

### 4.3.3 ADVISORY VOTE ON THE COMPONENTS OF THE COMPENSATION DUE OR AWARDED TO JEAN-DOMINIQUE SENARD, CHIEF EXECUTIVE OFFICER, IN RESPECT OF 2014 AND SUBMITTED TO SHAREHOLDERS AT THE MAY 22, 2015 ANNUAL MEETING <sup>(1)</sup>

As in 2014, Michelin has decided to apply the recommendations of the AFEP/MEDEF Code concerning an advisory “say-on-pay” shareholder vote on the individual compensation awarded to executive officers.

In line with the recommendation of the Compensation and Appointments Committee, the Supervisory Board has issued a favourable opinion on the total compensation due or awarded to Mr. Senard in respect of 2014 and recommends that the shareholders issue a favourable advisory vote thereon.

These components of Mr. Senard’s compensation, as presented in detail below, will therefore be presented to shareholders at the Annual Meeting on May 22, 2015.

All of the amounts indicated are based on the standard tables provided in the AFEP/MEDEF Code, which are set out in section 4.3.1 of the 2014 Registration Document.

Compensation due or awarded for 2014	Amounts (or accounting value) submitted for shareholder approval (in €)	Presentation
Fixed compensation	1,100,000	This corresponds to the gross annual fixed compensation due by Manufacture Française des Pneumatiques Michelin (MFPM), a controlled entity, as consideration for the duties performed by Mr. Senard in his capacity as Non-General Managing Partner of that company. Its amount was set by MFPM’s General Partner on April 29, 2014 based on the recommendation of CGEM’s Compensation and Appointments Committee.
Annual variable compensation	750,037	<p><b>Shared features</b></p> <p>The annual variable components of Mr. Senard’s compensation are paid out of the share of profit allocated to the two General Partners of CGEM – Jean-Dominique Senard and SAGES – that is now split between them on a mutually agreed basis.</p> <p>No new agreement or commitment has been entered into between CGEM and Mr. Senard concerning his compensation.</p> <p>In accordance with article 30, paragraph 3, of the Company’s bylaws (as presented in section 5.1.2 e), 12% of profit for the year, net of dividend income corresponding to distributions of profit or reserves by Manufacture Française des Pneumatiques Michelin and Compagnie Financière du groupe Michelin (CFM), is allocated to the General Partners.</p> <p>The allocated share of profit is capped at 0.6% of the Group’s consolidated net profit. For 2014, the allocated share of profit was a base amount of €5.0 million, representing 12% of profit for the year net of dividends received in 2014 from CFM.</p> <p><b>Single-criterion annual variable component</b></p> <p>This component corresponds to 8% of the allocated share of profit, i.e. €400,020 for 2014, less €50,000 corresponding to the allocated share of profit payable by CFM as compensation for Mr. Senard’s role as General Managing Partner of this subsidiary.</p>

<sup>(1)</sup> In accordance with paragraph 24.3 of the AFEP/MEDEF Corporate Governance Code, p. 31 and 32, and paragraph 1 of the Application Guide of the MEDEF High Committee on Corporate Governance, p. 1 to 10.

Compensation due or awarded for 2014	Amounts (or accounting value) submitted for shareholder approval (in €)	Presentation
Annual variable compensation		<p><b>Multi-criteria annual variable compensation</b></p> <p>For reasons of confidentiality and business secrecy, and in particular to avoid (i) disclosing information about the Company's strategy that could be used by competitors for their advantage and (ii) creating confusion in shareholders' minds with the information disclosed by the Company to investors, the Supervisory Board has elected not to disclose any details of these performance targets.</p> <p>This component corresponds to between 0% and 14% of the allocated share of profit, depending on the level of achievement in 2014 of the following eight criteria set by the Supervisory Board:</p> <ul style="list-style-type: none"> <li>▶ four quantitative criteria – the same as those applied to determine the 2014 variable compensation of the Executive Committee members – which together count for up to 100/150<sup>ths</sup>: <ul style="list-style-type: none"> <li>– annual growth in unit sales,</li> <li>– annual savings from the Efficiency project to reduce overheads, measured on the basis of an appropriate SG&amp;A/gross margin ratio,</li> <li>– annual free cash flow (after capital expenditure and financial investments),</li> <li>– annual increase in market share in certain tire segments;</li> </ul> </li> <li>▶ four qualitative criteria linked to the Group's strategy, management and financial communications, which together count for up to 50/150<sup>ths</sup>.</li> </ul> <p>Note that:</p> <ul style="list-style-type: none"> <li>▶ if the cumulative achievement rate for the eight criteria is less than 50/150<sup>ths</sup>, Mr. Senard will not be entitled to any multi-criteria variable compensation;</li> <li>▶ he will be awarded the maximum 14% of the allocated share of profit for this component only if the cumulative achievement rate for the eight criteria is 150/150<sup>ths</sup>.</li> </ul> <p>The Compensation and Appointments Committee carefully reviewed each of the quantitative and qualitative criteria.</p> <p>Based on its analysis concerning the multi-criteria annual variable component, the Committee considered that the cumulative achievement rate for the quantitative and qualitative criteria was 80%. Applying this rate to the criteria assessment grid puts the multi-criteria annual variable component at €350,017, to be paid out of the share of profit allocated for 2014.</p>
Deferred variable compensation	No deferred variable compensation was due for 2014	<p><b>Long-term incentive (long-term variable component)</b></p> <p>The long-term incentive is calculated on a base amount of €1,800,000, as adjusted to reflect Michelin's stock market performance over the period 2014/2015/2016. The adjustment is based on performance over the three-year period against the following three criteria:</p> <ul style="list-style-type: none"> <li>▶ growth in the Michelin share price compared with that of the CAC 40 index, for 33.3%;</li> <li>▶ average annual growth in Group net sales, for 33.3%;</li> <li>▶ average annual return on capital employed (ROCE), for 33.3%.</li> </ul> <p>The targets for the second and third criteria concern like-for-like growth in net sales and ROCE (i.e. based on a comparable structure and at constant exchange rates, excluding any changes in accounting policies and any non-recurring items), and may be revised following the occurrence of any exceptional events.</p> <p>The achievement rate under this long-term incentive plan will be equal to 100% only if the targets for all three criteria are met in full.</p> <p>The final amount receivable under the long-term incentive plan will be:</p> <ul style="list-style-type: none"> <li>▶ capped at 150% of the average of the annual variable and multi-criteria variable compensation paid to Mr. Senard for 2014, 2015 and 2016;</li> <li>▶ paid out of the share of profit allocated to the General Partners in respect of 2016 and payable in 2017 after the 2016 financial statements have been approved: <ul style="list-style-type: none"> <li>– subject to the availability of profit shares payable in 2017 in respect of 2016 profit, and</li> <li>– up to the amount of said available profit shares after deducting the annual variable and multi-criteria variable components due for 2016.</li> </ul> </li> </ul> <p>As this is a long-term incentive plan, the Supervisory Board noted that no amount was due in respect of 2014.</p>
Exceptional compensation	N/A	No exceptional compensation

<b>Compensation due or awarded for 2014</b>	<b>Amounts (or accounting value) submitted for shareholder approval (in €)</b>	<b>Presentation</b>
Stock options, performance shares and other long-term compensation	Stock options = N/A Performance shares = N/A Other long-term compensation = N/A	No stock options granted No performance shares awarded No other long-term compensation awarded
Attendance fees	N/A	Mr. Senard does not receive any attendance fees
Value of fringe benefits	6,894	Company car
Signing bonus	N/A	Mr. Senard was not paid any signing bonus

**Components of compensation due or awarded for 2014 which have been submitted for shareholder approval in accordance with the procedures applicable to related-party agreements and commitments\***

	<b>Amounts submitted to the vote (in €)</b>	<b>Presentation</b>
Compensation for loss of office	No compensation for loss of office was due for 2014	<p>In accordance with Article 13-2 of the bylaws, as approved by an extraordinary resolution of the May 13, 2011 Annual Shareholders Meeting, if Mr. Senard were to be removed from office before the end of his term as a result of a change of strategy or a change of control of the Company, provided such removal was not due to gross misconduct, he would be entitled to compensation for loss of office to be decided by the Non-Managing General Partner and subject to the prior approval of the Supervisory Board. The amount of any such compensation would not exceed the equivalent of Mr. Senard's total compensation for the two years preceding the year of his removal from office.</p> <p>In accordance with the internal rules of both the Compensation and Appointments Committee and the Supervisory Board, the Supervisory Board approved the performance criteria to be applied for the calculation of the compensation for loss of office, as recommended by the Committee, and informed the Chief Executive Officer of these criteria in 2014.</p> <p>The final amount of compensation for loss of office paid pursuant to Article 13-2 of the bylaws would depend on the average multi-criteria annual variable component of the allocated share of profit for the three years preceding his removal from office (the Three-year Average), as follows:</p> <ul style="list-style-type: none"> <li>▶ Three-year Average of less than 40%: no compensation for loss of office;</li> <li>▶ Three-year Average of between 40% and 60%: compensation for loss of office equal to 50% of the Reference Base;</li> <li>▶ Three-year Average of between 60% and 100%: compensation for loss of office equal to 100% of the Reference Base,</li> </ul> <p>where the Reference Base corresponds to the aggregate compensation paid for the two years preceding the year of his removal from office.</p> <p>The compensation for loss of office would be reduced, if applicable, so that any other severance payments due to Mr. Senard would not result in his receiving an aggregate severance package in excess of two years' compensation, as recommended in the AFEP/MEDEF Code.</p>
Non-compete indemnity	No indemnity was due under a non-compete clause in 2014.	<p>In the same way as Michelin employees who have specific expertise that needs to be protected to prevent its use by a competitor in a manner that is detrimental to the Company's interests, Mr. Senard is subject to a non-compete clause, which was signed on July 26, 2011 after prior approval by the Supervisory Board. This clause replaced the one contained in his employment contract that was terminated following his election as General Managing Partner.</p> <p>If the Company were to decide to apply this non-compete clause, for a two-year period it would have to pay to Mr. Senard the equivalent of up to 16 months' compensation based on the most recent aggregate compensation paid to him by Group companies.</p> <p>The Company is, however, entitled to waive the application of this clause.</p> <p>Any compensation for loss of office that would be due to Mr. Senard in the event of a change of control or strategy would be reduced or withheld entirely if necessary so that his aggregate severance package, including the non-compete indemnity referred to above, did not exceed the equivalent of the aggregate of his last two years' compensation, as recommended in the AFEP/MEDEF Code.</p>
Supplementary pension benefits	No supplementary pension benefits were due in 2014.	<p>Mr. Senard is not a member of any pension plan set up specifically for executive officers. In his capacity as Non-General Managing Partner of MFPM, Mr. Senard is a member of the supplementary pension plan set up for MFPM senior executives. His benefit entitlement under this plan is determined by reference to the fixed compensation paid to him by that company (reference compensation). The cost of this supplementary plan, which is not restricted to Non-General Managing Partners (executive officers), is recognized as a liability in the balance sheet in accordance with accounting standards as applied by the Group. Its main characteristics are as follows:</p> <ul style="list-style-type: none"> <li>▶ participants must have served for at least five years as a senior executive;</li> <li>▶ 1.5% of benefits vest each year, entitling participants to an annuity representing a replacement rate of up to 15% of the reference compensation (annual average of the three best years of compensation out of the last five years preceding the beneficiary's retirement);</li> <li>▶ the replacement rate including benefit entitlements under compulsory plans is capped at 35%.</li> </ul> <p>To be entitled to benefits under this plan, Mr. Senard must end his career with MFPM as an executive employee or corporate officer, in accordance with article L.137-11 of the French Social Security Code. Calculated using the general actuarial assumptions applied to measure the Group's obligation in accordance with accounting standards as applied by the Group, Mr. Senard's total benefit entitlement under the plans would represent a gross replacement rate of less than 10% of his reference compensation.</p> <p>As this reference compensation represents less than half of the aggregate amount received by Mr. Senard for 2014 (fixed compensation and variable share of profit as stipulated in the bylaws), his actual gross replacement rate would be around one half of the above-mentioned replacement rate, and therefore well below the 45% ceiling recommended in the AFEP/MEDEF Code.</p>

\* Unlike for joint stock companies (sociétés anonymes, or SAs) the provisions concerning "related-party commitments" set out in Article L. 225-42-1 of the French Commercial Code do not apply to commitments given by a partnership limited by shares (société en commandite par actions, or SCA) to its Managing Partners (Article L. 226-10 of said Code states that Articles L. 225-38 to L. 225-43 thereof apply to partnerships limited by shares with respect to related-party agreements but does not mention related-party commitments). The fact that the specific system applicable to SAs concerning related-party commitments does not apply to SCAs is corroborated by Article L. 226-10-1 of the Commercial Code, which states that the Chairman of the Supervisory Board is required to prepare a report reviewed by the Statutory Auditors whose content explicitly excludes information related to the "principles and rules concerning the compensation and benefits granted to executive officers", whereas this information is compulsory for SAs pursuant to Articles L. 225-37 and L. 225-68 of the Commercial Code. This difference in the applicable legal regimes does not have any effect on (i) the rules concerning public disclosures of the amounts and underlying principles relating to the compensation of the Company's executive officers and (ii) the application, adapted to the context, of the AFEP/MEDEF Code's recommendations.