

ANNUAL SHAREHOLDERS MEETING

May 17, 2019

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- 1. Implementation of the Manager succession and transition plan**
- 2. 2018 compensation of the Managers and the Chairman of the Supervisory Board**
- 3. 2019 compensation policy for the Managers and the Supervisory Board members**
- 4. Election of Supervisory Board members**

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Implementation of the Manager succession and transition plan

- A rigorous, thorough vetting process was initiated in 2016 and completed in 2018. It involved all participants in Michelin's governance system:
 - SAGES (Non-Managing General Partner)
 - the Compensation and Appointments Committee
 - the Supervisory Board
- Proposals to elect Florent Menegaux as Managing General Partner and Yves Chapot as General Manager were submitted to the Annual Shareholders' Meeting of May 18, 2018
- Florent Menegaux was elected by a majority of 99.70% of the votes cast and Yves Chapot by a majority of 99.51% of the votes cast

Implementation of the Manager succession and transition plan

- A transition and integration plan for the new Managers was prepared and implemented, in full cooperation with all participants in the Company's governance system
- Changes to Group management were introduced by the new Managers: the Executive Committee and the Management Committee
- At the close of the May 17, 2019 Annual Shareholder Meeting, Florent Menegaux – the sole Managing General Partner – will automatically become Managing Chairman in accordance with the Company's Bylaws

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Managers' 2018 compensation

2018 compensation (in € thousands)	Fixed compensation	Annual variable compensation	Other benefits (company car)
J-D. Senard	1,100 <i>(unchanged since 2014)</i>	1,762	8
F. Menegaux	555 <i>(prorated⁽¹⁾ to annual base of 900)</i>	312 ⁽¹⁾	5
Y. Chapot	373 <i>(prorated⁽¹⁾ to annual base of 600)</i>	264 ⁽¹⁾	4

⁽¹⁾ Prorated annual fixed compensation for the period from his election at the Annual Shareholders' Meeting of May 18, 2018

Managers' 2018 compensation: achievement of the criteria for the annual variable component for Jean-Dominique Senard and Florent Menegaux

Quantitative criteria	Annual growth in sales volume	Annual savings from the Efficiency project to reduce overheads	Annual free cash flow excluding acquisitions
2018 result	0.90%	55%	€1,214 million
Achievement rate	12.90/50	25/25	25/25

Quantifiable and qualitative criteria	Digital strategy	CSR/Environment & human rights	Manager transition – Strategic goals	Group organization
Achievement rate	12.08/12.50	12.50/12.50	12.50/12.50	7.50/12.50

Overall achievement rate <i>(rounded)</i>	107/150
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Managers' 2018 compensation: achievement of the criteria for the annual variable component for Yves Chapot

Quantitative criteria	Growth in consolidated operating income from recurring activities	Level of consolidated inventories of finished and semi-finished products	Level of Automotive segment tire sales volume
2018 result	+€265 million	20.50%	154.9 million
Achievement rate	24.75/30	12.86/20	0/20
Quantifiable and qualitative criteria	Organizational transition – Strategic goals	Customer Service initiative	
Achievement rate	15/15	5.78/15	

Overall achievement rate	58.39/100
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Managers' 2018 compensation: long-term incentive bonus awarded to Jean-Dominique Senard in 2016 and payable in 2019

Criteria (over the 2016-2018 period)	Growth in the Michelin share price compared with that of the CAC 40 index ⁽¹⁾	Michelin Environmental site Footprint ("MEF" indicator) ⁽²⁾	Employee engagement rate ("Moving Forward Together" survey)	Growth in consolidated operating income ⁽³⁾
Result	+10.5%	52.93	80%	€223.33 million
Achievement rate	3.5/35	15/15	15/15	35/35
Overall achievement rate	68.5/100			
Amount due (in € thousands)	1,362			

⁽¹⁾ Average share price for the second half of 2018 compared with the average share price for the second half of 2015

⁽²⁾ Michelin site Environmental Footprint (MEF) indicator: energy use, water withdrawals, CO₂ emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled

⁽³⁾ Before non-recurring items, at constant exchange rates and accounting methods

Managers' 2018 compensation: additional benefits and other advantages

- No other advantages (stock options, performance shares, attendance fees) or additional benefits were awarded in 2018
- Supplementary pension benefits:
 - applicable to all senior executives of CGEM and MFPM, who have served for at least five years as a senior executive
 - 1.5% of benefits vest each year, entitling participants to an annuity representing a replacement rate of up to 15% of the reference compensation
 - the replacement rate – including entitlements under compulsory plans – is capped at 35%, which is well below the 45% ceiling for fixed and variable compensation recommended in the AFEP/MEDEF Code
 - payment of a gross annual annuity conditional on participants ending their career with the Company, in an estimated amount of:
 - Jean-Dominique Senard: €165,000 • Florent Menegaux: €135,000
 - Yves Chapot: €110,544

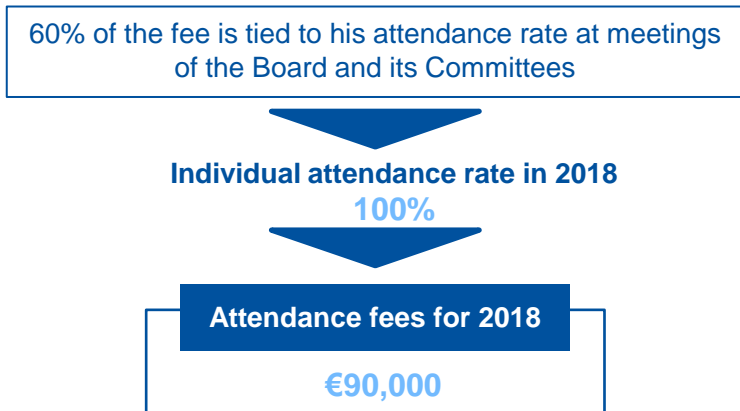
Managers' 2018 compensation: compensation paid over the past three years to Jean-Dominique Senard, Managing Chairman

<i>(in € thousands)</i>	2018	2017	2016
Fixed compensation	1,100	1,100	1,100
Annual variable compensation	1,762	1,696	1,700
Company car	8	8	8
Total	2,870	2,804	2,808
Long-term incentive bonus	1,362	995 ⁽¹⁾	495

(1) After partial waiver by Jean-Dominique Senard

2018 compensation of Michel Rollier, Chairman of the Supervisory Board

- No compensation is awarded to Michel Rollier aside from attendance fees
- Most of the fee is contingent on his attendance rate at meetings of the Supervisory Board and the Committee of which he is a member



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Managers' 2019 compensation policy

- Similar to 2018, the 2019 compensation policy will be applied to three Managers during only part of the year, until Jean-Dominique Senard steps down at the close of the 2019 Annual Shareholders Meeting
- The policy is tailored to:
 - the specific role of the Managing Chairman
 - the various responsibilities and the individual situations of the Managing General Partners (Jean-Dominique Senard and Florent Menegaux) and the General Manager (Yves Chapot)

Apart from the adjustments made necessary by the transition, there are no fundamental changes in the 2019 compensation policy compared with the 2018 policy, and the drive to simplify certain components of the policy has been pursued

Managers' 2019 compensation policy: fixed and variable components

- **Fixed compensation:** **stable** and **consistent** with the fixed compensation paid to the top executives of other CAC 40 companies and balanced against the annual variable compensation
- **Annual variable compensation:** subject to the achievement of performance conditions measured based on quantitative (financial and non-financial criteria shared with Group management) and qualitative criteria, set by the General Partners and measured by the Supervisory Board
- **Long-term incentive bonus:** subject to the achievement of performance conditions over a three-year period, in compliance with the recommendations of the AFEP/MEDEF Code

Managers' 2019 compensation policy: specific situation of Jean-Dominique Senard

- The amount of fixed compensation payable will be prorated to reflect the period served by Jean-Dominique Senard in 2019
- The annual variable component will be (i) calculated on a lower base (percentage of the Profit Shares allocated in his capacity as Managing General Partner) and (ii) prorated to reflect the period served
- No long-term incentive bonus will be awarded
- The expiration of his term of office will not trigger the payment of any additional benefits (compensation for loss of office, non-compete indemnity)

Managers' 2019 compensation policy: Jean-Dominique Senard and Florent Menegaux

	Fixed compensation (in € thousands)	Annual variable compensation	Long-term incentive bonus (Performance conditions over 3 years)
J-D. Senard	Prorated amount (<i>unchanged annual base: 1,100</i>)	Quantitative criteria based on: <ul style="list-style-type: none"> • net income for the year • business growth, the level of overheads and growth in free cash flow 	Not awarded
F. Menegaux	900 (<i>unchanged</i>)	Quantifiable and qualitative criteria based on the Group's strategic ambitions and managerial expectations <i>Prorated for Jean-Dominique Senard</i> Capped at: <ul style="list-style-type: none"> • 18% of the Profit Shares* for Jean-Dominique Senard • 20% of the Profit Shares* for Florent Menegaux 	Three criteria: <ul style="list-style-type: none"> • growth in the Michelin share price • CSR performance – two indicators • growth in the Business Units' operating income <i>Capped at 30% of the Profit Shares* and 2.5 times the amount of his fixed compensation</i>

(*) *The annual variable component and the long-term incentive bonus are paid out of the Profit Shares allocated to the General Partners under the Bylaws, capped at 0.6% of the Group's consolidated net income and approved at the Annual Shareholders Meeting as part of the appropriation of net income*

Managers' 2019 compensation policy: Yves Chapot

	Fixed compensation (in € thousands)	Annual variable compensation	Long-term incentive bonus (Performance conditions over 3 years)
Y. Chapot	600 (unchanged)	<p>Quantitative criteria based on business growth, the level of overheads and growth in free cash flow</p> <p>Quantifiable and qualitative criteria based on the Group's strategic ambitions and managerial expectations</p> <p><i>Capped at 150% of his fixed compensation</i></p>	<p>Three criteria:</p> <ul style="list-style-type: none"> - growth in the Michelin share price - CSR performance – two indicators - growth in the Business Units' operating income <p><i>Capped at 120% of the average of his variable compensation over three years</i></p>

Managers' 2019 compensation policy: additional benefits and other advantages

The entitlements to additional benefits and other advantages are unchanged from 2018:

- **Compensation for loss of office** as a result of a change of strategy or a change of control would be subject to **performance conditions** decided by the Supervisory Board
- **Non-compete indemnity**
- In line with the AFEP/MEDEF Code, the amount of additional benefits would be reduced (if applicable), so that the total sum paid would not result in an aggregate severance package in excess of the prior two years' compensation
- **Other benefits:** company car

(no stock options, performance shares or attendance fees)

Compensation policy for the members and Chairman of the Supervisory Board from 2019

At the 2019 Annual Shareholders Meeting, the Supervisory Board is proposing to increase the total compensation paid to its members to €770,000, to take into account:

- the increase in the number of members sitting on the Audit Committee
- the increase in the number of Supervisory Board members in connection with future appointments of members representing employees
- the 50% increase in the number of Supervisory Board meetings held between 2016 (date of the last attendance fee increase) and 2018
- the significant gap with respect to the fees paid to the members of the boards of other CAC 40 companies and the need to continue to attract members with the recognized experience and first-rate skills required to represent shareholders in a group with an increasingly diverse scope

Following the approval of the above resolution by the Annual Shareholders Meeting, the compensation awarded to the Chairman of the Supervisory Board would be increased in roughly the same proportions, with most of the fee still based on his attendance rate at Board meetings

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Election of Supervisory Board members

Aruna Jayanthi



- Independent member of the Supervisory Board since May 2015 and member of the Compensation and Appointments Committee
- Owns 400 Michelin shares as of December 31, 2018
- Managing Director of the Asia Pacific and Latin America Business Unit at Capgemini
- Her previous positions include Head of Business Services, a global unit providing BPO and Platform (integrated technology and operations) services (Capgemini & IGATE) and Chief Executive Officer of Capgemini India

Barbara Dalibard

(Presentation by Michel Rollier)