COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

*Partnership limited by shares (*commandite par actions*) with capital of €298,735,946*

Registered office: 12, cours Sablon, Clermont-Ferrand (Puy-de-Dôme), France

Registered in Clermont-Ferrand under No. 855 200 887

UPDATE TO THE
2009 REGISTRATION DOCUMENT

AUTORITÉ DES MARCHÉS FINANCIERS

The original French version of this document was filed with the *Autorité des Marchés Financiers* (AMF) on September 27, 2010, in accordance with the provisions of Article 212-13 of the AMF General Regulations. It updates the 2009 Registration Document filed with the *Autorité des Marchés Financiers* (AMF) on March 1, 2010 under no. D.10-0079.

The Registration Document and the update to the Registration Document may only be used for a financial operation if a corresponding securities note has been approved by the AMF.

It has been prepared by the issuer and is the responsibility of the person whose signature appears herein.

Free copies of the Registration Document and this update can be obtained by writing to Compagnie Générale des Établissements Michelin, 12, cours Sablon, 63000 Clermont-Ferrand, France. They can also be downloaded from the websites of the Company (www.michelin.com) and the *Autorité des Marchés Financiers* (www.amf-France.org).

Contents

Pages

General Information

This document updates Compagnie Générale des Établissements Michelin's Registration Document filed with the Autorité des Marchés Financiers (AMF) on March 1, 2010 under no. D.10-0079 (the "**2009 Registration Document**").

In this update to the 2009 Registration Document, the term "**Company**" refers to Compagnie Générale des Établissements Michelin and the term "**Group**" refers to the group made up of the Company and all of its consolidated subsidiaries.

This update to the 2009 Registration Document contains information about the Group's objectives as well as certain forward-looking statements. Generally, objectives and forward-looking statements can be identified by the use of the future or conditional tense and by words such as "believes", "expects", "may", "estimates", "intends", "plans", "anticipates" and "should" or variations of these words and similar expressions. Fulfillment of these objectives and forward-looking statements depends on future circumstances or events. The forward-looking statements and information about objectives may be affected by known and unknown risks, uncertainties and other factors and the Group's actual future results, performance and achievements may differ significantly from what is forecast or implied in the forward-looking statements. Such factors may include changes in the economic and trading environment, as well as the risk factors described on pages 54 to 58 of the 2009 Registration Document.

Potential investors should carefully consider the risk factors described on pages 54 to 58 of the 2009 Registration Document before making their investment decision. The occurrence of all or some of these risks may have a material adverse effect on the Group's business, financial position and results or on its ability to meet its objectives.

Section 1
Person Responsible for the Update to the Registration Document

1.1. PERSON RESPONSIBLE FOR THE UPDATE TO THE 2009 REGISTRATION DOCUMENT

Michel Rollier

Managing General Partner

1.2. STATEMENT BY THE PERSON RESPONSIBLE FOR THE UPDATE TO THE 2009 REGISTRATION DOCUMENT

"I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this update to the 2009 Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission like to affect its import.

I obtained a statement from the Statutory Auditors at the end of their audit engagement affirming that they have i) verified the information about the financial position and the accounts disclosed in this update to the 2009 Registration Document and ii) read the whole of this update to the 2009 Registration Document."

Clermont-Ferrand, September 27, 2010

Michel Rollier

Managing General Partner

Section 2
Statutory Auditors

2.1. STATUTORY AUDITORS

PricewaterhouseCoopers Audit

Registered member of the Compagnie Régionale de Versailles

63, rue de Villiers

92200 Neuilly-sur-Seine, France

Represented by Christian Marcellin, Partner

Date first appointed: annual shareholders meeting of March 14, 2004.

Mandate expiration date: annual shareholders meeting convened in 2016 to approve the annual financial statements for the financial year 2015.

Deloitte et Associés

Registered member of the Compagnie Régionale de Versailles

185 avenue Charles de Gaulle

92524 Neuilly-sur-Seine, France

Represented by Dominique Descours, Partner

Date first appointed: annual shareholders meeting of March 7, 2010.

Mandate expiration date: annual shareholders meeting convened in 2016 to approve the annual financial statements for the financial year 2015.

2.2. SUBSTITUTE AUDITORS

Pierre Coll

63, rue de Villiers

92200 Neuilly-sur-Seine, France

Date first appointed: annual shareholders meeting of March 14, 2004.

Mandate expiration date: annual shareholders meeting convened in 2016 to approve the annual financial statements for the financial year 2015.

BEAS

Registered member of the Compagnie Régionale de Versailles

7-9 villa Houssay

92200 Neuilly-sur-Seine, France

Date first appointed: annual shareholders meeting of March 14, 2004.

Mandate expiration date: annual shareholders meeting convened in 2016 to approve the annual financial statements for the financial year 2015.

Section 3
Significant Events in the Period Since March 1, 2010

The Company's first-half 2010 financial report published on July 30, 2010 is presented in the appendix to this update to the 2009 Registration Document.

July 19, 2010 press release

Michelin and Claas Sign Cooperation Agreement

Claas, the German agricultural machinery manufacturer that is the European leader in combine harvesters, and Michelin, the world leading tire manufacturer, have signed a three-year cooperation agreement at Claas's headquarters in Harsewinkel, Germany.

The two companies have strengthened their collaboration in several areas, such as research, development and market intelligence.

To meet farmers' growing need for economic efficiency, Claas is developing harvesters that integrate new, performance-enhancing technologies. Claas has chosen MICHELIN tires to deliver the right balance of productivity, environmental sensitivity and safer operation. Thanks to their Ultraflex technology, the new MICHELIN tires can carry heavier loads and protect the soil, while taking up less space. This makes them a perfect match with Claas' next generation technologies.

The collaboration between Michelin and Claas is aligned with the two companies' dedication to strong partnership relations. In addition to combines, for example, the new line of Claas tractors will be fitted with MICHELIN tires as original equipment.

The recently signed agreement demonstrates the two partners' confidence in today's changing farm markets and their shared commitment to developing their operations in this sector.

While the partners have long worked together, their relationship has further deepened this year. In particular, on January 28, Claas presented Michelin with its 2009 Supplier Award in the Innovation category.

July 19, 2010 press release

Michelin and Air France-KLM sign long term contract

Michelin has signed two ten-year contracts with airline companies Air France and KLM.

In all, Michelin tires will be fitted on around 425 aircraft operated both by the Air France-KLM Group and by other airlines for which Air France and KLM provide maintenance services.

These aircraft include 37 Boeing B777-300 ERs, 66 Boeing B737-NGs, 145 Airbus A320s and three Airbus A380s.

These contracts are invoiced on a per-landing basis. Michelin's end-to-end solution, based on the quality of its products and of its innovative services, played a decisive role in the signing of this long-term agreement.

To ensure its technological leadership, Michelin invests almost €500 million a year in its Technology Center. These resources dedicated to research and development are unrivalled anywhere else in the global tire industry.

May 7, 2010 press release

2010 Annual Shareholders Meeting

The Joint Annual Meeting of Michelin shareholders was held today in Clermont-Ferrand, under the chairmanship of Michel Rollier, Managing General Partner, along with Jean-Dominique Senard and Didier Miraton, Non-General Managing Partners.

Shareholders adopted all of the resolutions submitted to their approval, in particular:

– The payment of a dividend of €1.00 a share, with a dividend reinvestment option. The dividend will be paid or the shares settled on June 14, 2010.

– The re-election of Laurence Parisot and Pat Cox as members of the Supervisory Board.

– The appointment of PricewaterhouseCoopers Audit and Deloitte & Associés as the Company's Statutory Auditors.

– The renewal of financial authorizations.

The Managing Partners pledged that the financial authorizations concerning the issue of shares or share equivalents without pre-emptive subscription rights for existing shareholders (14th, 15th and 18th resolutions) would be used only up to a maximum amount of €29 million, corresponding to 10% of the current share capital, instead of the €44 million ceiling (14.9% of the capital) indicated in the resolutions.

Despite the recessionary business environment in 2009, Michelin's ability to respond swiftly and agilely to the crisis enabled it to strengthen its main financial metrics during the year. The Group has started 2010 with confidence. At a time of recovering demand, it is continuing to tightly manage operations and has reaffirmed its objective of generating positive free cash flow for the year.

Mr. Rollier concluded his address by noting, "*the Michelin Group has emerged stronger than ever from this crisis and is now better equipped to maintain its leadership. Over the long-term, we are confident in our Company, which has demonstrated its strength and adaptability*."

Tire Market Change Estimates (August 2010)

Passenger car and light truck markets

August 2010 / August 2009

Market Growth	Europe*	North America	China
Original Equipment	- 10.0%	+ 34.0%	+ 12.7%
Replacement	+ 6.2%	+ 2.7%	+ 24.8%

* including Turkey, excluding Russia

YTD (from January to August 2010)

Market Growth	Europe*	North America	China
Original Equipment	+ 18.6%	+ 61.8%	+ 40.5%
Replacement	+ 8.7%	+ 6.3%	+ 18.9%

* including Turkey, excluding Russia

Trucks Markets (radial only)

August 2010 / August 2009

Market growth	Europe*	North America	Brazil	Japan	China
Original Equipment	+ 108.0%	+ 46.1%	+ 61.9%	+ 26.1%	- 13.1%
Replacement	+ 22.7%	+ 16.2%	+ 46.8%	+ 6.0%	+ 6.4%

* including Turkey, excluding Russia

YTD (from January to August 2010)

Market	Europe*	North America	Brazil	Japan	China
Original Equipment	+ 39.9%	+ 27.3%	+ 60.6%	+ 81.2%	+ 45.7%
Replacement	+ 25.8%	+ 19.6%	+ 36.1%	+ 11.4%	+ 10.3%

* including Turkey, excluding Russia

Section 4
Trend Information

4.1. OUTLOOK

The clear rebound in the tire markets is expected to continue in the second half of the year, even though the pace of economic recovery will vary from one region to another.

Although the negative impact of rising raw materials costs (€600-650 million in 2010) will feed through to the income statement in the second-half, results for the period will be boosted by the price increases introduced in the first half.

Michelin confidently confirms its full-year 2010 target of driving 10%-plus growth in sales volumes, maintains its objective of generating positive free cash flow (after taking into account capital expenditure of around €1 billion, but not the rights issue which will have no impact on free cash flow), and, despite the expected impact of raw materials costs, intends to deliver an operating margin before non-recurring items of close to 9%.

Looking further ahead, with the unwavering commitment of its teams, the Group intends to continue the strategy implemented since 2006 to strengthen its technological leadership, make its global brand even more powerful, improve its competitiveness and broaden its footprint in high-growth markets. Supported by an aligned approach to meeting its strategic goals, its operational excellence – as evidenced by the 35% improvement in productivity over the last five years – and stronger financial position, the Group is in good shape to step up the pace of business growth.

The Group expects the passenger car markets to increase by around 300 million tires over the next five years (compared with a market estimated in 2010 at around 1.2 billion tires), with 70% of the growth coming from new markets. This trend should remain the same over the 2015-2020 period. The global truck market is expected to represent some 170 million tires by 2020 (compared with a market estimated at around 105 million tires in 2010), with 60% of the increase coming from new markets. The market for mine and quarry vehicle tires looks set to expand by around 40% over the next five years, supported by demand for raw materials.

Michelin has decided to move up a gear in its development and strengthen its position as global market leader in response to the expected rapid growth in demand in major new markets and the forecast gradual shift towards greener tires. To support this decision, annual capital expenditure will be increased to around €1.6 billion for 2011 and for at least the next four years. This will boost production capacity by some 150,000 tonnes per year, or the equivalent of more than one new plant per year.

In this environment, the Group has set new medium-term targets:

- Drive 25% growth in unit sales by 2015 and 50% growth by 2020;
- lift operating income before non-recurring items to well in excess of €2 billion by 2015;
- deliver recurring ROCE[1] of more than 9%;
- generate significant positive free cash flow throughout the 2010-2015 period; and
- maintain a dividend distribution rate of 30% for the 2010-2015 period.

4.2. EARNINGS GUIDANCE

No earnings or operating margin guidance has been issued for 2010.

[1] As defined on page 45 of the 2009 Registration Document.

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* Page numbers related to the first-half 2010 Financial Report attached in the update to the 2009 Registration Document.

Appendix
First-Half 2010 Financial Report

FIRST-HALF 2010 FINANCIAL REPORT

MICHELIN
A better way forward

CONTENT

FIRST-HALF 2010 FINANCIAL REPORT

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.

1 PRESS RELEASE

1

PRESS RELEASE

Financial Information for the Six Months Ended June 30, 2010
COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

First-Half Net Sales up 17% to €8,349 million
Historically High Operating Margin, at 9.8%

- Further growth in tire demand in every geography
- Sales volumes up 15.3% in the first half, supported by the MICHELIN brand's global footprint
- Excellent manufacturing performance, demonstrating the improvement in competitiveness
- Solid financial structure maintained

(In EUR million)	June 30, 2010	June 30, 2009
Net sales	8,349	7,134
Operating income before non-recurring income and expenses	822	282
Operating margin before non-recurring income and expenses	9.8%	4.0%
Net income/(loss)	504	(122)
Capital expenditure	251	319
Gearing	53%	75%
Free cash flow[1]	(30)	575
Employees on payroll at period-end	110,100	112,500

(1) Cash flow from operating activities less cash flow used in investing activities.

OUTLOOK FOR 2010

The clear rebound in the tire markets is expected to continue in the second half of the year, even though the pace of economic recovery will vary from one region to another.

While rising raw materials costs will have a negative impact on second-half consolidated results (and reduce full-year income by €600-650 million), Michelin will benefit from the price increases introduced in the first half. In addition, the Group is announcing around a 3% increase in its passenger car and light truck replacement tire prices in Europe starting in September, thereby confirming its commitment to a responsive pricing policy.

In this environment, Michelin reaffirms its full-year 2010 target of driving 10%-plus growth in sales volumes, maintains its objective of generating positive free cash flow and, despite the expected impact of raw materials costs, intends to deliver an operating margin before non-recurring items of close to 9%.

MARKET REVIEW

PASSENGER CAR AND LIGHT TRUCK TIRES

First-Half 2010 % change YoY	Europe*	North America	Asia	South America	Africa/Middle East	Total
Original Equipment	+26%	+71%	+47%	+22%	-1%	+41%
Replacement	+11%	+9%	+12%	+21%	+4%	+11%

* *Including Russia and Turkey.*

Original Equipment

- Following the historic collapse in the first half of 2009, virtually every original equipment market experienced robust growth in the first half of 2010, lifted by auto industry support programs implemented in most of the leading country markets.

Replacement

- In Europe and North America, demand rebounded faster than expected, boosted by the uptick in kilometers traveled and partial dealer inventory rebuilding. Tires with high speed ratings outperformed the market, as did winter tires in Europe and recreational tires in North America.
- In South America, the replacement markets returned to growth, with particularly robust performances in Brazil, Argentina and Colombia.
- Markets in Asia remained buoyant, led by 17% growth in China.

TRUCK TIRES

First-Half 2010 % change YoY	Europe**	North America	Asia	South America	Africa/Middle East	Total
Original Equipment*	+29%	+23%	+61%	+53%	+9%	+44%
Replacement*	+35%	+22%	+14%	+26%	+2%	+19%

* *Radial market only.*
** *Including Russia and Turkey.*

Original Equipment

- Still hesitant in the first quarter, European demand rebounded quickly in the second quarter off of low prior-year comparatives, but nevertheless remained weaker than in 2007. While freight demand was sometimes shaky in the second quarter, truck orders rose sharply overall, supported by renewed export activity.
- The North American market turned sharply upwards, particularly in the trailer tire segment, but remained far below its historic highs.
- In South America, demand rose 53%, impelled by government incentives to purchase trucks in Brazil.
- The Chinese market pursued its strong growth momentum, gaining 63%.

Replacement

- In Europe, at a time of rising truck-borne freight tonnages, tire demand jumped 35%, albeit without attaining 2007 levels.
- In North America, replacement tire demand outpaced the recovery in the freight market, lifted by the beginnings of restocking by increasingly confident dealers.

SPECIALTY TIRES

Earthmover tires: Global original equipment demand rebounded sharply during the period, fueled by equipment dealer restocking and the impact of government stimulus plans. Infrastructure markets recovered in North America but remained weak in Europe, while Asian markets demonstrated comparatively more resilience. The mining segment continued to expand, led by strong demand for ore and renewed work on major projects.

Agricultural tires: Global OE demand was down overall year-on-year, but began to pick up in the second quarter. Replacement demand declined during the period, notably in North America and, to a lesser extent, in Europe. The compact line market turned sharply upwards, against low prior-year comparatives.

Two-wheel tires: In Europe and North America, the motorized segments made a strong recovery off of low bases of comparison. The improvement was particularly pronounced in growth markets.

Aircraft tires: All of the Commercial Aviation markets rose during the period, with a sharp improvement in aircraft load factors. The General Aviation segment rebounded after collapsing in 2009, while demand for Military aircraft tires remained stable.

FIRST-HALF 2010 NET SALES AND RESULTS

NET SALES

Consolidated net sales amounted to €8,349 million, up 17.0% compared with the prior-year period.

The increase primarily reflected the 15.3% improvement in sales volumes, which tracked the markets' significant rebound. The price-effect, which was a negative 2.1% in the first quarter and a positive 0.1% in the second, ended the first half at a slightly negative 1.0%. The currency effect was a positive 2.4%, mainly reflecting changes in exchange rates between the euro and the Brazilian real, Canadian dollar, Australian dollar and Mexican peso.

RESULTS

Operating margin before non-recurring items stood at a historically high 9.8%, compared with 4.0% in the first half of 2009.

At €822 million, operating income before non-recurring items rose sharply on the significant increase in sales volumes and the excellent operating performance of the Group's manufacturing plants.

Net income for the period **came to €504 million**, compared with a net loss of €122 million in first-half 2009, which reflected the cost of plans to specialize production and reorganize operations.

NET FINANCIAL POSITION

In the first half of 2010, **free cash flow was only a slightly negative €30 million**.

The year-on-year decline was primarily attributable to the increase in working capital requirement following the recovery in output. In addition, inventories were further impacted by the increase in raw materials prices and rose by €669 million overall during the period.

Capital expenditure amounted to €251 million in the first half and is expected to end the year at around €1 billion following start-up of construction on the new plants in fast growing countries.

Gearing improved to 53%, compared with 75% at June 30, 2009 and 55% at December 31, 2009.

The dividend reinvestment plan, which was renewed in 2010, attracted more than half of all shareholders, enabling the Group to save €82 million in cash.

SEGMENT INFORMATION

	Net sales		Operating income before non-recurring items		Operating margin before non-recurring items	
(In EUR million)	First-Half 2010	First-Half 2009	First-Half 2010	First-Half 2009	First-Half 2010	First-Half 2009
Passenger car and Light truck tires and related distribution	4,621	3,949	497	247	10.8%	6.3%
Truck tires and related distribution	2,566	2,071	126	(163)	4.9%	(7.9%)
Specialty businesses	1,162	1,114	199	198	17.1%	17.8%
CONSOLIDATED TOTAL	**8,349**	**7,134**	**822**	**282**	**9.8%**	**4.0%**

Passenger car and Light truck tires and related distribution

Nets sales rose 17.0% in the first half, to €4,621 million, while operating margin stood at 10.8%, versus 6.3% in first-half 2009.

The high operating margin mainly resulted from the steep upsurge in sales volumes, supported by the across-the-board recovery in demand and the MICHELIN brand's firm resilience, with early-year price increases offsetting the adverse impact of the OE/replacement market mix.

Truck tires and related distribution

Net sales rose 23.9% year-on-year to €2,566 million in the first half.

Operating income stood at €126 million, or 4.9% of net sales, compared with an operating loss of €163 million in first-half 2009. The performance rebound was fueled by the sharp increase in sales volumes.

Specialty businesses

Net sales from the Specialty businesses amounted to €1,162 million for the first six months of the year. At 17.1%, operating margin remained at a structurally high level, despite price adjustments resulting from the application of contractual clauses indexing prices to raw materials costs, particularly in Earthmover tires.

FIRST-HALF 2010 HIGHLIGHTS

- Michelin is the Main Sponsor of the French Pavilion at Expo 2010 Shanghai.
- Distribution: New Euromaster Franchises in Germany and Italy.
- Passenger car and Light truck tires:
  - On-road, Environmental and Technological Performance: A Winning Trio with the New MICHELIN Pilot Sport 3;
  - MICHELIN Alpin, Drive with Confidence… Up to One Winter Longer;
  - a World Excellence Award from Ford.
- Truck tires:
  - launch of Michelin North America's Latest-Generation MICHELIN X ONE XDA Energy™ Wide-Single Drive Tire;
  - a Japanese Law Promotes Truck Tire Regrooving, Supporting Michelin's Multi-Life Tire Model.
- MICHELIN X-TRACTION, a New Solution to Improve Worksite Productivity.
- Agricultural tires: New Strategic Partnership with CLAAS.
- 10th Michelin Challenge Bibendum Held in Rio de Janeiro.

A full description of first-half 2010 highlights may be found on the Michelin website:
www.michelin.com/corporate

CONFERENCE CALL

First-half 2010 results will be reviewed in a conference call in English today, Friday July 30, at 11:00 am CEST (10:00 am UT). If you wish to participate, please dial one of the following numbers from 10:50 am CEST:

- In France 01 72 00 09 82
- In the UK 203 367 9457
- In the United States 1 (866) 907 5928
- In the rest of the world +44 203 367 9457

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

INVESTOR CALENDAR

Quarterly information for the nine months ending September 30, 2010:

Tuesday, October 26, 2010 after close of trading

2010 net sales and results:

Friday, February 11, 2011 before start of trading

2010 INTERIM FINANCIAL REPORT

The Interim Financial Report for the period ending June 30, 2010 may be downloaded from the www.michelin.com/corporate website, in the Finance/Regulated Information section.

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, 2010;
- the consolidated financial statements and notes for the period;
- the Statutory Auditors' review report on the interim financial information for 2010.

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2 SLIDESHOW


First-Half Results 2010
July 30, 2010
MICHELIN
A better way forward

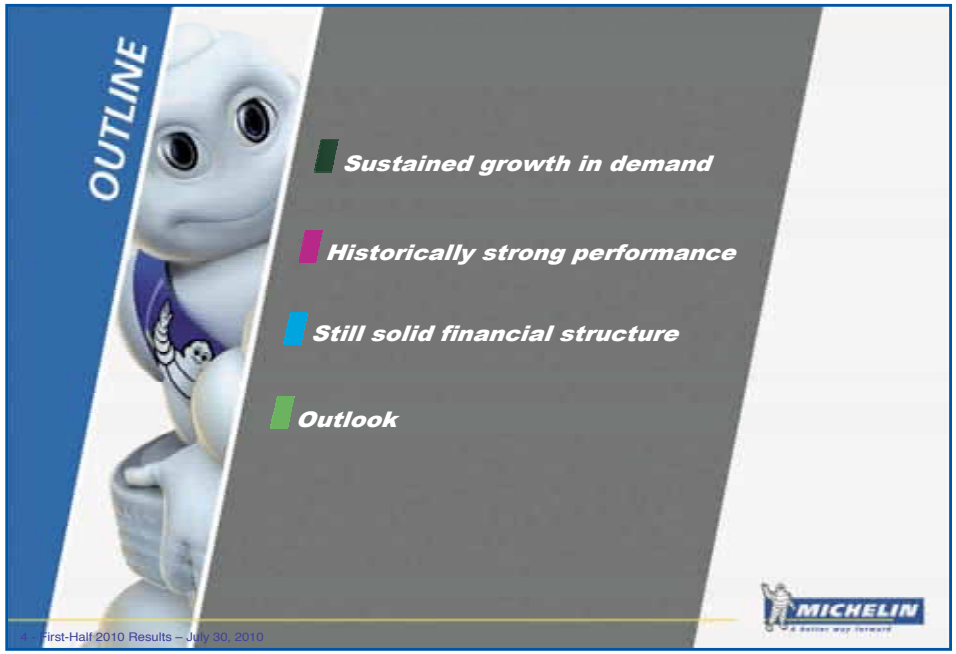
Historically high 9.8% operating margin

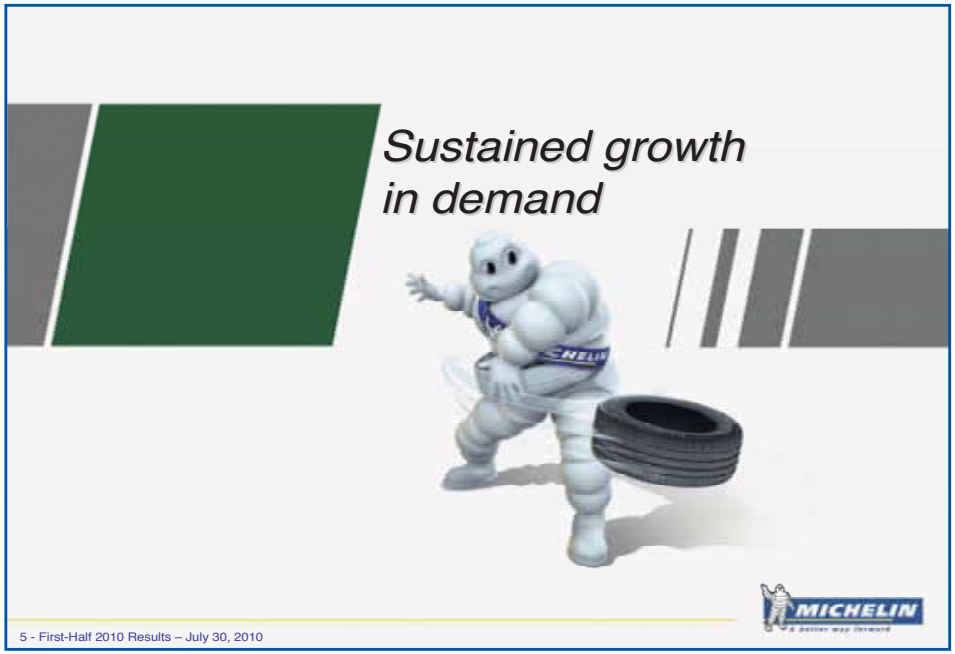
- **Further growth in demand in every geography**
- **Net sales up 17% to €8.3 billion**
- **Sales volumes up 15.3%, supported by the MICHELIN brand's global footprint**
- **Excellent manufacturing performance demonstrating the improvement in competitiveness**
- **Financial structure still solid**

First-half 2010 financial highlights

In €millions	H1 2010	H1 2009
Net Sales	8,349	7,134
Operating Income before non-recurring items	822	282
Operating Margin before non-recurring items	9.8%	4.0%
Net Income/(loss)	504	(122)
Investments	251	319
Net debt-to-equity ratio	53%	75%
Free Cash Flow*	(30)	575

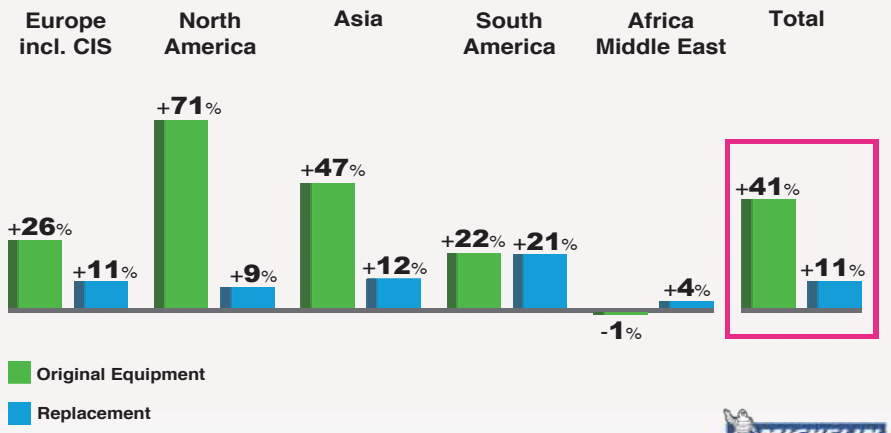
*Cash flows from operating activities less cash flows used in investing activities


OUTLINE
Sustained growth in demand
Historically strong performance
Still solid financial structure
Outlook
MICHELIN
4 - First-Half 2010 Results – July 30, 2010


Sustained growth
in demand
MICHELIN
5 - First-Half 2010 Results – July 30, 2010

Stronger-than-expected rebound in Passenger Car and Light Truck markets

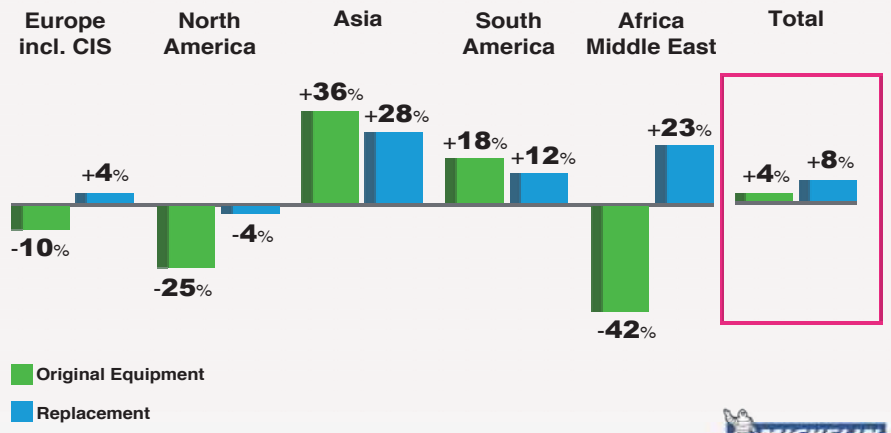
Markets at June 30 2010 / 2009



6 - First-Half 2010 Results – July 30, 2010

Passenger Car and Light Truck: OE mature markets generally lag 2007 levels

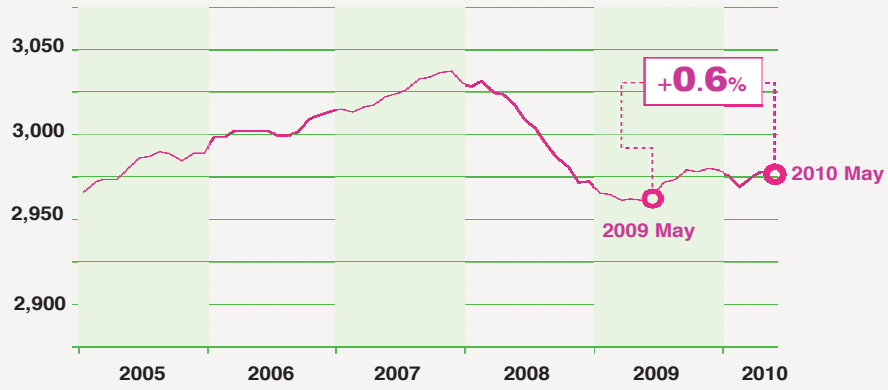
Markets at June 30 2010 / 2007



7 - First-Half 2010 Results – July 30, 2010

Recovery in US vehicle miles driven

VEHICLE MILES DRIVEN IN THE UNITED STATES (BILLIONS - MOVING 12-MONTH)
JANUARY 2005 – MAY 2010

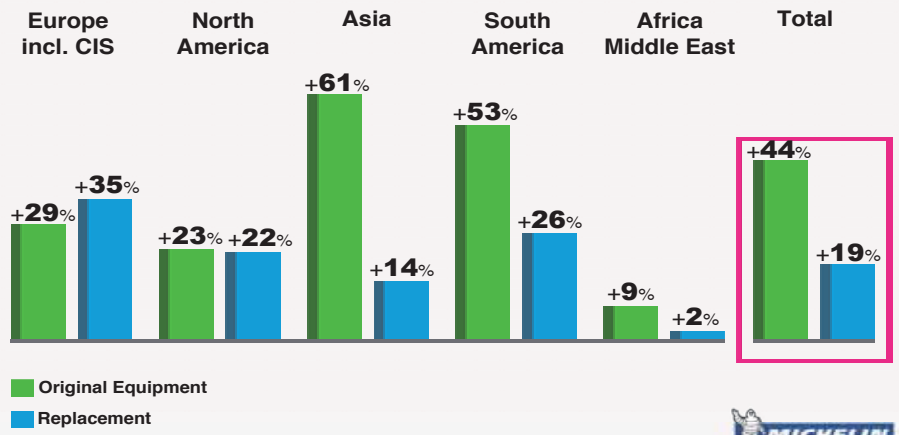


Source: US Department of Transportation / Federal Highway Administration

8 - First-Half 2010 Results – July 30, 2010

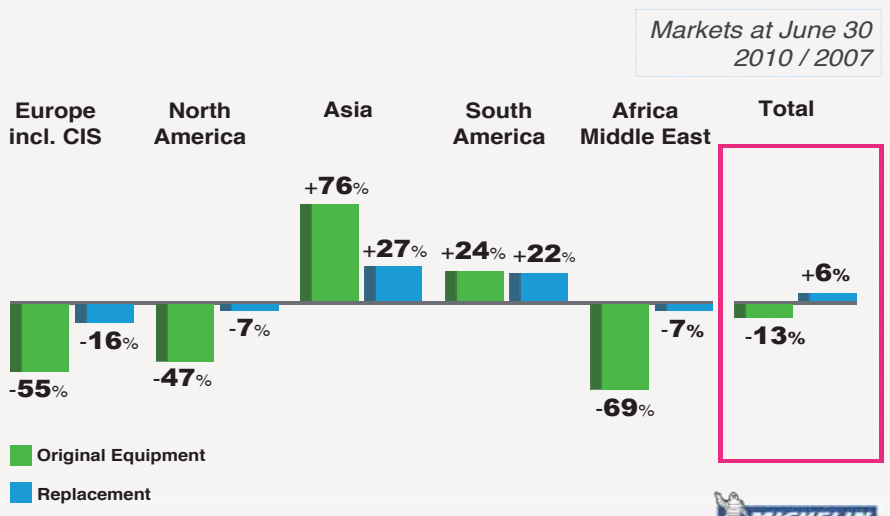
Sharp upturn in Truck markets off of low prior-year comparatives

Markets at June 30 2010 / 2009

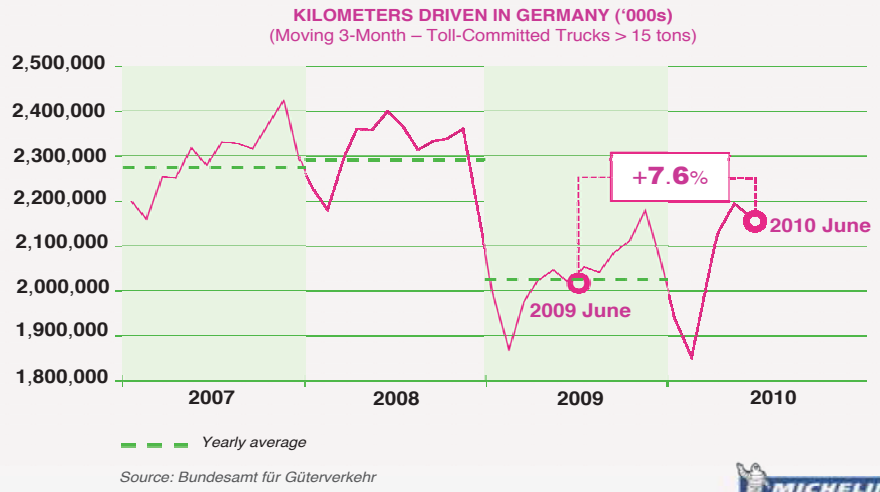


9 - First-Half 2010 Results – July 30, 2010

Truck tire markets, 2010 vs. 2007: mature markets below historical levels

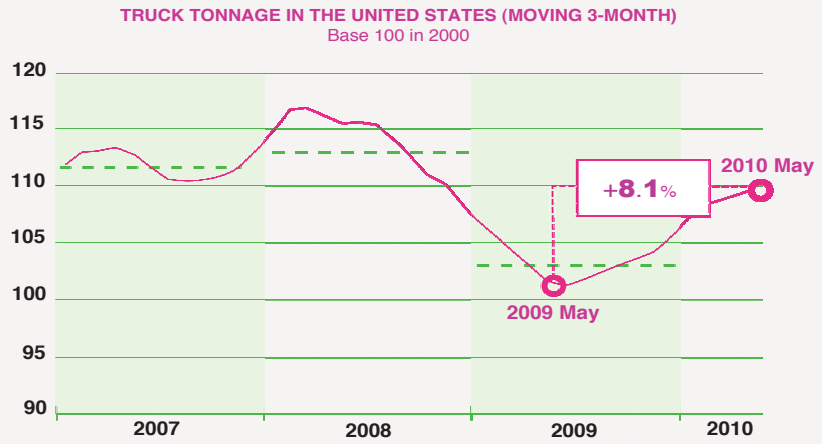


Upturn in the German freight market, which still lags 2007-2008 levels



Source: Bundesamt für Güterverkehr

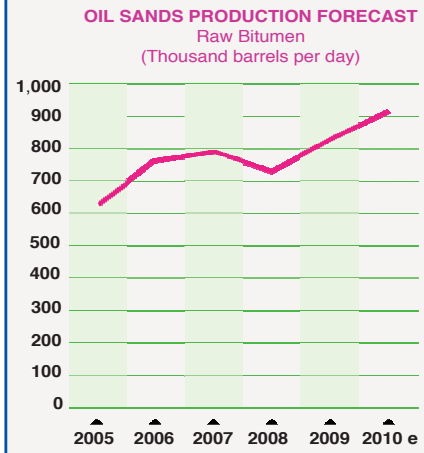
US freight tonnage is rising

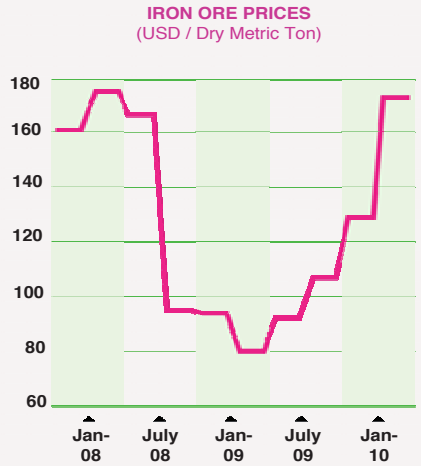


Source: US Department of Transportation / Federal Highway Administration

12 - First-Half 2010 Results – July 30, 2010

Earthmover tires: strong demand for ore





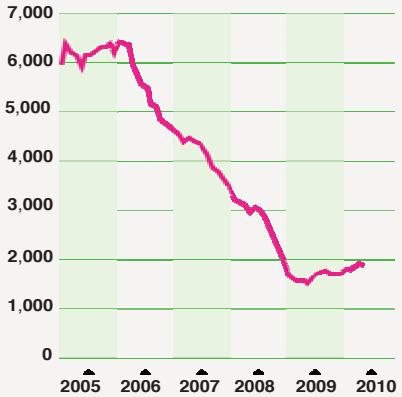
Source: Canadian Association of Petroleum Producers

Source: SBB

13 - First-Half 2010 Results – July 30, 2010

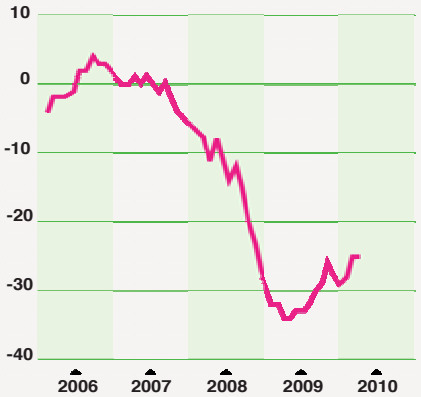
Infrastructure: recovery in North America and weakness in Europe

US HOUSING STARTS
(Thousand of units – moving 3-month)



Source: http://www.census.gov

EURO ZONE CONSTRUCTION CONFIDENCE INDEX



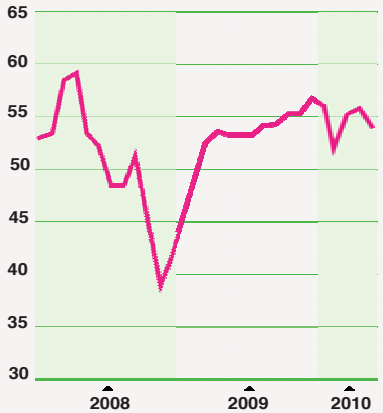
Source: Eurostat

Firm resilience in Asian infrastructure markets

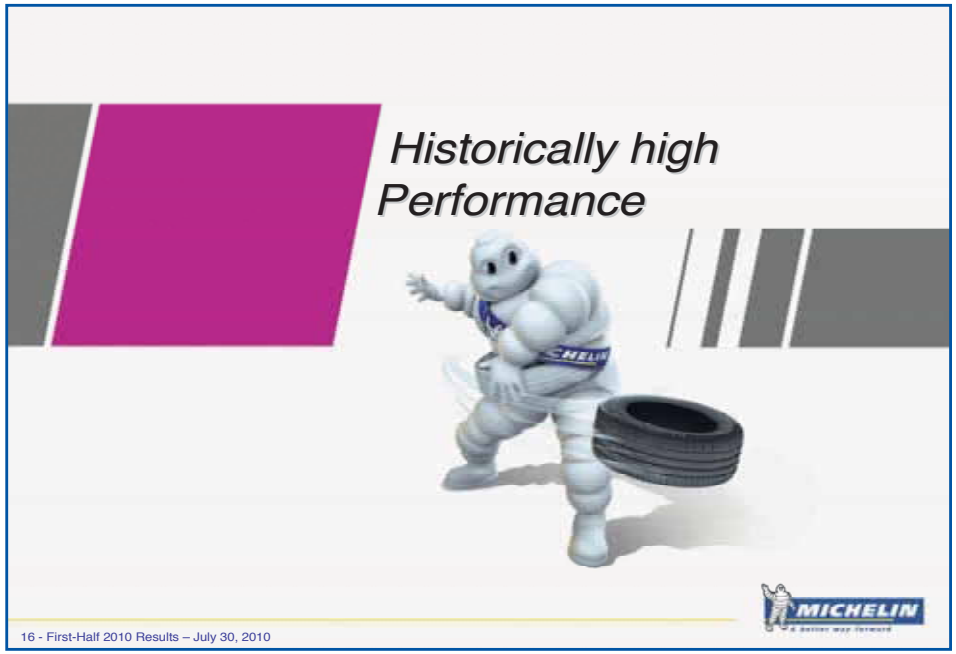
ASIA: CONSTRUCTION COSTS
(in €billions)

Source: IHS Global Insight

CHINA PURCHASING MANAGERS' INDEX
(PMI For China Manufacturing Sector)



Source: ISM


Historically high Performance
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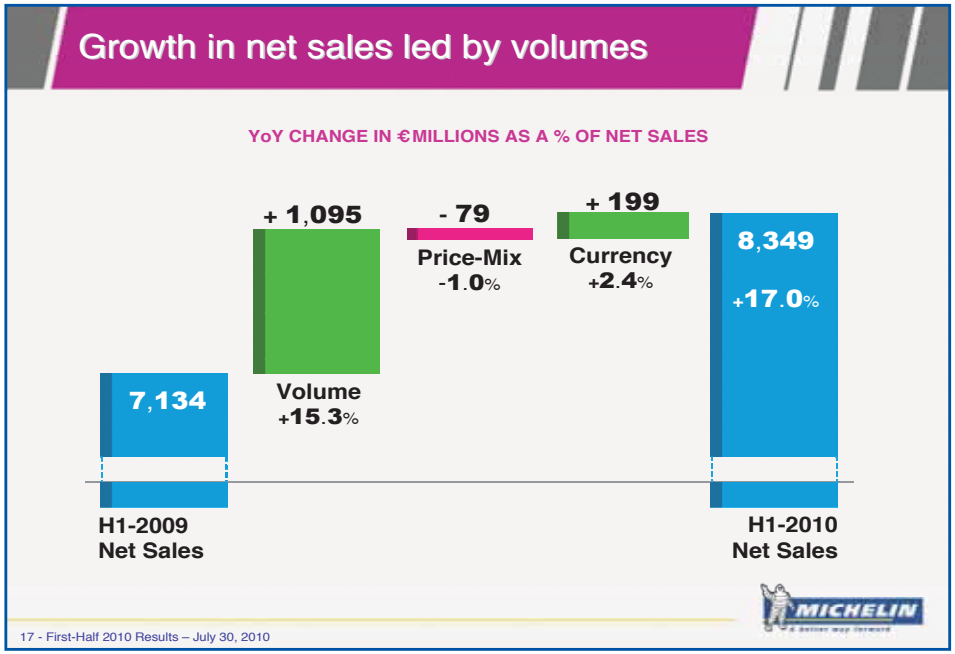
16 - First-Half 2010 Results – July 30, 2010


Growth in net sales led by volumes
YoY CHANGE IN €MILLIONS AS A % OF NET SALES
7,134
H1-2009 Net Sales
+ 1,095
Volume +15.3%
- 79
Price-Mix -1.0%
+ 199
Currency +2.4%
8,349
+17.0%
H1-2010 Net Sales
MICHELIN
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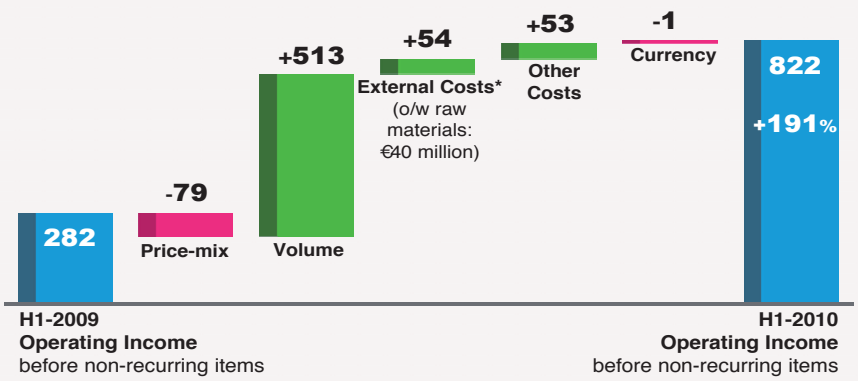
Historically high operating income

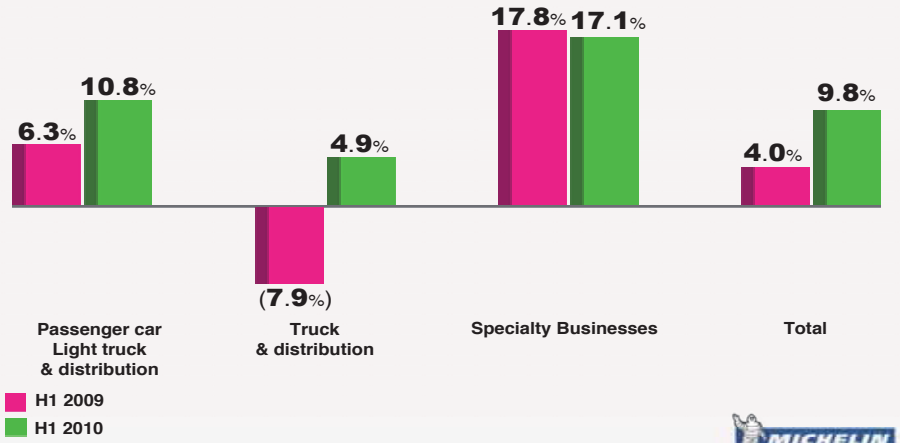
YOY CHANGE IN €MILLIONS



*External costs: raw materials, logistics at constant exchange rates

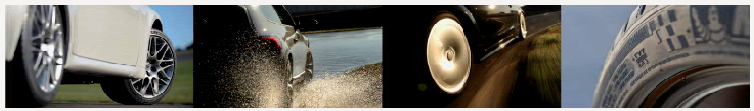
Every business contributed to operating margin

OPERATING MARGIN BEFORE NON-RECURRING ITEMS - AS A % OF NET SALES



Clear improvement in operating performance

PASSENGER CAR & LIGHT TRUCK	H1 2010 (in €millions)	H1 2009 (in €millions)
Net Sales	4,621	3,949
Operating Income (before non-recurring items)	497	247
Operating Margin (before non-recurring items)	10.8%	+6.3%



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Rebound in performance, led by volumes

TRUCK	H1 2010 (in €millions)	H1 2009 (in €millions)
Net Sales	2,566	2,071
Operating Income (before non-recurring items)	126	(163)
Operating Margin (before non-recurring items)	4.9%	(7.9%)

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Structurally high operating income

SPECIALTY BUSINESSES	H1 2010 (in €millions)	H1 2009 (in €millions)
Net Sales	1,162	1,114
Operating Income *(before non-recurring items)*	199	198
Operating Margin *(before non-recurring items)*	17.1%	17.8%

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No non-recurring items and net income for the period

In €millions	H1 2010	H1 2009
Net Sales	8,349	7,134
Operating Income (before non-recurring items) % of Net Sales	822 9.8%	282 4.0%
Non-Recurring Items	-	(292)
Operating Income	822	(10)
Cost of Net Debt Other Financial Income and Expenses	(132)	(138)
Tax	(199)	23
Share of Profit from Associates	13	3
Net Income (Loss)	504	(122)

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Still Solid Financial Structure

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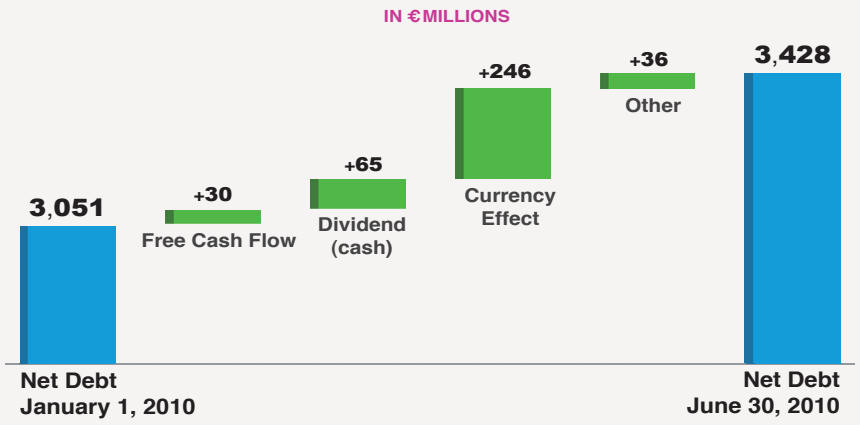
Free cash flow close to breakeven

In €millions	H1 2010	H1 2009	H1-10 vs. H1-09
EBITDA* (before non-recurring items)	1,305	751	+554
Change in Inventory	(527)	580	-1,107
Change in Trade Receivables	(259)	(17)	-242
Change in Trade Payables	87	(490)	+577
Taxes and Interests Paid	(319)	(100)	-219
Change in Operating Provisions	(45)	(6)	-39
Other WCR	37	245	-208
CASH FLOW FROM OPERATIONS	279	963	-684
Gross Investments	(251)	(319)	+68
Other	(58)	(69)	+11
FREE CASH FLOW**	(30)	575	-605

*EBITDA before non-recurring items: operating income excluding depreciation, amortization and impairment of PP&E and intangibles
**Free cash-flow: Cash flow from operations less gross capex and other

25 - First-Half 2010 Results – July 30, 2010

Net debt under control



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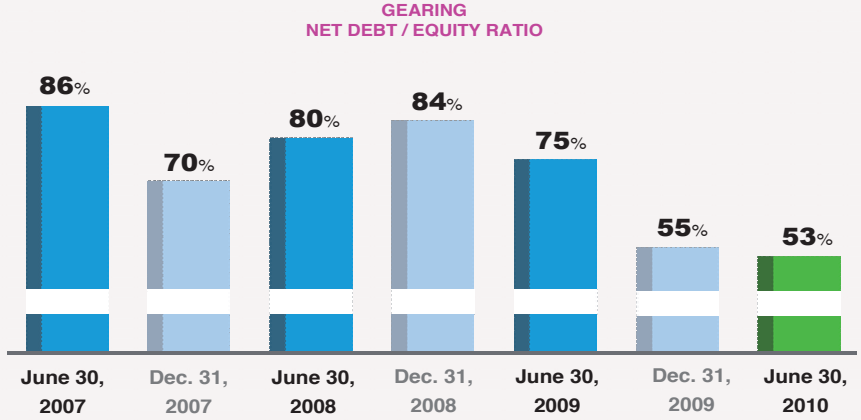
Sound financial structure



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Outlook

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Second-half environment

- Clear market rebound still underway
- Strength of economic recovery varies by geography
- Impact from higher raw materials prices
- Responsive pricing policies maintained

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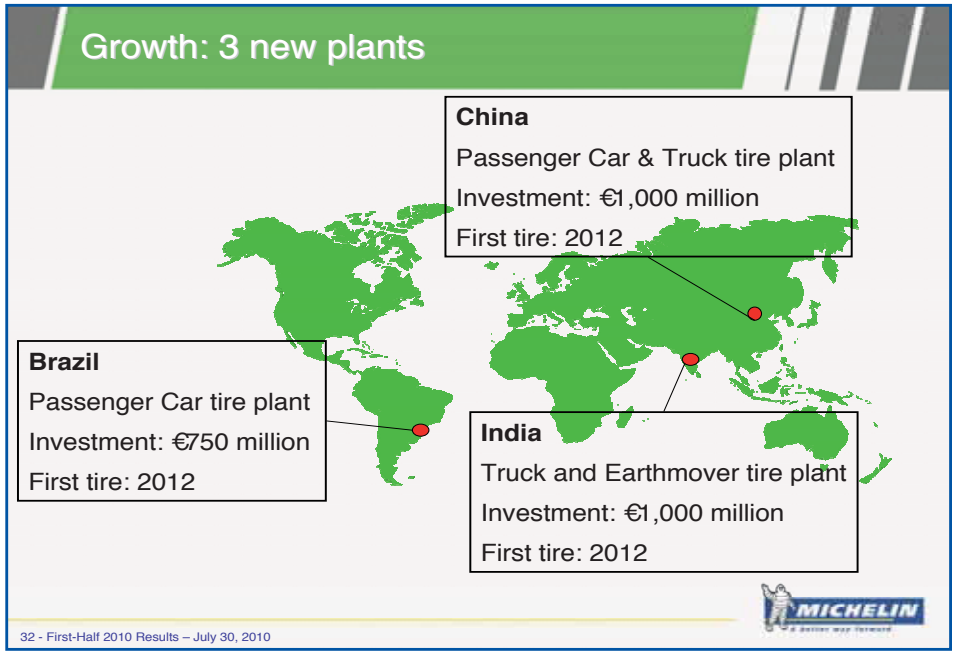
Responsive pricing policies maintained

	Passenger Car and Light Truck	Truck	Specialty tires
Europe	RT: Q2: +3-4% Sept / Q3: +3%	RT: April 1: +4%	OE EM / Mining / AG: H2: contractual increases
North America	RT: Feb 1: Depending on tire range June 1: up to 6%	RT: Feb 1: +3-7% May 1: +3%	EM RT: Feb 1: +4% Aug 1: +3% AG RT: Aug 1: +3.5% OE EM / Mining / AG: H2: contractual increases
Other	RT: Q2: up to 3-4% depending on the region	RT: Q2: up to 3-4% depending on the region	OE EM / Mining / AG: H2: contractual increases

2010 full-year objectives

- 10%-plus growth in sales volumes
- Close to 9% operating margin before non-recurring items
- Positive free cash flow
- €1 billion in capex
- Effective start-up of plant construction in fast-growing countries


Growth: 3 new plants
China
Passenger Car & Truck tire plant
Investment: €1,000 million
First tire: 2012
Brazil
Passenger Car tire plant
Investment: €750 million
First tire: 2012
India
Truck and Earthmover tire plant
Investment: €1,000 million
First tire: 2012
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Brazil, India and China: new steps
Summer 2010
June 2010
July 2010
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The value of the MICHELIN brand!

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

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3 FIRST-HALF BUSINESS REVIEW

3.1. TIRE MARKETS

A GLOBAL MARKET WORTH SOME $140 BILLION [1]

The global tire market was estimated at $140 billion[1] in 2008, of which light-vehicle tires accounted for 60% and truck tires nearly 30%[2]. This represents nearly 1.2 billion tires for cars and vans and 125 million for trucks and buses [2].

Three-quarters of these tires are sold in the replacement market, which is traditionally less cyclical over the long term than the original equipment market.

A SHIFT IN DEMAND TO HIGH-GROWTH COUNTRIES

Thanks to demand in fast-growing countries, the number of vehicles on the road worldwide is expected to increase by more than 20% by 2015 and to double by 2030.

According to the PwC Automotive Institute, more than half of the world's motor vehicle production will have shifted to high-growth countries by 2014, with a corresponding knock-on effect on replacement markets. According to Deloitte Touche Tohmatsu[3],China and India will join Western Europe, Japan, South Korea and the United States as the six leading design and production centers for automobile manufacturers and their suppliers.

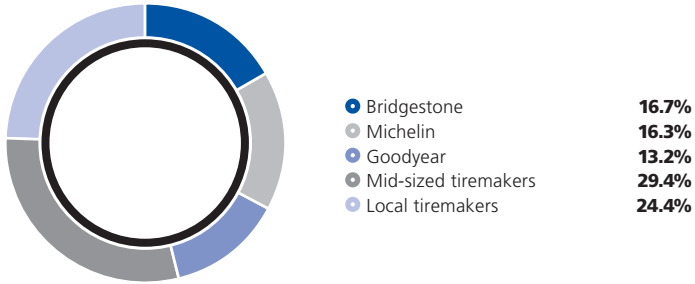
THE EMERGENCE OF NEW EXPECTATIONS

In mature markets, the recession and higher fuel costs have made consumers considerably more price-sensitive and spurred what are likely to be lasting changes in their behavior. In fast-growing markets, demand has increased sharply for both affordable cars and luxury vehicles. While complex and differentiated, consumer aspirations nevertheless converge on the importance of safety, low total cost of ownership (i.e. including the impact of fuel efficiency and durability) and a small environmental footprint.

Carbon emissions standards are tightening for new vehicles in Europe, the United States, Japan and, soon, in China. In Europe, minimum performance levels for tires as well as standardized labeling will be mandatory beginning in 2012, while similar systems are already in place in Japan and are scheduled for introduction in the US in 2012

An increasing number of hybrid vehicles are being brought to market, soon to be joined by fully electric vehicles. These cars could account for one-third of sales in mature markets by 2020 and up to 20% of sales in urban areas in high-growth markets. To boost their range, both EV and hybrids will have to be as energy efficient as possible, an area in which tires will make a significant contribution. This creates another technical challenge that cannot be met by every tire manufacturer, but Michelin has all the capabilities needed to successfully meet it.

THE GLOBAL TIRE MARKET BY MANUFACTURER



Source: 2008 sales in US dollars, published in Tire Business, August 31, 2009.

(1) Source: Tire Business, September 2009.

(2) Michelin estimates.

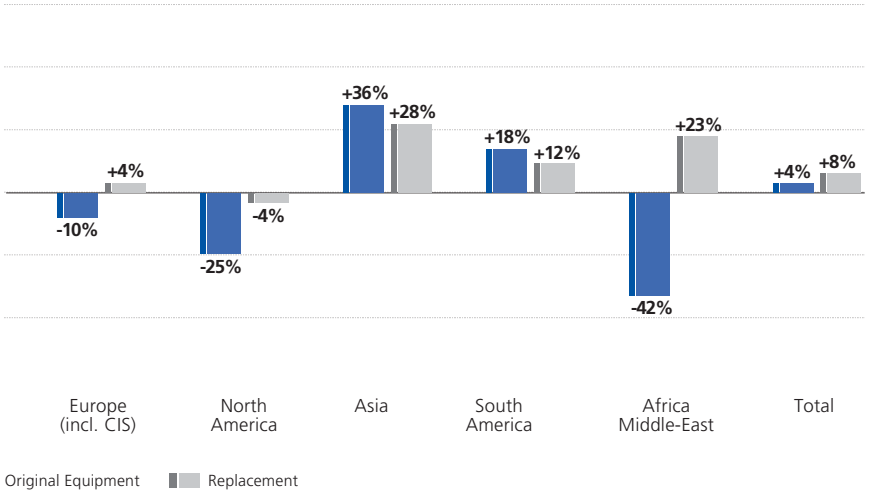
(3) Report by Deloitte Touche Tohmatsu's Global Manufacturing Industry Group, looking ahead to 2020.

FIRST-HALF 2010 MARKET REVIEW

In the first half of 2010, tire demand rebounded sharply off of low prior-year levels in all of the Group's regional markets around the world. However, it remained overall below 2007 levels in the mature markets of Europe and North America.

Passenger car and Light truck tire markets saw a robust upturn during the period, which was stronger in the original equipment segment thanks to the continuing favorable impact of the auto industry support programs introduced in Europe in 2009.

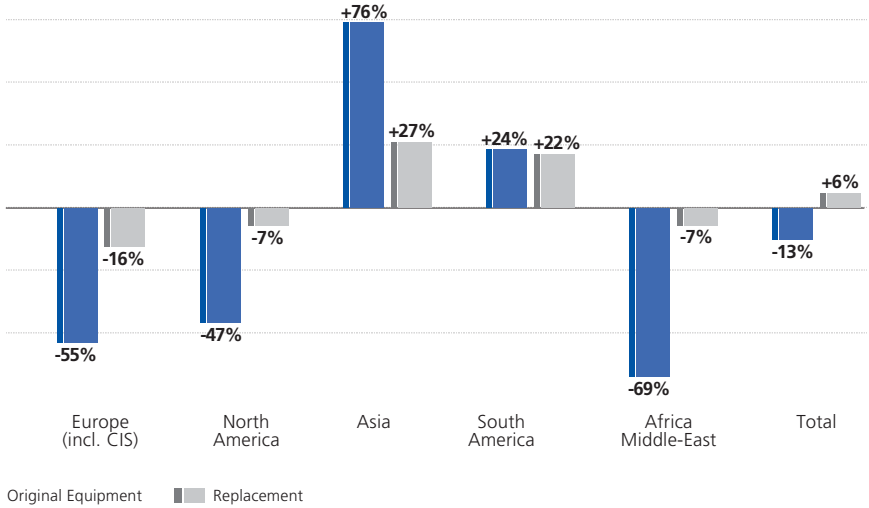
THE GLOBAL PASSENGER CAR AND LIGHT TRUCK TIRE MARKET, FIRST-HALF 2010 VS. FIRST-HALF 2007



Source: Michelin estimates.

Truck tire markets also recovered sharply in every region, off of low prior-year comparatives in mature markets, particularly in the OE segment.

THE GLOBAL TRUCK TIRE MARKET, FIRST-HALF 2010 VS. FIRST-HALF 2007



Source: Michelin estimates – Radial tires.

REPLACEMENT MARKETS

After their record, recession-driven collapse in 2009, replacement markets turned clearly upwards in the first half, in both the **Passenger car and Light truck** and **Truck** segments.

PASSENGER CAR AND LIGHT TRUCK TIRES

Passenger car and Light truck markets Replacement (In millions of tires)	1st-Half 2010	1st-Half 2009	1st-Half 2010 / 1st-Half 2009	2nd-Quarter 2010 / 2nd-Quarter 2009	1st-Quarter 2010 / 1st-Quarter 2009
Europe(1)	152.6	137.4	+11%	+10%	+12%
North America(2)	127.5	117.1	+9%	+10%	+8%
Asia	94.9	84.5	+12%	+11%	+14%
South America	27.3	22.6	+21%	+26%	+16%
Africa Middle-East	37.8	36.4	+4%	+4%	+4%
TOTAL	**440.1**	**398.1**	**+11%**	**+10%**	**+11%**

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

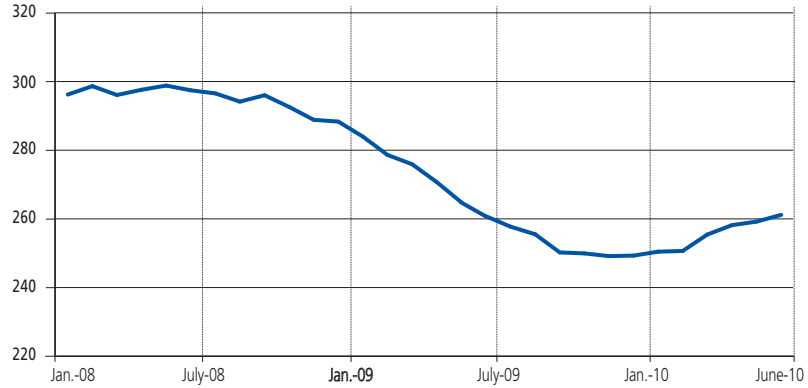
Michelin estimates.

In **Europe**, demand rebounded more vigorously than expected, rising 11% overall, with gains in Western Europe (up 10% in France, 19% in Germany, 13% in Spain and 6% in Italy, while holding steady in the United Kingdom), in the Nordic countries (up 13%), Eastern Europe (up 21% in Russia) and Turkey (up 18%).

The market was also buoyed by strong demand for winter tires as winter weather conditions persisted into spring and by partial dealer inventory rebuilding, notably ahead of the announced price increases.

As expected, growth in the high-performance tire segment (W, Y and Z speed ratings and SUV tires) continued to outpace the market.

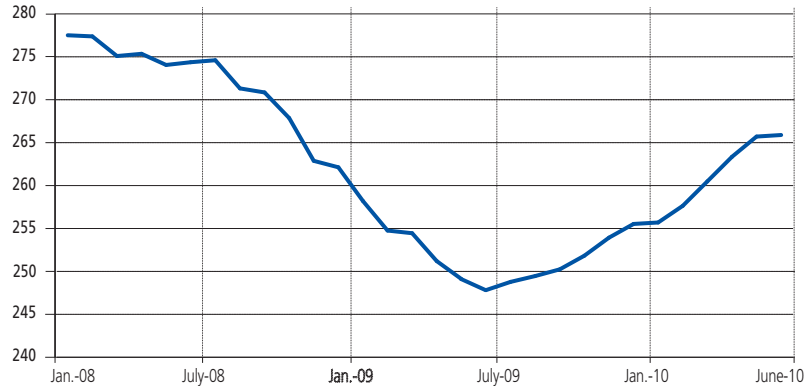
THE EUROPEAN REPLACEMENT CAR AND LIGHT TRUCK TIRE MARKET
In millions of tires – moving 12 months



Michelin estimates.

In **North America**, demand rebounded by a faster-than-expected 9%, lifted by i) previously postponed tire purchases and an upturn in the number of miles traveled by US motorists and ii) purchases by now more confident dealers ahead of the anticipated recovery. The US market rose by 10%, with recreational tires accounting for around 40% of the gain. The Canadian market declined by 9% after two years of growth supported by new winter tire regulations. Demand rose 17% in Mexico.

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



Michelin estimates.

Asian markets rose 12% overall in the first half. Demand is still enjoying strong growth in China (up 17%). The Japanese market, up 6%, is being buoyed by measures to encourage travel by car, such as toll-free motorways on the weekends. Demand increased by 9% in India, where tire import licenses were abolished in late May, and by a further 6% in Southeast Asia.

In **South America**, replacement markets returned to growth (up 21%), with particularly robust gains in Brazil (up 30%) despite reinstatement of the IPI federal excise tax on new car sales. Demand also rose noticeably in Argentina and Colombia.

TRUCK TIRES

Truck markets* Replacement *(In millions of tires)*	1st-Half 2010	1st-Half 2009	1st-Half 2010 / 1st-Half 2009	2nd-Quarter 2010 / 2nd-Quarter 2009	1st-Quarter 2010 / 1st-Quarter 2009
Europe(1)	7.3	5.4	+35%	+33%	+37%
North America(2)	8.5	7.0	+22%	+25%	+18%
Asia	16.1	14.1	+14%	+13%	+16%
South America	3.9	3.1	+26%	+26%	+26%
Africa Middle-East	4.3	4.3	+2%	+2%	+2%
TOTAL	**40.2**	**33.9**	**+19%**	**+18%**	**+19%**

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

Michelin estimates.

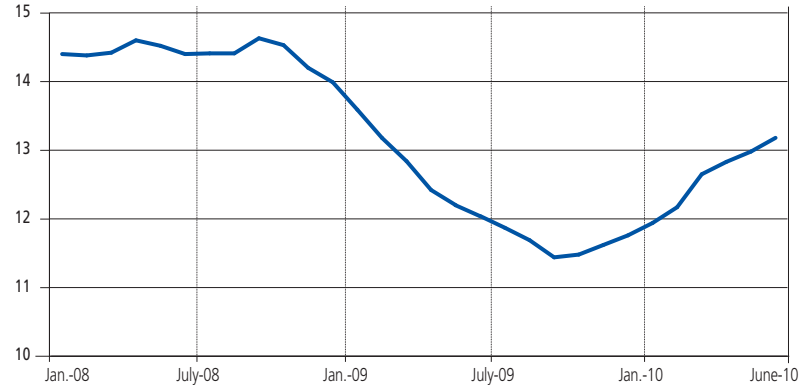
In **Europe**, the Truck tire market surged 35% in the first six months of 2010, but demand remains 16% lower than in 2007. The gains therefore reflected a low basis of comparison, as well as an increase in truck-borne freight during the period.

The market was also shaped by price increases, by all of the tiremakers, to offset rising raw materials costs. This generated a certain volatility in monthly sales performance, as dealers restocked ahead of rising prices.

Demand rose sharply in Russia, led by the global economic recovery and the increase in commodity prices.

THE EUROPEAN REPLACEMENT TRUCK TIRE MARKET

In millions of radial tires – moving 12 months

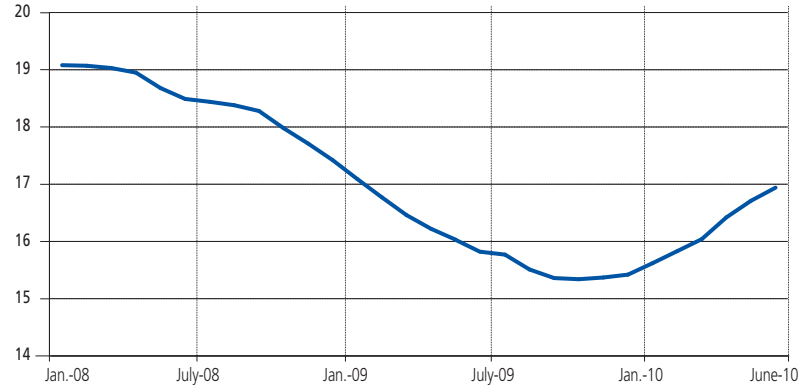


Michelin estimates.

In **North America**, the tire market generally outpaces any recovery in the freight market, which was up 8% year-on-year at end May. Accordingly, tire demand rose by 22% in the first half, lifted by a certain amount of dealer restocking and an uptick in freight rates. However, it still remains before 2007 levels.

THE NORTH AMERICAN REPLACEMENT TRUCK TIRE MARKET

In millions of radial tires – moving 12 months



Michelin estimates.

Asian markets expanded throughout the first half, to end the period up 14% overall. Demand remained strong in China (up 12%), despite the uncertain economic outlook, and dealer inventories are on the rise. In Southeast Asia, robust demand, particularly in Thailand and Malaysia, is driving increasingly faster market growth, which now tracks GDP. While markets were up in Japan, they remain low compared with 2007. In India, the market rose by 46% during the period and is continuing to shift towards radials.

South American replacement markets rose sharply in both the first and second quarters, driving a 26% increase over the first half. Growth was even stronger in countries like Brazil, Chile and Colombia.

The Brazilian economy is enjoying fast growth, driven by domestic demand. Transportation industry indicators (tonnes carried/km, new and used truck prices, truck fleet, etc.) are all trending upwards and dealer inventory is low. These factors are supporting growth in the tire market.

Markets in **Africa and the Middle East** were also up for the period, by 2% overall, with disparities from one country to another. The Gulf monarchies, for example, were impacted by the deep recession in the construction industry.

ORIGINAL EQUIPMENT MARKETS

Following the record collapse in the first half of 2009, virtually every original equipment market experienced robust growth in the first half of 2010, led both by the global economic recovery and the auto industry support programs implemented in most of the leading markets. In this environment, tiremaker capacity utilization rates have risen sharply.

PASSENGER CAR AND LIGHT TRUCK TIRES

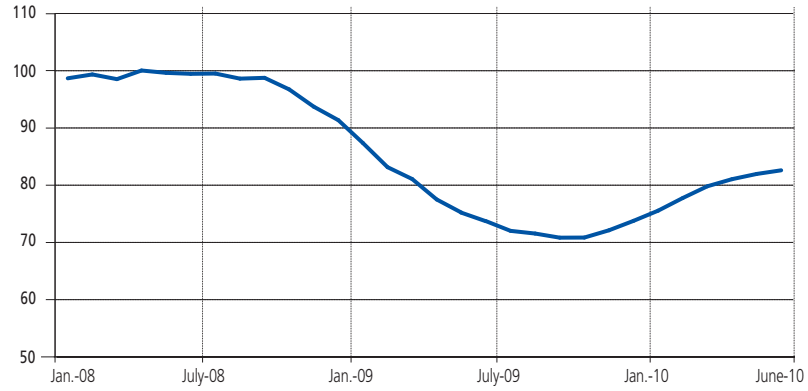
Passenger car and Light truck markets Original Equipment *(In millions of tires)*	1st-Half 2010	1st-Half 2009	1st-Half 2010 / 1st-Half 2009	2nd-Quarter 2010 / 2nd-Quarter 2009	1st-Quarter 2010 / 1st-Quarter 2009
Europe(1)	46.3	36.9	+26%	+22%	+30%
North America(2)	29.3	17.2	+71%	+70%	+72%
Asia	87.8	59.8	+47%	+36%	+60%
South America	10.0	8.2	+22%	+18%	+27%
Africa Middle-East	4.2	4.2	-1%	-1%	-1%
TOTAL	**177.7**	**126.3**	**+41%**	**+34%**	**+49%**

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

Michelin estimates.

In **Europe**, the market rose 26%, driven by the dwindling effects of auto industry support programs. In light of their phase-out, broadline carmakers are predicting a fall-off in demand in the second half, although specialty carmakers are benefiting from the upturn in premium and export sales.

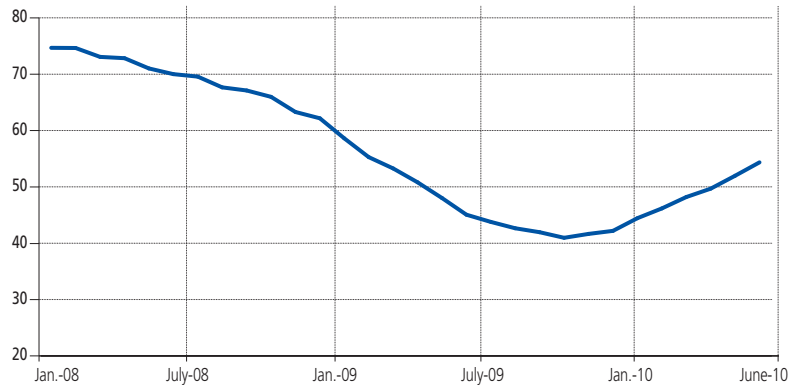
THE EUROPEAN ORIGINAL EQUIPMENT CAR AND LIGHT TRUCK TIRE MARKET
In millions of tires – moving 12 months



Michelin estimates.

In **North America**, demand surged 71% off of very low prior-year comparatives, in line with the upturn in US automobile output.

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



Michelin estimates.

All of the **Asian** markets enjoyed fast growth, rising 47% overall with gains of 42% in Japan, 50% in China and 65% in Southeast Asia. In China, auto industry support measures were extended and new incentives were introduced to encourage sales of environmentally friendly vehicles.

In **South America**, markets rose by a very strong 22% overall, with a particularly good showing in Brazil, where demand was up sharply in comparison with previous years.

Demand in **Africa and the Middle East** is beginning to stabilize, easing back by just 1% in the first half after a steep decline in 2009.

TRUCK TIRES

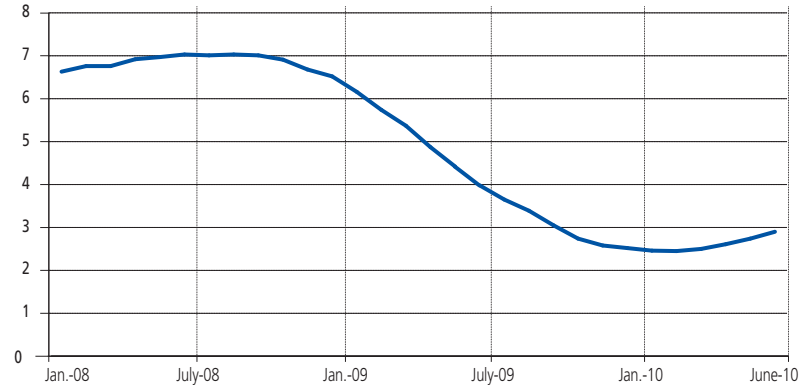
Truck markets* Original Equipment (In millions of tires)	1st-Half 2010	1st-Half 2009	1st-Half 2010 / 1st-Half 2009	2nd-Quarter 2010 / 2nd-Quarter 2009	1st-Quarter 2010 / 1st-Quarter 2009
Europe(1)	1.7	1.4	+29%	+67%	-1%
North America(2)	1.6	1.3	+23%	+32%	+14%
Asia	4.8	3.0	+61%	+52%	+72%
South America	1.1	0.7	+53%	+50%	+57%
Africa Middle-East	0.2	0.2	+9%	+9%	+8%
TOTAL	**9.4**	**6.5**	**+44%**	**+50%**	**+39%**

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

Michelin estimates.

Despite a low basis of comparison, the **European** original equipment Truck tire market returned to growth only in the second quarter, resulting in a gain of 29% for the first-half. While freight demand remained hesitant in the second quarter, vehicle orders rose sharply overall, supported by renewed export activity.

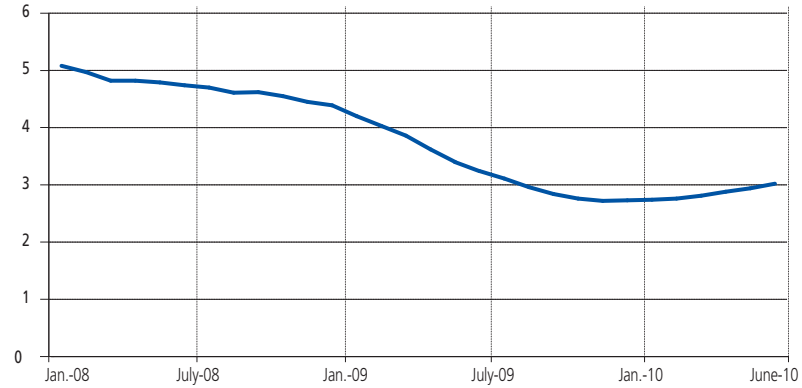
THE EUROPEAN ORIGINAL EQUIPMENT TRUCK TIRE MARKET
In millions of radial tires – moving 12 months



Michelin estimates.

Despite sluggish new truck orders, **North American** OE markets rebounded by a strong 23% off of low prior-year comparatives, with the trailer segment enjoying a steeper recovery than tractors.

THE NORTH AMERICAN ORIGINAL EQUIPMENT TRUCK TIRE MARKET
In millions of radial tires – moving 12 months



Michelin estimates.

In **Asia**, the market soared 61% for the period, with OE demand continuing to trend sharply upward in China (up 63%) and remaining robust in Japan (up 59%) until government new car incentives were withdrawn in July.

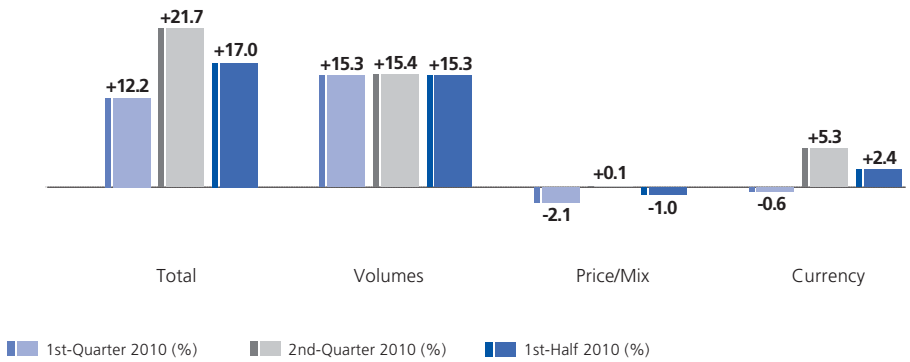
In **South America**, the original equipment market went from strength to strength, expanding by 50% in the second quarter after gaining 57% in the first. Over the first half, the market grew 53% overall, impelled by government incentives, such as tax breaks and low-interest loans designed to stimulate truck purchases in Brazil.

In **Africa and the Middle East**, the OE market climbed 9%, after a major decline in 2009.

3.2. NET SALES

(In EUR million)	1st-Half 2010	1st-Half 2009	% change	2nd-Quarter 2010	2nd-Quarter 2009	% change	1st-Quarter 2010	1st-Quarter 2009	% change
Net sales	8,349	7,134	+17.0%	4,408	3,622	+21.7%	3,941	3,512	+12.2%
Excluding currencies			*+13.7%*			*+15.4%*			*+11.8%*

ANALYSIS OF NET SALES



Net sales amounted to €8,349 million in first-half 2010, up 17.0% at current exchange rates from €7,134 million in the year-earlier period.

The increase primarily reflected the 15.3% improvement in sales volumes, which tracked the markets' significant rebound.

The price-mix effect, which was a negative 2.1% in the first quarter and a positive 0.1% in the second, ended the first half at a slightly negative 1.0%, due to the combination of the following factors:

- the unfavorable market mix resulting from the growing proportion of OE tires in tonnages sold compared with first-half 2009.
- the lack of any price effect as a result of two contrasting developments:
  - downward price adjustments in the second half of 2009, particularly for Specialty tires, whose prices are contractually indexed to benchmark commodity indices,
  - the assertive price increase strategy deployed in virtually every replacement market.

The currency effect was a positive 2.4%, mainly due to gains in the Brazilian real, Canadian dollar, Australian dollar and Mexican peso against the euro in May and June, which were only partly offset by the unfavorable decline in the Venezuelan bolivar.

(In EUR million and %)	1st-Half 2010 / 1st-Half 2009		2nd-Quarter 2010 / 2nd-Quarter 2009		1st-Quarter 2010 / 1st-Quarter 2009	
TOTAL CHANGE	**+1,215**	**+17.0%**	**+786**	**+21.7%**	**+429**	**+12.2%**
Volumes	+1,095	+15.3%	+559	+15.4%	+536	+15.3%
Price mix	-79	-1.0%	+5	+0.1%	-84	-2.1%
Currency	+199	+2.4%	+222	+5.3%	-23	-0.6%
Scope	-	-	-	-	-	-

NET SALES BY REPORTING SEGMENT

(In EUR million)	1st-Half 2010	1st-Half 2010 / 1st-Half 2009	2nd-Quarter 2010	2nd-Quarter 10 / 2nd-Quarter 09	1st-Quarter 2010	1st-Quarter 10 / 1st-Quarter 09
GROUP	**8,349**	**+17.0%**	**4,408**	**+21.7%**	**3,941**	**+12.2%**
Passenger car / Light truck and related distribution	4,621	+17.0%	2,408	+20.2%	2,213	+13.7%
Truck and related distribution	2,566	+23.9%	1,355	+27.2%	1,211	+20.4%
Specialty businesses(1)	1,162	+4.3%	645	+16.6%	517	-7.8%

(1) Specialty businesses include Specialty tires (Earthmover, Agricultural, Aircraft and Two-Wheel); Maps and Guides; ViaMichelin and Michelin Lifestyle.

PASSENGER CAR AND LIGHT-TRUCK TIRES AND RELATED DISTRIBUTION – ANALYSIS OF NET SALES

In **Europe**, replacement sales soared on rising demand, supported by the resilience of the MICHELIN brand and strong sales of winter tires. Original equipment sales benefited from robust market growth and the improved outlook in the premium segment, notably in export markets.

In **North America,** total OE and replacement tire sales as well as the MICHELIN brand's market share rose to record heights, capitalizing on growth in the most profitable segments. OE sales were also lifted by a favorable customer mix.

In **South America,** Group sales benefited from fast growing demand and delivered a solid performance, particularly in Brazil and Central America.

In the buoyant **Asian** market, sales improved in every region, enabling the Group to further strengthen its presence, particularly in Southeast Asia.

In **Africa and the Middle East**, sales were boosted by improving demand.

TRUCK TIRES AND RELATED DISTRIBUTION – ANALYSIS OF NET SALES

In **Europe**, replacement sales improved in line with a rapidly recovering market, despite the hesitation of certain users and inventory drawdowns by some of the dealers. In the original equipment segment,tractor tires account for a growing proportion of sales.

In **North America**, X One tire sales gathered further momentum, supporting the Group's market penetration. As demand for trucking freight services returned to near-record highs, Michelin sought to soften the impact of higher raw materials costs by increasing prices across the board in the first half. In the OE segment, a positive customer mix helped sales to outperform the market.

Sharply higher sales in **South America** put pressure on the supply chain, particularly for replacement tires. In original equipment, the quality of the Group's lineup drove market share gains.

In **Asia**, sales rose in China, with market share gains in the OE segment. In replacement, prices were raised in an environment shaped by higher raw materials costs and slowing dealer demand. In Japan, replacement tire market share remained stable, while in South Korea, sales volumes were lifted by dealer purchases ahead of price increases. In Southeast Asia, sales continued on an upward trajectory.

In Africa and the Middle East, the Group strengthened its positions in Nigeria and Egypt.

SPECIALTY BUSINESSES – ANALYSIS OF NET SALES

Earthmover tires: Global original equipment demand rebounded sharply during the period, fueled by equipment dealer restocking and the impact of government stimulus plans. Infrastructure markets recovered in North America but remained weak in Europe, while Asian markets demonstrated comparatively more resilience. The mining segment continued to expand, led by strong demand for ore and renewed work on major projects.

In this environment, original equipment sales improved in mature economies and tracked demand in infrastructure markets. Sales are continuing to rise in the mining and quarries segment and capacity utilization remains high. The growth in net sales was led by the steep increase in sales volumes, partly offset by price cuts on application of commodity index-based adjustment clauses. Application of these clauses will have a significantly positive impact starting in July 2010.

Agricultural tires: Global OE demand was down overall year-on-year, but began to pick up in the second quarter. Replacement demand declined during the period, notably in North America and, to a lesser extent, in Europe. The compact line market has turned sharply upwards, particularly in the original equipment segment, following a very weak volume performance in 2009.

Michelin sales were down overall due to a less favorable OE/replacement mix than in 2009. The Group pursued its strategy of boosting sales of the MICHELIN and KLEBER brands.

Two-wheel tires: In Europe and North America, the motorized segments made a strong recovery off of low bases of comparison. The improvement was particularly pronounced in growth markets, such as Brazil. Demand for high-performance products was sustained in all markets.

Michelin's sales surged in the first half, with significant market share gains in Europe and North America. The Group further enhanced its lineup with the launch of the Power Pure tire in the performance segment, creating a more comprehensive, attractive offering. In the OE market, deliveries to Harley Davidson continued to ramp up during the period.

Aircraft tires: All of the Commercial Aviation markets rose during the period, with a sharp improvement in aircraft load factors. In Europe, the recovery was held back by the impact of the Icelandic volcano eruption. The General Aviation segment rebounded after collapsing in 2009. Demand for Military aircraft tires remained stable.

Overall sales were unchanged and market share was maintained in a very competitive environment.

The **Maps and Guides** division continued to pursue development programs in its three businesses. In response to the sustained decline in the **Maps** market, the division is focusing on partnership agreements to drive growth. The **Tourist Guides** business pursued its commitment to publishing an increasing number of international guides and began to develop the initial content synergies between the Green Guides and the new ViaMichelin website travel section. Following the MICHELIN Guide's successful centennial edition in 2009, sales were stable in first-half 2010.

Sales through the **ViaMichelin** website were also stable in a persistently difficult economy in the first half, but effective cost-control measures held operating income firm for the period. The consumer website maintained the pace of its 2009 recovery and was considerably enhanced with a travel section leveraging Green Guides content.

CURRENCY RATES AND THE CURRENCY EFFECT

At current exchange rates, consolidated net sales rose by 17% in the first half of 2010.

Changes in exchange rates added €199 million to net sales for the period, mainly due to the appreciation of the Brazilian real, the Canadian dollar, the Australian dollar, the Mexican peso, the Swedish kroner, the South African rand and the Thai baht against the euro. The Venezuelan bolivar's decline against the euro had only a marginally negative impact.

Average exchange rate	1st-Half 2010	1st-Half 2009	% Change
Euro/USD	1.330	1.334	-0.3%
Euro/CAD	1.376	1.607	-14.4%
Euro/MXN	16.863	18.470	-8.7%
Euro/BRL	2.390	2.927	-18.4%
Euro/GBP	0.871	0.895	-2.7%
Euro/PLN	4.000	4.469	-10.5%
Euro/JPY	121.560	127.306	-4.5%
Euro CNY	9.079	9.115	-0.4%
Euro/THB	43.433	46.722	-7.0%

NET SALES BY REGION

(In EUR million)	1st-Half 2010	1st-Half 2010 / 1st-Half 2009	2nd-Quarter 2010	1st-Quarter 2010
GROUP	**8,349**	**+17.0%**	**4,408**	**3,941**
Europe	3,640	+11.5%	1,812	1,828
North America (incl. Mexico)	2,800	+18.2%	1,531	1,269
Other	1,909	+27.3%	1,065	844

(In EUR million)	1st-Half 2010	% of total	1st-Half 2009	% of total
GROUP	**8,349**		**7,134**	
Europe	3,640	43.6%	3,265	45.8%
North America (incl. Mexico)	2,800	33.5%	2,369	33.2%
Other	1,909	22.9%	1,500	21.0%

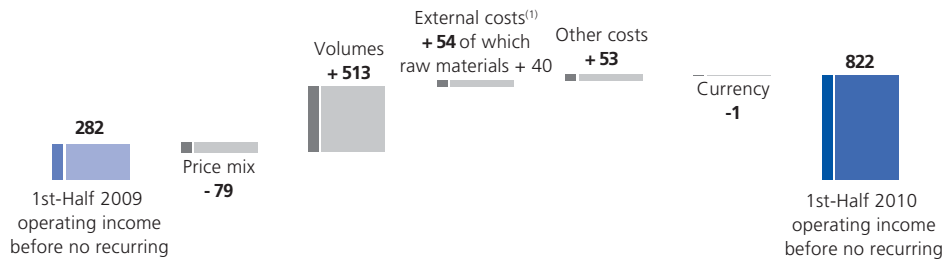
Consolidated net sales improved in every geography, but at a faster pace in high-potential growth markets. In tonnage, these markets accounted for 33% of first-half sales volumes versus 32% in the year-earlier period.

3.3. CONSOLIDATED INCOME STATEMENT REVIEW

(In EUR million, except per share data)	1st-Half 2010	1st-Half 2009	1st-Half 2010 / 1st-Half 2009	1st-Half 2010 *(% of net sales)*	1st-Half 2009 *(% of net sales)*
Net sales	**8,349**	**7,134**	**+17.0%**		
Cost of sales	(5,714)	(5,185)	+10.2%	(68.4%)	(72.7%)
Gross income	**2,635**	**1,949**	**+35.2%**	**31.6%**	**27.3%**
Sales and marketing expenses	(847)	(785)	+7.9%	(10.1%)	(11.0%)
Research and development expenses	(274)	(250)	+9.6%	(3.3%)	(3.5%)
General and administrative expenses	(631)	(547)	+15.4%	(7.6%)	(7.7%)
Other operating income and expenses	(61)	(85)	-28.2%	(0.7%)	(1.2%)
Operating income before non-recurring income and expenses	**822**	**282**	**+191.5%**	**9.8%**	**4.0%**
Non-recurring expenses	-	(292)	n.m.	-	(4.1%)
Operating income / (loss)	**822**	**(10)**	**n.m.**	**9.8%**	**(0.1%)**
Cost of net debt	(135)	(129)	+4.7%	(1.6%)	(1.8%)
Other financial income and expenses	3	(9)	n.m.	0.0%	(0.1%)
Share of profit / (loss) from associates	13	3	n.m.	0.2%	0.0%
Income / (loss) before taxes	**703**	**(145)**	**n.m.**	**8.4%**	**(2.0%)**
Income tax	(199)	23	n.m.	(2.4%)	0.3%
NET INCOME / (LOSS)	**504**	**(122)**	**N.M.**	**6.0%**	**(1.7%)**
• Attributable to Shareholders of the Company	503	(119)	n.m.	6.0%	(1.7%)
• Attributable to non-controlling interests	1	(3)	n.m.	0.0%	0.0%
Earnings per share *(in EUR)*					
• Basic	3.37	(0.82)	n.m.		
• Diluted	3.31	(0.82)	n.m.		

ANALYSIS OF CONSOLIDATED OPERATING INCOME BEFORE NON-RECURRING ITEMS

In EUR million



(1) Raw materials and logistics costs.

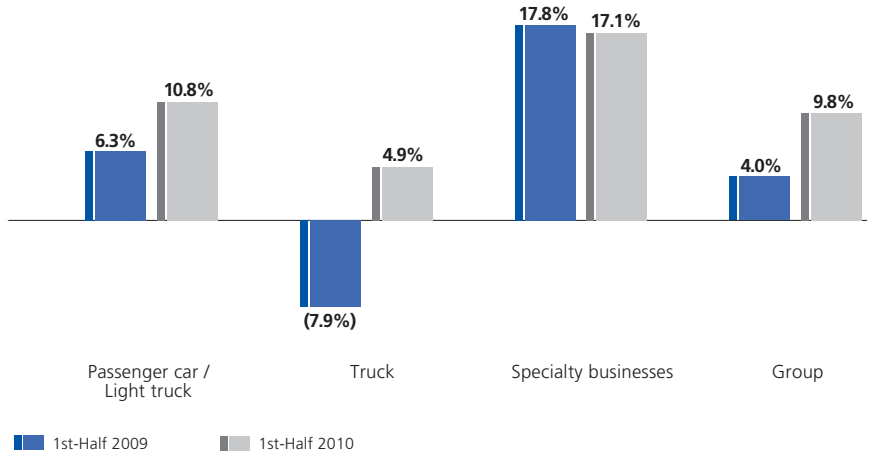
Consolidated **operating income before non-recurring items** amounted to €822 million or 9.8% of net sales in first-half 2010, compared with €282 million and 4.0% of net sales in the year-earlier period. The sharp increase in sales volumes accounted for most of the 5.8-point gain in margin.

The €540-million improvement in operating income before non-recurring items reflected the net impact of:

- a €513 million increase from the significant growth in output and sales volumes over the period ;
- a €79 million decrease mainly from the unfavorable OE/replacement market mix, with prices remaining generally unchanged over the period ;
- a €54 million reduction in external costs, including the €40 million gain from the lingering impact of lower raw materials costs.
- a €1 million negative currency effect ;
- a €53 million gain from improved Group manufacturing performance.

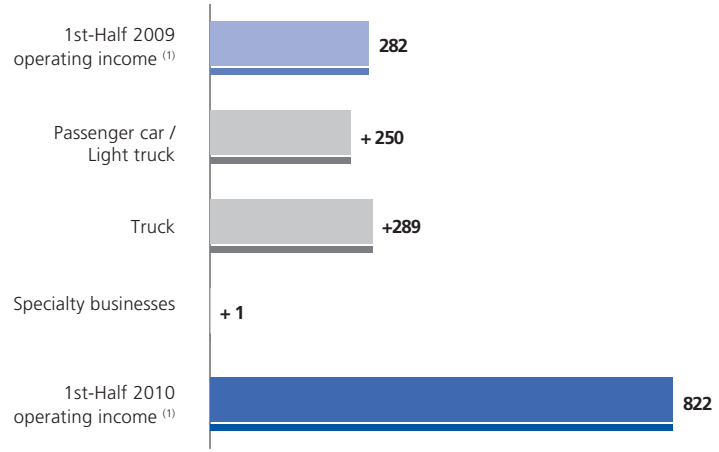
OPERATING INCOME BEFORE NON-RECURRING ITEMS BY REPORTING SEGMENT

OPERATING MARGIN BY REPORTING SEGMENT



- Passenger car and Light truck tires and related distribution.
- Truck tires and related distribution.
- Specialty businesses: Specialty tires (Earthmover, Agricultural, Aircraft and Two-Wheel); Maps and Guides; ViaMichelin and Michelin Lifestyle.

In EUR million



(1) Before non-recurring items.

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 EUR million)	1st-Half 2010	1st-Half 2009	1st-Half 2010 / 1st-Half 2009	1st-Half 2010 (% of Group total)	1st-Half 2009 (% of Group total)
Net sales	4,621	3,949	+17.0%	55%	55%
Operating income before non-recurring items	497	247	+101.2%	61%	88%
Operating margin before non-recurring items	10.8%	6.3%	+4.5 pts		

Operating income before non-recurring items from the Passenger car and Light truck tires and related distribution business amounted to €497 million or 10.8% of net sales in first-half 2010, compared with €247 million and 6.3% of net sales in the year-earlier period.

The improvement was led by the following factors:

- the sharp increase in sales volumes, boosted by the upturn in demand in every Passenger car and Light truck market and by the firm resilience of the MICHELIN brand;
- the early-year price increases, which fully offset the negative mix impact mainly attributable to an unfavorable OE/replacement market mix;
- the tight control over manufacturing costs at time of high capacity utilization.

TRUCK TIRES AND RELATED DISTRIBUTION – ANALYSIS OF OPERATING INCOME BEFORE NON-RECURRING ITEMS

Truck and related distribution (In EUR million)	1st-Half 2010	1st-Half 2009	1st-Half 2010 / 1st-Half 2009	1st-Half 2010 (% of Group total)	1st-Half 2009 (% of Group total)
Net sales	2,566	2,071	+23.9%	31%	29%
Operating income before non-recurring items	126	(163)	+177.3%	15%	(58%)
Operating margin before non-recurring items	4.9%	(7.9%)	+12.8 pts		

Operating income before non-recurring items from the Truck tires and related distribution business amounted to €126 million or 4.9% of net sales in first-half 2010, versus an operating loss of €163 million in the year earlier period.

The sharp improvement was primarily attributable to:

- the increase in volumes following the rebound in the Group's various markets off of low prior-year comparatives;
- the improvement in the Group's competitiveness.

SPECIALTY BUSINESSES – ANALYSIS OF OPERATING INCOME BEFORE NON-RECURRING ITEMS

Specialty businesses (In EUR million)	1st-Half 2010	1st-Half 2009	1st-Half 2010 / 1st-Half 2009	1st-Half 2010 (% of Group total)	1st-Half 2009 (% of Group total)
Net sales	1,162	1,114	+4.3%	14%	16%
Operating income before non-recurring items	199	198	+0.5%	24%	70%
Operating margin before non-recurring items	17.1%	17.8%	-0.7 pts		

Operating income before non-recurring items from the Specialty businesses at a structurally high level in the first half, at €199 million or 17.1% of net sales, compared with €198 million and 17.8% in the year-earlier period.

The situation primarily reflected the following factors:

- the increase in sales volumes;
- the significant contribution from the Earthmover tires business;
- the downward adjustment in prices resulting from application of contractual clauses indexing prices to raw materials costs.

OTHER INCOME STATEMENT ITEMS

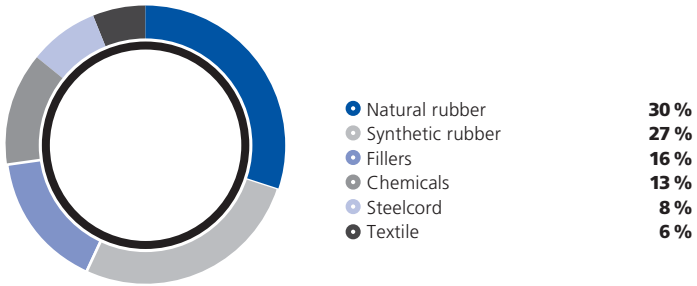
RAW MATERIALS

The cost of raw materials recognized in the income statement under "cost of sales" is determined by valuing raw materials, semi-finished and finished product inventories using the weighted average cost method. This method 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.

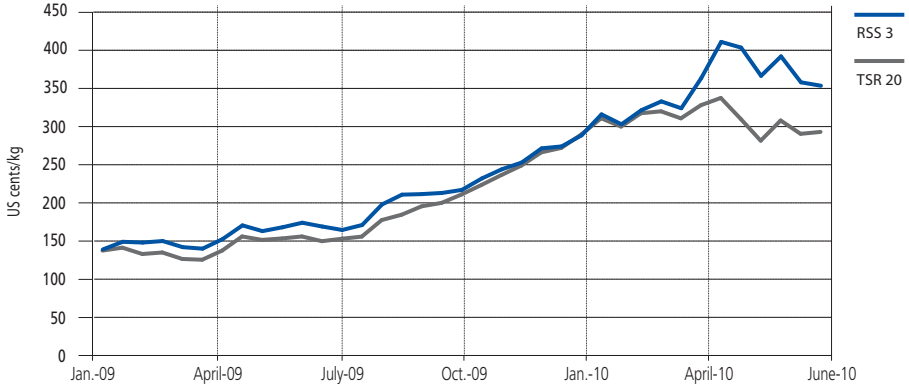
In first-half 2010, raw materials costs continued to decline, adding €40 million to income at constant exchange rates. Over the full year, higher raw materials prices are expected to have a €600-650 million negative impact at constant exchange rates.

In the first half, **external costs** (mainly raw materials and logistics) declined by €54 million overall, thanks to continued tight control over logistics expense. .

RAW MATERIALS RECOGNIZED IN FIRST-HALF 2010 COST OF SALES, BY TYPE AND IN €

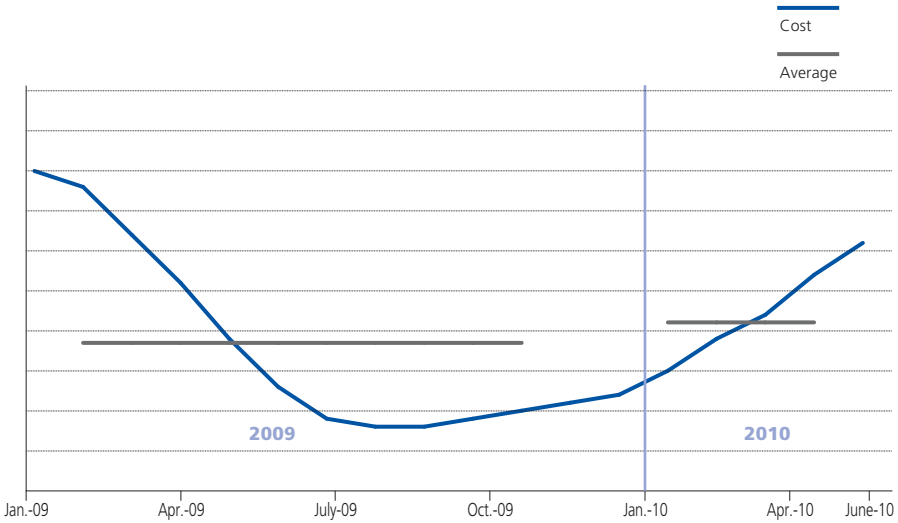


NATURAL RUBBER PRICES (SICOM)

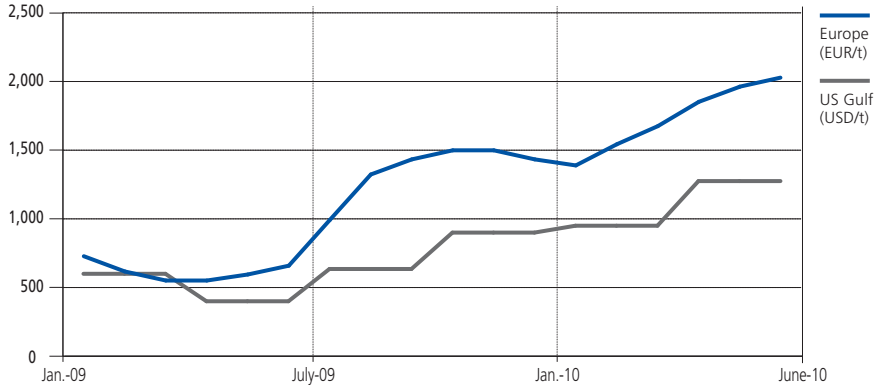


RAW MATERIALS COSTS RECOGNIZED IN FIRST-HALF 2010 COST OF SALES

In EUR/kg



BUTADIENE PRICES



EMPLOYEE BENEFIT COSTS AND NUMBER OF EMPLOYEES

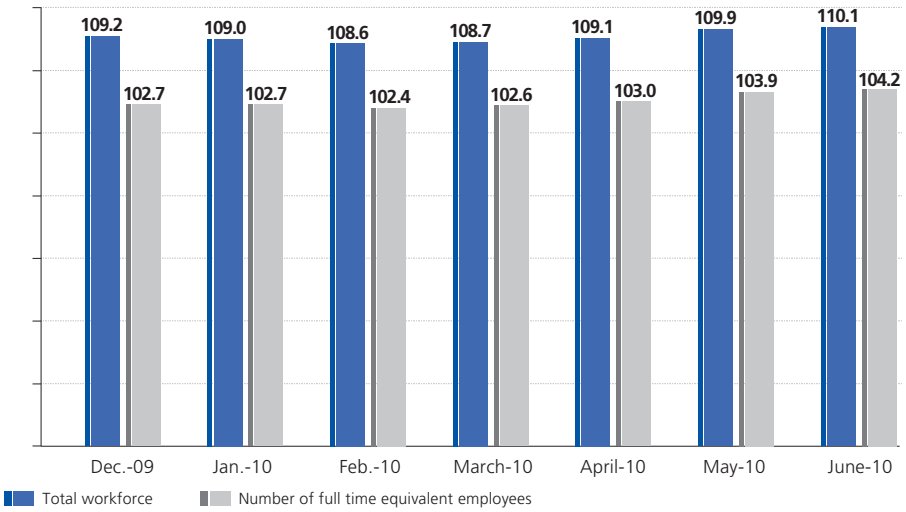
(In EUR million)	1st-Half 2010	1st-Half 2009	% change
Employee benefit costs	2,436	2,280	+6.8%
As a % of net sales	29.2%	32.0%	-2.8 pts
Average number of employees, full time equivalent	103,100	107,600	-4.1%
Total number of employees at June 30	110,100	112,500	-2.1%
Number of full time equivalent employees at June 30	104,200	106,000	-1.7%

Employee benefit costs represented 29.2% of first-half 2010 net sales, versus 32.0% in the year-earlier period, even as net sales rose sharply during the period.

In euro terms and including salary increases, employee benefit costs rose by 6.8% compared with first-half 2009, when costs were impacted by government measures to compensate short-time working hours and, in certain regions, a decline in wages in line with shorter hours.

The **number of full-time equivalent employees** at June 30, 2010 was down 1.7% compared with a year earlier, attesting to the sustained improvement in the Group's productivity. Compared with December 31, 2009, however, the workforce was up by 1.5%, reflecting the sharp growth in output during the first half.

NUMBER OF EMPLOYEES
In thousands

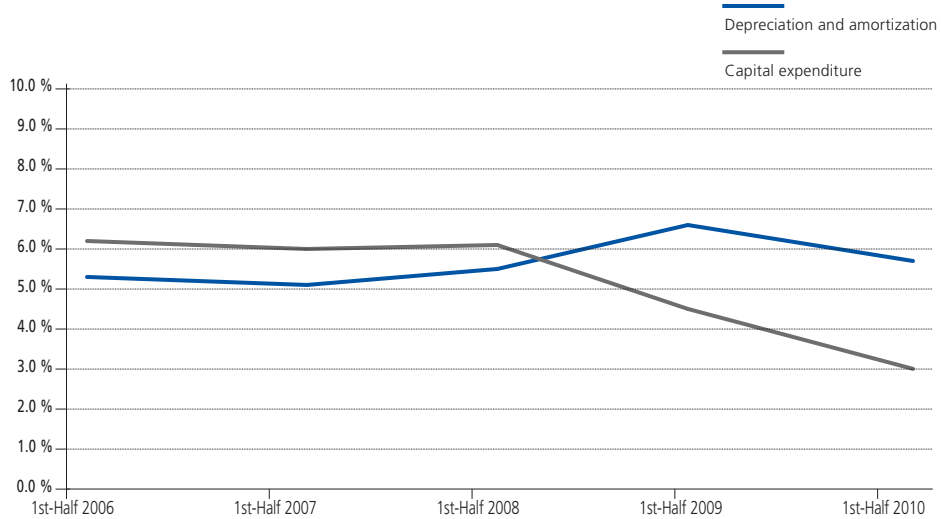


DEPRECIATION AND AMORTIZATION

(In EUR million)	1st-Half 2010	1st-Half 2009	% change
Depreciation and amortization	478	471	+1.5%
As a % of capital expenditure	*190.4%*	*147.6%*	

Depreciation and amortization charges rose by 1.5% to €478 million.

As a % of net sales



TRANSPORTATION COSTS

(In EUR million)	1st-Half 2010	1st-Half 2009	1st-Half 2010 / 1st-Half 2009
Transportation of goods	452	373	+21.2%
As a % of sales	*5.4%*	*5.2%*	

Transportation costs rose by 21.2% to €452 million, tracking the 15.3% increase in sales volumes and the increase in Group exports.

Transportation costs represented 5.4% of net sales compared with 5.2% in first-half 2009.

SALES AND MARKETING EXPENSE

Sales and marketing expense represented 10.1% of net sales in first-half 2010, versus 11.0% in the year earlier period. In euro terms, it rose by €62 million to €847 million for the period, primarily due to deployment of the global advertising campaign.

RESEARCH AND DEVELOPMENT EXPENSE

Research and development expense stood at €274 million, up 9.6% from first-half 2009 and representing 3.3% of net sales, versus 3.5% a year earlier.

This sustained strong R&D commitment highlights the Group's dedication to strengthening its technological leadership.

GENERAL AND ADMINISTRATIVE EXPENSE

At €631 million, **general and administrative expense** represented 7.6% of net sales, versus 7.7% in first-half 2009.

NON-RECURRING EXPENSES

No **non-recurring expenses** were recognized in the first half.

COST OF NET DEBT

(In EUR million)	1st-Half 2010	1st-Half 2009	Value change
Cost of net debt	135	129	+6

The **cost of net debt** rose by €6 million compared with first-half 2009, primarily reflecting the following factors:

- a €44 million decrease in net interest expense, of which:
  - a €28 million decrease attributable to the reduction in average net debt to €3.1 billion from €4.3 billion in first-half 2009,
  - a €22 million decrease from the reduction in the average gross interest rate on borrowings, to 4.5% from 5.5% in first-half 2009,
  - a €8 million increase from the negative carry, reflecting the increase in average invested cash and cash equivalents to €1,067 million from €679 million in first-half 2009,
  - a €2 million decrease from other favorable factors;
- a €50 million increase from other unfavorable factors, including the net change in the market value of the portfolio of interest rate derivatives used by the Group to convert variable rate debt into fixed rate instruments.

OTHER FINANCIAL INCOME AND EXPENSES

(In EUR million)	1st-Half 2010	1st-Half 2009	Value change
Other financial income and expenses	3	(9)	+12

Other financial income and expenses mainly include currency gains and losses, dividends, interest income and proceeds from the sale of financial assets. Their increase during the period was mainly due to the €25 million improvement in the net currency gain on transaction hedging.

INCOME TAX

(In EUR million)	1st-Half 2010	1st-Half 2009	Value change
Income / (loss) before taxes	703	(145)	+848
Income tax	**199**	**(23)**	**+222**
Current tax	142	68	+74
Withholding tax	0	14	-14
Deferred tax	57	(105)	+162

Income tax expense amounted to €199 million in the first half, corresponding to an effective tax rate of 28.3%, compared with the standard Group rate of 31%. In first-half 2009, the Group reported a tax benefit of €23 million, mainly as a result of the recognition of deferred tax assets.

CONSOLIDATED NET INCOME AND EARNINGS PER SHARE

(In EUR million)	1st-Half 2010	1st-Half 2009	Value change
Net income / (loss)	504	(122)	+626
As a % of net sales	*6.0%*	*(1.7%)*	*+7.7 pt*
• Attributable to Shareholders of the Company	503	(119)	+622
• Attributable to non-controlling interests	1	(3)	+4
Earnings per share *(in EUR)*			
• Basic	3.37	(0.82)	+4.19
• Diluted	3.31	(0.82)	+4.13

Net income came to €504 million or 6.0% of net sales in the first half of 2010, compared with a net loss of €122 million in first-half 2009. The improvement was led by the following factors:

- the €540 million increase in operating income before non-recurring items;
- the absence at June 30, 2010, of any non-recurring expense during the period, versus €292 million in first-half 2009;
- the €6 million increase in cost of net debt;
- the €12 million increase in other financial income and expenses;
- the €10 million share of the profit from associates;
- the €222 million increase in income tax expense.

3.4. CONSOLIDATED BALANCE SHEET REVIEW

ASSETS

(In EUR million)	June 30, 2010	December 31, 2009	Total change	Currency effect	Movement
Goodwill	447	403	+44	+44	+0
Other intangible assets	346	321	+25	+15	+10
Property, plant and equipment (PP&E)	7,022	6,782	+240	+487	-247
Non-current financial assets and other assets	835	712	+123	+50	+73
Investments in associates and joint ventures	81	71	+10	+0	+10
Deferred tax assets	978	942	+36	+80	-44
Non-current assets	**9,709**	**9,231**	**+478**	**+676**	**-198**
Inventories	3,833	2,994	+839	+311	+528
Trade receivables	2,709	2,314	+395	+184	+211
Current financial assets	173	165	+8	+3	+5
Other current assets	610	583	+27	+13	+14
Cash and cash equivalents	767	1,231	-464	+39	-503
Current assets	**8,092**	**7,287**	**+805**	**+550**	**+255**
TOTAL ASSETS	**17,801**	**16,518**	**+1,283**	**+1,226**	**+57**

LIABILITIES AND EQUITY

(In EUR million)	June 30, 2010	December 31, 2009	Total change	Currency effect	Movement
Share capital	299	295	+4	+0	+4
Share premiums	2,069	1,987	+82	+0	+82
Reserves	4,068	3,210	+858	+437	+421
Non-controlling interests	3	3	+0	+0	-0
Equity	**6,439**	**5,495**	**+944**	**+437**	**+507**
Non-current financial liabilities	3,273	3,568	-295	+112	-407
Employee benefit obligations	2,595	2,374	+221	+203	+18
Provisions and other non-current liabilities	1,118	1,105	+13	+67	-54
Deferred tax liabilities	54	40	+14	+0	+14
Non-current liabilities	**7,040**	**7,087**	**-47**	**+382**	**-429**
Current financial liabilities	970	760	+210	+174	+36
Trade payables	1,372	1,249	+123	+93	+30
Other current liabilities	1,980	1,927	+53	+140	-87
Current liabilities	**4,322**	**3,936**	**+386**	**+407**	**-21**
TOTAL EQUITY AND LIABILITIES	**17,801**	**16,518**	**+1,283**	**+1,226**	**+57**

GOODWILL

Other than the impact of translation adjustments, there was no material change in **goodwill** at June 30, 2010 compared with December 31, 2009.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment stood at €7.0 billion at June 30, 2010, a €240 million increase that reflected the Group's sustained capital expenditure program and the impact of translation adjustments.

NON-CURRENT FINANCIAL ASSETS

Non-current financial assets rose by €123 million, mainly due to:

- fair value adjustments to available-for-sale financial assets;
- translation adjustments.

DEFERRED TAX ASSETS AND LIABILITIES

The net deferred tax asset increased by €36 million over the period, mainly as a result of translation adjustments.

WORKING CAPITAL REQUIREMENT

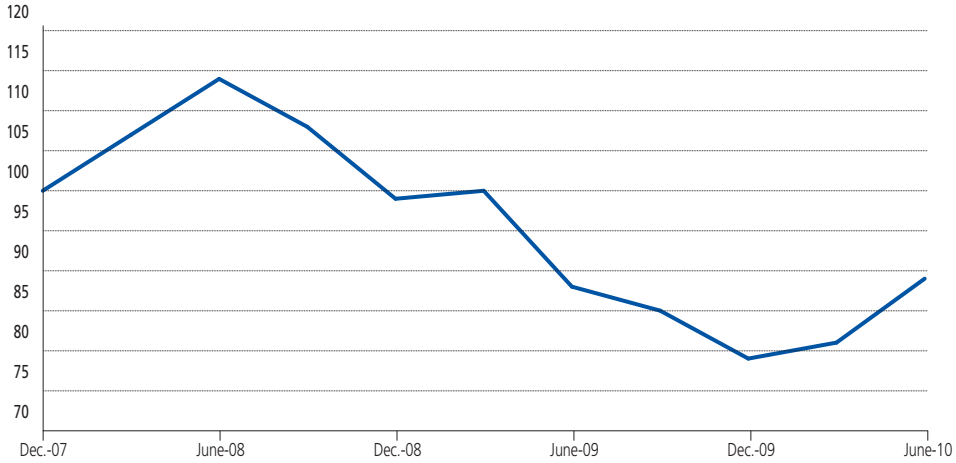
(In EUR million)	June 30, 2010	June 30, 2009	Value change	June 30, 2010 *(as a % of sales, 12-month rolling)*	June 30, 2009 *(as a % of sales, 12-month rolling)*
Inventories	3,833	3,164	+669	23.9%	20.7%
Trade receivables	2,709	2,398	+311	16.9%	15.7%
Trade payables	(1,372)	(903)	-469	(8.6%)	(5.9%)
WORKING CAPITAL REQUIREMENT	**5,170**	**4,659**	**+511**	**32.3%**	**30.4%**

The upturn in business drove an 11% or €511 million increase in **working capital requirement** compared with first-half 2009. It represented 32.3% of net sales for the period.

Inventory, which represented 23.9% of net sales, rose by €669 million year-on-year, primarily due to the increase in the value of raw materials inventory and, to a lesser extent, the impact of higher output.

Tonnage of finished product inventory increased by 1% compared with June 30, 2009, and was below normal levels.

FINISHED PRODUCT INVENTORY
Quarterly change in volumes



Trade receivables rose by €311 million year-on-year to €2,709 million. At a time when payment terms are steadily growing shorter, the rise primarily reflected the growth in sales volumes and, to a lesser extent, the price increases passed along during the period.

Trade payables climbed by €469 million, mainly as a result of the upturn in business.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents declined by €464 million compared with December 31, 2009, and stood at €767 million at June 30, 2010.

EQUITY

Consolidated equity amounted to €6,439 million at June 30, 2010, a €944 million increase compared with December 31, 2009 that was primarily due to:

- comprehensive income for the period, in an amount of €1,026 million (€504 million in net income, plus €435 million in net translation gains and €87 million in other positive items);
- less the €148 million in dividends and other distributions;
- plus the issue of €86 million in new shares, reflecting the creation of 1,735,759 new shares under the dividend reinvestment plan (€82 million) and the issue of 83,862 shares on the exercise of stock options.

At June 30, 2010, the **share capital** of Compagnie Générale des Établissements Michelin stood at €298,511,956, comprising 149,255,978 shares corresponding to 202,530,659 voting rights.

DEBT

Net debt stood at €3,428 million at June 30, 2010, up €377 million from December 31, 2009 as a result of the following factors:

- the slightly negative €30 million in free cash flow;
- the negative €246 million translation adjustment;
- the €65 million payment of the cash portion of the dividend.

  At the Annual Meeting, shareholders approved the payment of a 2009 dividend of €1.00 a share, with a reinvestment option. Nearly 60% of shareholders opted to reinvest their dividend, enabling the Group to save €82 million in cash;
- the negative €36 million impact of other factors.

NET DEBT, DECEMBER 31, 2009 – JUNE 30, 2010

(In EUR million)	2010	2009
At January 1	**3,051**	**4,273**
Translation adjustment	+246	+26
Free cash flow[1]	+30	-575
Dividends	+66	+70
Other change in equity	+18	+11
Commitments to purchase shares	-5	-11
New obligations under finance leases	+3	-
Change in scope and other	+19	+24
AT JUNE 30	**3,428**	**3,818**
CHANGE	**+377**	**-455**

(1) Free cash flow equals cash flows from operating activities less cash flows used in investing activities.

GEARING

Despite the usual seasonal variation in business, **gearing** was reduced to 53%, compared with 75% at June 30, 2009 and 55% at December 31, 2009.

The year-on-year improvement reflected mainly the increase in equity.

RATINGS

The solicited corporate credit ratings of Compagnie Générale des Établissements Michelin (CGEM) and Compagnie Financière Michelin (CFM) are as follows:

		CGEM	CFM
Short term	Standard & Poor's	A-3	A-3
	Moody's	P-2	P-2
Long term	Standard & Poor's	BBB	BBB
	Moody's	Baa2	Baa2
Outlook	Standard & Poor's	Negative	Negative
	Moody's	Stable	Stable

- On July 24, 2008, to eliminate the rating gap between CFM and its parent company CGEM, Moody's revised CGEM's rating from Baa3/Prime-3/Stable to Baa2/Prime-2/Stable.
- On October 31, 2008, Standard & Poor's lowered its outlook for Michelin from stable to negative and downgraded the short-term rating from A-2 to A-3, while maintaining the long-term rating of BBB.
- On December 23, 2009, Standard & Poor's placed the long-term rating on CreditWatch with negative implications. The rating was taken off CreditWatch on January 19, 2010, when Standard & Poor's reaffirmed the BBB rating for long-term credit and the A3 rating for short-term credit, as well as the negative outlook.

PROVISIONS

Provisions and other non-current liabilities amounted to €1,118 million, versus €1,105 million at December 31, 2009. Excluding the impact of translation adjustments, provisions declined due to the outlays under restructuring plans already covered by provisions.

EMPLOYEE BENEFITS

CHANGE IN FAIR VALUE OF THE NET DEFINED BENEFIT OBLIGATION

(In EUR million)	Pension plans	Other plans	1st-Half 2010	1st-Half 2009
Net amount at January 1	**599**	**1,540**	**2,139**	**2,443**
Translation adjustments	(21)	184	163	28
Expenses recognized in the income statement (recurring items)	69	51	120	131
Contributions paid to the funds	(26)	0	(26)	(19)
Benefits paid directly to the beneficiaries	(12)	(39)	(51)	(68)
Changes in scope of consolidation	-	-	-	-
Portion of benefit expenses recognized within non-recurring restructuring costs	-	-	-	1
NET AMOUNT AT JUNE 30	**609**	**1,736**	**2,345**	**2,516**

The net obligation recognized in the balance sheet at June 30, 2010 amounted to €2,345 million, up €206 million compared with January 1, 2010. Of the increase, €163 million was due to the impact of gains in the US and Canadian dollars against the euro over the period.

The expense recognized in operating income in first-half 2010 in respect of employee defined benefit plans amounted to €120 million, which was stable for the period and in line with Group projections.

Total Group contributions to these plans during the period declined by €10 million year-on-year to €77 million, as follows:

- €26 million in contributions paid to fund management institutions (2009: €19 million);
- €51 million in benefits paid directly to employees (2009: 68 million).

3.5. CONSOLIDATED CASH FLOW STATEMENT REVIEW

CASH FLOW FROM OPERATING ACTIVITIES

(In EUR million)	1st-Half 2010	1st-Half 2009	Value change
EBITDA before non-recurring income and expenses	**1,305**	**751**	**+554**
Other non-cash income and expenses	(9)	(17)	+8
Change in provisions, including employee benefit obligations	(46)	(6)	-40
Cost of net debt and other financial income and expenses paid	(149)	(141)	-8
Income tax paid	(171)	42	-213
Change in working capital, net of impairments	(651)	334	-985
Change in inventory	*(527)*	*580*	*-1,107*
Change in trade receivables	*(209)*	*96*	*-305*
Change in other receivables and payables	*85*	*(342)*	*+427*
CASH FLOWS FROM OPERATING ACTIVITIES	**279**	**963**	**-684**

EBITDA before non-recurring income and expenses rose by €554 million to €1,305 million in first-half 2010, in line with the increase in operating income before non-recurring items.

CAPITAL EXPENDITURE

(In EUR million)	1st-Half 2010	1st-Half 2009	1st-Half 2010 / 1st-Half 2009 in value	1st-Half 2010 *(as a % of sales)*	1st-Half 2009 *(as a % of sales)*
Gross purchases of intangible assets and PP&E	**251**	**319**	**-68**	**3.0%**	**4.5%**
Investment grants received and change in capital expenditures payables	53	101	-48	0.6%	1.4%
Proceeds from sale of intangible assets and PP&E	(17)	(15)	-2	(0.2%)	(0.2%)
NET ADDITIONS TO INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	**287**	**405**	**-118**	**3.4%**	**5.7%**

Gross purchases of intangible assets and property, plant and equipment amounted to €251 million at June 30, 2010, or 3.0% of net sales, versus €319 million or 4.5% of sales a year earlier.

New plant construction projects in high potential country markets continued apace in the first half, with groundwork getting underway in Brazil in the spring and the building permit for the Indian plant issued in July.

The main capital projects by Product Line were as follows:

Passenger car and Light truck tires:

- projects to improve productivity and refresh product lines,
- projects to increase production capacity:
  - in Shanghai, China,
  - in Brazil, with engineering and groundwork on the new plant in Itatiaia,
  - in Spain, with the development of the new MICHELIN Energy™ Saver fuel-efficient tire ranges at the Vitoria plant.

Truck tires:

- in China, with the pilot workshop in Shenyang;
- projects to improve productivity;
- projects to develop new molds to refresh the product lines.

Earthmover tires:

- in the United States, to increase mining tire capacity at the Lexington, KY plant.

Over the full year, capital expenditure is expected to total around €1 billion, with faster implementation of the projects in China, India and Brazil in the second half.

FREE CASH FLOW

Free cash flow is stated before dividend payments but after the acquisition of investments.

(In EUR million)	1st-Half 2010	1st-Half 2009	Value change
Cash flows from operating activities	**279**	**963**	**-684**
Net additions to intangible assets and property, plant and equipment	(287)	(405)	+118
Investments in shareholdings and other financial assets	(22)	17	-39
Cash flows from investing activities	**(309)**	**(388)**	**+79**
FREE CASH FLOW	**(30)**	**575**	**-605**

Free cash flow was a slightly negative €30 million in first-half 2010, compared with a positive €575 million in the year-earlier period, reflecting the net impact of the following main factors:

- favorable factors:
  - the sharp €554 million increase in EBITDA, led by the growth in volumes and the impact of the intrinsic improvements in the Group's competitiveness,
  - the €68 million positive impact shifting capital expenditure outlays between the first and second half compared with 2009;
- unfavorable factors:
  - the change in inventory, which swung to a €527 million increase from a €580 million decline in first-half 2009, due to both the increase in raw materials costs and the recovery in volumes,
  - the change in trade receivables, which swung to a €209 million increase from a €96 million decline in first-half 2009, as a result of increasing sales, while days sales outstanding further declined.

3.6. OUTLOOK FOR 2010

The clear rebound in the tire markets is expected to continue in the second half of the year, even though the pace of economic recovery will vary from one region to another.

While rising raw materials costs will have a negative impact on second-half consolidated results (and reduce full-year income by €600-650 million), Michelin will benefit from the price increases introduced in the first half. In addition, the Group is announcing around a 3% increase in its Passenger car and Light truck Replacement tire prices in Europe starting in September, thereby confirming its commitment to a responsive pricing policy.

In this environment, Michelin reaffirms its full-year 2010 target of driving 10%-plus growth in sales volumes, maintains its objective of generating positive free cash flow and, despite the expected impact of raw materials costs, intends to deliver an operating margin before non-recurring items of close to 9%.

3.7. RELATED PARTIES

There were no new material related party transactions during the first half of 2010, nor any material changes in the related party transactions described in the 2009 Registration Document.

3.8. RISK MANAGEMENT

The Michelin Group's principal risks have been identified and are described in the 2009 Registration Document.

3.9. CONSOLIDATED KEY FIGURES AND RATIOS

IFRS (In EUR million)	1st-Half 2010	1st-Half 2009	2009	2008	2007	2006	2005	2004
Sales	8,349	7,134	14,807	16,408	16,867	16,384	15,590	15,048
% change	+17.0%	-13.4%	-9.8%	-2.7%	+3.0%	+5.1%	+3.6%	N. App.
Total employee benefits costs	2,436	2,280	4,515	4,606	4,732	4,718	4,780	4,837
as a % of sales	29.2%	32.0%	30.5%	28.1%	28.1%	28.8%	30.7%	32.1%
Number of employees (full time equivalent, end of period)	104,200	106,000	102,700	110,300	113,500	115,800	119,000	120,500
Research and development expenses[1]	274	250	506	499	571	591	565	576
as a % of sales	3.3%	3.5%	3.4%	3.0%	3.4%	3.6%	3.6%	3.8%
EBITDA	1,305	751	1,802	1,848	2,468	2,209	2,171	2,030
Operating income before non-recurring income and expenses	822	282	862	920	1,645	1,338	1,368	1,303
Operating margin before non-recurring income and expenses	9.8%	4.0%	5.8%	5.6%	9.8%	8.2%	8.8%	8.7%
Operating income	822	(10)	450	843	1,319	1,118	1,574	1,239
Operating margin	9.8%	(0.1%)	3.0%	5.1%	7.8%	6.8%	10.1%	8.2%
Cost of net debt	(135)	(129)	(292)	(330)	(294)	(315)	(310)	N. App.
Other financial income and expenses	3	(9)	40	(3)	29	135	(280)	(235)
Income before taxes	703	(145)	207	520	1,071	942	1,300	985
Income tax	(199)	23	(103)	(163)	(299)	(369)	(411)	(331)
Effective tax rate	28.3%	(15.9%)	49.8%	31.3%	27.9%	39.2%	31.6%	33.6%
Net income	504	(122)	104	357	772	573	889	654
as a % of sales	6.0%	(1.7%)	0.7%	2.2%	4.6%	3.5%	5.7%	4.3%
Dividends paid to shareholders[2]	147	145	145	230	208	193	179	133
Cash flows from operating activities	279	963	2,123	915	1,862	1,191	1,031	1,322
as a % of sales	3.3%	13.5%	14.3%	5.6%	11.0%	7.3%	6.6%	8.8%
Gross purchases of intangible assets and PP&E	251	319	672	1,271	1,340	1,414	1,336	1,107
as a % of sales	3.0%	4.5%	4.5%	7.7%	7.9%	8.6%	8.6%	7.4%
Capital expenditure, net of disposals	287	405	660	1,237	1,378	1,277	1,208	951
Cash flows from investing activities	(309)	(388)	(736)	(1,274)	(1,429)	(1,230)	(1,155)	(1,056)
as a % of sales	3.7%	5.4%	5.0%	7.8%	8.5%	7.5%	7.4%	7.0%
Net debt[3]	3,428	3,818	3,051	4,273	3,714	4,178	4,083	3,292
Total equity[4]	6,439	5,075	5,495	5,113	5,290	4,688	4,527	3,647
Gearing	53%	75%	55%	84%	70%	89%	90%	90%
Net debt / EBITDA	N. App	N. App	1.69	2.31	1.50	1.89	1.88	1.62
Cash flows from operating activities / Net debt	N. App	N. App	69.6%	21.4%	50.1%	28.5%	25.3%	40.2%

IFRS *(In EUR million)*	1st-Half 2010	1st-Half 2009	2009	2008	2007	2006	2005	2004
Net interest charge average rate[5]	5.9%	6.1%	6.2%	6.0%	6.4%	6.3%	6.9%	N. App.
Operating income before non-recurring items / Net interest charge[5]	8.9	2.0	3.5	3.5	6.1	4.2	4.4	N. App.
Free cash flow[6]	(30)	575	1,387	(359)	433	(39)	(124)	266
ROE[7]	N. App	N. App	1.9%	7.0%	14.7%	12.2%	19.7%	18.5%
ROCE – Return on capital employed[8]	N. App	N. App	5.4%	5.6%	9.7%	8.0%	N. App	N. App
Per share data *(In EUR)*								
Net assets per share[9]	43.1	34.4	37.2	35.2	36.7	32.6	31.5	24.2
Basic earnings per share	3.37	(0.82)	0.71	2.46	5.32	3.95	6.13	4.46
Diluted earnings per share	3.31	(0.82)	0.71	2.46	5.22	3.94	6.12	4.46
P/E[10]	N. App	N. App	75.5	15.3	14.8	18.4	7.7	10.6
Dividend per share	N. App	N. App	1.00	1.00	1.60	1.45	1.35	1.25
Distribution rate[11]	N. App	N. App	140.8%	40.7%	30.1%	36.7%	22.0%	28.0%
Dividend yield[12]	N. App	N. App	1.9%	2.7%	2.0%	2.0%	2.8%	2.6%
Share turnover rate[13]	N. App	N. App	199%	308%	216%	212%	151%	134%

(1) Pursuant to switch to IFRS, part of the Group's research and development expenses are integrated into the cost of goods sold in the income statement by function.
(2) Including the dividends paid in shares.
(3) Net debt after implementation of IAS 32 and IAS 39, effective January 1, 2005: financial liabilities - cash and cash equivalents +/- derivative assets.
(4) Total equity after implementation of IAS 32 and IAS 39, effective January 1, 2005.
(5) Net interest charge: interest financing expenses - interest income from cash and equivalents + discount/premium amortization on forward foreign exchange contracts.
(6) Free cash flow: Cash flows from operating activities - Cash flows from investing activities.
(7) ROE: net income attributable to Shareholders / Shareholders' equity excluding non-controlling interests.
(8) ROCE: Net Operating Profit After Tax (NOPAT) / capital employed (intangible assets and PP&E + long-term financial assets + working capital requirement).
(9) Net assets per share: net assets / number of shares outstanding at the end of the period.
(10) P/E: Share price at the end of the period / earnings per share.
(11) Distribution rate: dividend per share / basic earnings per share.
(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.
N. App.: Non applicable.

3.10. SHARE INFORMATION

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: €2.00;
- Traded in units of: 1.

MARKET CAPITALIZATION

€8,612 million at June 30, 2010

AVERAGE DAILY TRADING VOLUME

1,155,531 in first-half 2010

INDICES

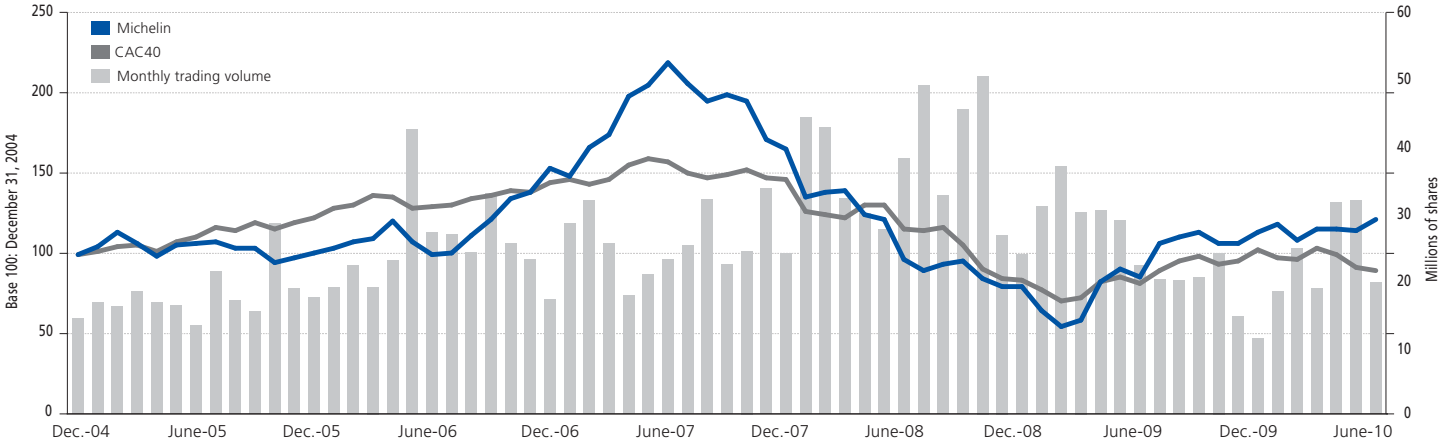
The Michelin share is included in two leading stock market indices. As of June 30, 2010, it represented

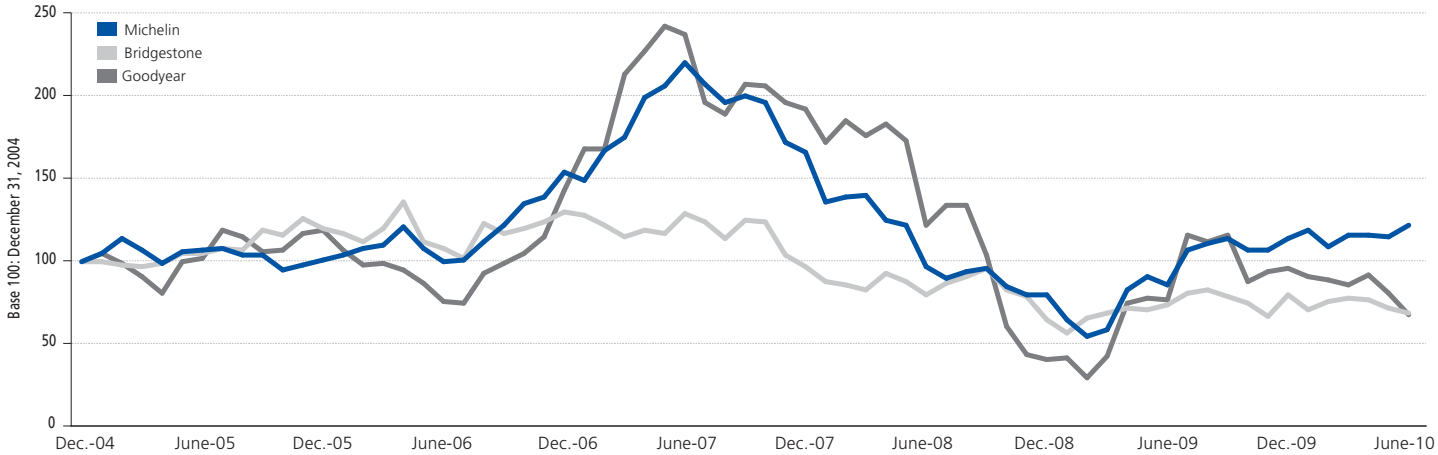
- 1.09% of the CAC 40 index;
- 0.58% of the Euronext 100 index.

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
(based on closing price at month-end)





SHARE INFORMATION

Share price *(in EUR)*	1st-Half 2010	2009	2008	2007	2006	2005
High	61.67	58.67	79.90	106.70	73.30	56.20
Low	49.82	22.69	30.65	67.75	43.21	43.75
High/low ratio	1.24	2.59	2.61	1.57	1.70	1.28
Closing price, end of period	57.73	53.58	37.57	78.50	72.50	47.48
Change over the period	+7.8%	+42.6%	-52.1%	+8.3%	+52.7%	+0.6%
Change in the CAC 40 index over the period	*-13%*	*+22%*	*-43%*	*+1%*	*+18%*	*+23%*
Market value at end of period *(in EUR billion)*	**8.61**	**7.90**	**5.45**	**11.30**	**10.41**	**6.81**
Average daily trading volume over the period	1,155,531	1,138,691	1,740,267	1,217,949	1,191,679	842,053
Average shares outstanding	147,658,148	146,184,080	144,495,251	143,770,101	143,390,450	143,387,025
Volume of shares traded over the period	145,596,898	291,504,866	445,508,266	310,577,078	303,878,126	216,407,691
Share turnover ratio	**195%**	**199%**	**308%**	**216%**	**212%**	**151%**

PER-SHARE DATA

(In EUR per share, except ratios)	1st-Half 2010	2009	2008	2007	2006	2005
Net assets per share	43.1	37.2	35.2	36.7	32.6	31.5
Basic earnings per share	3.37	0.71	2.46	5.32	3.95	6.13
Diluted earnings per share(1)	3.31	0.71	2.46	5.22	3.94	6.12
Price-earnings ratio	**N. App**	**75.5**	**15.3**	**14.8**	**18.4**	**7.7**
Dividend for the year	N. App	1.00	1.00	1.60	1.45	1.35
Pay-out ratio	N. App	140.8%	40.7%	30.1%	36.7%	22.0%
Yield(2)	N. App	1.9%	2.7%	2.0%	2.0%	2.8%

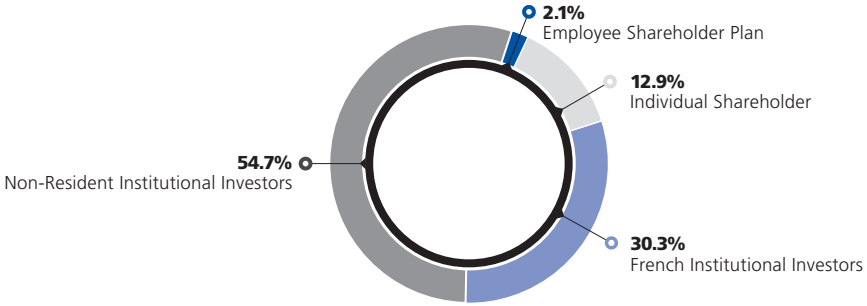
(1) Earnings per share adjusted for the potential shares resulting from the exercise of outstanding dilutive instruments.
(2) Dividend/closing share price for the period.

CAPITAL AND OWNERSHIP STRUCTURE

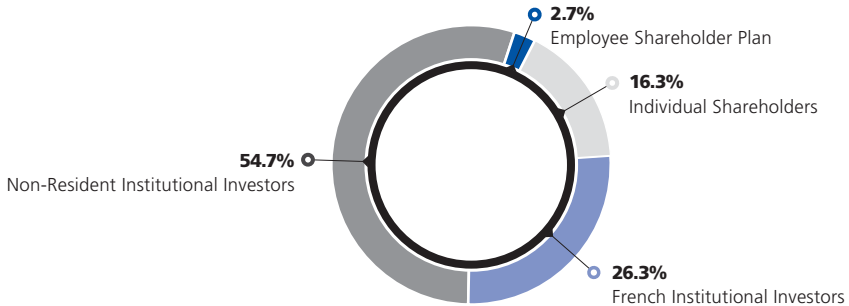
At June 30, 2010:

- share capital: €298,344,232;
- shares outstanding: €149,172,116, all fully paid up;
- voting rights outstanding: 202,530,659;
- number of shareholders: 206,300 of which:
  more than 3,200 institutional investors,
  more than 131,000 individual shareholders,
  around 72,000 employee shareholders.

CAPITAL STRUCTURE
At June 30, 2010



VOTING RIGHTS STRUCTURE
At June 30, 2010



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

3.11. FIRST-HALF 2010 HIGHLIGHTS

STRATEGY – PARTNERSHIPS – ACQUISITIONS

Michelin is the Main Sponsor of the French Pavilion at Expo 2010 Shanghai

Michelin is the main sponsor of the French Pavilion at Expo 2010 Shanghai, which runs from May 1 to October 31, 2010. The Expo's theme – "Better City, Better Life" – resonates with Michelin's corporate signature "A Better Way Forward," which expresses the Group's commitment to making road mobility safer, better and more respectful of people and the environment.

The exhibition will be the largest world's fair of all time, with more than 70 million visitors and the participation of some 135 countries and 48 organizations.

To help international visitors get around during Expo 2010, Michelin has also published a new guide to Shanghai in English.

Michelin at the 2010 Detroit International Auto Show

Environmentally friendly automobile concepts of the future were showcased at the 22nd Detroit International Auto Show in January. True to its commitment to innovation, Michelin presented tires specially designed for hybrid vehicles and other products integrating "green" technologies, such as its low rolling resistance tires and the motorized Michelin Active Wheel.

Michelin Enjoys the Best Reputation Among France's CAC40 Stocks

A survey conducted in France in January and February 2010 by the US-based Reputation Institute in partnership with consulting firm i&e has shown that Michelin enjoys the best reputation among the companies included in France's benchmark CAC 40 stock index. More than 2,200 people were polled, including customers, suppliers, employees and shareholders.

The ranking was based on seven criteria: products and services, governance, corporate citizenship, employment, innovation, leadership and performance.

Tire Performance Evaluation System Introduced in Japan

In February, JATMA, the Japanese tire manufacturers association, published directives concerning low fuel-consumption tires. The initiative, which involves measuring rolling resistance and braking distances, represents the first step in a gradual process that will ultimately cover all tires sold in Japan.

The 28 sizes in the premium MICHELIN Primacy LC car tire range and the 20 sizes in the safe, energy-efficient MICHELIN Energy™ Saver lineup are rated as fuel-efficient tires.

Thanks to an energy-efficiency labeling system, consumers can easily identify and choose tires that help to reduce fuel consumption.

Distribution: New Euromaster Franchises in Germany and Italy

Already successfully launched in France, Poland and the Czech Republic, the Euromaster franchise program has now been extended to Germany and Italy. The franchised units will strengthen Euromaster's position as Europe's leading retailer of tires and related services. The new centers will join a network of 1,700 Euromaster service centers in Europe.

PRODUCTS – SERVICES – INNOVATIONS

PASSENGER CAR AND LIGHT TRUCK TIRES AND RELATED DISTRIBUTION

On-road, Environmental and Technological Performance: a Winning Trio with the New MICHELIN Pilot Sport 3

In early February, the Group introduced the MICHELIN Pilot Sport 3, a new sports car tire that features exceptional grip. On wet surfaces, it holds the road better on corners and stops three meters shorter * than its predecessor, the reigning benchmark sports tire **. In addition to offering enhanced driving sensations, the tire also delivers more accurate steering as well as two new performance features – greater fuel efficiency and longer total mileage.

MICHELIN Alpin, Drive with Confidence… Up to One Winter Longer

In first-half 2010, the fourth-generation MICHELIN Alpin winter tire was introduced in the European replacement market, in regions where winter roads are mostly wet (80%) rather than icy or snow-covered (20%).

Designed to fit a wide range of vehicles, the MICHELIN Alpin tire delivers unrivaled performance in all winter driving conditions, through rain, ice or snow. Its grip enables drivers to get moving 10%

* *Test performed in 2009 by independent technical services firm TÜV SÜD Automotive on size 245/40 ZR 18 Y tires.*

** *The MICHELIN Pilot Sport has been certified for use on more than 200 models.*

faster* than its predecessor and brake 5% shorter**, while its longevity means that the MICHELIN Alpin allows motorists to drive farther – up to one winter longer – than its leading major-brand competitors***. In addition to these two performance features, the new tire also offers low fuel consumption.

Michelin Receives a World Excellence Award from Ford

Ford Motor Company has recognized Michelin with a World Excellence Award for having developed "new consumer-focused technologies." Every year, Ford presents the award to 40 of its leading suppliers who exceed its quality, cost and delivery standards.

This year's award was received for the technologies developed on the MICHELIN Energy™ Saver tire. Fitted on the Ford Fusion, it improves the car's rolling resistance by 24% versus a traditional fitment.

TRUCK TIRES AND RELATED DISTRIBUTION

Launch of Michelin North America's Latest-Generation MICHELIN X ONE XDA Energy™ Wide-Single Drive Tire

According to a study in real conditions of use by an independent organization, the MICHELIN X ONE XDA Energy™ helps to reduce fuel consumption by at least 7% compared with the most fuel-efficient competing dual-mount tires.

A Japanese Law Boosts the Four Lives of MICHELIN Truck Tires

Regrooving, which consists in renewing a tire's original tread, is one of the stages in a tire's four lives. In Japan, this stage is now considered as an environmentally friendly service under the Law on Promoting Green Purchasing.

Michelin is the only tiremaker offering regroovable truck tires in the Japanese market. The legislative recognition will help to stimulate demand for the regrooving service, thereby developing a new market for MICHELIN truck tires.

SPECIALTY BUSINESSES

Earthmover Tires

MICHELIN X-TRACTION, a New Solution to Improve Worksite Productivity

The new MICHELIN X-TRACTION line was unveiled at the 29th Bauma International Trade Fair, held at the New Munich Trade Fair Centre from April 19 to 24. The new tire was developed to improve the productivity of rigid dump trucks, which are used in quarries and on infrastructure worksites. Lighter than competing tires, it also integrates two complementary technologies: the new "Cooling System" shoulder design and the "C² Technology" casing architecture, which together reduce heat build-up, thereby enabling trucks to operate continuously at higher speeds. The MICHELIN X-TRACTION is the latest expression of Michelin's commitment to innovation in the Earthmover segment, designed to deliver lighter and stronger tires that also reduce fuel consumption and improve environmental performance.

Agricultural Tires

New Strategic Partnership with CLAAS

Following on from the cooperation agreement signed with AGCO in July 2009, Michelin has pursued its commitment to partnering with key market participants by signing a three-year agreement with CLAAS on April 1, 2010. CLAAS is a leading manufacturer of the agricultural machinery, with a strong position in combine harvesters.

The partnership will enable both companies to enhance their cooperation, as Michelin, the agricultural tire market's technology leader, supports CLAAS in its strategy of driving new growth in both the harvester and high-powered tractor segments.

Two-Wheel Tires

MICHELIN City Grip Maintains Scooter Control, Even on Rain-Slick Roads

The new MICHELIN City Grip alleviates the main concern of scooter drivers, which is the fear of losing grip on wet surfaces. To enable them to take advantage of their scooters in any weather, Michelin has designed the first scooter tire that integrates MICHELIN Progressive Sipe Technology (PST). The MICHELIN City Grip features an innovative progressive tread pattern that enables the tire to deliver superior grip and tread life, thereby ensuring both safety and cost-savings.

In an unprecedented achievement, when the new MICHELIN City Grip went on sale in early 2010, it had already been certified for use on almost all of the scooters sold in Europe.

Aircraft Tires

New Contracts for MICHELIN Aircraft Tires

In July, Michelin signed two long-term contracts with airline companies Air France and KLM. In all, MICHELIN tires will be fitted on nearly 425 aircrafts operated both by the Air France-KLM Group and by other airlines for which Air France and KLM provide maintenance services. These contracts are invoiced on a per-landing basis. Michelin's end-to-end solution, based on the quality of its products and of its innovative, competitively priced services, played a decisive role in the signing of this long-term agreement.

* *Average performance on icy or snow-covered roads. Tests performed in 2010 by independent technical services firm TÜV SÜD Automotive on size 195/65 R15 T and 205/55 R16 H tires.*

** *Average performance on icy, snow-covered or wet roads. Tests performed in 2010 by independent technical services firm TÜV SÜD Automotive on size 195/65 R15 T and 205/55 R16 H tires; other tests conducted in-house.*

*** *The MICHELIN Alpin A4 can be driven 35% farther on average than its main competitors. Tests performed in 2010 by independent technical services firm TÜV SÜD Automotive on size 195/65 R15 T and 205/55 R16 H tires.*

During the first half, Michelin also renewed a five-year contract to equip around 200 aircraft operated by Air China and another five-year contract with Cathay Pacific. A tender was also won from Turkish Airlines.

Maps and Guides, ViaMichelin

The New MICHELIN Travel Solution

Michelin has introduced a new version of the MICHELIN Green Guide collection for tourists and its digital complement, the new travel section on the ViaMichelin website (www.voyage.viamichelin.com). The new solution enables all types of travelers to plan, undertake and thoroughly enjoy their trip, anywhere around the world.

ViaMichelin Voyage offers the MICHELIN Green Guide selection of tourist sites and a wide range of services, such as the creation of a personalized travel guide and the ability to book a hotel, buy an airline ticket or purchase insurance. It is available in five languages and will eventually cover more than 90 countries.

The new MICHELIN Green Guide is now even more useful, with its organization by region and its practical addresses; it also covers new destinations around the world.

2010: 100 Years of MICHELIN Mapmaking

One hundred years after publishing its first map, Michelin is still pursuing its mission of enhancing mobility with the release of its first interactive road map, which shows real-time traffic information for motorists in France. The new product has shown that paper maps can co-exist with digital input by integrating 22 new-generation barcodes into the paper version. In this way, iPhone users can access ViaMichelin traffic information simply by taking a picture of the barcode corresponding to the region of their choice.

Michelin Lifestyle

MICHELIN Easy Grip Snowchain Voted Product of the Year 2010 in France

The MICHELIN Easy Grip composite snow chain has been voted Product of the Year 2010 in France, in the Marketing Innovation category. The prestigious award was based on the results of an independent survey of 10,000 representative French households.

MICHELIN PERFORMANCE AND RESPONSIBILITY

The 10th MICHELIN Challenge Bibendum Held in Rio de Janeiro

The 10th Michelin Challenge Bibendum was held this year in Rio de Janeiro, Brazil, from May 30 to June 3. Luiz Inácio Lula da Silva, President of Brazil attended the official opening ceremony.

Nearly 80 vehicles participated in the Rally, as well as in the acceleration, noise and handling tests that effectively showed how very little CO_2 is emitted by EVs and vehicles burning certain types of biofuels.

During the five-day event, the nearly 6,000 guests and participants had the opportunity to talk with each other, meet the international sustainable mobility experts in attendance, participate in some of the many road tests of the nearly 150 vehicles entered this year, take part in theme discussions and the Michelin Challenge Bibendum Forum and visit the Technology Exhibition Center.

To find out more, please visit www.michelinchallengebibendum.com.

Publication of the 2009 Annual and Sustainable Development Report

For the first time, Michelin's Performance and Responsibility Report and its Annual Report have been combined into a single document. Called the Annual and Sustainable Development Report, it reviews progress made during the past year in the business, social, societal and environmental arenas, thereby demonstrating how Michelin integrates sustainable development concerns into its operations.

MOTORSPORTS

Michelin Scores 13th Straight Victory at 24 Hours of Le Mans

Thanks to its longer-lasting, better performing tires, Michelin supported the winning efforts of its auto manufacturer partners in one of the world's best-known races, the 24 Hours of Le Mans, where Michelin notched its 13th consecutive victory while once again finishing first in every category. The new MICHELIN tires were both faster, setting a new single-lap speed record, and more durable, with a new total distance record and a reduction in the number of tires used during the race.

"Endurance racing is a full-fledged technology laboratory for Michelin," said Nick Shorrock, Director, Michelin Group Motorsports Division. "It enables us to validate innovations that are then used in our series-produced tires, such as the recent MICHELIN Pilot Sport 3."

GOVERNANCE

2010 Annual Shareholders Meeting

The Joint Annual Meeting of Michelin shareholders was held on May 7, 2010 in Clermont-Ferrand. Despite the recessionary business environment in 2009, Michelin's ability to respond swiftly and agilely to the unprecedented crisis enabled it to strengthen its main financial metrics during the year. The Group has started 2010 with confidence. At a time of recovering demand, it is continuing to tightly manage operations and has reaffirmed its objective of generating positive free cash flow for the year.

Shareholders adopted all of the resolutions submitted to their approval, in particular:

- the payment of a dividend of €1.00 a share, with a dividend reinvestment option. The dividend was paid or the shares settled on June 14, 2010;
- the re-election of Laurence Parisot and Pat Cox as members of the Supervisory Board;
- the appointment of PricewaterhouseCoopers Audit and Deloitte & Associés as the Company's Statutory Auditors;
- the renewal of financial authorizations.

2009 Dividend Reinvestment Plan

At the Joint Annual Meeting on May 7, 2010, shareholders approved the payment of a 2009 dividend of €1.00 a share, with a reinvestment option. The price of the new shares to be issued to shareholders electing to reinvest their dividend was set at €47.46.

By the close of the period, dividend reinvestment had saved the Group €82 million in cash and led to the issue of close to 1,736,000 new shares.

4 CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4.1. CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2010

CONTENT OF THE NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(in EUR million, except per share data)	Note	Six months ended June 30, 2010	Six months ended June 30, 2009
Net sales	3	8,349	7,134
Cost of sales		(5,714)	(5,185)
Gross income		**2,635**	**1,949**
Sales and marketing expenses		(847)	(785)
Research and development expenses		(274)	(250)
General and administrative expenses		(631)	(547)
Other operating income and expenses		(61)	(85)
Operating income before non-recurring income and expenses	3	**822**	**282**
Non-recurring expenses	4	-	(292)
Operating income/(loss)		**822**	**(10)**
Cost of net debt	5	(135)	(129)
Other financial income and expenses	5	3	(9)
Share of profit/(loss) from associates		13	3
Income/(loss) before taxes		**703**	**(145)**
Income tax		(199)	23
NET INCOME/(LOSS)		**504**	**(122)**
• Attributable to the Shareholders of the Company		503	(119)
• Attributable to the non-controlling interests		1	(3)
Earnings per share *(in EUR)*	6		
• Basic		3.37	(0.82)
• Diluted		3.31	(0.82)

The notes 1 to 14 are an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in EUR million)	Six months ended June 30, 2010	Six months ended June 30, 2009
Net income/(loss)	**504**	**(122)**
Available-for-sale financial assets - unrealized gain/(loss)	83	18
Change in fair value of cash flow hedges	-	4
Share option plans - cost of services rendered	5	5
Currency translation differences	435	128
Other	-	-
Tax effect	(1)	-
Other comprehensive income	**522**	**155**
COMPREHENSIVE INCOME	**1,026**	**33**
• Attributable to the Shareholders of the Company	1,025	36
• Attributable to the non-controlling interests	1	(3)

The notes 1 to 14 are an integral part of the consolidated interim financial statements.

CONSOLIDATED BALANCE SHEET

(in EUR million)	Note	June 30, 2010	December 31, 2009
Goodwill		447	403
Other intangible assets		346	321
Property, plant and equipment (PP&E)		7,022	6,782
Non-current financial assets and other assets		835	712
Investments in associates and joint ventures		81	71
Deferred tax assets		978	942
Non-current assets		**9,709**	**9,231**
Inventories		3,833	2,994
Trade receivables		2,709	2,314
Current financial assets		173	165
Other current assets		610	583
Cash and cash equivalents		767	1,231
Current assets		**8,092**	**7,287**
TOTAL ASSETS		**17,801**	**16,518**
Share capital	7	299	295
Share premiums	7	2,069	1,987
Reserves	8	4,068	3,210
Non-controlling interests		3	3
Equity		**6,439**	**5,495**
Non-current financial liabilities	9	3,273	3,568
Employee benefit obligations		2,595	2,374
Provisions and other non-current liabilities	11	1,118	1,105
Deferred tax liabilities		54	40
Non-current liabilities		**7,040**	**7,087**
Current financial liabilities	9	970	760
Trade payables		1,372	1,249
Other current liabilities		1,980	1,927
Current liabilities		**4,322**	**3,936**
TOTAL EQUITY AND LIABILITIES		**17,801**	**16,518**

The notes 1 to 14 are an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in EUR million)	Share capital (note 7)	Share premiums (note 7)	Reserves (note 8)	Non-controlling interests	Total
At January 1, 2009	**290**	**1,944**	**2,874**	**5**	**5,113**
Comprehensive income	-	-	36	(3)	33
Issuance of shares	5	76	-	-	81
Dividends and other allocations	-	-	(150)	-	(150)
Other	-	(34)	32	0	(2)
Tax effect	-	-	-	-	-
At June 30, 2009	**295**	**1,986**	**2,792**	**2**	**5,075**
Comprehensive income	-	-	417	1	418
Issuance of shares	-	1	-	-	1
Dividends and other allocations	-	-	-	-	-
Other	-	-	1	-	1
Tax effect	-	-	-	-	-
At December 31, 2009	**295**	**1,987**	**3,210**	**3**	**5,495**
Comprehensive income	-	-	1,025	1	1,026
Issuance of shares	4	82	-	-	86
Dividends and other allocations	-	-	(148)	-	(148)
Acquisition of non-controlling interests (China, Shanghai Michelin Warrior Tire Co., Ltd)	-	-	(18)	-	(18)
Other	-	-	(1)	(1)	(2)
Tax effect	-	-	-	-	-
AT JUNE 30, 2010	**299**	**2,069**	**4,068**	**3**	**6,439**

The notes 1 to 14 are an integral part of the consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(in EUR million)	Note	Six months ended June 30, 2010	Six months ended June 30, 2009
Net income		504	(122)
Adjustments			
• Cost of net debt		135	129
• Other financial income and expenses		(3)	9
• Income tax		199	(23)
• Amortization, depreciation and impairment of intangible assets and PP&E		483	469
• Non-recurring income and expenses		-	292
• Share of loss/(profit) from associates		(13)	(3)
EBITDA adjusted (before non-recurring income and expenses)		1,305	751
Other non-cash income and expenses	12	(9)	(17)
Change in provisions, including employee benefit obligations		(46)	(6)
Cost of net debt and other financial income and expenses paid	12	(149)	(141)
Income tax paid		(171)	42
Change in working capital, net of impairments	12	(651)	334
Cash flows from operating activities		**279**	**963**
Purchases of intangible assets and PP&E	12	(304)	(420)
Proceeds from sale of intangible assets and PP&E		17	15
Equity investments in consolidated companies, net of cash acquired		-	-
Disposals of equity investments in consolidated companies, net of cash sold		-	10
Purchases of available-for-sale investments		-	(5)
Proceeds from sale of available-for-sale investments		1	10
Cash flows from other financial assets	12	(23)	2
Cash flows from investing activities		**(309)**	**(388)**
Proceeds from issuance of shares		3	-
Dividends paid to the Shareholders of the Company		(65)	(65)
Cash flows from financial liabilities	12	(386)	(244)
Other cash flows from financing activities		(25)	(16)
Cash flows from financing activities		**(473)**	**(325)**
Effect of changes in exchange rates		**39**	**(3)**
INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS		**(464)**	**247**
Cash and cash equivalents as at January 1 *(as adjusted, without bank overdrafts of EUR 136 million in 2009)*		**1,231**	**592**
Cash and cash equivalents as at June 30 *(as adjusted, without bank overdrafts of EUR 99 million in 2009)*		**767**	**839**

The notes 1 to 14 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 Partners on July 26, 2010.

Except as otherwise stated, all amounts are presented in EUR 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, 2009, 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, 2009.

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

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning January 1, 2010:

- IAS 27 (revised) "Consolidated and separate financial statements". The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting method when control is lost. Any remaining interest in the entity is remeasured to fair value, and the gain or loss is recognized in income statement;
- IFRS 3 (revised) "Business combinations". The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed;
- Other new standards, amendments or interpretations to existing standards, which have been published and which are applicable for the accounting periods beginning on or after January 1, 2010, are not relevant to the Group operations. This essentially includes IFRIC 17 "Distribution of non-cash assets to owners" and IFRIC 18 "Transfers of assets to customers".

The Group has not anticipated the implementation of any standards or interpretations which were not mandatory as at January 1, 2010. This essentially includes IFRS 9 "Financial Instruments", revised IAS 24 "Related party disclosures", amendment to IAS 32 "Classification of rights issues", amendment to IFRIC 14 "Prepayments of a minimum funding requirement" and IFRIC 19 "Extinguishing financial liabilities with equity instruments".

2.3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated interim financial statements in conformity with IAS 34 requires that management should use assumptions and estimates reflected in the value of assets and liabilities at the balance sheet date and in the amount of income and expenses for the reporting period. The actual results could differ from those estimates.

2.4. 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.

2.5. 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

3.1. OPERATING SEGMENTS

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

- Passenger car and Light Truck tires and related distribution;
- Truck tires and related distribution;
- Specialty businesses (Earthmover, Agricultural, Two-Wheel and Aircraft tires; Maps and Guides, ViaMichelin 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 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), result sharing 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, 2010				Six months ended June 30, 2009			
(in EUR 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	4,621	2,566	1,162	**8,349**	3,949	2,071	1,114	**7,134**
Operating income before non-recurring income and expenses	497	126	199	**822**	247	(163)	198	**282**
In percentage of net sales	*10.8%*	*4.9%*	*17.1%*	***9.8%***	*6.3%*	*(7.9%)*	*17.8%*	***4.0%***

Sales between segments are carried at arm's length.

The following table presents segment assets:

	June 30, 2010				December 31, 2009			
(in EUR 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	6,547	4,276	2,151	**12,974**	5,906	4,033	1,872	**11,811**

Segment assets consist of goodwill and other intangible assets, property, plant and equipment, trade receivables and finished products inventories. No operating liabilities are allocated to the segments in the Group's internal reporting.

3.2. GEOGRAPHICAL INFORMATION

The geographic information is splitted by zone hereunder:

	Six months ended June 30, 2010				Six months ended June 30, 2009			
(in EUR million)	Europe	North America	Other	Total	Europe	North America	Other	Total
Net sales	3,640	2,800	1,909	**8,349**	3,265	2,369	1,500	**7,134**

Europe includes Western and Eastern European countries. North America comprises Mexico. Asian, South-American, Middle-Eastern, Oceanic and African countries are included in Other.

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

NOTE 4 NON-RECURRING EXPENSES

4.1. FIRST-HALF 2010

No non-recurring expense was recognized during the first half of 2010.

4.2. FIRST-HALF 2009

4.2.1. France

The Group announced the specialization of some of its industrial operations in France. A provision of EUR 151 million was recognized for social costs, equipment impairments and costs to deploy the revitalization plan.

4.2.2. North America

The Group implemented an industrial and commercial restructuring plan. A provision of EUR 141 million was recognized for severance expenses and equipment impairments.

NOTE 5 FINANCIAL INCOME AND EXPENSES

The financial income and expenses are broken down in the table below:

(in EUR million)	Six months ended June 30, 2010	Six months ended June 30, 2009
Interest expenses	(97)	(143)
Interest income	3	5
Interest rate derivatives	(40)	11
Other	(1)	(2)
COST OF NET DEBT	**(135)**	**(129)**
Net income from financial assets (other than cash and cash equivalents)	5	4
Currency remeasurement (including currency derivatives)	(1)	(26)
Other	(1)	13
OTHER FINANCIAL INCOME AND EXPENSES	**3**	**(9)**

The Group has slightly modified the presentation of its financial income and expenses in order to improve the meaning of the cost of net debt indicator. The impact of currency remeasurement has therefore moved from the cost of net debt to other financial income and expenses. The 2009 figures have been restated according to the new presentation.

NOTE 6 EARNINGS PER SHARE

Components of the basic and diluted earnings per share calculations are presented in the table below:

	Six months ended June 30, 2010	Six months ended June 30, 2009
Net income/*(loss) (in EUR million)*, excluding the non-controlling interests	503	(119)
• less, estimated grants to the General Partners	(6)	-
Net income/(loss) attributable to the Shareholders of the Company used in the calculation of basic earnings per share	**497**	**(119)**
• plus, interest expenses on convertible bonds	14	-
Net income/(loss) attributable to the Shareholders of the Company used in the calculation of diluted earnings per share	**511**	**(119)**
Weighted average number of shares *(thousands of shares)* **outstanding used in the calculation of basic earnings per share**	147,436	144,997
• plus, adjustment for share option plans and convertible bonds	7,074	-
Weighted average number of shares used in the calculation of diluted earnings per share	**154,510**	**144,997**
EARNINGS PER SHARE *(in EUR)*		
• Basic	**3.37**	**(0.82)**
• Diluted	**3.31**	**(0.82)**

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The Company has two types of potential dilutive shares: share options and convertible bonds.

NOTE 7 SHARE CAPITAL AND PREMIUMS

As at June 30, 2010 the total authorized number of ordinary shares is 149,255,978 (December 31, 2009: 147,436,357 shares) with a par value of EUR 2 per share (2009: EUR 2 per share).

The ordinary shares increase is due to:

- the exercise of options granted to Group employees (83,862 shares);
- the payment of the dividend as explained below (1,735,759 shares).

Dividend granted to the Shareholders during the period is EUR 1 per share. The Shareholders had the possibility to receive their dividend cash or the equivalent value in shares. It was settled as follows:

- cash payment of EUR 65 million;
- issuance of new shares for a net amount of EUR 82 million.

NOTE 8 RESERVES

(in EUR million)	Translation differences	Other reserves	Retained earnings	Total
At January 1, 2009	**(300)**	**78**	**3,096**	**2,874**
Dividends and other allocations	-	-	(150)	(150)
Other	-	(1)	33	32
Tax effect	-	-	-	-
Transactions with the Shareholders of the Company	**-**	**(1)**	**(117)**	**(118)**
Net income attributable to the Shareholders of the Company	-	-	(119)	(119)
Available-for-sale financial assets – unrealized gain/(loss)	-	18	-	18
Change in fair value of cash flow hedges	-	4	-	4
Share option plans – cost of services rendered	-	-	5	5
Currency translation differences	128	-	-	128
Tax effect	-	-	-	-
Comprehensive income	**128**	**22**	**(114)**	**36**
At June 30, 2009	**(172)**	**99**	**2,865**	**2,792**
Dividends and other allocations	-	-	-	-
Other	-	-	1	1
Tax effect	-	-	-	-
Transactions with the Shareholders of the Company	**-**	**-**	**1**	**1**
Net income attributable to the Shareholders of the Company	-	-	225	225
Available-for-sale financial assets – unrealized gain/(loss)	-	113	-	113
Available-for-sale financial assets – realized (gain)/loss recognized in income statement	-	(5)	-	(5)
Share option plans – cost of services rendered	-	-	5	5
Currency translation differences	88	-	-	88
Other	-	-	(1)	(1)
Tax effect	-	(8)	-	(8)
Comprehensive income	**88**	**100**	**229**	**417**
At December 31, 2009	**(84)**	**199**	**3,095**	**3,210**

(in EUR million)	Translation differences	Other reserves	Retained earnings	Total
At December 31, 2009	**(84)**	**199**	**3,095**	**3,210**
Dividends and other allocations	-	-	(148)	(148)
Acquisition of non-controlling interests (China, Shanghai Michelin Warrior Tire Co., Ltd)	-	-	(18)	(18)
Other	-	(1)	-	(1)
Tax effect	-	-	-	-
Transactions with the Shareholders of the Company	**-**	**(1)**	**(166)**	**(167)**
Net income attributable to the Shareholders of the Company	-	-	503	503
Available-for-sale financial assets – unrealized gain/(loss)	-	83	-	83
Share option plans – cost of services rendered	-	-	5	5
Currency translation differences	435	-	-	435
Other	-	-	-	-
Tax effect	-	(1)	-	(1)
Comprehensive income	**435**	**82**	**508**	**1,025**
AT JUNE 30, 2010	**351**	**280**	**3,437**	**4,068**

NOTE 9 FINANCIAL LIABILITIES

The carrying amount of the financial liabilities is presented below:

(in EUR million)	June 30, 2010	December 31, 2009
Bonds	2,161	2,158
Loans from financial institutions and other	922	1,288
Finance leases	90	88
Derivative instruments	100	34
Non-current financial liabilities	**3,273**	**3,568**
Bonds and commercial paper	147	185
Loans from financial institutions and other	774	528
Finance leases	12	12
Derivative instruments	37	35
Current financial liabilities	**970**	**760**
FINANCIAL LIABILITIES	**4,243**	**4,328**

The Group net debt is detailed below:

(in EUR million)	June 30, 2010	December 31, 2009
Financial liabilities	4,243	4,328
Derivatives recognized as assets	(48)	(46)
Cash and cash equivalents	(767)	(1,231)
NET DEBT	**3,428**	**3,051**

The corporate credit ratings from Standard & Poor's and Moody's remained unchanged during the six-month period.

NOTE 10 SHARE-BASED PAYMENTS

Assumptions used to value the share options granted during the period are as follows:

Grant date	May 12, 2010
Number of options granted	251,100
Weighted average share price *(euros per share)*	53.56
Exercise price *(euros per share)*	54.00
Volatility	37.70%
Risk free interest rate	3.78%
Market value of the option at grant date (in euros per option)	9.08

The maximum gain allowed is limited to 100% of the exercise price.

NOTE 11 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

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

(in EUR million)	Restructuring	Litigation	Other provisions	Total
At January 1, 2010	**573**	**111**	**90**	**774**
Additional provisions	24	24	12	60
Provisions utilized	(102)	(19)	(14)	(135)
Unused provisions reversed	(4)	-	(2)	(6)
Translation adjustments	17	6	3	26
Other effects	-	-	(2)	(2)
AT JUNE 30, 2010	**508**	**122**	**87**	**717**

NOTE 12 DETAILS OF THE CASH FLOW STATEMENT

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

(in EUR million)	Six months ended June 30, 2010	Six months ended June 30, 2009
(Gains)/losses on disposal of non-financial assets	(5)	(13)
Other	(4)	(4)
Other non-cash income and expenses	**(9)**	**(17)**
Interest and other financial expenses paid	(166)	(176)
Interest and other financial income received	8	30
Dividends received	9	5
Cost of net debt and other financial income and expenses paid	**(149)**	**(141)**
Change in inventory	(527)	580
Change in trade receivables	(209)	96
Change in other receivables and payables	85	(342)
Change in working capital, net of impairments	**(651)**	**334**
Purchases of intangible assets	(33)	(36)
Purchases of PP&E	(218)	(283)
Government grants received	6	7
Change in capital expenditure payables	(59)	(108)
Purchases of intangible assets and PP&E	**(304)**	**(420)**
Increase in other non-current financial assets	(27)	(11)
Decrease in other non-current financial assets	7	12
Net cash flows from other current financial assets	(3)	1
Cash flows from other financial assets	**(23)**	**2**
Increase in non-current financial liabilities	48	913
Decrease in non-current financial liabilities	(140)	(644)
Repayment of finance lease liabilities	(3)	(27)
Net cash flows from current financial liabilities	(353)	(614)
Derivatives	62	128
Cash flows from financial liabilities	**(386)**	**(244)**
Details of non cash transactions:		
• Finance leases	3	-
• Put options granted to minority Shareholders of subsidiaries	(5)	(11)
• New emission rights	10	7
• Dividends paid in shares	82	80

NOTE 13 RELATED PARTY TRANSACTIONS

There were no new significant related party transactions during the first half of 2010, as well as no significant changes in the related party transactions described in the 2009 Annual Report.

NOTE 14 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 Partners authorized the interim financial statements for issue.

5 STATUTORY AUDITORS' REVIEW REPORT

STATUTORY AUDITORS' REVIEW REPORT ON THE 2010 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 the shareholders 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, 2010;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Managing Partners. 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.

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 26, 2010

PricewaterhouseCoopers Audit
Christian Marcellin

Deloitte & Associés
Dominique Descours

Statutory Auditors
Members of "*Compagnie Régionale*" of Versailles

6 STATEMENT BY THE PERSON RESPONSIBLE

STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2010 INTERIM 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 interim management report on pages 29 to 62 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.

Michel Rollier

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