PRESS RELEASE
Clermont-Ferrand – 31 July 2009

COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN

Financial Information for the Six Months Ended June 30, 2009

First-half net sales down 13.4% to €7.1 billion

Operating margin of 4.0% before non-recurring items and major business metrics maintained thanks to efficient management of operations

Net loss of €122 million, after high restructuring costs

- **Unit sales down 23%, primarily due to the fall-off in tire demand in all of the country markets except China. The decline was especially apparent in the original equipment business and, more broadly, in Truck tires.**
- **Highly positive 9.6% impact from the price mix, reflecting the resistance of the MICHELIN brand and the Group's firm pricing policy.**
- **Operating income before non-recurring items down 60.2% to €282 million, hit by the decline in unit sales and the increase in capacity under-utilization costs.**
- **Generation of €575 million in free cash flow, driven by efficient management of working capital (particularly inventory) and the sharp reduction in capital expenditure, to €319 million from €500 million in first-half 2008.**

"Faced with the persistent, steep decline in global tire markets, Michelin has responded swiftly and effectively by tightening its management and deploying production adjustment programs," said **Michel Rollier, Managing General Partner.** "As part of this response, the Group nevertheless had to introduce short-time working hours in a number of countries and to implement the production reorganization programs needed to make Michelin more competitive. Concerning the business environment, inventories have now returned to more normal levels, but not to the extent that we can talk about a real upturn. We will therefore maintain our efforts in the months ahead, although the decline in raw materials prices should support second-half margins. The Group is committed to generating positive free cash flow in the second half, in order to continue preserving its major business metrics. The dedicated involvement of our teams and the measures taken to enhance our responsiveness will enable Michelin to emerge from the current period stronger and more efficient than ever."

(IN € MILLIONS)	June 30, 2009	June 30, 2008	Change
NET SALES	**7,134**	**8,239**	- 13.4%
OPERATING INCOME BEFORE NON-RECURRING INCOME AND EXPENSES	**282**	**708**	- 60.2%
OPERATING MARGIN BEFORE NON-RECURRING INCOME AND EXPENSES	**4.0%**	**8.6%**	- 4.6 pts
PASSENGER CAR AND LIGHT TRUCK TIRES AND RELATED DISTRIBUTION	**6.3%**	**7.6%**	- 1.3 pts
TRUCK TIRES AND RELATED DISTRIBUTION	**- 7.9%**	**5.2%**	- 13.1 pts
SPECIALTY BUSINESSES	**17.8%**	**20.0%**	- 2.2 pts
OPERATING INCOME/(LOSS)	**(10)**	**708**	N/M
NET INCOME/(LOSS)	**(122)**	**430**	N/M
NET DEBT	**3,818**	**4,334**	- 10.7%[1]
GEARING	**75%**	**80%**	A 9-pt improvement[1]
FREE CASH FLOW[2]	**575**	**(445)**	€1,020m
EMPLOYEES ON PAYROLL[3]	**112,500**	**121,000**	- 7.0%

[1] Compared with December 31, 2008
[2] Cash flow from operating activities less cash flow from investing activities
[3] At period-end

Market Review

FIRST HALF 2009 % change YoY	EUROPE incl. CIS	NORTH AMERICA	ASIA	SOUTH AMERICA	AFRICA/ MIDDLE EAST	TOTAL
PASSENGER CAR AND LIGHT TRUCK TIRES						
Original Equipment	**- 33.1%**	**- 51.0%**	**- 17.3%**	**- 20.7%**	**- 25.0%**	**- 29.1%**
Replacement	**-12.1%****	**- 10.7%**	**- 4.6%**	**- 7.4%**	**- 5.2%**	**- 9.4%**
TRUCK TIRES*						
Original Equipment	**- 67.4%**	**- 47.8%**	**- 21.9%**	**- 30.7%**	**- 25.1%**	**- 44.5%**
Replacement	**- 31.4%**	**- 18.2%**	**- 12.0%**	**- 22.3%**	**- 7.1%**	**- 17.2%**

*Radial market only
**Down 6.5% excluding the CIS

❑ PASSENGER CAR AND LIGHT TRUCK TIRES

- **ORIGINAL EQUIPMENT**
  - Except in China, original equipment markets around the world fell sharply in the first half, as carmakers drastically drew down inventories over the period and slashed production in response to plunging demand.
  - Markets showed signs of stabilizing in the second quarter, however, particularly in the countries that had introduced automobile stimulus packages.

- **REPLACEMENT**
  - Markets in Europe and North America bottomed out in the first quarter, which saw a decline in vehicle miles traveled, a reduction in average highway speeds and sustained retailer destocking. Demand in Europe fell 12.1% over the first half, dragged down by the steep drop in the Russian market. Excluding the CIS, demand was down 6.5% for the period.
  - Retail inventory is at a record low, indicating that most of the drawdown is behind us.
  - In Asia, the Chinese market continued to expand, rising 13.8% over the period.

❑ TRUCK TIRES

- **ORIGINAL EQUIPMENT**
  - The collapse in demand that began in the autumn in Europe and North America spread to all of the Group's markets in the first-half and shows no sign of abating.
  - In the mature markets, weakness has hit every segment, from power units to trailers, with semi-truck manufacturers and broadline trailer-makers feeling an even steeper decline.

- In general, demand has fallen fastest in markets driven by exports and international transportation.

- **REPLACEMENT**
  - In Western Europe and North America, intense retailer destocking in the first quarter exacerbated the impact of the fall-off in road traffic, driving the market down even faster. As drawdowns tapered off in the second quarter, however, demand moved back in line with freight trends.

❑ SPECIALTY TIRES

- **EARTHMOVER TIRES**: The Mining and Quarries segment is withstanding the economic slowdown, as mining companies rebuild their high-performance tire inventory. On the other hand, global original equipment demand is still falling and the Infrastructure markets have slowed considerably in Europe and North America.

- **AGRICULTURAL TIRES**: At a time of low economic visibility, original equipment demand fell sharply in the first half. The replacement market was down considerably in Europe but fared better in North America, particularly for tires for high-powered farm machinery.

- **TWO-WHEEL TIRES**: The "motorized" segments contracted sharply in the mature country markets during the period, but continued to expand in the major emerging markets, albeit at a slower pace.

- **AIRCRAFT TIRES**: Airlines saw a decline in business in the first half, with a sharp reduction in the number of flights, but demand for radial tires is still less affected.

First-Half Net Sales and Results

❑ NET SALES

Net sales stood at €7,134 million for the period, down 13.4% at current exchange rates compared with first-half 2008.

The decline reflected the 23.3% negative impact from the fall-off in volumes as demand plummeted, which was attenuated by the positive 9.6% price-mix effect. Pricing policies were held firm over the period, while the product mix continued to move up-market, thanks to the MICHELIN brand's solid resilience and a favorable replacement/OE market mix.

The currency effect was a positive 2.9%, as gains in the US dollar and, to a lesser extent, the Chinese yuan against the euro offset the declines in the British pound and the Brazilian real.

❑ RESULTS

Operating margin before non-recurring items stood at 4.0%, 4.6 points lower than in first-half 2008.

At €282 million, operating income before non-recurring items was down 60.2% for the period, reflecting the extremely adverse impact of the decline in unit sales (€875 million) and the under-utilization of Group production capacity. The raw materials price impact, which was highly unfavorable in 2008, has started to decline, but still reduced first-half 2009 operating income by a total of €117 million.

On the upside, the positive price-mix effect added €608 million to operating income for the period.

The net loss for the period totaled €122 million, after €292 million in restructuring costs related to the plant specialization plan in France and implementation of the manufacturing and sales reorganization plan in North America.

❑ NET FINANCIAL POSITION

The Group generated **€575 million in free cash flow** in the first half of 2009, compared with a negative €445 million a year earlier.

The improvement was led by the €580 million reduction in inventory over the period, thanks to the responsive deployment of the production flexibility programs in the second quarter and, to a lesser extent, the decline in raw materials prices.

Free cash flow was also generated by the intrinsic gains driven by the transformation program and the reduction in days of sales outstanding. In addition, as announced, capital expenditure was sharply scaled back, to €319 million from €500 million in first-half 2008, without compromising the Group's sustained expansion in new growth markets.

As a result, **gearing stood at 75%** at June 30, 2009, a 9-point improvement over December 31, 2008, and consolidated net debt amounted to €3,818 million, down €455 million over the period.

The dividend reinvestment plan, offered for the first time this year, attracted more than half of all shareholders, enabling the Group to save €80 million in cash.

❑ SEGMENT INFORMATION

(IN € MILLIONS)	NET SALES		OPERATING INCOME BEFORE NON-RECURRING ITEMS		OPERATING MARGIN BEFORE NON-RECURRING ITEMS	
	FIRST-HALF 2009	FIRST-HALF 2008	FIRST-HALF 2009	FIRST-HALF 2008	FIRST-HALF 2009	FIRST-HALF 2008
PASSENGER CAR AND LIGHT TRUCK TIRES AND RELATED DISTRIBUTION	**3,949**	**4,357**	**247**	**332**	**6.3%**	**7.6%**
TRUCK TIRES AND RELATED DISTRIBUTION	**2,071**	**2,696**	**(163)**	**139**	**- 7.9%**	**5.2%**
SPECIALTY BUSINESSES	**1,114**	**1,186**	**198**	**237**	**17.8%**	**20.0%**
CONSOLIDATED TOTAL	**7,134**	**8,239**	**282**	**708**	**4.0%**	**8.6%**

- **PASSENGER CAR AND LIGHT TRUCK TIRES AND RELATED DISTRIBUTION**

Net sales declined by 9.4% in the first half, to €3,949 million, while operating income stood at €247 million, versus €332 million in first-half 2008.

The impact of falling markets was considerably attenuated by the highly positive price-mix effect and the firm resistance of the MICHELIN brand's market share, particularly in the Replacement business. Cost discipline was tightened while production programs were scaled back over the period.

- **TRUCK TIRES AND RELATED DISTRIBUTION**

Net sales declined 23.2% year-on-year to €2,071 million in the first half, primarily due to the collapse in demand in most truck tire markets around the world, which was particularly apparent in the original equipment segment.

The business ended the period with an operating loss of €163 million, reflecting the decline in unit sales, the resulting sharp reduction in output and the cost of idled capacity.

- **SPECIALTY BUSINESSES**

Net sales from the Specialty Businesses amounted to €1,114 million for the first six months of the year, a 6.1% decline from first-half 2008. Sales in the Earthmover segment demonstrated firm resistance, supported by increased demand for high-performance tires in the mining industry.

Operating margin remained high.

First-Half 2009 Highlights

- **Plan announced to reorganize manufacturing and sales operations in North America**

- **Michelin France strengthens R&D operations and further specializes production facilities**

- **Michelin confirms its lead in fuel-efficient tire technologies**

    - **MICHELIN Energy™ Saver and Primacy HP Tires highly rated by ADAC**
    - **One millionth MICHELIN Energy™ Saver Tire delivered to PSA Peugeot Citroën**
    - **A new MICHELIN Energy™ Saver All-Season tire for North America**

- **Three additional J.D. Power Awards for Michelin in the United States and one in Japan**

- **The first Michelin Truck Service Center opened in India**

- **Michelin begins delivering original equipment tires to Harley Davidson**

- **Another success for the Michelin Retread Technologies network in North America with the arrival of Snider Tire Inc.**

- **New European tire performance regulations adopted by the European Parliament on March 10**

- **Michelin strengthens its financial structure by placing a €750 million bond issue**

A full description of first-half 2009 highlights
may be found on the Michelin website:
www.michelin.com/corporate

CONFERENCE CALL

First-half 2009 results will be reviewed in a conference call in English today, Friday July 31, at 10:30 am CEST (9:30 am UT). If you wish to participate, please dial one of the following numbers from 10:20 am CET:

- From France 01 72 00 09 91
- From the UK 0808 238 1769
- From the United States 1 (866) 907 5923
- From anywhere else +44 808 238 1769

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, 2009:**
  Monday, 26 October 2009 after close of trading
- **2009 net sales and results:**
  Friday, February 12, 2010 before start of trading

2009 INTERIM FINANCIAL REPORT

The interim financial report for the period ending June 30, 2009 may be downloaded from the www.michelin.com/corporate website, in the Finance/Regulated Information section.

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

The report contains:

- The business review for the six months ended June 30, 2009.
- The consolidated financial statements and notes for the period.
- The statutory auditors' review report on the interim financial information for 2009.

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