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## **COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN**

Partnership limited by shares with capital of €360,132,242

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

Registration no. 855 200 887 Clermont-Ferrand

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### **NOTICE OF ANNUAL SHAREHOLDERS' MEETING (Informational translation for reference purposes only)**

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Shareholders of Compagnie Générale des Etablissements Michelin are hereby informed that the Annual Shareholders Meeting will be held on Friday, May 19, 2017 at 9:00 am at the Polydome, Place du 1<sup>er</sup> Mai, Clermont-Ferrand (Puy-de-Dôme, France). The agenda of the meeting is as follows:

- Report of the Chief Executive Officer.
- Report of the Supervisory Board.

#### **Ordinary Resolutions**

- Report of the Chairman of the Supervisory Board prepared in accordance with Article L. 226-10-1 of the French Commercial Code.
- Statutory Auditors' reports on the Company financial statements and the consolidated accounts for the year ended December 31, 2016, the Statutory Auditors' special report on the agreements governed by Article L. 226-10 of the French Commercial Code (*Code de commerce*), and the Statutory Auditors' report on the Company's internal control and risk management procedures.
- Approval of the Company financial statements for the year ended December 31, 2016.
- Appropriation of net income for the year ended December 31, 2016 and approval of the recommended dividend.
- Approval of the consolidated financial statements for the year ended December 31, 2016.
- Related-party agreements.
- Authorization for the Chief Executive Officer to put in place a share buyback program, except during a public offer period, based on a maximum purchase price per share of €160.
- Advisory vote on the components of the compensation due or awarded for 2016 to Jean-Dominique Senard, Chief Executive Officer and Michel Rollier, Chairman of the Supervisory Board.
- Election of two Supervisory Board members.

## Extraordinary Resolutions

- Statutory Auditors' special report
- Authorization for the Chief Executive Officer to reduce the Company's capital by canceling shares.
- Powers to carry out formalities.

## PROPOSED RESOLUTIONS

### Ordinary resolutions

#### **First resolution** (Approval of the Company financial statements for the year ended December 31, 2016)

Having considered the reports of the Chief Executive Officer, the Statutory Auditors and the Supervisory Board, the Ordinary Shareholders Meeting approves the Company financial statements for the year ended December 31, 2016, which show net income for the period of €1,415,893,797.25.

The Ordinary Shareholders Meeting also approves the transactions reflected in these financial statements and referred to in these reports, including those relating to the various provision accounts.

#### **Second resolution** (Appropriation of net income for the year ended December 31, 2016 and approval of the recommended dividend)

On the recommendation of the Chief Executive Officer (as approved by the Supervisory Board), the Ordinary Shareholders Meeting notes that the total amount available for distribution is as follows:

Net income for the year.....	€1,415,893,797.25
Share of profits attributed to the General Partners in accordance with the bylaws.....	€10,003,512.44
Balance.....	€1,405,890,284.81
Plus retained earnings brought forward from prior years.....	€215,837,538.93
Total amount available for distribution.....	€1,621,727,823.74

And resolves:

- To pay an aggregate dividend of..... €585,214,893.25
- Representing €3.25 per share.
- To appropriate the balance of..... €1,036,512,930.49  
to retained earnings.

The dividend will be paid as from May 26, 2017.

The amount of dividend corresponding to the treasury shares held on the payment date will be allocated to retained earnings.

For individual shareholders domiciled in France for tax purposes, the total dividend will be subject to:

- The graduated tax rate applied to personal income tax, after the application of the 40% allowance provided for under Article 158-3-2° of the French General Tax Code (*Code général des impôts*).
- A 21% compulsory withholding tax. This tax, which is withheld at source by the paying agent, corresponds to a prepayment of personal income tax and will be deducted from the shareholders' final income tax payment for the year or refunded in the case of an excess payment. (However, shareholders filing a single tax return whose personal taxable income for 2015 was less than €50,000 [less than €75,000 for shareholders filing a joint tax return] may apply for an exemption from this withholding tax. In order to make such an application, eligible shareholders should have lodged a declaration of honor with the bank holding their shares, by November 30, 2016, stating that their personal taxable income is below the applicable threshold).
- The applicable social security and additional contributions withheld at source by the paying agent at a rate of 15.5%, of which 5.1% is deductible for tax purposes.

In accordance with Article 119 *bis* of the French General Tax Code, dividends paid to shareholders not domiciled in France for tax purposes are subject to withholding tax at a rate based on the local rates and law applicable in the country in which the shareholder is domiciled.

As required under Article 243 *bis* of the French General Tax Code, shareholders note that dividends paid for the past three years were as follows:

Year	Total dividend payout (in €)	Per share data* (in €)
2013	464,474,107.50	2.50
2014	464,315,500.00	2.50
2015	518,421,218.70	2.85

\* The full amount of the dividend was eligible for the 40% tax allowance provided for in Article 158-3-2° of the French General Tax Code.

#### **Third resolution** (Approval of the consolidated financial statements for the year ended December 31, 2016)

Having considered the reports of the Chief Executive Officer, the Statutory Auditors and the Supervisory Board, the Ordinary Shareholders Meeting approves the consolidated financial statements for the year ended December 31, 2016 which show net income for the period of €1,667,252 thousand.

#### **Fourth resolution** (Related-party agreements)

Having considered the Statutory Auditors' special report on related-party agreements governed by Article L. 226-10 of the French Commercial Code, the Ordinary Shareholders Meeting approves said report and places on record that no such agreements requiring shareholder approval were entered into or were in force in 2016.

#### **Fifth resolution** (Authorization for the Chief Executive Officer to put in place a share buyback program, except during a public offer period, based on a maximum purchase price per share of €160)

Having considered the reports of the Chief Executive Officer and the Supervisory Board, as well as the description of the share buyback program, the Ordinary Shareholders Meeting authorizes the Chief Executive Officer, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, to put in place a program for the Company to buy back its own shares at a maximum purchase price per share of €160 (one hundred and sixty euros).

In the event of any corporate actions, such as a bonus share issue paid up by capitalizing reserves or a stock split or reverse stock split, the above maximum purchase price will be adjusted accordingly.

The number of shares that may be bought back under this authorization may not represent more than 10% (ten percent) of the total shares outstanding at the time of each transaction. The total number of shares that may be purchased for the purpose of maintaining a liquid market, as set out below, will be calculated after deducting the number of shares sold over the duration of the share buyback program. In addition, the Company may not hold more than 10% (ten percent) of its own share capital at any time.

Based on the share capital at December 31, 2016, the maximum amount invested in the program would not exceed €2,881,057,920 (two billion, eight hundred and eighty-one million, fifty-seven thousand, nine hundred and twenty euros), corresponding to 10% (ten percent) of the Company's share capital, or 18,006,612 (eighteen million, six thousand, six hundred and twelve) shares purchased at the maximum price of €160 (one hundred and sixty euros) per share.

The objectives of the share buyback program are as follows:

- To purchase shares for sale or allocation to employees of Group companies in accordance with the conditions set down by law, including (i) on exercise of stock options, (ii) under performance share plans and (iii) in connection with employee rights issues.
- To maintain a liquid market for the Company's shares through a liquidity contract complying with a Code of Ethics approved by the AMF.
- To purchase shares for allocation on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company.
- To purchase shares to be held and subsequently sold, exchanged or otherwise transferred in connection with external growth transactions. The maximum number of shares purchased for the purpose of being held and subsequently sold or exchanged in connection with a merger, de-merger or asset contribution shall not exceed 5% of the Company's share capital.
- To implement any other market practices that may be authorized in the future by the applicable laws and the AMF.
- To acquire shares for cancellation under a shareholder-approved capital reduction.

The purchase, sale or transfer of shares may be effected at any time, except during a public offer period, and by any method, on the basis and within the limits prescribed by the laws and regulations in force on the transaction date(s), via regulated markets, multilateral trading facilities, systematic internalizers or over-the-counter, including through (i) block purchases or sales, (ii) public offers of purchase or exchange, (iii) the use of options or other forward financial instruments traded via regulated markets, multilateral trading facilities, systematic internalizers or over-the-counter, or (iv) the allocation of shares on conversion, redemption, exchange or exercise of securities carrying rights to the Company's shares or by any other means, either directly or via an investment services provider. The entire buyback program may be implemented through a block trade.

The Chief Executive Officer shall have full powers – which may be delegated – to (i) place buy and sell orders, (ii) enter into any and all agreements, (iii) make any and all filings, (iv) carry out all other formalities, (v) allocate or reallocate the purchased shares to any of the various purposes of the program and (vi) generally, do everything necessary to carry out the share buyback program.

This authorization shall be valid for a period of eighteen months from the date of this Meeting and supersedes, from that date, the authorization granted for the same purpose in the fifth resolution of the Annual Shareholders Meeting held on May 13, 2016.

**Sixth resolution** *(Advisory vote on the components of the compensation due or awarded for 2016 to Jean-Dominique Senard, Chief Executive Officer)*

Having noted the agreement of both of the General Partners on the allocation of Profit Shares and considered the report of the Supervisory Board, the Ordinary Shareholders Meeting issues a positive advisory vote on the components of the compensation due or awarded for 2016 to Jean-Dominique Senard, Chief Executive Officer, as presented in sections 4.3.1, 4.3.2 and 4.3.3 of the Company's 2016 Registration Document.

**Seventh resolution** *(Advisory vote on the components of the compensation due or awarded for 2016 to Michel Rollier, Chairman of the Supervisory Board)*

Having considered the report of the Supervisory Board, the Ordinary Shareholders Meeting issues a positive advisory vote on the components of the compensation due or awarded for 2016 to Michel Rollier, Chairman of the Supervisory Board, as presented in sections 4.3.1, 4.3.4 and 4.3.5 of the Company's 2016 Registration Document.

**Eighth resolution** *(Re-election of Michel Rollier as a member of the Supervisory Board)*

Having considered the reports of the Chief Executive Officer and the Supervisory Board, the Ordinary Shareholders Meeting re-elects Michel Rollier as a member of the Supervisory Board for a four-year term expiring at the close of the Annual Shareholders Meeting to be called to approve the financial statements for the year ending December 31, 2020.

**Ninth resolution** *(Re-election of Olivier Bazil as a member of the Supervisory Board)*

Having considered the reports of the Chief Executive Officer and the Supervisory Board, the Ordinary Shareholders Meeting re-elects Olivier Bazil as a member of the Supervisory Board for a four-year term expiring at the close of the Annual Shareholders Meeting to be called to approve the financial statements for the year ending December 31, 2020.

**Extraordinary resolutions**

**Tenth resolution** *(Authorization for the Chief Executive Officer to reduce the Company's capital by canceling shares)*

Having considered the report of the Chief Executive Officer, the Statutory Auditors' special report and the report of the Supervisory Board, and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves:

To authorize the Chief Executive Officer to:

- Cancel, at his sole discretion, on one or more occasions, all or some of the shares purchased under shareholder-approved buyback programs, provided that the number of shares canceled does not exceed 10% (ten percent) of the total shares outstanding.
- Charge the difference between the cost of the canceled shares and their par value against any available premium or reserve account.

To grant the Chief Executive Officer full powers – which may be delegated in accordance with the law – to (i) carry out the capital reduction(s) following the share cancellation(s) authorized under this resolution, (ii) make the corresponding accounting entries, (iii) amend the bylaws to reflect the new capital and (iv) generally, carry out all necessary formalities.

This authorization shall be valid for a period of eighteen months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

### ***Eleventh resolution (Powers to carry out formalities)***

The shareholders give full powers to the bearer of an original, copy or extract of the minutes of this Ordinary and Extraordinary Shareholders Meeting to carry out all legal and administrative formalities and to make all filings and publish all notices required by the applicable laws.

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All shareholders are eligible to participate in Shareholders Meetings, however many shares they own.

#### **A. Formalities to be eligible to participate in the Shareholders Meeting**

To attend the Meeting in person, participate by proxy or vote online or by post, your shares must be recorded in the Company's share register in your name as of no later than 12:00 am CET on the second business day preceding the Meeting (i.e. midnight CET on the morning of May 17, 2017).

Only shareholders that fulfill this requirement by midnight CET on the morning of May 17, 2017 on the basis specified in Article R.225-85 of the French Commercial Code, as described above, will be entitled to participate in the Meeting.

Note that all Michelin shares are registered shares and all shareholders are therefore identified by name in the Michelin share register (with a Michelin ID), whatever their country of residence.

#### **B. How to participate in the Shareholders Meeting**

1. If you wish to attend the Meeting in person, you may request an admission card in advance, either by:

- Email, following the instructions in the email delivering the Notice of Meeting.
- Returning the proxy/postal voting form after checking the box "I will attend the Shareholders Meeting," using the pre-addressed envelope that came with the Notice of Meeting.

2. If you are unable to attend the Meeting in person and wish to vote by post or online or give proxy to the Meeting Chairman or any other person, you may either:

- Return the proxy/postal voting form that came with the Notice of Meeting, using the pre-addressed envelope and taking care that it is received at least three days before the date of the Meeting, i.e. no later than May 16, 2017.
- Cast your vote online prior to the Meeting.

If you opted for the e-Notice of Meeting, you will receive an email with the Notice of Meeting and a link to the secure online voting site <https://michelin.voteassemblee.com>. Please use the access code given in the email, and the password sent to you in a separate email the same day.

Alternatively, you may opt to vote online by mailing a request at least 35 days before the Meeting to Société Générale, Service Assemblées, 32 rue du Champ de Tir, CS30812, 44308 Nantes Cedex 03, indicating your name, address and date of birth. In reply, Société Générale will send you an email with a link to the secure voting site, followed by another email with the password to vote.

The website will be open from 9:00 am on April 18, 2017 to 3:00 pm on May 18, 2017 CET. To avoid overloading the site, shareholders are encouraged not to wait until the last minute to vote.

3. In accordance with Article R.225-79 of the French Commercial Code, you may also give or withdraw proxies by sending an email to [mandatAG2017@michelin.com](mailto:mandatAG2017@michelin.com), taking care to sign with an electronic signature obtained from an accredited certification service provider. The email should indicate your name, address and

Michelin ID, as well as the name of the person to whom you are giving proxy or from whom the proxy is being withdrawn.

Only duly completed and signed notifications received by May 16, 2017 will be taken into account. The above email address should be used only to send emails giving or withdrawing proxies. Requests or notifications concerning other matters will not be taken into account or processed.

**C. Request to add resolutions or items to the Meeting agenda, written questions and consultation of documents made available to shareholders**

1. One or several shareholders representing at least the percentage of capital specified in the applicable laws and regulations may request the inclusion of certain resolutions or items on the Meeting agenda on the basis specified in Articles R.225-71 and R.225-73 of the French Commercial Code. Requests to include resolutions or items on the agenda should be sent by shareholders, indicating their Michelin ID, to: Compagnie Générale des Etablissements Michelin, for the attention of Jacques Engasser, 12 cours Sablon, 63000 Clermont-Ferrand, France, by registered letter with return receipt requested, within twenty days of publication of this notice of meeting, i.e. no later than March 30, 2017.

Each request should include the text of the proposed resolution, including a short description of why it is being proposed, or the reasons for requesting the inclusion of the agenda item.

For the proposed resolutions or agenda items to be discussed at the Meeting, your shares must be recorded in the Company's share register as of no later than 12:00 am CET on the second business day preceding the Meeting date (i.e. midnight CET on the morning of May 17, 2017 at the latest).

The texts of any resolutions tabled by shareholders will be posted as soon as possible on the Company's website (<http://www.michelin.com>).

2. In accordance with Article R.225-84 of the French Commercial Code, written questions should be submitted to Compagnie Générale des Etablissements Michelin, for the attention of Jacques Engasser, 12 cours Sablon, 63000 Clermont-Ferrand, France, by registered letter with return receipt requested, indicating your Michelin ID, no later than the fourth business day preceding the Meeting, i.e. May 15, 2017.

Only questions received from shareholders whose shares are recorded in the Company's share register will be taken into account.

3. In accordance with the applicable laws and regulations, all documents required to be made available to shareholders in connection with Shareholders Meetings will be made available at the Company's headquarters, 12 cours Sablon, 63000 Clermont-Ferrand, France, as from the date of publication of the notice of meeting or fifteen days prior to the Meeting, depending on the document concerned. The documents provided for in Article R.225-73-1 of the French Commercial Code will be posted on the Company's website: <http://www.michelin.com>, from the twenty-first day preceding the Meeting, i.e. March 10, 2017.

The Chief Executive Officer