

MICHELIN ADAPTS THE ORGANIZATION OF ITS ACTIVITIES IN CLERMONT-FERRAND

Michelin today announced a series of decisions that adapt its industrial and service activities in Clermont-Ferrand, with the aim of strengthening the Group's decision-making centre, along with its research and development activities and high-tech products.

Closure of the truck re-treading workshop on the Combaude site by the end of 2017, without any compulsory redundancies

Michelin has decided to close the truck re-treading workshop on the Combaude site without any compulsory redundancies, by the end of 2017. The 330 employees in the workshop, including the 266 production operators will benefit from an internal reclassification plan and will be redeployed to other industrial sites in the Clermont-Ferrand area. The plan will see each of the employees concerned offered of several comparable positions within one of Michelin's Clermont-Ferrand sites. The strong recruitment needs of other plants in the Clermont-Ferrand area, which need to hire 400 production workers over the next three years, will facilitate these internal redeployments. In addition, voluntary early retirement plans will be offered to people nearing retirement.

The re-treading crisis has led to structural overcapacity in the production of re-treaded tyres in Europe and has meant Michelin is now forced to rationalize its industrial base by focusing its re-treading activities on a limited number of sites. For information, the volume of the European re-treading market fell 25% between 2007 and 2015.

90 million euros in new investment by 2020 in Clermont-Ferrand to accelerate the transformation of the Clermont-Ferrand sites into industrial and technological centres of excellence

In the context of its industrial competitiveness strategy launched in France in 2013, Michelin would like to consolidate the positioning of its Clermont-Ferrand sites on activities with high technological content and high added value, in particular by exploiting synergies with its global research and development centre in Ladoux, near Clermont-Ferrand. With this in mind, Michelin is engaging in a new €90 million investment programme to finance equipment and advanced processes on its sites in Cataroux, Combaude and Gravanches.

- **The Combaude site** will specialize in the role of supporting the development of new products. Its industrial and technical innovation missions will be strengthened, particularly as regards the design of curing moulds and high technology textile reinforcements, and the development of specific tools for manufacturing processes. It will also continue to operate its logistics activities.

- **The Cataroux site** will benefit from major investment to finance new production processes to develop the production of racing tyres and their components, and also to strengthen its industrial missions in support of research and development activities.

- **The Gravanches site**, which manufactures high performance car and van tyres using the most innovative processes, will receive investment to further increase the highly technical nature of its products.

Reorganization of Engineering by the end of 2018, without any compulsory redundancies

Michelin Group Engineering has 2400 employees worldwide, 1100 in France, with 970 in Clermont-Ferrand. After a several month-long study, Michelin is reorganizing Engineering by creating a Manufacturing Engineering (ME) entity, the global management of which will be located on the Carmes site in Clermont-Ferrand.

This new organization aims to improve the development and deployment of the Group's industrial processes. The teams located in Clermont-Ferrand will focus on the global management of the activity, the coordination of developments in processes and the development of the most innovative projects in conjunction with the global Technology Center in Ladoux.

The reorganization will result in 164 job cuts by the end of 2018, all based in Clermont-Ferrand, but without any compulsory redundancies. A voluntary internal mobility plan will be offered to the engineering employees concerned by the project in Clermont-Ferrand, mostly executives. Employees who choose this functional mobility plan will all be able to move into new positions on a Clermont-Ferrand site or in the area. The internal mobility plan will be supplemented by a voluntary early retirement plan for people nearing retirement.

Development of other Group "Support" services

Other Michelin Group "Support" services in Clermont-Ferrand will over time gradually adapt their organizations.

Over the next few years, the transformation of the Group's business lines into service activities and the retirement of numerous people working in the central services represent a challenge for the Group in terms of skills, training and developing people. Michelin will anticipate and support these changes in the context of the GPEC (jobs and skills management) negotiations with union organizations.

As required by law, Michelin will present an employment protection plan to the employee representative bodies at a special meeting of the central works committee and the Clermont-Ferrand works committee to be held on 16 March. The company management will present its proposals for measures to support employees in the re-treading workshop on the Combaude site and for those employees affected by the reorganization of engineering.

The GPEC negotiations with the unions, intended to anticipate and manage the changes in business lines and skills for the Group's French employees until 2019, will begin in early April 2016.



Adapting Michelin's activities in Clermont-Ferrand is part of the Group's commitment to drive its strategy for competitiveness and industrial change in a spirit of responsibility towards its employees and the territories where it operates. By strengthening the positioning of its Clermont sites on to industrial and service activities with high added value, Michelin intends reaffirming its anchorage in Clermont-Ferrand, the historic cradle of the company.

To finance these restructuring projects, the Michelin Group will enter a provision of approximately €55 million euros in non-recurring expenses in its accounts to 30 June 2016.

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