenses in the new markets) and the €49-million negative currency effect.

In all, net income for the period came to €507 million.

Net financial position

In first-half 2013, the Group generated **€147 million in free cash flow**, against a backdrop of rising capital expenditure and the usual seasonal increase in inventory in the second quarter.

Gearing stood at 12% at June 30, 2013, corresponding to net debt of €1,114 million, compared with 12% and €1,053 million at December 31, 2012.

Segment Information

(in € million)	Net sales		Operating income before non-recurring income and expenses		Operating margin before non-recurring income and expenses	
	H1-2013	H1-2012	H1-2013	H1-2012	H1-2013	H1-2012
Passenger Car and Light Truck Tires and Related Distribution	5,321	5,501	550	581	10.3%	10.6%
Truck Tires and Related Distribution	3,121	3,269	203	209	6.5%	6.4%
Specialty businesses	1,717	1,936	400	530	23.3%	27.4%
Group	10,159	10,706	1,153	1,320	11.3%	12.3%

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 €5,321 million, versus €5,501 million in first-half 2012. This decline primarily reflected the impact of the targeted price repositionings and, to a lesser extent, the contractual price adjustments and the 0.5% decline in volumes.

Lower raw materials costs and the sustained improvement in the product mix, led by the MICHELIN brand's premium positioning, offset the decline in prices. As a result, operating income before non-recurring items amounted to €550 million or 10.3% of net sales, compared with €581 million and 10.6% in first-half 2012.

Truck Tires and Related Distribution

Net sales in the Truck tires and related distribution segment stood at €3,121 million, versus €3,269 million in first-half 2012. The decline reflected price reductions stemming primarily from contractual indexation clauses based on raw materials prices, the unfavorable currency effect and OE/replacement sales mix, and the 1.8% contraction in volumes.

Operating income before non-recurring items amounted to €203 million or 6.5% of net sales, compared with €209 million and 6.4% in first-half 2012. The temporary impact of lower raw materials costs and the disciplined management of operating costs balanced out all of the negative factors.

Specialty Businesses

Net sales by the Specialty businesses declined by 11.3% to €1,717 million due to price adjustments stemming from raw materials-based indexation clauses, the 4.6% fall-off in volumes and the negative currency effect.

Operating income before non-recurring items remained structurally high, at €400 million or 23.3% of net sales, compared with €530 million and 27.4% in the prior-year period and €416 million and 24.4% in second-half 2012.

COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

Compagnie Générale des Établissements Michelin reported a profit of €245 million in first-half 2013.

The financial statements were presented to the Supervisory Board at its meeting on July 22, 2013. The audit was completed and the auditors' report was issued on July 24, 2013.

FIRST-HALF 2013 HIGHLIGHTS

- New tire plant opened in Shenyang, China (January 26).
- New MICHELIN Pilot Sport Cup 2 to premier on the Mercedes-Benz SLS AMG Coupé Black Series (March 5, 2013).
- Market launch of the MICHELIN X® LINE™ Energy™ line of Truck tires (April 4).
- Michelin Earthmover launches MICHELIN® OperTrak in North America (January 11).
- Michelin confirmed as FIA Formula E Championship's official tire supplier (March 29).
- C$73 million (more than €56 million) invested in the Waterville plant (June).
- Michelin is committed to maintaining a competitive manufacturing base in France and to upgrading its research and development facilities (June 10).
- Agreement signed with Petrokimia Butadiene Indonesia to produce synthetic rubber (June 17).
- Nearly 60% of shareholders opt to reinvest their 2012 dividend (June 24).
- Loeb, Peugeot & Michelin set new record at Pikes Peak, Colorado USA (June 30).
- Michelin opens up its patents to promote the adoption of a global standard for RFID chips used in tires (July 15).

A full description of first-half 2013 highlights may be found on the Michelin website: www.michelin.com/corporate/finance

Presentation and Conference call

First-half 2013 results will be reviewed with analysts and investors during a conference call in English – with simultaneous interpreting in French – today, Friday July 25, at 11:00 am CEST (10:00 am UT). If you wish to participate, please dial-in one of the following numbers from 10:50 am CEST:

- In France 01 70 77 09 21 (French)
- In France 01 70 77 09 42 (English)
- In the UK 0203 367 9453 (English)
- In North America (866) 907 5923 (English)
- From anywhere else +44 203 367 9453 (English)

The presentation of first-half 2013 results may be viewed at www.michelin.com/corporate. The website also contains practical information concerning the conference call.

Investor Calendar

Quarterly information for the nine months ended September 30, 2013:

Monday, 28 October 2013 after close of trading

2013 net sales and results:

Tuesday, February 11, 2014 before start of trading

2013 Interim Financial Report

The interim financial report for the six months ended June 30, 2013 may be downloaded from http://www.michelin.com/corporate/EN/finance/regulated-information.

It has also been filed with the Autorité des Marchés Financiers (AMF).

The report contains:

- The business review for the six months ended June 30, 2013;
- The consolidated financial statements and notes for the period;
- The statutory auditors' review report on the interim financial information for 2013.

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DISCLAIMER

This press release is not an offer to purchase or a solicitation to recommend the purchase of Michelin shares. To obtain more detailed information on Michelin, please consult the documents filed in France with Autorité des Marchés Financiers, which are also available from the www.michelin.com website.

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.

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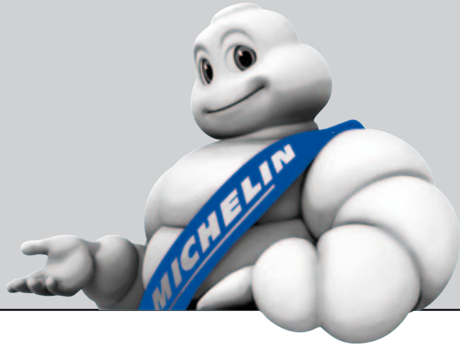
Slideshow




1st-HALF 2013
RESULTS
July 25, 2013
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Business Performance in Line with 2013 Objectives

- €1,153m in **operating income** (down 12.7% YoY), reflecting as expected:
  - A 1.5% decline in **volumes** in markets that were weak in the first quarter and showing signs of improvement in the second
  - Firm **unit margins**
  - **Manufacturing performance** in line with objectives
- €507m in **net income**, after a €250m provision on projects to improve competitiveness
- **Robust financial structure** maintained
  - €147m in **free cash flow** at a time of ambitious capital expenditure

2013 guidance confirmed

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2 — 1st-HALF 2013 **RESULTS** — July 25, 2013

Financial Highlights

H1 2013 & H1 2012 figures as reported

In € millions	H1 2013	H1 2012
Net Sales	10,159	10,706
Operating Income *before non-recurring items*	1,153	1,320
Operating Margin *before non-recurring items*	11.3%	12.3%
Non-recurring Items	(250)	+97
Operating Income *after NR*	903	1,417
Net Income	507	915
Investment	762	660
Net Debt-to-Equity Ratio	12%	26%
Free Cash Flow*	147	7

**Free Cash flow: Cash flows from operating activities less cash flows used in investing activities*

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3 — 1st-HALF 2013 **RESULTS** — July 25, 2013

July 25, 2013

1st-HALF 2013 **RESULTS**

1 DEMAND RECOVERING BUT STILL WEAK IN MATURE MARKETS

2 BUSINESS PERFORMANCE IN LINE WITH 2013 OBJECTIVES

3 ROBUST FINANCIAL STRUCTURE

4 STRATEGIC PILLARS

5 OUTLOOK

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4 — 1st-HALF 2013 **RESULTS** — July 25, 2013

July 25, 2013

1st-HALF 2013 **RESULTS**

1 DEMAND RECOVERING BUT STILL WEAK IN MATURE MARKETS

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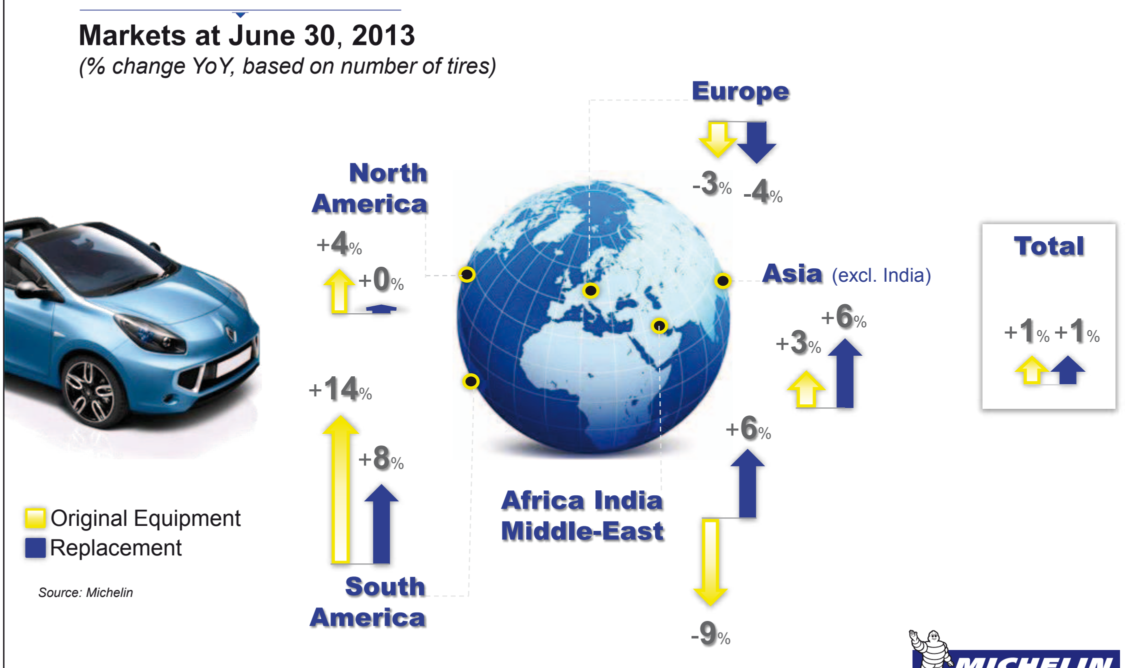
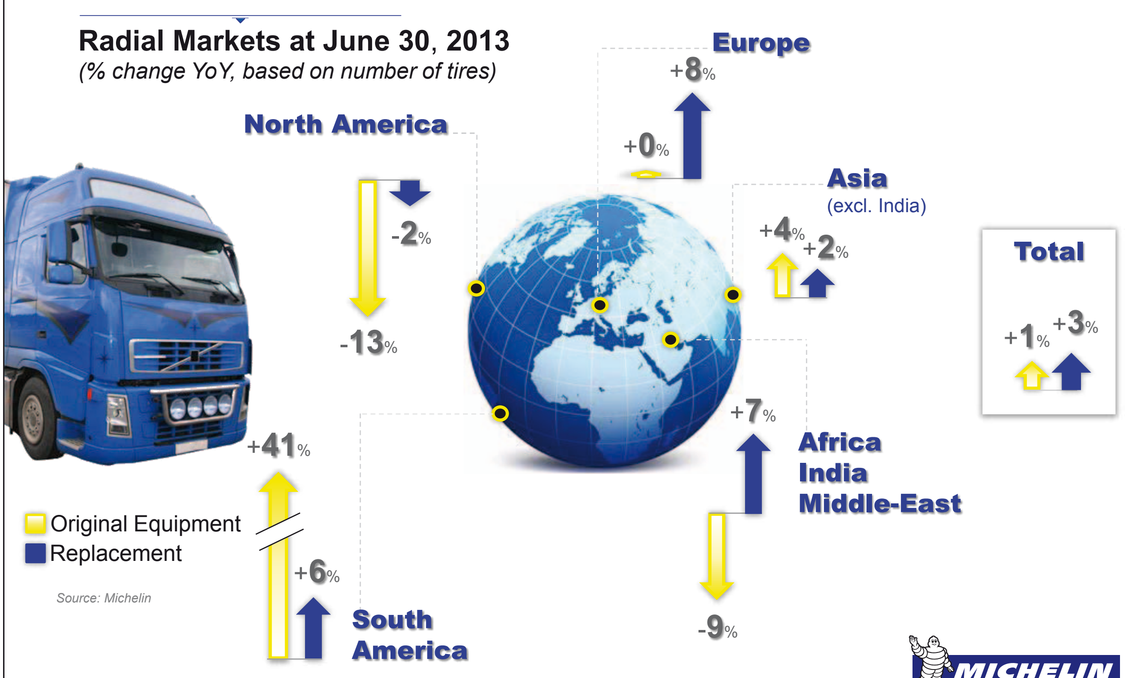
5 — 1st-HALF 2013 **RESULTS** — July 25, 2013

Car & Light truck: as Expected, an Improvement in the 2nd Quarter and Sustained Strong Growth in the New Markets



6 — 1st-HALF 2013 **RESULTS** — July 25, 2013

Truck: Improvement in the 2nd Quarter and Technical Upturn in Europe off of Weak Comparatives



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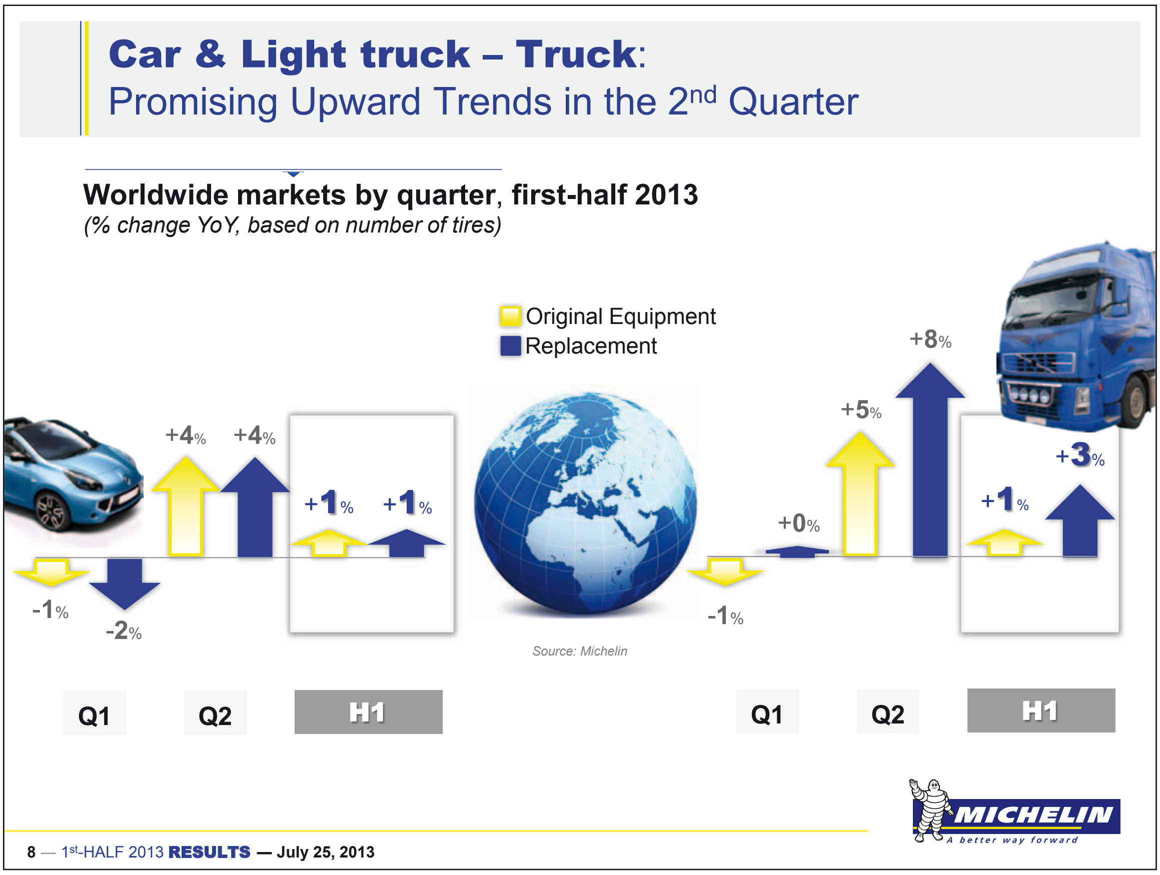
Car & Light truck – Truck:
Promising Upward Trends in the 2nd Quarter
Worldwide markets by quarter, first-half 2013
(% change YoY, based on number of tires)
Original Equipment
Replacement
-1%
-2%
+4%
+4%
+1%
+1%
-1%
+0%
+5%
+8%
+1%
+3%
Source: Michelin
Q1
Q2
H1
Q1
Q2
H1
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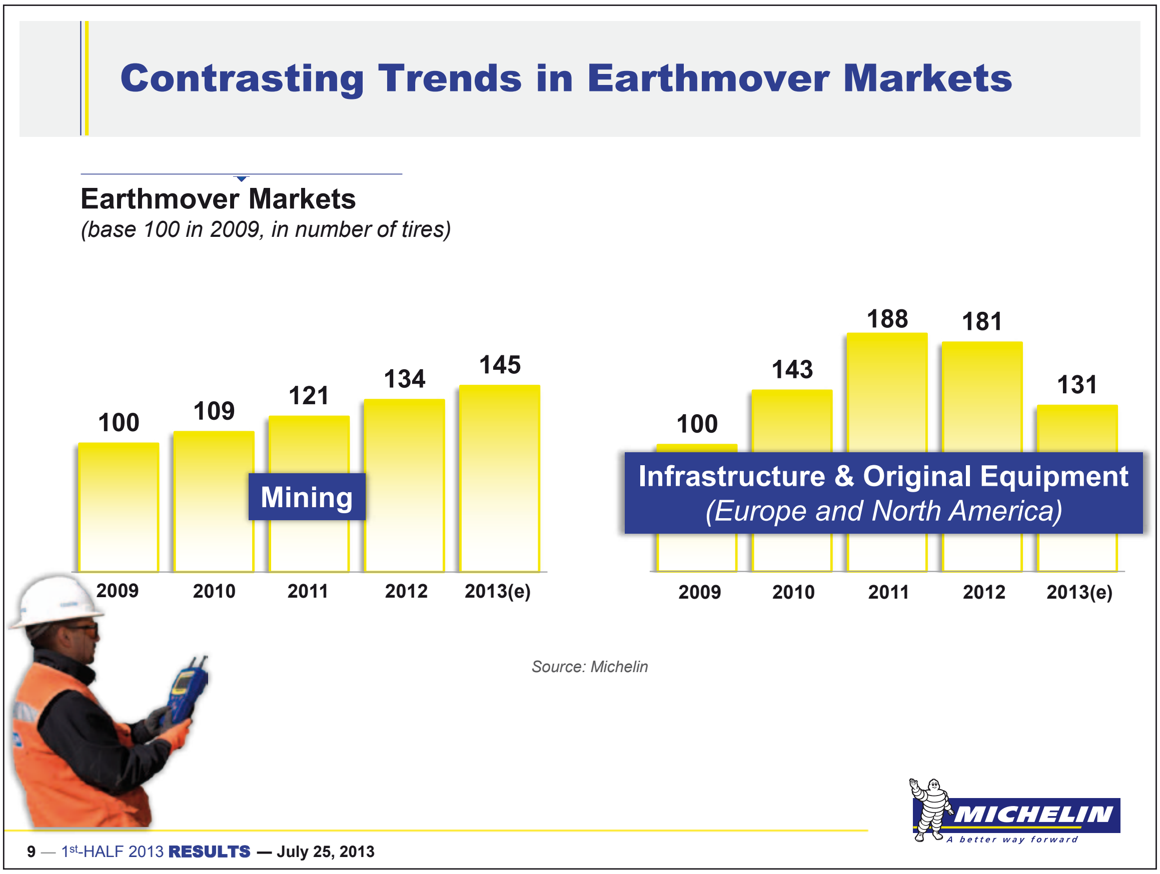
8 — 1st-HALF 2013 RESULTS — July 25, 2013


Contrasting Trends in Earthmover Markets
Earthmover Markets
(base 100 in 2009, in number of tires)
100
109
121
134
145
Mining
2009
2010
2011
2012
2013(e)
100
143
188
181
131
Infrastructure & Original Equipment
(Europe and North America)
2009
2010
2011
2012
2013(e)
Source: Michelin
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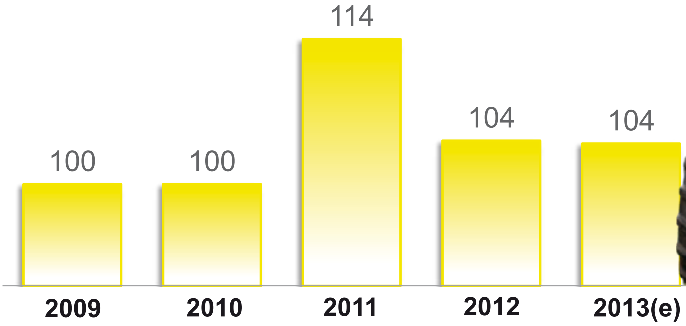
9 — 1st-HALF 2013 RESULTS — July 25, 2013

Agricultural Tire Demand Leveling off in Mature Markets

Agricultural Markets
(base 100 in 2009, in number of OE & RT tires)



Source: Michelin

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10 — 1st-HALF 2013 **RESULTS** — July 25, 2013

July 25, 2013

1st-HALF 2013 **RESULTS**

2 BUSINESS PERFORMANCE IN LINE WITH 2013 OBJECTIVES

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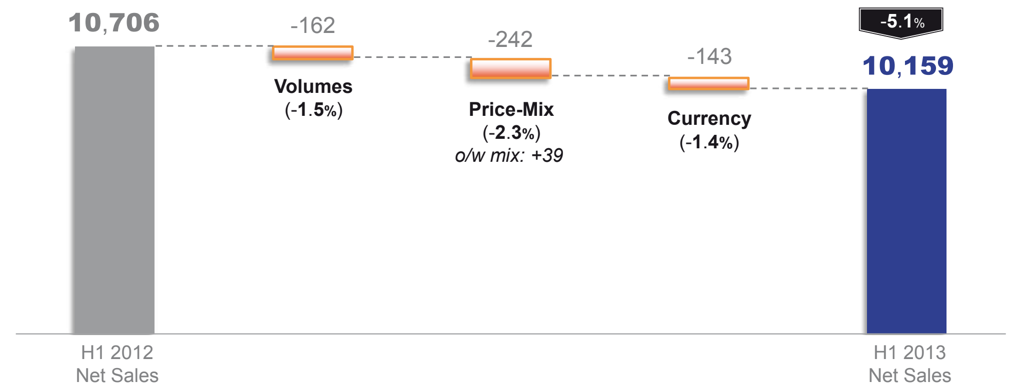
11 — 1st-HALF 2013 **RESULTS** — July 25, 2013

Net Sales: as Expected, a Slight Decline in an Unfavorable Environment

YoY Change
(in € millions and as a % of net sales)



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12 — 1st-HALF 2013 **RESULTS** — July 25, 2013

Volumes: Upturn in Q2 as Expected
Price-mix: Prices Leveled out QoQ in Q2

% change YoY

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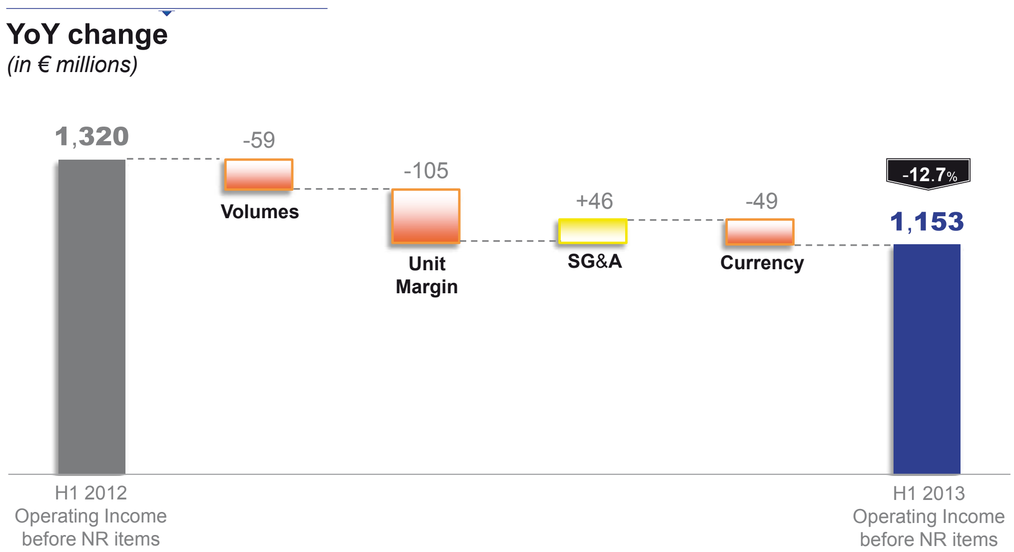
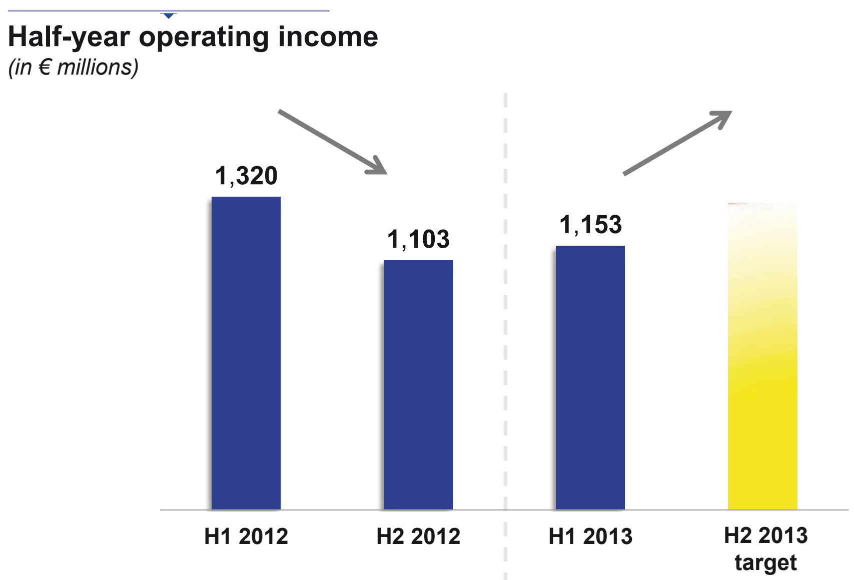
13 — 1st-HALF 2013 **RESULTS** — July 25, 2013

Operating Income: in Line with the Expected Half-year Pattern

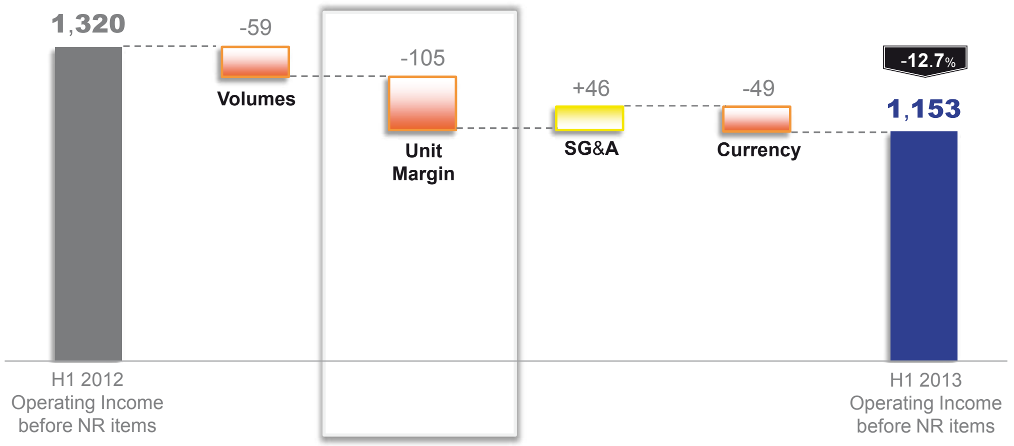


In 2013, the Half-Year Pattern will Reverse, with a Growing Impact from Lower Raw Materials Costs



Operating Income: in Line with the Expected Half-year Pattern

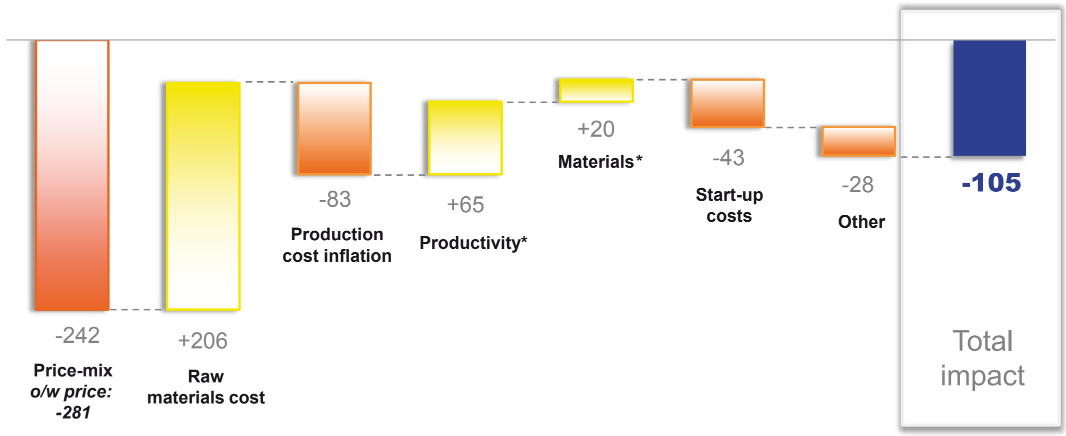
YoY change
(in € millions)



16 — 1st-HALF 2013 **RESULTS** — July 25, 2013

Managing Unit Margins through a Carefully Managed Pricing Policy and Productivity Gains

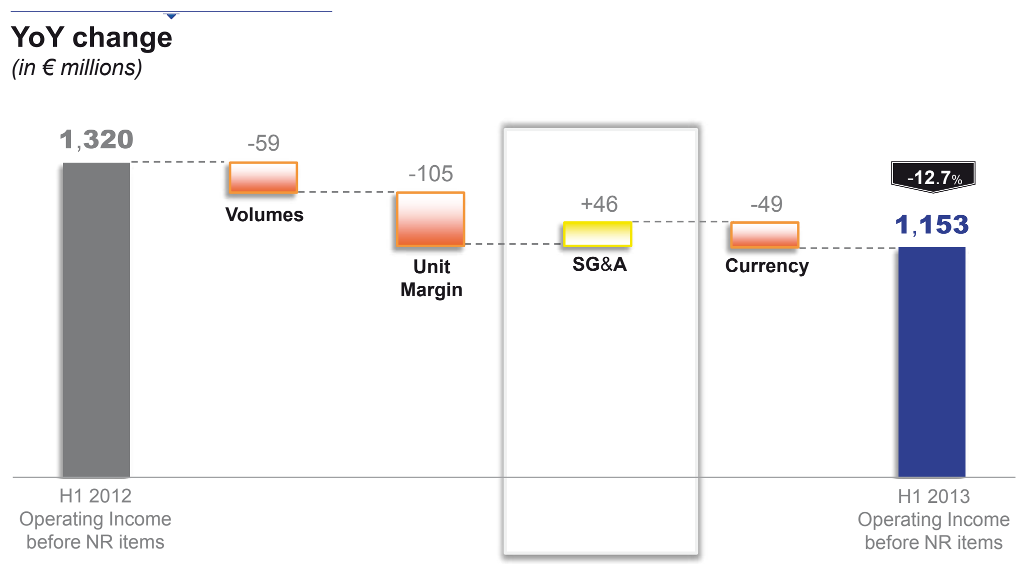
YoY change in unit margin components
(in € millions)



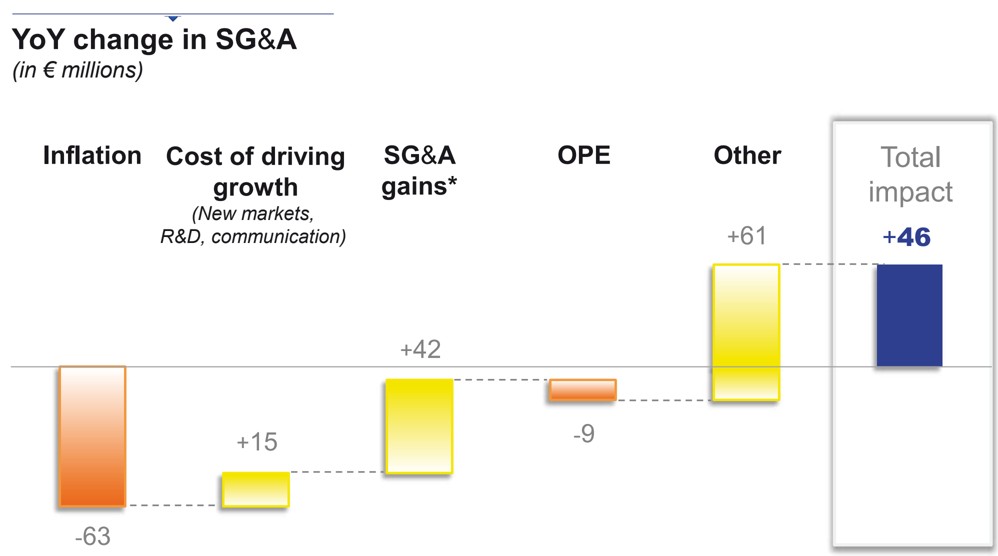
** Part of the competitiveness plan*

17 — 1st-HALF 2013 **RESULTS** — July 25, 2013

Operating Income: in Line with the Expected Half-year Pattern



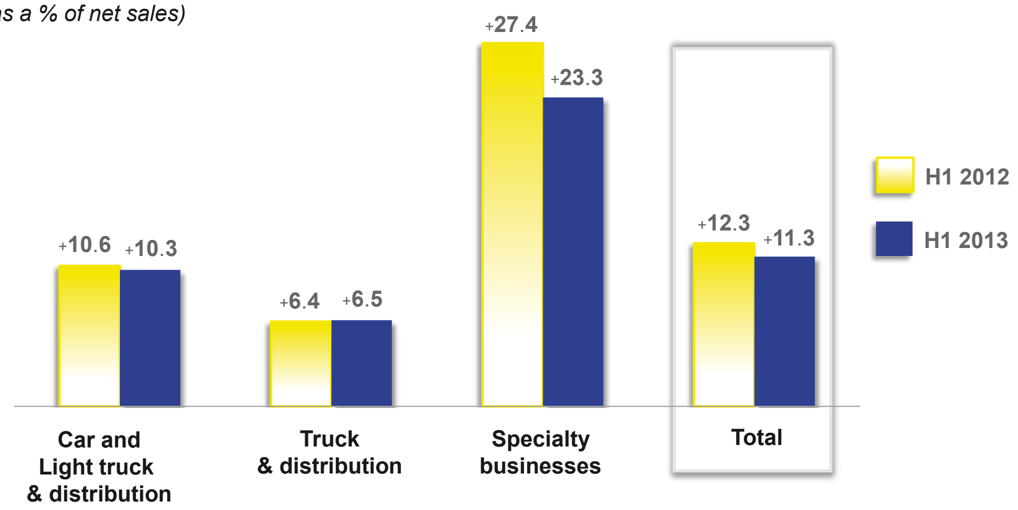
Cost Discipline and Impact of the Competitiveness Program



* Part of the competitiveness plan

Operating Margin: Firm Operating Margin Resistance

Operating margin before non-recurring items
(as a % of net sales)



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Car & Light truck: Carefully Managed Unit Margin

Car & Light truck
(in € millions)

	H1 2013	H1 2012	% Change
Net Sales Volume Change	**5,321** **-0.5%**	5,501	-3.3%
Operating Income *(before non-recurring items)*	**550**	581	-5.3%
Operating Margin *(before non-recurring items)*	**10.3%**	10.6%	-0.3 pts

- Good sales performance, particularly in ≥17’
- Benefits from the Group’s global footprint
- Prices held firm at 1st-quarter levels in the 2nd quarter
- Successful launch of the MICHELIN Pilot Sport All Season in North America and MICHELIN Primacy 3 ST in Asia and Brazil

21 — 1st-HALF 2013 **RESULTS** — July 25, 2013

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Truck & Light truck: Confirmed Potential for Improvement in a Less Favorable Environment

Truck
(in € millions)

	H1 2013	H1 2012	% Change
Net Sales Volume Change	**3,121** **-1.8%**	3,269	-4.5%
Operating Income *(before non-recurring items)*	**203**	209	-2.9%
Operating Margin *(before non-recurring items)*	**6.5%**	6.4%	+0.1 pt

- Good volume resilience in mature markets, which remain historically weak, especially in Europe
- Stable prices in first half
- Successful introduction of the new MICHELIN X Line Energy in Europe and the US
- Well on track to 7-9% target margins

MICHELIN A better way forward

Specialty Tires: Margins at the Top of the 20-24% Target Range

Specialty businesses
(in € millions)

 	H1 2013	H1 2012	% Change
Net Sales Volume Change	**1,717** **-4.6%**	1,936	-11.3%
Operating Income *(before non-recurring items)*	**400**	530	-24.5%
Operating Margin *(before non-recurring items)*	**23.3%**	27.4%	-4.1 pt

- Volume impacted by market environment:
  - Still buoyant in Mining
  - Very unfavorable in OE and Infrastructure
  - Stable in Agricultural
- Contractual price reductions on application of raw-materials indexation clauses
- Operating margin stable vs. H2 2012

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July 25, 2013

1st-HALF 2013 **RESULTS**

3 ROBUST FINANCIAL STRUCTURE

24 — 1st-HALF 2013 **RESULTS** — July 25, 2013

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Positive Free Cash Flow despite the Usual Seasonal Variations

In € millions	H1 2013	H1 2012
EBITDA	**1,675**	**1,823**
Change in WCR	(157)	(680)
Change in provisions	(109)	(16)
Cash Flow from Operations	**1,409**	**1,127**
Taxes and Interest Paid	(317)	(384)
Routine Capital Expenditure *(Maintenance, IS/IT, Dealerships)*	(290)	(225)
Available Cash Flow	**802**	**518**
Growth Investments	(472)	(435)
Other Cash Flow from Investing Activities	(183)	(76)
Free Cash Flow after Capital Expenditure	**147**	**7**

25 — 1st-HALF 2013 **RESULTS** — July 25, 2013

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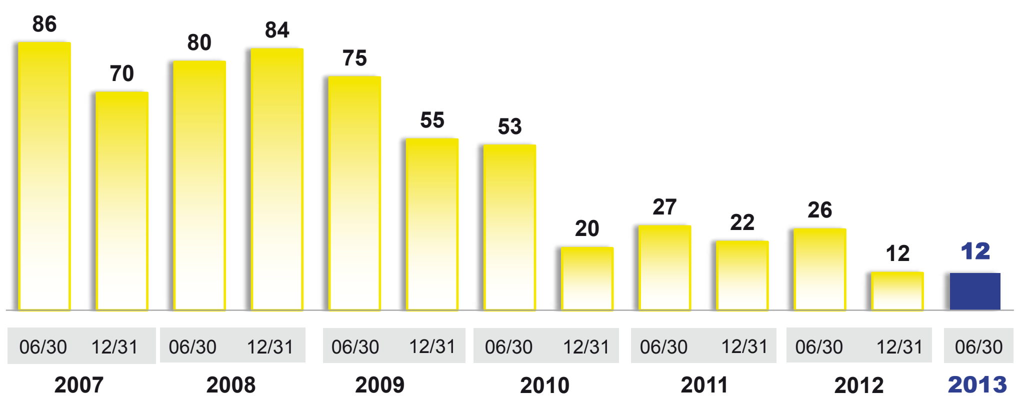
A Robust Balance Sheet: Favorable Impact of Free Cash Flow Generation and the Decline in Employee Benefit Obligations

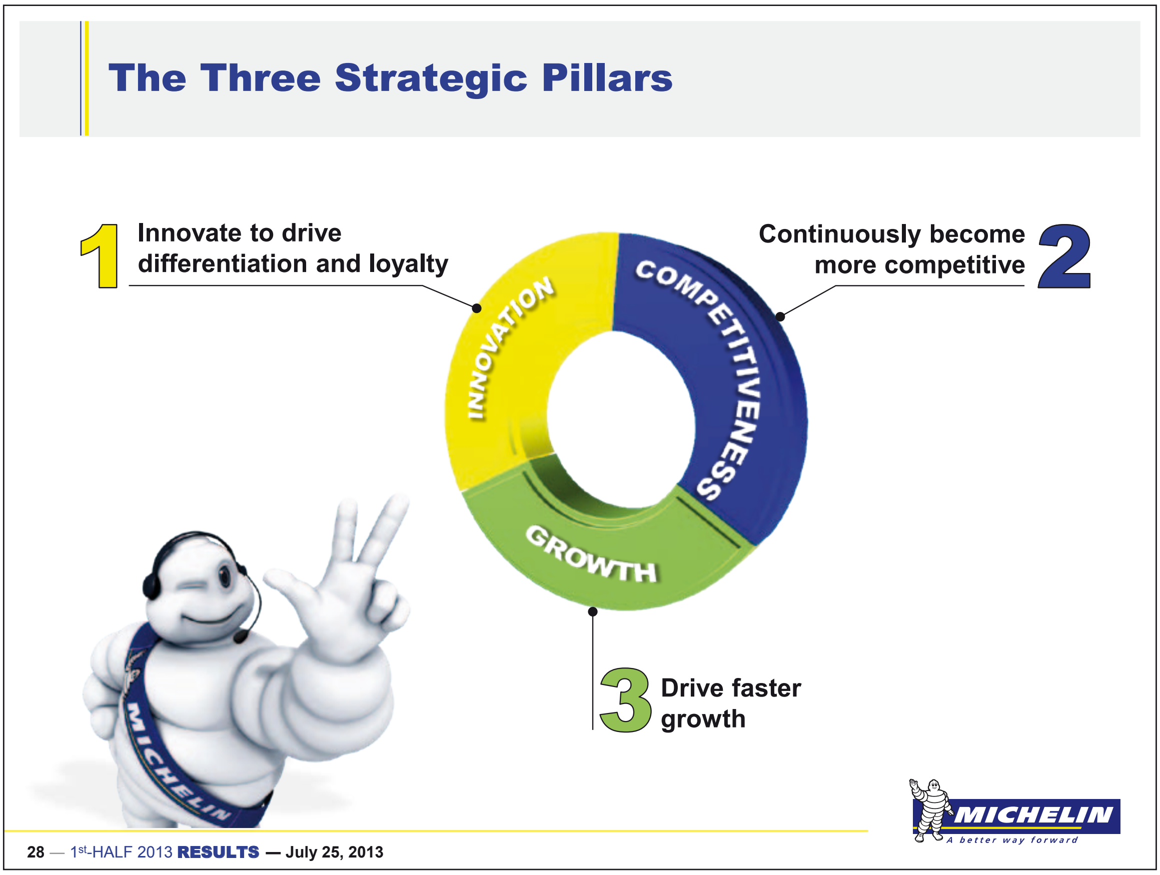
Gearing – Net Debt / Equity
(*in %*)



July 25, 2013

1st-HALF 2013 **RESULTS**

4 STRATEGIC PILLARS


The Three Strategic Pillars
1 Innovate to drive differentiation and loyalty
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3 Drive faster growth
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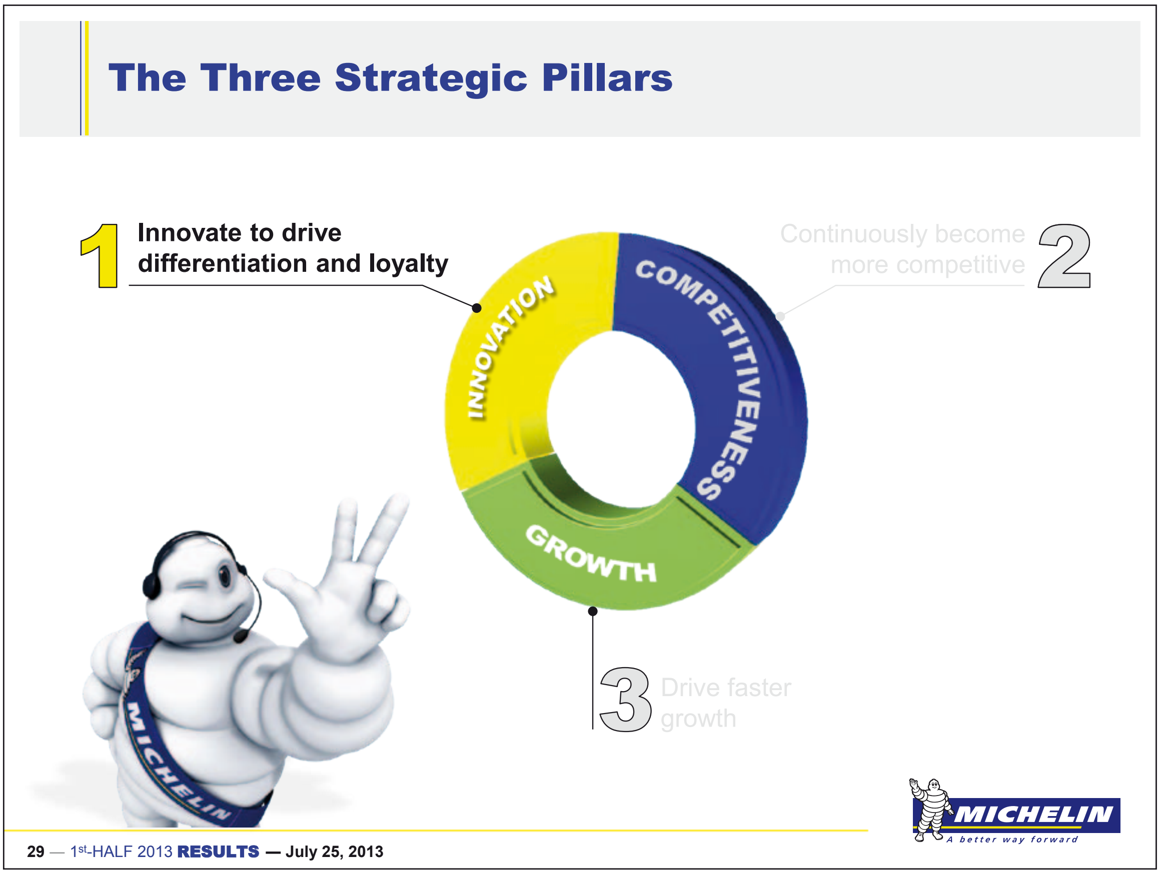
28 — 1st-HALF 2013 RESULTS — July 25, 2013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3 Drive faster growth
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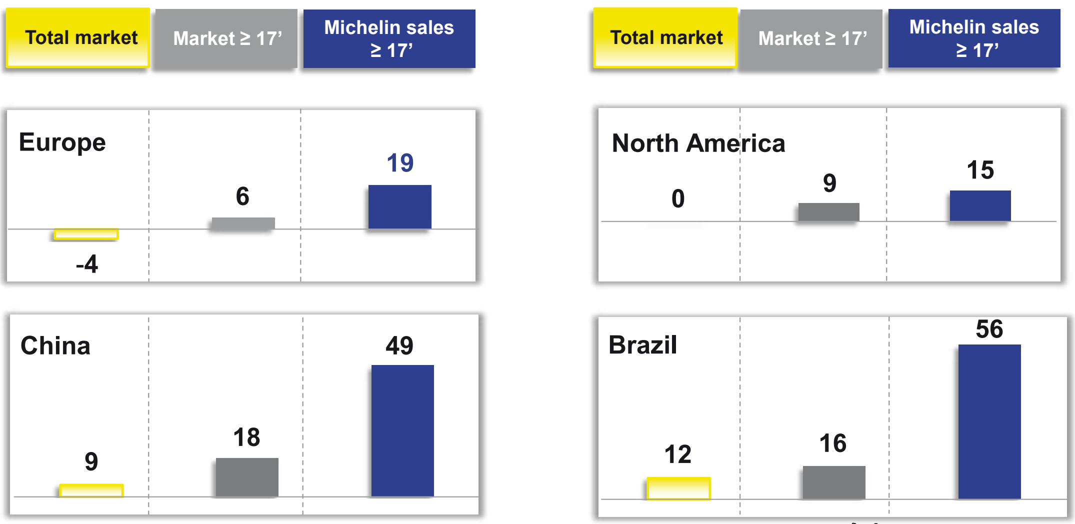
Sustained Introduction of Innovative Products

30 — 1st-HALF 2013 **RESULTS** — July 25, 2013

The Premium Car & Light Truck Tire Segment: a Major Growth Opportunity Being Seized by Michelin

Growth in the replacement Car & Light truck market
(H1 2013 vs. H1 2012 in %)



Source: Michelin

31 — 1st-HALF 2013 **RESULTS** — July 25, 2013

Investing in Indonesia to Insource the Technology and Retain Value Added

- **The Indonesian project**
  - Synthetic rubber plant scheduled to come on stream in 2017
  - Joint venture with Petrokimia Butadiene Indonesia
  - Total investment: €435m
    - Michelin contribution: 55%
- **Strategic vision for vertical integration**
  - Secure supply
  - Maintain and protect the technology
  - Retain the value added
  - Costs

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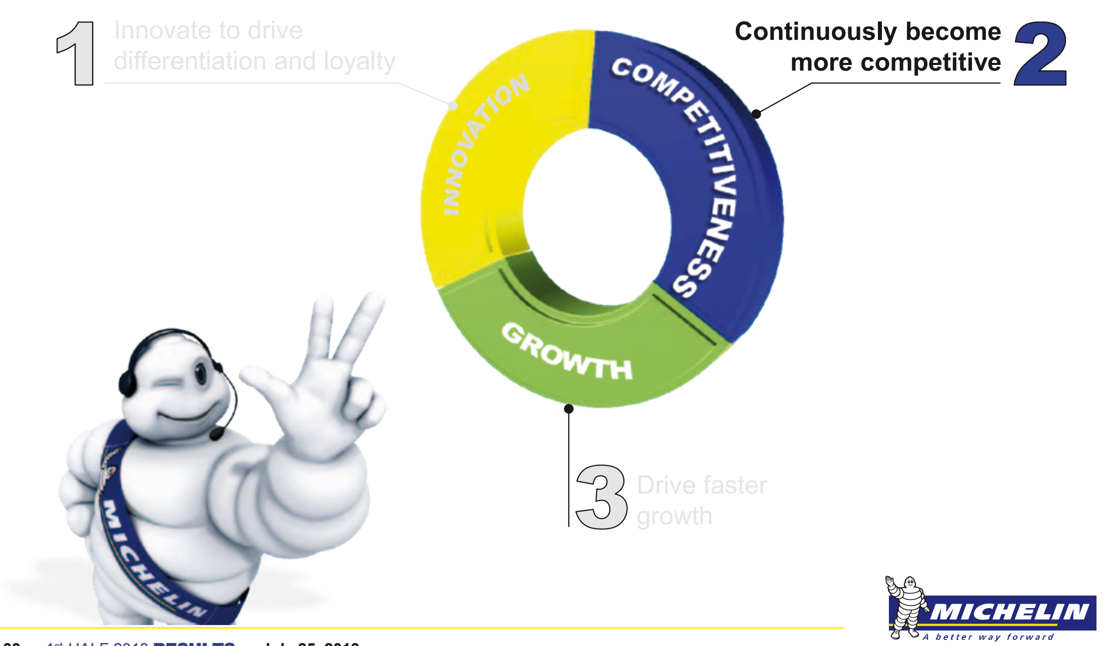
32 — 1st-HALF 2013 **RESULTS** — July 25, 2013

The Three Strategic Pillars



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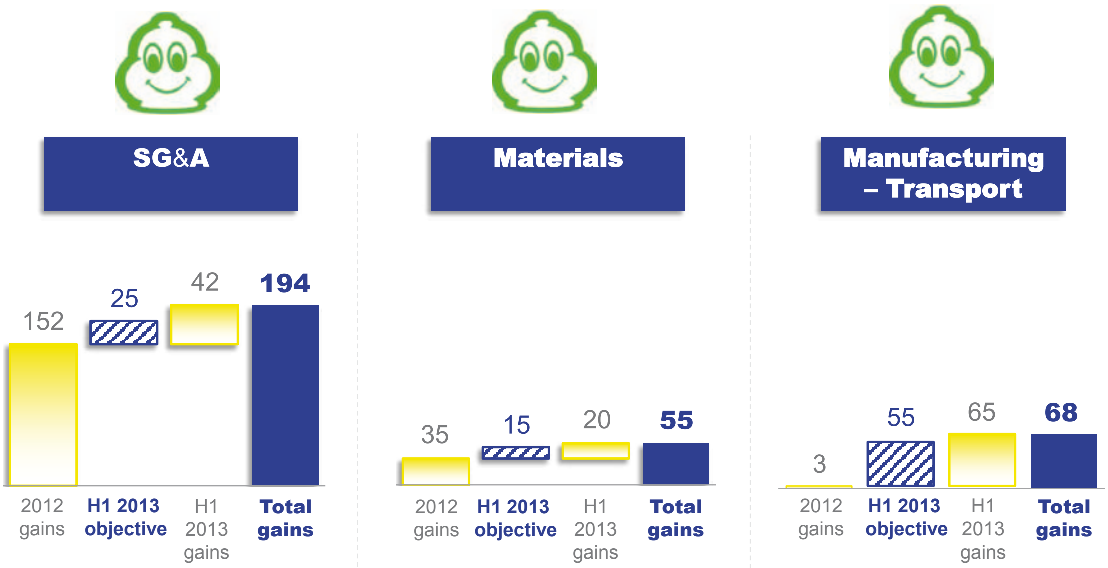
Competitiveness Plan: €127m in Gains in 2013, Held Back by Weak Volumes



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34 — 1st-HALF 2013 **RESULTS** — July 25, 2013

June-2013 Release: a Project to Improve Competitiveness

- **Development of a highly competitive Truck tire production center in La Roche-sur-Yon, doubling output from 800,000 to 1.6 million units a year by 2019**
- **Closure project of Truck tire facilities in France, Algeria and Colombia**
- **Upgrade projects at the global R&D center in Clermont-Ferrand**

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35 — 1st-HALF 2013 **RESULTS** — July 25, 2013

The June-2013 Projects will Eventually Deliver more than €70m in Productivity Gains a Year

In € millions	2013	2014	2015	2016	
					Total Non-recurring expense
Non-recurring expense	(250)	0	0	0	(250)
o/w cash out	(42)	(70)	(25)	(10)	
					Net cash
Cash in (asset sales)			+23		(135)
					Annual gains after 2016
Productivity		+53	+65	+72	+72

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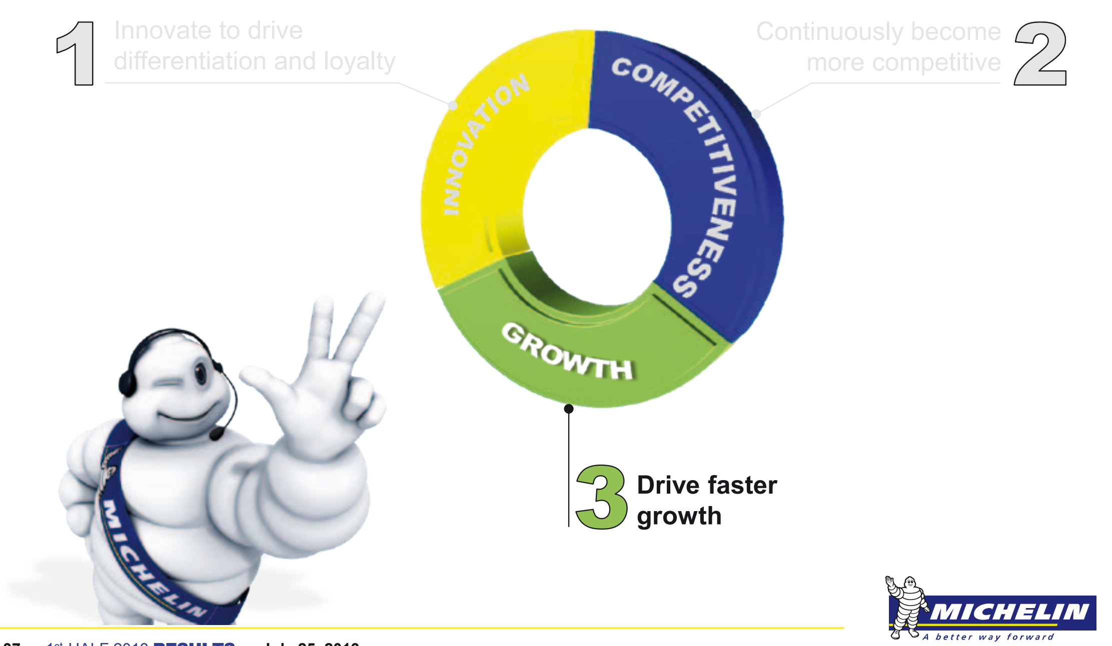
The Three Strategic Pillars



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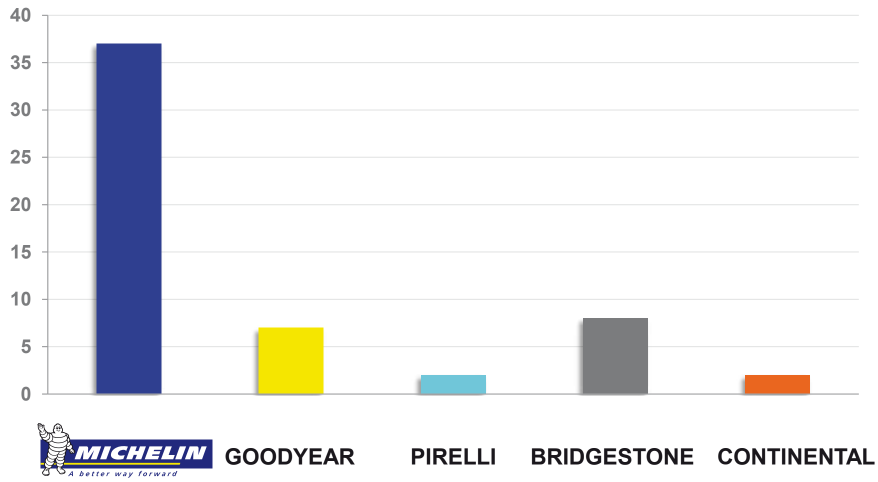
The Brand Preferred by Premium Consumers with Strong Equity in China



Source: Brand Health Research, Nielsen

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China: a Comprehensive Brand Portfolio to Match Dealers' Product Requirement

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Growth in China: the Largest Dealership Network
Dealers: Long term, Partnering and Premium-Positioned

Dealership networks – number of sales outlets

BRAND	Durable	Advocate	Transactional	TOTAL
MICHELIN	**T+** (TyrePlus) **MTC** (Michelin Tyre Service Center) **MBA** (Michelin Business Acceleration) 1,865	**MCR** (Michelin Certified Retailer) 2,536	**MSD** (Michelin Selected Dealer) 2,624	7,025
GOODYEAR	**FLAGSHIP** 400	**SERVICE CENTER** 800	**IMAGE SHOP** 700	1,900
BRIDGESTONE	**WOC** (Wing Of Car) 276	**BTS** (Bridgestone Tyre Shops) **BTS +** (Bridgestone Tyre Shops Plus) 1,391	**BOSS** 1,328	2,995
CONTINENTAL	**Best Drive** 13	**CCS** 1,071	**CAR/CCR** 2,825	3,909
HANKOOK	**T-Station** -	**Tire Town** 1,100	**Image Shop** 400	1,500

Source: Michelin

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Capital Programs Being Deployed on Schedule to Capture Growth

- ▶ **Brazil** (Car & Light truck): production ramp-up (**17KT** in 2013)
- ▶ **China** (Car & Light truck and Truck): production ramp-up (**25KT** in 2013)
- ▶ **India** (Truck): **1st tire:** July 2013
- ▶ **United States** (Mining): **1st tire**: end-2013

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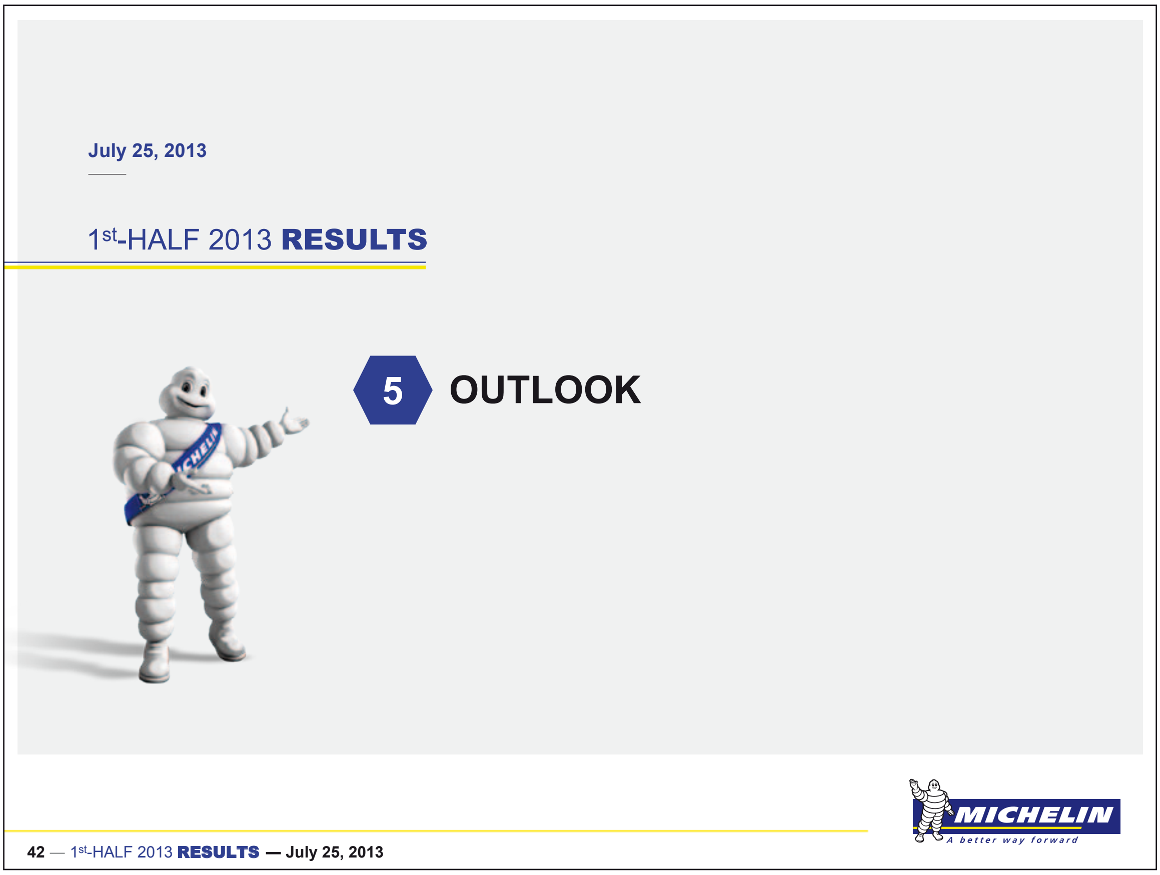
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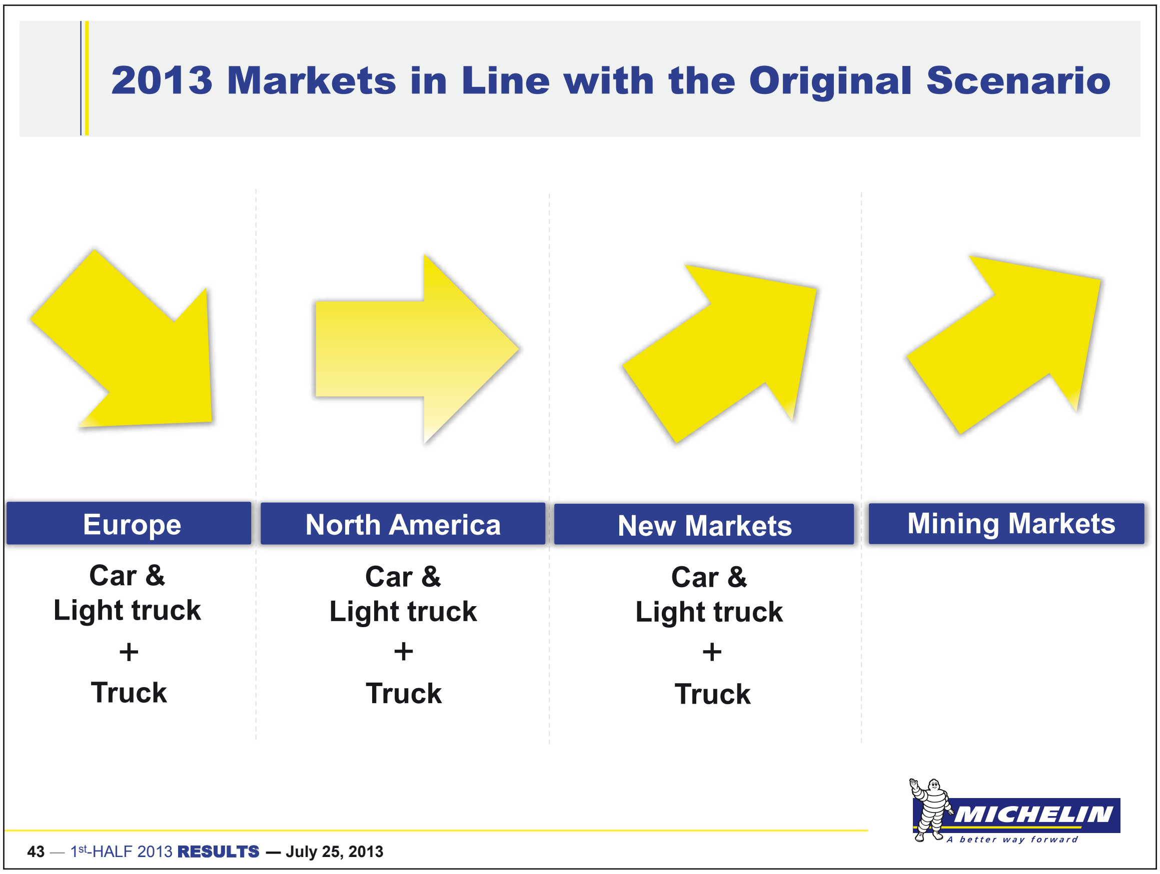
2013 Markets in Line with the Original Scenario
Europe
Car & Light truck + Truck
North America
Car & Light truck + Truck
New Markets
Car & Light truck + Truck
Mining Markets
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43 — 1st-HALF 2013 RESULTS — July 25, 2013

2013 Guidance Confirmed

- ▶ Stable operating income before non-recurring items **Confirmed**
  - Stable volumes
  - Margin management: combined price-mix/raw materials impact still positive
    - Unfavorable price-mix, mainly due to the raw-materials indexation clauses and strategic price repositionings
    - Favorable impact from raw materials, of around €350m in H2
- ▶ Positive FCF **Confirmed**
  - Around €2bn in capex
- ▶ > 10% ROCE **Confirmed**

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Key Takeaways

- ▶ First-half 2013: business performance in line with objectives
  - Generation of FCF despite the usual seasonal variations
  - Upturn in demand in the second quarter
  - Margins managed with a careful pricing policy
  - Mining tire business still expanding
  - Efficient competitiveness plan
  - Capital programs being deployed on schedule

2013 guidance confirmed

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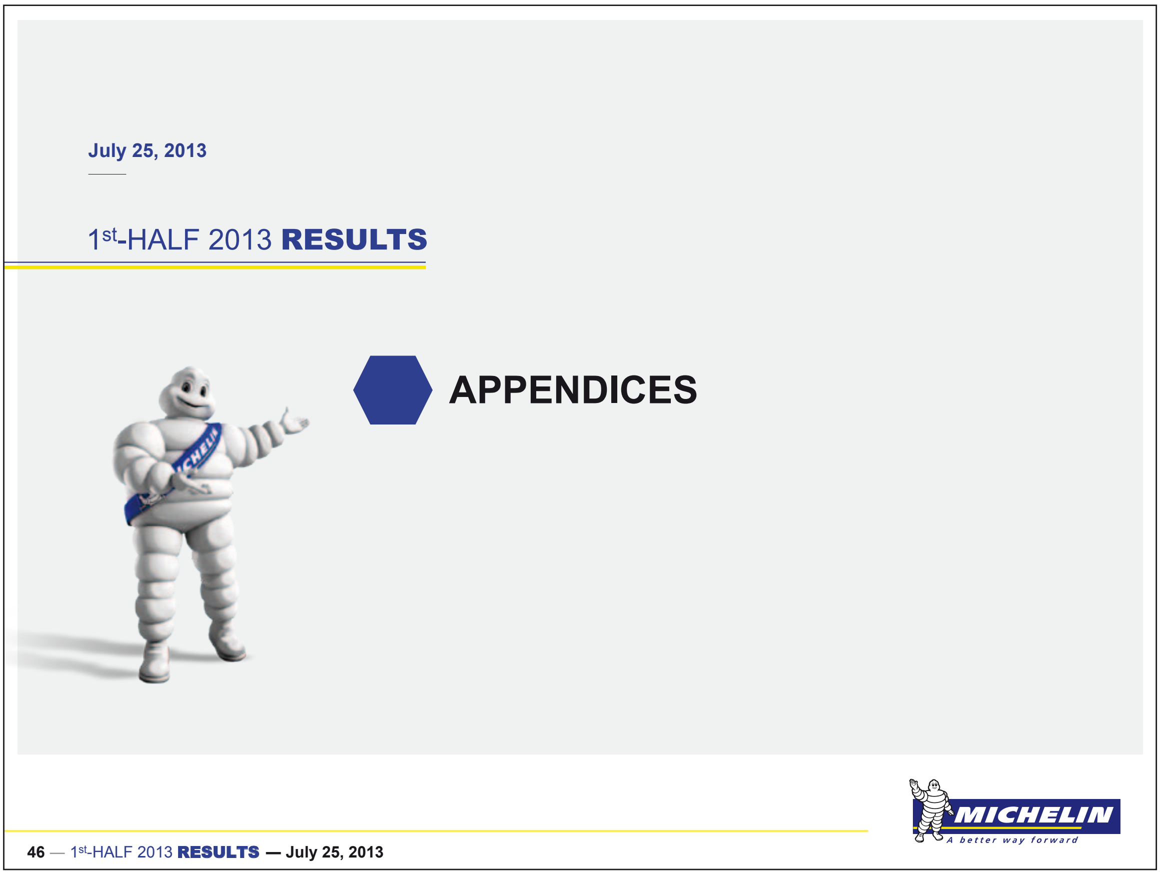
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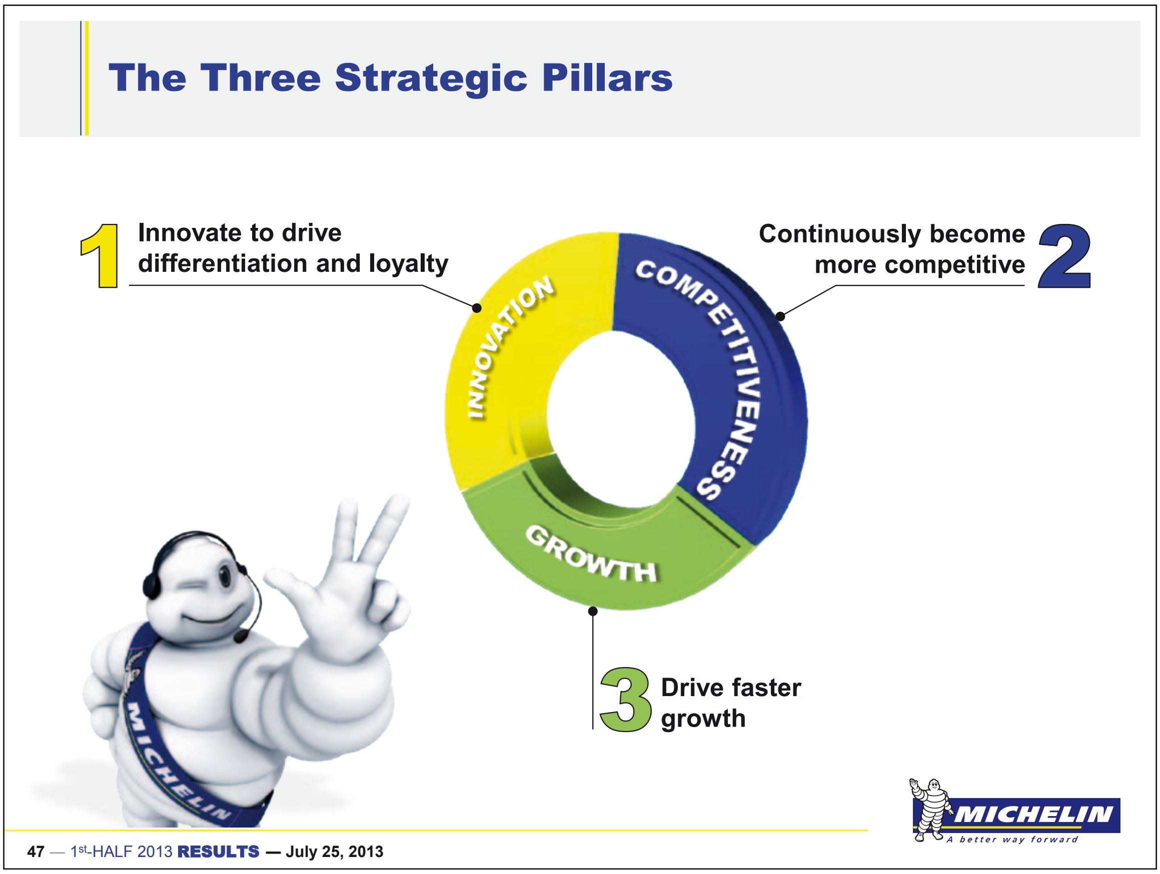
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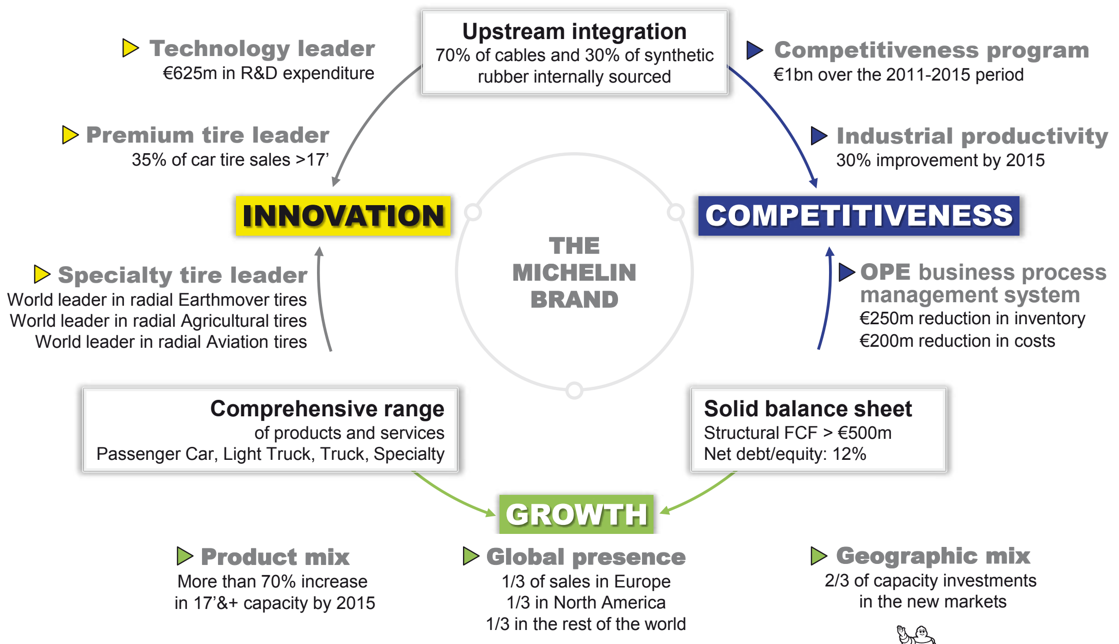
47 — 1st-HALF 2013 RESULTS — July 25, 2013

A Strategy Built on Solid Competitive Strengths



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48 — 1st-HALF 2013 **RESULTS** — July 25, 2013

Impact on the H1 2012 Income Statement of the Change in Accounting for Employee Benefits (IAS19)

In € millions	H1 2012 Reported	Accounting change	H1 2012 adjusted for IAS19
Net Sales	10,706	-	10,706
Operating Income *before non-recurring items*	1,320	+ 28	1,348
Operating Income	1,417	+ 28	1,445
Interest Costs (1)	(88)	- 87	(175)
Income before Taxes	1,329	- 59	1,270
Income Tax	(414)	+ 20	(394)
Net Income	915	- 39	876

(1) Including associates

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49 — 1st-HALF 2013 **RESULTS** — July 25, 2013

Impact on the H1 2012 Balance Sheet of the Change in Accounting for Employee Benefits (IAS19)

In € millions	H1 2012 reported	Accounting change	H1 2012 adjusted for IAS19
Non-current assets	**10,779**	**- 27**	**10,752**
of which deferred tax assets	1,413	- 27	1,386
Current assets	**10,287**	-	**10,287**
Total assets	**21,066**	**- 27**	**21,039**
Equity	**8,502**	**+ 42**	**8,544**
Non-current liabilities	**7,598**	**- 69**	**7,529**
of which employee benefit obligations	4,180	- 69	4,111
Current liabilities	**4,966**	**-**	**4,966**
Total Equity and Liabilities	**21,066**	**- 27**	**21,039**

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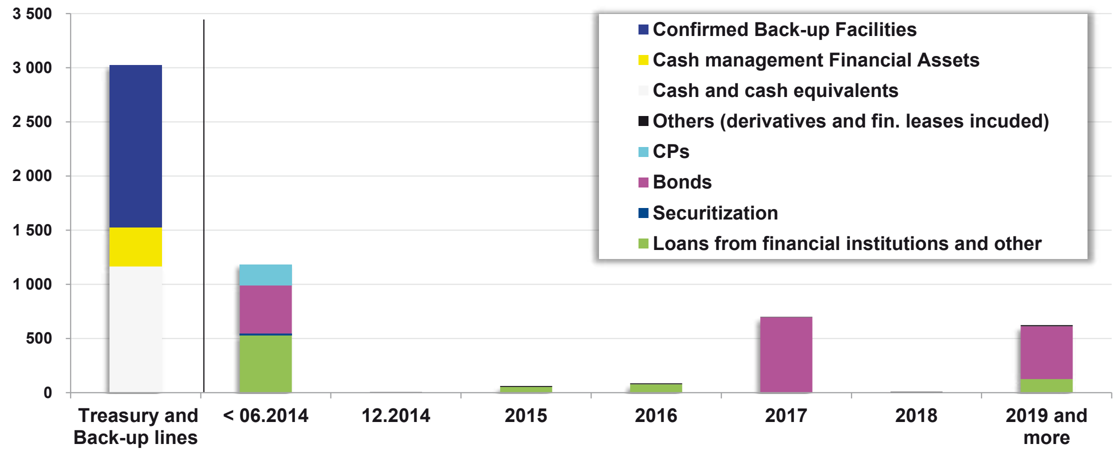
A Robust Cash Position

Debt maturities at June 30, 2013
(Nominal value, in € millions)



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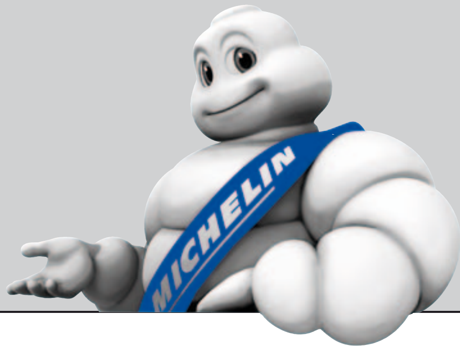
3

First-Half Business Review



3.1. TIRE MARKETS

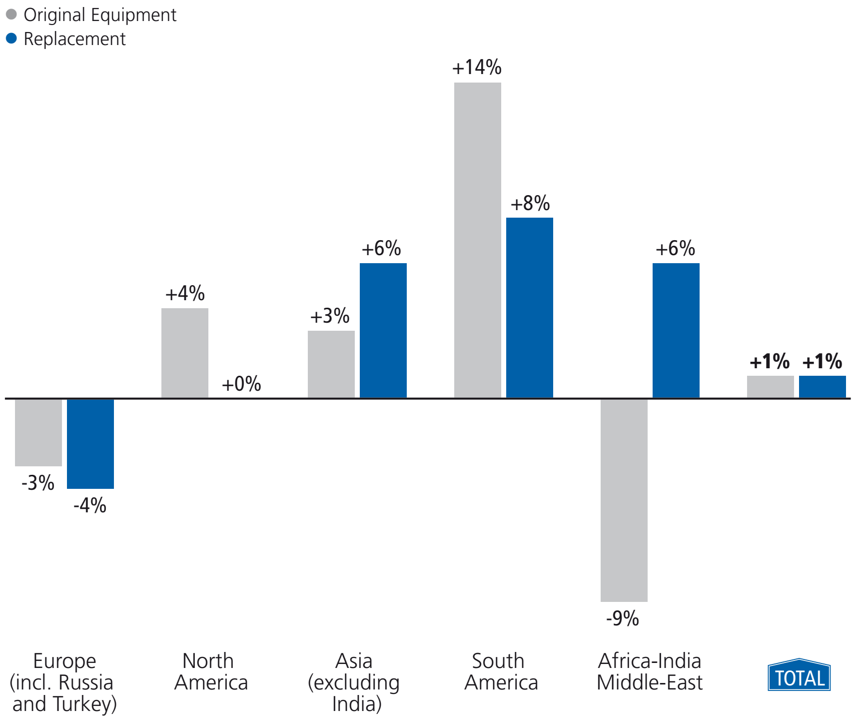
In the first six months of 2013, the global tire market was shaped by generally flat demand for both Passenger car & Light truck and Truck tires. Nevertheless, the second quarter saw an uptrend in the mature markets, off of historically low prior-year comparatives, and sustained growth in the new markets.

Methodological note: Tire market estimates reflect sell-in data published by local tiremaker associations, plus Michelin's own estimates of sales by tire manufacturers that do not belong to any association. These estimates are based primarily on import-export statistics and expressed in the number of tires sold.

3.1.1. PASSENGER CAR AND LIGHT TRUCK TIRE MARKETS

The number of **Passenger car and Light truck** tires sold worldwide rose by 1% over the first-half, in both the original equipment and replacement segments.

THE GLOBAL PASSENGER CAR AND LIGHT TRUCK TIRE MARKET, FIRST-HALF 2013 *VS.* FIRST-HALF 2012



Michelin estimates.

3.1.1.a) Original equipment

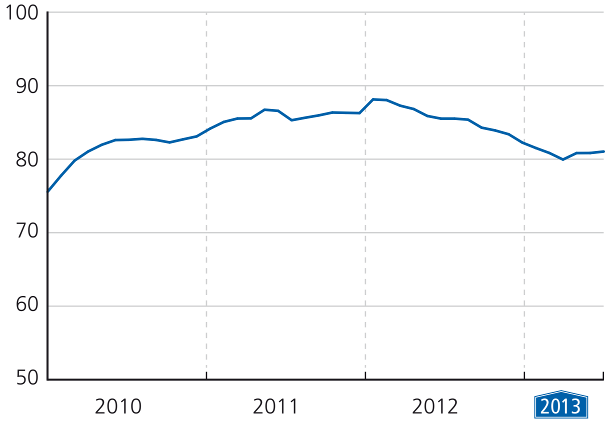
Original equipment demand ended the period up 1% overall, led by gains in every region except Europe and Africa India Middle East.

Passenger car and Light truck markets Original equipment (in millions of tires)	1st-Half 2013	1st-Half 2012	1st-Half 2013/ 1st-Half 2012	2nd-Quarter 2013/2012	1st-Quarter 2013/2012
Europe(1)	47.3	48.7	-3%	+4%	-11%
North America(2)	40.5	39.0	+4%	+7%	+1%
Asia (excluding India)	92.3	89.6	+3%	+3%	+5%
South America	11.4	10.0	+14%	+20%	+7%
Africa India Middle East	14.2	15.6	-9%	-9%	-8%
TOTAL	**205.7**	**202.9**	**+1%**	**+4%**	**-1%**

(1) Including Russia and Turkey.
(2) United States, Canada and Mexico.
Michelin estimates.

The **European** market retreated by 3%, as the end of inventory destocking by volume carmakers pushed tire demand up 4% in the second quarter and attenuating the first quarter's sharp 11% contraction. Eastern European markets declined by 4% in a less favorable economy.

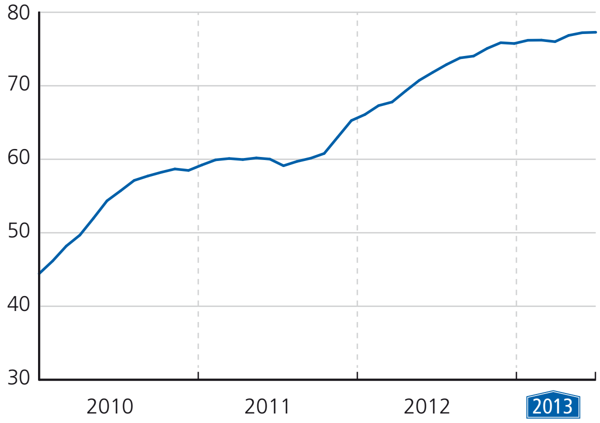
THE EUROPEAN ORIGINAL EQUIPMENT CAR AND LIGHT TRUCK TIRE MARKET
(in millions of tires – moving 12 months – excluding Russia)



Michelin estimates.

The **North American** market rose by 4% over the first-half, lifted by rising demand as carmakers introduced new models and buyers replaced their aging cars.

THE NORTH AMERICAN ORIGINAL EQUIPMENT CAR AND LIGHT TRUCK TIRE MARKET
(in millions of tires – moving 12 months)



Michelin estimates.

In Asia (excluding India), demand rose by 3% overall. The Chinese market remained buoyant, gaining 13% despite the cooling economic outlook, while the Japanese market plunged 16% on (i) the fall-off in domestic demand after the end of the eco-car subsidy program and (ii) some offshoring of production. The Southeast Asian market rose by 17%, pursuing its solid growth.

The **South American** market rose by 14% over the period. Demand in Brazil was up 3%, lifted by the reduction in the IPI federal excise tax and other government measures introduced in autumn 2012.

In Africa India Middle East, the original equipment market declined by 9%, primarily on the contraction in demand in India.

3.1.1.b) Replacement

The global replacement market rose by 1% over the first half. Despite persistently shaky demand in Europe, demand turned up in the second quarter, rising 4% after retreating 2% in the first three months of the year.

Passenger car and Light truck markets Replacement (in millions of tires)	1st-Half 2013	1st-Half 2012	1st-Half 2013/ 1st-Half 2012	2nd-Quarter 2013/2012	1st-Quarter 2013/2012
Europe(1)	156.1	162.2	-4%	+3%	-9%
North America(2)	124.9	124.9	+0%	+1%	-2%
Asia (excluding India)	111.3	104.7	+6%	+5%	+7%
South America	33.1	30.6	+8%	+9%	+6%
Africa India Middle East	44.9	42.3	+6%	+8%	+4%
TOTAL	**470.3**	**464.7**	**+1%**	**+4%**	**-2%**

* Radial only.
(1) Including Russia and Turkey.
(2) United States, Canada and Mexico.

In Europe, in a still uncertain economy, demand declined by 4% year-on-year. The winter tire segment fell by 20%, as expected given the weather conditions in late 2012 and early 2013. However, the weather turned wintery again in late March and early April, helping to reduce dealer winter tire inventory. The summer segment is slowly improving off of weak prior-year comparatives. The high performance tire segment (17' and larger) expanded by 6% over the period.

By country, markets recovered in Southern Europe from their historic prior-year lows, with demand rising 1% in Italy and 3% in Spain. They were almost stable in the United Kingdom (up 1%) and flat in France (0%), but declined in Germany (by 10%) and Central Europe (down 8%, of which 19% in Poland). Growth slowed to 2% in Russia, as unfavorable commodity prices dampened domestic spending.

THE EUROPEAN REPLACEMENT CAR AND LIGHT TRUCK TIRE MARKET
(in millions of tires – moving 12 months – excluding Russia)

Michelin estimates.

Demand **in North America** ended the first half unchanged, as an improving trend in the second quarter (up 1%) helped to offset the 2% decline in the first three months. High fuel prices weighed somewhat on average miles traveled, which fell back slightly. The US market, impacted by the significant increase in Chinese imports after customs duties were lifted, was stable for the period, while demand retreated 3% in Canada and rose 2% in Mexico.

THE NORTH AMERICAN REPLACEMENT CAR AND LIGHT TRUCK TIRE MARKET
(in millions of tires – moving 12 months)

Michelin estimates.

In Asia (excluding India), demand rose by 6% overall, with a 9% gain in China despite slowing economic growth, and a 1% increase in Japan, moving back in line with the long-term trend.

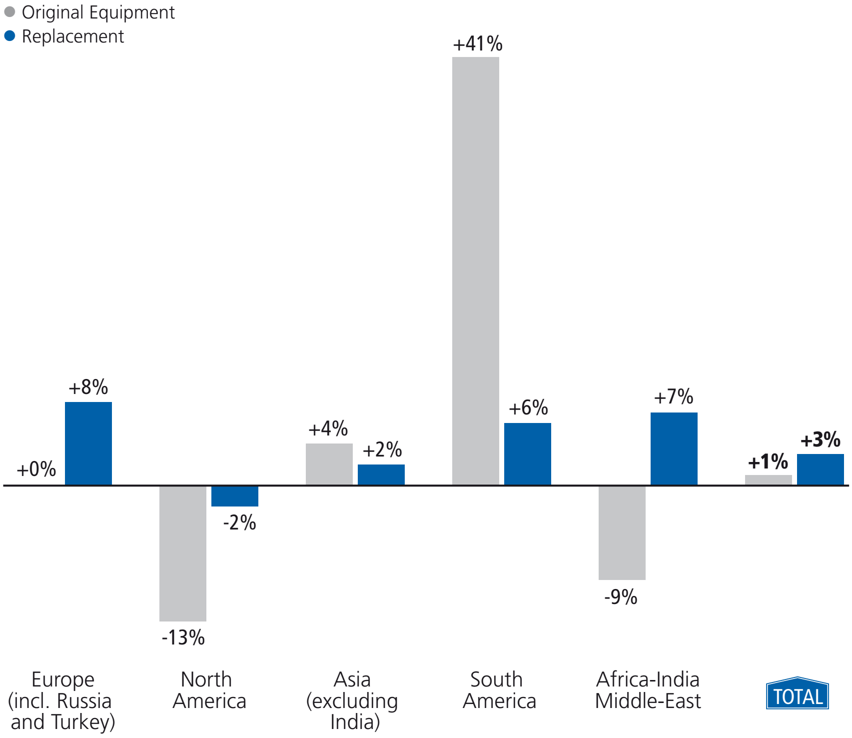
The **South American** market increased by 8%, with significant growth in every country. In Brazil, for example, tire demand surged 12% despite inflationary pressure.

In Africa India Middle East, demand rose 6%, with an 8% gain in India.

3.1.2. TRUCK TIRE MARKETS

In the **Truck** tire markets, a more favorable second quarter enabled demand for radials to end the first half up both in original equipment (by 1%) and in the replacement segment (by 3%).

THE GLOBAL TRUCK TIRE MARKET, FIRST-HALF 2013 *VS.* FIRST-HALF 2012



Michelin estimates – Radial market only.

3.1.2.a) Original equipment

In original equipment, the **global market** edged up by a slight 1%, as an upturn in the second quarter helped to offset a decline in the first.

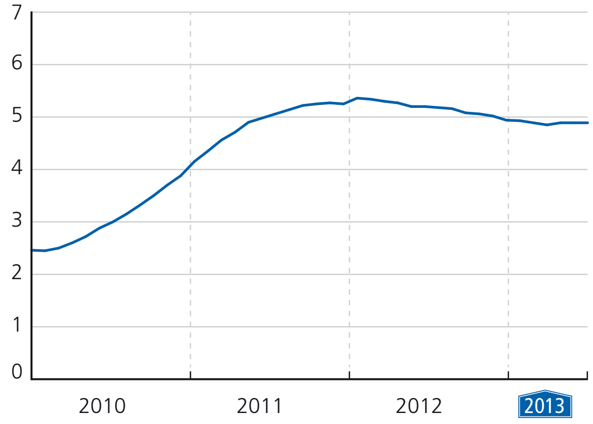
Truck markets* Original Equipment (in millions of tires)	1st-Half 2013	1st-Half 2012	1st-Half 2013/ 1st-Half 2012	2nd-Quarter 2013/2012	1st-Quarter 2013/2012
Europe(1)	3.0	3.0	+0%	+3%	-3%
North America(2)	2.6	3.0	-13%	-13%	-12%
Asia (excluding India)	6.2	5.9	+4%	+10%	+5%
South America	1.4	1.0	+41%	+55%	+23%
Africa India Middle East	1.3	1.5	-9%	-6%	-18%
TOTAL	**14.5**	**14.4**	**+1%**	**+5%**	**-1%**

* *Radial only.*
(1) *Including Russia and Turkey.*
(2) *United States, Canada and Mexico.*

In a lackluster economy, the **European** market was stable over the first half, with a technical upturn off of low comparatives in the second quarter. New truck sales are expected to increase in the final quarter ahead of introduction of Euro VI emission standards next January.

THE EUROPEAN ORIGINAL EQUIPMENT TRUCK TIRE MARKET

(in millions of radial tires – moving 12 months – excluding Russia)

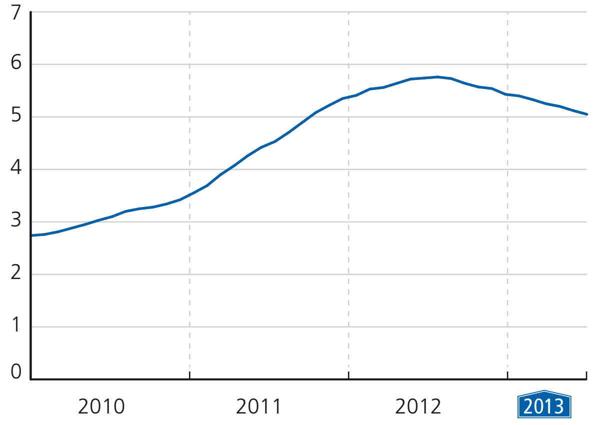


Michelin estimates.

In North America, economic uncertainty and the increase in new truck prices following application of a large number of new standards and regulations caused the original equipment market to drop 13% compared with a strong first-half 2012.

THE NORTH AMERICAN ORIGINAL EQUIPMENT TRUCK TIRE MARKET

(in millions of radial tires – moving 12 months)



Michelin estimates.

In Asia (excluding India), original equipment demand increased by 4% overall.

It rose 6% in China, despite the cooling economy, and soared 28% in the highly active Southeast Asian market, which is continuing to shift to radials. In Japan, on the other hand, it fell a steep 11% off of the post-tsunami rebound in first-half 2012.

In South America, original equipment demand climbed a sharp 41%, returning to normal growth trends after the wide swings caused by the introduction of EURO V emissions standards.

In Africa India Middle East, the radial original equipment market declined by 9% over the period.

3.1.2.b) Replacement

The **global replacement market** rose by 3% thanks to substantially faster growth in the second quarter.

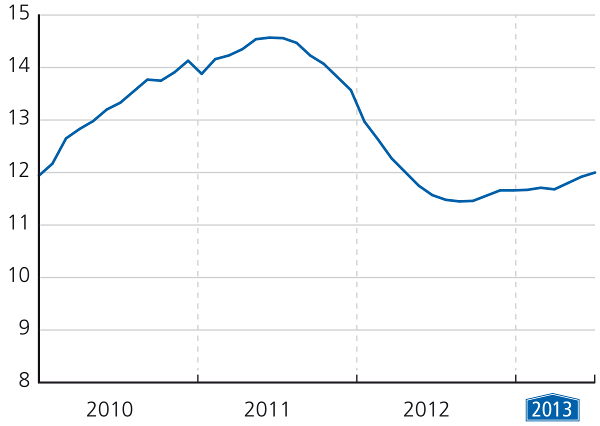
Truck markets* Replacement (in millions of tires)	1st-Half 2013	1st-Half 2012	1st-Half 2013/ 1st-Half 2012	2nd-Quarter 2013/2012	1st-Quarter 2013/2012
Europe(1)	7.3	6.8	+8%	+10%	+5%
North America(2)	9.6	9.8	-2%	+2%	-1%
Asia (excluding India)	19.6	19.1	+2%	+10%	-5%
South America	5.3	5.0	+6%	+9%	+5%
Africa India Middle East	6.7	6.2	+7%	+12%	+8%
TOTAL	**48.5**	**46.9**	**+3%**	**+8%**	**+0%**

* *Radial only.*
(1) *Including Russia and Turkey.*
(2) *United States, Canada and Mexico.*

Following a strong June, the **European** replacement market ended the first half up 8%, reflecting growth off of low prior-year comparatives in the Eastern EU countries, initial inventory rebuilding in the second quarter and a reduction in the number of casings available for retreading. In Eastern Europe (non-EU), demand rose 12%, led by the still strong domestic spending.

THE EUROPEAN REPLACEMENT TRUCK TIRE MARKET

(in millions of radial tires – moving 12 months – excluding Russia)



Michelin estimates.

In North America, demand eased back 2% over the period, albeit with a 2% upturn in the second quarter led by an improvement in the freight market.

THE NORTH AMERICAN REPLACEMENT TRUCK TIRE MARKET

(in millions of radial tires – moving 12 months)

Michelin estimates.

Markets **in Asia (excluding India)** rose by 2% thanks to the second quarter's strong 10% gain.

Demand improved by 2% both in China, despite the country's slowing economic growth, and in Southeast Asia, where the shift to radials is gaining speed. The Japanese market increased by 5%, lifted by the upturn in exports fueled by the weaker yen.

In South America, the market rose 6% overall, reflecting i) the fast growth in domestic road transport in Brazil and ii) inventory rebuilding across the region, particularly by importers.

The **Africa India Middle East** markets continued to expand over the period, by 7%, with demand gaining momentum in the second quarter, notably in Africa and the Middle East.

3.1.3. SPECIALTY TIRE MARKETS

Earthmover tires: in the mining sector, demand for large radial tires remains buoyant. Original equipment demand dropped precipitously in Europe and North America, dragged down in particular by manufacturer destocking. The infrastructure and quarry tire segment also contracted sharply in mature markets. The fall-off was severe in North America, hurt by persistently high dealer inventory drawdowns.

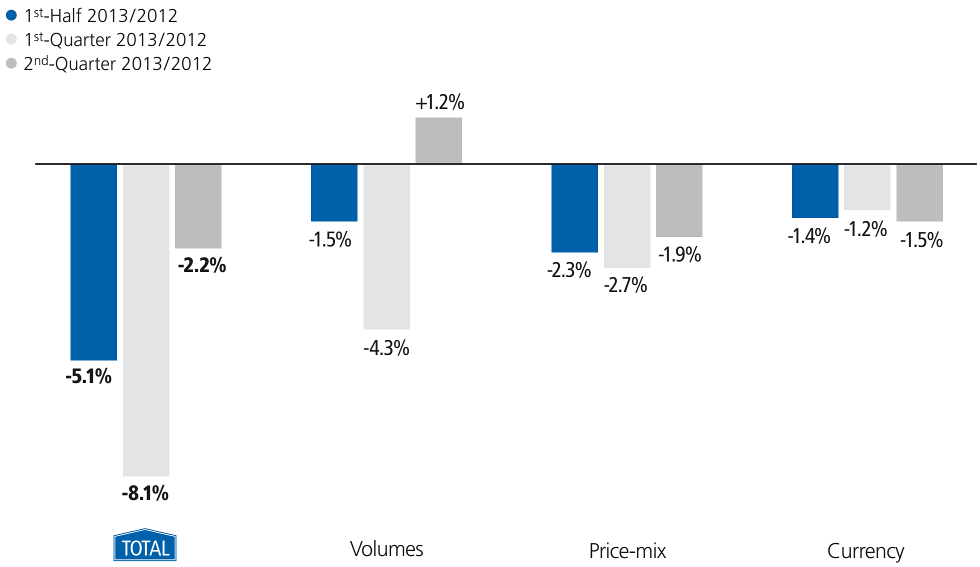
Agricultural tires: global OE demand edged back somewhat over the first half, but sales of technical tires continued to expand. Replacement markets were down in North America and slightly up in Europe.

Two-Wheel tires: motorcycle markets declined in the mature regions for the second year in a row. In Europe, economic uncertainties and weather conditions are weighing on dealer buying decisions.

Aircraft tires: civil aviation markets were stable over the period, while defense markets are being dampened by government budget restrictions.

3.2. NET SALES

3.2.1. ANALYSIS OF NET SALES



Net sales amounted to €10,159 million in first-half 2013, down 5.1% at current exchange rates from €10,706 million in the year-earlier period. The decrease reflected the combined impact of the following main factors:

- a 1.5% decline in volumes at a time of flat demand, which reduced sales by €162 million. As expected, however, markets improved in the second quarter;
- a negative 2.3% price-mix effect, which reduced net sales by €242 million. This reflected the €281 million negative impact from contractual indexation clauses based on raw materials prices and targeted price repositionings in certain tire sizes. It also comprised a positive €39 million impact from the further improvement in the sales mix led by the premium strategy in the 17-inch and larger segment;
- a negative 1.4% currency effect, which reduced net sales by €143 million. This reflected the euro's rise against such currencies as the US dollar, the Brazilian real and the Japanese yen.

(in € million and %)	1st Half 2013	2nd Quarter 2013	1st Quarter 2013
NET SALES	**10,159**	**5,282**	**4,877**
***Vs.* the same period in 2012**	**-547**	**-120**	**-427**
Volumes	-162	+65	-227
Price-mix	-242	-104	-138
Currency	-143	-82	-61
***Vs.* the same period in 2012**	**-5.1%**	**-2.2%**	**-8.1%**
Volumes	-1.5%	+1.2%	-4.3%
Price-mix	-2.3%	-1.9%	-2.7%
Currency	-1.4%	-1.5%	-1.2%

3.2.2. NET SALES BY REPORTING SEGMENT

(in € million and %)	1st Half 2013	2nd Quarter 2013	1st Quarter 2013
GROUP	**10,159**	**5,282**	**4,877**
Passenger car/Light truck and related distribution	5,321	2,739	2,582
Truck and related distribution	3,121	1,644	1,477
Specialty businesses(1)	1,717	899	818
***Vs.* the same period in 2012**	**-5.1%**	**-2.2%**	**-8.1%**
Passenger car/Light truck and related distribution	-3.3%	-0.1%	-6.5%
Truck and related distribution	-4.5%	-1.3%	-7.9%
Specialty businesses(1)	-11.3%	-9.7%	-13.0%

(1) Specialty businesses: Earthmover, Agricultural, Two-Wheel and Aircraft tires; Michelin Travel Partner and Michelin Lifestyle.

3.2.2.a) Passenger car and Light truck tires and related distribution – Analysis of net sales

Net sales **in Europe** were virtually stable in a particularly lackluster market environment. The OE customer mix was unfavorable as volume carmakers continued to bear the brunt of weak demand in the European and export markets. In the replacement market, the MICHELIN Pilot Super Sport, MICHELIN Energy Saver+ and MICHELIN Primacy 3 lines confirmed their success and the Group strengthened its positions, notably in the 17-inch and larger segment thanks to good results from targeted price repositionings.

In North America, where the OE market is recovering, Michelin is preparing for carmakers to renew their model lineups. On the replacement side, MICHELIN-brand sales were lifted by the pricing policy and the favorable response to the new MICHELIN Pilot Sport All Season lines.

In South America, the Group's positions improved despite the tighter customs rules that weighed on import tire supply.

In Asia (excluding India), OE sales increased in every region, while in the replacement segment, demand for Group products was strong ahead of start-up of the new Shenyang 2 Passenger car and Light truck tire plant.

Sales **in Africa India Middle East** tracked market trends and suffered from geopolitical conditions in Iran and political instability in several other countries in the region.

In all, net sales in the Passenger Car and Light Truck Tires and Related Distribution segment stood at €5,321 million, *versus* €5,501 million in first-half 2012. This decline primarily reflected the impact of the targeted price repositionings and, to a lesser extent, the contractual price adjustments and the 0.5% decline in volumes. The improvement in the mix stemmed from the successful premium strategy being pursued in the 17-inch and larger segment.

3.2.2.b) Truck tires and related distribution – Analysis of net sales

In Europe, the Group maintained its ambition of improving margins in a difficult economic environment. In the non-EU Eastern European countries, the Group strengthened its leadership by leveraging the power of its dealership network and the technical quality of its products.

In North America, Group brands enjoyed very good growth despite relatively lackluster demand.

In South America, OE sales were lifted by very favorable markets in a stable price environment. In replacement tires, net sales tracked market trends, with price increases to partially offset the currency effect.

In Asia (excluding India), rising Chinese demand lifted sales, but the Group's lineup was unable to keep up with the sharp acceleration in growth in the Tier 2 and Tier 3 segments in Southeast Asia.

In Africa India Middle East, net sales were dampened by unfavorable exchange rates.

In all, net sales in the Truck Tires and Related Distribution segment amounted to €3,121 million, down 4.5% from first-half 2012. The decline reflected price reductions stemming primarily from contractual indexation clauses based on raw materials prices, the unfavorable currency effect and OE/replacement sales mix, and the 1.8% contraction in volumes.

3.2.2.c) Specialty businesses – Analysis of net sales

Earthmover tires: Although net sales were down overall, they rose slightly in the mining segment as a significant increase in volumes offset the negative impact of raw materials-based price indexation clauses. Original equipment and infrastructure segment sales fell sharply as volumes plummeted.

Agricultural tires: Sales edged up slightly as higher volumes from significant OE market share gains offset the negative impact of applying contractual indexation clauses based on raw materials prices.

Two-Wheel tires: Sales dipped somewhat, mainly due to the unfavorable geographic and product mixes. Despite softer demand, volumes rose strongly in North America thanks to significant market share gains.

Aviation tires: Net sales declined, reflecting lower defense spending and comparison with the exceptionally high sales in reported first-quarter 2012.

Michelin Travel Partner's businesses enjoyed another period of record visitor numbers as users continued to rapidly migrate from PCs to smartphones and tablets. The Michelin Restaurants business was enhanced by a partnership with Livebookings.

In all, net sales by the Specialty Business declined by 11.3% to €1,717 million due to price adjustments stemming from raw materials-based indexation clauses, the 4.6% fall-off in volumes and the negative currency effect.

3.2.3. CURRENCY RATES AND THE CURRENCY EFFECT

At current exchange rates, consolidated net sales declined by 5.1% in the first six months of 2013.

This decrease included a €143-million negative currency effect, primarily stemming from euro's rise against such currencies as the US dollar, the Brazilian real and the Japanese yen.

Average exchange rate	1st-Half 2013	1st-Half 2012	% change
Euro / USD	1.313	1.298	+1.2%
Euro / CAD	1.333	1.305	+2.1%
Euro / MXN	16.471	17.195	-4.2%
Euro / BRL	2.664	2.415	+10.3%
Euro / GBP	0.850	0.823	+3.3%
Euro / JPY	124.911	103.497	+20.7%
Euro / CNY	8.127	8.207	-1.0%
Euro / THB	39.162	40.415	-3.1%

3.2.4. NET SALES BY REGION

(in € million)	1st-Half 2013	1st-Half 2012	1st-Half 2013/ 1st-Half 2012
GROUP	**10,159**	**10,706**	**-5.1%**
Europe	4,023	4,219	-4.6%
Of which France	*967*	*1,034*	*-6.5%*
North America (incl. Mexico)	3,520	3,851	-8.6%
Other	2,616	2,636	-0.8%

(in € million)	1st-Half 2013	% of total	1st-Half 2012	% of total
GROUP	**10,159**		**10,706**	
Europe	4,023	39.6%	4,219	39.4%
Of which France	*967*	*9.5%*	*1,034*	*9.7%*
North America (incl. Mexico)	3,520	34.6%	3,851	36.0%
Other	2,616	25.8%	2,636	24.6%

At a time of declining raw materials costs and targeted price adjustments, net sales declined in every region, with steeper decreases in the mature economies. More than 60% of net sales were generated outside Europe and more than 90% outside France.

3.3. CONSOLIDATED INCOME STATEMENT REVIEW

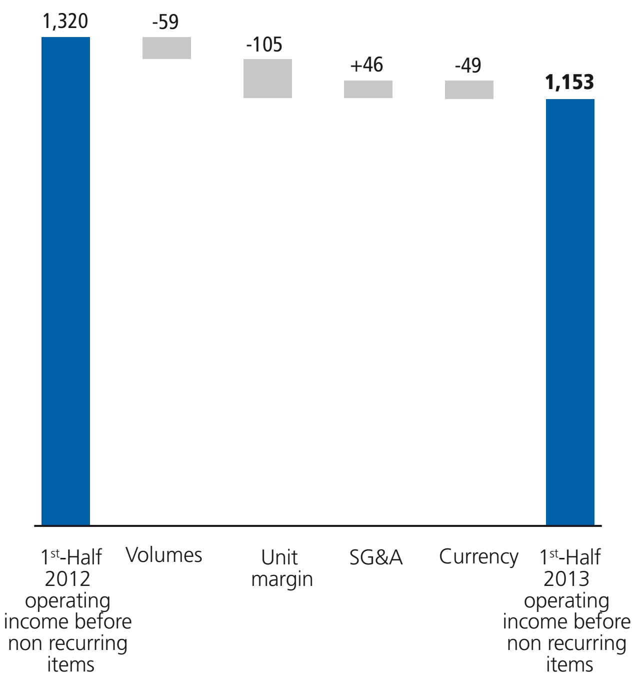
The revised version of IAS 19 was applied retrospectively in first-half 2013, with the impact of adjusting the main 2012 indicators presented in paragraph 2.3 of the consolidated financial statements.

The following comments refer to the interim 2012 consolidated financial statements as reported.

(in € million, except per share data)	1st-Half 2013	1st-Half 2012	1st-Half 2013/ 2012	1st-Half 2013 (% of net sales)	1st-Half 2012 (% of net sales)
Net sales	**10,159**	**10,706**	**-5.1%**		
Cost of sales	(6,966)	(7,284)	-4.4%	68.6%	68.0%
Gross income	**3,193**	**3,422**	**-6.7%**	**31.4%**	**32.0%**
Sales and marketing expenses	(939)	(981)	-4.3%	9.2%	9.2%
Research and development expenses	(313)	(306)	+2.3%	3.1%	2.9%
General and administrative expenses	(776)	(752)	+3.2%	7.6%	7.0%
Other operating income and expenses	(12)	(63)	-81.0%	0.1%	0.6%
Operating income before non-recurring income and expenses	**1,153**	**1,320**	**-12.7%**	**11.3%**	**12.3%**
Non-recurring income and expenses	(250)	97	NM	2.5%	0.9%
Operating income	**903**	**1,417**	**-36.3%**	**8.9%**	**13.2%**
Cost of net debt	(50)	(83)	-39.8%	0.5%	0.8%
Other financial income and expenses	(10)	(9)	+11.1%	0.1%	0.1%
Net interest on employee benefit obligations	(82)	-	NM	0.8%	NM
Share of profit from associates	2	4	-50.0%	0.0%	0.0%
Income before taxes	**763**	**1,329**	**-42.6%**	**7.5%**	**12.4%**
Income tax	(256)	(414)	-38.2%	2.5%	3.9%
Net income	**507**	**915**	**-44.6%**	**5.0%**	**8.5%**
• Attributable to the shareholders of the Company	507	915	-44.6%	5.0%	8.5%
• Attributable to non-controlling interests	-	-			
Earnings per share (in €)					
• Basic	2.76	5.05	-45.3%		
• Diluted	2.72	4.93	-44.8%		

3.3.1. ANALYSIS OF CONSOLIDATED OPERATING INCOME BEFORE NON-RECURRING ITEMS

(in € million)



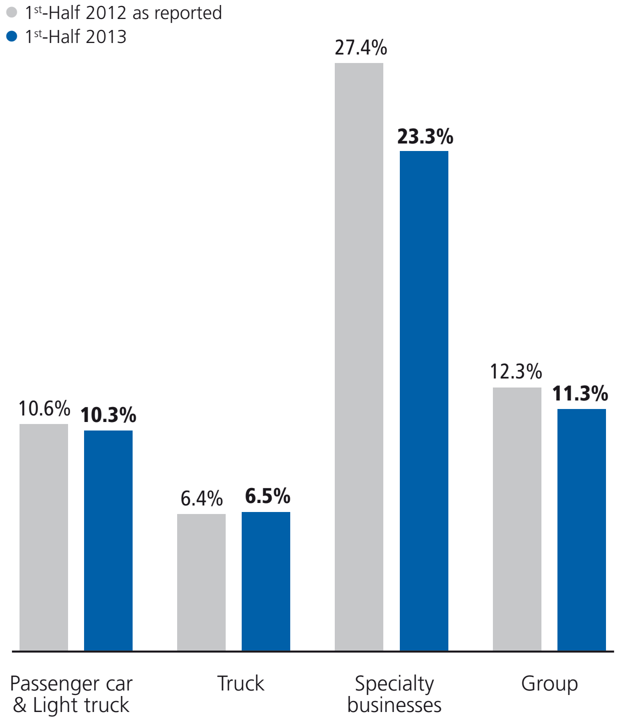
Consolidated **operating income before non-recurring items** amounted to €1,153 million or 11.3% of net sales in the first six months of 2013, compared with €1,320 million and 12.3% in first-half 2012. The €167-million decline reflected the net impact of:

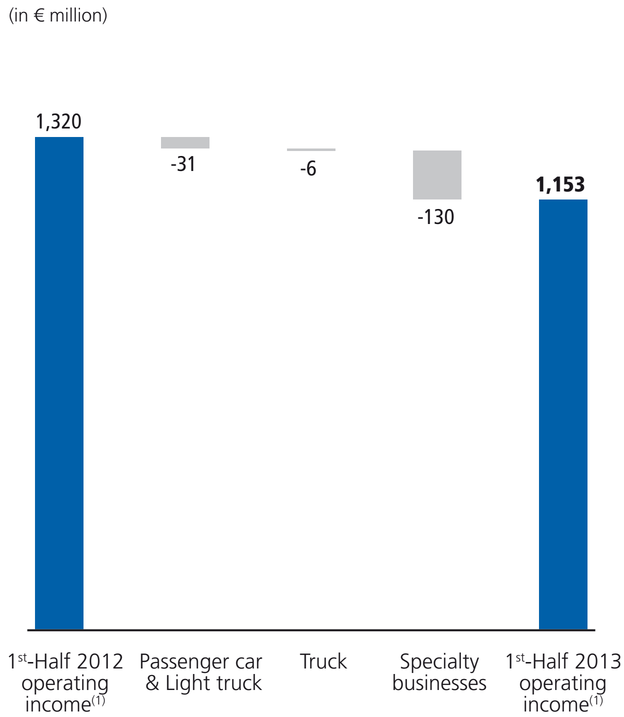
- a €59-million decrease from the 1.5% decline in volumes;
- a €105-million decrease from the contraction in unit margins due to:
  - the negative €242-million impact from the price-mix, of which a negative €281 million from prices alone,
  - the favorable €206-million impact from lower raw materials prices,
  - the €20-million gain on materials costs, thanks to the competitiveness plan,
  - the €65 million arising from productivity gains, despite the slowdown in production,
  - the negative €83-million impact of higher labor, energy and other production costs,
  - the negative €43-million impact of start-up costs,
  - €28 million in other unfavorable factors;
- a €46-million increase related to costs that included:
  - the negative €63-million impact of inflation,
  - the €15-million reduction in research, development & process engineering, advertising and other expenditures to drive growth in new markets,
  - the €42-million gain on general and administrative expenses, thanks to the competitiveness plan,
  - the €9-million cost of implementing the new OPE business process management system,
  - €61 million in other favorable cost factors;
- a €49-million negative currency effect.

3.3.2. OPERATING INCOME BEFORE NON-RECURRING ITEMS BY REPORTING SEGMENT

(in € million)	1st-Half 2013	1st-Half 2012
Passenger car/Light truck and related distribution		
Net sales	5,321	5,501
Operating income before non-recurring items	550	581
Operating margin before non-recurring items	**10.3%**	**10.6%**
Truck and related distribution		
Net sales	3,121	3,269
Operating income before non-recurring items	203	209
Operating margin before non-recurring items	**6.5%**	**6.4%**
Specialty businesses		
Net sales	1,717	1,936
Operating income before non-recurring items	400	530
Operating margin before non-recurring items	**23.3%**	**27.4%**
Group		
Net sales	10,159	10,706
Operating income before non-recurring items	1,153	1,320
Operating margin before non-recurring items	**11.3%**	**12.3%**

3.3.2.a) Operating margin before non-recurring items by reporting segment





- Passenger car and Light truck tires and related distribution.
- Truck tires and related distribution.
- Specialty businesses: Earthmover, Agricultural, Two-Wheel and Aircraft tires; Michelin Travel Partner and Michelin Lifestyle.

(1) *Before non-recurring items.*

3.3.2.b) Passenger car and Light truck tires and related distribution – Analysis of operating income before non-recurring items

Passenger car/Light truck and related distribution (in € million)	1st-Half 2013	1st-Half 2012	1st-Half 2013/ 2012	1st-Half 2013 (% of Group total)	1st-Half 2012 (% of Group total)
Net sales	5,321	5,501	-3.3%	52%	51%
Change in volume	*-0.5%*	*- 6.4 %*			
Operating income before non-recurring items	550	581	-5.3%	48%	44%
Operating margin before non-recurring items	10.3%	10.6%	-0.3pt		

Operating income before non-recurring items from the Passenger car and Light truck tires and related distribution business amounted to €550 million or 10.3% of net sales, compared with €581 million and 10.6% in first-half 2012.

Lower raw materials costs and the sustained improvement in the product mix, led by the MICHELIN brand's premium positioning, offset the decline in prices, as volumes remained virtually unchanged for the period.

3.3.2.c) Truck tires and related distribution – Analysis of operating income before non-recurring items

Truck and related distribution (in € million)	1st-Half 2013	1st-Half 2012	1st-Half 2013/ 2012	1st-Half 2013 (% of Group total)	1st-Half 2012 (% of Group total)
Net sales	3,121	3,269	-4.5%	31%	31%
Change in volume	*-1.8%*	*- 15.5 %*			
Operating income before non-recurring items	203	209	-2.9%	17%	16%
Operating margin before non-recurring items	6.5%	6.4%	+0.1pt		

Operating income before non-recurring items from the Truck tires and related distribution business amounted to €203 million or 6.5% of net sales, compared with €209 million and 6.4% in first-half 2012.

The temporary impact of lower raw materials costs and the disciplined management of operating costs balanced out all of the negative factors (currencies, volumes, price-mix and inflation).

3.3.2.d) Specialty businesses – Analysis of operating income before non-recurring items

Specialty businesses (in € million)	1st-Half 2013	1st-Half 2012	1st-Half 2013/ 2012	1st-Half 2013 (% of Group total)	1st-Half 2012 (% of Group total)
Net sales	1,717	1,936	-11.3%	17%	18%
Change in volume	*-4.6%*	*+ 3.5 %*			
Operating income before non-recurring items	400	530	-24.5%	35%	40%
Operating margin before non-recurring items	23.3%	27.4%	-4.1pt		

Operating income before non-recurring items from the Specialty businesses remained structurally high in first-half 2013, at €400 million or 23.3% of net sales, compared with €530 million and 27.4% in the prior-year period and €416 million and 24.4% in second-half 2012.

This temporary decline was attributable to contractual price adjustments, the reduction in volumes and the increase in the euro against certain currencies.

3.3.3. OTHER INCOME STATEMENT ITEMS

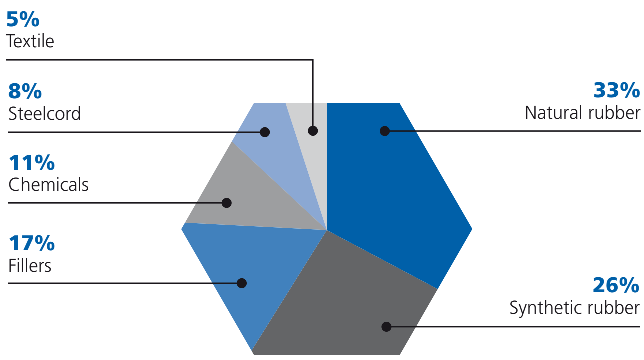
3.3.3.a) Raw materials

The cost of **raw materials** reported in the income statement under "cost of sales" (€2,877 million in first-half 2013 *versus* €3,319 million in first-half 2012) is determined by valuing raw materials, semi-finished and finished product inventories using the weighted average cost method, which tends to spread fluctuations in purchase costs over time and delay their recognition in cost of sales, due to timing differences between the purchase of the raw materials and the sale of the finished product.

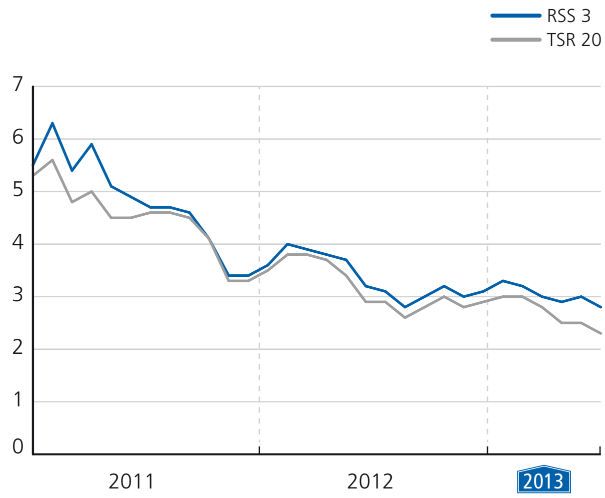
Changes in spot prices feed through to the income statement five to six months later for natural rubber and three months later for butadiene. When sales weaken, this timing lag tends to increase due to slower inventory turnover. As a result, the favorable impact of lower raw materials costs is expected to gain strength in second-half 2013.

In first-half 2013, the raw materials costs recognized in cost of sales included the €206 million effect of lower prices, as well as the volume and currency effects.

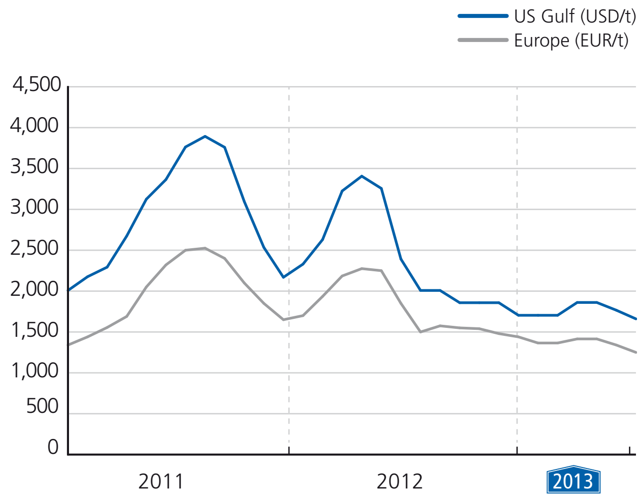
RAW MATERIALS RECOGNIZED IN FIRST-HALF 2013 COST OF SALES (€2,877 MILLION)



NATURAL RUBBER PRICES (SICOM)
(in USD/kg)



BUTADIENE PRICES



3.3.3.b) Employee benefit costs and number of employees

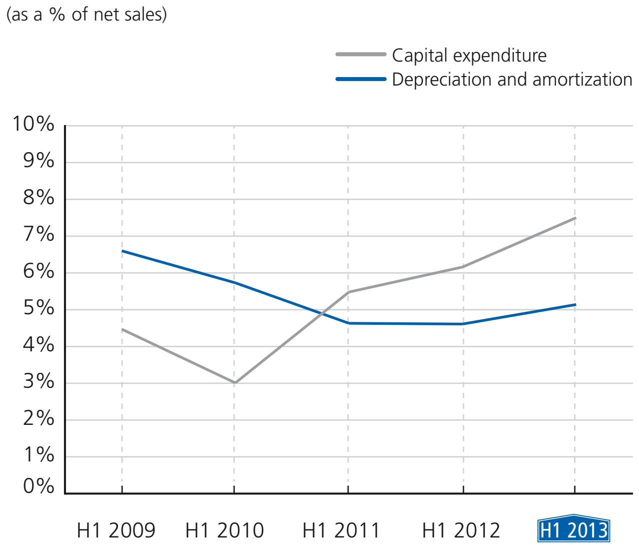
(in € million and number of people)	1st-Half 2013	1st-Half 2012	% change
Employee benefit costs	2,710	2,678	+1.2%
As a % of net sales	*26.7%*	*25.0%*	*+1.7pts*
Total number of employees at June 30	113,200	114,700	-1.3%
Number of full time equivalent employees at June 30	107,600	108,300	-0.6%
Average number of full time equivalent employees	107,400	108,400	-0.9%

At €2,710 million, **employee benefit costs** represented 26.7% of net sales in first-half 2013, *versus* 25.0% in the year-earlier period. The increase in relative terms corresponded to a €32 million (1.2%) rise in absolute value, led by the 4.3% growth in payroll, which was attenuated by a favorable currency effect. Rates of wage inflation varied widely depending on the geography, with higher rates in new markets than in mature ones.

3.3.3.c) Depreciation and amortization

(in € million)	1st-Half 2013	1st-Half 2012	% change
Depreciation and amortization	522	494	+5.7%
As a % of capital expenditure	*69%*	*75%*	

Depreciation and amortization charges rose by €28 million or 5.7% to €522 million, in line with the faster deployment of capital programs. Given the Group's ambitious projects, depreciation and amortization charges are expected to continue to increase in coming years.



3.3.3.d) Transportation costs

(in € million)	1st-Half 2013	1st-Half 2012	% change
Transportation of goods	514	525	-2.1%
As a % of sales	*5.1%*	*4.9%*	

Due to the decline in sales volumes over the period, **transportation costs** retreated by 2.1% year-on-year to €514 million, representing 5.1% of net sales.

3.3.3.e) Sales and marketing expenses

Sales and marketing expenses represented 9.2% of net sales in the first-half of 2013, unchanged from the same period of 2012. In value, they decreased by €42 million to €939 million, tracking the decline in sales volumes.

3.3.3.f) Research and development expenses

(in € million)	1st-Half 2013	1st-Half 2012	% change
Research and development expense	313	306	+2.3%
As a % of sales	*3.1%*	*2.9%*	

Research and development expenses stood at €313 million, a 2.3% year-on-year increase that reflected the Group's strategy of strengthening its technological leadership, particularly in the premium markets and the specialty businesses.

As a percentage of net sales, R&D expenses rose to 3.1% from 2.9% in first-half 2012.

3.3.3.g) General and administrative expenses

At €776 million, **general and administrative expenses** represented 7.6% of net sales, *versus* 7.0% in first-half 2012. The €24 million growth in value corresponded to the increase in information technology costs related to the new OPE business process management system and wage inflation, which had a greater impact in the new markets despite the favorable currency effect.

3.3.3.h) Other operating income and expenses

Other operating income and expenses amounted to expenses of €12 million, compared with expenses of €63 million in first-half 2012.

In addition to the €28-million impact of applying IAS 19, most of the decrease resulted from the €27-million decline in proceeds from real estate transactions and impairments.

3.3.3.i) Non-recurring income and expenses

Non-recurring expenses stood at €250 million for the period, reflecting the projects announced in June 2013 to improve the competitiveness of manufacturing operations.

3.3.3.j) Cost of net debt

(in € million)	1st-Half 2013	1st-Half 2012	Value change
Cost of net debt	50	83	-33

At €50 million, the **cost of net debt** declined by €33 million compared with first-half 2012, primarily as a result of the following factors:

- a €16 million decline in net interest expense, reflecting the combined impact of:
  - a €16 million decrease attributable to the reduction in average net debt to €1.1 billion from €1.7 billion in first-half 2012,
  - a €6-million decrease from the reduction in the average interest rate on gross debt to 5.2% from 5.8% in first-half 2012.
  - a €6 million net increase from a variety of factors, including the negative carry, corresponding to the effect of investing cash and cash equivalents at a rate below the Group's average borrowing cost. In 2013, average invested cash and cash equivalents was increased to €1.8 billion from €1.6 billion in 2012, while the average interest earned on the investments declined to 0.6% in first-half 2013 from 1.5% the year before.
- a €17 million net decrease from other factors.

3.3.3.k) Other financial income and expenses

(in € million)	1st-Half 2013	1st-Half 2012	Value change
Other financial income and expenses	(10)	(9)	-1

Other financial income and expenses, representing a net expense of €10 million, included the cost of redeeming part of the 2014, 2017 and 2033 bonds before maturity.

3.3.3.l) Income tax

(in € million)	1st-Half 2013	1st-Half 2012	Value change
Income before taxes	763	1,329	-566
Income tax	**(256)**	**(414)**	**-158**
Current tax	(277)	(345)	-68
Withholding tax	(20)	(14)	+6
Deferred tax	41	(55)	-96

Income tax expense declined by €158 million year-on-year to €256 million in the first half of 2013, corresponding to an effective tax rate of 33.6%, compared with 31.1% the year before.

The increase in the tax rate was primarily attributable to the non-recurring expenses recorded in Colombia and Algeria, which did not give rise to any deferred tax assets.

3.3.3.m) Consolidated net income and earnings per share

(in € million)	1st-Half 2013	1st-Half 2012	Value change
Net income	507	915	-408
As a % of net sales	*5.0%*	*8.5%*	*-3.5pts*
• Attributable to the shareholders of the Company	507	915	-408
• Attributable to non-controlling interests	-	-	-
Earnings per share (in €)			
• Basic	2.76	5.05	-2.29
• Diluted	2.72	4.93	-2.21

Net income came to €507 million, or 5.0% of net sales, compared with €915 million in first-half 2012. The decrease reflected the combined impact of the following main factors:

- favorable factors:
  - the €33 million reduction in the cost of net debt,
  - the €158 million decrease in income tax expense;
- unfavorable factors:
  - the €167 million decrease in operating income before non-recurring items,
  - the recognition of a €250-million non-recurring expense related to projects to improve the competitiveness of manufacturing operations. This compared with the €97-million non-recurring gain recognized in first-half 2012,
  - the €1 million increase in other financial expenses, net,
  - the €2 million decrease in the Group's share of profit from associates.

3.4. CONSOLIDATED BALANCE SHEET REVIEW

The revised version of IAS 19 was applied retrospectively in first-half 2013, with the impact of adjusting the main 2012 indicators presented in paragraph 2.3 of the consolidated financial statements.

The following comments refer to the 2012 consolidated financial statements as reported.

ASSETS

(in € million)	June 30, 2013	December 31, 2012	Total change	Currency effect	Movement
Goodwill	408	414	-6	+1	-7
Other intangible assets	407	403	+4	+1	+3
Property, plant and equipment (PP&E)	8,662	8,579	+83	-53	+136
Non-current financial assets and other assets	303	298	+5	-2	+7
Investments in associates and joint ventures	203	204	-1	+2	-3
Deferred tax assets	1,324	1,530	-206	-7	-199
Non-current assets	**11,307**	**11,428**	**-121**	**-58**	**-63**
Inventories	4,428	4,417	+11	-28	+39
Trade receivables	3,053	2,802	+251	-26	+277
Current financial assets	468	371	+97	-3	+100
Other current assets	644	706	-62	+7	-69
Cash and cash equivalents	1,166	1,858	-692	-7	-685
Current assets	**9,759**	**10,154**	**-395**	**-57**	**-338**
TOTAL ASSETS	**21,066**	**21,582**	**-516**	**-115**	**-401**

LIABILITIES AND EQUITY

(in € million)	June 30, 2013	December 31, 2012	Total change	Currency effect	Movement
Share capital	374	365	+9	-	+9
Share premiums	3,754	3,508	+246	-	+246
Reserves	5,004	4,626	+378	-68	+446
Non-controlling interests	2	2	+0	-0	+0
Equity	**9,134**	**8,501**	**+633**	**-68**	**+701**
Non-current financial liabilities	1,507	2,023	-516	-11	-505
Employee benefit obligations	4,110	4,679	-569	-10	-559
Provisions and other non-current liabilities	1,147	855	+292	-7	+299
Deferred tax liabilities	85	87	-2	+0	-2
Non-current liabilities	**6,849**	**7,644**	**-795**	**-28**	**-767**
Current financial liabilities	1,236	1,274	-38	-15	-23
Trade payables	1,767	1,991	-224	-1	-223
Other current liabilities	2,080	2,172	-92	-6	-86
Current liabilities	**5,083**	**5,437**	**-354**	**-22**	**-332**
TOTAL EQUITY AND LIABILITIES	**21,066**	**21,582**	**-516**	**-118**	**-398**

3.4.1. GOODWILL

Goodwill declined by €6 million in the period to June 30, 2013, primarily due to impairment losses related to restructuring in Algeria.

3.4.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment stood at €8,662 million at June 30, 2013, an €83 million increase from December 31, 2012 that was primarily led by the faster deployment of capacity investments in the new markets and product investments for the premium segments and specialty businesses. Over the period, purchases of new property, plant and equipment exceeded depreciation charges, with one third of the outlays concerning the new plants in Brazil, China, India and the United States.

3.4.3. NON-CURRENT FINANCIAL ASSETS AND OTHER ASSETS

Non-current financial assets and other non-current assets were nearly unchanged for the period, rising by €5 million to €303 million at June 30, 2013.

3.4.4. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets declined by €206 million compared with December 31, 2012, mainly as a result of the actuarial gains recognized during the first half on employee benefit obligations, notably in North America.

3.4.5. WORKING CAPITAL REQUIREMENT

(in € million)	June 30, 2013	June 30, 2012	Value change	June 30, 2013 (as a % of net sales, 12-month rolling)	June 30, 2012 (as a % of net sales, 12-month rolling)
Inventories	4,428	4,873	-445	21.2%	22.9%
Trade receivables	3,053	3,279	-226	14.6%	15.4%
Trade payables	(1,767)	(1,565)	-202	8.4%	7.3%
WORKING CAPITAL REQUIREMENT	**5,714**	**6,587**	**-873**	**27.3%**	**30.9%**

Working capital requirement decreased by €873 million compared with June 30, 2012, chiefly due to the reduction in inventory and, to a lesser extent, the favorable movement in trade receivables and payables. It represented 27.3% of net sales for the year.

At €4,428 million on June 30, 2013, **inventories** were down €445 million compared with June 30, 2012, primarily due to the disciplined management of volumes and the decline in raw materials prices.

Trade receivables decreased by €226 million year-on-year to €3,053 million at June 30, 2013, mainly due to the declines in volumes and prices.

At €1,767 million, **trade payables** were up €202 million on June 30, 2012, lifted by the increase in payables due to suppliers of fixed assets, which rose in line with the growth in capital expenditure.

3.4.6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents stood at €1,166 million for the period, down by €692 million compared with December 31, 2012, primarily due to the following factors:

- increases from:
  - the €147 million in free cash flow;
- decreases from:
  - the payment of €206 million in cash dividends,
  - the acquisition of cash management instruments for €67 million,
  - the net repayment of €554 million in debt, including the partial redemption of the 2014, 2017 and 2033 bonds before maturity (€116 million),
  - €12 million in other items.

3.4.7. EQUITY

Consolidated equity increased by €633 million to €9,134 million at June 30, 2013 from €8,501 million reported at December 31, 2012, primarily as a result of the following factors:

- increases from:
  - the €803 million in comprehensive income for the year, including:
    - €507 million in net income,
    - €341 million in net actuarial gains on pension obligations, under the combined impact of rising interest rates and the outperformance of the funds compared with expected returns,
    - €19 million in unrealized gains on available-for-sale financial assets,
    - €68 million in unfavorable translation adjustments,
  - the €255 million proceeds from the issue of new shares, of which:
    - 4,467,601 shares issued on the reinvestment of dividends (€249 million),
    - 159,754 shares issued on the exercise of stock options (€6 million);
- decreases from:
  - the €455 million in dividends and other distributions,
  - the €10 million committed to buy back 140,000 Michelin SA shares under the shareholder approved authorization.

As a result, at June 30, 2013, the **share capital** of Compagnie Générale des Établissements Michelin stood at €374,368,640, comprising 187,184,320 shares corresponding to 242,137,636 voting rights.

3.4.8. NET DEBT

Net debt stood at €1,114 million at June 30, 2013, up €61 million from December 31, 2012, primarily as a result of the following factors:

- the net use of €71 million in cash, reflecting:
  - the generation of €147 million in free cash flow for the period,
  - the payment of €218 million in dividends and other distributions;
- €10 million in other factors increasing net debt, of which:
  - €16 million in interest expense on the zero-coupon convertible bonds,
  - €17 million in negative translation adjustments,
  - €9 million in other unfavorable factors.

NET DEBT

(in € million)	1st-Half 2013	1st-Half 2012
At January 1	**1,053**	**1,814**
Free cash flow(1)	-147	-7
Distributions and other	+218	+305
Interest expense on the zero-coupon convertible bonds	+16	+18
Translation adjustment	-17	+50
Other	-9	-3
AT JUNE 30	**1,114**	**2,177**
CHANGE	**+61**	**+363**

(1) Free cash flow equals cash flows from operating activities less cash flows used in investing activities (excluding cash flows from cash management financial assets and borrowing collaterals).

3.4.8.a) Gearing

Gearing stood at 12% at June 30, 2013, unchanged from year-end 2012, attesting to the strength of the consolidated balance sheet in an uncertain economic environment.

3.4.8.b) Ratings

The solicited corporate credit ratings of Compagnie Générale des Établissements Michelin (CGEM) and Compagnie Financière du Groupe Michelin "Senard et Cie" (CFM) are as follows:

		CGEM	CFM
Short term	Standard & Poor's	A-2	A-2
	Moody's	P-2	P-2
Long term	Standard & Poor's	BBB+	BBB+
	Moody's	Baa1	Baa1
Outlook	Standard & Poor's	Stable	Stable
	Moody's	Stable	Stable

- On March 23, 2012, Standard & Poor's upgraded Michelin's long-term credit rating to BBB+ from BBB, while affirming its A-2 short-term rating and stable outlook.
- On April 24, 2012, Moody's upgraded Michelin's long-term credit rating to Baa1 from Baa2, with a stable outlook, while affirming its P-2 short-term rating.

3.4.9. PROVISIONS

Provisions and other non-current liabilities amounted to €1,147 million, *versus* €855 million at December 31, 2012. The increase primarily reflected the projects, announced in June 2013, to improve the competitiveness of manufacturing operations.

3.4.10. EMPLOYEE BENEFITS

CHANGE IN FAIR VALUE OF THE NET DEFINED BENEFIT OBLIGATION

(in € million)	Pension plans	Other defined benefit plans	2013	2012[1]
At January 1	**2,372**	**2,251**	**4,623**	**3,751**
Contributions paid to the funds	(11)	-	(11)	(30)
Benefits paid directly to the beneficiaries	(13)	(55)	(68)	(48)
Other movements	-	-	-	-
Items recognized in operating income				
Current service cost	35	30	65	48
Actuarial (gains) or losses recognized on other long term benefit plans	-	-	-	-
Past service cost resulting from plan amendments	-	-	-	-
Effect of any plan curtailments or settlements	-	(16)	(16)	-
Other items	3	-	3	3
Items recognized outside operating income				
Net interest on employee benefit obligations	43	39	82	87
Items recognized in other comprehensive income				
Translation adjustments	(13)	3	(10)	84
Actuarial (gains) or losses	(422)	(136)	(558)	216
Portion of unrecognized asset due to the application of the asset ceiling	-	-	-	-
AT JUNE 30	**1,994**	**2,116**	**4,110**	**4,111**

(1) *Figures have been adjusted as mentioned in note 2.3 "Impact of the change in accounting policy" in the 2013 interim financial statements and are therefore different from those presented in the first-half 2012 financial report.*

Since January 1, 2013 the Group has applied the revised version of IAS 19 (IAS 19R) issued in June 2011.

The application of IAS 19R has had the following material impacts on the consolidated financial statements:

- Interest cost and expected return on plan assets have been replaced by the notion of net interest on the defined benefit liability (asset) recognized in the balance sheet in relation to defined benefit plans. This net interest amount is presented separately from operating income in the income statement.
- Past service cost resulting from plan amendments are now immediately recognized in income for the period and may no longer be deferred over the vesting period of the related rights.

Since 2011, actuarial gains and losses arising on defined benefit plans have been recognized in comprehensive income.

Consolidated data for the six months ended June 30, 2012 have been restated. The impacts of these restatements on the Group's key indicators at June 30, 2012 were as follows:

- a €42-million increase in equity;
- a €39-million reduction in net income, reflecting the combined impacts of a €28-million rise in operating income and a €59-million decrease in income before taxes.

At June 30, 2013 the Group remeasured its defined benefit obligations.

The net obligation recognized in the balance sheet at June 30, 2013 totaled €4,110 million, down €513 million on January 1, 2013.

The expense recognized in operating income in first-half 2013 in respect of defined benefit plans amounted to €82 million, on a par with first-half 2012 and in line with Group projections.

Total payments for defined benefit plans during first-half 2013 came to €79 million, *versus* €78 million in first-half 2012. They included:

- €11 million in contributions paid to fund management institutions (versus €30 million in first-half 2012);
- €68 million in benefits paid directly to employees (*versus* €48 million in first-half 2012).

Contributions paid by the Group for defined contribution plans amounted to €66 million in first-half 2013, compared with €65 million in the year-earlier period.

Actuarial gains recognized in equity at June 30, 2013 totaled €558 million, primarily reflecting the use of higher discount rates in North America.

3.5. CONSOLIDATED CASH FLOW STATEMENT REVIEW

3.5.1. CASH FLOW FROM OPERATING ACTIVITIES

(in € million)	1st-Half 2013	1st-Half 2012	Value change
EBITDA before non-recurring income and expenses	**1,675**	**1,823**	**-148**
Change in inventory	(39)	(193)	+154
Change in trade receivables	(364)	(238)	-126
Change in trade payables	(8)	(309)	+301
Restructuring cash costs	(58)	(45)	-13
Tax and interest paid	(317)	(384)	+ 67
Other	203	89	+114
CASH FLOWS FROM OPERATING ACTIVITIES	**1,092**	**743**	**+349**

Due to the decline in operating income before non-recurring items, **EBITDA** before non-recurring income and expense contracted by €148 million year-on-year to €1,675 million.

Cash flow from operating activities improved significantly, to €1,092 million from €743 million, primarily as a result of:

- the €189-million decrease in working capital requirement, compared with the €680-million decrease in first-half 2012;
- the increase in restructuring cash costs, to €58 million from €45 million in first-half 2012;
- the decrease in taxes and interests paid, to €317 million from €384 million.

3.5.2. CAPITAL EXPENDITURE

(in € million)	1st-Half 2013	1st-Half 2012	2012/2011	1st-Half 2013 (as a % of sales)	1st-Half 2012 (as a % of sales)
Gross purchases of intangible assets and PP&E	**762**	**660**	**+102**	**7.5%**	**6.2%**
Investment grants received and change in capital expenditures payables	200	162	+38	2.0%	1.5%
Proceeds from sale of intangible assets and PP&E	(25)	(128)	+103	(0.2%)	(1.2%)
NET ADDITIONS TO INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	**937**	**694**	**+243**	**9.2%**	**6.5%**

Gross purchases of intangible assets and property, plant and equipment came to €762 million for the period, compared to €660 million in first-half 2012, reflecting implementation of the Group's new phase of dynamic growth. Total capital expenditure therefore represented 7.5% of net sales *versus* 6.2% in first-half 2012.

Growth investments stood at €472 million, of which nearly half related to the new plants.

The main capital projects by Product Line were as follows:

Passenger car and Light truck tires:

- Projects to increase capacity, improve productivity or refresh product lines in:
  - Itatiaia, Brazil,
  - Columbia, SC in the United States,
  - Shenyang, China (construction of a new plant underway),
  - Olsztyn, Poland,
  - Cuneo, Italy,
  - Vitoria, Spain,
  - Thailand.

Truck tires:

- Projects to increase capacity, improve productivity or refresh product lines in:
  - Shenyang, China,
  - Chennai, India (construction of a new plant underway),
  - Campo Grande, Brazil,
  - Thailand.

Specialty products:

- Mining tire projects to:
  - increase capacity at the Lexington, SC plant in the United States and the Vitoria plant in Spain,
  - build a new plant in Anderson, SC in the United States;
- Projects to increase agricultural equipment tire capacity at the Olsztyn plant in Poland.

In addition, the Group is continuing to invest in semi-finished product capacity.

Note that the Group's financing depends on its ability to generate cash flow as well as on market opportunities. As a result, there is generally no direct link between financing sources and investment projects.

3.5.3. AVAILABLE CASH FLOW AND FREE CASH FLOW

Available cash flow corresponds to cash flow from recurring operations, *i.e.* after routine capital expenditure but before growth investments.

Free cash flow, which is stated before dividend payments and financing transactions, corresponds to cash flows from operating activities less cash flows used in investing activities (adjusted for net cash flows used in cash management instruments and loan guarantees).

(in € million)	1st-Half 2013	1st-Half 2012	Value change
Cash flows from operating activities	**1,092**	**743**	**+ 349**
Routine capital expenditure (maintenance, IT, dealerships, etc.)	(290)	(225)	- 65
AVAILABLE CASH FLOW	**802**	**518**	**+ 284**
Growth investments	(472)	(435)	- 37
Other cash flows from investing activities	(183)	(76)	- 107
FREE CASH FLOW	**147**	**7**	**+ 140**

After subtracting €290 million in routine capital expenditure, available cash flow was strongly positive in first-half 2013, at €802 million.

Free cash flow ended the period at €147 million, after the €472 million in growth investments was amply covered by available cash flow.

3.6. OUTLOOK FOR FULL-YEAR 2013

In a market environment that should continue to improve in mature markets off of low prior-year comparatives and to expand in the new markets, Michelin expects to see modest growth in volumes in the second half. As a result, thanks to its comprehensive range of products and services and its balanced global footprint, the Group confirms its objective stable volumes over the full year.

In the second half, the impact of lower raw materials prices will gain momentum, adding around €350 million to operating income for the year. As a result, and given that prices are likely to remain stable at first-half levels, the second-half consolidated operating margin should benefit from the impact of lower raw materials costs, which are expected to offset the price-mix effect.

As indicated in February, the capital expenditure program, totaling some €2 billion, will support Michelin's ambitious growth objectives by adding new production capacity in the new markets. It will also improve competitiveness in mature markets and drive technological innovation.

Jean Dominique Senard, Chief Executive Officer, said: "Michelin's first-half performance was in line with the 2013 objectives and attests to the Group's continuous improvement as it moves forward in its New Phase of Dynamic Growth. The Group confirms its objectives for 2013, with the target of reporting stable operating income before non-recurring items, a more than 10% return on capital employed and positive free cash flow."

In this environment, Michelin confirms its objectives for 2013, when it expects to report stable operating income before non-recurring items, a more than 10% return on capital employed and positive free cash flow.

3.7. RELATED PARTIES

There were no new material related party transactions during the first half of 2013, nor any material changes in the related party transactions described in the 2012 Registration Document.

3.8. RISK MANAGEMENT

The Michelin Group's principal risks have been identified and are described in the 2012 Registration Document.

3.9. KEY FIGURES

(in € million)	1st-Half 2013	1st-Half 2012	2012	2011	2010	2009	2008
Net sales	10,159	10,706	21,474	20,719	17,891	14,807	16,408
% change	-5.1%	+6.0%	+3.6%	+15,8 %	+20,8 %	-9.8%	-2.7%
Total employee benefit costs	2,710	2,678	5,377	5,021	4,836	4,515	4,606
as a % of sales	26.7%	25.0%	25.0%	24.2%	27.0%	30.5%	28.1%
Number of employees (full time equivalent)	107,600	108,300	107,300	108,300	105,100	102,700	110,300
Research and development expenses	313	306	622	592	545	506	499
as a % of sales	3.1%	2.9%	2.9%	2.9%	3.0%	3.4%	3.0%
EBITDA before non-recurring income and expenses[1]	1,675	1,823	3,445	2,878	2,660	1,802	1,848
Operating income before non-recurring income and expenses	1,153	1,320	2,423	1,945	1,695	862	920
Operating margin before non-recurring income and expenses	11.3%	12.3%	11.3%	9.4%	9.5%	5.8%	5.6%
Operating income	903	1,417	2,469	1,945	1,695	450	843
Operating margin	8.9%	13.2%	11.5%	9,4 %	9,5 %	3.0%	5.1%

(in € million)	1st-Half 2013	1st-Half 2012	2012	2011	2010	2009	2008
Cost of net debt	50	83	155	206	236	262	330
Other financial income and expenses	(10)	(9)	(22)	236	10	10	(3)
Income before taxes	763	1,329	2,307	1,996	1,498	207	520
Income tax	256	414	736	534	449	103	163
Effective tax rate	33.6%	31.1%	31.9%	26.8%	30.0%	49.8%	31.3%
Net income	507	915	1,571	1,462	1,049	104	357
as a % of sales	5.0%	8.5%	7.3%	7.1%	5.9%	0.7%	2.2%
Dividends(2)	438	378	378	314	147	145	230
Cash flows from operating activities	1,092	743	2,926	1,196	1,322	2,123	915
as a % of sales	10.7%	6.9%	13.6%	5.8 %	7.4 %	14.3%	5.6%
Gross purchases of intangible assets and PP&E	762	660	1,996	1,711	1,100	672	1,271
as a % of sales	7.5%	6.2%	9.3%	8.3 %	6.1 %	4.5%	7.7%
Net debt(3)	1,114	2,177	1,053	1,814	1,629	2,931	4,273
Equity	9,134	8,502	8,501	8,101	8,127	5,495	5,113
Gearing	12%	26%	12%	22%	20%	55%	84%
Net debt(3)/EBITDA(1)	0.67	1.19	0.31	0.63	0.61	1.63	2.31
Cash flows from operating activities/Net debt(3)	98.0%	34.1%	277.9%	65.9%	81.2%	72.4%	21.4%
Net interest charge average rate(4)	12.5%	9.9%	11.0%	9.6%	6.3%	6.2%	6.0%
Operating income before non-recurring items/ Net interest charge(4)	15.4	14.8	14.2	9.2	9.1	3.5	3.5
Free cash flow(5)	147	7	1,075	(19)	426	1,507	(359)
ROE(6)	N. app.	N. app.	18.5%	18.1%	12.9%	1.9%	7.0%
ROCE(7)	N. app.	N. app.	12.8%	10.9%	10.5%	5.4%	5.6%
Per share data (in €)							
Net assets per share(8)	48.8	46.7	46.6	45.9	46.0	37.2	35.2
Basic earnings per share(9)	2.76	5.05	8.62	8.14	6.78	0.69	2.46
Diluted earnings per share(9)	2.72	4.93	8.41	7.97	6.64	0.69	2.46
Price-earnings ratio(10)	N. app.	N. app.	8.3	5.6	7.9	77.7	15.3
Dividend for the year	N. app.	N. app.	2.40	2.10	1.78	1.00	1.00
Pay-out ratio(11)	N. app.	N. app.	28.7%	30.0%	30.0%	140.8%	40.7%
Yield(12)	N. app.	N. app.	3.4%	4.6%	3.3%	1.9%	2.7%
Share turnover rate(13)	110%	149%	129%	180%	188%	199%	308%

(1) As defined in note 3.7.2 to the 2012 consolidated financial statements.
(2) Including the dividends paid in shares.
(3) Net debt: financial liabilities - cash and cash equivalents (excluding cash flows from cash management financial assets and borrowing collaterals) +/- derivative assets, as defined in note 26 to the 2012 consolidated financial statements.
(4) Net interest charge: interest financing expenses - interest income from cash and equivalents.
(5) Free cash flow: cash flows from operating activities - cash flows from investing activities (excluding cash flows from cash management financial assets and borrowing collaterals), as defined in section 3.5.3.
(6) ROE: net income attributable to shareholders/shareholders' equity excluding non-controlling interests.
(7) ROCE: Net Operating Profit After Tax (NOPAT)/capital employed (intangible assets and PP&E + long-term financial assets + working capital requirement), as defined in section 2.7 of the 2012 Registration Document.
(8) Net assets per share: net assets/number of shares outstanding at the end of the period.
(9) 2009 earnings per share have been restated to take into account the impact of the October 2010 rights issue.
(10) P/E: Share price at the end of the period/basic earnings per share.
(11) Distribution rate: Dividend/Net income.
(12) Dividend yield: dividend per share/share price at December 31.
(13) Share turnover rate: number of shares traded during the year/average number of shares outstanding during the year.

3.10. SHARE INFORMATION

3.10.1. THE MICHELIN SHARE

Traded on the NYSE Euronext Paris stock exchange

- Compartment A;
- Eligible for the SRD deferred settlement system;
- ISIN: FR 0000121261;
- Par value: €2;
- Traded in units of: 1.

Market capitalization

- €12.860 billion at June 30, 2013.

Average daily trading volume

- 803,058 shares in first-half 2013.

Indices

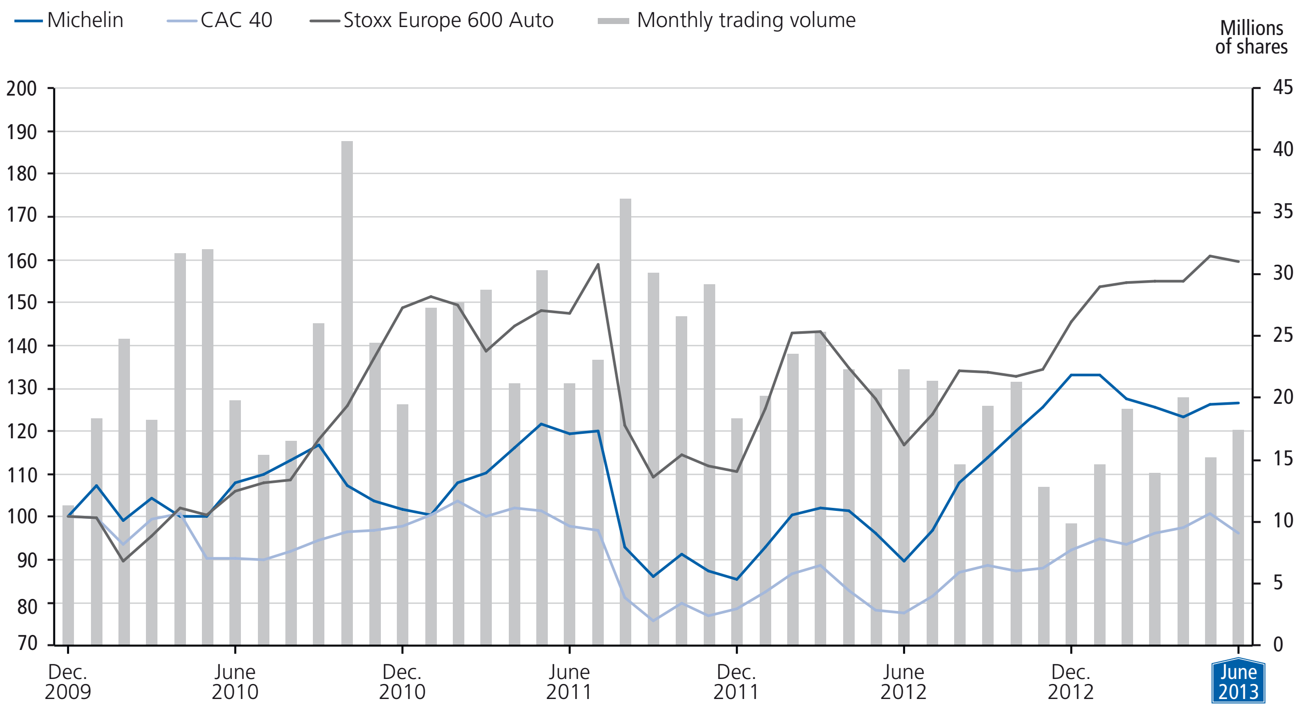
The Michelin share is included in two leading stock market indices. As of June 30, 2013, it represented:

- 1.74% of the CAC 40 index;
- 0.76% of the Euronext 100 index.

Michelin is also included in the main Socially Responsible Investing (SRI) Indices:

- Dow Jones Sustainability Index (DJSI) Stoxx for European sustainability leaders and DJSI World for global sustainability leaders;
- Ethibel Sustainability Index (ESI) Europe;
- Advanced Sustainable Performance Index (ASPI) Eurozone.

SHARE PERFORMANCE
(closing price at June 30, 2013)



3.10.2. SHARE DATA

Share price (in €)	1st-Half 2013	2012	2011	2010	2009	2008
High	71.45	72.58	68.54	64.51	58.67	79.90
Low	64.52	45.32	40.20	48.13	22.69	30.65
High/low ratio	1.11	1.60	1.70	1.34	2.59	2.61
Closing price, end of period	68.70	71.59	45.68	53.70	53.58	37.57
Change over the period	-4.04%	+56.7%	-14.9%	+0.2%	+42.6%	-52.1%
Change in the CAC 40 index over the period	*+2.7%*	*+15.2%*	*-17.0%*	*-3.3%*	*+22.3%*	*-42.7%*
Market value at end of period (in € billion)	**12.86**	**13.07**	**8.22**	**9.48**	**7.90**	**5.45**
Average daily trading volume over the period	803,058	913,167	1,246,389	1,116,722	1,138,691	1,740,267
Average shares outstanding	182,827,320	181,099,501	178,446,812	153,672,558	146,184,080	144,495,251
Volume of shares traded over the period	100,382,227	233,770,814	320,321,901	288,114,287	291,504,866	445,508,266
Share turnover ratio	**110%**	**129%**	**180%**	**187%**	**199%**	**308%**

Sources: NYSE Euronext Paris, Michelin.

3.10.3. PER-SHARE DATA

(in € per share, except ratios)	1st-Half 2013	2012	2011	2010	2009	2008
Net assets per share	48.8	46.6	45.9	46.0	37.2	35.2
Basic earnings per share	2.76	8.62	8.14	6.78	0.69(1)	2.46
Diluted earnings per share(2)	2.72	8.41	7.97	6.64	0.69(1)	2.46
Price-earnings ratio	**N. app.**	**8.31**	**5.6**	**7.9**	**77.7**	**15.3**
Dividend for the year	N. app.	2.40	2.10	1.78	1.00	1.00
Pay-out ratio	N. app.	28.7%	30.0%	30.0%	140.8%	40.7%
Yield(3)	N. app.	3.4%	4.6%	3.3%	1.9%	2.7%

(1) 2009 earnings per share have been restated to take into account the impact of the October 2010 rights issue.
(2) Earnings per share adjusted for the effect on net income and on the average number of shares of the exercise of outstanding dilutive instruments.
(3) Dividend/Share price at December 31.

The goal of the Group's dividend policy is to pay out approximately 30% of consolidated net income before exceptional items.

3.10.4. CAPITAL AND OWNERSHIP STRUCTURE

At December 31, 2012, Michelin's share capital amounted to €374,368,640.

	At June 30, 2013		
	Number of shareholders	Shares outstanding	Voting rights outstanding
French institutional investors	3,500	25.5%	23.6%
Non-resident institutional investors		62.2%	54.1%
Individual shareholders	127,800	10.6%	19.6%
Employee Shareholder Plan	62,600	1.6%	2.7%
Treasury shares	0	0.1%	-
TOTAL	**193,900**	**187,184,320 SHARES(1)**	**242,137,636 VOTING RIGHTS**

(1) All fully paid-up.

Shares held in the same name for at least four years carry double voting rights.

3.11. FIRST-HALF 2013 OPERATING HIGHLIGHTS

3.11.1. STRATEGY – PARTNERSHIPS – INVESTMENTS

New Tire Plant Opened in Shenyang, China

(January 26, 2013) – A new plant has been opened in the Economic and Technological Development Zone of Shenyang in Liaoning Province, China. The €1.2-billion investment makes it possible to increase production capacity for MICHELIN car, truck and bus tires intended for the Chinese market.

Investment in Waterville, Canada Plant

(June 2013) – Michelin has announced it will invest C$73 million (more than €56 million) to upgrade equipment and increase production capacity at its plant in Waterville, Nova Scotia (Canada). The project also involves a 3,000 sq.m-extension of the site's truck tire assembly workshop, where the much sought-after MICHELIN X-One tire is produced.

This major investment program also calls for 50 new employees to be added to the plant's workforce over the next five years.

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

(June 10, 2013) – 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 and manufacturing operations at Icollantas, the Group's Colombian subsidiary.

Michelin and Petrokimia Butadiene Indonesia Sign an Agreement to Produce Synthetic Rubber

(June 17, 2013) – PT Petrokimia Butadiene Indonesia (PBI), a wholly-owned subsidiary of PT Chandra Asri Petrochemical Tbk (CAP), and the Compagnie Financière du Groupe Michelin signed an agreement to create a Joint Venture company, to produce Synthetic Rubber. The new company will be owned 55% by Michelin and 45% by PBI.

The total investment is estimated at US$435 million. Pending final investment decision, plant construction is expected to commence in early 2015 with completion and start-up targeted for the beginning of 2017.

3.11.2. CORPORATE GOVERNANCE

2013 Annual Shareholders Meeting

(May 17, 2013) – The Annual Meeting of Michelin shareholders was held in Clermont-Ferrand under the chairmanship of Jean-Dominique Senard, Managing General Partner, Chief Executive Officer.

Shareholders adopted all of the proposed resolutions and approved the payment of a dividend of €2.40 per share, with a reinvestment option. The dividend will be paid in cash or reinvested in shares.

Following a decision to amend the Company's bylaws concerning the duration of Supervisory Board members' terms of office so as to stagger the terms, the Annual Shareholders Meeting approved the election of the following new Supervisory Board members of Anne-Sophie de La Bigne, Jean-Pierre Duprieu, Olivier Bazil and Michel Rollier.

The Meeting also re-elected Barbara Dalibard and Louis Gallois.

Lastly, shareholders authorized a share buyback program at a maximum purchase price per share of €100 and a reduction in the share capital by cancelling the shares purchased under the program.

2012 Dividend Reinvestment Plan: Nearly 60% of the Michelin Dividend Reinvested in New Shares

(June 24, 2013) – Between May 24 and June 11, 2013, nearly 75% of Michelin shareholders exercised their option to reinvest their dividend in new shares. The dividend was converted into shares on a net basis, *i.e.* after the applicable taxes and social security contributions withheld at source.

The dividend reinvestment plan resulted in the creation of 4.46 million new shares (representing 2.5% of the capital), which were delivered today and started trading on the NYSE Euronext Paris stock exchange.

The issued shares carry dividend rights from January 1, 2013 and rank *pari passu* with existing shares. Following settlement, Michelin's share capital is now comprised of 187,024,562 shares with a par value of €2.00 each.

The cash dividend was paid on June 24, 2013.

3.11.3. PRODUCTS – SERVICES – INNOVATIONS

3.11.3.a) Passenger Car and Light Truck Tires and Related Distribution

A Lasting Partnership: Michelin and Porsche Have Worked Together Since 1961

(April 2013) – MICHELIN is one of just two official Porsche partners, along with Mobil 1 motor oil, and the two partner brands celebrated the 12th anniversary of their cooperation agreement in April.

A fourth contract has been signed extending the partnership until December 31, 2016 in such areas as research, tire development, purchasing, marketing and sales.

This commitment has led to Porsche's return to the Le Mans 24 Hour race in 2014, exclusively on MICHELIN tires to be produced at three Michelin plants: Les Gravanches in Clermont-Ferrand, Nyiregyhaza in Hungary and Cuneo in Italy.

New MICHELIN Pilot Sport Cup 2 to Premier on the Mercedes-Benz SLS AMG Coupé Black Series

(March 5, 2013) – All of the new Mercedes-Benz SLS AMG Coupé Black Series cars will be fitted with the new MICHELIN Pilot Sport Cup 2 tires.

Delivering superior performance is engrained in the genetic code of the AMG brand. It's also the mission assigned to the new MICHELIN Pilot Sport Cup 2 tires, which will equip all new Mercedes-Benz SLS AMG Coupé Black Series cars. The automobile manufacturer and tiremaker worked closely together to achieve this result, which offered a compelling demonstration of their shared commitment to performance.

3.11.3.b) Truck Tires and Related Distribution

Market Launch of the MICHELIN X® LINE™ Energy™ Line of Truck Tires

(April 4, 2013) – More than ever, tires are a truly business-critical issue for trucking companies. The new MICHELIN X® LINE™ Energy™ range represents the fifth generation of these fuel-efficient Truck tires since 1995, when Michelin brought the breakthrough innovation to the transportation and logistics industry.

With the MICHELIN X® LINE™ Energy™, truckers can save up to 515 liters of fuel over a distance of 130,000 km. This reduces their operating budget by €644 while lowering their CO_2 emissions by 1,371 kg.

Michelin Opens its Patents for Adoption of Worldwide RFID[1] Standard

(July 15, 2013) – Reliable identification of tires with embedded RFID technology already has shown how it can improve tire tracking throughout its life cycle.

Michelin group has been an internationally recognized leader for creating and fostering harmonized international standards for Tire RFID. Some other tire manufacturers have taken part in creating and fostering harmonized international standards for ease of development and deployment.

The adoption of a single worldwide standard is a key element to accelerate the deployment of this technology. That is why Michelin announces that it will license free of charge any of its patents that would overlap with the adoption of such standards[2].

In line with FRAND[3] licensing policies, Michelin will expect reciprocity[4] from any entity which may be concerned by the adoption of such standards.

"The RFID technology has been around for many years. During the London Olympic Games last year, MICHELIN tire embedded RFID technology was used on buses to improve safety and operation efficiency", says Terry Gettys, Executive Vice President, Research and Development at Michelin. "We believe that the most important enabler to a broader integration of such technology within the transportation industry is the adoption of a global standard. This small step should help us get there."

3.11.3.c) Specialty Businesses

■ Earthmover Tires

MICHELIN® OperTrak Launched in North America

(January 11, 2013) – Michelin Earthmover has released MICHELIN® OperTrak, a comprehensive, easy-to-use web-based tire and rim management system designed to monitor tire activity and optimize budgeting, forecasting, inventory and performance. MICHELIN® OperTrak assists users in getting the maximum value from their tire assets.

■ Agricultural Tires

New Size Added to the MICHELIN AGribib Row Crop Tire Lineup

(May 13, 2013) – The MICHELIN Agribib Row Crop tire lineup provides row crop farmer with two key benefits:

- a productivity gain owing to the tire's special architecture. It features a large number of tall, thick lugs that deliver unequalled traction and grip in the field;
- less damage to crops and soil, thanks to Michelin's technological solution, which is based on narrow tires that deliver proven efficiency, even when carrying heavy loads.

The new size added to the MICHELIN AgriBib RC lineup reflects the tiremaker's commitment to working closely with farmers, who have ever-greater, more precise technological demands.

The MICHELIN AgriBib Row Crop 320/90 R42 TL 147A8/147AB can equip tractors and both self-propelled and hitched sprayers, as well as harvesting machinery for sugar beets and other crops, thereby actively helping to optimize work in the field.

For more information, see the MICHELIN Agribib RC tire page.

(1) RFID = Radio Frequency Identification.
(2) Globally recognized single core tire RFID standards include: AIAG B11, JAIF B21, ISO-17367, TMC RP 247, GS1-EPC TDS 1.5.
(3) FRAND = Fair, Reasonable And Non-Discriminatory.
(4) Reciprocity (on a case by case basis) = Michelin's patents will be licensed royalty free on condition that any prospective licensee commits to license any of its current or future patents that would also overlap with the adoption and execution of the standards cited above under similar conditions.

Michelin Distributes the Tweel® for Skid Steer Loaders

(January 2013) – Greenville (SC, USA) – Michelin is now distributing the MICHELIN® X-Tweel™ SSL, a non-pneumatic mobility solution for skid steer loaders in the landscaping, construction, contracting, refuse/recycling and agricultural industries.

The MICHELIN 12N16.5 X-Tweel SSL hub design is universal and can be fitted on most skid steer loaders. It is available in the United States and Canada as a no-compromise solution for skid steer owners.

Introduced by Michelin in 2005, the Tweel® tire and wheel assembly is a single unit replacing the current tire, wheel and valve assembly. It replaces the 23 components of a typical radial tire and is comprised of a rigid hub, connected to a shear band by means of flexible, deformable polyurethane spokes and a tread band, all functioning as a single unit.

Two-Wheel Tires

Five Different New Tires Launched Simultaneously in the International Marketplace Reflecting the Same Strategy: MICHELIN Total Performance

(March 28, 2013) – From high-powered sports motorcycles to small and medium-size city bikes, from trail bikes used on- and off-road to sporty roadsters, all of these vehicles, regardless of where they are ridden around the world, can be equipped with latest-generation MICHELIN tires:

- **MICHELIN Power Super Sport** for sporty bikes used on road or track;
- **MICHELIN Pilot Power 3** for sporty roads and sporty motorcycles used mainly on the road;
- **MICHELIN Anakee III** for big trail bikes used mainly on roads;
- **MICHELIN Pilot Street Radial** for small and medium-size motorcycles used every day;
- **MICHELIN Pilot Street** for small utility bikes.

In two years, the entire line-up of MICHELIN motorcycle tires for road use will have been renewed.

By simultaneously bringing these five new tires to market, the Group is demonstrating its worldwide commitment to riders to providing new tires, each of which delivers more performance. This is what is known as MICHELIN Total Performance.

In addition, Michelin is adding a new rear tire size to its **MICHELIN ENDURO Competition VI** line. This new extremely versatile tire is designed for soft, sandy, mixed and hard ground terrains.

Aircraft Tires

Michelin at the Paris Air Show: Four Innovative Tires

(June 17-23, 2013) – Michelin is unveiling four new products in its aircraft tire line-up. Intended for the four main segments of the aerospace market, they will deliver the benefits of Michelin radials with NZG technology to a broad range of aircraft manufacturers.

The MICHELIN AIR X tires were certified by the appropriate aeronautics agencies for the Airbus A350-XWB in the long-haul segment, for the Bombardier CSeries among regional carriers, for the Cessna Citation X in general aviation and for the Lockheed Martin F-35A Lightning II in military aviation.

More than ever, these new certifications have strengthened Michelin's position as the world's tire technology leader by fitting new aircraft types with radial tires – which were invented by Michelin – and NZG technology[(1)], which considerably increases both fuel economy and treadlife, while reducing maintenance costs and TCO.

Michelin Travel Partner

MICHELIN Restaurants Going Strong

(June 2013) – An indispensable tool for gourmet web users, the MICHELIN Restaurants now lists more than 20,000 restaurants, including those featured in the MICHELIN Guide France. Since January 1, 2013, the site has generated over 9 million visits, including 2.5 million on mobile phones *via* the MICHELIN Restaurants mobile application, which represents nearly 11 million restaurant searches. Over 15,000 comments have been posted on the site since its launch in March 2012.

MICHELIN Restaurants also has the largest community of gastronomy enthusiasts on Facebook with more than 50,000 fans.

Throughout the summer, from June 17 to August 25, more than 1,200 restaurants across France are offering a special 100% summer menu that includes a starter, main course and dessert, a true diner's delight.

Last March, a contract was signed with Livebookings, the leading online reservation service for restaurants in Europe. The partnership is accelerating the process of booking tables directly online from the MICHELIN Restaurants site.

MICHELIN Restaurants also operates in Germany.

Michelin Lifestyle Limited

10th anniversary for Michelin Lifestyle Limited (MLL) and Babolat Partnership

(July 2013) – MLL has renewed its contract with Babolat for tennis and badminton shoes featuring a MICHELIN sole. This year is the tenth anniversary of the partnership with Babolat. This important anniversary will be commemorated with a communications campaign during the second half 2013.

(1) Near Zero Growth (NZG) is a radial tire technology that uses aramid reinforcing cords to reduce casing growth due to inflation or centrifugal force, thereby considerably lengthening tire lifespan.

3.11.4. MICHELIN PERFORMANCE AND RESPONSIBILITY

Six Major Ambitions for 2020

(April 2013) – After the tenth anniversary of PRM *(Performance et Responsabilité Michelin)* last year, Managing Partner Jean-Dominique Senard announced his wish to revitalize our sustainable development program. Being a company that delivers performance and acts responsibly means more than just doing things in an ethical, environmentally friendly manner. It means being a winning company in all aspects of the business, a company that is admired and respected:

1) because it is a leader and a top performer in its field;
2) because its production, manufacturing and delivery methods are efficient, responsible and high performance (meaning, for example, that they consume less energy, limit their environmental impact or use responsible suppliers);
3) because it has translated performance and responsibility into excellent results;
4) because it allows employees to share in the Company's success and supports their development;
5) because local communities benefit from this positive dynamic;
6) all of this must contribute to effective actions that support sustainable road mobility and thus human progress.

These are the six ambitions that Michelin have embraced for 2020.

3.11.5. RACING

24 Hours of Le Mans 2013 – Victory for Duval/Kristensen/McNish, Audi and Michelin

(June 24, 2013) – Audi overcame mixed conditions to claim its 12th Le Mans victory thanks to the No. 2 R18 e-tron quattro/Michelin driven by Loïc Duval, Allan McNish and Tom Kristensen. This was Michelin's 16th consecutive victory since 1998.

Michelin Confirmed as FIA Formula E Championship's Official Tire Supplier

(March 29, 2013) – The International Automobile Federation (FIA) has confirmed Michelin as the official tire supplier for the FIA Formula E Championship for the next three years.

The FIA Formula E Championship is a new motor sport series that will bring electric racing to city centers around the world in 2014. By holding an electric World Championship on street circuits in leading cities, in close proximity with the general public, the series will help to promote interest and investment in electric vehicles and sustainable motoring.

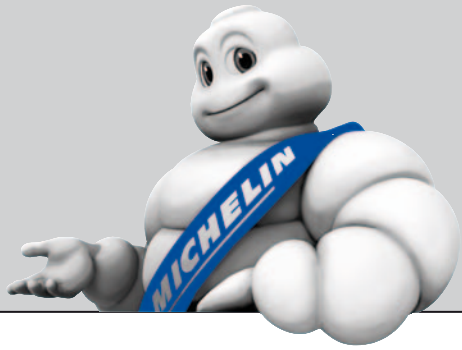
Loeb, Peugeot and Michelin Set a New Record on the Pikes Peak Hill Climb in Colorado (US)

(June 30, 2013) – Nine-time World Rally Champion Sébastien Loeb, who previously finished on the podium at Le Mans and also won the Summer X-Games, added a new win to his already impressive list of victories: the 91st Pikes Peak International Hill Climb, one of the oldest races in the US.

At 11:27 am, Peugeot Sport's mechanics equipped the car with a fresh set of MICHELIN tires designed especially for this unique event. A minute later, Sébastien Loeb started the ascent which he completed in 8m13.878s, smashing the previous record by 1m32s286.

4

Consolidated Interim Financial Statements



CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2013

DETAILED SUMMARY OF THE NOTES TO THE FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(in € million, except per share data)	Note	Six months ended June 30, 2013	Six months ended June 30, 2012[(1)]
Net sales	3	10,159	10,706
Cost of sales		(6,966)	(7,284)
Gross income		**3,193**	**3,422**
Sales and marketing expenses		(939)	(981)
Research and development expenses		(313)	(306)
General and administrative expenses		(776)	(752)
Other operating income and expenses		(12)	(35)
Operating income before non-recurring income and expenses	**3**	**1,153**	**1,348**
Non-recurring income and expenses	4	(250)	97
Operating income/(loss)		**903**	**1,445**
Cost of net debt	5	(50)	(83)
Other financial income and expenses	5	(10)	(9)
Net interest on employee benefit obligations	11	(82)	(87)
Share of profit/(loss) from associates		2	4
Income/(loss) before taxes		**763**	**1,270**
Income tax		(256)	(394)
NET INCOME/(LOSS)		**507**	**876**
• Attributable to the shareholders of the Company		507	876
• Attributable to the non-controlling interests		-	-
Earnings per share (in €)			
• Basic	6	2.76	4.83
• Diluted		2.72	4.72

(1) *Figures have been adjusted as mentioned in note 2.3 "Impact of the change in accounting policy" and may therefore be different from those presented in previously published financial statements.*

Notes 1 to 15 are an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € million)	Note	Six months ended June 30, 2013	Six months ended June 30, 2012[1]
Net income/(loss)		**507**	**876**
Post-employment benefits	11	558	(216)
Tax effect – Post-employment benefits		(217)	63
Other items of comprehensive income that will not be reclassified to income statement		**341**	**(153)**
Available-for-sale financial assets – change in fair values		19	(21)
Tax effect – available-for-sale financial assets – change in fair values		-	-
Available-for-sale financial assets – (gain)/loss recognized in income statement		-	-
Currency translation differences		(68)	(11)
Other		4	-
Other items of comprehensive income that may be reclassified to income statement		**(45)**	**(32)**
Other comprehensive income		**296**	**(185)**
COMPREHENSIVE INCOME		**803**	**691**
• Attributable to the shareholders of the Company		803	691
• Attributable to the non-controlling interests		-	-

(1) Figures have been adjusted as mentioned in note 2.3 "Impact of the change in accounting policy" and may therefore be different from those presented in previously published financial statements.

Notes 1 to 15 are an integral part of the consolidated interim financial statements.

CONSOLIDATED BALANCE SHEET

(in € million)	Note	June 30, 2013	December 31, 2012[1]	June 30, 2012[1]
Goodwill		408	414	421
Other intangible assets		407	403	402
Property, plant and equipment (PP&E)		8,662	8,579	8,033
Non-current financial assets and other assets		303	298	342
Investments in associates		203	204	168
Deferred tax assets		1,324	1,508	1,386
Non-current assets		**11,307**	**11,406**	**10,752**
Inventories		4,428	4,417	4,873
Trade receivables		3,053	2,802	3,279
Current financial assets		468	371	276
Other current assets		644	706	609
Cash and cash equivalents		1,166	1,858	1,250
Current assets		**9,759**	**10,154**	**10,287**
TOTAL ASSETS		**21,066**	**21,560**	**21,039**
Share capital	7	374	365	364
Share premiums	7	3,754	3,508	3,484
Reserves	8	5,004	4,660	4,694
Non-controlling interests		2	2	2
Equity		**9,134**	**8,535**	**8,544**
Non-current financial liabilities	9	1,507	2,023	2,472
Employee benefit obligations	11	4,110	4,623	4,111
Provisions and other non-current liabilities		1,147	855	853
Deferred tax liabilities		85	87	93
Non-current liabilities		**6,849**	**7,588**	**7,529**
Current financial liabilities	9	1,236	1,274	1,263
Trade payables		1,767	1,991	1,565
Other current liabilities		2,080	2,172	2,138
Current liabilities		**5,083**	**5,437**	**4,966**
TOTAL EQUITY AND LIABILITIES		**21,066**	**21,560**	**21,039**

(1) Figures have been adjusted as mentioned in note 2.3 "Impact of the change in accounting policy" and may therefore be different from those presented in previously published financial statements.

Notes 1 to 15 are an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € million)	Share capital (note 7)	Share premiums (note 7)	Reserves (note 8)	Non-controlling interests	Total
At January 1, 2012[(1)]	**360**	**3,396**	**4,388**	**2**	**8,146**
Net income/(loss)	-	-	876	-	876
Other comprehensive income	-	-	(185)	-	(185)
Comprehensive income	**-**	**-**	**691**	**-**	**691**
Issuance of shares	4	88	-	-	92
Dividends and other allocations	-	-	(388)	-	(388)
Share-based payments – cost of services rendered	-	-	3	-	3
Other	-	-	-	-	-
At June 30, 2012[(1)]	**364**	**3,484**	**4,694**	**2**	**8,544**
Net income/(loss)	-	-	614	1	615
Other comprehensive income	-	-	(652)	-	(652)
Comprehensive income	**-**	**-**	**(38)**	**1**	**(37)**
Issuance of shares	1	24	-	-	25
Dividends and other allocations	-	-	-	(1)	(1)
Share-based payments – cost of services rendered	-	-	4	-	4
Other	-	-	-	-	-
At December 31, 2012[(1)]	**365**	**3,508**	**4,660**	**2**	**8,535**
Net income/(loss)	-	-	507	-	507
Other comprehensive income	-	-	296	-	296
Comprehensive income	**-**	**-**	**803**	**-**	**803**
Issuance of shares	9	246	-	-	255
Dividends and other allocations	-	-	(455)	-	(455)
Share-based payments – cost of services rendered	-	-	6	-	6
Purchase of shares assigned to remuneration plans	-	-	(10)	-	(10)
Other	-	-	-	-	-
AT JUNE 30, 2013	**374**	**3,754**	**5,004**	**2**	**9,134**

(1) Figures have been adjusted as mentioned in note 2.3 "Impact of the change in accounting policy" and may therefore be different from those presented in previously published financial statements.

Notes 1 to 15 are an integral part of the consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(in € million)	Note	Six months ended June 30, 2013	Six months ended June 30, 2012[(1)]
Net income		507	876
Adjustments			
• Cost of net debt	5	50	83
• Other financial income and expenses	5	10	9
• Net interest on benefits	11	82	87
• Income tax		256	394
• Amortization, depreciation and impairment of intangible assets and PP&E		522	503
• Non-recurring income and expenses	4	250	(97)
• Share of loss/(profit) from associates		(2)	(4)
EBITDA before non-recurring income and expenses		**1,675**	**1,851**
Other non-cash income and expenses	13	(11)	8
Change in provisions, including employee benefit obligations	13	(77)	(44)
Cost of net debt and other financial income and expenses paid	13	(61)	(113)
Income tax paid		(256)	(271)
Change in working capital, net of impairments	13	(178)	(688)
Cash flows from operating activities		**1,092**	**743**
Purchases of intangible assets and PP&E	13	(962)	(822)
Proceeds from sale of intangible assets and PP&E		25	128
Equity investments in consolidated companies, net of cash acquired		1	(49)
Disposals of equity investments in consolidated companies, net of cash sold		-	-
Purchases of available-for-sale financial assets		(12)	(1)
Proceeds from sale of available-for-sale financial assets		1	1
Cash flows from other financial assets	13	(66)	120
Cash flows from investing activities		**(1,013)**	**(623)**
Proceeds from issuances of shares	7	6	3
Dividends paid to the shareholders of the Company	7	(189)	(289)
Cash flows from financial liabilities	13	(546)	(162)
Other cash flows from financing activities		(35)	(18)
Cash flows from financing activities		**(764)**	**(466)**
Effect of changes in exchange rates		**(7)**	**3**
INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS		**(692)**	**(343)**
Cash and cash equivalents at January 1		**1,858**	**1,593**
Cash and cash equivalents at June 30		**1,166**	**1,250**

(1) Figures have been adjusted as mentioned in note 2.3 "Impact of the change in accounting policy" and may therefore be different from those presented in previously published financial statements.

Notes 1 to 15 are an integral part of the consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

Compagnie Générale des Établissements Michelin (CGEM or the "Company") and its subsidiaries (together "the Group") manufacture, distribute and sell tires throughout the world.

The Company is a *société en commandite par actions* (Partnership Limited by Shares) incorporated in Clermont-Ferrand (France).

The Company is listed on Euronext Paris (Eurolist Compartment A).

After a review by the Supervisory Board, these condensed consolidated interim financial statements were authorized for issue by the Managing Partner on July 22, 2013.

Except as otherwise stated, all amounts are presented in € million.

NOTE 2 BASIS OF PREPARATION

2.1 Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all the information required for full annual financial statements and should be read in conjunction with the Group consolidated financial statements for the year ended December 31, 2012, which have been prepared in accordance with IFRS.

2.2 Accounting policies

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended December 31, 2012.

Income taxes in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The net liability for post-retirement benefits and the related net provision are measured based on the latest actuarial valuations available at the previous period closing date. For the main benefit plans (United States of America, Canada, United Kingdom, Germany and France), the actuarial assumptions have been updated. The main assumptions are adjusted provided that the change during the six-month period is deemed to be significant. The market value of the plan assets is measured at the interim closing date.

The new standards, amendments to standards or interpretations that are mandatory for the first time for the financial year beginning January 1, 2013 are listed below:

- IAS 1, "Presentation of financial statements", was amended in June 2011. The main impact for the Group is to change the presentation of its statement of comprehensive income in order to distinguish the items that will be reclassified subsequently to the income statement (when specific conditions are met) from the items that will not. The Group had however decided to anticipate the adoption of this amendment in 2011.
- IAS 19, "Employee benefits", was amended in June 2011. The impact for the Group is as follows: to immediately recognize all past service costs and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Furthermore, the Group has elected to exclude the net interest from the operating income. The Group adopted this amendment retroactively during the six-month period beginning on January 1, 2013. The impact of the change in accounting policy on the main 2012 indicators is presented in note 2.3.
- IFRS 13, "Fair value measurement", was issued in May 2011. It aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Group adopted this standard during the six-month period beginning on January 1, 2013 without significant valuation impact.

The Group has not anticipated the implementation of any standards or interpretations which will become mandatory after June 30, 2013.

2.3 Impact of the change in accounting policy

Further to the change in accounting policy regarding employee benefits (note 2.2), the figures reported as of June 30, 2012 and December 31, 2012 have been restated.

The effects of this change on the June 30, 2012 balance sheet are summarized below:

(in € million)	As reported	Restatements	As restated
Non-current assets	10,779	(27)	10,752
including Deferred tax assets	*1,413*	*(27)*	*1,386*
Current assets	10,287	-	10,287
TOTAL ASSETS	**21,066**	**(27)**	**21,039**
Equity	8,502	42	8,544
Non-current liabilities	7,598	(69)	7,529
including Employee benefit obligations	*4,180*	*(69)*	*4,111*
Current liabilities	4,966	-	4,966
TOTAL EQUITY AND LIABILITIES	**21,066**	**(27)**	**21,039**

The effects of this change on the December 31, 2012 balance sheet are summarized below:

(in € million)	As reported	Restatements	As restated
Non-current assets	11,428	(22)	11,406
including Deferred tax assets	*1,530*	*(22)*	*1,508*
Current assets	10,154	-	10,154
TOTAL ASSETS	**21,582**	**(22)**	**21,560**
Equity	8,501	34	8,535
Non-current liabilities	7,644	(56)	7,588
including Employee benefit obligations	*4,679*	*(56)*	*4,623*
Current liabilities	5,437	-	5,437
TOTAL EQUITY AND LIABILITIES	**21,582**	**(22)**	**21,560**

The effects of this change on the June 30, 2012 income statement are summarized below:

(in € million, except per share data)	As reported	Restatements	As restated
Net sales	10,706	-	10,706
Operating income before non-recurring income and expenses	1,320	28	1,348
Operating income/(loss)	1,417	28	1,445
Income/(loss) before taxes	1,329	(59)	1,270
Income tax	(414)	20	(394)
NET INCOME/(LOSS)	**915**	**(39)**	**876**
Earnings per share (in €)			
• Basic	5.05		4.83
• Diluted	4.93		4.72

It is not possible to estimate the impact that the application of previous accounting policies would have had on these consolidated interim financial statements for the six months ended June 30, 2013.

2.4 Critical accounting estimates and judgments

The preparation of these consolidated interim financial statements requires that management uses assumptions and estimates to determine the value of assets and liabilities at the balance sheet date and the amount of income and expenses for the reporting period. The actual results could differ from those estimates.

2.5 Change in the scope of consolidation

The acquisitions or divestments of the period did not have any significant effect on the condensed consolidated interim financial statements.

2.6 Seasonality

Usually cash flows during the first half of the year are mainly impacted by higher working capital needs and dividend payments.

NOTE 3 CONDENSED SEGMENT REPORTING

The Group is organized into Product Lines, each one dedicated to an area of activity, with its own marketing, development, production and sales resources. Internal financial information is presented in three operating segments as follows:

- Passenger car and Light truck tires and related distribution;
- Truck tires and related distribution; and
- Specialty businesses.

Specialty businesses include the Specialty tire business activities (Earthmover, Agricultural, Two-wheel and Aircraft tires) and the activities Michelin Travel Partner and Michelin Lifestyle.

The operating segment performance is evaluated based on operating income before non-recurring income and expenses, consistently with operating income before non-recurring income and expenses in the Group consolidated financial statements. This measurement basis excludes the effects of non-recurring expenses from the operating segments. Group financing (including the cost of net debt and other financial income and expenses), share of profit/(loss) from associates and income tax are managed on a Group basis and are not allocated to operating segments.

The segment information is as follows:

	Six months ended June 30, 2013				Six months ended June 30, 2012[1]			
(in € million)	Passenger car and Light truck tires and related distribution	Truck tires and related distribution	Specialty businesses	Total	Passenger car and Light truck tires and related distribution	Truck tires and related distribution	Specialty businesses	Total
Net sales	5,321	3,121	1,717	**10,159**	5,501	3,269	1,936	**10,706**
Operating income before non-recurring income and expenses	550	203	400	**1,153**	593	219	536	**1,348**
In percentage of net sales	*10.3%*	*6.5%*	*23.3%*	***11.3%***	*10.8%*	*6.7%*	*27.7%*	***12.6%***

(1) *Figures have been adjusted as mentioned in note 2.3 "Impact of the change in accounting policy" and may therefore be different from those presented in previously published financial statements.*

Sales between Group companies are carried at arm's length.

The sales to external parties, reported to the Managing Partner, are measured in a manner consistent with that in the consolidated income statement.

The segment assets are as follows:

	June 30, 2013				December 31, 2012			
(in € million)	Passenger car and Light truck tires and related distribution	Truck tires and related distribution	Specialty businesses	Total	Passenger car and Light truck tires and related distribution	Truck tires and related distribution	Specialty businesses	Total
Segment assets	7,741	4'933	2'725	**15,399**	7,689	4,859	2,476	**15,024**

Segment assets consist of goodwill and other intangible assets, property, plant and equipment, finished products inventories and trade receivables. Corporate intangible assets and property, plant and equipment are allocated to each segment in proportion of directly attributed assets. The amounts provided to the Managing Partner with respect to segment assets are measured in a manner consistent with that of the consolidated financial statements.

No operating liabilities are allocated to the segments in the Group internal reporting.

The geographic information is broken down by zone hereunder:

	Six months ended June 30, 2013				Six months ended June 30, 2012			
(in € million)	Europe	North America	Other	Total	Europe	North America	Other	Total
Net sales	4,023	3,520	2,616	**10,159**	4,219	3,851	2,636	**10,706**

Europe includes western and eastern European countries. North America includes Mexico. Asian, South-American, Middle-Eastern, Oceanic and African countries are combined in Other.

The Group sales information is based on the location of the customer.

The net sales in France for the six months ended June 30, 2013 amounted to €967 million (2012: €1,034 million).

NOTE 4 NON-RECURRING INCOME AND EXPENSES

Six months ended June 30, 2013

In a demanding international environment, the Group announced three restructuring programs in June 2013.

France

The Group wants to strengthen its competitiveness within the industry and decided to consolidate its French truck tires production into a modernized single facility in La Roche-sur-Yon. The Joué-lès-Tours manufacturing plant, whose truck tires manufacturing activities will cease in 2015, will be refocused on the manufacturing of semi-finished products.

A provision amounting to €116 million, recognized in relation to the shutdown of the truck tire manufacturing site in Joué-lès-Tours, covers essentially the social costs, impairment of unusable equipment and costs to deploy a job revitalization plan for the affected region.

Colombia

The Group has decided to cease in 2013 the industrial activities of its Columbian subsidiary. This entity has never reached the standards of competitiveness due to its small size.

A provision amounting to €103 million covers primarily the social costs and the impairment of unusable equipment.

Algeria

Production at the Algeria plant, which is too small to be sufficiently competitive, will cease in late 2013.The Group has committed to cease, in the course of the second semester, control of its industrial and commercial subsidiary to Cevital, Algeria's largest privately owned manufacturer. The sale of the investment should occur before the end of the year 2013.

These operations have led to the recognition of a provision amounting to €31 million covering mainly the social costs, the dismantling and environmental clean-up costs of the site, the impairment of equipment and the net result of the disposal.

Six months ended June 30, 2012

In March 2012, the Group sold the property complexes at 46, 48 and 50, avenue de Breteuil in Paris' seventh arrondissement, at 3, 5 and 7, villa de Ségur in Paris' seventh arrondissement as well as at 116, rue de la Tour in Paris' sixteenth arrondissement. The proceeds from the sale, amounting to €111 million, gave rise to a gain before taxes of €97 million.

NOTE 5 COST OF NET DEBT AND OTHER FINANCIAL INCOME AND EXPENSES

The cost of net debt and other financial income and expenses are broken down as follows:

(in € million)	Six months ended June 30, 2013	Six months ended June 30, 2012
Interest expenses	(80)	(103)
Interest income	5	12
Interest rate derivatives	10	3
Fees on credit lines	(4)	(7)
Capitalized borrowing costs	19	12
COST OF NET DEBT	**(50)**	**(83)**
Net income from financial assets (other than cash and cash equivalents and cash management financial assets)	2	11
Currency remeasurement (including currency derivatives)	1	-
Other	(13)	(20)
OTHER FINANCIAL INCOME AND EXPENSES	**(10)**	**(9)**

The line Other in Other financial income and expenses includes in 2013 a loss of €10 million (2012: €16 million) for the repurchase of portions of the Group's 2014, 2017 and 2033 bond issues (note 9).

NOTE 6 EARNINGS PER SHARE

Components of the basic and diluted earnings per share calculations are presented as follows:

	Six months ended June 30, 2013	Six months ended June 30, 2012[1]
Net income/(loss) (in € million), excluding the non-controlling interests	507	876
• Less: estimated grants to the General Partners	(4)	(6)
Net income/(loss) attributable to the Shareholders of the Company used in the calculation of basic earnings per share	**503**	**870**
• Plus: interest expenses on convertible bonds	14	15
Net income/(loss) attributable to the Shareholders of the Company used in the calculation of diluted earnings per share	**517**	**885**
Weighted average number of shares (thousands of shares) **outstanding used in the calculation of basic earnings per share**	**182,557**	**180,019**
• Plus: adjustment for share option plans	641	179
• Plus: adjustment for convertible bonds	6,244	6,985
• Plus: adjustment for performance shares	507	288
Weighted average number of shares used in the calculation of diluted earnings per share	**189,949**	**187,471**
Earnings per share (in €)		
• Basic	2.76	4.83
• Diluted	2.72	4.72

(1) Figures have been adjusted as mentioned in note 2.3 "Impact of the change in accounting policy" and may therefore be different from those presented in previously published financial statements.

Diluted earnings per share is calculated by adjusting the net income attributable to shareholders and the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The Company has three types of dilutive potential shares: convertible bonds, stock options and performance shares.

NOTE 7 SHARE CAPITAL AND SHARE PREMIUMS

(in € million)	Share capital	Share premiums	Total
At January 1, 2012: 180,018,897 shares outstanding	**360**	**3,396**	**3,756**
Issuance of 1,883,606 shares from the partial payment of dividend in shares	4	85	89
Issuance of 97,394 shares from the exercise of share options	-	3	3
Other	-	-	-
At June 30, 2012: 181,999,897 shares outstanding	**364**	**3,484**	**3,848**
Issuance of 556,816 shares from the exercise of share options	1	24	25
Other	-	-	-
At December 31, 2012: 182,556,713 shares outstanding	**365**	**3,508**	**3,873**
Issuance of 4,467,601 shares from the partial payment of dividend in shares	9	240	249
Issuance of 159,754 shares from the exercise of share options	-	6	6
Purchase of 140,000 shares assigned to remuneration plans	-	-	-
Other issuances of 252 shares	-	-	-
AT JUNE 30, 2013: 187,044,320 SHARES OUTSTANDING	**374**	**3,754**	**4,128**

The dividend granted to the shareholders during the period was €2.40 per share (2012: €2.10 per share). The shareholders had the possibility to receive their dividends in cash or the equivalent value in shares. The settlement was as follows:

- Cash payment of €189 million (2012: €289 million);
- Issuance of new shares for a net amount of €249 million (2012: €89 million).

NOTE 8 RESERVES

(in € million)	Translation reserve	Other reserves	Retained earnings	Total
At January 1, 2012[1]	**79**	**224**	**4,085**	**4,388**
Dividends and other allocations	-	-	(388)	(388)
Share-based payments – cost of services rendered	-	-	3	3
Other	-	-	-	-
Transactions with the Shareholders of the Company	**-**	**-**	**(385)**	**(385)**
Net income/(loss) attributable to the shareholders of the Company	-	-	876	876
Post-employment benefits	-	-	*(216)*	*(216)*
Tax effect – Post-employment benefits	-	-	*63*	*63*
Other items of comprehensive income that will not be reclassified to income statement	-	-	(153)	(153)
Available-for-sale financial assets – change in fair values	-	*(21)*	-	*(21)*
Tax effect – available-for-sale financial assets – change in fair values	-	-	-	-
Available-for-sale financial assets – (gain)/loss recognized in income statement	-	-	-	-
Currency translation differences	*(11)*	-	-	*(11)*
Other	-	-	-	-
Other items of comprehensive income that may be reclassified to income statement	(11)	(21)	-	(32)
Comprehensive income	**(11)**	**(21)**	**723**	**691**
At June 30, 2012[1]	**68**	**203**	**4,423**	**4,694**
Dividends and other allocations	-	-	-	-
Share-based payments – cost of services rendered	-	-	4	4
Other	-	-	-	-
Transactions with the Shareholders of the Company	**-**	**-**	**4**	**4**
Net income/(loss) attributable to the shareholders of the Company	-	-	614	614
Post-employment benefits	-	-	*(734)*	*(734)*
Tax effect – Post-employment benefits	-	-	*217*	*217*
Other items of comprehensive income that will not be reclassified to income statement	-	-	(517)	(517)
Available-for-sale financial assets – change in fair values	-	*(6)*	-	*(6)*
Tax effect – available-for-sale financial assets – change in fair values	-	-	-	-
Available-for-sale financial assets – (gain)/loss recognized in income statement	-	-	-	-
Currency translation differences	*(130)*	-	-	*(130)*
Other	-	*(5)*	*6*	*1*
Other items of comprehensive income that may be reclassified to income statement	(130)	(11)	6	(135)
Comprehensive income	**(130)**	**(11)**	**103**	**(38)**
At December 31, 2012[1] – carried forward	**(62)**	**192**	**4,530**	**4,660**

(in € million)	Translation reserve	Other reserves	Retained earnings	Total
At December 31, 2012[(1)] – brought forward	**(62)**	**192**	**4,530**	**4,660**
Dividends and other allocations	-	-	(455)	(455)
Share-based payments – cost of services rendered	-	-	6	6
Purchase of shares assigned to remuneration plans	-	(10)	-	(10)
Other	-	-	-	-
Transactions with the Shareholders of the Company	**-**	**(10)**	**(459)**	**(459)**
Net income/(loss) attributable to the shareholders of the Company	-	-	507	507
Post-employment benefits	-	-	*558*	*558*
Tax effect – Post-employment benefits	-	-	*(217)*	*(217)*
Other items of comprehensive income that will not be reclassified to income statement	-	-	341	341
Available-for-sale financial assets – change in fair values	-	*19*	-	*19*
Tax effect – available-for-sale financial assets – change in fair values	-	-	-	-
Available-for-sale financial assets – (gain)/loss recognized in income statement	-	-	-	-
Currency translation differences	*(68)*	-	-	*(68)*
Other	-	*(1)*	*5*	*4*
Other items of comprehensive income that may be reclassified to income statement	(68)	18	5	(45)
Comprehensive income	**(68)**	**18**	**853**	**803**
AT JUNE 30, 2013	**(130)**	**200**	**4,934**	**5,004**

(1) Figures have been adjusted as mentioned in note 2.3 "Impact of the change in accounting policy" and may therefore be different from those presented in previously published financial statements.

NOTE 9 FINANCIAL LIABILITIES

The carrying amount of financial liabilities is as follows:

(in € million)	June 30, 2013	December 31, 2012
Bonds	1,182	1,744
Loans from financial institutions and other	261	197
Finance lease liabilities	55	61
Derivative instruments	9	21
Non-current financial liabilities	**1,507**	**2,023**
Bonds and commercial paper	639	391
Loans from financial institutions and other	546	840
Finance lease liabilities	11	11
Derivative instruments	40	32
Current financial liabilities	**1,236**	**1,274**
FINANCIAL LIABILITIES	**2,743**	**3,297**

The Group's net debt is as follows:

(in € million)	June 30, 2013	December 31, 2012
Financial liabilities	2,743	3,297
Derivatives recognized as assets	(72)	(62)
Borrowing collaterals – non-current portion	-	-
Borrowing collaterals – current portion	(33)	(32)
Cash management financial assets	(358)	(292)
Cash and cash equivalents	(1,166)	(1,858)
NET DEBT	**1,114**	**1,053**

During the six-month period, the Group has also repurchased in the market portions of its 2014, 2017 and 2033 bond issues for a total nominal amount of €106 million (note 5).

In July 2013, the Group repaid at maturity a bank loan to BEI amounting to €300 million.

NOTE 10 SHARE-BASED PAYMENTS

No share-based payments were done during the six-month period of 2013.

NOTE 11 EMPLOYEE BENEFIT OBLIGATIONS

The amendments of IAS 19, of which application is required for annual periods beginning on or after January 1, 2013, having significant impacts on the Group financial statements can be described as below:

- The interest cost and the expected return on assets are replaced by a net interest on the net defined liability (asset) recognized in the balance sheet in relation to the defined benefits. The net interest is measured by multiplying the net defined liability (asset) by the discount rate determined at the start of the annual reporting period.
- The past service cost occurring when an entity introduces a new defined benefit plan or changes the benefits payable under an existing defined benefit plan is immediately recognized as an expense and shall not be anymore recognized over the period the benefits become vested.

The Group presents the net interest on the defined benefit liability (asset) outside operating income on the income statement. The difference between the actual return on plan assets and the net interest on the fair value of the assets is recognized in other comprehensive income.

Since 2011, the Group recognizes the actuarial gains and losses generated by the defined benefit plans in other comprehensive income.

Movements of provisions included in employee benefit obligations are as follows:

(in € million)	Pension plans	Other defined benefit plans	2013	2012[(1)]
At January 1	**2,372**	**2,251**	**4,623**	**3,751**
Contributions paid to the funds	(11)	-	(11)	(30)
Benefits paid directly to the beneficiaries	(13)	(55)	(68)	(48)
Other movements	-	-	-	-
Items recognized in operating income				
Current service cost	35	30	65	48
Actuarial (gains) or losses recognized on other long term benefit plans	-	-	-	-
Past service cost resulting from plan amendments	-	-	-	-
Effect of any plan curtailments or settlements	-	(16)	(16)	-
Other items	3	-	3	3
Items recognized outside operating income				
Net interest on employee benefit obligations	43	39	82	87
Items recognized in other comprehensive income				
Translation adjustments	(13)	3	(10)	84
Actuarial (gains) or losses	(422)	(136)	(558)	216
Portion of unrecognized asset due to the application of the asset ceiling	-	-	-	-
AT JUNE 30	**1,994**	**2,116**	**4,110**	**4,111**

(1) Figures have been adjusted as mentioned in note 2.3 "Impact of the change in accounting policy" and may therefore be different from those presented in previously published financial statements.

Actuarial gains and losses recorded in equity are primarily explained by changes in discount rates applied to plans and by the experience adjustments on plan assets based in the following countries:

(in € million)	Euro zone	United Kingdom	United States	Canada	Total
Discount rate at June 30, 2013	3.13%	4.60%	4.85%	4.50%	
Discount rate at December 31, 2012	3.13%	4.40%	3.70%	3.90%	
Actuarial (gains)/losses on change in assumptions[1]	-	88	(492)	(111)	(515)
Experience (gains)/losses on plan assets	-	(25)	(1)	(17)	(43)
ACTUARIAL (GAINS) OR LOSSES	**-**	**63**	**(493)**	**(128)**	**(558)**

(1) For United Kingdom only, the inflation rate assumption has been updated (June 30, 2013: 3.30%, December 31, 2012: 2.70%).

NOTE 12 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Movements of provisions included in "Provisions and other non-current liabilities" are as follows:

(in € million)	Restructuring	Litigation	Other provisions	Total
At January 1, 2013	**151**	**172**	**80**	**403**
Additional provisions	173	51	3	227
Provisions utilized during the year	(58)	(47)	(14)	(119)
Unused provisions reversed during the year	-	(1)	-	(1)
Translation adjustments	(2)	-	(4)	(6)
Other effects	-	-	-	-
AT JUNE 30, 2013	**264**	**175**	**65**	**504**

NOTE 13 CASH FLOW STATEMENT DETAILS

Details of the cash flow statement are presented in the table below:

(in € million)	Six months ended June 30, 2013	Six months ended June 30, 2012
(Gains)/Losses on disposal of non-financial assets	(9)	10
Other	(2)	(2)
Other non-cash income and expenses	**(11)**	**8**
Change in employee benefit obligations	(14)	(26)
Change in restructuring provisions	(56)	(40)
Change in litigation and other provisions	(7)	22
Change in provisions, including employee benefit obligations	**(77)**	**(44)**
Interest and other financial expenses paid	(80)	(149)
Interest and other financial income received	12	18
Dividends received	7	18
Cost of net debt and other financial income and expenses paid	**(61)**	**(113)**
Change in inventories	(39)	(193)
Change in trade receivables	(277)	(158)
Change in trade payables	(20)	(316)
Change in other receivables and payables	158	(21)
Change in working capital, net of impairments	**(178)**	**(688)**
Purchases of intangible assets	(47)	(42)
Purchases of PP&E	(715)	(618)
Government grants received	3	4
Change in capital expenditure payables	(203)	(166)
Purchases of intangible assets and PP&E	**(962)**	**(822)**
Increase in other non-current financial assets	(3)	(4)
Decrease in other non-current financial assets	6	10
Net cash flows from cash management financial assets	(67)	113
Net cash flows from borrowing collaterals	(1)	-
Net cash flows from other current financial assets	(1)	1
Cash flows from other financial assets	**(66)**	**120**
Increase in non-current financial liabilities	64	479
Decrease in non-current financial liabilities	(88)	(193)
Repayment of finance lease liabilities	(5)	(7)
Net cash flows from current financial liabilities	(506)	(435)
Derivatives	(11)	(6)
Cash flows from financial liabilities	**(546)**	**(162)**
Details of non-cash transactions:		
• New finance leases	-	-
• Decrease of liabilities to minority shareholders	(5)	(5)
• New emission rights	1	4
• Dividends paid in shares (note 7)	249	89

NOTE 14 RELATED PARTY

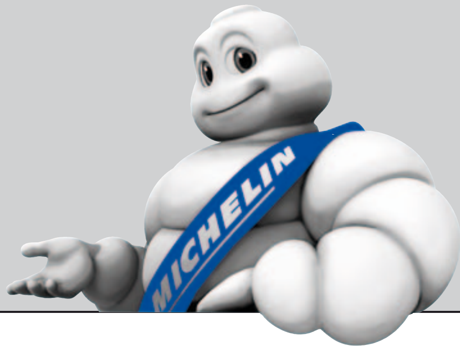
There were no new significant related party transactions during the first half of 2013, as well as no significant changes in the related party transactions described in the 2012 Annual Report.

NOTE 15 EVENTS AFTER THE BALANCE SHEET DATE

The reported amounts of assets and liabilities at the balance sheet date were adjusted, if needed, up to the date when the Managing Partner authorized the interim financial statements for issue.

5

Statutory Auditors' report



STATUTORY AUDITORS' REVIEW REPORT ON THE 2013 INTERIM FINANCIAL INFORMATION

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Shareholders' Meeting and in accordance with the requirements of article L 451-1-2-III of the French Monetary and Financial Code *(Code monétaire et financier),* we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Compagnie Générale des Établissements Michelin, for the six months ended June 30, 2013;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Managing Partner. Our role is to express a conclusion on these financial statements based on our review.

I. CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our opinion, we draw your attention to the matter set out in Notes 2.2 and 2.3 to the condensed interim consolidated financial statements regarding the change in accounting method following the application of the IAS 19 standard as revised, which came into effect on January 1, 2013.

II. SPECIFIC VERIFICATION

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine, July 24, 2013

PricewaterhouseCoopers Audit
Éric Bulle

Deloitte & Associés
Dominique Descours

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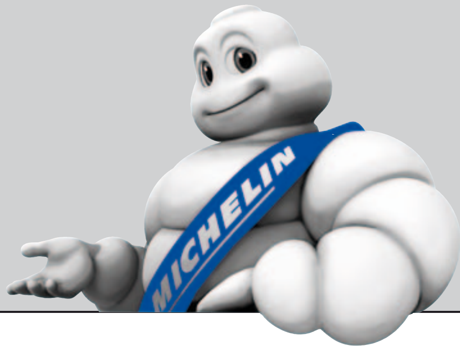
Statement by the Person Responsible



STATEMENT BY THE PERSON RESPONSIBLE FOR THE FIRST-HALF 2013 FINANCIAL REPORT

I hereby declare that, to the best of my knowledge, i) the condensed financial statements for the past six-month period have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings included in the consolidation, and ii) the first-half business review on pages 36 to 67 presents a fair review of the material events that occurred in the first six months of the financial year and their impact on the interim accounts, as well as a description of the principal risks and uncertainties for the remaining six months of the year.

Jean-Dominique Senard

Design and production: CÔTÉ CORP.

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